

2012/2013

ANNUAL REPORT

the COROMANDEL good for the soul . . .

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MESSAGE FROM MAYOR AND CHIEF EXECUTIVE

Council has successfully navigated through 2012/2013 which has seen many changes to the laws governing local authorities, and many changes inside Council itself as we continue to establish our new 'community empowerment' model of operating. This model recognises the strong Coromandel need for local decision-making, and more authority over the resources needed to achieve local aspirations.

This Annual Report is a chance to pause and reflect on how we progressed in the last year of the current elected council's triennium. With their strategic goal of establishing the community empowerment approach largely in place, we worked through the other elected council priorities of cost-restraint in a period of low growth, delivering on priorities, and transforming our customer culture.

Faced with flat development in the District and ever rising costs, Council took a number of serious expenditure measures inside the organisation which led to the reduction of other direct operating expenses from \$38.2m in the previous year to \$35.9m in the current period. That reduction of 6% was achieved without reducing levels of service. Overall we finished the year with a surplus of \$1.2m, which was under the projected surplus of \$3.4m. The key reason for this was not increased expenditure, but the continued drop in expected revenue from development (including consenting). Council responded in the year by dropping its own expenditure significantly, and ended the year in surplus.

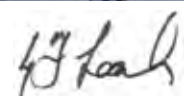
Council achieved strong service delivery to its communities. We improved on our achievement of service performance indicators from 72% last year, to 79% this year. With another ten service indicators lying within 3% of being achieved, we are confident in doing even better next year. Our customer satisfaction survey results indicated best ever performance results for core Council services of roads, solid waste, parks and reserves, public conveniences, harbour facilities and cemeteries. The year also saw the Council entering into a major new solid waste contract with our Thames Valley council neighbours (Hauraki and Matamata-Piako Districts) which projects a saving to the ratepayers across the three Councils of \$4.7m over the next decade. Alongside other shared services in civil defence, and insurance to name a few, shows our council trying hard for further cost savings to ratepayers but also being selective in the shared services we choose to enter into.

The Council's main challenge and public shortcoming in the year was around the management of its capital projects. We dealt with a substantial cost overrun on the Mercury Bay Multisport complex which led to us to commission an external review. Council is working through those recommendations. This issue highlighted the most serious issue that has been with the Council for a number of years around the budgeting and delivery of our capital works programme. Delivering only two-thirds of our capital programme is not good enough, and neither is the budget estimation of how much projects cost before the figures are put into our planning documents. It is leading to an annual gap between budgeted capital and actual spent of up to \$10m over a number of years throughout the last decade. The Council has undertaken a significant and far-reaching programme internally to address the problems it has in capital project planning, controls and delivery. This is being tightly monitored by the Audit Committee and the Mayor.

This work on our project management is timely as the Council continues to scope some major economic and community development projects to stimulate the local economy and showcase Coromandel's natural attributes to the world; the Coromandel Great Walks (Hot Water Beach to Cathedral Cove leg), Coromandel Wharves development including fast-ferry link to Auckland, and the continuation of the highly successful partnership with our Thames Valley council neighbours in the Hauraki Rail Trail. This investigation will progress further in the following 2013/2014 year. The concentration on key economic development projects will lead the Council to explore how to fund this work within a tight expenditure envelope.

We would like to extend a very big thank you to our staff and elected members for their tireless effort and contribution throughout 2012/2013. It's been a big year for us all and there have been some fantastic outcomes for our communities.




Glenn Leach
DISTRICT MAYOR




David Hammond
CHIEF EXECUTIVE

INTRODUCTION



INTRODUCTION

Your Council - Mayor and Elected Members



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SOUTH EASTERN WARD



INTRODUCTION

What is the Annual Report

In June 2012 the Council adopted its 2012-2022 Ten Year Plan. This Annual Report explains how we've delivered on the first year of that Plan.

For every activity we explain what we did compared to what we said we'd do, what it cost and how we performed against budget:

- to ensure consistent decisions and actions are made across our business
- to provide some transparency of decision-making processes to the public
- to be efficient in the way we work - one well thought-out decision in the form of a policy can be applied to many cases, and staff working within the business have a framework to help them get on with the job
- to meet legal requirements.

A list of our foremost documents and policies are noted here. These are all available from the Council offices located in Thames, Coromandel, Whitianga and Whangamata and are available on our website at www.tcdc.govt.nz.



Key Corporate Documents

Coromandel Blueprint: Framework for our Future

The Coromandel Peninsula: Blueprint Framework for our Future was developed in partnership with the Waikato Regional Council, Department of Conservation and Hauraki Whānui. This document provides a plan and helps to set a direction for the Coromandel over the next 30 years for where, what and how people can do things in and on the land and waters of the Coromandel Peninsula.

Community Board Plans

The Community Board Plans are documents that ensure that communities, through your elected members, have an increased role in determining what happens in your local area. They have provided a structured approach for Community Board input into the development of this 2013/2014 Annual Plan. The Community Board Plans also give effect to the new community governance approach and new Community Board delegations.

Ten Year Plan and Annual Plan

The Ten Year Plan and Annual Plan are the main strategic planning documents for Council. The Ten Year Plan sets out the activities and services that we intend to provide for a period covering a minimum of ten years, how much they cost and what revenue Council is receiving. This allows us to take a long-term view of our responsibilities while enabling us to adjust for changing financial factors and keep budgets up-to-date. We are required by legislation to develop a Ten Year Plan which must be revised every three years.

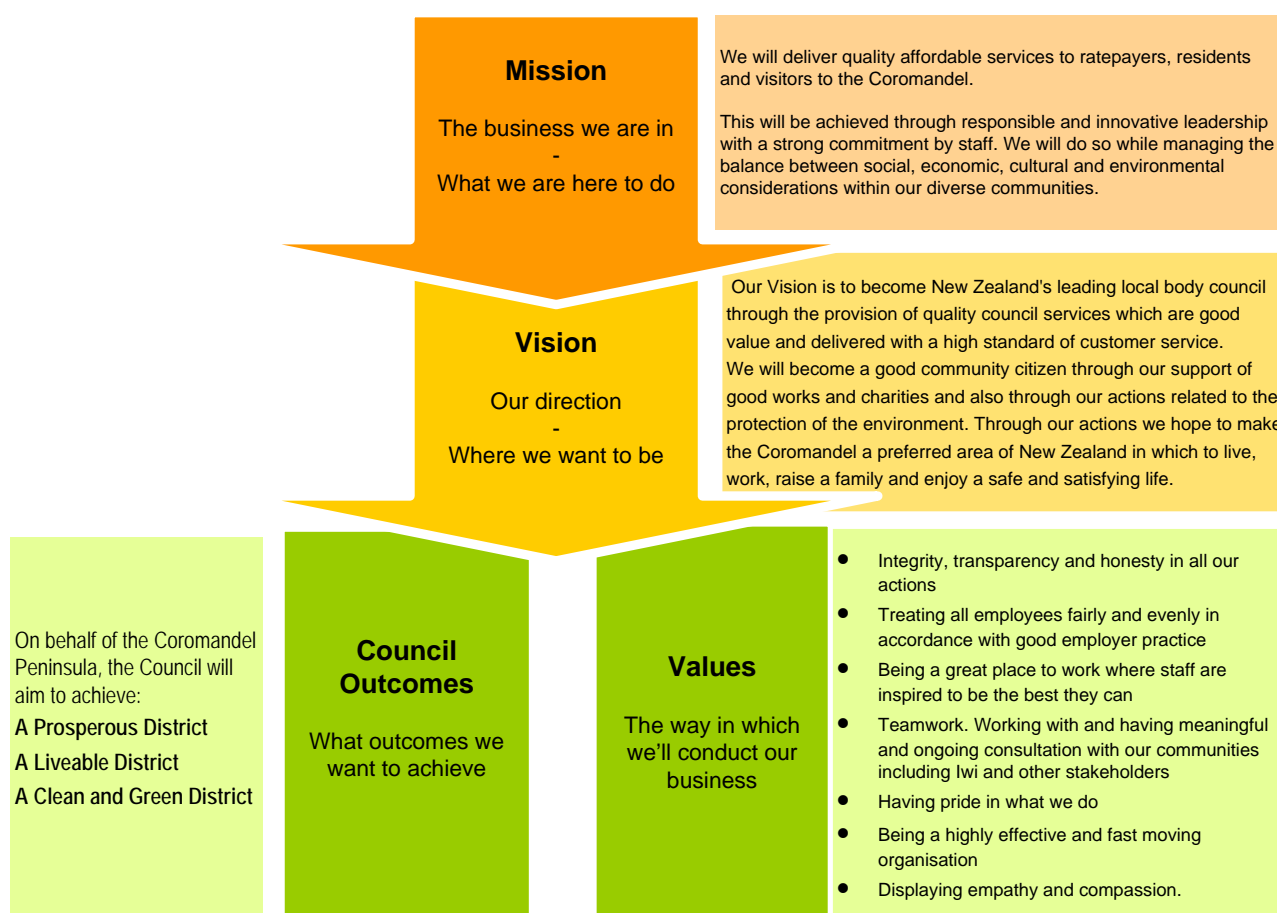
In June 2012, the Council adopted its 2012-2022 Ten Year Plan. The Annual Plan needs to highlight any changes or variances from the Ten Year Plan. The Ten Year Plan is the foundation for the Annual Plan and is the basis upon which we set the rates. We are required to consult on and produce an Annual Plan in each of the two years when a Ten Year Plan is not produced.

INTRODUCTION

Council's Vision, Mission and Objectives

When elected in October 2010, the new Council developed a fresh vision as its foundation and guiding principles for its three year term. The new direction has been a fundamental driver for the Council in leading the change evident in the organisation throughout the 2011/2012 year, and this direction plays an important role in every day Council business and decision making.

Accountability, efficiency and approachability are key themes in the Council's Direction over its three year term, as we seek to deliver quality services at affordable rates.



The Council's major goals and objectives are:

- To operate a lean organisation structure which is simple in form, easy to understand and has few layers
- To reduce costs while providing a satisfactory level of service so as to ensure our ratepayers receive good value
- Empowering staff and community boards to the greatest degree practicable
- Streamlining the Council's resource consent and planning processes
- Enabling accountability and responsibility to take place as far down the organisation as is practicable
- To support and promote activities including those related to aquaculture and tourism which have the potential for employment and economic growth in the Coromandel.

PERFORMANCE OVERVIEW



PERFORMANCE OVERVIEW

Statement of Compliance and Responsibility

Compliance

The Council and management of the Thames-Coromandel District Council confirm that all of the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002 regarding financial management and borrowing have been complied with.

Responsibility

The Council and management are responsible for the preparation of the Thames-Coromandel District Council's financial statements and statement of service performance, and the judgements made in them.

The Council and management of the Thames-Coromandel District Council have the 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 Council and management's opinion, these financial statements and statement of service performance fairly reflect the financial position, performance and operations of the Thames-Coromandel District Council for the year ended 30 June 2013.



signature

Glenn Leach
DISTRICT MAYOR

Date: 2 October 2013



signature

David Hammond
CHIEF EXECUTIVE

Date: 2 October 2013

PERFORMANCE OVERVIEW

A Year in Review

On the whole, our service performance has improved on previous year's performance. In 2011/2012, 72% of our service performance targets were achieved. In 2012/2013, this has increased to 80% of our service performance targets achieved and 19% not achieved (excluding four performances which were unmeasured or immeasurable). Of those not achieved, 10 measures were within 3% of their measurement target. There were 12 activities which achieved all of their performance measures.

In the Our Services section of this report you will find more detailed information regarding our service performance, along with information about major projects and variances.

ACTIVITY GROUP	ACTIVITY	No of performance measures	1	2	3	4	5	6	7	8	9	10
Community Leadership	District Leadership	6										
	Local Advocacy	3										
Planning for the Future	Strategic Planning	4										
	Land Use Planning	3										
	Hazard Management	1										
Healthy and Safe Communities	Emergency Management	5										
	Building Control	7										
	Community Health & Safety	8										
Roads and Footpaths	District Transportation	9										
	Local Transportation	7										
Community Spaces	Airfields	2										
	Cemeteries	3										
	Community Centres & Halls	4										
	Public Conveniences	2										
	Harbour Facilities	4										
	Libraries	7										
	Parks & Reserves	4										
	Swimming Pools	4										
Community Development	Economic Development	6										
	Social Development	8										
Stormwater	Stormwater	4										
	Land Drainage	1										
Wastewater	Wastewater	7										
Land Use	Land Use Management	6										
	Land Information Memorandum	4										
	Natural & Cultural Heritage	6										
Water Supply	Water Supply	8										
Solid Waste	Solid Waste	9										

	Achieved	108		Not Achieved	29
	Not Measured	4		Not Measurable	1

PERFORMANCE OVERVIEW

A Year in Review

Customer Satisfaction - An Overview

The Communitrak Survey has been carried out annually for the Council since 1999. The survey is conducted by telephone on a sample group of approximately 400 people aged 18 or over, half of the group being residents and half non-resident ratepayers. The sample group includes a sub-sample of respondents from each Community Board Area. (NB: results for this sample size have a margin of error of $\pm 5\%$)

A similar survey is conducted for a number of councils around New Zealand, and where the same question is commonly asked for multiple councils, an average 'national' and 'peer group' result is provided for comparison. The Council's peer group contains approximately 30 councils whose districts are considered similar to Thames-Coromandel (those comprising a rural area together with one or more towns or 'urban components').

The majority of the survey questions are set every three years as a number of them are used for performance measures in the Ten Year Plan and reported against in this Annual Report. From now on, however the frequency of the survey will reduce to three year intervals.

The survey is used to measure 18 of the 147 performance measures in the Ten Year Plan. Of the 18 'satisfaction-based' performance measures, 12 were achieved and 6 were not achieved. Of the six not achieved, the results have improved over the last survey, with several showing their best ever results. Further details are outlined in this Report.

The full report is available on our website, www.tcdc.govt.nz

The results overall are positive and a reflection of a high level of satisfaction within the community regarding the Council and Council services. The results also indicate there is a demonstrable improvement in the perception of the Council than in the past. This is demonstrated through:

- an increase in awareness and comfort for contacting the Mayor and/or Councillors
- an increase in awareness of how to contact Community Board members
- a downward trend in dissatisfaction with the way Council deals with issues and problems
- an increase in satisfaction with the information supplied to the community
- an increase in satisfaction with the way the Council involves the public in decision making, and with the decisions and actions of the Council.

The following activities achieved their highest ever result in a customer satisfaction survey

- roads
- solid waste
- parks and reserves
- public conveniences
- harbour facilities
- cemeteries

Council Outcomes

The following three questions were asked for the first time this year, with respondents being asked if they felt that the Council made a positive contribution to each of the three council outcomes

- a prosperous district
- a liveable district
- a clean and green district

More non-residents than residents felt that the Council made a positive contribution to making the Coromandel a prosperous district. Of the three outcome statements, this was the outcome that respondents felt the Council made the least impact on.

Non-residents were slightly more polarised in their views and tended more towards a positive perspective than residents for all three outcomes. The difference in all three outcomes was just over 10% higher.

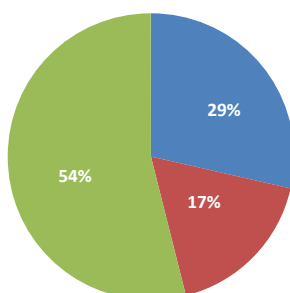
In all three outcomes the least positive were the 18-44 age range, with the 65+ age range being the most positive. The difference was marked with on average a 20% difference between the youngest and oldest age ranges.

PERFORMANCE OVERVIEW

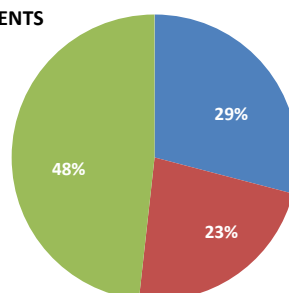
A Year in Review

A prosperous district

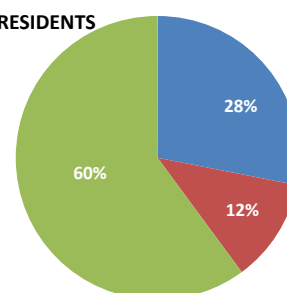
TOTAL



RESIDENTS

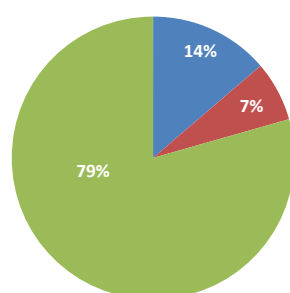


NON-RESIDENTS

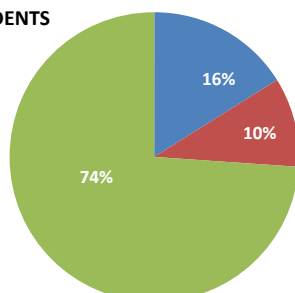


A liveable district

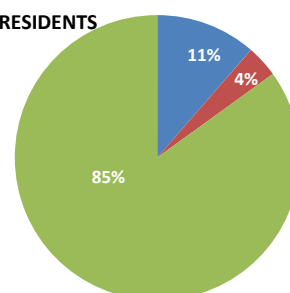
TOTAL



RESIDENTS

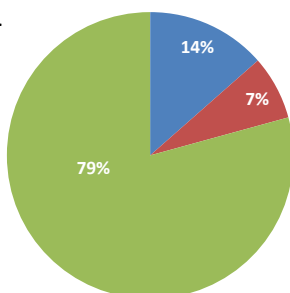


NON-RESIDENTS

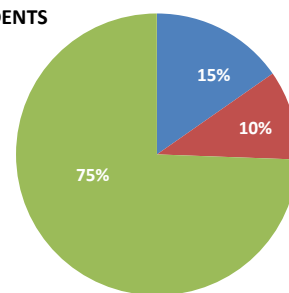


A clean and green district

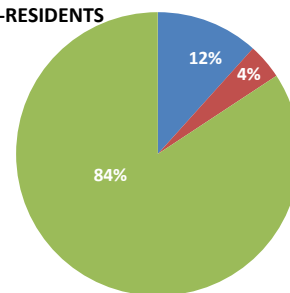
TOTAL



RESIDENTS



NON-RESIDENTS



KEY

Agree	
Disagree	
Neither satisfied nor dissatisfied	

PERFORMANCE OVERVIEW

Highlights from the Thames Community Board Area

The priorities for the Thames Community Board throughout 2012/2013 have been to progress the Thames Urban Development Strategy and ensure that the Hauraki Rail Trail entrance into Thames was completed.

Thames Urban Development Strategy

The Thames Focus Group, which is a sub-committee of the Board has championed the development of the Thames Urban Development Strategy. In November 2012 the community were invited to a workshop with architect and designer Chris Moller to discuss their views and visions for Thames. Approximately 100 people participated throughout the day.

The focus of this Strategy has been to unlock the potential of Thames and to bring together past community input, heritage, inspirational urban design and realistic business planning for the future of Thames. The draft Plan is now available on Council's website and the Thames Community Board will be now looking to implement some of the Strategy actions.

Hauraki Rail Trail now linked to Thames

Throughout the year, the Hauraki Rail Trail was expanded to Thames' Shortland Wharf area and this inspired a group of local gardeners to donate two new seats for trail riders and walkers to enjoy a little time out. A local women's garden group, the Thames Pansy Club, worked with the Pohutukawa Festival to organise a Garden Ramble in the Thames area and raised enough funds to donate the seats. The Rail Trail continues to grow in popularity with locals and visitors.

Fluoridation of the Thames Water Supply

The Community Board spent a considerable amount of time on the topic of fluoridation of the Thames water supply. In December 2012 and January 2013 the Thames Community Board requested feedback from the community regarding their views on fluoridation of the Thames Water supply. Over 500 submissions were received and had a full day where the community came and presented their views verbally to the Community Board. After considering the feedback received, the Board recommendation that fluoride continue to be added to the Thames water supply. This was an especially difficult decision for the board to reach and it was appreciative of the efforts made by all submitters, especially those who took the time to research and present their views.

Te Puru Hall Refurbishment

The Te Puru Hall was built in 1969 - has been the heart of the small Thames Coast community as a venue for the annual Te Puru Flower Show, indoor bowls and numerous other groups and events over the years. In the weather bomb of 1991 it provided shelter for the townsfolk and was the centre from which food parcels were distributed. However the hall was closed in late 2011, in need of major repairs to its roof with costs estimated at \$150,000. A public meeting was called to discuss the future of the hall and more than 100 people turned out. The Community and the Council came together and the community offered skills, labour, project management and materials to get the hall repaired at the lowest cost to the ratepayer. Working bees were fuelled by home baked morning teas, again from the community.

Kopu Link Road work complete

In April 2013, the 400m link between Kopu Road and the roundabout at the intersection of State Highways 25 and 26 was completed, providing good access for motorists between the State Highway network and the Kopu industrial area. The new section of road will improve safety for motorists from Kopu heading to Paeroa and Auckland or Hamilton.



PERFORMANCE OVERVIEW

Highlights from the Coromandel/Colville Community Board Area

The priorities for the Coromandel-Colville Community Board throughout 2012/2013 have been to develop a strategic approach to harbour facilities, advocate for the needs of the Coromandel-Colville communities and initiate investigations on the Coromandel Bypass.

Repair work at Hannaford's wharf

Hannaford's wharf was closed in September 2012 after a severe storm damaged the structure. Council approved \$140,000 from its disaster relief fund to pay for the immediate repairs and a further \$275,000 upgrade was then undertaken. This included the replacement of the existing 6.9m floating pontoon with a 12m pontoon, the installation of a permanent 16m long gangway and the replacements of the broken fender and pontoon piles to suit the new length of the facility.

Focus on Harbour Facilities and the Coromandel Bypass

The Board have consistently advocated for two important projects.

- A feasibility study has commenced regarding harbour facilities in Coromandel Town.
- The Board have allocated budget in the 2013/2014 year to undertake a feasibility study for the Coromandel Bypass.

Coromandel Information Centre

In May 2013 The Coromandel Business Association has signed a Service Level Agreement with the Council to provide visitor information services at Coromandel Town. The Business Association did a fantastic job last summer to resurrect the centre after the previous Incorporated Society couldn't continue due to cash flow problems.

The new Chairperson of the Coromandel Business Association is Brenda Kelsey. The Association had reopened the town's Information Centre with volunteers from the community, offering a service 7 days a week from 10am to 4pm.

Coromandel Heritage Town idea investigated

The Board considered the 'Coro Mainstreet' heritage initiative that proposes Coromandel township be developed and marketed as a heritage town. The Board noted that this is currently not a formal Council project and asked that staff investigate further the financial costs and potential benefits and disadvantages of a focus on heritage for the town. The Board resolved to defer a decision on the formation of a formal project and stakeholder group, and to consult with the wider community through the next annual plan process.

Coromandel Citizen's Hall update

\$97,000 was allocated for refurbishment of the Coromandel Citizen's Hall. The south western wall was reconstructed, works also included stormwater and drainage improvements.



PERFORMANCE OVERVIEW

Highlights from the Mercury Bay Community Board Area

The Mercury Bay Multi Sport Park has consumed much of the Mercury Bay Community Board's time throughout 2012/2013 as well as ensuring a better understanding of the impacts of coastal erosion on our beaches and advocating for appropriate mitigation strategies to be put into action.

Mercury Bay Sport Park

In late 2012 it came to light that there had been significant overspend on the construction of a Multi-Sport Park in Whitianga, as a result of poor project management of this project. This issue and the recovery of the project have been a dominating focus for the Community Board and the Council. Council determined that it was committed to completing stage one of the Sport Park - which included developing the sports fields, tennis and netball courts and completing the amenity building. A number of community meetings were held to apologise to the community and explain the situation in detail. A number of internal investigations were undertaken also as Council was keen to ensure that this situation would not happen again.

The cost to Mercury Bay ratepayer for the Sports Park for 2013/2014 is an average of \$97. This is made up of \$75 for construction costs and \$22 for operational costs. The annual operational costs budgeted for this financial year is \$170,000 based on insurances, power charges, turf and ground maintenance, cleaning and upkeep of the amenity block. This figure will be revised once the Sports Park has been operational for a year.

The amenity block is due to open to the public soon. Meanwhile turf on two of the five sports fields is growing well and it's anticipated both will be available to play on by February and the remaining three by the end of April 2014. A soft launch of the Sport Park will be held soon, followed by a more public celebration in 2014 upon full completion of the project.

Coastal Erosion

Several beaches in Mercury Bay have been compromised by severe coastal erosion.

Throughout the year a Coastal Erosion Action Plan was developed to better guide funding decisions and physical works. The development of the Action Plan was overseen by a Steering Group made up of beachfront property owners affected by erosion issues, community representatives, local iwi, coastal scientist Dr Jim Dahm, artist and environmentalist Michael Smither, Waikato Regional Council and TCDC staff. The community had the opportunity to have their say when the Plan was out for consultation over summer. A programme of works has now been included in the 2013/2014 year.

Mercury Bay Community Pool Funding

The Mercury Bay Swimming Pool Trust was formed in 2011 with the aim of providing a cost effective upgrade of the existing pool to allow for all year round access for the school and the wider community. The Trust and the School agreed to the upgrade starting in March 2013 subject to the impact of the new school gym build on the school pool footprint and facilities. Much of this revolved around an ablation block and the sharing of it between the gym and the pool. The Council provided the Trust with \$100,000 toward the upgrade. There will also be significantly more public access to pool because of discussions between the Council, Trust and the School.



PERFORMANCE OVERVIEW

Highlights from the Mercury Bay Community Board Area

Hot Water Beach named in Lonely Planet Guide's Ultimate Destinations

In June 2013, Hot Water Beach was named in the top 10 mineral bath experiences in the world in the Lonely Planet's 1000 Ultimate Sights guide New Zealand featured 15 times in the book among the world's best waterfalls, most oversized animals, greatest geysers, flashiest lighthouses, most breathtaking viewing platforms, underwater sights and more. Hot Water Beach is third in the list of 'Top Baths' behind the Champagne-Glass Whirlpool Bath, New York USA (1) and Les Bains de Marrakech, Morocco (2).

The Community Board has initiated a project to install parking metres at Hot Water Beach car park to collect revenue from the tourism sector which will be invested back into tourist-related infrastructure.

Local Community Decision Making

A focus for the Mercury Bay Community Board and area office staff has been promoting more local decision making, which aligns to Council's new Community Governance Framework. Whilst not all visible, there has been much work behind the scenes to forge a stronger connection between the Community Board and the community, for example, agreeing on three-year contracts with local community halls and hall committees; and ensuring more local input into roading and harbours activities. We are particularly proud of the revitalisation of Egan's Park Reserve, which was a joint effort by the community and Community Board.

PERFORMANCE OVERVIEW

Highlights from the Tairua/Pauanui Community Board Area

Throughout the year, the Tairua-Pauanui Community Board had to respond to improving some of the local recreational facilities as well as advocating for a fairer approach to reporting between the Tairua and Pauanui areas.

Equity of Rates

In late 2012, the Tairua-Pauanui Community Board responded to concerns from the community regarding equity of collection and distribution of rates between Tairua and Pauanui. Costs are now being identified separately to provide greater transparency and information to the Board and to the communities.

New Pepe Playground

The popular Pepe Playground alongside Tairua Harbour had to be replaced reasonably urgently due to structural risks. A report was commissioned regarding the integrity of the equipment and it was found that 13 out of 23 items had a high level of risk to users due to defects such as rust, worn and brittle parts. The old Pepe Playground was 27 years old and has outlasted its use. A budget of \$100,000 was made available by the Community Board combining a number of budget items to replace the playground.

The playground is one of the most popular on the Coromandel and is used predominantly by youngsters aged 4 to 10 years. The Pepe Reserve is a popular picnic and swimming spot for Tairua visitors, locals and motorists passing through enroute north and south.

Tairua Mary Beach Boat Ramp

An all-tide concrete launch facility that has been much appreciated by boaties was completed at a cost of \$35,000 just before for the busy Christmas and New Year period. The new ramp is a vast improvement on the old ramp that could not be used at low tide.

There was much discussion early in the year regarding support or otherwise of developing a new Wharf and Boat Ramp facility at Mary Beach Reserve in Tairua. For the past two decades a small group within Tairua has sought an extended trailer boat launching and car parking area at Mary Beach. This group provided designs and specifications that were recently costed by independent consultants at \$3.8 million. The design included a parking facility, replacement of the wharf and reclamation of approximately 3ha in the coastal marine area, which the Waikato Regional Council has indicated it would require substantial consents of approximately \$500,000, bringing the total to some \$4.3 million.

There is \$1.2 million highlighted in the 2012-2022 Ten Year Plan for the Mary Beach Wharf and Boat Ramp facility. Following receipt of the independent report the Community Board directed the Area Manager to work with all parties to review the project and provide a revised scope and design for consideration that works within the \$1.2 million budget.

Tairua Library Turns Five

In June 2013 the Tairua Library turned five and a range of activities for young and old were held at the library to honour the occasion.

Pauanui Community Amenity

Design work on a new community amenity building adjacent to the CBD in Pauanui continued during the year in order to progress the project to a start date of February 2013. Incorporating the library and information centre together with a meeting room and small office area the amenity building will create a hub that has been sought after for many years.

Coastal Erosion

Extensive dune restoration work continues along the Pauanui main beach. Utilising the expertise of the renowned coastal scientist, Dr Jim Dahm, the sensitive and fragile dune system is being contoured and replanted in order to minimise coastal erosion. In the 2013/2014 year we are looking to develop and Eastern Seaboard Coastal Erosion Strategy to cover Whangamata, Tairua and Pauanui areas.



PERFORMANCE OVERVIEW

Highlights from the Whangamata Community Board Area

Throughout the year, the Whangamata Community Board focussed on improving relationships between the Board and the business community, creating operational efficiencies as well as championing a number of projects to enhance the attractiveness of Whangamata to residents and visitors.

Wentworth Valley Walkway-Cycleway

A combined walkway-cycleway that links Mum's Corner in Whangamata to the many attractions in Wentworth Valley to the south was completed in July this year. The 1.4km path comprising a 2.5m compacted gravel path can be used by cyclists, walkers, schoolchildren, golfers and visitors. It links the southern end of Whangamata with facilities including the cemetery, golf course, a new subdivision and Wentworth Valley Road where Department of Conservation tracks and a campground is a popular visitor attraction. It is intended to incorporate a pathway all the way through the Department of Conservation campground at the end of Wentworth Valley Road.

Te Ara O Te Wairoa (Moana Anu Anu Harbour) Walkway

Stage one of this walkway project was completed this year and has created walking and cycling opportunities through some spectacular local scenery. Thirty pohutukawa trees have been donated from Project Crimson for planting on the walkway and over 7,000 native plants now grace the walkway as it winds around the estuary. For the time being, the Board decided to suspend further project stages exercising prudent financial management. Concepts for proposed future stages are being considered that will create a walkway linking all of Whangamata's reserves and allows walkers to enjoy up to 8km of tracks with various surfaces. This concept will be done in stages as and when funding becomes available.

Local Businesses Surveyed

To better understand the impacts of events, both positive and negative, on the business community, the Board conducted a survey during the peak event period being December and January. The survey focussed on what impact peak period events had on the local retail economy. Over 30 business, 10 major events and 120 participants took part in Whangamata and Tairua. The outcome was that peak time events generally do not contribute to the local economy.

Whangamata Harbour Committee

The Whangamata Harbour Committee was established in 1984 to provide a forum for harbour users and open up dialogue with the board, Council and Waikato Regional Council. However, to be a standing committee of Council accrues \$2000 annual costs for advertising, agendas, minute-taking and staff time. In the interests of efficiency, The Community Board and the harbour committee members agreed that a formal committee structure was not vital, and formally disestablish the committee. Regular meetings with all parties will continue when issues concerning the harbour arise.



PERFORMANCE OVERVIEW

An Overview of Our Financial Performance

Our Ten Year Plan sets out our financial strategy, which includes a set of self-imposed financial parameters that guides what we deliver and how we make decisions on funding and expenditure. This section details our performance against the financial parameters that we have set, as well as other financial indicators. For further detail about the financial strategy, please refer to our 2012-2022 Ten Year Plan.

