

Summary Annual Report to June 30 2007

An overview of Council activities

Welcome to the South Taranaki District Council's Summary Annual Report. The purpose of this summary is to provide an overview of the Council's activities over the financial year July 1 2006 to June 30 2007 and to identify any major differences to the intentions set out in the Ten Year Plan. The Summary Annual Report shows how well the district's assets are being looked after and how well the Council is performing as an organisation.

The information included in this summary has been extracted from the audited Annual Report which was adopted by the Council on October 8 2007. The Summary Annual Report does not provide as complete an understanding as that provided by the full Annual Report, which has received an unqualified audit opinion.

For more detailed information covering all of the Council's activities please refer to the full Annual Report, copies of which are available at the Hawera Administration Office, all LibraryPlus centres or from the Council website at www.stdc.co.nz.

Where does the Annual Report fit in?

Every council in New Zealand is required to do a Ten Year Plan (this is called the Long Term Council Community Plan, or LTCCP), as well as an Annual Plan and an Annual Report. These three documents form the essential guide to council activity in any given year. The Ten Year Plan (LTCCP) and the Annual Plan set out what the Council intends to do, while the Annual Report states what the Council actually has done.

Your Council

The South Taranaki District Council consists of the District Mayor and 12 Councillors. The Mayor is elected at large over the district with the Councillors elected from wards. There are four Community Boards: Hawera, Egmont Plains, Eltham and Patea. These positions are all subject to election every three years.

The Council's purpose is to enable democratic local decision-making in order to promote the social, economic, environmental and cultural well-being of the district now and into the future.

Key functions that the Council is responsible for in pursuit of these well-beings include the formulation of the district's strategic direction (ie the Ten Year Plan) and the provision of key services and activities for the district. The Annual Report categorises these activities and services under the following headings: Rooding and Stormwater Network, Water Supply Services, Waste Services (rubbish and recycling collection, wastewater), Cultural Services (libraries, cemeteries, events, arts and heritage), Recreation and Leisure (halls, pools, parks & reserves), Community and Social Development (community development), District Economy (tourism and economic development), Democratic Process (running the Council itself and the more general support services associated with managing the District) and Environment and Development (animal control, policy and licensing of premises, eg food, liquor, environmental), and consents (eg resource consents and building consents.)



Investing in our future - highlights from 2006 - 2007



Message from the Mayor and CEO

Investing in the future was the key theme of South Taranaki's 2006-2016 Ten Year Plan and continues to be the guiding principle behind the Council's planning.

Two key issues identified by the Council were the need for significant investment in the district's core infrastructure and the need to enhance aspects of residents' quality of life. In setting our direction we attempted to strike the right balance between doing the things that are necessary to provide for future growth and development, while managing the district's assets and finances carefully to avoid unnecessary rate increases.

As you will see, we have made a strong beginning and there is more that we can do better.

This 2006-2007 Annual Report reflects the challenges and the opportunities we face, and the progress we have made towards making South Taranaki a modern, attractive place where people want to live, work and play.

Highlights throughout the year included:

Infrastructure

105km of road was ressealed at a cost of \$1.8 million and 13km of road was upgraded at \$1.9 million; 3km of new footpath was constructed costing \$300,000 and two bridges on Wiremu Road were replaced at a cost of \$500,000.

The eastern training wall of the Patea Moles was successfully rebuilt to ensure that the Patea River does not cut into and erode the eastern mole. Investigations and design work for repairing the eastern mole itself were also completed and will be actioned in 2007-08.

Waste Services

In October 2006 the Council entered into a new joint kerbside collection contract with Waste Management Ltd and in an effort to reduce the amount of waste going to landfill, the 240 litre rubbish bins were replaced with 120 litre bins collected weekly, and 45 litre recycling bins were replaced with 120 litre bins collected fortnightly. The Council moved to weekly recycling collections in July 2007. A green waste fortnightly collection was purchased by about 38% of households.

The transition to a new contractor and changes to levels of service did not go as smoothly as the Council would have liked and many residents experienced significant disruption to their kerbside collection service. This was reflected in the satisfaction

rating that residents gave council waste collection services in the biennial NRB survey conducted in March 2007, which was down significantly on previous years.

However, early indications are that since the changes were bedded down, they have resulted in 35% of district waste now being diverted from landfill. This is significant as when the district landfill at Patea closes at the end of November 2007 all residual waste will have to be transported to the regional landfill at Colson Road in New Plymouth.

Environment and Development

The trend for subdividing land, particularly in and around Hawera, continued unabated during 2006-07 with 551 lots created through subdivision.

Most of the work to achieve accreditation as a Building Consent Authority took place during the 2006-07 year. This has been a significant exercise and its completion means that the South Taranaki District Council will be the second council in New Zealand to receive accreditation from the Department of Building and Housing.

In August 2006 the Council launched its fire sprinklers in homes initiative which offers a 50% reduction on building consent fees when owners install fire sprinklers in new or existing homes. The Fire Service Commission presented the Council with a commendation recognising its 'outstanding leadership' in promoting the installation of sprinklers in homes.