In addition to our financial strategy, we have also reported against a number of financial indicators that the Office of the Auditor General¹ uses to assess the financial performance of local government throughout the country.

Managing Costs

Finding cost efficiencies - As a direct result of the measures taken in the 2011/2012 as part of the organisational restructure other direct operating costs fell from \$38.2m in 2011/2012 to \$35.9m in 2012/2013 a reduction of 6%. This has been achieved while retaining similar levels of service and improved performance against targets as measured against the performance measures.

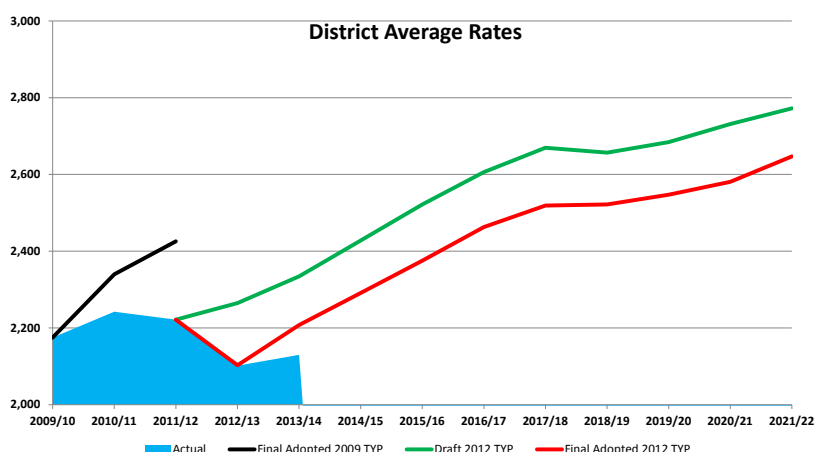
Prioritising what we can afford to do - Quite simply, we cannot afford to deliver everything that customers may want us to do. Throughout the year we have applied greater scrutiny and rigour to the scope of our capital works programme in particular. This remains an area of focus for the business due to its impact on rates.

Managing Income from Rates

Limiting the amount that rates can increase each year - This is a long term measure over the life of the Ten Year Plan (Over the period of the Ten Year Plan rates will increase by no more than CPI + rating unit growth).

Throughout 2012/2013 we have continued to work hard to keep rates increases to a minimum and in the 2013/2014 year the district average rate will increase by 1.34%.

This has been achieved without reducing levels of service, and means that over the term of this Council the rates required have not increased.



While the total rates revenue required by Council has diminished over the last four years we do have challenges ahead of us if we are to hold them near their current levels. One of these relates to the low growth levels we are currently experiencing within the district and consequently the drop in revenue from development contributions. Council plays a significant role in providing infrastructure required to facilitate growth in the District, infrastructure such as wastewater and water plants. This costs money and as you may imagine we incur the costs upfront, we fund these costs through loans, and the loans are paid back as the growth occurs.

In 2009 Council determined that the interest on these loans should be met by the new home buyer (through their development contributions) rather than the ratepayer through rates. Unfortunately the current level of growth in the district means that there is a shortfall between the interest on those loans and the development contributions received from growth. As with your home mortgage any shortfall in interest payments is added to your principle. We use the same philosophy here. The concern is if this situation continues for an extended period of time development contributions may increase to a level that could inhibit future growth in the district. This will continue to be an area of focus for us in the year ahead.

Note for clarity: Council pays all its bills as they fall due including all interest payments. What we are discussing here is the allocation of the burden between homeowners (ratepayers) and homebuyers (development). Council will seek public feedback on potential solutions to this issue as part of its 2014/2015 Annual Plan process.

¹ Matters arising from the 2012-22 local authority long-term plans. Office of the Auditor-General, December 2012

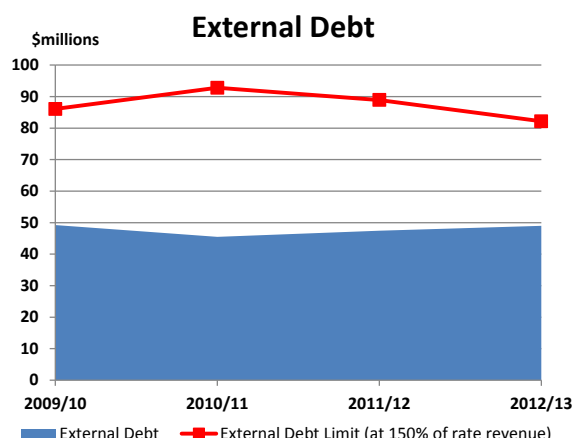
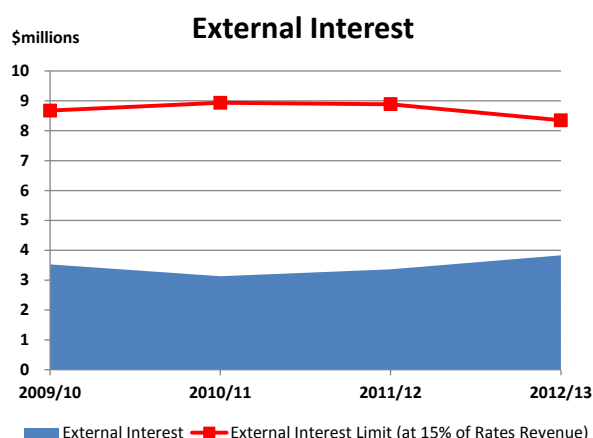
PERFORMANCE OVERVIEW

An Overview of Our Financial Performance

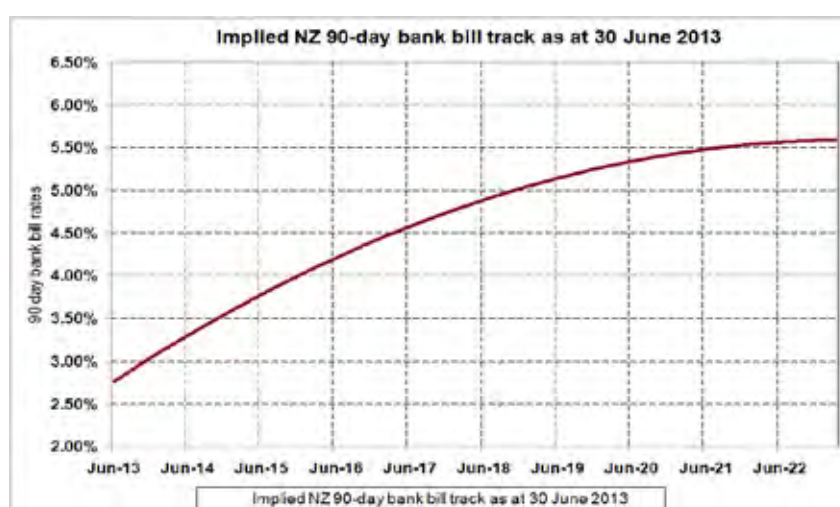
Limiting the amount of income that comes from rates - Our target is to contain rates revenue at no more than 80% of total revenue. For 2012/2013 this was 78.6%, slightly higher than the prior years at 77.8%. While still within our limit two areas are putting increasing pressure on maintaining this limit. These are falls in both development contributions revenue and roading subsidies received by NZTA.

Taking a Conservative Approach

Borrowing within our ability to service and repay that borrowing - While we continue to operate well within our limits though the amount of debt and the debt limit are converging due to the combination of a decrease in the amount of rates collected and a slight increase on external debt from last year. However it is still below that of June 2010, as the graphs below indicate.



Over the past few years we have all experienced exceptionally low interest rates. Unfortunately these are not predicted to continue as the figure below indicates. This means it will most likely cost us more in the future, than it does today, to service the same level of debt. We try to mitigate the impact of this through hedging, much the same as most homeowners do when they consider fixing the interest rate on their mortgages. However, unfortunately any interest rate increases will create upward pressure on rates. Just like the homeowner with a mortgage, increased interest costs will mean less money available to spend on other things we wish to do unless we increase rates.



PERFORMANCE OVERVIEW

An Overview of Our Financial Performance

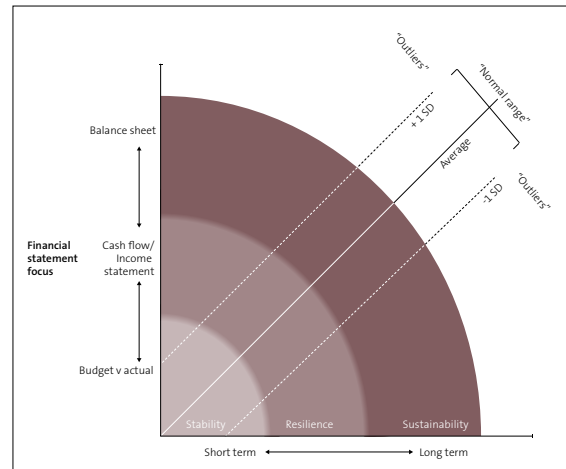
Understanding and Assessing Potential Financial Uncertainty

Continuing to identify potential risks to prudent financial management is a key part of our business - financial uncertainty arises from many sources and can include economic political and structural changes within and outside of Council.

As part of their review of the 2012 Ten Year Plans across New Zealand, the Office of the Controller and Auditor-General (OAG) identified a set of indicators to understand financial performance.²

- The stability - How reliable Council is in planning, budgeting and delivering services using its financial resources
- The resilience - Councils' ability to bounce back from short-term unanticipated events
- The sustainability - How prepared Council is for long-term uncertainties and to maintain itself indefinitely.

Understanding and assessing potential financial uncertainty

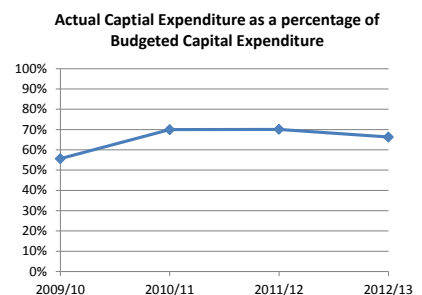
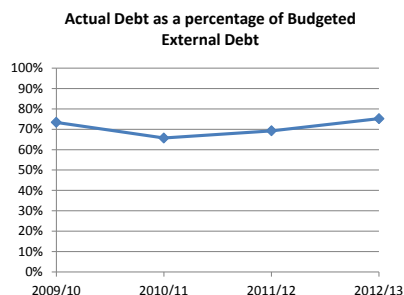
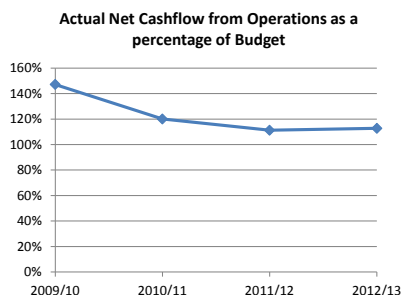


The figure portrays how sustainability builds on the stability and resilience of an organisation.

Financial Stability Indicators

The following indicators as a package are a signal of how reliable we are in planning, budgeting and delivering services using our financial resources. We have used the following indicators to demonstrate our performance

- Net cash surplus from operations
- Actual to budgeted external debt
- Actual to budgeted capital expenditure



The net cash surplus from operations indicator reflects our cash surplus from normal business-as-usual operations. Actual Cash Surplus from operations continues to track above that budgeted in each of the four years however the gap continues to close.

An area of improvement for us is to ensure that our capital works programme is realistic and can be reasonably achieved in the timeframe proposed. The OAG estimated that the NZ council average for actual capital expenditure as a percentage of budgeted capital expenditure is in the region of 80% while ours is 66% and it is therefore an area of focus and improvement going forward.

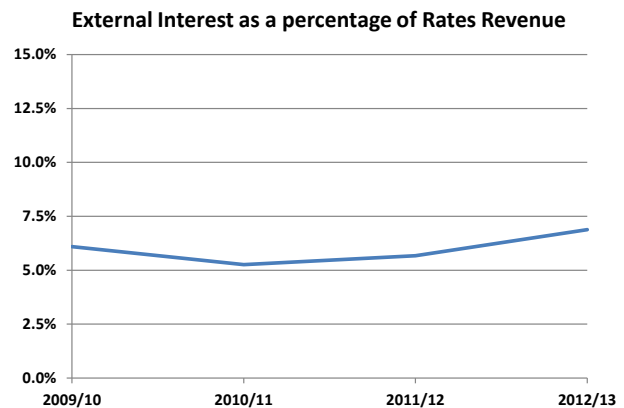
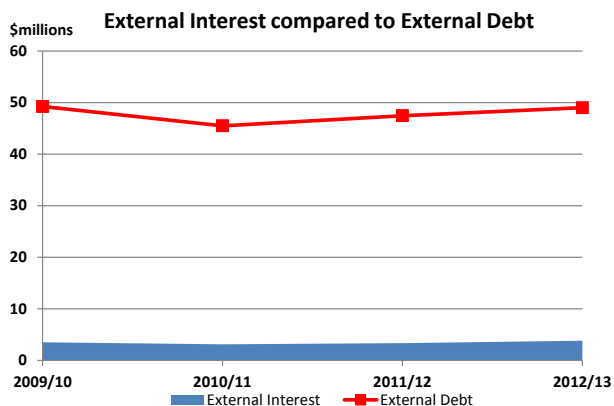
¹ Matters arising from the 2012-22 local authority long-term plans. Office of the Auditor-General, December 2012

PERFORMANCE OVERVIEW

An Overview of Our Financial Performance

Financial Resilience Indicators

The following indicators are a signal of how well equipped we are to respond to and 'bounce back' from unanticipated events. The interest expense to rate revenue indicator shows the proportion of rates revenue that relates to the interest cost of debt. According to the OAG, a higher percentage means less flexibility and fewer available resources in responding to unexpected events. Our assessment indicates that overall we are in a good position to respond to adverse unanticipated events at present. It is one of our focuses to ensure that we continue to be so.



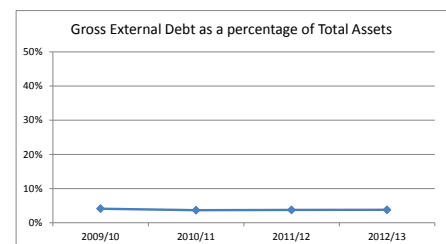
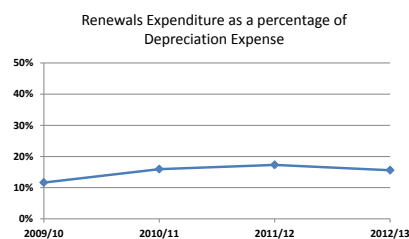
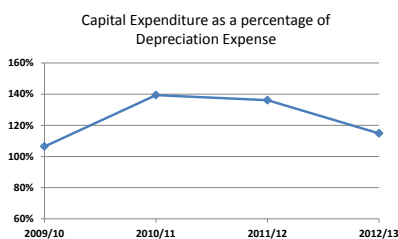
Financial Sustainability Indicators

The following indicators are a signal of how well equipped we are as a going concern. Council's capital expenditure programme falls into three categories:

- **Renewal:** Is a programme of capital works designed to return the asset to as-new condition
- **Improved Level Of Service (ILOS):** those capital projects intended to deal with shortfalls in the level of service to households and businesses by bringing assets up to the service standards
- **Additional Capacity:** That portion of Council's capital works programme that is to service growth and development.

Again, according to the OAG, relating capital expenditure to depreciation to indicate sustainability assumes that depreciation is a reasonable estimate of the capital expenditure needed to maintain the existing asset base. Therefore, the assumption is that a result where capital expenditure is above depreciation (more than 100%) indicates sustainability.

Council's capital expenditure programme continues to exceed the annual consumption of its capital base depicted by depreciation.



PERFORMANCE OVERVIEW

An Overview of Our Financial Performance

Lessons Learnt from Mercury Bay Sports Complex

In February 2013 Council expressed its sincere apologies to the Mercury Bay Ratepayers, the wider community and anyone affected by the mistakes in the development of the Mercury Bay Multi Sport Park project.

This apology followed an independent review by Deloitte commissioned by Council. This report was made public as part of Council's desire to be accountable and transparent in dealing with this issue and can be found on our website www.tcdc.govt.nz.

The lessons and review are far reaching and have resulted in many changes to processes and procedures over the last six months addressing the recommendations in the report. The experience has provided a timely and valuable lesson to Council which will benefit the ratepayers in the longer term.

The immediate outcomes are tighter management and governance overview of projects, and in the longer term more robust business planning, project appraisal and business case reviews before committing to projects, followed by improved procurement and project management.

Independent Auditor's Report



Independent Auditor's Report

To the readers of Thames-Coromandel District Council's annual report for the year ended 30 June 2013

The Auditor-General is the auditor of Thames-Coromandel District Council (the District Council). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council that comprise:
 - the statement of financial position as at 30 June 2013 on page 135;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 133, 134 and 136; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 138 to 219;
- the statement of service provision (referred to as Our Services) of each group of activities carried out by the District Council on pages 37 to 127;
- the funding impact statements in relation to each group of activities of the District Council on pages 37 to 127;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 207 to 209; and
- the funding impact statement of the District Council on page 137;

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 196;
 - reserve funds on pages 161 to 169;
 - remuneration paid to the elected members and certain employees of the District Council on page 198;
 - employee staffing levels and remuneration on page 199; and

Independent Auditor's Report

- severance payments on page 197;
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on pages 225 to 226; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 12.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 133 to 219:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2013; and
 - the results of its operations and cash flows for the year ended on that date.
- the Our Services of the District Council on pages 37 to 127:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 38 to 124, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 207 to 209, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the funding impact statement of the District Council on page 137, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.

Independent Auditor's Report

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 02 October 2013. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and Our Services. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council'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 information we audited;
- determining the appropriateness of the reported Our Services within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was

Independent Auditor's Report

carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and Our Services that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independent Auditor's Report

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, we have no relationship with, or interests, in the District Council.



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

OUR SERVICES



OUR SERVICES

Introduction

We group our many services into activities and groups of activities. This section sets out

- what each group of activities includes
- how that group of activities contributed to our community outcomes
- how we delivered on what we said we'd deliver
- commentary about major projects and budget variances

How to Read This Section

This Annual Report is best read in conjunction with our 2012-2022 Ten Year Plan.

At the start of each **group of activities** section you can find

A brief description of what the activity group is and why we provide it and the individual activities that make up this group.

Contributing to our District:
Why we are involved in this activity group and how we measured whether we made a contribution to our council outcomes.

Activity Group Dashboard:
A high level overview of the performance of each of the activities within this activity group.

COMMUNITY LEADERSHIP ACTIVITY GROUP

Through this group of activities, the elected Council and Community Boards help the peninsula's communities contribute to Council plans and processes and then make decisions on our communities' behalf.

We see ourselves as having a proactive role in providing leadership to our community through the development of our district and community. A current priority for us is to continue to embed our community governance model, which will provide for greater local community governance and empowerment.

This activity group includes the following activities:

- District Leadership - governing the overall direction we take on behalf of our District and our communities.
- Local Advocacy - Ensuring that we understand local views.

Contributing to Our District

The Community Leadership activity group primarily contributes to achieving a **Liveable District**, by advocating for our communities needs at a regional, sub regional, district and local level. Whilst we rely on other activities to advocate for economic growth and a clean and green district, this activity group encourages initiatives that promote and encourage community responsibility.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
Residents' confidence that we make decisions that are in the best interests of our District is maintained or increases *	According to our random customer survey there has been a marginal decline over the last two years following a sharp increase of 15% between 2010 and 2011, of those who have some confidence or higher in Council's ability to make decisions that are in the best interests of our District. The result for 2013 was 72%.
Residents' satisfaction with the level of community/social support within their community from family and friends, volunteers, and networks and agencies is maintained or increases ^	84% of respondents were satisfied with the level of community/social support, which is a marginal increase from 83% when last measured in 2010. Council has invested in new community development resources

* measured in the NRB Communitrak Survey, 2013

^ measured in the MARCO Perception Survey, 2013

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
District Leadership	4 of 6	Both performance measures not achieved related to customer satisfaction. One of the performance measures not achieved has improved performance on last year and the other has remained constant..
Local Advocacy	3 of 3	This reflects the positive impact of the Community Governance model adopted by the Council, to be more responsive to community views and to advocate these views in local and regional forums.

OUR SERVICES

Introduction

Each activity group section then contains a **Funding Impact Statement**.

The Funding Impact Statements ("FIS") have been prepared in accordance with the Local Government (Financial Reporting) Regulations 2011, which came into effect 11 July 2011. This is a reporting requirement unique to Local Government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices ("GAAP"). This is the first year that Council has included the Funding Impact Statement in the Annual Report.

The purpose of these statements is to report the net cost of services for significant groups of activities ("GOA") of the Council, and are represented by the revenue that can be attributed to these activities less the costs of providing the service. They contain all the funding sources for these activities and all the applications of this funding by these activities. The GOA FIS include internal transactions between activities such as internal overheads and charges applied and or recovered and internal borrowings. These GOA FIS are contained in "Our Services" section of this report.

The FIS is also prepared at the whole of Council level summarising the transactions contained within the GOA FIS, eliminating internal transactions, and adding in other transactions not reporting in the GOA statements.

These statements are based on cash transactions prepared on an accrual basis and as such do not include non-cash/accounting transactions that are included with the Statement of

Comprehensive Income as required under GAAP. These items include but are not limited to Council's depreciation, gain and/or losses on revaluation and vested assets.

They also depart from GAAP as funding sources are disclosed within the FIS as being either for operational or capital purposes. Income such as subsidies received for capital projects, development contributions and proceeds from the sale of assets are recorded as capital funding sources. Under GAAP these are treated as income in the Statement of Comprehensive Income.

COMMUNITY LEADERSHIP ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012	2013	
Budget	Budget	Actual
\$000's	\$000's	\$000's
Source of operating funding		
2,598	1,974	1,351
0	0	115
0	0	0
3	1	0
1,197	1,216	1,505
4	4	235
3,804	3,196	3,206
Applications of operating funding		
1,622	982	692
78	91	76
2,668	2,242	2,432
0	0	0
4,368	3,316	3,200
(564)	(120)	6
Source of capital funding		
0	0	0
0	7	4
(173)	298	257
0	0	0
0	0	0
(173)	306	261
Application of capital funding		
Capital expenditure		
0	0	0
355	259	39
0	0	0
(1,093)	(73)	228
0	0	0
(738)	186	267
564	120	(6)
0	0	0

OUR SERVICES

Introduction

In each individual **activity** section, you can find

What We Do: a brief description of what the activity is.

2012/2013 Highlights: a highlight from the 2012/2013 year.

How Well Did We Deliver Our Services in 2012/2013: sets out our levels of service (in blue) and then our performance against targets for the 2012/2013 year. These tables are best read in conjunction with our 2012-2022 Ten Year Plan. In some cases, we refer to 'peer group average', further information on this is available in the Performance Overview section under Customer Satisfaction - An Overview. In the instance where a performance measure refers to an 'urgent request', this means that the matter will be responded to by the end of the next full working day after the request is received by Council. **Wherever possible we have compared performance against the previous years result. In some cases however we are using new measures and there is no comparative result available. Full comparative information will be available in the 2013/2014 Annual Report.**

Overview of Projects and Variances: provides an update regarding the major projects that were noted in our 2012-2022 Ten Year Plan for the 2012/2013 year, and/or a comment regarding any major budget variances of particular interest for this activity. A full and comprehensive list of budget variances is located in the notes to the Financial Statements section under Note 30.

COMMUNITY LEADERSHIP ACTIVITY GROUP

District Leadership Activity



What We Do

The purpose of having a Council is to promote the wellbeing of our communities on the Coromandel Peninsula - both now and in the future. This includes advocating for our communities' needs and wants to other key service providers and decision-makers. The Mayor and Councillors focus primarily on district wide decisions and issues. They are supported by local community boards, which represent their communities and make decisions on local issues and activities (refer Local Advocacy activity).

Our leadership role is changing. In the next few years, Treaty settlements will be decided and post-Treaty arrangements within Hauraki Iwi have the potential to bring new challenges and opportunities to local government to build and foster more enduring relationships and partnerships with a better-resourced and focussed Hauraki tribal collective. We have also chosen to take a greater advocacy and leadership role not only within our community but also at a regional and national level.

2012/2013 Highlights

A focus for the 2012/2013 year has been to ensure that interests of the Coromandel are well represented at a regional and national level. With changes this year to the Local Government Act paving the way for future amalgamations and with the Auckland Super City structure well entrenched, there's been much discussion about what this could mean for the Waikato and surrounding districts. Several proposals are emerging from both the Property Council, locally in the Coromandel and possibly, in the future, Waikato Regional Council themselves. We have begun to look at the viability, costs and benefits of both an amalgamation and unitary authority structures (the regional council and district council functions in one organisation). With proposals by other parties being developed, we do not want to be unprepared in the event a proposal gains traction in Wellington and Hamilton which does not deliver for the Coromandel.

How Well Did We Deliver Our Services in 2012/2013

Community views are heard and considered in Council decision-making

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥47% of residents and non-resident ratepayers who have a view are satisfied with the way the Council involves the public in its decision-making.	44%	This was a 4% improvement on last year and is also above the peer group (43%) and national (40%) averages.	NOT ACHIEVED
That <27 % of residents and non-resident ratepayers who have a view feel that the Mayor and Councillors do not give a fair hearing to their views (the target is less than the peer group average).	18%	The 2011/2012 target was not achieved, so this result is an improvement on last year and the result is 9% better than the peer group average.	ACHIEVED

Overview of Projects & Variances

Expenditure on the Thames Country and Thames Administration buildings fall within this activity budget for reasons of convenience.

Project	Comment
Back Scanning Project	This project was for electronic scanning and filing of all of Council's property records. This project spanned several years and was completed late in 2012.
Thames County Building	Two projects were planned in the 2012/2013 year regarding fire alarm systems. a) Linking the County and Administration buildings in an emergency b) Replacing the current type 2 manual fire alarm in the County building. The linking was completed within budget and on time. The replacement of the type 2 manual fire alarm has been carried over into 2013/2014 year and \$94,000 has been carried forward for this purpose.
Thames Administration Building Roof	The project has been carried forward for a number of years and a decision has been taken to suspend the carry forward until a more permanent solution can be identified.

COMMUNITY LEADERSHIP ACTIVITY GROUP

Through this group of activities, the elected Council and Community Boards help the peninsula's communities contribute to Council plans and processes and then make decisions on our communities' behalf.

We see ourselves as having a proactive role in providing leadership to our community through the development of our district and community. A current priority for us is to continue to embed our community governance model, which will provide for greater local community governance and empowerment.

This activity group includes the following activities:

- District Leadership - governing the overall direction we take on behalf of our District and our communities.
- Local Advocacy - Ensuring that we understand local views.

Contributing to Our District

The Community Leadership activity group primarily contributes to achieving a **Liveable District**, by advocating for our communities needs at a regional, sub regional, district and local level. Whilst we rely on other activities to advocate for economic growth and a clean and green district, this activity group encourages initiatives that promote and encourage community responsibility.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
Residents' confidence that we make decisions that are in the best interests of our District is maintained or increases *	According to our random customer survey there has been a marginal decline over the last two years following a sharp increase of 15% between 2010 and 2011, of those who have some confidence or higher in Council's ability to make decisions that are in the best interests of our District. The result for 2013 was 72%.
Residents' satisfaction with the level of community/social support within their community from family and friends, volunteers, and networks and agencies is maintained or increases ^	84% of respondents were satisfied with the level of community/social support, which is a marginal increase from 83% when last measured in 2010. Council has invested in new community development resources

* measured in the NRB Communitrak Survey, 2013

^measured in the MARCO Perception Survey, 2013

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
District Leadership	3 of 6	Two performance measures not achieved related to customer satisfaction. One of the performance measures not achieved has improved performance on last year and the other has remained constant. The third measure related to 'Treaty Settlement' decisions that are outside of Council's control.
Local Advocacy	3 of 3	This reflects the positive impact of the Community Governance model adopted by the Council, to be more responsive to community views and to advocate these views in local and regional forums.

COMMUNITY LEADERSHIP ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
2,598	General Rates, uniform annual general charges, rates penalties	1,974	1,351
0	Targeted rates (other than a targeted rate for water supply)	0	115
0	Subsidies and grants for operating purposes	0	0
3	Fees, charges and targeted rates for water supply	1	0
1,197	Internal charges and overheads recovered	1,216	1,505
4	Local authorities fuel tax, fines, infringement fees and other receipts	4	235
3,804	Total operating funding	3,196	3,206
Applications of operating funding			
1,622	Payments to staff and suppliers	982	692
78	Finance costs	91	76
2,668	Internal charges and overheads applied	2,242	2,432
0	Other operating funding applications	0	0
4,368	Total applications of operating funding	3,316	3,200
(564)	Surplus(deficit) of operating funding	(120)	6
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	7	4
(173)	Increase/(decrease) in Debt	298	257
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
(173)	Total sources of capital funding	306	261
Application of capital funding			
Capital expenditure			
0	- to meet additional demand	0	0
355	- to improve the level of service	259	39
0	- to replace existing assets	0	0
(1,093)	Increase/(decrease) in reserves	(73)	228
0	Increase/(decrease) in Investments	0	0
(738)	Total applications of capital funding	186	267
564	Surplus(deficit) of capital funding	120	(6)
0	FUNDING BALANCE	0	0

COMMUNITY LEADERSHIP ACTIVITY GROUP

District Leadership Activity



What We Do

The purpose of having a Council is to promote the wellbeing of our communities on the Coromandel Peninsula - both now and in the future. This includes advocating for our communities' needs and wants to other key service providers and decision-makers. The Mayor and Councillors focus primarily on district wide decisions and issues. They are supported by local community boards, which represent their communities and make decisions on local issues and activities (refer Local Advocacy activity).

Our leadership role is changing. In the next few years, Treaty settlements will be decided and post-Treaty arrangements within Hauraki Iwi have the potential to bring new challenges and opportunities to local government to build and foster more enduring relationships and partnerships with a better-resourced and focussed Hauraki tribal collective. We have also chosen to take a greater advocacy and leadership role not only within our community but also at a regional and national level.

2012/2013 Highlights

A focus for the 2012/2013 year has been to ensure that interests of the Coromandel are well represented at a regional and national level. With changes this year to the Local Government Act paving the way for future amalgamations and with the Auckland Super City structure well entrenched, there's been much discussion about what this could mean for the Waikato and surrounding districts. Several proposals are emerging from both the Property Council, locally in the Coromandel and possibly, in the future, Waikato Regional Council themselves. We have begun to look at the viability, costs and benefits of both an amalgamation and unitary authority structures (the regional council and district council functions in one organisation). With proposals by other parties being developed, we do not want to be unprepared in the event a proposal gains traction in Wellington and Hamilton which does not deliver for the Coromandel.