A key emergency management project followed the July 2006 floods in both the Waitotara River and Ngutawera River catchments, when an enhanced Task Force Green Scheme helped with restoration work on 29 farms over seven months. The Council's offer of subsidised digger assistance to help farmers clear farm access tracks resulted in 45 applications being received and approved. The total cost of road repair work was \$3.7million, which is 25% of the total roading expenditure for the year.

Cultural Services

The Waverley LibraryPlus renovation project was completed, adding an extra 200 square metres of space. This is an example of the Council's commitment to provide high-quality community facilities in each of our towns.

Eltham LibraryPlus added New Zealand Post mail services to its suite of library and Council services. More than 37,000 items have been sorted through the private mail boxes since the new service began in mid March 2007.

The second More FM Triwoman triathlon was held in Hawera in February 2007 and was hugely successful with more than 850 contestants. South Taranaki has been chosen as one of only three venues nationwide to host both the short and long distance triathlons and the duathlon.

District Economy

A new Economic Development Strategy for the district was adopted by the Council in June 2007. The strategy proposes future actions relating to the foundation roles of the council, such as the provision of infrastructure, visitor facilities and environmental planning. The Council's Economic Development Advisor position was also reorganised so that it now sits with the tourism group in a new Economic Development and Tourism Unit.

The Council entered into a partnership with a trust associated with Hawera's Tawhiti Museum. A grant of \$500,000 was made

towards the Museum's South Seas project, a new attraction that is expected to be open to the public in late 2009.

The Council's Long Term Investment Fund performed well during the 12 months to June 30 2007 with an overall return of 7.6%. After providing the annual \$3.87 million general rates subsidy, the fund stood at \$100.4 million at June 30 2007.

Community and Social Development

The Council received funding of \$96,000 from the Ministry of Youth Development to support the employment of a Youth Facilitator who is now working with youth throughout the district to resolve issues and work on projects that are important to them.

An initial investigation into the impact of the derelict Patea Freezing Works on the economic and social development of Patea was completed and has resulted in a partnership with the Taranaki Regional Council for a more detailed investigation of options for decontamination of the site.

To avoid the closure of what was considered to be an important community asset, the Council purchased the Cinema 2 movie complex in Hawera. More than 55,000 tickets were sold by the cinema in 2006-07.

A number of Councils have picked up on South Taranaki's Smoke-Free Environment initiative, including New Plymouth and Stratford, making Taranaki the first region in New Zealand to promote smoke-free parks and public places.

Mayor Mary Bourke says:

On a personal note this will be the last summary annual report that the Chief Executive and I will write together. After serving 15 years as Mayor I did not seek re-election. I am immensely proud of the achievements of this council, which has a national reputation for punching well above its weight.

The Council is in extremely good heart. It is in a strong financial position, reflected in our year-end position. It has a very capable management team with clear direction and focus for the future and an exciting programme of investment in our infrastructure.

My sincere thanks go to the councillors, managers and staff, and to the many other people throughout the district whose efforts make South Taranaki such a fantastic place to live.



Mary Bourke
Mayor
(1992 - 2007)



Craig Stevenson
Chief Executive

STDC Summary Annual Report to June 30 2007

Council focused on performance

South Taranaki District Council is engaged in a constant cycle of goal setting, monitoring and reviewing performance across all its activities. Tools including Ten Year Plans, Annual Plans and Annual Reports aim to give elected representatives, residents and other stakeholders a picture of Council activities and performance.

Long Term Plan and Annual Plan consultation processes also provide a platform for citizens to qualitatively assess the Council's performance and have input into current and future activities.

In 2007 the Council produced State of the Environment and District Plan Effectiveness reports. The State of the Environment report is based on a detailed analysis of trends in the levels of Council activity in areas such as building consents, resource consents and liquor licensing while the District Plan Effectiveness report seeks to establish how effective the Council's primary planning document has been in managing competing demands on the environment.

As a key performance measure the Council commissions two-yearly *Communitrak* surveys of district residents by National Research Bureau (NRB) to provide independent monitoring and reporting on public perceptions and interpretations of council services and representation. The results of the phone survey undertaken in March 2007 are the key measures used by the Council to monitor and report on its performance across a range of activities including:

1. Democratic Process
2. Cultural Services
3. Recreation and Leisure
4. District Economy
5. Community and Social Development
6. Environment and Development
7. Water Supply Services
8. Roothing and Stormwater Network
9. Waste Services



Activities at a glance

DEMOCRATIC PROCESS

The Council's 13 elected representatives and its various community boards and standing committees met six-weekly during the year, while portfolio groups (corporate, engineering, environmental and community services and development) comprising staff and appointed councillors also met regularly. The Council-community interface included Open Forum sessions at the start of Council and community board meetings where members of the public were able to address councillors and board members.

The Council is committed to contributing to both district and regional community outcomes through being a provider of services, an advocate for the South Taranaki district, a facilitator of multiple agencies, and partner with community groups and as a local government regulator.

It also engaged in 14 well-publicised formal consultation exercises during 2006-07 and officers consulted informally with groups on 28 occasions. Formal consultation included resource consents, bylaw reviews, reserve management plans and the annual plan, which attracted more than 500 submissions. Informal consultation occurred when officers met representatives of groups about issues that included engineering projects, resource consent protocols, community facility plans, town hall review, and youth and positive aging strategies.

Of the 54 grants approved during the year, 44 (81%) contributed directly to Community Outcomes and projects assisted ranged from museum upgrades to payment of beach lifeguards.

The *Communitrak* survey showed 70% satisfaction with the performance of the Mayor and Councillors which, though short of the Council's 80% target, exceeded the peer group and national averages.

66% of residents surveyed strongly agree/agree that the Council provides quality services and facilities. This is below our target of 80% and down on the 2004/05 comparison of 69%. For rubbish and recycling collection and water supply we had a higher proportion of dissatisfied residents than the national average. In contrast we scored higher levels of satisfaction with Council roads, business promotion, control of animals, planning and building consents, stormwater, public swimming pools and the sewerage system.

During the last 18 months we had a disrupted refuse/recycling collection service which involved a significant change to the bins used, frequency of collection, change of collection day in some areas and a new contractor. These issues have affected the quality of the service being provided and are reflected in the survey results.

CULTURAL SERVICES

The Council's Cultural Services aim is to support every resident to have the opportunity to be involved in cultural activities. There is a district network of seven libraries and ten cemeteries, and events are managed by the Council to provide its communities with a range of cultural entertainment. Library membership reached 48% of the population in 2007-08, exceeding the 43% performance target and 98% satisfaction for customer service.

Community outcomes supported by these services include the commitment to provide clean, well-maintained facilities which meet changing needs in the areas of sport, recreation, art, culture and heritage; and that the diversity, stories and heritage of district residents are preserved and respected.

LibraryPlus highlights included:

* Completion of the Waverley library renovation project and its opening in July 2007, the culmination of several years' work by the Waverley Urban Upgrade Committee in conjunction with Council staff.



* In March 2007 the Eltham LibraryPlus added the New Zealand Post mail services, including private boxes and a postbox. A new part-time staff member was employed to manage this task, the salary to be covered by the NZ Post income.

* Ten high schools took part in the Taranaki Secondary School Literary Challenge held in the Hawera Community Centre to launch the NZ Post Book Awards Festival week on May 7, 2007.

Events highlights included:

* The second More FM Triwoman triathlon was held in February 2007 and was hugely successful with more than 850 contestants. South Taranaki has been chosen as one of only three venues nationwide to host both the short and long distance triathlons and the duathlon.

* Of those surveyed by NRB 33% had attended a Council event in the last year and 99% of those people were satisfied with the event.

Arts

An Arts Co-ordinator was employed by the Council during the year to facilitate and promote community participation in creative activities by providing a point of coordination for the creative community, facilitating increased visibility of the arts within the district and supporting creative activities and organisations.

Heritage

The Council, in partnership with the South Taranaki District Museum Trust, agreed to deliver heritage services to the South Taranaki communities by providing support and advice to individuals who wish to preserve taonga, objects and archives. Council staff have been employed at the museum based in Patea for the coming year to operate and promote the museum, preserve the museum's collection and provide the district services.

RECREATION AND LEISURE

The Council sees the provision of quality recreation and leisure services as essential to promoting the health and well-being of residents and visitors. It provides facilities including halls, parks and swimming pools and appropriately located public toilets.

An important community outcome supported by the recreation and leisure activities is the Council's commitment to provision of well maintained, functional facilities which meet changing needs in the areas of sport, recreation, art, culture and heritage.

Highlights included:

* Progress towards the construction of a new district combined sport, leisure and recreation complex for Hawera saw concept plans prepared and fundraising activities undertaken.

* In December 2006 the Council purchased the Cinema 2 theatre complex in Hawera to ensure its continued operation.

* Completion of a lighting project in Naumai Park, Hawera.

* Establishment of a partnership with the Opunake Event Centre Trust.

* Playground developments at Patea and Waverley beaches and Nukumaru reserve.

* Replacement of the boat ramp at Lake Rotokare.

* Upgrade of Wahi Reserve

* Completion of stage one and two of the Patea River Mouth Moles upgrade.

* Public satisfaction with parks and reserves was down slightly at 85% and did not meet our target of 90%. This may reflect the resistance from some residents to the change in Berm Mowing Policy (The new policy placed a greater responsibility on residents to mow urban berms. Berms not mown by residents would be mown by the council four times a year). In response to public feedback, as part of its six month review, the Council increased the mowing frequency from four times to nine times a year. The Council is also employing a parks curator in the coming year to help lift the standard within the main parks.