How Well Did We Deliver Our Services in 2012/2013

Community views are heard and considered in Council decision-making			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥47% of residents and non-resident ratepayers who have a view are satisfied with the way the Council involves the public in its decision-making.	44%	This was a 4% improvement on last year and is also above the peer group (43%) and national (40%) averages.	NOT ACHIEVED
That <27 % of residents and non-resident ratepayers who have a view feel that the Mayor and Councillors do not give a fair hearing to their views (the target is less than the peer group average. An explanation of peer group averages is located in the "Customer Satisfaction - An Overview" section).	18%	The 2011/2012 target was not achieved, so this result is an improvement on last year and the result is 9% better than the peer group average.	ACHIEVED

COMMUNITY LEADERSHIP ACTIVITY GROUP

District Leadership Activity

The Council undertakes good, robust decision-making

What we aimed for	Performance 2012/2013	How we did	Annual Result
That we have no successful legal challenges to Council decision-making.	None	There were no legal challenges made to Council's decision-making.	ACHIEVED

The Council will work towards establishing an effective co-governance regime with Hauraki Iwi

What we aimed for	Performance 2012/2013	How we did	Annual Result
That the work programme to address Treaty of Waitangi claim settlements is finalised.	Treaty legislation not finalised but work programme progressed.	The Treaty of Waitangi claim settlement is outside of Council's control. Elected members and staff have participated in the Treaty of Waitangi claim settlements processes as appropriate, and maintain a good working relationship with the Office of Treaty Settlements, the Hauraki Collective and other iwi.	NOT ACHIEVED

The Council will advocate for the District's needs to other organisations

What we aimed for	Performance 2012/2013	How we did	Annual Result
That there is a demonstrated involvement in advocacy initiatives at a sub-regional, regional and national level	Advocacy demonstrated	The Council prioritised a number of meetings deemed significant to resident's interests and welfare. Council were represented at 17 of 25 external meetings listed below	ACHIEVED
• Coromandel Liaison sub-committee	2 of 3		
• Waihou Piako Liaison Committee	No meetings held		
• Hauraki Gulf Forum	3 of 5		
• Regional Transport Committee	4 of 6		
• Waikato Civil Defence Management Group	5 of 5		
• Waikato Mayoral Forum - Zone 2	3 of 6		

The Council leads by example in promoting a strong sense of community

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 18% of residents and non-resident ratepayers who have a view are dissatisfied or very dissatisfied with the decisions of Council.	22%	The result is the same as last year when the target was not met. There was a variance across the Community Board areas with Mercury Bay having the highest level of dissatisfaction and Tairua Pauanui having the lowest. While the dissatisfaction stayed the same the	NOT ACHIEVED

COMMUNITY LEADERSHIP ACTIVITY GROUP

District Leadership Activity

Overview of Projects & Variances

Expenditure on the Thames Country and Thames Administration buildings fall within this activity budget for reasons of convenience.

Project	Comment
Back Scanning Project	This project was for electronic scanning and filing of all of Council's property records. This project spanned several years and was completed late in 2012.
Thames County Building	Two projects were planned in the 2012/2013 year regarding fire alarm systems. a) Linking the County and Administration buildings in an emergency b) Replacing the current type 2 manual fire alarm in the County building. The linking was completed within budget and on time. The replacement of the type 2 manual fire alarm has been carried over into 2013/2014 year and \$94,000 has been carried forward for this purpose.
Thames Administration Building Roof	The project has been carried forward for a number of years and a decision has been taken to suspend the carry forward until a more permanent solution can be identified.

COMMUNITY LEADERSHIP ACTIVITY GROUP

Local Advocacy Activity



What We Do

The Local Advocacy activity is about ensuring local views and aspirations are known, considered and advocated. The Community Boards are a key linkage between the community and the Council and have a role in representing local community aspirations and concerns to assist council decision-making.

2012/2013 Highlights

A priority of this Council has been to ensure greater engagement of local communities in decision-making. In April 2012, we adopted a community empowerment framework and over the course of the 2012/2013 year, we made some changes to align the organisation better to that framework. This framework has meant that the Community Boards now have greater responsibility for local activities, such as parks and reserves (and those noted in the Community Spaces Activity Group). Practical examples of greater local involvement in decision-making are reflected in the Community Board sections at the front of this Report.



The Community Boards are well supported by Area Managers and Community Development Officers. These roles were created as part of the organisation's restructure and play a pivotal role in ensuring community boards have more say.

COMMUNITY LEADERSHIP ACTIVITY GROUP

Local Advocacy Activity

How Well Did We Deliver Our Services in 2012/2013

Community boards offer local representation including making decisions that consider local issues			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That 55% of residents and non-resident ratepayers know how to contact a community board member.	66%	The awareness levels of the Community Board members have risen since last year and the result at 66% is well above the target of 55%, which was the result for 2011 and 2012. This is perhaps a reflection of the importance placed on Community Board though the level of awareness is still below that of Councillors.	ACHIEVED
That ≥59% of residents and non-resident ratepayers who have a view rate the overall performance of their community board as fairly/very good.	60%	This is a new performance measure and has been achieved.	ACHIEVED

Community boards will advocate for their community's needs to other organisations			
What we aimed for	Performance 2012/2013	How we did	Annual Result
Demonstrated involvement in advocacy initiatives are maintained or increased at a local and district level.	Advocacy initiatives maintained.	Each of the five Community Boards can demonstrate (through meeting minutes) that they have been involved in advocacy initiatives at a local and district level. Furthermore, Community Board chairs attend Council meetings in an advocacy capacity.	ACHIEVED

Overview of Projects & Variances

There are no major projects or variances to report.

PLANNING FOR THE FUTURE ACTIVITY GROUP

Planning for the Future is important not only to meet the needs of our local and visitor communities ahead of change but also so that we can retain the diversity, character and natural values that the Coromandel Peninsula community believes makes the peninsula special.

There are many competing interests in the use of resources and these must be managed to ensure that activities can be carried out in a way that best meets the needs of our community and the environment. The need to develop land and use natural and physical resources must be balanced with the necessity to ensure the environment's capacity to provide resources for future generations is maintained.

The Planning for the Future group of activities is about just that - planning for the wellbeing of our District in the long-term. It involves:

- understanding the characteristics and trends of our District as well as the pressures it is facing.
- understanding community aspirations for the future.
- having a clear direction for the future of our District, and having tools to implement it.

This activity group includes the following activities:

- Strategic Planning - Planning for the sustainable future of the Coromandel Peninsula and our communities.
- Landuse Planning - Identifying and managing the land use and associated resource management issues facing our District.
- Hazard Management - Protecting life and property from natural hazards and build resilient communities.

Contributing to Our District

The Planning for the Future activity group contributes to **a Prosperous District, a Liveable District and a Clean and Green District**, by providing a planning framework that guides future development and promotes a safe living environment, and ensures that future development fits sensitively within our unique natural environment.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
<ul style="list-style-type: none">• residents' confidence in us to make plans for the future that are in the best interests of our District is maintained or increases *	There has been a marginal decline over the last two years following a sharp increase of 15% between 2010 and 2011 when the confidence level rose from 61% to 77%. There is a marked difference between the perceptions of residents and non-residents with residents at 64% and non-residents 77%.
<ul style="list-style-type: none">• resident satisfaction that the impact from development on the coastline is adequately managed and minimised is maintained or increases ^	The 2013 result is 57%, which is a decrease from 62% when measured in 2010. This is consistent with concerns we have been hearing from our community. The 2013/2014 Annual Plan includes a work programme for coastal erosion mitigation in the Mercury Bay area.

* measured in the NRB Communitrak Survey, 2013

^ measured in the MARCO Perception Survey, 2013

PLANNING FOR THE FUTURE ACTIVITY GROUP

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Strategic Planning	2 of 4	Of the two performance measures not achieved one was a customer satisfaction result and the other was due to a reprioritisation of work programme, a 'State of the District' report which will be produced in September 2013.
Landuse Planning	3 of 3	Significant progress was made in the 2012/2013 year, progressing the review of the District Plan and receiving feedback from the community.
Hazard Management	1 of 1	Joint work programmes with other government agencies have progressed.

PLANNING FOR THE FUTURE ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
3,334	General Rates, uniform annual general charges, rates penalties	2,506	2,202
254	Targeted rates (other than a targeted rate for water supply)	276	284
0	Subsidies and grants for operating purposes	0	0
25	Fees, charges and targeted rates for water supply	77	224
583	Intenal charges and overheads recovered	497	607
2	Local authorities fuel tax, fines, infringement fees and other receipts	2	95
4,198	Total operating funding	3,358	3,413
Applications of operating funding			
1,654	Payments to staff and suppliers	1,205	1,275
26	Finance costs	24	21
1,618	Internal charges and overheads applied	1,455	1,511
0	Other operating funding applications	0	0
3,299	Total applications of operating funding	2,684	2,807
899	Surplus(deficit) of operating funding	674	606
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	4
0	Development and financial contributions	0	0
(29)	Increase/(decrease) in Debt	(31)	(31)
45	Gross proceeds from sale of assets	124	101
0	Lump sum contributions	0	0
15	Total sources of capital funding	93	74
Application of capital funding			
Capital expenditure			
0	- to meet additional demand	0	0
0	- to improve the level of service	0	0
1,586	- to replace existing assets	1,828	1,156
(671)	Increase/(decrease) in reserves	(1,061)	(476)
0	Increase/(decrease) in Investments	0	
915	Total applications of capital funding	766	680
(899)	Surplus(deficit) of capital funding	(674)	(606)
0	FUNDING BALANCE	69	0

PLANNING FOR THE FUTURE ACTIVITY GROUP

Strategic Planning Activity



What We Do

This activity is about the communities of the Coromandel Peninsula and us planning for a sustainable future. Through strategic planning, we can make more informed decisions balancing its responsibilities to the community and legislative requirements.

2012/2013 Highlights

Through the Strategic Planning activity our corporate plans are produced. The 2013/2014 Annual Plan was produced on time, and for the first time, included the preparation for Community Board Plans as inputs into the Annual Plan process.

Changes to legislation now require the Chief Executive to produce a pre-election report every three years to promote public discussion about the issues facing the Council in advance of the local body elections. The pre-election report was produced in June 2013 to tie in with our information sessions for new candidates, and we were the first Council in the country to publish the report.

How Well Did We Deliver Our Services in 2012/2013

Customers can expect the Council to monitor progress towards achieving the District's goals			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That information on community makeup and growth is made available.	Demographic and peak population information is available.	Information is available on Council's website. A more effective means of presenting the Census 2013 information has been determined for when the information becomes available.	ACHIEVED
That assessments are made of the wellbeing of the District.	The State of the District Report has been postponed.	Some monitoring has been undertaken for 'Choosing Futures' through the MARCO Perception Survey and the NRB Survey. The State of the District Report will be produced in September 2013 as part of the new Council induction programme to reduce duplication of effort.	NOT ACHIEVED

PLANNING FOR THE FUTURE ACTIVITY GROUP

Strategic Planning Activity

The Council will plan for and manage the growth and development of its communities			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That we contribute to the Hauraki Gulf Forum.	Constituent party report is updated.	TCDC staff and elected members are participating in the Hauraki Gulf Forum meetings. There has been limited input required this year.	ACHIEVED
That ≥78% of residents and non-resident ratepayers who have a view have some level of confidence (or higher) in the Council to make plans for the future that are in the best interests of the District.	72%	There has been a marginal decline over the last two years following a sharp increase of 15% between 2010 and 2011 when the confidence level rose from 61% to 77%. There is a marked difference between the perceptions of residents and non-residents with residents at 64% and non-residents 77%.	NOT ACHIEVED

Overview of Projects & Variances

Expenditure on computer software, hardware, office furniture and fittings and vehicles as well as the Disaster Reserve fall within this activity budget for reasons of convenience. There have been three variances worthy of note.

Project	Comment
IT Software Budget	\$120,000 was carried forward from 2012/2013 to 2013/2014 due to a vendor's release of software being delayed. Additionally, this software budget is \$400,000 under budget.
Plant and Vehicles	A number of vehicles which, were budgeted for replacement, did not reach the required mileage in order to be replaced in accordance with Council's Vehicle Replacement Policy. As such, this budget was underspent by \$111,000.
Furniture and Fittings	The central air conditioning unit and modular air conditioning units in Council offices were expected to be replaced but this work did not proceed within the 2012/2013 year. This budget has therefore been under spent by \$152,000.

PLANNING FOR THE FUTURE ACTIVITY GROUP

Land Use Planning Activity



What We Do

The Landuse Planning activity involves implementing future district directions by ensuring land use development is balanced with important community and environmental values. This activity has a strong focus on the preparation, monitoring and maintenance of the District Plan as this provides a framework that implements and supports appropriate land use management.

2012/2013 Highlights

Over the 2012/2013 financial year, the District Plan team worked intensely with the District Plan Review Committee of Council to progress the review of the Thames-Coromandel District Plan. Over this time, the Committee met seven times (nine days of meetings in total) with additional meetings and workshops with the Council, Community Boards and key stakeholders such as the Plan User Group and Iwi.

Council approved the Draft District Plan for public release and comment on 26 September 2012. The Draft Plan set out what Council was thinking around changes to land use, including balancing heritage, cultural and community expectations with economic and business development.

Following a comprehensive community engagement programme from 17 October 2012 until 31 January 2013 (involving over 40 community and stakeholder open days, workshops and meetings) over 930 completed comment forms were received.

Community feedback on the Draft Plan was summarised and reported to the District Plan Review Committee along with suggestions for redrafting various sections of the Draft Plan. The Council is due to adopt the "Proposed" District Plan in 2013/2014.

How Well Did We Deliver Our Services in 2012/2013

The Council prepares, reviews and maintains plans and policies for the management of the District's natural and physical resources			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That the work programme is progressed to complete the District Plan review.	The District Plan was released for comment and changes were made in response to feedback.	Each of the key milestones relating to the District Plan Review project (see 'highlights' above) have been achieved	ACHIEVED
That following Council approving any changes to the District Plan, these will be annotated and available via Masterplan and hard copy in ≤10 working days.	One Plan change took 7 working days	'Plan Change 10: Pauanui Orchard Estate Structure Plan' was approved by Council on 15 May 2013 and was correctly annotated and available to Plan users on 24 May 2013.	ACHIEVED

PLANNING FOR THE FUTURE ACTIVITY GROUP

Land Use Planning Activity

The District Plan provides for a balanced regulatory framework that protects important community and environmental values

What we aimed for	Performance 2012/2013	How we did	Annual Result
That <20% of non-complying resource consents are approved as a proportion of all approved consents.	15.6%	There were 389 resource consents approved by Council in the 2012/2013 financial year, 61 of which were for non-complying activities.	ACHIEVED

Overview of Projects and Variances

There are no major projects or variances to report.

PLANNING FOR THE FUTURE ACTIVITY GROUP

Hazard Management Activity



What We Do

The Hazard Management activity involves managing risk to people, property and the environment from natural events. We work closely with partner agencies like the Waikato Regional Council to deliver this activity. By comparison, our *Emergency Management* activity focuses on communities being ready for, responding to and recovering from emergencies when they do happen.

2012/2013 Highlights

Since confirmation of elevated levels of arsenic in the soil at Moanataiari in late 2011, we have been involved with the Waikato Regional Council and other government agencies to assess remediation options. Extensive consultation and engagement with the community occurred with more than 50 community meetings and the publication of a similar number of community newsletters and information updates specifically on this matter.

Through our research we uncovered what we consider to be serious flaws in the National Environmental Standard (NES) (for soil) and the way in which the NES is being administered. In December 2012, after more than a year of investigation, including international scientific reviews, the Moanataiari Project Governance Group resolved to implement a remedial response that provided for non-intrusive remediation but excluded “dig and dump” type remediation. Significantly, leading to the decision, the final motion was moved and seconded by community representatives on the governance group. The Ministry for the Environment (MfE) representative voted against the motion; as did the two representatives from the Waikato Regional Council (WRC), who also asked that their opposing votes be recorded. Subsequently, within a week of that decision the MfE and WRC notified of their withdrawal from and funding support for the project in its entirety. Consequently, we have moved to support the continuing provision of advice by health agencies and will provide property information and other information.

PLANNING FOR THE FUTURE ACTIVITY GROUP

Hazard Management Activity

How Well Did We Deliver Our Services in 2012/2013

The Council will work with other agencies to manage the effects of natural hazards			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That the following work programmes are progressed with other agencies to manage the effects of natural hazards.		The main focus of the work programme has been coastal and tsunami. Council has worked closely with its main partner Waikato Regional Council on a number of these initiatives as well as Landcare and NIWA.	ACHIEVED
<ul style="list-style-type: none"> Coastal hazard policy framework 	Progressed	An action plan has been developed for Buffalo Beach hotspots. A similar coastal management project has just been identified for Tairua-Pauanui and Whangamata	
<ul style="list-style-type: none"> Wind shear project 	Progressed	Project now on hold awaiting Coromandel Peninsula LiDAR data acquisition.	
<ul style="list-style-type: none"> Tsunami project 	Progressed	Implementation programme for the Whitianga Tsunami Risk Management strategy is underway. Tsunami modelling of maximum credible event for Tairua/Pauanui A Tsunami modelling project has been commissioned for Whangamata.	
<ul style="list-style-type: none"> Coastal adaptation to climate change 	Completed	Report posted on NIWA website.	
<ul style="list-style-type: none"> Progressively responding to hazard issues 	Progressed	Currently this relates to the review of the Resource Management Act and how community risk is addressed.	

Overview of Projects and Variances

There are no major projects or variances to report.

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

The Healthy and Safe Communities group of activities means the provision of services that help protect people's health, safety and property and curb behaviour that creates a nuisance to the public. We have responsibility under legislation to undertake a number of activities to promote public health and safety.

The services provided by this group of activities include:

- assisting communities to prepare for, respond to and recover from emergencies;
- implementing bylaws to assist public health, safety and wellbeing (e.g. to ensure dogs do not attack people on the streets, that premises serving food are sanitary and that members of the community are not unreasonably disturbed by excessive noise or intoxicated persons); and
- ensuring that buildings are well-constructed, weather tight, fit for purpose and contribute to the wellbeing of their users.

By providing consents and licences, we assist people to operate their businesses and construct their buildings in a way that is safe for themselves and others.

This activity group includes the following activities:

- Emergency Management - Promoting individual and community resilience in emergencies and enhancing the community's capability to respond to and recover from disasters.
- Building Control - Contributing to the development of quality building stock.
- Community Health and Safety - Helping achieve a healthy and safe community and counteract behaviour causing nuisance in the community.

Contributing to Our District

The Healthy and Safe Communities activity group contributes to a **Prosperous District**, a **Liveable District** and a **Clean and Green District** by contributing to a safe living and working environment and also keeping our unique natural environment clean. To better enable economic opportunities through this activity group streamlining will continue to be a focus.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
residents feelings of safety in their community during the daytime and night-time is maintained or increases [^]	This indicator has not been maintained to the levels of 2010 but has decreased, meaning that of those surveyed in our communities a higher proportion feel less safe, during both the daytime and night-time. Daytime perception of safety has fallen 91.4% to 86.1% (a reduction of 5.3%), and night-time perception of safety has fallen from 75.8% to 71.8% (a reduction of 4%).

[^]measured in the MARCO Perception Survey, 2013

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Emergency Management	3 of 5	A solid all-round performance in this activity, with one perception survey response regarding people's readiness for an emergency being marginally under its target. The other indicator was not measured because there were no local civil defence emergencies activated.
Building Control	3 of 7	There have been a number of technical issues in measuring performance against the set performance targets. Adjustments have been made to the 2013/2014 performance measures to more accurately report actual performance.
Community Health and Safety	6 of 8	We have experienced some challenges with effectively resourcing inspections of food and licenced premises, which has resulted in 2 performance targets not achieved.

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
2,121	General Rates, uniform annual general charges, rates penalties	1,569	759
295	Targeted rates (other than a targeted rate for water supply)	191	450
0	Subsidies and grants for operating purposes	0	0
3,185	Fees, charges and targeted rates for water supply	3,120	3,120
779	Intenal charges and overheads recovered	732	683
224	Local authorities fuel tax, fines, infringement fees and other receipts	206	107
6,604	Total operating funding	5,819	5,119
Applications of operating funding			
2,228	Payments to staff and suppliers	2,809	2,389
7	Finance costs	7	6
4,336	Internal charges and overheads applied	3,778	2,671
0	Other operating funding applications	0	0
6,571	Total applications of operating funding	6,593	5,066
33	Surplus(deficit) of operating funding	(774)	53
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	8
0	Development and financial contributions	0	0
(3)	Increase/(decrease) in Debt	(3)	(3)
0	Gross proceeds from sale of assets	0	3
0	Lump sum contributions	0	
(3)	Total sources of capital funding	(3)	8
Application of capital funding			
Capital expenditure			
0	- to meet additional demand	0	0
67	- to improve the level of service	78	30
0	- to replace existing assets	0	0
(37)	Increase/(decrease) in reserves	(855)	31
0	Increase/(decrease) in Investments	0	0
30	Total applications of capital funding	(777)	61
(33)	Surplus(deficit) of capital funding	774	(53)
0	FUNDING BALANCE	0	0

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Emergency Management Activity



What We Do

The Emergency Management activity focuses on communities being ready for, responding to and recovering from emergencies when they do happen.

2012/2013 Highlights

On Thursday 23 May 2013, a major exercise, involving the three Councils of Hauraki, Matamata-Piako and Thames-Coromandel staff, was held to test the processes and procedures of the Thames Valley Emergency Operations Centre. The exercise was also an opportunity to establish a number of Welfare Centres at Waihi, Te Aroha, Coromandel and Thames, provide an opportunity for the recently appointed Group and Local Controllers to work together, test the Emergency Management Information System (EMIS) and trial GIS mapping.



Council staff from the three Councils made up the bulk of the active participants along with support from the emergency services, NZ Police, NZ Fire, Rural Fire, St John, Thames Hospital, Waikato DHB and NZ Red Cross as well as Work & Income NZ. The NZ Red Cross deployed two field support units - one to the Waihi Welfare Centre and one to the Thames Welfare Centre.

The scenario selected for the exercise was based on a credible event, this being a significant earthquake (8.5 Mw >) occurring on the Tonga Kermadec Trench with a Tsunami wave inundation occurring approximately 1 hour after the earthquake. This type of earthquake would be felt as a significant event across the upper half of the North Island.

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Emergency Management Activity

How Well Did We Deliver Our Services in 2012/2013

The Council will support its communities in enabling them to respond to and recover from emergencies

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥52% of residents and non-resident ratepayers have an emergency kit prepared in case of major emergency.	50%	There was a reasonable difference in response between residents (59%) and non-residents (46%) that felt prepared. The responses also indicated that older people (60%) and those in Coromandel/Colville (66%) are more likely to be prepared whilst those in Whangamata (36%) are least likely to be prepared.	NOT ACHIEVED

The Council will be prepared for and able to respond to emergencies

What we aimed for	Performance 2012/2013	How we did	Annual Result
That one civil defence training exercise is conducted annually.	Joint civil defence exercise held on 23 May 2013	Refer to highlights section.	ACHIEVED
That in the event of notification of a local civil defence emergency the emergency operations centre will be activated within one hour.	No local civil defence emergencies activated.	Not applicable, but training and preparatory exercises have been conducted.	NOT MEASURED

We support first-response emergency activities

What we aimed for	Performance 2012/2013	How we did	Annual Result
That volunteer rural fire forces are available to respond to fire calls 365 days per year.	100%	Nine volunteer rural fire forces in Manaia, Papa Aroha, Colville, Kennedy Bay, Port Charles, Matarangi, Whangapoua, Kuaotunu, Onemana responded to 106 calls.	ACHIEVED
That high risk eastern seaboard beaches have professional surf lifesaving guards available (Monday to Friday) over the summer period at the following locations:	All locations were fully operational during specified service periods.	Total hours worked are noted below.	ACHIEVED
Onemana - 4 weeks	4 weeks	Onemana: 480 hours	
Pauanui & Tairua - 5 weeks	5 weeks	Pauanui: 920 hours Tairua: 668 hours	
Hot Water Beach & Whangamata - 7 weeks	7 weeks plus 5 hour tidal patrol at Hot Water Beach for an additional 5 weeks	Hot Water Beach: 1,942 hours Whangamata: 1,616 hours	

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Emergency Management Activity

Grants (in 2012/2013)

Organisation and Amount	Description
Surf Life Saving New Zealand (\$105,983)	We have a contract with Surf Life Saving New Zealand to provide professional life saving services (Monday to Friday) at 5 beaches over the summer holiday period . This contract expires on 30 June 2015.
Thames Valley Rural Fire District Committee (\$76,373)	We are a member of the Thames Valley Rural Fire District Committee, which has been constituted under the Forest and Rural Fires Act 1977 to administer the Thames Valley Rural Fire District. Grants are provided to volunteer fire services for equipment, vehicle and building maintenance and operations.
Rescue Helicopter (\$25,000)	We have a contract with the Auckland Rescue Helicopter Trust to provide a helicopter and crew in Whitianga for at least 5 weeks over the summer holiday period. This contract expires on 30 June 2015.

Overview of Projects & Variances

Project	Comment
Emergency Warning systems	\$51,949 was intended to be spent in support of tsunami warning systems in the Mercury Bay area, however this project was not undertaken in 2012/2013 and work is progressing on an options paper for the most appropriate warning system. The budget has been carried forward into the 2013/2014 year.

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Building Control Activity



What We Do

The Building Control activity involves implementing a regulatory process to ensure buildings are safe. We are required by law to carry out building control activities including enforcing strict regulations relating to the construction of buildings and structures. The Council has been an accredited Building Consent Authority since mid-2008.

Central government is currently reviewing the delivery of building control services, including the future role of local government in providing these services. The decisions arising from this review will likely impact on our future role in provision of the Building Control activity. In the meantime, we are conducting an internal review regarding how we deliver these services to ensure alignment to the direction that Central government is indicating.

2012/2013 Highlights

In August 2012 the Building and Housing Minister Maurice Williamson visited Thames and received a presentation by Council staff on our Consent Builder building consent application portal. Processing building consents through a fully automated online service is the way of the future and our system is generating interest from central government. Consent Builder is a fully streamlined package where building consent applications are submitted and processed online, meaning consents can become a paperless process.



HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Building Control Activity

How Well Did We Deliver Our Services in 2012/2013

The Council processes, inspects and certifies building work applications			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That all accepted building consent applications are processed within 20 working days.	99%	Out of 12 months of processing, we achieved 100% for five months of the year, 99% for three months, 98% for three months and 95% for one month. Failure to meet 100% throughout the year was as a result of temporary resourcing issues and a significant increase in the number of applications in the final three months of the year, an increase of almost 30%.	NOT ACHIEVED
That consents for new dwellings are completed in <19 days (on average).	99%	On average new dwelling consents are processed in 11 days. There were a small number which did not however meet the 20 day statutory limit and these are reflected in the performance measure above which was not achieved.	ACHIEVED
That ≥95% of building consents audited comply with our operating procedures.	100%	Our consents are audited against the operational manual and where there is a difference; both the process and manual are reviewed to ascertain whether a continuous improvement is required to amend the process. There were 23 building consents audited this year and all complied with operating procedures.	ACHIEVED

All medium risk or above illegal building work will be inspected immediately and made safe			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That all reported cases of illegal building work assessed as high risk or above will be inspected within 48hrs.	87%	The target has not been achieved and a detailed internal review has determined a need to improve internal processes, assessment, and most importantly our responses. Recommendations will be made to Council's judicial committee at the earliest opportunity.	NOT ACHIEVED
That all reported cases of medium risk level illegal work are investigated.	100%	In all cases, investigation is undertaken using a number of systems, e.g. desktop audit of council files followed by a site visit. Then further action is taken if required.	ACHIEVED

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Building Control Activity

Commercial buildings and swimming pools which don't comply with the NZ Building Code and Fencing of Swimming Pools Act respectively, will be identified and rectified			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That all commercial buildings will have a current building warrant of fitness.	93.4%	<p>Currently 23 buildings do not have a current BWoF. We are currently actively managing all non-complying buildings. If building owners fail to supply further information, a 'notice to fix (NTF)' is issued. If for any reason there is, no response to the NTF an infringement is issued which may lead to a prosecution if the owner remains non-compliant.</p> <p>Adjustments have been made to this performance measure for 2013/2014 to better reflect what 'Council's responsibility' is.</p>	NOT ACHIEVED
That ≥75% of pools in the District, on our register, will be fenced to protect young children from drowning.	64.6%	<p>There are 582 pools on our register, 62 of these are either public pools, new and not yet operational or emptied, reducing this to 520 pools. There are 336 pools which are compliant</p> <p>Some pools are using other means for fencing which is non-complying under the Act. We are currently working through an exemption or compliance process with the owners, 32 have been granted exemptions</p> <p>Among the remaining 152 pools 45 are awaiting inspections and a further 100 have failed inspections, with a further 6 are under a notice to fix.</p>	NOT ACHIEVED

Overview of Projects & Variances

There are no major projects or variances to report.

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Community Health and Safety Activity



What We Do

This activity provides a range of services to ensure our communities are clean, safe and healthy places to live. This includes minimising public nuisances and offensive behaviour as well as helping ensure public places are safe.

2012/2013 Highlights

This year we undertook a more extensive communications campaign which resulted in a record number of dogs being registered. A record 4297 dogs (99%) were registered by June 2013. This compared to 4037 dogs of 4109 (98%) the previous year.



How Well Did We Deliver Our Services in 2012/2013

Premises are inspected to ensure they are producing safe food			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That all food premises are inspected at least once annually to assess whether they are compliant with regulatory requirements.	71%	There are 287 food premises on the peninsula and 203 premises had inspections. There were however, 366 inspections carried out during the year, which exceeds the number of premises, but because nearly half of the premises required repeat visits some as many as six times this had an impact on our ability to visit all the premises. Consequently, we have employed an additional Environmental Health Officer for the Thames area. The activity is under review.	NOT ACHIEVED

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Community Health and Safety Activity

The Council provides animal control services to avoid dog attacks and nuisances

What we aimed for	Performance 2012/2013	How we did	Annual Result
That inspections are carried out on all properties where there are dogs classified as menacing or dangerous.	100%	Target was achieved, and work programmes were undertaken on known classified dogs which contributed to an overall increase in dog registrations.	ACHIEVED
That all urgent animal control issues are responded to within 2 hours.	100%	1137 requests for service were received and all requests for service were respond to within timeframes.	ACHIEVED

The supply of liquor is controlled to prevent bad behaviour

What we aimed for	Performance 2012/2013	How we did	Annual Result
That all licensed premises are inspected annually to check for display of appropriate signage relating to underage and intoxicated persons.	60%	There has been a change to the way that this service is delivered (changing from a private contractor to an in-house team) and there were problems with continuity of service during the changeover.	NOT ACHIEVED

We will respond to noise issues so that it does not disturb others

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥98% of noise callouts are responded to.	100%	There were 615 requests for service during the year and there were all responded to. This total includes 5 which were withdrawn by the complainant.	ACHIEVED

Parking and freedom camping restrictions are put in place and enforced

What we aimed for	Performance 2012/2013	How we did	Annual Result
That random and programmed parking patrols are undertaken in the following communities: <ul style="list-style-type: none"> Thames Whitianga Whangamata 	100%	Regular random patrols were done in Thames and Whangamata, only seasonal patrols were done in Whitianga, as per Service Level Agreement.	ACHIEVED
That patrols for freedom camping are carried out ≥35 days per year.	100%	A total of 860 infringements were issued with patrols undertaken 6-7 days per week from December to April and 3-5 days per week from May to November.	ACHIEVED

HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

Community Health and Safety Activity

We help minimise the harm caused by gambling through limiting gaming machine numbers

What we aimed for	Performance 2012/2013	How we did	Annual Result
That there are ≤306 gaming machines in our District.	No change	No new gaming licences have been issued. The total remains at 306 gaming machines in the District.	ACHIEVED

Overview of Projects & Variances

There are no major projects or variances to report.

ROAD AND FOOTPATHS ACTIVITY GROUP

The provision of Roads and Footpaths means the planning, provision, development, operations and maintenance of a District land transportation network and facilities to local communities including footpaths, service lanes, street lighting, bridges and carparks owned by us. This is to ensure that the movement of people and good around our District and within local communities is safe, efficient, convenient and pleasant.

Provision and maintenance of these facilities promotes a more pleasing and safer physical environment and enhances quality of life in local communities by making it quicker and easier to travel to destinations. A well-maintained roading network enables economic activity and growth by allowing for the efficient transport of goods and services and by promoting visitor access to the Coromandel. Road safety is also improved as part of proactive road maintenance.