DISTRICT ECONOMY

The Council takes a holistic approach to economic development, aiming to support the development of a thriving economy which appeals to industry, business, visitors and residents. While growth and innovation are essential, the Council also acknowledges the community's desire to protect

both its lifestyle and environment, and ensure that all residents have the opportunity to benefit from economic growth.

Community outcomes emphasise a commitment to ensuring education and training are accessible, existing large industries are retained, the economic environment encourages diversification and development of small, sustainable and locally owned businesses, and the economy portrays innovation, sustainability and excellence.

Highlights of economic development activities included:

* The Council's economic development advisor became part of a new economic development and tourism unit.

* The biennial Skills Expo held in Hawera in March 2007 exposed approximately 500 young people from around the district to a range of local career opportunities with the focus on trades where skills are in short supply and on-the-job training is available.



* An Economic Development Strategy adopted by the Council in June 2007 contains a detailed analysis of the district's strengths, weaknesses, and opportunities. It sets out a range of strategic goals and action plans.

* A new Business Incentive Package, also adopted in June 2007, contains measures to encourage businesses to relocate to South Taranaki or existing businesses to expand.

* The Council continued to work in partnership with other organisations, notably Venture Taranaki, on a range of initiatives designed to improve labour market skills including development of a regional skills strategy by the Future Taranaki Regional Partnership.

* South Taranaki i-SITE visitor centre achieved a 98.7% satisfaction rating by users in a postcard survey and the Council won an award at the 2006 national i-SITE conference for its investment in the expansion of the district i-SITE in Hawera.

* South Taranaki was represented at its first TRENZ tourism conference held in Rotorua in May 2006 where district attractions and activities were presented to 20 international buyers.

* The Council agreed in December 2006 to make a grant of \$500,000 towards development of a new attraction at the privately-owned Tawhiti Museum in Hawera.

* Five (central government) grants totaling a little over \$169,000 were awarded to South Taranaki businesses for a range of expertise and development opportunities.

* Visitor enquiries (domestic and international) increased by 8.5% for the year.

COMMUNITY AND SOCIAL DEVELOPMENT

The primary role of the community development unit is to work with the community and external partners, other Council units and elected representatives to achieve community outcomes developed by residents, and to ensure that South Taranaki is a great place for people of all ages to live.

The unit undertakes annual reviews of community action plans, administers the allocation of discretionary funds and grants by the Council and other organisations. It is also responsible for delivery of the Regional Road Safety Programme, and oversees pensioner housing units around the district through a management contract with Presbyterian Support Central.

Key community outcomes supported by the unit's work stress the development of growing, thriving communities that retain their essential character and community spirit, and that volunteers and groups are valued, supported and empowered to meet and advocate for the needs of communities.

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Highlights of community and social development activities included:

* Employment of a youth facilitator in February 2007 following approval of a Ministry of Youth Development grant of \$96,000 over two years. A district youth and stakeholder network was established.

* A building consent fee discount was introduced to encourage installation of fire sprinkler systems in homes with the aim of improving community safety.

* Contracts were approved for the final stage of the Manaia beautification project with completion scheduled for August 2007. Cost savings meant the additional work can be completed in Kaponga in 2007-08. Stage 2 of the Stark Park development in Eltham is dependent on negotiations with affected property owners.

* Additional security cameras in Hawera were installed and improvements made to the operating system.

* Officers assisted the regional council with a public transport review which resulted in a trial bus service one day per week linking rural communities with Hawera due to start in July 2007.

* The Council worked in a range of partnerships on events and programmes including a human powered car project for youth, the Eltham Digital Strategy providing computer training for families, Conservation Week education project, a coastal walkway feasibility study, establishment of a community art space, and development of a regional careers website.

* The percentage of funding contributed by external agencies to Council-led community projects during the year was 61.39%.

* 96% of pensioner housing is occupied and residents who responded to a survey conducted in April 2007 gave a 91% tenant satisfaction rating.

ENVIRONMENT AND DEVELOPMENT

The Council plays an important role to ensure a safe environment, while providing opportunities for development and growth. Its environmental functions include building and planning consents, licensing, animal and nuisance control, emergency management and environmental policy.

Responsible development and safe environments is the focus of the Council's environmental functions and is backed by a series of commitments including streamlining planning approval processes and reviewing policies, providing efficient and consistent customer service, encouraging responsible development and developing industry-leading initiatives and products.

Highlights of environment and development activity included:

* Most of the work to achieve accreditation as a Building Consent Authority took place during the year, positioning South Taranaki as the second council in New Zealand to receive accreditation from the Department of Building and Housing.

* The trend for subdividing land, particularly in and around Hawera, continued unabated with a total of 551 lots created through subdivision.

* Financial management software upgrade to Financials CI has improved the quality of information being presented to Council.

* Significant Natural Areas programme contributions totaling \$21,000 towards the protection in perpetuity of six areas of indigenous vegetation.

* The Council adopted a District Plan review programme in September 2006 and workshops for the Coastal Protection Area and Scheduled Streams plan changes were held in April.