This activity group includes the following activities:

- District Transportation
- Local Transportation

Contributing to Our District

The Roads and Footpaths activity group plays an important role in contributing to a **Prosperous District, a Liveable District and a Clean and Green District** by making it easy and safe to get around through providing essential infrastructure that enables our economy to grow; supports a range of lifestyle opportunities, while balancing accessibility with the protection of our unique natural environment.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
<ul style="list-style-type: none">• the number of annual fatal road crashes (due to road factors) throughout our District reduces	There were no crashes due to road factors resulting in fatalities.
<ul style="list-style-type: none">• the number of annual road crashes (due to road factors) resulting in injury within our District reduces	There was a reduction in the number of road crashes resulting in injury from 6 to 4 when compared to last year. None of the crashes were exclusively due to road factors.
<ul style="list-style-type: none">• resident satisfaction with the image of the closest town centre is maintained or increases *(measured three yearly)	There was an 89% satisfaction rate this year, which is marginal fall of 2%. This follows three years of steady improvement rising from 87% in 2009 to a high of 91% in 2012. Across the district, the highest level of satisfaction was in Whangamata at 98%, with Thames the lowest at 82%.

* measured in the NRB Communitrak Survey, 2013

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
District Transportation	9 of 9	This activity has comfortably met its performance targets, however there are some budget underspends of note.
Local Transportation	5 of 7	Performance in this activity remains reasonably strong, however problems persist with contractor performance for street light replacements.

ROAD AND FOOTPATHS ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
3,668	General Rates, uniform annual general charges, rates penalties	3,647	4,246
3,911	Targeted rates (other than a targeted rate for water supply)	3,878	3,736
2,622	Subsidies and grants for operating purposes	2,241	2,251
47	Fees, charges and targeted rates for water supply	271	238
625	Intenal charges and overheads recovered	778	950
504	Local authorities fuel tax, fines, infringement fees and other receipts	536	598
11,377	Total operating funding	11,350	12,019
Applications of operating funding			
13,388	Payments to staff and suppliers	12,584	5,984
313	Finance costs	285	223
1,093	Internal charges and overheads applied	1,144	1,174
0	Other operating funding applications	0	0
14,794	Total applications of operating funding	14,014	7,381
(3,417)	Surplus(deficit) of operating funding	(2,663)	4,638
Source of capital funding			
3,740	Subsidies and grants for capital expenditure	3,908	2,725
291	Development and financial contributions	145	71
2,049	Increase/(decrease) in Debt	2,136	(1,275)
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
6,080	Total sources of capital funding	6,188	1,521
Application of capital funding			
Capital expenditure			
839	- to meet additional demand	1,037	714
3,530	- to improve the level of service	3,258	2,610
4,956	- to replace existing assets	5,786	4,055
(6,662)	Increase/(decrease) in reserves	(6,556)	(1,220)
0	Increase/(decrease) in Investments	0	0
2,663	Total applications of capital funding	3,525	6,159
3,417	Surplus(deficit) of capital funding	2,663	(4,638)
0	FUNDING BALANCE	0	0

ROAD AND FOOTPATHS ACTIVITY GROUP

District Transportation Activity



What We Do

This activity provides for people and goods to move safely around our District. It includes the development and maintenance of a road network. Our road transportation network currently comprises over 400km of sealed roads, over 250km of unsealed roads, and approximately 150 bridges and much other associated infrastructure such as signage. Beyond the provision of roads, helping people get around safely and efficiently is also a key focus.

This activity does not cover the entire roading corridor. State highways are managed by the New Zealand Transport Agency and our *Local Transportation* activity encompasses functions that enable people to move around within local communities (such as footpaths and town centre upgrades).

2012/2013 Highlights

The district resurfacing program was completed in December, so that seals were well trafficked over the peak holiday period maximising seal lifecycles and minimising future maintenance costs. Three further traction seals were completed on Kennedy Bay Road improving route safety and reducing maintenance costs.

The 2012/2013 pavement rehabilitation work programme was substantially completed by May 2013, with four different contractors successfully tendering the various packages of work. This demonstrates the strong competition for road construction work within local/regional supplier market.

The unsealed road maintenance and metalling programmes continue to deliver high customer levels of service.

How Well Did We Deliver Our Services in 2012/2013

The Council will deliver a road network that enables people and goods to move around the District			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That 440 kilometres of road in the District are sealed (excludes state highways).	452km	The combination of dust seals, traction seals and development roads vested in Council has resulted in achievement well above target. At the end of the previous year 448km of road in the District was sealed.	ACHIEVED
That ≥85 % of residents and non-resident ratepayers who have a view are fairly/very satisfied with the roads.	89%	The result comfortably surpassed the set target of ≥85 % and was the highest result ever achieved, and is well above the national average (77%).	ACHIEVED

ROAD AND FOOTPATHS ACTIVITY GROUP

District Transportation Activity

The Council will ensure its roads are safe

What we aimed for	Performance 2012/2013	How we did	Annual Result
That no road fatalities are caused by road factors.	0	We continue to work on initiatives across the network to improve road safety, including hazard removal; sign and barrier installations; road surface condition, width and sight distance improvements. There were no fatalities last year either.	ACHIEVED
That 2.9 kilometres of dust seals are completed.	4.2km	The 2012/2013 dust seal work programme was completed by December 2012, ensuring the health benefits were realised during the peak holiday period. Council completed 3.5km of dust seals in 2011/2012.	ACHIEVED
That 5 road safety education campaigns are delivered in the District by the Council.	5	These covered alcohol and drugs, speed, motor cycles, young drivers, roads and road sides.	ACHIEVED

Disruptions are managed to ensure that traffic flows are not unduly affected

What we aimed for	Performance 2012/2013	How we did	Annual Result
That <1% of district roads (not state highways) are unavailable due to road closure.	0.1%	There were no significant closures due to either storm events or maintenance as defined by this measure.	ACHIEVED
That in the event of unplanned road closures, status updates via the Council's website occur twice daily until the road has been opened.	100%	There were five days of unplanned road closures on 23 - 25 July 2012, 31 July 2012 and 2 August 2012. Twice daily status updates were notified on all occasions.	ACHIEVED

The design, maintenance and management of roads ensures they are in good condition and fit for purpose

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥90% of potholes on sealed roads are repaired within 1 week.	95%	This performance target was comfortably achieved.	ACHIEVED

The Hauraki Rail Trail Cycleway Project provides for increased visitor activity

What we aimed for	Performance 2012/2013	How we did	Annual Result
That the work programme is progressed to complete the Hauraki Rail Trail Cycleway.	Current phase of the project is complete.	Refer to the Thames Community Board highlights section at the beginning of this report for an overview of this project.	ACHIEVED

ROAD AND FOOTPATHS ACTIVITY GROUP

District Transportation Activity

Overview of Projects & Variances

Project	Comment
Square Kauri Bridge	This project was completed within budget.
Stony Bay Road improvements	This project was completed at a cost of \$106,308 compared to the budget of \$106,250.
Delmaneys Corner Flood Mitigation	The scope of this project has changed because initial investigations determined that the original budget of \$424,000 was insufficient. \$60,000 has been allocated in 2013/2014 for completion of flood modelling, geotechnical investigation and business case development.
Tairua Manaia Rd Causeway	This project was \$100,000 under budget as physical works was not progressed due to on-going negotiations regarding the scope and timing of works between the Waikato Regional Council and TCDC.
Minor Safety Projects	This was \$189,000 under budget. Underspend was to ensure the NZTA minor improvement allocation was met and to compensate for the increase in NZTA minor improvement allocation required for footpath construction.
Area-wide Pavement Treatment	This was \$970,000 under budget. The work programme was confirmed following adoption of the 2012/2013 Annual Plan. We have advanced the timing of work programme identification to ensure Annual Plan budget better reflects the work planned for completion in future.
Maintenance Chip Seals	This was \$846,000 under budget. The work programme was confirmed following adoption of the 2012/2013 Annual Plan. We have advanced the timing of work programme identification to ensure Annual Plan budget better reflects the work planned for completion in future.
Thin AC Surfacing	This was \$171,000 under budget. The work programme was confirmed following adoption of the 2012/2013 Annual Plan. We have advanced the timing of work programme identification to ensure Annual Plan budget better reflects the work planned for completion in future.
RDG - Kopu Bridge Roundabout 4th Arm	This project was completed and the link road was opened on 13 April 2013.
Unsealed Road Wearing Course Replacement	This was \$236,000 over budget. The budget for Unsealed Road Basecourse Replacement was incorrectly used for this work programme in the Annual Plan and as a consequence overspent.
Unsealed Road Basecourse Replacement	This was \$341,000 under budget. The budget for Unsealed Road Wearing Course Replacement was incorrectly used for this work programme in the Annual Plan and as a consequence underspent.

ROAD AND FOOTPATHS ACTIVITY GROUP

Local Transportation Activity



What We Do

Our Local Transportation activity helps enable people to move around their local settlement. It compliments the provision of roads through a range of services from providing for pedestrian access and movement to contributing to vibrant and pleasant town centres.

The *District Transportation* activity provides for the management and maintenance of roads throughout our District (excluding state highways).

2012/2013 Highlights

Moana Anu Anu Walkway phase one has been completed. The Walkway takes in the beauty of the Whangamata Estuary and Harbour while providing linkages to our network of reserves. The first phase provides linkages between existing harbour edge grassy reserve from Awarua Point near the causeway to new sections of walkway, behind the industrial part of town. We have decided to halt the construction of the next stages due to costs being prohibitive at this time.

How Well Did We Deliver Our Services in 2012/2013

Footpaths can be used to get around town			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That 57% of the urban network has a footpath on at least one side of the street.	58.3%	Completion of the Grange Road footpath and the Whangamata to Wentworth walkway /cycleway projects has added two excellent alternate transport facilities in the respective areas.	ACHIEVED
That ≥70% of resident and non-resident ratepayers who have a view are satisfied with footpaths in the District.	76%	This result comfortably met the target of ≥70% and was a marginal improvement on last year's result, though just below the national average of 78%. There are reasonable variances amongst community board areas, ranging from 67% satisfaction to 82%.	ACHIEVED

ROAD AND FOOTPATHS ACTIVITY GROUP

Local Transportation Activity

Street lighting is provided in urban areas and major intersections

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥90% of street lighting outages are repaired within 1 week.	61%	The performance target has not been achieved through a combination of either faults not being repaired within timeframe and/or service requests not being completed within Council's RFS system on the day physical repairs are completed. Staff continue to work with the contractor and consultant to improve performance in this area.	NOT ACHIEVED

People can access a pleasant town centre

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥87 % of residents and non-resident ratepayers who have a view are satisfied with the image of closest town centre.	89%	Across the District there are reasonably high levels of satisfaction, all above 80%. There are reasonable variances amongst community board areas, ranging from 82% satisfaction to 98%.	ACHIEVED
That the urban environment is improved through town centre upgrade projects: Whitianga town centre utilities work commences.	0%	No utilities works commenced due to uncertainty regarding project need. The Whitianga town centre upgrade project has been placed under review and a business case and project plan will be considered by Council in the 2013/2014 year to determine the future of this project.	NOT ACHIEVED

Vegetation on urban road berms, maintained by the Council, are mowed regularly (excluding private berms)

What we aimed for	Performance 2012/2013	How we did	Annual Result
That >80% of urban road berms are maintained with a grass height of less than 200mm.	97%	This result comfortably meet its target.	ACHIEVED

Public transport is provided in peak summer holiday periods - Mercury Bay South

What we aimed for	Performance 2012/2013	How we did	Annual Result
That the Hahei to Ferry Landing shuttle operates for 40 days in summer.	42 days	This service was delivered this year, however, discussions are taking place regarding the future provision and extent of this service.	ACHIEVED

ROAD AND FOOTPATHS ACTIVITY GROUP

Local Transportation Activity

Overview of Projects & Variances

Project	Comment
Mackay Street Car Park Development (former bowling club green) in Thames	The development of the car park was held off pending completion of the Thames Urban Development Strategy. These funds have been carried forward to 2013/2014.
Pottery Lane Sealing in Coromandel Town	The design phase of this project was completed in 2012/2013. Physical works for this project are due for completion in 2013/2014.
Whitianga CBD Upgrade	In 2012/2013 \$76,299 was spent on design scope. During the 2013/2014 Annual Plan deliberations this project was placed under review until a business case and project plan can be considered by the Council.
Hahei/Lees Road Seal Extension	The Mercury Bay Community Board determined that this project was no longer required and this was removed from the work programme.
Coghill St Land Purchase in Whitianga	\$247,000 of unbudgeted expenditure incurred in June 2013 for a strategic land purchase in the Whitianga town centre.
Footpath construction in Whangamata	Council approved an increase to this budget from retained earnings and NZTA subsidy to complete the Wentworth Valley walkway/cycleway project in the 2012/2013 year.
Mum's Corner Pull Off in Whangamata	The original scope of this project was altered resulting in a smaller project being undertaken at a cost of \$8,400. This budget was therefore \$98,000 under spent and there are no further plans to continue with this project.

COMMUNITY SPACES ACTIVITY GROUP

The Community Spaces group of activities means providing facilities that enhance opportunities for members of the community to participate in a range of activities, including sporting, cultural, recreational, educational and artistic pursuits that contribute to a better quality of life.

The group provides indoor and outdoor spaces for people to meet, places for relaxation and contemplation, means of access for visitors and tourists and facilities to enhance both visitors' and residents' experience of the peninsula.

This activity group includes the following activities:

- Airfields
- Cemeteries
- Community Centres and Halls
- Public Conveniences
- Harbour Facilities
- Libraries
- Parks and Reserves
- Swimming Pools

Contributing to Our District

The Community Spaces activity group contributes to a **Prosperous District, a Clean and Green District and in particular a Liveable District** by providing a range of recreation opportunities. The activity group provides infrastructure to support economic opportunities while balancing the enjoyment of our unique natural environment with protection. This activity group promotes a local sense of place, which contributes to liveable and healthy communities.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
<ul style="list-style-type: none">• resident satisfaction with recreational facilities and opportunities in our settlements is maintained or increases ^	There has been a fall in satisfaction from 59% to 57.3%. As this is a satisfaction-based measure, we are looking at these results in further detail to understand where any specific areas of concern are that we can address to improve satisfaction. Additionally, in the 2013/2014 year the Thames and Coromandel/Colville Community Boards are undertaking feasibility studies regarding the provision of recreation facilities in their areas. The Mercury Bay Multi Sport Park will be officially opened in 2014 and a marketing plan has been prepared for this facility.
<ul style="list-style-type: none">• resident satisfaction with proximity to recreational facilities and opportunities in our settlements is maintained or increases ^	There has been a marginal improvement in satisfaction levels from 67% in 2010 to 68% this year.
<ul style="list-style-type: none">• resident satisfaction with cultural facilities and opportunities in our settlements is maintained or increases ^	Satisfaction with cultural activities and opportunities has increased very slightly from 56% to 56.6%.

^measured in the MARCO Perception Survey, 2013

COMMUNITY SPACES ACTIVITY GROUP

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Airfields	2 of 2	This activity met its performance targets. Pauanui airfield was particularly popular this year because of the fine weather.
Cemeteries	3 of 3	This activity met its performance targets, and a focus for the activity is on development of a new cemetery in Mercury Bay.
Community Centres and Halls	3 of 4	There has been a lot of activity, particularly in fundraising, and local-led refurbishments of halls. This activity met most of its performance targets, and was only marginally under target for use of Thames and Whangamata halls.
Public Conveniences	2 of 2	Solid performance in this activity reflects two good performance results, both of which are customer focussed.
Harbour Facilities	4 of 4	The performance measures for this activity do not capture the full detail and volume of work that has been undertaken this year, with both emergency repair work and feasibility studies to support future planning of this important activity from a recreational and commercial perspective.
Libraries	6 of 7	The one minor slip in performance is due to the closure of a small community library in Port Charles, outside of the control of council. Other than this, it has been another solid year performance wise. Overall uptake and feedback about quality reflects the high regard for the services and facilities.
Parks and Reserves	3 of 4	The one area that is not in target appears to be related to inaccuracies in the baseline information rather than an actual fall in performance
Swimming Pools	4 of 4	This reflects the impressive year the pool has had in terms of both usage and the quality of the developing programme.

COMMUNITY SPACES ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
1,064	General Rates, uniform annual general charges, rates penalties	971	461
6,976	Targeted rates (other than a targeted rate for water supply)	7,398	7,054
2	Subsidies and grants for operating purposes	2	0
1,289	Fees, charges and targeted rates for water supply	1,170	1,198
596	Internal charges and overheads recovered	708	800
2	Local authorities fuel tax, fines, infringement fees and other receipts	2	86
9,929	Total operating funding	10,251	9,599
Applications of operating funding			
7,135	Payments to staff and suppliers	7,506	4,815
207	Finance costs	296	256
2,631	Internal charges and overheads applied	2,814	2,909
0	Other operating funding applications	0	0
9,973	Total applications of operating funding	10,616	7,980
(44)	Surplus(deficit) of operating funding	(365)	1,619
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	12
2,601	Development and financial contributions	535	166
1,823	Increase/(decrease) in Debt	3,108	2,243
0	Gross proceeds from sale of assets	500	0
0	Lump sum contributions	0	0
4,424	Total sources of capital funding	4,143	2,421
Application of capital funding			
Capital expenditure			
1,474	- to meet additional demand	1,757	2,601
5,377	- to improve the level of service	4,132	3,177
839	- to replace existing assets	477	411
(3,309)	Increase/(decrease) in reserves	(2,588)	(2,149)
0	Increase/(decrease) in Investments	0	
4,380	Total applications of capital funding	3,778	4,040
44	Surplus(deficit) of capital funding	365	(1,619)
0	FUNDING BALANCE	0	0

COMMUNITY SPACES ACTIVITY GROUP

Airfields Activity



What We Do

We provide two Airfields in our District - one in Pauanui and the other in Thames. Their function is primarily for recreational use and some commercial flights. Airfields also act as a useful resource in case of emergency. We own (and presently manage) both Airfields.

2012/2013 Highlights

In the period 1 July 2012 to 30 June 2013 there were 2,642 landings at the Pauanui airfield with 569 of these in January. The fine weather provided the opportunity for aircraft to land on more days over the summer months this year.

How Well Did We Deliver Our Services in 2012/2013

There are safe airfields for small aircraft in Thames and Pauanui			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That airfields are open in the following communities:		Both airfields were open for the number of days specified.	ACHIEVED
• Thames >320 days	320		
• Pauanui > 355 days	365		
That Thames and Pauanui airfields are 100% compliant with Civil Aviation Authority safety requirements.	100% compliant	An Annual Safety Inspection Report was undertaken on 12 November 2012. Recommendations made as a result of the inspection have been carried out.	ACHIEVED

Overview of Projects & Variances

Nothing significant to report.

COMMUNITY SPACES ACTIVITY GROUP

Cemeteries Activity



What We Do

Cemeteries provide memorial spaces for those wishing to remember people that have passed on. This activity involves ensuring that there is adequate burial facilities throughout our District. It also includes ensuring that all Council cemeteries are well presented as a mark of respect.

2012/2013 Highlights

There had been concerns that the Ferry Landing cemetery had almost reached full capacity. By using a Ground Penetration Radar system to investigate what lies beneath some sections of the cemetery we now know we can only provide for extra burial plots for the next couple of years. Ground Penetration Radar is a sensitive and respectful way of investigating what lies below the ground's surface without having to do any physical work. By sending out electromagnetic pulses GPR technology helps produce cross-sectional images to give a clearer idea if there is anything lying below the earth's surface like tree roots, pipes and large boulders or rocks. It also shows us whether the earth has been disrupted after burials.

Because many of the older burial records for the Ferry Landing Cemetery were destroyed by a fire in the old Council building in the 1940s it's been difficult for our staff to get details about the older parts of the cemetery and also what spaces may still be available for burials. Along with the GPR technology, one of our customer services team in Mercury Bay has been doing research into some older burial sites to get a better understanding around the ownership of existing plots.

How Well Did We Deliver Our Services in 2012/2013

Cemeteries are available in each community board area for people to remember loved ones

What we aimed for	Performance 2012/2013	How we did	Annual Result
That all five community board areas have cemeteries available for burials.	Five	Cemeteries are available in all five community board areas and future demand is being considered and monitored.	ACHIEVED

Cemeteries will be tidy and well maintained spaces

What we aimed for	Performance 2012/2013	How we did	Annual Result
That all cemetery interment requests are responded to within one day.	100%	All cemetery interment requests were responded to within one day	ACHIEVED
That ≥89% of residents and non-resident ratepayers who have a view are satisfied with Council cemeteries.	98%	This year's result matched the highest ever result achieved in 2011. Satisfaction has never fallen below 90%, and is above both the peer group (94%) and national (93%) averages.	ACHIEVED

COMMUNITY SPACES ACTIVITY GROUP

Cemeteries Activity

Overview of Projects & Variances

Project	Comment
Cemetery Mercury Bay Cemetery Development	<p>With the lifespan of the Ferry Landing Cemetery almost over, our Council has already started work on building a new cemetery.</p> <p>5.08ha of existing farmland has been purchased on SH25 between Whitianga and Tairua for a new cemetery site.</p> <p>\$251,000 has been carried forward to 2013/2014 for stage one construction works.</p> <p>Work began in August 2013 with the construction of an intersection and better site access to allow for vehicles wanting to turn into the new cemetery.</p> <p>The first lot of trees have been ordered and will be planted along the road border of the new cemetery site to act as a buffer. It's expected that the new cemetery site won't be needed for several years yet, which gives Council time to do the initial preparation work.</p> <p>Once the new cemetery is opened up it has enough land to allow for more than 150 years of burial and cremation sites.</p>

COMMUNITY SPACES ACTIVITY GROUP

Community Centres and Halls Activity



What We Do

This activity ensures that a range of community centres and halls are provided to meet local community needs. They provide facilities for people to get together and take part in a range of activities such as recreation and cultural events. Community centres and halls are used for public purposes as well as private social events.

2012/2013 Highlights

A significant amount of community fundraising occurs to maintain community halls. In 2012/2013 we saw a number of examples of successful fundraising efforts, and examples of the Council and community coming together.

How Well Did We Deliver Our Services in 2012/2013

The Council provides community centres and hall facilities for community activities and events			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That community centres in Thames, Whitianga and Whangamata are available for hire 14 hours per day.	100%	The three community centres were available as specified.	ACHIEVED
That the actual hours community centres are used compared to total available as follows: <ul style="list-style-type: none"> Thames ≥37% Whangamata ≥47% Whitianga ≥36% 	35.4% 45.6% 54.9%	Two of the three centres were marginally below their targets with Whitianga substantially above. Thames saw a 6% improvement on last year following the introduction of new fees and charges to make the facility more affordable, and the civic centre is part of a wider Thames Urban Development strategy review. In Whangamata there was a drop of 20% on the last year, with a couple of regular user groups disbanding and have not been replaced to date. The other significant impact was the Theatre Society only doing one production instead of two this year.	NOT ACHIEVED
That ≥90% of residents and non-resident ratepayers who have a view are fairly/very satisfied with the community centres and hall facilities.	90%	This is the highest ever satisfaction level for this activity, matching the peer group average, but it is below the national average of 94%	ACHIEVED
That the following communities have access to smaller community centres and halls: Hahei, Cooks Beach, Coroglen, Kuaotunu, Hikuai, Opoutere, Te Puru, Coromandel.	All halls were operational	See the Grants section for further detail on individual halls	ACHIEVED

COMMUNITY SPACES ACTIVITY GROUP

Community Centres and Halls Activity

Grants (in 2012/2013)

Organisation and Amount	Description
Cooks Beach (\$3,350)	This hall operated as normal and there is nothing significant to report.
Hahei (\$3,350)	Hahei Hall have raised approximately \$90,000 towards the upgrade of their hall, which is planned to start in 2013/2014 dependent on external funding applications.
Coroglen (\$2,200)	In addition to their usual grant of \$2,200, a commitment has been made by the Mercury Bay Community Board for \$15,000 towards the upgrade of their ablutions. The community will begin fundraising in 2013/2014 for the project. The Farmers Market continues to grow in popularity there on the weekends.
Kuaotunu (\$2,200)	Kuaotunu Hall recently had their kitchen renovated. Most of the work was completed by fundraising and skilled people in the local community offering their time and expertise.
Hikuai (\$2,206)	The Hikuai Hall Committee have replastered the front steps of the hall and installed a new side door.
Opoutere (\$2,054)	There have been repairs to the louver windows to prevent birds entering the hall. The vinyl in toilet area has been replaced. The roof will need to be replaced within the next two years. The 2012/2013 budget is \$4,700 under spent.
Te Puru (\$3,117)	The hall was refurbished between February and April in a joint venture between Council and the community.
Tapu (\$10,909)	This hall operated as normal and there is nothing significant to report.
Puriri (\$2,589)	This hall operated as normal and there is nothing significant to report.
Kauaeranga Valley (\$3,117)	The Kauaeranga Valley hall continues to have regular use for music events featuring local, national and international acts.

Overview of Projects & Variances

Project	Comment
Coromandel Citizens Hall Refurbishment	\$97,000 was allocated for refurbishment of the Coromandel Citizen's Hall. The south western wall was reconstructed and \$81,000 was spent which means the budget was \$16,000 under spent. \$30,000 has been allocated in 2013/2014 for further works.
Whitianga Civic Centre Fire Brigade Land	There is an under spend of \$111,000 and \$100,000 has been carried forward for upgrade works yet to occur. The scope of this project is still being determined.
Hahei Hall Kitchen Upgrade	\$11,000 was allocated for a kitchen upgrade to the Hahei Hall but this has been postponed pending the more complete upgrade of the hall.
Pauanui Community Centre	Design works on this project did not proceed as planned. Budget allocated for design has been carried forward to 2013/2014 year and a business case is also being prepared.

COMMUNITY SPACES ACTIVITY GROUP

Public Conveniences Activity



What We Do

We own and maintain public toilets, changing facilities and showers throughout our District for the convenience of the community, visitors and tourists. Most facilities are provided at areas of high public use.

2012/2013 Highlights

Achieving the highest ever customer satisfaction rating is important with such high levels of visitors and tourists coming to the peninsula.

How Well Did We Deliver Our Services in 2012/2013

The Council's public toilets are clean			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥85% of toilet related customer urgent enquiries are resolved within 48 hours.	95%	There were 138 requests for service and 131 of these were resolved within 48 hours.	ACHIEVED
That ≥73% of residents and non-resident ratepayers who have a view are fairly/very satisfied with public toilets.	90%	There has been an upward trend since 2003 and this year represents the highest ever result. Well above the peer group (81%) and national (79%) averages.	ACHIEVED

Overview of Projects & Variances

Project	Comment
District Toilets Renewals	\$129,455 was spent in the 2012/2013 year, the majority of which went toward the water supply at the Hot Water Beach Toilets being upgraded. A 24,000 litre water tank was installed to increase the volume of water supplied to the toilet block at the Hot Water Beach carpark. With the high number of visitors coming to Hot Water Beach over summer this helps deter any health or sanitary issues. New foot washes, showers were also installed, and the area was further enhanced with paving and landscaping. This budget was \$39,000 under spent.

COMMUNITY SPACES ACTIVITY GROUP

Harbour Facilities Activity



What We Do

Access to the coast is a valued part of the Coromandel lifestyle for many. The Harbour Facilities activity provides recreational and commercial facilities to support recreation, tourism-related activities, commercial fishing and aquaculture. The geography of the Peninsula can limit opportunities for harbour facility provision so we cannot provide full services at all boat ramps and wharves.

2012/2013 Highlights

Throughout 2012/2013 a number of our harbour facilities were damaged in storm events, and whilst this resulted in a number of closures to boat ramps and wharves, repairs were conducted promptly to minimise disruptions. Fortunately, these disruptions occurred outside of the peak holiday season.

We have also initiated a feasibility study for Harbour Facilities in Coromandel Town recognising the potential for increased economic activity through enhancing connectivity to Auckland. In our 2013/2014 Annual Plan consultation we received strong community support for this work.

How Well Did We Deliver Our Services in 2012/2013

An all tide boat ramp can be accessed in each community board area			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That all 5 community board areas have access to an all tide boat ramp.	5	Whilst there were some disruptions to boat ramps due to damage from weather (see notes below), this did not affect the overall level of service.	ACHIEVED
That there are 9 all tide boat ramps each with at least 20 boat and trailer car park spaces within 400 metres.	9	Whilst there were some disruptions to due to damage from weather (see notes on following page), this did not affect the overall level of service.	ACHIEVED
That ≥77 % of residents and non-resident ratepayers who have a view are satisfied with harbour facilities.	83%	This year's result matches the highest ever achieved in 2012, and apart from a dip in 2010 the trend has been upwards from the 74% achieved in 2006. The satisfaction levels were significantly higher on the eastern seaboard than the west coast.	ACHIEVED

COMMUNITY SPACES ACTIVITY GROUP

Harbour Facilities Activity

The Council will provide commercial wharfage facilities for industry use

What we aimed for	Performance 2012/2013	How we did	Annual Result
That there are 5 harbours in which commercial wharfage facilities are provided and are used by aquaculture, commercial fishing, or tourism charters.	5	Whilst there were some disruptions to due to damage from weather (see notes below), this did not affect the overall level of service.	ACHIEVED

Overview of Projects & Variances

Project	Comment
Resource Consent for Sugarloaf Wharf in Coromandel	\$777,750 out of a budget of \$850,000 has been carried forward into 2013/2014 year as resource consent costs associated with the project were not incurred as planned. Some consultations with key stakeholders took place and a wider scoping exercise is under development.
Hannafords Jetty in Coromandel	There was \$99,295 of unbudgeted expenditure incurred for emergency repairs to Hannaford Jetty due to storm damage.
Jack's Point Boat Ramp, in Coromandel Town	There was \$3,500 of unbudgeted expenditure incurred for emergency repairs to Jack's Point Boat Ramp due to the collapse of a retaining wall.
Tairua Mary Beach Boat Ramp Enhancement	\$41,800 was spent on upgrading the Tairua Mary Beach Boat Ramp.
Boat Wash Down Facility, in Whangamata	<p>This project did not proceed and has instead been reduced in scope and cost to allow for another project to take place in the 2013/2014 year (an extension of the Whangamata Boat Ramp Pontoon).</p> <p>The Whangamata Community Board have indicated that the Wash Down Facility will only proceed if there is private sector interest, and \$138,642 has been carried forward to 2013/2014.</p>

COMMUNITY SPACES ACTIVITY GROUP

Libraries Activity



What We Do

We provide and support a range of library services in our District. Council owned libraries have a shared district collection and have comprehensive digital access offering free internet access to customers. These libraries run a variety of community programmes and services to schools and the homebound.

There are other libraries in our District that are supported but not owned or managed by us. Service levels across these libraries vary.

2012/2013 Highlights

This year we implemented the Kōtui library services management system. Library customers benefit by easily finding what they want from the library's physical and electronic content when searching from home, school, work or on their smartphone as well as from inside the library.

How Well Did We Deliver Our Services in 2012/2013

The Council provides library facilities for customers to access library services			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That library facilities providing an integrated and district wide service are available in the following communities: <ul style="list-style-type: none"> Thames Whitianga Tairua 	3 Libraries	The three libraries were operational throughout the year.	ACHIEVED
That the Council supports independently operated local libraries in the following communities: <ul style="list-style-type: none"> Whangamata Coromandel Pauanui Hahei Ferry Landing Kauotunu Port Charles 	Six of the seven libraries were operational throughout the year.	All the libraries operated with the exception of Port Charles which has closed. The decision to close was made by the community, not by the Council.	NOT ACHIEVED
That ≥80% residents and non-resident ratepayers who have a view are satisfied with library services.	94%	This is a slightly lower result than last year's highest ever result of 95%. The result is below both the peer group and national averages of 97%.	ACHIEVED

COMMUNITY SPACES ACTIVITY GROUP

Libraries Activity

Customers have access to a range of current information in both print and digital format

What we aimed for	Performance 2012/2013	How we did	Annual Result
That >90% of library collection meets the LIANZA standard of 3-3.5 items per local resident per library.	100%	The combined library collections of Thames, Mercury Bay and Tairua Libraries hold 3.95 items per local resident.	ACHIEVED
That the number of internet and WiFi sessions increases by +5% on the previous year's usage.	Internet and WiFi sessions have increased <u>by more than</u> 100% since 2011/2012.	Internet access has previously predominantly been provided via Aotearoa Peoples Network (APNK) desktop computers. The balance has changed in the last year, with WiFi usage now being the main method of accessing the Internet. Total APNK sessions 27,745 Total WiFi sessions 29,902	ACHIEVED

A constant choice of new materials and current information is available throughout the year

What we aimed for	Performance 2012/2013	How we did	Annual Result
That between 300-330 new items per 1000 local residents are added to the collection each year.	450 new items per 1000 local residents were added to the collection	In total we added 7,825 items to the collection. We were able to purchase more items than the LIANZA minimum recommend and still remain within budget.	ACHIEVED

The district libraries provide programmes for people to improve reading and literacy skills

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥71% of participants are satisfied with the programmes they participate in.	While there was no written evaluation for every programme, participation numbers and verbal feedback indicate satisfaction levels as above 90%	Written evaluation for adult reading programme indicates almost everyone wants to participate again next year. Children's programmes are usually full with waiting lists. Both children's and adults' programmes have above 90% completion rate by participants.	ACHIEVED

COMMUNITY SPACES ACTIVITY GROUP

Libraries Activity

Grants (in 2012/2013)

Organisation and Amount	Description
Coromandel (\$12,000)	A contract for community service agreement is in place for three years from 2012/2013 to support the on-going provision of this library.
Ferry Landing (\$1,300)	A Contract for Community Service agreement is in place for three years from 2012/2013 to support the on-going provision of this library.
Hahei (\$1,650)	A Contract for Community Service agreement is in place for three years from 2012/2013 to support the on-going provision of this library.
Kauotunu (\$550)	A Contract for Community Service agreement is in place for one year from 2012/2013 to ensure the on-going provision of this service.
Pauanui (\$5,400)	A service level agreement is in place for three years from 2012/2013 to ensure the on-going provision of this service. This library is further supported by the Tairua-Pauanui Community Board by way of lease payments and body corporate contributions (of approximately \$14,000 per annum).
Whangamata (\$49,872)	A service level agreement is in place for three years from 2012/2013 to ensure the on-going provision of this service. The library is further supported by the Whangamata Community Board by way of commercial space provided in the Whangamata Service Centre building.

Overview of Projects & Variances

Project	Comment
Thames library building repairs	This project did not proceed in 2012/2013 as planned. It was delayed pending the outcomes of the Thames Urban Development Strategy. \$500,000 has therefore been carried forward to 2013/2014.

COMMUNITY SPACES ACTIVITY GROUP

Parks and Reserves Activity



What We Do

The Parks and Reserves activity maintains an open space network to provide spaces for a variety of recreational and leisure purposes. The Coromandel Peninsula is located within the Hauraki Gulf Marine Park and is also made up of approximately one third conservation land, so open space is an important 'asset' for our district; however, we are not the only significant provider of parks and reserves. Our focus is on providing access to parks, reserves and playgrounds which (for the most part) can be used for recreational purposes.

2012/2013 Highlights

Observant users of our parks may have noticed the somewhat unusual looking arrangement of seating at some of our public picnic tables, and some have even rung to ask why they're missing a seat. For those in a wheelchair, they'll see the seating arrangement has opened up access to a public facility that was previously made difficult for them. The picnic tables have been designed this way to allow for people with disabilities. We've also installed concrete paths leading to the tables to ensure easier access across grass after wet weather. Council adopted a Disability Strategy in November 2012 which has led to some of these initiatives (see the Social Development activity for more information).

How Well Did We Deliver Our Services in 2012/2013

The Council provides a range of parks and reserves within the District			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That m2 of reserve per property (rating unit) is as follows: <ul style="list-style-type: none"> District - 48m2 Thames CB - 30m2 Coromandel CB - 40m2 Mercury Bay CB - 51m2 Tairua-Pauanui CB - 75m2 Whangamata CB - 48m2 	As per m2 for District and all Community Board areas	That m2 of reserve per property has remained consistent.	ACHIEVED
That ≥85% of residents and non-resident ratepayers who have a view are fairly/very satisfied with parks and reserves.	93%	Both surveys exceeded the satisfaction targets comfortably. The NRB Communitrak survey has trended upwards since 2009 and this year's result was the highest ever achieved, though it is below both the peer group (96%) and national (98%) averages.	ACHIEVED
That 85% of users are fairly/very satisfied with parks and reserves.	93%	Result as per the Parkcheck survey undertaken between January and February 2013 delivered the exact same result.	

COMMUNITY SPACES ACTIVITY GROUP

Parks and Reserves Activity

The Council provides playgrounds			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That the number of children's playgrounds are as follows:		The number and location of playgrounds has been reassessed. There are a number of discrepancies between what the performance target was, what the asset database contained and the actual number of playgrounds. Some of the discrepancy is also the result of some playgrounds being counted by the number of different soft fall areas, which artificially inflated playground numbers.	NOT ACHIEVED
<ul style="list-style-type: none"> Thames / Thames Coast - 9 	7	Playgrounds are located at Rhodes Park, Hauraki, Victoria Park, Porritt, Te Puru, Waiomu, Ngarimu.	
<ul style="list-style-type: none"> Coromandel / Colville - 4 	4	Playgrounds are located at Long Bay, Port Charles, Samuel James and Hauraki.	
<ul style="list-style-type: none"> Mercury Bay North - 6 	4	Playgrounds are located at Whangapoua, Kuaotunu, Matarangi Village Green & Matarangi Drive.	
<ul style="list-style-type: none"> Whitianga / Wharekaho - 6 	5	Playgrounds are located at Wharekaho, Brophy's, Whitianga Wharf, Soldiers Park & Moewai Rd.	
<ul style="list-style-type: none"> Mercury Bay South - 4 	4	Playgrounds are located at Cooks Beach North, Cooks Beach Central, Purangi and Hahei Central.	
<ul style="list-style-type: none"> Tairua - 3 	3	Cory Wright Youth Zone was activated in 2012/2013. Tairua has 2 other playgrounds - Paku & Pepe.	
<ul style="list-style-type: none"> Pauanui - 17 	7	The number 17 was a typo in the 2012-2022 Ten Year Plan, there are 7 playgrounds which are located at Ajax Head, Beaumont Green, Chelsmford Court, Gallagher Park, Given Grove, Royal Billy & Waterways.	
<ul style="list-style-type: none"> Whangamata / Onemana -7 	3	Playgrounds are located at Beach Rd, Fire Station and Onemana	

Parks and reserves are kept clean and tidy			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥85% of parks and reserves related customer urgent enquiries are resolved within 48 hours.	99%	There were 128 jobs received during the year, of these 127 were responded to within timeframes.	ACHIEVED

COMMUNITY SPACES ACTIVITY GROUP

Parks and Reserves Activity

Overview of Projects & Variances

Project	Comment
Whitianga Sports Ground	In late 2012 it came to light that there had been significant overspend on the construction of a Multi-Sport Park in Whitianga, as a result of poor project management of this project. Further details about this are contained in the <i>Mercury Bay Community Board</i> section of this Annual Report. In 2012/2013 there is a \$1.63m overspend against this project.
Buffalo Beach Foreshore	These three projects did not proceed as planned as it was recognised that a more strategic approach to coastal erosion was required, and a Coastal Erosion Action Plan was jointly developed with the Waikato Regional Council. A programme of works is provided for in the 2013/2014 Annual Plan with funds carried forward from these projects.
Whitianga Buffalo Beach Rock Wall Extension	
Buffalo Beach Groynes	
Cooks Beach Flood Protection	Following delays while the resource consents process was worked through some progress on the physical works was made at the end of the year. A balance of \$107,000 carried forward into 2013/2014 Annual Plan, though the actual underspend was only \$87,000 due to the work being carried out late in the year.
Hot Water Beach Entrance - Bull Paddock	Outstanding issues from the original project were resolved this year, including some physical works to address drainage issues. There is a carry forward of \$15,000 into 2013/2014 to complete the project.
Cory Park Domain in Tairua	This project has been completed within budget.
Cory Park Old St John Building	This project has been completed within budget.
Island View Reserve Development in Whangamata	Design work was completed for a new adventure playground located within the back sand dune environment. No costs were incurred in this design phase and allocated funds were carried forward.
Whangamata Harbour Walkway (Moana Anu Development)	Stage one of this walkway project was completed this year. For the time being, the Whangamata Community Board decided to suspend further project stages exercising prudent financial management.
Pepe Playground, Tairua	The Pepe Playground alongside Tairua Harbour had to be replaced reasonably urgently due to structural risks. A budget of \$100,000 was made available to replace the playground from reserves.
Reserve Management Plans in Tairua, Pauanui and Whangamata	Late in 2012/2013 a review of the Reserve Management Plans for Tairua, Pauanui and Whangamata commenced. This work continues into 2013/2014.
Thames Skatepark & Thames Community Sports Facilities	This project was placed on hold pending the outcomes of the Thames Urban Development Strategy. A feasibility study has been initiated to assess and review future direction of sport and recreation facilities in the Thames Community Board area. A site has been identified for the skatepark, being Porrit Park.
Coro Sportsville, in Coromandel Town	A feasibility study has been initiated to assess and review future direction of sport and recreation facilities in Coromandel Town. \$16,000 was spent in the 2012/2013 year on the feasibility study.

COMMUNITY SPACES ACTIVITY GROUP

Swimming Pools Activity



What We Do

Swimming and other water skills are considered important for our district with its extensive coastline. Swimming pools provide for recreational activity as well as facilities where people can receive education about water safety, and can learn safe practices associated with water activities which is important to minimise accidents involving water. The community benefits from having fewer deaths by drowning as a result of the confidence and water skills learned in a swimming pool.

We provide and support a range of swimming pool services in our District. A Council-owned pool in Thames provides for year-round access and a range of swimming programmes.

There are other swimming pools in our district that received financial support from, but are not owned or managed by us. These are covered by the Social Development Activity.

2012/2013 Highlights

Thames Centennial Pool staff are making a huge splash with the facility drawing record numbers of bathers and a contingent of swimmers graduating from the team's Learn-to-Swim and Academy training into junior national competition. There were around 4000 individual swim sessions by users over the extended summer season and another 4000 visits by school students over the school terms 1 and 4, and summer swimming programme

That's the biggest number of swimmers ever recorded at the pool and just part of the success story. Some 240 children enrolled in the Swim Cool Swim School's Learn to Swim programmes run by pool staff and more are enrolled for private lessons.

The pool is also bringing economic benefits. Families from around the Coromandel and to a lesser extent outside the district are coming to Thames and booking into the local holiday parks so they can bring their children or grandchildren to our holiday block lessons over four days. The Thames Pool once employed two instructors and now employs seven to meet the demand, the cost of instructors is funded out of the lesson price with no subsidy from ratepayers.

In New Zealand we have terrible drowning statistics, so it's really pleasing to see so many children being enrolled for this essential life skill. It gives parents peace of mind and we know how important it is to have kids taught how to be safe in the water.

The 25m council-staffed facility has a growing reputation for producing some of the country's best competitive juniors with youngsters who have moved through the lessons now attending squad training with an eye on the NZ Junior National Championships.

COMMUNITY SPACES ACTIVITY GROUP

Swimming Pools Activity

How Well Did We Deliver Our Services in 2012/2013

The Council provides year round access to a swimming pool in Thames

What we aimed for	Performance 2012/2013	How we did	Annual Result
<p>That the Thames Centennial Pool is available during the:</p> <p><u>Summer</u></p> <ul style="list-style-type: none"> 6hrs per day, 7 days a week <p><u>Winter</u></p> <ul style="list-style-type: none"> 5hrs per day, 6 days a week 	<p><u>Summer</u></p> <p>Weekdays - 9.5 hrs Weekends - 6 hrs</p> <p><u>Winter</u></p> <p>Weekdays - 9 hrs Weekends - 6 hrs</p>	The Thames Centennial Pool was available as specified.	ACHIEVED

The Council provides a range of aquatic programmes available at the Thames Centennial Pool

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 4 Learn to Swim programmes are available each school year (4 terms).	4 Learn to Swim programmes provided	The Swim School programme ran in each of the four primary schools. The programme takes children from pre-school through to the end of High School. An intensive 'block' Learn to Swim programme was offered in each of the school holidays.	ACHIEVED
That 60 aquarobic programmes are offered annually.	80 Aquarobic programmes were offered in 2012/2013	The Aquarobics programme was offered every Tuesday and Thursday of the primary school terms from 11am to 12noon. There was consistent participation through the year.	ACHIEVED

The pools are clean, safe and enjoyable places to visit

What we aimed for	Performance 2012/2013	How we did	Annual Result
That the Thames Centennial Pool achieves ACC Poolsafe accreditation	ACC Poolsafe accreditation achieved	ACC Poolsafe accreditation is not a requirement to operate, however it is considered industry best practice. TCDC has chosen that the Thames Centennial Pool will be an ACC Poolsafe accredited facility.	ACHIEVED

Overview of Projects & Variances

Thames Centennial Pool installed security cameras at a cost of \$6,000, the expenditure was funded through the Community Board discretionary fund.

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Community Development means that we work with local community groups and organisations to develop ways to improve quality of life for both individuals and communities as a whole. By helping increase the community's capacity for and participation in projects and programmes, more can be accomplished than by us acting alone.

Our role is to promote projects to increase the wealth of our district, enhance access to health, education and networking opportunities, and to help identify and reduce obstacles to the improvement of quality of life within communities. Through these activities we provide funding to local organisations that focus on community benefit or the growth of local business initiatives that are considered to be of economic benefit to our district.

This activity group includes the following activities:

- Economic Development
- Social Development

Contributing to Our District

The Community Development activity group contributes to a **Prosperous District**, a **Liveable District** and a **Clean and Green District** by supporting sustainable and appropriate growth opportunities. The activity group also supports a range of initiatives that promote social wellbeing and reflect community responsibility.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
the GDP rate of the District is maintained or increases.	GDP has increased by 3.3% over the last year between March 2012 and March 2013. The same period for the previous year had seen a rise in GDP of 0.7%.
the % of unemployed in our District decreases.	Unemployment stands at 4.2% (March 2013), a fall of 2.6% from 6.8% in the last year. The unemployment figure is subject to seasonal variations reflecting the nature of the local economy.
the deprivation level of the resident population improves.	This data cannot be updated as a result of the postponed census. This information will be available in the 2013/2014 year and will be reported in the next annual report.
resident satisfaction with their quality of life is maintained or increases ^	There has been a decrease of less than one per cent from 84% to 83.1% since the last survey in 2010.
residents agree that their community is a place where young people can imagine building a life maintains or increases ^	There is less optimism from residents in their perception of young people building a life in the Coromandel, falling from 52.8% to 49.3%.

^measured in the MARCO Perception Survey, 2013

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Economic Development	3 of 6	Some of the performance measures in this activity are beyond the control of the Council alone.
Social Development	8 of 8	This activity has had strong performance this year, reflecting the increased priorities and focus of the Council being more responsive to community needs.

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
833	General Rates, uniform annual general charges, rates penalties	888	564
1,219	Targeted rates (other than a targeted rate for water supply)	1,348	1,333
0	Subsidies and grants for operating purposes	0	0
429	Fees, charges and targeted rates for water supply	368	476
129	Internal charges and overheads recovered	161	71
0	Local authorities fuel tax, fines, infringement fees and other receipts	1	11
2,610	Total operating funding	2,766	2,455
Applications of operating funding			
1,939	Payments to staff and suppliers	2,360	1,836
0	Finance costs	2	0
677	Internal charges and overheads applied	514	537
0	Other operating funding applications	0	0
2,615	Total applications of operating funding	2,876	2,373
(5)	Surplus(deficit) of operating funding	(110)	82
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
0	Increase/(decrease) in Debt	100	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Total sources of capital funding	100	0
Application of capital funding			
Capital expenditure			
0	- to meet additional demand	0	0
0	- to improve the level of service	53	8
0	- to replace existing assets	0	0
(5)	Increase/(decrease) in reserves	(63)	74
0	Increase/(decrease) in Investments	0	0
(5)	Total applications of capital funding	(10)	82
5	Surplus(deficit) of capital funding	110	(82)
0	FUNDING BALANCE	0	0

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Economic Development Activity



What We Do

We consider that economic development is a priority now more than ever. Through partnerships and working with others, we will continue to support tangible economic development opportunities in our district. This activity draws on the economic opportunities of the peninsula's natural setting such as the tourism sector and is also focussing on aquaculture growth.

2012/2013 Highlights

It has been an incredibly busy and productive year for the Economic Development Activity, which has included the deployment of the following initiatives:

- Created more camping product for responsible self-contained campervans
- Built a new dump station for campervans in Mercury Bay
- Launched the Coromandel Fish Farming Investment Prospectus in support of the new fish farming zone in the Hauraki Gulf
- Invested in a marketing programme to sell the Council's Online Submission System and Consent Builder software
- Established the Coromandel Walks project to build a series of connected walks across the Peninsula
- Launched an annual Summertimes Magazine to attract more tourists and holiday-home owners to the Coromandel
- Created the Opportunity Coromandel website, LinkedIn, Facebook and Twitter accounts to promote economic development and networking for businesses
- Created a new Coromandel camping guide to promote our camping industry on the Peninsula
- Created a new walks guide and content in myParx to promote tourism on the Coromandel
- Established an Events Strategy which sets funding criteria for events
- Supported the re-establishment of the Coromandel Town Visitor Information Centre
- Created new Service Level Agreements for Visitor Information Centres to create a more commercial model
- Created a dedicated section on the TCDC website for business, event and economic development information
- Established the inaugural Business Growth Fund
- Developed a Coromandel Investment Profile
- Established Business Brokers (Account Managers for business)
- Supported the development of a 3D 'Coromandel episode' for Chinese Cable TV, which has aired to an audience of over 120 million.

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Economic Development Activity

How Well Did We Deliver Our Services in 2012/2013

The Council supports the promotion of the Coromandel Peninsula as a national and international tourism destination			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That visitor information centres are open 364 days per annum in Thames, Whangamata, Whitianga.	3 centres each open 364 days per year.	The three centres were operational all year round with the exception of Christmas Day as specified in the Service Level Agreements.	ACHIEVED
That there is a ≥5% increase in visitor guest nights from previous year.	1.45% increase	While the performance is below the target figure, it represents an additional 8,834 visitor guest nights, with 620,039 guest nights over the last year spent in the Coromandel. Last year there was a 2.45% increase.	NOT ACHIEVED

The Council advocates for and facilitates sustainable business development and new business investment on the Coromandel Peninsula			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥85% of key performance indicators achieved by Destination Coromandel (as set in its annual strategic marketing plan) are met.	100%	The key performance indicators relating to this contract have been all achieved to target.	ACHIEVED
That ≥75% of the district's business community are satisfied or more than satisfied with the Council's overall performance in the economic development activity.	Not measured	The survey was not carried out as planned due to a reprioritisation of other work. Council will undertake a survey of consent applicants on an on-going basis and an 'Ease of Business' survey beginning in 2014.	NOT ACHIEVED
That the total number of businesses in our district are maintained or increase by 1%.	Not measured	At the time of writing the 2013 data was not available. There was a 1.01% fall between 2011 and 2012 from 4146 to 4104 though the number of employees had increased from 9140 to 9260. NB: this does not include self-employed businesses.	NOT MEASURED
That we can demonstrate that we have maintained or increased engagement in economic development advocacy initiatives.	We have increased our engagement in a range of advocacy initiatives	Areas of advocacy focus include: aquaculture industry stakeholders, progressing relationships with Auckland Council and the Auckland Tourism Events and Economic Development group. We have maintained an awareness of regional initiatives, and whilst we have chosen not to participate in some due to a lack of alignment to our direction, we continue to advocate the Coromandel's position in these forums. The following were new initiatives this year:- Coromandel Aquaculture Working Group; ATEED MOU working group; Coromandel Marine Farmers Association meetings; Callaghan Institute meetings; Thames IT Cluster meetings; ISITE Managers Forum; Responsible Camping Forum.	ACHIEVED

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Economic Development Activity

Grants (in 2012/2013)

Organisation and Amount	Description
Destination Coromandel (\$375,000)	<p>We have a three-year service level agreement in place until 30 June 2014. Highlights from the 2013/2014 year include:</p> <ul style="list-style-type: none"> • There is a record number of advertisers on the DC website since the restructure of the organisation last year there was now more money going into destination marketing than paying for overheads. • The 2013 Visitor Guide has been overwhelmingly popular. At the current rate of distribution the 80,000 print run won't last the scheduled 12 months. • Valley Toyota and the Toyota Signature plant have contributed sponsorship towards two Destination Coromandel vehicles. They are now moving billboards for the region. • The months of October and November received the highest ever domestic guest nights on record, coinciding with the 'Fall in Love with The Coromandel campaign' • DC are now embarking on the next domestic campaign that will grow the newsletter database, Facebook fan base and web traffic, each by at least 25%. The ultimate goal being higher visitor numbers for the campaign period. • A comprehensive wedding section has been developed on www.thecoromandel.com, and been replicated in a downloadable g-book • DC has begun advertising in Wedding Manuals and will be attending a wedding show in Hamilton • DC secured 2 appointment streams for TRENZ, NZ's biggest travel trade show attracting over 250 overseas wholesale travel sellers. • DC is part of an International Marketing Alliance that promotes the central North Island via the travel distribution channel. • DC are attending the EXPLORE trade show with 8 central north island regions to educate inbound trade agents based in NZ about the region and product.
Visitor Information centres (Thames, Tairua, Pauanui, Coromandel, Whitianga and Whangamata)	<p>A one-year service level agreement with the information centres was undertaken for the 2012/2013 financial year. New agreements are being negotiated for 2013/2014 based on the funding allocations in the 2012-2022 Ten Year Plan. Significant reforms are being proposed in the next agreements to ensure the centres are able to increase revenue from other sources given Council's increase in funding recently and to ensure the business model is more sustainable.</p>

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Economic Development Activity

Overview of Projects & Variances

Project	Comment
Support for relocation of Thames i-site	Whilst \$10,000 was allocated to support the relocation of the Thames i-site this was not spent as the relocation of the i-site was a matter to be considered in the Thames Urban Development Strategy.
Tourism gateway signage	The \$20,000 budget has been granted to Destination Coromandel to build a destination gateway sign on State Highway 2 in the 2013/2014 financial year.
Campervan dump stations	The 2012/2013 budget has been partially spent and a dump station has been installed in Mercury Bay. The budget is \$18,000 under spent. Investigations continue for a new site in Colville for the 2013/2014 financial year.
Economic Development Strategy	A number of workshops have been conducted with Council and stakeholders to progress this strategy. Whilst not completed in 2012/2013 year, completion of the strategy will be completed and ratified by the end of the 2013 calendar year.
Economic Development assistance package	The Council offered a \$20,000 Business Growth Fund to support innovative and forward-looking business people intent on growing their organisations and creating jobs for the Coromandel. Council will make a decision on the funding allocations at its meeting in October 2013.

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Social Development Activity



What We Do

Many factors influence the social wellbeing of our communities. Collaboration with other agencies is important to enable efficient use of resources and better co-ordinate and target social development investment.

2012/2013 Highlights

We adopted a Disability Strategy in November 2012, which was developed with input from the disability sector. The Strategy has three main areas of focus: recognising and protecting the rights of disabled people; addressing physical and attitudinal barriers to participation and encouraging collaboration in the disability sector. The strategy was warmly welcomed and as well as acknowledging the work council is already doing it has a detailed action plan to deliver tangible benefits to the community as well as our many visitors.

Local Paralympic medallist Phillipa Gray assisted with the launch of the Strategy which coincided with the celebration of the United Nations International Day of Persons with Disabilities. Since the launch of the Strategy a disability stakeholder forum has been meeting bimonthly.

How Well Did We Deliver Our Services in 2012/2013

The Council promotes community empowerment through supporting community-driven initiatives			
What we aimed for	Performance 2012/2013	How we did	Annual Result
<p>That all the funds distributed comply with the Council's community grant criteria:</p> <ul style="list-style-type: none"> Thames Coromandel-Colville Mercury Bay Tairua-Pauanui Whangamata 	100%	Whilst all funds distributed complied with the Council's community grants criteria, a number of successful applicants subsequently had their grants withheld due to a lack of compliance with the grants criteria.	ACHIEVED

The Council supports the development and strengthening of social service networks			
What we aimed for	Performance 2012/2013	How we did	Annual Result
<p>That 8 social service programmes are delivered in the district by Social Services Waikato covering the following topics:</p> <ul style="list-style-type: none"> Funding advice Relationship building Crisis management 	Programmes were provided	This service is delivered on behalf of Council through Community Waikato (previously, Social Services Waikato). Their end of year report outlined that their advice resulted in a number of successful funding applications, a number of capacity and capability workshops were held with community groups, and tailored support was provided in confidence to organisations reaching crisis level.	ACHIEVED

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Social Development Activity

The Council supports the provision of health education and physical health

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 2 life education sessions are held with participating schools in the District for students aged 5-13 years.	Programmes were provided	This target was exceeded with Life Education Trust conducting 15 sessions across the District in 2011/2012, reaching 1,527 students.	ACHIEVED
That 8 physical activity programmes are delivered by Sports Waikato.	Programmes were provided	This target was exceeded with Sport Waikato directly delivering of a range of programmes which contributed to the quality of life of local residents through improved health, fun and nutrition. Additionally, through a community development approach Sport Waikato has focussed on capability building of local organisations.	ACHIEVED

The Council supports opportunities for people to participate in, experience and enjoy the arts

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 2 creative communities funding rounds are held annually.	2 creative communities funding rounds were held in 2012/2013	26 organisations received a share of \$21,523.	ACHIEVED

The Council supports the provision of residential housing for older persons

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 58 pensioner housing units provided in Thames, Coromandel and Whitianga.	58	Pensioner housing units provided in Thames, Coromandel and Whitianga	ACHIEVED

COMMUNITY DEVELOPMENT ACTIVITY GROUP

Social Development Activity

The Council supports the provision of seasonal swimming pools in Whitianga, Whangamata and Coromandel			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That pools are open for use each summer in the following communities:			ACHIEVED
<ul style="list-style-type: none"> Whitianga - 8hrs per day mid Dec to Easter 	Delivered	The pool was open for use as specified.	
<ul style="list-style-type: none"> Whangamata - 26 weeks per year 	Delivered	The pool was open for use as specified.	
<ul style="list-style-type: none"> Coromandel - 10 hours per day during week 5 hours per day on weekends 	Delivered as per service level agreement.	The measure in the Ten Year Plan does not reflect the Service Level Agreement with the Pool committee. The actual agreement is 5 hours per day, 7 days per week from mid-December to the end of March. This has been in place for a number of years and there has been no change.	

The Council supports crime minimisation initiatives within communities			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That community night patrols are financially supported by the Council in: <ul style="list-style-type: none"> Whitianga & Mercury Bay South Whangamata Thames 	Agreements are in place.	Three year service level agreements are in place from 2012/2013.	ACHIEVED

Grants (in 2012/2013)

There are a range of grants and service level agreements in place delivered through this activity. Grant recipients for 2012/2013 are noted on our website.

Overview of Projects & Variances

Project	Comment
Disability Strategy	We adopted a Disability Strategy in November 2012, which has three areas of focus: recognising and protecting the rights of disabled people; addressing physical and attitudinal barriers to participation and encouraging collaboration in the disability sector.
Youth Strategy	We have commenced work on a Youth Strategy and have been working with a range of agencies. Whilst not completed in the 2012/2013 year this work is well advanced and anticipated to be delivered in early 2013/2014.
Grants Policy Review	A review was undertaken of our grants policy which has resulted in a clearer assessment criteria for our grants programme.

STORMWATER ACTIVITY GROUP

Stormwater is the result of heavy or sustained rainfall resulting in the need to manage the disposal of surface water. Stormwater and land drainage means the prevention of ponding of rainwater runoff that cannot be absorbed quickly enough.

The Coromandel is particularly vulnerable to heavy rainfall due to its geography. We have a number of stormwater systems throughout our district to manage runoff and reduce surface ponding that can lead to risks to public health, safety and property.

This activity group includes the following activities:

- Stormwater
- Land Drainage

Contributing to Our District

The Stormwater activity group contributes to a **Prosperous** and a **Liveable District** by minimising the risk of damage to properties, and creating a safer living and working environment.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
The number of dwellings reported to be inundated with stormwater during a 1 in 10 storm event decreases *(measured annually).	There were no dwellings that experienced stormwater inundations during 2012/2013.

* since last reported on in the Council's Annual Report

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Stormwater	3 of 4	The one performance measure not met related to a resource consent report, which was not undertaken this year. Other than this, performance has been steady.
Land Drainage	1 of 1	The Council has successfully taken over the maintenance of the Kopu land drainage systems.

STORMWATER ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
951	General Rates, uniform annual general charges, rates penalties	935	867
2,260	Targeted rates (other than a targeted rate for water supply)	2,207	2,221
0	Subsidies and grants for operating purposes	0	0
2	Fees, charges and targeted rates for water supply	1	0
0	Internal charges and overheads recovered	0	0
0	Local authorities fuel tax, fines, infringement fees and other receipts	0	0
3,213	Total operating funding	3,142	3,088
Applications of operating funding			
2,234	Payments to staff and suppliers	2,176	685
274	Finance costs	263	216
915	Internal charges and overheads applied	905	786
0	Other operating funding applications	0	0
3,423	Total applications of operating funding	3,344	1,687
(210)	Surplus(deficit) of operating funding	(201)	1,401
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	0
117	Development and financial contributions	61	17
946	Increase/(decrease) in Debt	46	(593)
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
1,063	Total sources of capital funding	106	(576)
Application of capital funding			
Capital expenditure			
432	- to meet additional demand	243	8
1,065	- to improve the level of service	636	11
1,250	- to replace existing assets	1,092	464
(1,894)	Increase/(decrease) in reserves	(2,065)	342
0	Increase/(decrease) in Investments	0	0
853	Total applications of capital funding	(95)	825
210	Surplus(deficit) of capital funding	201	(1,401)
0	FUNDING BALANCE	0	0

STORMWATER ACTIVITY GROUP

Stormwater Activity



What We Do

Stormwater systems collect and dispose of stormwater to limit the effects of surface water ponding. We have a number of stormwater systems throughout our District to manage run-off and reduce surface water ponding that can lead to risks to public health and safety, damage to property and to avoid dangerous road conditions.

2012/2013 Highlights

This has been a relatively quiet year with no major storm events having a detrimental effect to service properties. Recent infrastructure improvements have performed well.

How Well Did We Deliver Our Services in 2012/2013

The Council's stormwater services protect habitable areas from flooding			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That <20 dwellings are inundated with stormwater during a storm event with a 10% estimated return period.	None	There were no urgent one-day requests for service to deal with inundation this financial year. The only urgent one-day request for service was for a stormwater blockage at an outlet. Last year there were five urgent requests none of which related to dwellings.	ACHIEVED
That 100% of operational resource consent conditions are complied with throughout the year.	NA	We have been working with the Regional Council finalising the requirements for the comprehensive stormwater discharge consents across the district. The new resource consents have a number of reporting conditions, no complete reporting has taken place during the 2012/2013 year. Required reporting will commence for the 2013/2014 year to ensure on-going consent compliance.	NOT MEASURED

STORMWATER ACTIVITY GROUP

Stormwater Activity

The Council provides a responsive stormwater request service

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≥90% of urgent requests for service are responded to within one day.	100%	Only one urgent one-day request for service was received for a stormwater blockage at an outlet. Last year there were five urgent requests all of which were responded to within one day.	ACHIEVED
That ≥68% of residents and non-resident ratepayers who have a view are satisfied with the stormwater systems.	75%	This activity is subject to the widest fluctuations. While this year's result is the second consecutive year of improvement it is still well below the peer group (81%) and national (84%) averages. There were localised differences in satisfaction with Coromandel having the lowest with double the level of dissatisfaction of the other board areas.	ACHIEVED

Overview of Projects & Variances

Project	Comment
Thames Renewals	This budget was under spent by \$310,000 as construction costs were less than anticipated.
Whitianga CBD Upgrade	\$9,151 was spent on design. During the 2013/2014 Annual Plan deliberations this project was placed under review until a business case and project plan can be considered by the Council.
Matarangi Improvements	This budget was under spent by \$441,000 as improvements carried out in the 2011/2012 year alleviated the issues and as a result the budget was not required.
Tairua Outfall upgrades	This budget was under spent by \$116,000 as the planned works are affected by the proposed development of the Tairua Marina. \$60,000 was carried forward into the 2013/2014 year.
Improvements - Whangamata	\$203,000 of this budget was not spent. A number of packages of work were undertaken in previous years to alleviate high priority stormwater issues. Before further capital upgrade work is undertaken, greater investigations are required to better understand and prioritise any required works.