* Consent applications in both the building and planning areas remained at record levels during 2006-07. The high volume of applications meant that timeframes were not always met.

* 99% of 988 building consents were issued within 15 working days.

* 134 Non-Notified Land Use Resource Consents were approved, 41 of which did not meet the target of 10 working days.

* 238 LIMs were processed, 1 of which did not meet the target of 10 working days.

* A key emergency management project followed the July 2006 floods in both the Waitotara and Ngutawera River catchments, when an enhanced Task Force Green Scheme helped with restoration work on 29 farms over seven months. The Council's offer of subsidised digger assistance to help farmers clear farm access tracks resulted in 45 applications being received and approved.



WATER SUPPLY SERVICES

The Council owns eight urban and five rural water supplies, and aims to deliver potable quality water suitable for human, animal and industrial consumption 24 hours a day, seven days a week, taking into account outages for maintenance and breakdowns. A significant development in the 2006/2007 year was the change to a new contractor, City Care Ltd, for the management of the Council's water, sewer and stormwater services. Close co-operation between the contractor and the Council resulted in a smooth transition and the level of service maintained to all consumers.

Water supply services highlights included:

* An exploratory underground drilling programme was carried out to provide information about potential water supplies to aid in the development of a water supply strategy and capital works programme.

* Of the seven exploratory bores only Kapuni produced any promising results. The Kapuni bore is producing 800-1000 cubic metres a day under natural artesian conditions. Further investigation will need to be conducted as to its economic viability.

* Sampling indicated compliance with bacteriological criteria of the New Zealand Drinking Water Standards 2005 for all water supply zones.

* Seismic strengthening and roof repair of Waimate West reservoir.

* The Ten Year Plan approved a budget with significant expenditure on water improvement projects over the first three years. This expenditure has been slower than expected as the exploratory borehole programme has not been as successful as anticipated and further planning and design work has meant that some projects have been modified while others are to be staged to coincide with other similar work to achieve savings through economies of scale.

* Waimate West Rural Water Supply - A section of trunk Main at Mangawhero Road requires replacement together with two pressure valves (\$850,000). This work has commenced though progress has been slower than anticipated.

* Capital expenditure on the Cold Creek Water Supply was deferred until the ownership issues have been decided.

* Hawera Water Supply - Tenders are being priced for the design and construction of two reservoirs on Skeet Road. Preliminary design for the trunk main between Okiawa and Ketemarae Road is complete and detailed design is underway. Construction is now targeted for late 2007- early 2008.

* Eltham Water Supply - Planning commenced for a new town reservoir with construction programmed for completion next financial year.

* Opunake Water Supply - Improvements made to the treatment plant including a settlement tank to prevent discharge of dirty backwash water to the stream was completed.

ROADING AND STORMWATER NETWORK

South Taranaki's roading network includes 1,612 kilometres

of roads, of which 80% are sealed, 223 bridges, 175 kilometres of kerb and channel, 156 kilometres of footpaths, 20 kilometres of piped stormwater drains and 2,405 street lights. Two state highways provided and maintained by Land Transport New Zealand also pass through the district.

Highlights of the roading and stormwater network activities included:

* The NRB *Communitrak* survey identified 81% customer satisfaction with local roads, compared with 76% for the Council's peer group and 78% nationally.

* The NRB *Communitrak* survey identified 67% customer satisfaction with footpaths, compared with 61% for the Council's peer group and 73% nationally.

* Only 50% of footpath construction was completed due to delays with tendering.

* The Council tendered 100 kilometres of reseal and second coat seal at \$17,240 per kilometre compared with the performance measure target of less than \$18,925.

* The Stormwater Management Plan was completed and will be used to prioritise future expenditure on the stormwater system.

* The Bedford Street (Patea) pipe replacement programme was completed exceeding budget by \$140,000. This was because the size of the pipe was increased from the original design and the length of the stormwater sewer was also increased.

WASTE SERVICES

The Council manages two major waste streams - wastewater services and solid waste management - to maintain high environmental standards for the district and protect the public health of residents.

The wastewater programme aims to contribute to community outcomes by providing services that help the retention and expansion of local industry, and meeting environmental quality standards as set and monitored by Taranaki Regional Council while reducing discharges into the environment and improving waterway quality.

Highlights of the waste services activities included:

* Completion of the Manaia Transfer Station

* Completion of the Opunake sewage scheme upgrade in December 2006 - and eliminating discharges for the period since it became operational.

* Work in progress at Patea and Kaponga sewage scheme upgrades, with completion scheduled early 2008.

* PPCS agreed to contribute \$558,000 to the laying of a dedicated rising main from PPCS to the Hawera Wastewater Treatment Plant. This will relieve pressure on the western trunk sewer and will be built in 2008.

* In October 2006 the council entered into a new joint kerbside collection contract with Waste Management Ltd and in an effort to reduce the amount of waste going to landfill, the 240 litre rubbish bins were replaced with 120 litre bins collected weekly, and 45 litre recycling bins were replaced with 120 litre bins collected fortnightly. The Council moved to weekly recycling collections in July 2007.

* A new 'user pays' green waste fortnightly collection was introduced using the old 240 litre rubbish bins. This was well received with about 38% of households purchasing the service.

* Recycling centres with 24 hour access were established at district transfer stations.

* The transition to a new contractor and the changes to levels of service did not go as smoothly as the Council would have liked and many residents experienced significant disruption to their kerbside collection service. This was reflected in the satisfaction rating that residents gave council waste collection services in the NRB survey, which was down significantly (58%) on previous years.

* Early indications are that the changes undertaken have resulted in 35% of district waste now being diverted from landfill. This is significant as when the district landfill at Patea closes at the end of November 2007 all residual waste will have to be transported to the regional landfill at Colson Road in New Plymouth.

Financial Overview

Income Statement:

The Council has delivered an operating net surplus of \$1.5 million for the year compared with a budgeted surplus of \$7.3 million.

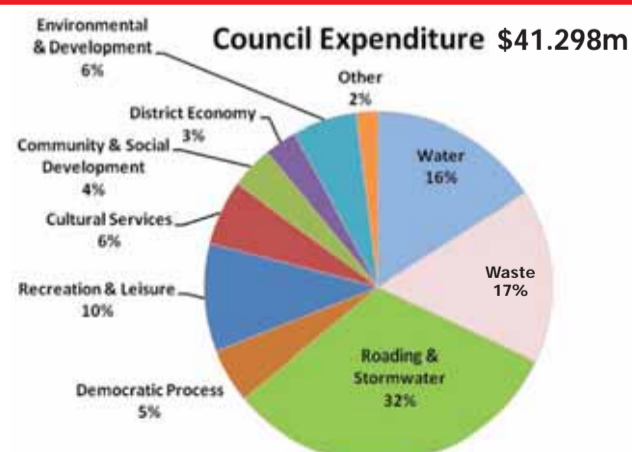
This is a significant reduction on the projection within the Council's adopted Ten Year Plan and happened for the following reasons:

o The Eltham industries' contribution of \$3.6 million towards the Eltham-Hawera wastewater pipeline was budgeted within the surplus but the project did not get underway this year because of an Environment Court appeal to the consent. Only \$53,000 of the anticipated \$7.2 million project was expended. The project is now set to proceed in the 2008-2009 year.

o Anticipated capital expenditure of \$1.6 million was reclassified as operating expenses, in line with the new accounting standards. This work included the desludging of wastewater treatment ponds, research for other infrastructural projects and the unsuccessful borehole exploration projects.

o The flooding damage to roads in the southern part of the district during July/August 2006 meant an unbudgeted expense of \$3.9 million and an unbudgeted government contribution of \$3.5 million, leaving a shortfall of \$400,000.

While there are a variety of smaller variances throughout the report, these three items account for the majority (\$5.6 million) of the overall variance (\$5.8 million).

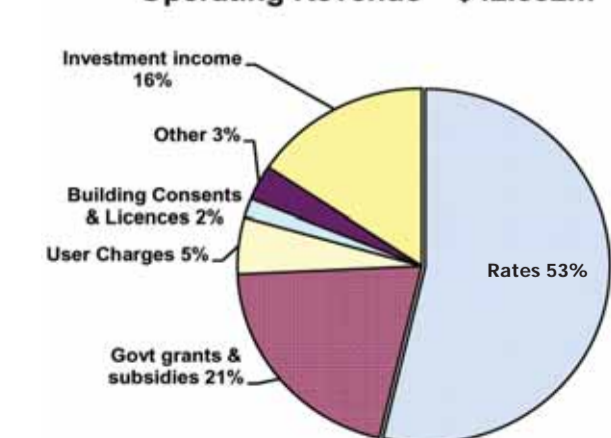


Balance Sheet:

The Council's balance sheet remains very strong with total assets in excess of \$571 million and total liabilities of \$13 million

The revaluation of the Council's infrastructural assets and land and buildings resulted in an increase in value of \$59 million. This was offset to some degree by a reduced capital expenditure programme with only \$16 million of the \$42 million budget being spent within the year. Details of

Operating Revenue \$42.832m



significant acquisitions by the Council and any variances to plan during the year can be found in note 21 of the main financial statements.

Borrowings for the year amounted to \$5 million compared to the budgeted \$51 million (which included refinancing internal borrowing of \$24 million which did not occur). The remaining variance to planned budget is due to the lower than budgeted expenditure on capital projects.

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Basis of preparation:

These financial statements have been prepared in compliance with "Financial Reporting Standard No.43 - Summary Financial Statements" issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants (May 2007). The summary report cannot provide as complete and understanding as the full Annual Report which is available at the Hawera Administration office, all LibraryPlus centres or from the Council website www.stdc.co.nz

This summary financial report has been extracted from the South Taranaki District Council 2006/07 Annual Report dated 8 October 2007. The Annual Report received an unqualified audit opinion dated 8 October 2007. This summary report has been audited and an unqualified opinion dated 29 October has been received. The financial statements are presented in New Zealand dollars. The summary Annual Report was authorised by the Chief Executive Officer of the South Taranaki District Council on 29 October 2007.