STORMWATER ACTIVITY GROUP

Land Drainage Activity



What We Do

The function of land drainage is to reduce the impact of flooding on farm properties. The Land Drainage Activity is specific to two areas south of Thames being Matatoki and Wharepoa. It is managed on a day to day basis by Land Drainage Committees (outside of the Council).

2012/2013 Highlights

The Council has successfully taken over the maintenance of the Kopu land drainage systems and the limited maintenance activities that have been required this year have proceeded well during the year.

How Well Did We Deliver Our Services in 2012/2013

Land drainage schemes in Matatoki and Wharepoa are maintained to reduce the impact of flooding on farm properties

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 100% of requests for maintenance of land drains are actioned within 10 working days.	100%	One request for service was related to land drain maintenance.	ACHIEVED

Overview of Projects & Variances

There are no major projects or variances to report.

WASTEWATER ACTIVITY GROUP

The Wastewater activity group means the collection, treatment and safe disposal of wastewater (sewage) from properties and businesses. As well as providing a convenience to households, (being able to dispose of wastewater easily), the proper management of the District's wastewater is important in order to maintain public and environmental health. In areas where they are in place, wastewater systems help protect the environment by ensuring that raw wastewater does not infiltrate the catchments and coastal areas.

This activity group includes the following activities:

- Wastewater

Contributing to Our District

The Wastewater activity group plays an important role in contributing to **a Prosperous District, a Liveable District and a Clean and Green District** by providing essential infrastructure to urban communities, ensuring a high standard of public health while protecting our unique natural environment.

We will be successfully contributing to our District if:

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
The % of stream water samples meeting environmental standards and guidelines for safe swimming and ecological health is maintained or increases. *(measured three-yearly)	At the time of preparing this Report, comparative information is not available for all stream waters within the district. The Waikato Regional Council's river water quality for ecological health, indicates 65.2% excellent, 22.5% satisfactory and 12.3% unsatisfactory averaged over a five-year period from 2008 and 2012.
% of resident satisfaction with the quality of rivers and waterways is maintained or increases. *(measured three-yearly)	56.3% of residents surveyed were satisfied with the quality of rivers and waterways compared to 72% in 2010.

* since last reported on in the Council's Annual Report

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Wastewater	5 of 7	There were two measures not achieved. Both were unable to be fully measured, in one case because the trade waste policy work has not been finalised and in the other because the biosolids plant is not yet fully operational.

WASTEWATER ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
0	General Rates, uniform annual general charges, rates penalties	0	0
15,799	Targeted rates (other than a targeted rate for water supply)	14,386	14,384
0	Subsidies and grants for operating purposes	0	0
114	Fees, charges and targeted rates for water supply	366	0
0	Internal charges and overheads recovered	0	0
0	Local authorities fuel tax, fines, infringement fees and other receipts	0	0
15,913	Total operating funding	14,752	14,384
Applications of operating funding			
12,857	Payments to staff and suppliers	11,560	5,716
2,762	Finance costs	2,537	2,131
3,401	Internal charges and overheads applied	3,413	3,810
0	Other operating funding applications	0	0
19,020	Total applications of operating funding	17,510	11,657
(3,107)	Surplus(deficit) of operating funding	(2,758)	2,727
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	0
376	Development and financial contributions	1,118	188
2,112	Increase/(decrease) in Debt	1,097	697
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
2,489	Total sources of capital funding	2,215	885
Application of capital funding			
Capital expenditure			
1,506	- to meet additional demand	930	899
3,895	- to improve the level of service	1,981	1,632
420	- to replace existing assets	1,311	659
(6,438)	Increase/(decrease) in reserves	(4,765)	422
0	Increase/(decrease) in Investments	0	0
(618)	Total applications of capital funding	(543)	3,612
3,107	Surplus(deficit) of capital funding	2,758	(2,727)
0	FUNDING BALANCE	0	0

WASTEWATER ACTIVITY GROUP

Wastewater Activity



What We Do

The Wastewater activity involves collecting, treating and disposing of wastewater or sewage from properties and businesses. This is regarded as an important service to the communities of the Coromandel Peninsula as it helps ensure our important environmental values are protected, for example having clean and healthy waterways.

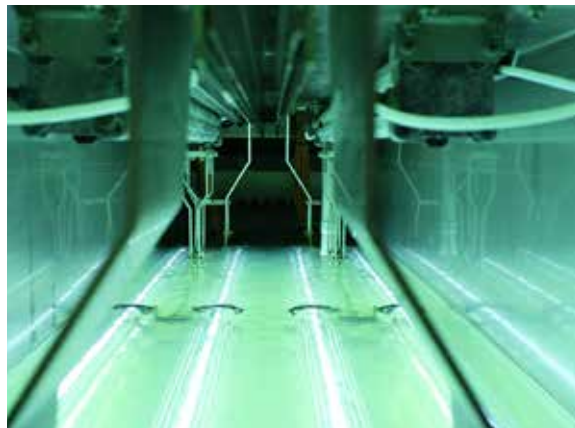
We have invested significantly in wastewater infrastructure over recent years. As a result, the eastern seaboard is no longer of primary focus for increased works. Extensions and upgrades are still planned for a number of communities.

We are required to maintain our current wastewater schemes by law. The way in which schemes are managed and provided is also subject to legal requirements.

2012/2013 Highlights

Two major projects - one at the start and one at the end of a three year process - demonstrate the innovative approaches taken to meet the very different environmental conditions for this essential service.

In Thames, the final phase of upgrades have been carried out at the Thames wastewater treatment plant. A UV filtration system was the last part, providing an additional disinfection stage required by the Regional Council resource consent to continue disposing of treated wastewater into the Waihou river. A baffle curtain (a tensioned steel wire rope strung across a section of the pond and membrane beneath) minimises any floating debris from entering the outlet structure and being discharged. We also installed a new pond outlet and a rock filter in front of the retention pond outlet to cater to cultural requirements for treated wastewater to pass through land prior to water disposal.



The Coromandel Wastewater Treatment Plant requires a plant upgrade to meet new resource consent conditions and will provide further protection of the environment and aquaculture industry in the township. Work was completed on the first stage of this three year project. The technology used will save ratepayers significant money in operating and upgrade costs over time since it puts nature to work in doing what it does best and avoids the need for costly upgrade alternatives. Some \$600,000 was spent on this first stage of the upgrade which involved laying special 5cm thick material on the pond's surface, planting, a new inlet screen, grit screen and septic receiver that will enhance performance of the whole system. After the material was laid, the pond was planted out with floating plants that drop roots into the water, playing host to thousands of organisms including snails. These organisms may not be on the pay roll but with the right working conditions - such as adequate oxygen in the water and enough 'food' - they help reduce nutrients that are toxic to aquatic life.

WASTEWATER ACTIVITY GROUP

Wastewater Activity

How Well Did We Deliver Our Services in 2012/2013

Wastewater services for household and business use will be provided in urban communities			
What we aimed for	Performance 2012/2013	How we did	Annual Result
Treatment plants where there is a capacity constraint are as follows: <ul style="list-style-type: none"> Matarangi Oamaru Ba Hahei 	Matarangi Oamaru Bay Hahei	All three plants are operational. No major capital works are planned within the first three years of the Ten Year Plan to address the constraints.	ACHIEVED
That there are ≤12 wastewater blockages per 1,000 connections.	<3	There have been 51 blockages in total during 2012/2013. The number of blockages per 1000 connections was 2.2. This is slightly higher than last year when there were 47 blockages resulting in a rate of 2.03 per 1000 connections.	ACHIEVED
That ≥90% of urgent requests responded to within one day.	91%	There have been 69 urgent wastewater requests for service. Of these seven were not resolved within a one-day timeframe. Performance is slightly down on last year when there were 66 urgent requests five of which were not addressed within one day giving a result of 92.4%.	ACHIEVED

The Council's wastewater services do not negatively impact on public health or the natural environment			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That the level of treatment of wastewater at Council plants is as follows:	All plants were fully operational throughout the year.	Two of the three medium level treatment plants had upgrades this year. No changes were made to any of the High or Low demand plants.	ACHIEVED
High <ul style="list-style-type: none"> Whitianga Whangamata Pauanui 	Whitianga Whangamata Pauanui	No change	
Medium <ul style="list-style-type: none"> Coromandel Hahei Thames 	Coromandel Hahei Thames	Upgrades were carried out at Coromandel and Thames. There were no changes at Hahei. The plants retain a medium rating.	
Low <ul style="list-style-type: none"> Oamuru Bay Matarnagi Cooks Beach Onemana 	Oamaru Bay Matarangi Cooks Beach Onemana	No change	

WASTEWATER ACTIVITY GROUP

Wastewater Activity

The Council's wastewater services do not negatively impact on public health or the natural environment			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That there are ≤3 wastewater overflows to water bodies (average per township).	2.8	There were 28 overflows in the period of 2012/2013 where wastewater entered a water body over the entire district. Last year there was a total of three spills, an average of <1 per township.	ACHIEVED
That 5% of trade waste customers in category A and B are audited annually to ensure compliance with trade waste requirements.	Not measured	The Council has not implemented the tradewaste programme in 2012/2013.	NOT ACHIEVED
That ≥90% of Council biosolid compost meets AA grade standard.	Not measured	The Whitianga biosolids capital construction works have been completed with green waste only trials undertaken. The use of biosolids in the composting process is due to commence in August 2013 and until the plant is fully operational we cannot produce AA compost.	NOT MEASURED

Overview of Projects & Variances

Project	Comment
Thames Renewals	This budget was under spent by \$452,000. The primary reason for the under spend is an investigations plan is being developed for Thames to gather high quality asset information to ensure Council maintains good practice with decision making and prioritisation of renewal works. Once investigations have been completed, renewal works will commence.
Coromandel Treatment Plant Improvements	This budget was under spent by \$165,000. The variance was for the installation of the inlet screen. The decision was made to defer these works due to the availability of materials and project procurement processes that would have extended timeframes beyond the 2012/2013 year.
Matarangi Treatment Upgrade	This budget was not spent in the 2012/2013, and therefore shows an under spend of \$640,000. This project is linked to resource consent requirements. This consent has not yet been granted by the Regional Council and upgrade requirements are still currently unknown, hence the deferral of the project to the 2013/2014 year. This consent process has seen some movement in recent weeks and is likely to be finalised prior to Christmas, with an anticipated scaling back of the upgrade requirements.
Whitianga Treatment Plant Disposal	Works are being finalised on the irrigation system. Driveway resealing and additional planting along the stream banks have been deferred due to the season and are programmed early in the 2013/2014 year.
Whitianga Pumpstation Upgrade	This budget was not spent in the 2012/2013, and therefore shows an under spend of \$213,000. This project is currently awaiting the outcome of discussions and negotiations over land acquisition. Once an easement, or land purchase, has been finalised this project can advance.
Whitianga CBD upgrade	\$8,521 was spent on design scope. During the 2013/2014 Annual Plan deliberations this project was placed under review until a business case and project plan can be considered by the Council.
Cooks Beach Treatment Disposal	This budget was under spent by \$184,000 as the project scope was revised down to cover investigations only in the 2012/2013 year. If investigations show further capital work is required, appropriate approvals will be sought at that time.
Tairua/Pauanui Treatment & Disposal Improvements	This budget was over spent by \$130,000 against the original Annual Plan budget. This over spend is due to a carry forward of unspent original budget from the 2011/12 year.

LAND USE ACTIVITY GROUP

The Land Use group of activities helps provide protection for the natural environment and our District's people and historic heritage from inappropriate use of land and other occurrences that may result in adverse effects. This group of activities helps minimise the negative effects of growth and development on places, buildings and historic items that are of particular value to our communities by regulating the use of land and promoting the preservation of our natural and cultural heritage consistent with the District Plan. Through these activities, we also provide information to the public about District Plan rules regarding land use and zoning restrictions that apply to specific properties.

This activity group includes the following activities:

- Land Use Management
- Land Information Memoranda
- Natural and Cultural Heritage

Contributing to Our District

The Land Use activity group contributes to a **Prosperous District, a Liveable District and a Clean and Green District** by helping maintain a local sense of place through ensuring that development is appropriate, and protection of our natural and cultural environment.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
Residents agree that the District does a good job of protecting and valuing the history of the area maintains or increases *(measured three yearly)	The result this year was 67.5% a marginal improvement on the 2010 result, which was 66.8%.
refer also to the Planning for the Future activity. The outcomes sought from these activities are very similar.	

*since last reported on in the Council's Annual Report

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Land Use Management	3 of 6	Whilst in some areas this activity is performing well, there are a number of issues with the monitoring and investigation elements of this activity.
Land Information Memoranda	4 of 4	In the past 12 months demand has increased for this service and this activity continues to be a strong performer.
Natural and Cultural Heritage	5 of 6	For a small investment, this activity continues to provide a consistent service.

LAND USE ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
2,101	General Rates, uniform annual general charges, rates penalties	1,681	2,175
0	Targeted rates (other than a targeted rate for water supply)	0	0
0	Subsidies and grants for operating purposes	0	0
1,585	Fees, charges and targeted rates for water supply	1,454	991
218	Internal charges and overheads recovered	182	216
2	Local authorities fuel tax, fines, infringement fees and other receipts	3	34
3,906	Total operating funding	3,320	3,416
Applications of operating funding			
834	Payments to staff and suppliers	488	366
18	Finance costs	17	15
3,044	Internal charges and overheads applied	2,785	2,902
0	Other operating funding applications	0	0
3,897	Total applications of operating funding	3,289	3,283
9	Surplus(deficit) of operating funding	31	133
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
(7)	Increase/(decrease) in Debt	(7)	(7)
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
(7)	Total sources of capital funding	(7)	(7)
Application of capital funding			
Capital expenditure			
0	- to meet additional demand	0	0
0	- to improve the level of service	0	0
0	- to replace existing assets	0	0
2	Increase/(decrease) in reserves	23	126
0	Increase/(decrease) in Investments	0	0
2	Total applications of capital funding	23	126
(9)	Surplus(deficit) of capital funding	(31)	(133)
0	FUNDING BALANCE	0	0

LAND USE ACTIVITY GROUP

Land Use Management Activity



What We Do

The Land Use Management activity is principally concerned with processing resource consent applications and ensuring that developments and activities are consistent with our District Plan and the Resource Management Act 1991 (RMA). We are committed to improving the customer service aspect of this activity to ensure ratepayers receive good value for money.

2012/2013 Highlights

Central Government has been considering changes to the Resources Management Act across planning, consenting and the provision of national direction, because in their view, rather than encouraging the creation of new business and jobs, the RMA is discouraging them with uncertainty, bureaucracy and delays. In the Coromandel there is constantly the need to balance appropriate economic activity and growth with environmental protection. Consistent with our own vision of wanting to be a highly effective and fast moving organisation, we recognise that this activity is at the interface of many business and Council relationships. We continue to keep abreast of the changes coming through from Central Government and the implications for our local communities.

How Well Did We Deliver Our Services in 2012/2013

The Council ensures that resource and other consent applications are processed within the statutory timeframe			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That all accepted resource consent applications are processed within statutory timeframes.	98%	In total, 338 consents were processed and 7 exceeded the 20 working day statutory timeframe. We met the 100% target for 50 of the 52 weeks this year. On average consents took 14 working days to be processed. Process changes to address system errors, and improved reporting, highlighting earlier when applications are approaching the deadline have been put in place.	NOT ACHIEVED
That all 224c's are issued within 20 working days (providing all the correct information is provided).	90%	45 were processed in under 20 working days and 5 were processed over 20 working days. The five that went over the timeframes were potentially avoidable. Additional requests for further engineering information would have stopped the clock using the recognised procedures. Internal processes have been put in place to reduce the likelihood of this recurring and this will be monitored more closely to ensure this is working.	NOT ACHIEVED

LAND USE ACTIVITY GROUP

Land Use Management Activity

Good, prompt service will be delivered to help people understand the resource consent process and District Plan rules

What we aimed for	Performance 2012/2013	How we did	Annual Result
There are <5 complaints received by the Council about poor or slow service.	None	There were no complaints received during this period	ACHIEVED
That <40% of applications are returned because the applications do not provide the prescribed information to process the application.	27%	We accepted 248 applications during the year, of which 90 were returned due to incomplete and inadequate information.	ACHIEVED

The Council checks that development activities are being carried out in accordance with the approved consents

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 80% of commenced resource consents are visited by monitoring and investigation officers (on a priority risk basis) to check that developments and activities are being carried out in accordance with the approved consents.	53.5%	During the year 180 inspections were carried out. Council is placing this activity under review.	NOT ACHIEVED

Our environment is being cared for and activities are being carried out in accordance with the District Plan.

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 70% of identified breaches in the District Plan identified by the monitoring and investigation officers are actively trying to be resolved.	97.5%	There were 120 breaches of the District Plan. Staff were investigating 117 of these.	ACHIEVED

Overview of Projects & Variances

There is no major projects or variances to report.

LAND USE ACTIVITY GROUP

LIMS Activity

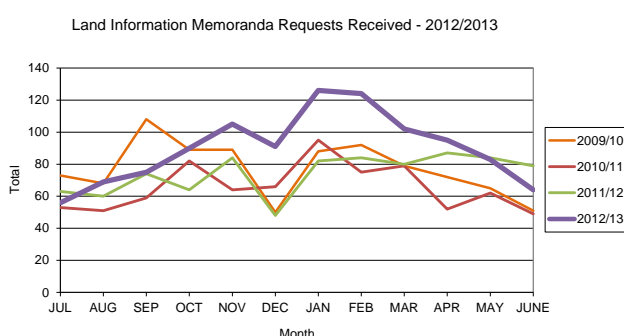


What We Do

This activity provides the Land Information Memoranda (LIM) service. LIMs are reports issued by the Council on request about a particular property or piece of land. LIMs help protect buyers of property and provide important information for project planning.

2012/2013 Highlights

In the last year, our Land Information Memoranda (LIM) requests hit figures not seen for years which is great news for the region. From November 2012 through to January 2013 there was 322 requests for LIM reports. This is compared to 214 requests between November 2011 through to January 2012. January 2013 also holds the record of 126 LIM report requests. That's the highest number of LIM requests we have received in just one month, going back through to July 2009. The second highest month for LIM report requests was 108 back in September 2009. Anecdotally it would appear that more positive times are around the corner for the industry and nationally consent numbers are increasing.



How Well Did We Deliver Our Services in 2012/2013

Customers can purchase a LIM they have confidence in, in a timely manner

What we aimed for	Performance 2012/2013	How we did	Annual Result
That all standard LIMs are processed within 10 days.	100%	There were 1080 LIMs requests this year, which represented an increase of nearly 20% in volume. Despite this increase the level of service was maintained.	ACHIEVED
That all urgent LIMs are processed within 2 days.	100%	There were 356 urgent LIMs requests made which represents 33% of the total requests.	ACHIEVED
That there are no proven claims against the content of LIMs.	None	There have been no proven claims this year.	ACHIEVED
That > 64% of customers are satisfied with the LIMs service.	100%	The survey focussed on four key areas, and for three of the four questions there were no negative comments. This survey was scheduled for 2013 and although not technically required for this annual report has been included because it was not reported last year.	ACHIEVED

Overview of Projects & Variances

There are no major projects or significant variances to report.

LAND USE ACTIVITY GROUP

Natural and Cultural Heritage Activity



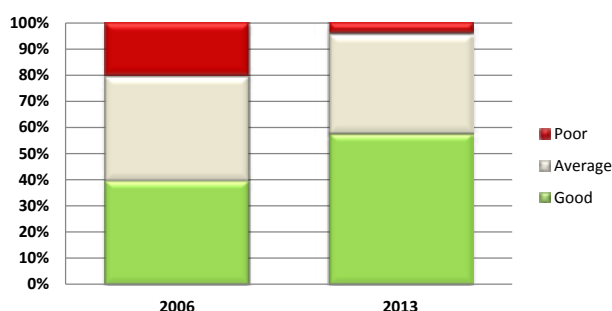
What We Do

The Peninsula's cultural and natural heritage is an important part of what makes our district special. This activity coordinates our approach to heritage and biodiversity across all of its activities, including coordinating partnerships with other key service providers. We also have a heritage assistance fund providing assistance for individuals or organisations for various heritage related activities throughout the district. We also advocate that where possible animal pest control in the Thames-Coromandel District be undertaken by trapping, hunting and non-residual poisons.

2012/2013 Highlights

There are 266 development generated conservation covenants covering 1459 ha currently recorded in the district. Most are protected in perpetuity and we aim to complete 50-60 covenant inspections per year. This year 45 covenants were inspected and 58% were found to be in a "good" condition. Thirty-five of these same covenants were initially inspected in 2006 and at that time only 40% were in "good" condition. Whilst below it is noted that we are not achieving the performance target for conservation covenants, the general trend is encouraging.

Covenant Conditions for TCDC



How Well Did We Deliver Our Services in 2012/2013

The Council works with others to protect heritage and biodiversity in the District

What we aimed for	Performance 2012/2013	How we did	Annual Result
That 173 historic buildings and sites are formally protected in our district plan.	173	There are still 173 historic buildings formally protected in the District Plan.	ACHIEVED
That >10 groups are represented at the Heritage Hauraki-Coromandel Forum.	11	The forum met twice, in August 2012, and April 2013. At both meetings there were 11 heritage groups represented.	ACHIEVED
That there are 5 heritage buildings owned by the Council.	5	The Council currently owns and maintains five heritage buildings - the Carnegie Building, the Saxon Mine Shaft pump house, Hauraki House, Coromandel Area Office (former Government Buildings) and the Tararu Community Art Centre (former North School building).	ACHIEVED

LAND USE ACTIVITY GROUP

Natural and Cultural Heritage Activity

The Council promotes landowner awareness and enhancement of heritage and biodiversity in the District			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That there is one information mail-out per annum to landowners of heritage buildings, protected trees or conservation covenants.	Letters sent	Letters were sent to the owners of all heritage buildings and protected trees as part of the District Plan review project,	ACHIEVED
That ≥70% of conservation covenants are assessed as 'good'.	58%	This year 45 conservation covenants were monitored with 58% assessed as being in a 'good' condition. The long-term trend is still upward from 2005/2006 when conservation covenant monitoring inspections began when only 40% of covenants were assessed as 'good'. There have been continued improvements in covenant condition. Covenant inspections, the provision of information, advice and support, will continue to be the primary way to achieve improved covenant compliance until gains from these methods reduce - at which time there will likely be an increased focus upon covenant monitoring and enforcement.	NOT ACHIEVED

The Council supports environmental education in schools			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That 11 schools on the Coromandel Peninsula participate in the enviroschools programme.	11 participating schools/ pre-schools	Active schools in the District were: Hikutaia, Moanataiari, Parawai, Tapu, Thames-South, St Francis, Tairua & Opoutere primary schools, Coromandel and Whangamata Area Schools and the Whangamata Kindergarten.	ACHIEVED

Overview of Projects & Variances

There are no major projects or significant variances to report.

WATER SUPPLY ACTIVITY GROUP

Water Supply means the provision of clean water to dwellings and commercial premises in the areas of benefit (usually urban areas) by network reticulation. This helps ensure availability of safe water for drinking and cleaning purposes to maintain public health, and the provision of water for fire fighting to assist public safety. In addition, we promote efficient water use and ensure that water demand management practices are implemented. Clean and safe water is one of the essential needs of the community that the public cannot do without. We provide water supplies via nine urban and two rural water supply schemes throughout our district. The water supply systems include surface takes and groundwater bores, water treatment and storage facilities, a reticulation network and, in some instances, pump stations.

This activity group includes the following activities:

- Water Supply

Contributing to Our District

The Water Supply activity group plays an important role in contributing to **a Prosperous District, a Liveable District and a Clean and Green District** by providing a safe living and working environment, enabling our economy to grow, whilst minimising the impact on the natural environment.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
the number of notified cases of persons affected by waterborne illnesses in our District does not increase *(measured annually)	There were no notified cases of people affected by waterborne illnesses in the last year.
<ul style="list-style-type: none">the % of our water supplies that are compliant with NZ Drinking Water Standards (therefore is considered safe to drink) does not decrease *(measured annually).	There was a fall in performance this year from 100% to 99.76% because of 7 incidents all relating to e-coli. Six of these were in Hahei and there was an isolated case in Matarangi. E-Coli is one component of many when it comes to drinking water standards.

*since last reported on in the Council's Annual Report

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Water Supply	5 of 8	This was a mixed year in terms of performance for this activity, set against a challenging operating environment with the drought over summer. Throughout the whole year, a major focus for this activity was engaging the Thames Valley community in finding a pragmatic solution to delivery of water to this area, which had the potential to be so expensive it was unaffordable. The draw on staff time for this particular project has had an impact on the delivery of other components of the work programme.

WATER SUPPLY ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
0	General Rates, uniform annual general charges, rates penalties	0	0
6,499	Targeted rates (other than a targeted rate for water supply)	7,304	7,214
0	Subsidies and grants for operating purposes	0	0
1,324	Fees, charges and targeted rates for water supply	1,562	1,275
0	Internal charges and overheads recovered	0	0
0	Local authorities fuel tax, fines, infringement fees and other receipts	0	(94)
7,823	Total operating funding	8,866	8,395
Applications of operating funding			
6,027	Payments to staff and suppliers	7,006	4,198
556	Finance costs	530	407
1,424	Internal charges and overheads applied	1,407	1,356
0	Other operating funding applications	0	0
8,007	Total applications of operating funding	8,943	5,961
(184)	Surplus(deficit) of operating funding	(76)	2,434
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	0
234	Development and financial contributions	552	138
2,959	Increase/(decrease) in Debt	2,571	46
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
3,193	Total sources of capital funding	3,124	184
Application of capital funding			
Capital expenditure			
700	- to meet additional demand	715	106
3,067	- to improve the level of service	3,255	458
1,419	- to replace existing assets	1,759	1,288
(2,177)	Increase/(decrease) in reserves	(2,682)	766
0	Increase/(decrease) in Investments	0	0
3,009	Total applications of capital funding	3,047	2,618
184	Surplus(deficit) of capital funding	76	(2,434)
0	FUNDING BALANCE	0	0

WATER SUPPLY ACTIVITY GROUP

Water Supply Activity



What We Do

Clean and safe water is one of the essential needs of the community that the public can simply not do without. Approximately 71% of properties in our district are currently connected, or have the ability to connect to our water supply services. Our water supplies help ensure that people in the areas of benefit (usually urban areas) have safe clean water to drink and to clean with (to maintain public health). The water systems provide water for commercial uses and also fire fighting which helps protect our communities and visitors. Without an adequate water supply, the fire fighting service would be unable to do their jobs and public health and safety would be at risk. We are legally responsible for continuing to provide existing water services.

2012/2013 Highlights

We have worked closely with the communities in the Thames Valley this year to thoroughly investigate the options and find a pragmatic and affordable way forward for the delivery of water services in this small, rural community. In February 2013 we decided the best approach was to maintain and optimise the existing Thames Valley water supply, a decision which is supported by the majority of the community and is the most cost-effective way forward for all ratepayers.

How Well Did We Deliver Our Services in 2012/2013

The Council provides safe and reliable water for household and business use in urban areas			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That water treatment plants where there is a capacity constraint are as follows: <ul style="list-style-type: none"> Hahei Matarangi Thames Valley Matatoki 	All four plants were operational Hahei Matarangi Thames Valley Matatoki	Work has progressed well with the Thames Valley and Matatoki water supply project. The work programme resulting from the extensive consultations will take several years to complete.	ACHIEVED
That ≥90% of urgent requests are responded to within one day.	92.2%	Of the 256 urgent water quality requests received during 2012/2013 there were 20 that were not resolved within a one-day timeframe. Performance is down on last year when there were 201 urgent requests four of which were not addressed within one day giving a result of 98%.	ACHIEVED
That 100% of Council water supplied is compliant with NZ Drinking Water Standards.	99.78%	Hahei had 6 E.Coli readings between January and March. Matarangi had 1 E.Coli reading during January. Upgrades on both these systems are planned during the next financial year. Performance is slightly lower than last year when a result of 99.96% was achieved.	NOT ACHIEVED
That ≥88% residents and non-resident ratepayers who have a view are fairly/very satisfied with water services.	86%	This year's result was a 3% improvement on last year and since the survey began in 2001, only the 2011 result (88%) has been higher. The result is higher than the peer group average (82%) but lower than the national average (88%)	NOT ACHIEVED

WATER SUPPLY ACTIVITY GROUP

Water Supply Activity

The Council provides adequate water to assist with fighting fires			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That 85% of urban properties connected to a Council water supply have an operational fire hydrant within 135 metres distance.	96.3%	Council's district water supply is currently achieving the performance measure.	ACHIEVED
That ≥19% of the total Council hydrants throughout the district are checked.	100%	All fire hydrants were checked throughout the district during the 2012/2013 year. Council's daily operations and maintenance works continue to ensure on-going compliance with this measure.	ACHIEVED

The Council promotes the efficient and sustainable use of water			
What we aimed for	Performance 2012/2013	How we did	Annual Result
That there is a 2% annual reduction in district water production per rateable property per connected property.	4.5% increase	The total amount of water produced rose from 4,830,198 m3 to 5,049,568 m3. Water conservation and restriction measures were implemented during this time. A contributing factor to this 4.5% increase was the extended hot summer. Council is preparing a Water Demand Management Strategy.	NOT ACHIEVED
That water conservation education programmes are delivered.	Programme delivered	Educational information was distributed to properties in all connected settlements. The smart water use programme is still underway district wide.	ACHIEVED

Overview of Projects & Variances

Project	Comment
Thames Urban Renewals	This budget was over spent by \$75,000. As part of the project some additional priority works were required to be undertaken in the course of completing the original works.
Thames Urban Treatment Upgrade	This budget was under spent by \$611,000. A decision was made to defer any works, pending a detailed options paper being presented to Council prior to project initiation.
Thames Urban System Improvements	This budget was under spent by \$206,000. Works originally scoped were not undertaken to conserve costs due to the requirement to completed unplanned, but high priority, works as part of the Thames Urban Renewals project.

WATER SUPPLY ACTIVITY GROUP

Water Supply Activity

Overview of Projects & Variances (continued)

Project	Comment
Thames Valley Renewals Thames Valley New Supply & Reticulations Matatoki Renewals Matatoki New Supply & Reticulations	These projects are being run as part of the long term combined solution, and have been under spent this financial year. Major works have not been undertaken, other than priority works required to ensure on-going operation. Discussions are currently underway with the Waikato Regional Council regarding resource consent requirements. Once a greater degree of certainty is held over consenting, works on the long term project can proceed.
Coromandel Renewals	This budget was under spent by \$95,000. Major works were undertaken, however to ensure good quality decisions can be made for future renewals programming, a long term infrastructure investment plan is being developed. These investigations include sound logging, potholing assets and assessing asset condition and performance. Capacity, including fire fighting capabilities will also be included in the plan.
Whitianga Systems Improvements	This budget was under spent by \$424,000. A decision was made to defer any works, pending a detailed options paper being presented to Council prior to project initiation.
Whitianga CBD Reticulation	\$9,361 was spent on design. During the 2013/2014 Annual Plan deliberations this project was placed under review until a business case and project plan can be considered by the Council.
Tairua Pepe Valley RBF Tairua Consent Pauanui Oturu Intake Pauanui Consent Pauanui Acquifer Reconfiguration	These projects are being run as part of the long term combined solution, and have been under spent this financial year. Discussions are continuing with the Waikato Regional Council regarding long term resource consent applications. Once a greater degree of certainty is held over consenting, works on the long term project can proceed.
Tairua Treatment Plant Upgrade	This budget was under spent by \$149,000. A decision was made to defer any works, pending a detailed options paper being presented to Council prior to project initiation.
Whangamata System Improvements	This budget was under spent by \$462,000 as this project has been carried forward to the 2013/2014 year.