The South Taranaki District Council is the ultimate parent of the group comprising the Council, its 30 percent-owned associate Apex Consultants Limited and 100 percent-owned non-trading subsidiary Novus Contracting Limited. Details of material transactions between Apex Consultants Ltd (for the provision of engineering services) and Council are as follows:

	2006	2007
Services provided by Apex Consultants Limited.	\$1,858,261	\$2,052,979
Amounts owing to Apex Consultants Limited	\$210,629	\$430,186

at balance date.

Details relating to transactions between individual councillors and Council are fully disclosed in Note 17 of the main financial statements.

Apart from the normal customer relationships involving such items as the payments of rates, water charges etc, there were no significant transactions between Senior Management, Councillors and the Council during the year.

The main purpose of the South Taranaki District Council is to provide goods and/or services to the ratepayers and communities of the South Taranaki District. Accordingly the Council has designated itself and the group as Public Benefit Entities for the purposes of the NZ equivalents to International Financial Reporting Standards (NZ IFRS). The full set of financial statements included in the Annual Report has been prepared in accordance with NZ Generally Accepted Accounting Practices (NZ GAAP). The full set complies with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. These summary financial statements are in accordance with

the recognition and measurement requirements of NZ IFRS but, in accordance with FRS-43, do not, nor are required to, comply with the presentation and disclosure requirements of NZ IFRS. The summary financial statements are in respect of the Council's first NZ IFRS's full financial statements.

Changes in accounting policies and NZ IFRS.

The Council and Group changed its accounting policies on 1 July 2006 to comply with NZ IFRS and accordingly applied FRS-43 when preparing this summary annual report. The transition to NZIFRS is accounted for in accordance with NZ IFRS-1 "First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards", with 1 July 2005 as the date of transition. An explanation of how the transition from superseded policies to NZ IFRS has affected the Council's and Group's balance sheet, income statement and cash flows is discussed in Note 22 of the 2006/07 Annual Report. The key changes arising from the implementation of NZ IFRS are:

* the recognition of Infrastructural assets at deemed cost (with the transfer of the associated asset revaluation reserves to accumulated balances),

* the separation of software (from Property, Plant and Equipment) and utilisation rights for the Fonterra wastewater outflow (from Infrastructural assets) to a new class of intangible assets,

* the reclassification of investments as being "available for sale" requiring them to be recorded at fair value with a consequent investment revaluation reserve created to reflect all unrealised gains which had previously been recorded through the Income Statement

* the recognition of a sick leave liability

[For the reconciliation of equity from NZ GAAP to NZ IFRS see table below]

(1) Correction of a prior-period error:

In prior years, lump-sum payments from tenants in relation to "tenant contribution" Pensioner Housing were treated as revenue. These payments should have been recognised as a liability at the time of receipt. Income is recognised throughout the tenancy with the balance at the conclusion of the tenancy returned to the tenant. The amount of liability as at 1 July 2005 was \$579,000 and as at 30 June 2006 was \$573,000. An income adjustment of \$6,000 has been made for the 2005/06 financial year.

Other Notes:

The South Taranaki District Council has a number of contingent liabilities and capital commitments as at balance date. These are detailed in Notes 18 and 19 of the financial statements. These are mainly guarantees to sports clubs \$82,000 (2005/06 \$219,000), future operating lease payments for office equipment \$196,000 (2005/06 \$271,000) and commitments relating to capital expenditure projects \$3,873,000 (\$2005/06 \$5,065,000).

SUMMARY FINANCIAL STATEMENTS South Taranaki District Council and Group

Balance Sheet as at 30 June 2007

	Council			Consolidated	
	Actual 05/06	Actual 06/07	Budget 06/07	Actual 05/06	Actual 06/07
Assets	\$000's	\$000's	\$000's	\$000's	\$000's
Current Assets	14,793	11,635	13,541	14,793	11,635
Non-Current Assets	523,255	559,556	544,365	523,495	559,826
Total Assets	538,048	571,191	557,906	538,288	571,461
Liabilities					
Current Liabilities	5,929	8,226	5,410	5,929	8,226
Non Current Liabilities	165	5,131	51,329	165	5,131
Total Liabilities	6,094	13,357	56,739	6,094	13,357
Equity					
Accumulated Balances	522,996	524,369		523,236	524,639
Restricted and Statutory Reserves	2,032	2,193		2,032	2,193
Investment Revaluation Reserves	6,926	7,253		6,926	7,253
Asset Revaluation Reserves	-	24,019		-	24,019
Total Equity	531,954	557,834	501,167	532,194	558,104