SOLID WASTE ACTIVITY GROUP

The goal of this activity group is to provide environmentally sound waste management initiatives to protect the environment and public health. Proper disposal of rubbish prevents pollution in the environment, ensures hazardous substances are disposed of safely and improves the image of our town centres and public spaces. Sound waste management practices are important for healthy living conditions and, through promoting recycling and reduction, help conserve resources.

We support key sustainable environmental principles to reduce waste, including promoting the waste management hierarchy concept. This ranks waste management practices in order of importance to obtain the most benefit from resources while reducing the quantity of waste produced. In this hierarchy, avoidance and reduction of resource use ranks as most important, followed by re-use and recycling, and finally resource recovery (retrieval of disposed resource materials from the waste stream) and treatment.

This activity group includes the following activities:

- Solid Waste

Contributing to Our District

The Solid Waste activity group plays an important role in contributing to a **Prosperous District**, a **Liveable District** and a **Clean and Green District** by ensuring our communities can easily dispose of waste in a way that minimises harm, ensuring a high standard of public health, enabling our economy to grow whilst protecting our unique natural environment. In fact, our ratepayers rank this activity as their top priority.

Throughout the 2012/2013 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
the volume of council controlled waste per rating unit being disposed of to landfill decreases (measured annually).	This year 516kg of council controlled waste per rating unit was disposed of to landfill, which is an improvement on last year at 537kg.

Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group.

Activity	Performance Measures Achieved	How We Did
Solid Waste	6 of 9	Of the targets not achieved, one was due to technical measurement issues; one did not achieve its target by a margin of 1%, and the other was due to a planned delay in the work programme because of the joint solid-waste contract negotiations.

SOLID WASTE ACTIVITY GROUP

Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Ten Year Plan		Ten Year Plan	Actual
\$000's		\$000's	\$000's
Source of operating funding			
932	General Rates, uniform annual general charges, rates penalties	919	870
3,156	Targeted rates (other than a targeted rate for water supply)	2,706	2,733
0	Subsidies and grants for operating purposes	0	0
2,143	Fees, charges and targeted rates for water supply	2,437	2,348
0	Intenal charges and overheads recovered	0	0
0	Local authorities fuel tax, fines, infringement fees and other receipts	0	0
6,231	Total operating funding	6,063	5,951
Applications of operating funding			
5,328	Payments to staff and suppliers	5,768	5,089
125	Finance costs	124	101
550	Internal charges and overheads applied	598	618
0	Other operating funding applications	0	0
6,003	Total applications of operating funding	6,491	5,808
228	Surplus(deficit) of operating funding	(428)	143
Source of capital funding			
0	Subsidies and grants for capital expenditure	0	0
39	Development and financial contributions	5	4
(7)	Increase/(decrease) in Debt	465	(59)
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
32	Total sources of capital funding	470	(55)
Application of capital funding			
Capital expenditure			
4	- to meet additional demand	36	5
164	- to improve the level of service	206	107
106	- to replace existing assets	136	85
(14)	Increase/(decrease) in reserves	(335)	(109)
0	Increase/(decrease) in Investments	0	0
260	Total applications of capital funding	42	88
(228)	Surplus(deficit) of capital funding	428	(143)
0	FUNDING BALANCE	0	0

SOLID WASTE ACTIVITY GROUP

Solid Waste Activity



What We Do

The Solid Waste activity provides for rubbish to be properly disposed of to protect public health and the environment. The activity also promotes recycling, reuse and resource recovery with the objectives of reducing the amount of waste going to landfill and practising responsible resource efficiency.

While we are not obliged to provide waste management services directly, we are required to ensure there are services provided within our district. We are also required to promote effective and efficient waste management and minimisation within our district.

2012/2013 Highlights

Our rubbish and recycling service is changing as a result of continuing drive to achieve efficiencies. Smart Environmental will deliver an enhanced kerbside rubbish and recycling collection service for the Thames-Coromandel, Hauraki and Matamata Districts in a new combined contract for all three areas. The enhanced service will greatly increase the opportunity to recycle common household items and will start from mid-October 2013.

The new system includes:

- The introduction of a new wheelie bin for recycling (paper, plastics and tin)
- Retention of the existing 'crates' for the recycling of glass
- Retention of 'rubbish bags' for household refuse

By working together as three Districts we are also able to deliver savings to ratepayers but also cater to the unique needs of our communities. Collectively, the Councils have saved ratepayers and users approximately \$4.7 million over a ten-year period.

How Well Did We Deliver Our Services in 2012/2013

Rubbish and recycling kerbside pickup services are provided to solid waste rated residential properties in all urban and most rural areas.

What we aimed for	Performance 2012/2013	How we did	Annual Result
That district rubbish and recycling kerbside pickup is collected weekly.	Weekly collection	There were no disruptions to the collection service.	ACHIEVED
That rubbish and recycling kerbside pickup during peak summer period December 26 and January 31 occurs: <ul style="list-style-type: none"> • Three times per week in Whangamata and Pauanui areas • Twice per week in Tairua, Mercury Bay and Coromandel areas 	Peak season collections occurred	The additional peak season collections were made during the specified periods	ACHIEVED
That ≥91% of residents and non-resident ratepayers who have a view are fairly/very satisfied with solid waste.	90%	This year's performance matched the best ever result achieved in 2006, While the target was not achieved the result was better than the peer group average (86%) and matched the national average.	NOT ACHIEVED

SOLID WASTE ACTIVITY GROUP

Solid Waste Activity

Appropriate facilities and services are provided for the disposal of waste

What we aimed for	Performance 2012/2013	How we did	Annual Result
There are 7 communities with a refuse transfer station.	7	The seven stations operated normally throughout the year.	ACHIEVED
There are 6 communities with a 24hr / 7day drop-off facility.	5	The proposed development at Mercury Bay South was suspended pending the outcome of the Eastern Waikato Joint Solid Waste Services procurement process	NOT ACHIEVED

The Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill

What we aimed for	Performance 2012/2013	How we did	Annual Result
That ≤527kg of Council controlled waste per rating unit is disposed of to landfill.	516kg	This represents an improvement on last year when 537kg of waste per rating unit went to landfill.	ACHIEVED
That ≤757kg of district waste per rating unit is being disposed of to landfill.	Not known	It is not possible to measure the amount of district waste, as council has no access to commercial waste data. This measure is under review.	NOT MEASURABLE

Litter bins are provided for and serviced in public spaces

What we aimed for	Performance 2012/2013	How we did	Annual Result
That public litter bins do not overflow (≥95% of the time).	100%	There were no reported cases of bins overflowing through the audit check process.	ACHIEVED

The Council maintains closed landfill sites

What we aimed for	Performance 2012/2013	How we did	Annual Result
That no formal warnings are issued by the Waikato Regional Council for non-compliance with resource consent/s.	None	No formal warnings have been issued for the 2012/2013 year.	ACHIEVED

SOLID WASTE ACTIVITY GROUP

Solid Waste Activity

Overview of Projects & Variances

Project	Comment
Molok replacements.	\$29,000 was budgeted but Molok replacements were suspended pending the outcome of the Eastern Waikato Joint Solid Waste Services procurement process

A simple invention to address the problem of having to clean up after seagulls pecking at our street-side rubbish bags was the brainchild of a Whangamata resident, Anna Fryer. Her practical and inexpensive solution made from sturdy plastic mesh, a hoop and drawstring top, was product tested and modified by our very own Solid Waste Officer Bryce Loudon and is now providing a cost-effective solution. This issue has featured in customer feedback as far back as 2006.



FINANCIAL STATEMENTS



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GUIDE TO FINANCIAL STATEMENTS

Introduction

The Local Government Act 2002 requires Council to report its actual performance compared to targets published in the Annual Plan. We report against both financial and non-financial measures. The main purpose of providing financial statements is to enable stakeholders (residents and ratepayers, other local authorities, business community groups, Government regulatory bodies etc.) to assess our performance and make decisions regarding Council and how it conducts its business.

This information includes the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the accompanying Statement of Accounting Policies and Notes to the Financial Statements. This information must be prepared according to generally accepted accounting practice and recognised accounting standards.

Statement of Accounting Policies

These explain the basis upon which the financial statements are prepared. They explain the methods adopted by Council used to measure the transactions incorporated into the financial statements above.

Statement of Comprehensive Income

The Statement of Comprehensive Income shows all of Council's revenue earned and expenses incurred for the 12 months up to 30 June 2013. Revenue includes income received from rates and other income such as investment income, rent and fees while expenses paid includes costs such as operating costs, interest payments and depreciation.

This statement shows how total comprehensive income is arrived at. Total comprehensive income is then added or subtracted from Council's equity as shown in the Statement of Changes in Equity.

Statement of Changes in Equity

This statement provides information about the nature of changes in Council's equity during the year.

Statement of Financial Position

The Statement of Financial Position shows the assets and liabilities of the Council as at 30 June 2013.

Assets include cash, accounts receivable (money owed to Council but not yet received), investments, land, buildings, operational and infrastructural assets. Current assets are amounts owed to Council that are expected to be received within the next 12 months while current liabilities are Council's debts that are due to be paid within the next 12 months.

Investments are Council funds held in income earning securities while property, plant and equipment are of a permanent nature and are held for the benefit of the community.

Non-current liabilities represent money owed by Council that does not have to be paid within the next 12 months.

Statement of Cash Flows

This statement covers all the inflows and outflows of cash during the year covered by the Statement of Comprehensive Income. The Statement of Cash Flows identifies the sources and application of cash in respect of Council's operating, investing and financing activities.

Funding Impact Statement.

The Funding Impact Statements ("FIS") have been prepared in accordance with the Local Government (Financial Reporting) Regulations 2011, which came into effect 11 July 2011. This is a reporting requirement unique to Local Government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices ("GAAP"). This is the first year that Council has included the Funding Impact Statement in the Annual Report.

GUIDE TO FINANCIAL STATEMENTS

The purpose of these statements is to report the net cost of services for significant groups of activities (“GOA”) of the Council, and are represented by the revenue that can be attributed to these activities less the costs of providing the service. They contain all the funding sources for these activities and all the applications of this funding by these activities. The GOA FIS include internal transactions between activities such as internal overheads and charges applied and or recovered and internal borrowings. These GOA FIS are contained in “Our Services” section of this report.

The FIS is also prepared at the whole of Council level summarising the transactions contained within the GOA FIS, eliminating internal transactions, and adding in other transactions not reporting in the GOA statements.

These statements are based on cash transactions prepared on an accrual basis and as such do not include non cash/ accounting transactions that are included with the Statement of Comprehensive Income as required under GAAP. These items include but are not limited to Council's depreciation, gain and/or losses on revaluation and vested assets.

They also depart from GAAP as funding sources are disclosed within the FIS as being either for operational or capital purposes. Income such as subsidies received for capital projects, development contributions and proceeds from the sale of assets are recorded as capital funding sources. Under GAAP these are treated as income in the Statement of Comprehensive Income.

Notes to the Financial Statements

These notes to the accounts provide further details of what the summarised amounts reported on in the above financial statements are comprised of. The reference to the note is included in the financial statements 'Notes' column, beside the dollar values for the current financial year.

FINANCIAL STATEMENTS

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013		
Actual			Budget	Actual
\$000's		Notes	\$000's	\$000's
	REVENUE			
58,133	Rates revenue, excluding targeted water supply rates.	3	54,785	54,393
10,610	Fees, charges, and targeted rates for water supply	3	11,505	10,336
955	Contributions revenue	3	2,484	594
32	Investment revenue	3	15	36
5,613	Subsidies revenue	3	6,150	4,983
0	Gains on changes in fair value of biological assets	3	117	421
0	Gains on revaluation of derivative financial instruments	3	691	1,633
846	Property vested	3	2,700	469
76,190	TOTAL REVENUE	2	78,447	72,865
	EXPENDITURE			
17,016	Depreciation and amortisation	4	18,675	17,877
13,380	Personnel costs	4	12,494	12,994
3,361	Finance costs	4	4,176	3,830
38,217	Other direct operating expenses	4	39,625	35,910
3,885	Other losses	4	0	1,043
75,858	TOTAL EXPENDITURE	2	74,969	71,654
330	SURPLUS FROM OPERATIONS		3,477	1,211
14	Share of joint venture surplus/(deficit)	18	0	12
344	NET SURPLUS FOR THE YEAR		3,477	1,223
	OTHER COMPREHENSIVE INCOME			
16,816	Gain on property revaluation	7	27,916	25,881
16,816	TOTAL OTHER COMPREHENSIVE INCOME		27,916	25,881
17,160	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		31,393	27,104

The accompanying notes form part of these financial statements.

The explanations of major variances against budget are provided in Note 36.

FINANCIAL STATEMENTS

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2013

2012		2013	
Actual		Budget	Actual
\$000's	Notes	\$000's	\$000's
1,173,921	Balance at 1 July	1,194,584	1,191,081
17,160	Total comprehensive income	31,393	27,104
17,160	Total comprehensive income	31,393	27,104
1,191,081	BALANCE AT 30 JUNE	7	1,225,976
			1,218,184

The accompanying notes form part of these financial statements.

The explanations of major variances against budget are provided in Note 36.

FINANCIAL STATEMENTS

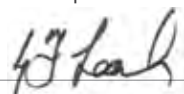
Statement of Financial Position

AS AT 30 JUNE 2013

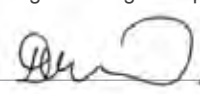
2012			2013	
Actual			Budget	Actual
\$000's			Notes	\$000's
ASSETS				
Current Assets				
823	Cash and cash equivalents	8	412	163
6,885	Debtors and other receivables	9	6,142	6,443
82	Other financial assets	11	0	95
238	Inventories	12	416	200
8,028	Total Current Assets		6,970	6,901
Non-current Assets				
359	Postponed rates	14	307	347
	Other financial assets			
64	Investments in CCOs	11	0	368
142	Investments in other entities	11	276	163
7,352	Intangible assets	16	6,254	7,294
2,363	Forestry assets	17	2,554	2,784
1,249,109	Property, plant and equipment	15	1,298,071	1,277,044
1,259,389	Total Non-current Assets		1,307,461	1,288,000
1,267,417	TOTAL ASSETS		1,314,431	1,294,901
LIABILITIES				
Current Liabilities				
15,571	Creditors and other payables	19	14,670	13,298
934	Derivative financial instruments	10	96	727
1,172	Employee entitlements	20	1,675	1,232
812	Provisions	21	400	1,523
30,956	Borrowings	22	1,000	11,152
49,444	Total Current Liabilities		17,842	27,931
Non-current Liabilities				
349	Employee entitlements	20	306	204
6,195	Provisions	21	4,084	8,310
3,856	Derivative financial instruments	10	2,088	2,431
16,493	Borrowings	22	64,135	37,841
26,893	Total Non-current Liabilities		70,613	48,786
76,337	TOTAL LIABILITIES		88,455	76,717
1,191,081	NET ASSETS		1,225,976	1,218,184
EQUITY				
442,814	Accumulated funds	7	370,156	377,703
33,357	Restricted reserves	7	33,357	33,357
(13,032)	Council-created reserves	7	51,487	53,538
727,941	Property revaluation reserves	7a	770,977	753,586
1,191,081	TOTAL EQUITY		1,225,976	1,218,184

The accompanying notes form part of these financial statements. The explanations of major variances against budget are provided in Note 36.

Glenn Leach
DISTRICT MAYOR



David Hammond
CHIEF EXECUTIVE



FINANCIAL STATEMENTS

Statement of Cash Flows

FOR THE PERIOD ENDED 30 JUNE 2013

2012		2013	
Actual		Budget	Actual
\$000's	Notes	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
56,970	Receipts from rates revenue, excluding targeted water supply rates	54,785	53,803
1,170	Targeted rates for water supply	1,553	1,154
17,316	Receipts from other revenue	18,586	16,347
32	Interest received	15	36
(92)	Goods and services tax received	0	405
75,396		74,939	71,745
Cash was applied to:			
50,749	Payments to suppliers and employees	52,645	47,909
3,290	Finance costs	4,176	3,454
54,039		56,821	51,363
21,357	Net cash inflow/(outflow) from operating activities	18,118	20,382
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
0	Advance payments received	0	0
60	Proceeds from sale of property, plant and equipment	624	103
60		624	103
Cash was applied to:			
4	Advance payments made	0	325
20,025	Purchase of property, plant and equipment	30,029	21,793
2,531	Purchase of intangible assets	934	572
22,560		30,963	22,690
(22,500)	Net cash inflow/(outflow) from investing activities	(30,339)	(22,587)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
105,200	Proceeds from borrowings	11,713	170,100
105,200		11,713	170,100
Cash was applied to:			
41	Repayment of finance lease liabilities	0	5
103,250	Repayment of borrowings	(426)	168,550
103,291		(426)	168,555
1,909	Net cash inflow (outflow) from financing activities	12,139	1,545
766	Net increase/(decrease) in cash and cash equivalents	(82)	(660)
57	Cash and cash equivalents at the beginning of the year	528	823
823	CASH AND CASH EQUIVALENTS AT END OF THE YEAR	446	163

The accompanying notes form part of these financial statements.

The explanations of major variances against budget are provided in Note 36.

FINANCIAL STATEMENTS

Funding Impact Statement for Whole of Council

FOR THE YEAR ENDED 30 JUNE 2013

2012			2013	
Ten Year Plan	Actual		Ten Year Plan	Actual
\$000's	\$000's		\$000's	\$000's
Source of operating funding				
17,603	17,699	General Rates, uniform annual general charges, rates penalties	15,091	14,612
40,353	40,435	Targeted rates (other than a targeted rate for water supply)	39,679	39,774
2,624	2,560	Subsidies and grants for operating purposes	2,243	2,251
10,146	9,939	Fees, charges and targeted rates for water supply	10,827	9,653
15	32	Interest and dividends from investments	15	36
739	671	Local authorities fuel tax, fines, infringement fees and other receipts	754	690
71,480	71,336	Total operating funding	68,609	67,016
Applications of operating funding				
55,269	51,595	Payments to staff and suppliers	52,645	47,655
4,366	3,361	Finance costs	4,176	3,453
0	0	Other operating funding applications	0	0
59,635	54,956	Total applications of operating funding	56,821	51,108
11,845	16,380	Surplus(deficit) of operating funding	11,788	15,908
Source of capital funding				
3,740	3,053	Subsidies and grants for capital expenditure	3,908	2,751
3,658	955	Development and financial contributions	2,422	594
12,911	1,950	Increase/(decrease) in Debt	12,139	1,550
45	60	Gross proceeds from sale of assets	624	103
0	0	Lump sum contributions	0	0
20,354	6,018	Total sources of capital funding	19,092	4,998
Application of capital funding				
Capital expenditure				
4,955	3,930	- to meet additional demand	4,717	4,334
17,520	11,582	- to improve the level of service	13,857	8,073
10,575	7,565	- to replace existing assets	12,388	8,117
(851)	(687)	Increase/(decrease) in reserves	(82)	382
0	8	Increase/(decrease) in Investments	0	0
32,199	22,398	Total applications of capital funding	30,880	20,906
(11,845)	(16,380)	Surplus(deficit) of capital funding	(11,788)	(15,908)
0	0	FUNDING BALANCE	0	0

The accompanying notes form part of these financial statements.

The explanations of major variances against budget are provided in Note 36.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies

Reporting Entity

Thames-Coromandel District Council (Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Council are for the year ended 30 June 2013 and were authorised for issue by Council on 2 October 2013.

Basis of Preparation

Statement of compliance

The financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP and they comply with NZ IFRS as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on an historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets and certain financial instruments (including derivative instruments).

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Council is in New Zealand dollars.

Changes in accounting policies

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

Change in reporting format from prior year

There have been no changes in reporting format from prior years.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to Council include:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore Council will transition to the new standards in preparing its 30 June 2015 financial statements. Council has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income, and expenses on a line-by-line basis. All significant intragroup balances, transactions, income, and expenses are eliminated on consolidation.

Associates

An associate is an entity, over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are recognised under the equity method of accounting as prescribed in NZ IAS 28 Investments in Associates whereby the investment in the associate is recognised at cost with the carrying amount adjusted to reflect the ownership interest in the associate.

Council has elected to recognise its interests in both the Hauraki Rail Charitable Trust and Destination Coromandel Trust as associates of Council. However, given that Council does not have an ownership interest in either trust and that no share of the profit or loss is made to Council, it is impractical for Council to recognise its relationship with both trusts through this method of accounting. Nevertheless, the relationship is recognised as a related party with the appropriate disclosures made in accordance with NZ IAS 24 Related Party Disclosures.

Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Council has a 40% interest in a jointly controlled entity called the Thames Valley Emergency Operating Area (TVEOA). Council is the administering authority of this entity and accounts for its interest in this entity under the equity-method of accounting.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Revenue from water by volume rates is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Government grants

Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual services provided as a percentage of the total services to be provided.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in Council are recognised as income when control over the asset is obtained.

Sale of goods

Revenue from sales of goods is recognised when a product is sold to the customer.

Traffic and parking infringements

Revenue from traffic and parking infringements is recognised when payment of the infringement notice is received.

Interest and dividends

Interest income is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the interest rate applicable.

Dividends are recognised when the right to receive payment has been established.

Development and financial contributions

Development and financial contributions from subdivision consents are recognised as income upon the granting of the resource consent and prior to the completion certificate being issued pursuant to Section 224c of the Resource Management Act 1991. Contributions from land use consents are recognised as income upon the granting of the resource consent.

Development contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. However, where contributions are collected in advance to fund a service that is not actually provided for in a particular area, the contribution is classified as revenue in advance.

Donated services

The work of Council relies on the voluntary services of residents, particularly in the activities of parks and reserves, libraries, and foreshores. Since these services are not purchased by Council and, because of the difficulty of determining their value with reliability, donated services are not recognised in these statements.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated funds;
- Restricted reserves;
- Property revaluation reserves; and
- Council created reserves.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Accumulated funds

The accumulated surpluses do not represent cash available to offset future rate increases, but rather it represents the community's investment in publicly owned assets resulting from past surpluses.

Restricted reserves

Restricted reserves are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Property revaluation reserves

The property revaluation reserves recognise any increase or decrease in the carrying value of Council's revalued assets.

Council created reserves

Council created reserves are reserves restricted by Council decision. Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council. Council created reserves consist of specifically named reserves into which funds are put for specific purposes, as well as reserves for unspent revenue from one year which Council deems appropriate to be expended in the following year, usually to finish incomplete, but previously budgeted work. Council created reserves also include reserves for depreciation which have been funded but not yet utilised.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative Financial Instruments

Council uses derivative financial instruments to hedge exposure interest rate risks arising from financing activities.

Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at 30 June 2013. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Any gains or losses arising from changes in fair value are taken directly to the surplus or deficit for the year.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in the surplus or deficit.

The portion of the fair value of an interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion classified as non-current.

Council has elected not to apply hedge accounting to its derivative financial instruments.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Other Financial Assets

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

Council classifies its financial assets into the following three categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables; and
- Fair value through other comprehensive income.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Council's financial assets at fair value through profit and loss include derivatives that are not designated as hedges including interest rate swaps and foreign exchange options.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Council's loans and receivables are comprised of cash and cash equivalents, trade and other receivables, term deposits and loans.

Fair Value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of the balance date.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised through other comprehensive income, except impairment losses, which are recognised through the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Investments in this category include shares held in New Zealand Local Government Insurance Corporation Limited and Local Authority Shared Services Limited.

Council has a one-twelfth ordinary shareholding in the Local Authority Shared Services Limited. The investment also consists of shares in the Shared Valuation Data Service, service shares in the Waikato Region Aerial Photography Service and Waikato Regional Transport Model. These shares have been measured at cost at the date of acquisition and have remained at cost, which may not equate to fair value.

Each year within the Annual Report, Council recognises its interest in its jointly controlled entity, the Thames Valley Emergency Operating Area using the Equity Method (per NZIAS 28 Para. 11-12). This allows Council to recognise the investment initially at cost. The carrying amount is then increased or decreased to recognise Council's share of the surplus or deficit of the jointly controlled entity after the date of recognition.

Fair Value

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using other valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions which exist at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for any remaining financial instruments held.

Impairment of Financial Assets

At each balance date, Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and other receivables

Impairment is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, unlisted shares, related party and community loans, impairment losses are recognised directly against the instrument's carrying amount.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Quoted and unquoted equity instruments

For equity instruments classified as fair value through other comprehensive income, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss of that financial asset previously recognised in the surplus or deficit) is removed from equity and recognised in the surplus or deficit. Impairment losses recognised in the surplus or deficit on equity investments are not reversed through the surplus or deficit.

Inventory

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, and adjusted when and where applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Non-current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Forestry Assets

Standing forestry assets are independently revalued annually at fair value less estimated point of sale costs for harvesting, transport, roading and management for one growth cycle. Fair value is determined based on the present value of expected net cash flows that would arise if the asset were harvested today, discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions. The valuation is of standing timber only, exclusive of the underlying land value.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

The cost to maintain the forestry assets are included in the surplus or deficit.

Property Plant and Equipment

Property, plant and equipment consist of operational assets, restricted assets, and infrastructural assets.

Operational Assets

These include operational land, buildings and improvements, library books, furniture and fittings, plant and equipment, swimming pools, refuse processing and disposal, computer hardware, motor vehicles, and leased photocopiers.

Restricted Assets

Restricted assets are parks and reserves (including public toilets) owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructural Assets

Infrastructure assets are the fixed utility systems owned by Council including roads, footpaths, bridges and culverts, water, wastewater, storm water, reserve improvements and harbour facilities. Each asset class includes all items that are required for the network to function.

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the financial statements because there little or no service potential from the majority of these paper roads. Valuing these assets is also difficult. It is difficult to measure the service benefit to the public from having access to these routes. There is also limited market data detailing recent sales of such small individual areas arguably due to the high cost of disposal.

Revaluations

The result of any revaluation of Council's property, plant and equipment is recognised within other comprehensive income and is also credited or debited to the asset revaluation reserve for that class of property, plant and equipment.

Where this results in a debit balance in the reserve for a class of property, plant and equipment, the debit balance component is included within the surplus or deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised within the surplus or deficit will be recognised firstly, within the surplus or deficit up to the amount previously expensed, and then secondly recognised within other comprehensive income and credited to the revaluation reserve for that class of property, plant and equipment.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount. Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

The carrying value of land is assessed in between revaluation cycles to ensure that it does not differ materially from its fair value. If there is a material difference, then it would be required to be revalued.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Operational Assets	Is asset class revalued?	Revaluation Frequency
Land	Yes	Bi-annual
Buildings	Yes	Annually
Computer Hardware	No	Not applicable
Furniture and Fittings	No	Not applicable
Library Collections	No	Not applicable
Plant and Machinery	No	Not applicable
Swimming Pool	No	Not applicable
Refuse Processing and Disposal	Yes	Annually
Infrastructural Asset		
Parks and Furniture	Yes	Annually
Bridges and Culverts	Yes	Annually
Footpaths	Yes	Annually
Harbour Facilities	Yes	Annually
Roads (incl. land under roads)	Yes	Annually
Water, Stormwater and Wastewater	Yes	Annually
Reserves Land	Yes	Bi-annual

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Property, plant, and equipment is initially recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Realised gains and losses arising from the disposal of property, plant and equipment are recognised within the surplus or deficit in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to accumulated funds.

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land and assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its estimated useful life.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

The estimated useful lives of the major classes of property, plant and equipment and associated depreciation are as follows:

Operational Assets	Useful Lives	Depreciation Rate
Buildings	2-59 years	1.7%-50.0%
Computer Hardware	3-10 years	10.0%-33.3%
Furniture and Fittings	3-25 years	4.0%-33.3%
Library Collections	10 years	10.0%
Plant and Machinery	5-10 years	10.0%-20.0%
Refuse Processing and Disposal	10-80 years	1.3%-10.0%
Swimming Pool	10-50 years	2.0%-10.0%
Infrastructural Asset	Useful Lives	Depreciation Rate
Reserve Improvements		
Cemeteries	10-80 years	1.3%-10.0%
Equipment	5-50 years	2.0%-20.0%
Fences	10-75 years	1.3%-10.0%
Furniture	10-30 years	3.3%-10.0%
Pavement	8-90 years	1.1%-12.5%
Playground	15-25 years	4.0%-6.67%
Signs	10-50 years	2.0%-10.0%
Structures	10-80 years	1.3%-10.0%
Bridges and Culverts	100 years	1.0%
Footpaths	20-50 years	2.0%-5.0%
Harbour Facilities		
Ramp	100 years	1.0%
Wharf	40-50 years	2.0%-2.5%
Harbour general	20-50 years	2.0%-5.0%
Reclamations	15-100 years	1.0%-6.7%
Slipway	50 years	2.0%
Water		
Plant	5-100 years	1.0%-20.0%
Signs	10 years	10.0%
Hydrants/valves	15-80 years	1.3%-6.7%
Mains	60-100 years	1.0-1.7%
Connections	80 years	1.3%
Wastewater		
Pipes	60-100 years	1.0-1.7%
Connections	80 years	1.3%
Manholes	80 years	1.3%
Plant	5-100 years	1.0%-20.0%
Vents	20-80 years	1.3%-5.0%
Stormwater		

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Pits	80-100 years	1.0%-1.3%
Drains	50-100 years	1.0%-2.0%
Plant	10-90 years	1.1%-10.0%
Roads		
Railing	15-20 years	5.0%-6.7%
Drainage	60 years	1.7%
Signs	15 years	6.7%
Lights	2-10 years	10.0%-50.0%
Poles	25-50 years	2.0%-4.0%
Brackets	50 years	2.0%
Retaining Walls	99 years	1.1%
Minor Structures	30 years	3.3%
Surface Water Channels	15-50 years	2.0%-6.7%
Surface	3-30 years	3.3%-33.3%
Basecourse	60-80 years	1.3%-1.67%
Subbase	60-70 years with a 100% residual value	0.0%
Formation	Infinite	Not depreciated

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Intangible Assets

Software Acquisition and Development Costs

Software Acquisition and development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Preliminary staff costs for new software attributable to either, preparing the asset for its intended use, or testing whether the asset is functioning properly, are capitalised.

Costs that are directly associated with the development of software for internal use by Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Easements

Easements are not cash generating in nature, instead they give Council the right to access private property where infrastructural assets are located.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Council has not valued and recognised easements as an intangible asset under NZ IAS 38 Intangibles. The work required identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, and having no active market for this particular asset type. There is also no recognised valuation methodology.

For these reasons, Council has opted not to recognise easements as an intangible asset because they cannot be quantified and the value of the easements cannot be measured reliably.

Resource Consents

It is difficult to determine the fair value of Resource Consents due to their specialised nature and having no active market to compare values against. For these reasons, Council holds resource consents at deemed cost and they are amortised over the life of the asset.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Intangible Asset	Useful lives	Amortisation Rate
Computer software	5 years	20.0%
Resource consents	7-30 years	3.3%-14.3%
Aerial Photography	5 years	20.0%

Impairment of Property, Plant and Equipment and Intangible Assets

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised.

The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within the surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive income. Should the impairment loss result in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve, and subsequently through other comprehensive income. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Assets under Construction

Assets under construction are not depreciated. The total cost of a completed project is transferred to the relevant asset class at balance date.

Creditors and other payables

Short-term creditors and other payables are recorded at fair value.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method where the difference to carrying value is material. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing Costs

Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Landfill Post-closure Costs

Council has a legal obligation to provide on-going maintenance and monitoring services at its five closed landfill sites. A provision for post-closure costs is recognised as a liability in the statement of financial position. The provision is measured based on the present value of future cash outflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all known costs associated with landfill post-closure.