Income Statement for the year ended 30 June 2007

	Council			Consolidated	
	Actual 05/06	Actual 06/07	Budget 06/07	Actual 05/06	Actual 06/07
Operating Revenue	\$000's	\$000's	\$000's	\$000's	\$000's
Rates	21,013	23,095	22,480	21,013	23,095
Financial Income	6,878	6,517	5,563	6,818	6,364
Subsidies and Grants	5,575	8,769	5,264	5,575	8,769
Other	3,190	4,451	7,093	3,190	4,451
Total Operating Revenue	36,656	42,832	40,400	36,596	42,679
Operating Expenditure					
Operating Expenditure	32,645	40,985	33,057	32,645	40,985
Finance Costs	15	313	-	15	313
Total Operating Expenditure	32,660	41,298	33,057	32,660	41,298
Operating Surplus before tax	3,996	1,534	7,343	3,936	1,381
Share of Associate surplus/(deficit)	-	-	-	166	183
Surplus/(deficit) before tax	3,996	1,534	7,343	4,102	1,564
Taxation	-	-	-	-	-
Surplus/(deficit) after tax	3,996	1,534	7,343	4,102	1,564

Statement of Changes in Equity for the year ended 30 June 2007

	Council			Consolidated	
	Actual 05/06	Actual 06/07	Budget 06/07	Actual 05/06	Actual 06/07
Opening Equity as at 1 July	525,365	531,954	493,824	525,499	532,194
Surplus/(Deficit) for after tax	3,996	1,534	7,343	4,102	1,564
Fair Value gains/losses for Financial Assets	2,593	327	-	2,593	327
Increase/(Decrease) in Asset Revaluation Reserves	-	24,019	-	-	24,019
Total Recognised Revenues and Expenses	6,589	25,880	7,343	6,695	25,910
Closing Equity as at 30 June	531,954	557,834	501,167	532,194	558,104

Statement of Cash Flows for the year ended 30 June 2007

	Council			Consolidated	
	Actual 05/06	Actual 06/07	Budget 06/07	Actual 05/06	Actual 06/07
Opening Cash Resources	7,957	2,727	4,845	7,957	2,727
Net cash flow from operating activities	6,856	6,058	15,915	6,856	6,058
Net cash flow from investing activities	(12,054)	(11,241)	(67,685)	(12,054)	(11,241)
Net cash flow from financing activities	(32)	4,981	51,082	(32)	4,981
Closing Cash Resources	2,727	2,525	4,157	2,727	2,525

Audit Report

TO THE READERS OF THE SOUTH TARANAKI DISTRICT COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2007

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-43: 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 8 October 2007, on:

* the full financial statements; and
* the Council and group'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 the South Taranaki 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.


Laurie Desborough, Auditor
New Zealand

On behalf of the Auditor-General
Palmerston North, New Zealand
29 October 2007

THE RECONCILIATION OF EQUITY FROM NZ GAAP TO NZ IFRS IS AS FOLLOWS:

	1 July 2005		NZ IFRS	30 June 2006		NZ IFRS
	Previous NZ GAAP	Effect of Transition		Previous NZ GAAP	Effect of Transition	
	\$000	\$000	\$000	\$000	\$000	\$000
Equity						
Accum. Balances	370,023	149,801	519,824	376,363	147,206	523,569
Restricted and Statutory Reserves	1,789		1,789	2,032		2,032
Investment Revaluation Reserves	0	4,333	4,333	0	6,926	6,926
Asset Revaluation Reserves	63,216	(63,216)	0	154,182	(154,182)	0
Total Equity	435,028	90,918	525,946	532,577	(50)	532,527

RECONCILIATION OF ACCUMULATED BALANCES:

Opening Balance previous NZ GAAP 1 July 2005	370,023
Add Reclassification of Asset Revaluation Reserves	154,184
Reclassification of Investments earnings to Investment Revaluation Reserve	(4,333)
Recognition of employee entitlements	(50)
Opening Balance NZ IFRS 1 July 2005	519,824
Correction of Prior period error of tenants contribution payments (1)	(579)
Opening Balance Accumulated Balances 1 July 2005	519,245
Opening Balance previous NZ GAAP 30 June 2006	376,363
Add Reclassification of Asset Revaluation Reserves	154,182
Reclassification of Investments earnings to Investment Revaluation Reserve	(6,926)
Recognition of employee entitlements	(50)
NZ IFRS 30 June 2006	523,569
Correction of Prior period error of tenants contribution payments (1)	(573)
Accumulated Balances 30 June 2006	522,996

RECONCILIATION OF PREVIOUSLY REPORTED SURPLUS/(DEFICIT) 30 JUNE 2006:

Surplus/(deficit) reported after tax NZ GAAP 30 June 2006	6,583
Investment Revaluation adjustment	(2,593)
Surplus/(deficit) after tax NZ IFRS 30 June 2006	3,990
Correction of prior period error - Tenants contribution payments (1)	6
Surplus/(deficit) 30 June 2006	3,996