Leaky Home Settlement Costs

As a result of legal precedent that Councils are liable for a share of leaky homes repair costs, a provision for estimated settlement costs has been recognised as a liability in the statement of financial position. The provision is measured based on the present value of future cash outflows expected to be incurred, taking into account future events. The provision includes all expected settlement costs. When there is a high level of uncertainty, a contingent liability is recognised.

Reserve Contribution Credits

A provision has been established in the statement of financial position for the estimated liability associated with historic reserve contribution credits, as a result of subdivision's vesting of reserves prior to the introduction of the Development Contribution Policy in October 2004. In addition to this, a provision has been established for Reserve Contribution credits associated with the development of the Whitianga multi-sports complex centre.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts have not been provided for in the statement of financial position because Council has assessed the probability of a financial guarantee being called up as 'less than likely to occur' and the club or organisation has provided an indemnity to Council that transfers ownership of the assets to Council in the event of the guarantee being called up. Council's exposure to any risk is therefore mitigated and minimal. As such, financial guarantees are disclosed as a contingent liability because it is less likely than not that a present obligation exists.

Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense in the surplus or deficit on a straight-line basis over the lease term.

Rental income from an operating lease is recognised on a straight-line basis over the term of the relevant lease.

Income tax

Council is exempt from income tax. Accordingly, no provision has been made for income tax.

Employee Entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where Council has a contractual obligation, or where a past practice has created a constructive obligation at balance date.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement; and contractual entitlement information; and
- The present value of estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability in the statement of financial position.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Defined benefit schemes

Council makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit plan accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus or deficit will affect future contributions by individual employers, as there is no prescribed bases for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 28.

Statement of cash flows

Operating activities include cash received from all income sources of Council and records the cash payments made for the supply of goods and services. Agency transactions are not recognised as receipts and payments in the statement of cash flows.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of Council.

Budget figures

The budget figures are those approved by Council in its 2012-2022 Ten Year Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

Cost Allocation

Council has derived the cost of service for each Council activity using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those that cannot be identified in an economically feasible manner for a specific Council activity.

Direct costs are charged directly to Council activities that incur those costs. Indirect costs are charged to Council activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 1 - Statement of Accounting Policies (continued)

Critical accounting estimates and assumptions

In preparing these financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Infrastructural assets

Note 15 provides further information about the estimates and the assumptions applied in determining the fair value of infrastructural assets.

Landfill aftercare provision

Note 21 provides further information about the estimates and the assumptions surrounding the Landfill aftercare provision.

Leaky Home settlement costs

Note 21 provides further information about the estimates and the assumptions surrounding the Leaky Home Settlement Provision.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 2 -Total Revenue and Expenses by Activity (including Internal Charges)

2012		2013	
Actual		Budget	Actual
\$000's		\$000's	\$000's
REVENUE			
Council activities			
2,750	Community leadership	1,987	2,070
4,108	Planning for the future	2,861	3,063
5,644	Health and Safe Communities	5,087	4,963
14,319	Roads and Footpaths	14,625	13,350
10,194	Community Spaces	10,078	9,425
1,800	Community Development	2,605	2,700
3,272	Stormwater	3,203	3,106
16,157	Wastewater	15,870	14,573
3,015	Land Use	3,138	2,558
7,794	Water Supply	9,419	8,533
6,289	Solid Waste	6,067	6,001
75,343	Total revenue from Council activities	74,939	70,342
846	Assets vested and introduced	2,700	469
0	Other gains	808	2,054
76,190	TOTAL REVENUE	78,447	72,865
EXPENDITURE			
Council activities			
3,747	Community leadership	3,225	3,103
3,078	Planning for the future	2,756	2,817
6,355	Health and Safe Communities	6,587	6,117
14,481	Roads and Footpaths	13,729	13,077
9,226	Community Spaces	10,210	9,523
2,342	Community Development	2,874	2,463
2,743	Stormwater	3,081	2,683
14,134	Wastewater	14,980	13,463
3,294	Land Use	3,272	3,301
7,122	Water Supply	8,414	7,983
5,451	Solid Waste	5,841	6,080
71,974	Total cost of services	74,969	70,610
176	Impairment on inventory	0	30
3,710	Other losses	0	1,013
75,860	TOTAL EXPENSES	74,969	71,654
330	SURPLUS FROM OPERATIONS	3,477	1,211

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 3 - Revenue

2012		2013
Actual		Actual
\$000's		\$000's
	RATES REVENUE, EXCLUDING TARGETED WATER SUPPLY RATES	
8,903	General rates	8,312
8,060	Uniform annual general charge	6,081
40,434	Targeted rates	39,278
736	Penalties	722
58,133	Total Rates Revenue, excluding targeted water supply rates.	54,393
	TOTAL RATES REVENUE	
58,133	Rates revenue excluding targeted water supply rates	54,393
1,120	Targeted water supply rates	1,270
59,253	Total annual Rates Income	55,663
9,490	Other user fees and charges	9,066
9,490	Total other operating revenue	9,066
	INVESTMENT REVENUE	
32	Interest received	36
32	Total investment revenue	36
	GAINS	
	Non-financial instruments	
0	Gains on changes in fair value of biological assets	421
	Financial Instruments	
0	Gains on changes in fair value of derivative financial instruments	1,633
0	Total other gains	2,054
	ASSETS VESTED	
16	Plant and equipment	0
2	Reserves land	1
19	Reserves improvements	15
384	Roads and footpaths	174
125	Wastewater	65
96	Water	96
204	Stormwater	118
846	Total assets vested in Council	469
	OTHER REVENUE	
955	Contributions	594
5,613	New Zealand Transport Agency subsidies	4,983
6,568	Total other revenue	5,577
76,190	TOTAL REVENUE	72,865

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 3 - Revenue (continued)

LGFA Guarantee and Indemnity Deed

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of Council for the year ended 30 June 2013 for the purposes of the LGFA Guarantee and Indemnity Deed is disclosed above.

Non-Rateable Land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates, the uniform annual general charge and certain targeted rates. These include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water and refuse. Non-rateable land does not constitute a remission under the Council's rates remission policy.

Gifted and Vested Assets

The following assets were gifted to the Council during the 2012-2013 financial year:

- Picnic Tables at Thames (2)
- Park Seats in Thames (2), Waiomu (2), Thornton Bay (2), Te Puru (1) and Pauanui (2).

Park Seats and Picnic Tables

Each park seat was valued at \$750 with the exception of the seat at Te Puru, which was valued at \$2,500. Each picnic table was valued at \$2,500. Park Seats and Picnic Tables are donated to Council in memoriam of a passed loved one. These seats and picnic tables generally symbolise a favoured spot or location on the Peninsula of the person being remembered. The benches and picnic tables are donated to Council with a commemorative plaque. Council then meets all installation costs and any on-going maintenance costs of the assets. It should be noted however, that Council does not replace a plaque should it be either damaged or stolen.

Vested Assets

The Council has had vested to it certain infrastructural assets and land as part of the sub-divisional process. The Council recognises the value of these assets as income in the statement of comprehensive income with an equivalent increase in property, plant and equipment in the statement of financial position.

Subsidies and Grants

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2012 nil).

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 4 - Expenditure

2012		2013
Actual		Actual
\$000's		\$000's
PERSONNEL COSTS		
13,683	Salaries and wages	12,904
158	Employer contributions to defined contribution plans	184
(461)	Increase/(decrease) in employee benefit liabilities	(94)
13,380	Total personnel costs	12,994
AMORTISATION		
209	Resource Consents	276
89	Aerial Photography	88
247	Computer software	266
545	Total amortisation expense	630
DEPRECIATION		
735	Buildings	821
447	Computer hardware	439
183	Furniture and fittings	196
135	Library collections	127
300	Plant, machinery and vehicles	297
182	Solid Waste	189
319	Bridges and culverts	340
702	Footpaths	731
127	Harbour facilities	183
820	Reserves improvements	868
4,671	Roads	4,839
1,053	Stormwater	1,265
4,288	Wastewater	4,396
2,509	Water	2,556
16,471	Total depreciation expense	17,247
17,016	Total depreciation and amortisation expense	17,877
FINANCE COSTS		
	Interest expense	
3,288	Interest on bank borrowings	3,453
2	Interest on finance leases	1
71	Discount unwinding: Refer Note 21 Provisions	376
3,361	Total finance costs	3,830
OTHER EXPENSES		

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 4 - Expenditure (continued)

	Audit fees	
142	Fees for annual report audit	140
120	Fees for 2012-22 Long Term Plan audit	0
197	Grants provided	327
156	Impairment of receivables: Refer Note 9 Debtors and other receivables	158
19	Operating leases	20
458	Rates remissions: Refer Note 5 Rates remissions	423
37,125	Other operating expenses	34,842
38,217	Total other expenses	35,910
	OTHER LOSSES	
1,618	Losses on disposal of property, plant and equipment: Refer Note 6 Gains/losses on disposal	1,013
74	Losses on changes in fair value of forestry assets	0
2,017	Losses on changes in fair value of interest rates swaps	0
176	Impairment of spare parts for obsolescence	30
3,885	Total other losses	1,043
75,858	TOTAL EXPENDITURE	71,654

Employer contributions to Defined Benefit Plan Contributors Scheme include kiwisaver contributions.

Grants provided are for grants made by Council or Community Boards only. Payments covered by service level agreements have been excluded.

Note 5 - Rates Remissions

Rates relief provided by the Council includes rates postponement (for further details refer Note 14 Postponed rates) and rates remissions. The objective of rates remissions is to recognise the diverse nature of the Coromandel and enhance the social and economic development throughout the Peninsula. The different type of rates remissions and the specific objectives of each type of rates remission are set in accordance with the policy outlined in the Ten Year Plan. Council's remission policy has been treated as an expense in accordance with the Council's view that this is in the nature of a grant, not a reduction of revenue.

2012		2013
Actual		Actual
\$000's		\$000's
	Rates remissions are comprised of:	
5	Land held for conservation or preservation purposes	13
23	Community sporting and non-profit organisations	21
140	Maori freehold land	126
5	Land affected by a natural calamity	2
20	Rating units occupied/owned in common (includes residential and rural)	0
65	Wastewater charges for schools	56
196	Rating units containing two separately habitable units (second dwelling)	200
4	Unusable land	5
458	TOTAL REMISSIONS	423

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 6 - Gains/Losses on Disposal of PPE

The following gains/losses on the disposal of fixed assets are included as an expense in the Statement of Comprehensive Income:

2012		2013
Actual		Actual
\$000's		\$000's
	Gains on disposal include:	
3	Hardware	5
1	Plant	3
1	Motor Vehicles	29
5	Total gains on disposal of property, plant and equipment	37
	Losses on disposal include:	
17	Software	0
28	Footpaths	36
4	Furniture and Fittings	0
41	Reserves improvements	33
0	Bridges	31
696	Roading	340
34	Stormwater	6
55	Wastewater	18
81	Water	204
667	Work in progress	382
1,623	Total losses on disposal of property, plant and equipment	1,050
1,618	TOTAL LOSS/(GAIN) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	1,013

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7 - Equity

2012		2013
Actual		Actual
\$000's		\$000's
	ACCUMULATED FUNDS	
441,442	Opening balance	442,815
0	Net movement in restricted reserves	
724	Net movement in Council created reserves	(66,572)
305	Transfers from property revaluation reserves on disposal	237
344	Net surplus for the year	1,223
442,815	Total consolidated accumulated funds	377,703
	RESTRICTED RESERVES	
	Reserves land (restrictions imposed by title)	
31,616	Opening balance	31,616
0	Net movement in reserves land	0
31,616	Closing balance	31,616
	Endowment farms trust property (restrictions imposed by statute)	
1,741	Opening balance	1,741
0	Net movement in endowment farms trust property reserve	0
1,741	Closing balance	1,741
33,357	Total restricted reserves	33,357
	COUNCIL CREATED RESERVES	
	Specifically named reserves available to fund activities	
(29,601)	Opening balance	(33,533)
(3,932)	Net movement in specifically named reserves	66,264
(33,533)	Closing balance	32,731
	Retained revenue reserves available to fund activities	
9,849	Opening balance	11,771
1,923	Net movement in retained revenue reserves	216
11,771	Closing balance	11,986
	Funded depreciation reserves to fund capital items	
5,486	Opening balance	6,748
1,262	Net movement in funded depreciation reserves	873
6,748	Closing balance	7,621
	Special LGAC reserves to fund capital items	
1,959	Opening balance	1,982
23	Net movement in special LGAC reserves	(783)
1,982	Closing balance	1,199
(13,033)	Total council created reserves	53,538

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7 - Equity (continued)

PROPERTY REVALUATION RESERVES		
711,429	Opening revaluation reserves	727,941
16,816	Net revaluation gains	25,882
0	Gains/(losses) taken to equity for impairments of land	0
(305)	Transfer to accumulated funds on disposal of property	(237)
727,941	Closing property revaluation reserves	753,586
1,191,081	TOTAL EQUITY	1,218,184

Council Created Reserves are reserves created at discretion of Council.

The accumulated surpluses do not represent cash available to offset future rate increases, rather they represent the community's investment in publicly owned assets resulting from past surpluses.

Council created reserves consist of:

- Specifically named reserves into which funds are put for specific purposes;
- Unspent (retained) revenue from one year which the Council deems appropriate to be expended in the following year, usually to finish incomplete budgeted work; and
- Unspent depreciation reserves.

Note 7A - Property Revaluation Reserve

		Activity	Opening balance 1 July 2012	Deposited to fund to 30 June 2013	Withdrawals from fund to 30 June 2013	Closing balance 30 June 2013
Buildings	Council	(9,570)	(3,643)			(13,213)
Footpaths	Roads and Footpaths	(7,196)	(225)		15	(7,406)
Harbour facilities	Harbours	(1,389)	(1,636)			(3,025)
Land	Land	(237,914)			7,364	(230,550)
Reserves Improvements	Land	(4,941)			612	(4,329)
Bridges and Culverts	Roads and Footpaths	(5,684)	(1,022)		12	(6,694)
Roads	Roads and Footpaths	(324,244)	(7,659)		53	(331,850)
Refuse processing and disposal	Solid waste	(1,717)	(112)			(1,829)
Stormwater	Stormwater	(37,614)	(14,536)		4	(52,146)
Wastewater	Wastewater	(43,174)	(1,396)		1	(44,569)
Water	Water	(54,498)	(3,610)		133	(57,975)
TOTAL PROPERTY REVALUATION RESERVES		(727,941)	(33,840)	8,193		(753,586)

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7B - Council Created Reserves

The Council's assets depreciate as they are consumed. As such, the cost of depreciation (in most cases) is passed on to the consumer through either rates or fees and charges. There will normally be a timing difference between the collection of this depreciation charge and the utilisation of it to fund new capital works. This will create movements in these reserves.

Reserve Name	Purpose	Activity	Opening balance July 2012	1 Deposited to fund to 30 June 2013	Withdrawals from fund to 30 June 2013	Closing balance 30 June 2013
DEPRECIATION RESERVES						
DISTRICT	Administration assets	Community Leadership	(605,267)	(1,314,063)	1,169,403	(749,927)
	Commercial Land & Buildings	Community Leadership	0	(70,008)	(220,186)	(290,194)
	Housing for the Elderly	Community Leadership	(19,242)			(19,242)
	Subsidised Rooding	Rooding	(762,438)	(4,164,792)	4,927,230	0
	Solid waste	Solid waste	0	(189,202)	189,202	0
	Monitoring & Inspections	Building Control	(17,010)	(27,328)		(44,338)
	Wastewater	Wastewater	0	(3,474,714)	3,474,714	0
	Public Conveniences	Public Conveniences	0	(153,053)	153,053	0
	Cemeteries	Cemeteries	0	(44,520)	44,520	0
			(1,403,957)	(9,437,680)	9,737,936	(1,103,701)
THAMES	Local Consolidation		(1,271,921)	(710,715)	393,665	(1,588,971)
	Stormwater	Stormwater	0	(410,945)	410,945	0
	Matatoki Water	Water	0	(32,872)	32,872	0
	Thames Valley Water	Water	(52,275)	(76,961)	93,423	(35,813)
	Thames Urban Water	Water	0	(456,810)	456,810	0
	Te Puru Land Drainage	Stormwater	(7,272)			(7,272)
			(1,331,468)	(1,688,303)	1,387,715	(1,632,056)
COROMANDEL	Local Consolidation		(231,618)	(185,281)	174,963	(241,936)
	Stormwater	Stormwater	(4,121)	(62,194)	39,338	(26,977)
	Water	Water	(439,121)	(214,077)	193,055	(460,143)
			(674,860)	(461,552)	407,356	(729,056)
MERCURY BAY	Local Consolidation		(507,724)	(701,565)	676,872	(532,417)
	Stormwater	Stormwater	0	(459,079)	459,079	0
	Hahei Water	Water	0	(23,624)	23,624	0
	Matarangi Water	Water	(647,994)	(273,610)	29,231	(892,373)
	Whitianga Water	Water	0	(472,982)	472,982	0
			(1,155,718)	(1,930,860)	1,661,788	(1,424,790)

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7B - Council Created Reserves (continued)

TAIRUA/PAUANUI	Local Consolidation		(173,438)	(448,810)	464,532	(157,716)
	Tairua Stormwater	Stormwater	0	(77,010)	77,010	0
	Pauanui Stormwater	Stormwater	(318,103)	(86,696)	8,210	(396,589)
	Tairua Water	Water	(7,665)	(226,405)	128,497	(105,573)
	Pauanui Water	Water	0	(287,996)	440,917	152,921
			(499,206)	(1,126,917)	1,119,166	(506,957)
WHANGAMATA	Local Consolidation		0	(356,408)	356,408	0
	Stormwater	Stormwater	(78,941)	(173,663)	22,047	(230,557)
	Whangamata Water	Water	(1,604,186)	(456,882)	66,714	(1,994,354)
	Onemana Water	Water	0	(42,704)	42,704	0
			(1,683,127)	(1,029,657)	487,873	(2,224,911)
			(6,748,336)	(15,674,969)	14,801,834	(7,621,471)

Note 7C - Special Reserves

Reserve Name	Purpose	Activity	Opening balance 1 July 2012	Deposited to fund to 30 June 2013	Withdrawals from fund to 30 June 2013	Closing balance 30 June 2013
SPECIAL RESERVES						
DISTRICT						
Power New Zealand reserve	Proceeds from the sale of Power NZ shares to be used solely to fund internal borrowing with all interest earned applied to subsidies the UAGC rate requirement	Council	(23,927,825)			(23,927,825)
Diaster Reserve	Fund repairs to infrastructure caused by natural diasters after subsidies and insurance have been applied	Council	(970,974)	(700,000)	384,497	(1,286,477)
General Purpose	Any one off,unbudgeted, Community Board projects as approved by Council	Council	(205,608)			(205,608)
Property	Proceeds from the sale of Council owned Land & Buildings to be used to fund purchase of Land & Buildings	Council	(806,750)		19,928	(786,822)
Insurance Excess	Fund insurance excess of any legal settlements within Building Control, Community Health & Safety, Landuse Management and Land Information Memoranda activities.	Council	0	(1,094,189)	1,058,706	(35,483)
Special Projects	Balance of \$1 million allocated from Power NZ Reserve available to fund special 'one-off' community board projects as approved by Council	Council	(128,397)			(128,397)
Wastewater Headworks	Headworks are contributions collected under the Resource Mangement Act. As such they can only be used in the activity and area for which they were collected and can only be used to fund capital projects	Wastewater	0	(16,929)	16,929	0

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7C - Special Reserves (continued)

Solid Waste Levy Refunds	To fund any waste minimisation initiative	Solid waste	(133,059)	(74,908)	158,536	(49,431)
Rates postponement	To fund any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges at the time of sale.	Council	(8,437)	(498)		(8,935)
Roading Subdivision	Contributiions collected under RMA to be used for Roothing	Roothing	(12,387)			(12,387)
			(26,193,437)	(1,886,524)	1,638,596	(26,441,365)
THAMES						
General Purpose	To fund non infrastructural assets within the Thames Urban area	Thames	(1,747,985)	(175,140)	16,800	(1,906,325)
Land Subdivision	Reserve contributions collected under RMA to be used for acquisition or development of reserves	Parks and Reserves	(125,219)	(19,390)		(144,609)
Water Headworks	Headworks are contributions collected under the Resource Mangement Act. As such they can only be used in the activity and area for which they were collected and can only be used to fund capital projects	Water	0	(16,196)	7,048	(9,148)
			(1,873,204)	(210,726)	23,848	(2,060,082)
COROMANDEL						
Water Headworks	Reserve contributions collected under the Resource Mangement Act to be used for funding of increased Levels of Service Projects within Water.	Water	(203,252)			(203,252)
Land Subdivision	Reserve contributions collected under RMA to be used for acquisition or development of reserves	Parks and Reserves	(401,714)			(401,714)
Off Street Parking	Reserve contributions collected under RMA to be used for acquisition or development of parking	Parks and Reserves	(7,001)			(7,001)
Water Unused Loan	Balance of loan raised to fund water extension	Water	(48,208)		19,670	(28,538)
			(660,175)	0	19,670	(640,505)
MERCURY BAY						
Whitianga Land Subdivision	Reserve contributions collected under RMA to be used for acquisition or development of reserves	Parks and Reserves	(1,622,493)		1,622,493	0
Whitianga Off Street Parking	Reserve contributions collected under RMA to be used for acquisition or development of parking	Parks and Reserves	(55,947)		30,000	(25,947)
			(1,678,440)	0	1,652,493	(25,947)
TAIRUA/PAUANUI						
Tairua/Pauanui Land Subdivision	Reserve contributions collected under RMA to be used for acquisition or development of reserves	Parks and Reserves	(1,722,506)			(1,722,506)
Tairua/Pauanui Off Street Parking	Reserve contributions collected under RMA to be used for acquisition or development of parking	Parks and Reserves	(44,422)			(44,422)
			(1,766,928)	0	0	(1,766,928)

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7C - Special Reserves (continued)

WHANGAMATA					
Water Headworks	Reserve contributions collected under the Resource Mangement Act to be used for funding of increased Levels of Service Projects within Water.	Water	(302,430)	(4,550)	(306,980)
Land Subdivision	Reserve contributions collected under RMA to be used for acquisition or development of reserves	Parks and Reserves	(1,807,495)	389,598	(1,417,897)
Off Street Parking	Reserve contributions collected under RMA to be used for acquisition or development of parking	Parks and Reserves	(70,216)		(70,216)
			(2,180,141)	(4,550)	(1,795,093)
			(34,352,325)	(2,101,800)	(32,729,920)

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7D - Special LGAC Reserves

These reserves reflect funds collected and distributed under the Council's Development Contributions Policy. These funds may only be applied to the funding of Additional Capacity expenditure for activities for which they were levied.

Reserve Name	Purpose	Activity	Opening balance 1 July 2012	Deposited to fund to 30 June 2013	Withdrawals from fund to 30 June 2013	Closing balance 30 June 2013
LGA CONTRIBUTIONS RESERVES						
DISTRICT	District Roothing	Roothing	0	(44,557)	44,557	0
	Solid Waste	Solid Waste	(101,532)	(1,238)	5,034	(97,736)
	District Community Infrastructure	District	(14,288)	(2,831)	17,119	0
	Mercury bay Solid Waste	Solid Waste	(6,937)	(2,292)		(9,229)
	Public Conveniences	Public Conveniences	0	(3,275)	3,275	0
	Administration Buildings	Community Leadership	0	(3,680)	3,680	0
	Cemeteries	Cemeteries	(2,744)	(462)	3,206	0
	Thames Wastewater	Wastewater	0	(506)	506	0
	Coromandel Wastewater	Wastewater	(158,505)	(15,256)	164,247	(9,514)
	Whitianga Wastewater	Wastewater	0	(15,765)	15,765	0
	Cooks Beach Wastewater	Wastewater	0	(15,558)	15,558	0
	Tairau/Pauanui Wastewater	Wastewater	641,015	(8,425)		632,590
	Whangamata Wastewater	Wastewater	0	(99,670)	99,670	0
			357,009	(213,515)	372,617	516,111
THAMES	Thames Community Infrastructure	Thames	0	(655)	3,307	2,652
	Thames Community Area Parks	Parks and Reserves	6,708	(924)	(3,307)	2,477
	Thames Library	Libraries	0	(4,030)	4,030	0
	Thames Roothing	Roothing	0	(506)	506	0
	Thames Neighbourhood Reserves	Parks and Reserves	(184,094)	(2,285)		(186,379)
	Thames Halls	Halls	(32,041)			(32,041)
	Thames Airfield	Airfields	0	(242)	242	0
	Thames Urban Water	Water	0	(662)	662	0
	Thames Swimming Pool	Swimming Pool	0	(105)		(105)
			(209,427)	(9,409)	5,440	(213,396)

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7D - Special LGAC Reserves (continued)

COROMANDEL	Coromandel Community Infrastructure	Coromandel	0	(332)	332	0
	Coromandel Roding	Roding	0	(2,293)	2,293	0
	Coromandel Neighbourhood Reserves	Parks and Reserves	(297,565)	(7,368)		(304,933)
	Coromandel Community Area Parks	Parks and Reserves	0	(13,603)	13,603	0
	Coromandel Stormwater	Stormwater	0	(6,073)	6,073	0
	Coromandel Water	Water	(49,544)	(23,478)		(73,022)
			(347,109)	(53,147)	22,301	(377,955)
MERCURY BAY	Mercury Bay Community Infrastructure	Mercury bay	0	(3,118)	3,118	0
	Mercury Bay Roding	Roding	(102,058)	(11,570)	62,698	(50,930)
	Mercury Bay Neighbourhood Reserves	Parks and Reserves	(665,873)	(24,767)	690,640	0
	Mercury Bay Community Area Parks	Parks and Reserves		(22,346)	22,346	0
	Mercury Bay Halls	Halls	(32,583)	(2,249)	12,242	(22,590)
	Mercury Bay Library	Libraries	(3,892)	(863)		(4,755)
	Mercury Bay Harbours	Harbours	0	(1,855)	1,855	0
	Whangapoua Stormwater	Stormwater	(644)			(644)
	Whitianga Stormwater	Stormwater	0	(2,677)	2,677	0
	Cooks Beach Stormwater	Stormwater	(22,181)	(20)		(22,201)
	Kuatuna Stormwater	Stormwater	(17)			(17)
	Hahei Stormwater	Stormwater	(1,644)	(770)		(2,414)
	Whitinaga Water	Water	0	(8,346)	8,346	0
			(828,892)	(78,581)	803,922	(103,551)
TAIRUA/PAUANUI	Tairua/Pauanui Community Infrastructure	Tairua/Pauanui	(61,610)	(1,924)		(63,534)
	Tairua/Pauanui Community Area Parks	Parks and Reserves	8,500	(1,798)		6,702
	Tairua/Pauanui Roding	Roding	27,313	(2,393)		24,920
	Tairua/Pauanui Neighbourhood Reserves	Parks and Reserves	126,474	(3,919)		122,555
	Tairua/Pauanui Halls	Halls	(5,745)	(471)		(6,216)
	Tairua/Pauanui Library	Libraries	(1,062)	(530)		(1,592)
	Tairua/Pauanui Harbours	Harbours	(1,257)	(736)	1,993	0
	Tairua Stormwater	Stormwater	0	(3,100)	3,100	0
	Pauanui Stormwater	Stormwater	18,563			18,563
	Tairua Water	Water	20,543	(6,941)		13,602
	Pauanui Water	Water	33,500			33,500
			165,219	(21,812)	5,093	148,500

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7D - Special LGAC Reserves (continued)

WHANGAMATA	Whangamata Community Infrastructure	Whangamata	(69,515)	(26)		(69,541)
	Whangamata Roothing	Roothing	38,462	(10,058)		28,404
	Whangamata Community Area Parks	Parks and Reserves	(53,040)	(19,324)		(72,364)
	Whangamata Neighbourhood Reserves	Parks and Reserves	(1,035,049)	(20,987)		(1,056,036)
	Whangamata Halls	Halls	0	(4,514)	4,514	0
	Whangamata Stormwater	Stormwater	0	(4,319)	4,319	0
	Whangamata Water	Water	0	(77,673)	77,673	
			(1,119,142)	(136,901)	86,506	(1,169,537)
			(1,982,342)	(513,365)	1,295,879	(1,199,828)

Note 7E - Retained Revenue Reserves

Council has 28 unique activities through which it delivers its services. These activities are individually funded through a variety of sources including rates and fees and charges. Not everyone in the district pays the same for each of these services and as such under our fiduciary duty we have an obligation to account for the funds collected and spent for each of these activities. At the end of the year we reconcile what we received against what we spent. The shortfall or surplus either comes out of or goes into the retained earnings for the relevant activity. This is the purpose of the retained earnings reserve.

Reserve Name	Purpose	Activity	Opening balance 1 July 2012	Deposited to fund to 30 June 2013	Withdrawals from fund to 30 June 2013	Closing balance 30 June 2013
RETAINED REVENUE RESERVES						
DISTRICT	Moanataiari Stormwater	Community Leadership	50,961	(51,249)	2,151	1,863
	Domain Boards	Community Leadership	(112,778)	(9,737)		(122,515)
	General Rates	Community Leadership	(4,613,152)	(282,731)	1,133,476	(3,762,407)
	Solid waste	Solid waste	(201,376)		23,575	(177,801)
	Wastewater	Wastewater	(2,069,639)	(495,506)	(4,033)	(2,569,178)
			(6,945,984)	(839,223)	1,155,169	(6,630,038)
THAMES	Local Consolidation		(350,909)		96,492	(254,417)
	Kopu Drainage	Stormwater	(34,349)		6,913	(27,436)
	Matatoki Drainage	Stormwater	(33,746)		539	(33,207)
	Hikutaia Drainage	Stormwater	(23,727)		8,325	(15,402)
	Te Puru Drainage	Stormwater	(20,987)			(20,987)
	Matatoki Water	Water	(35,142)		129,438	94,296
	Thames Valley Water	Water	(20,312)		63,280	42,968
	Thames Urban Water	Water	(47,698)		339,574	291,876
	Thames Stormwater	Stormwater	(537,552)	(145,538)		(683,090)
			(1,104,422)	(145,538)	644,561	(605,399)

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 7E - Retained Revenue Reserves (continued)

COROMANDEL	Local Consolidation rate		29,275	(153,871)		(124,596)
	Coromandel Water	Water	103,138		296,449	399,587
	Coromandel Water Loan	Water	4,525			4,525
	Stormwater	Stormwater	(215,025)	(4,911)		(219,936)
			(78,087)	(158,782)	296,449	59,580
MERCURY BAY	Local Consolidation rate		(596,667)	(300,188)	229,139	(667,716)
	Stormwater	Stormwater	(569,940)		28,858	(541,082)
	Matarangi Water	Water	(62,149)		122,908	60,759
	Whitianga Water	Water	(314,406)	(362,201)	140,884	(535,723)
			(1,543,162)	(662,389)	521,789	(1,683,762)
TAIRUA/PAUANUI	Local Consolidation rate		(717,411)	(125,470)	32,969	(809,912)
	Tairua Stormwater	Stormwater	(184,107)	(49,991)		(234,098)
	Pauanui Stormwater	Stormwater	(319,304)	(16,041)		(335,345)
	Tairua Water	Water	(168,070)	(20,395)		(188,465)
	Pauanui Water	Water	19,743		16,777	36,520
			(1,369,149)	(211,897)	49,746	(1,531,300)
WHANGAMATA	Local Consolidation rate		(261,938)	(102,065)		(364,003)
	Stormwater	Stormwater	(398,844)		105,704	(293,140)
	Harbour	Harbours	25,303			25,303
	Whangamata Water	Water	(94,578)	(938,055)	68,303	(964,330)
			(730,057)	(1,040,120)	174,007	(1,596,170)
952,648			(11,770,861)	(3,057,949)	2,841,721	(11,987,089)

Note 7F - Restricted Reserves

Restricted reserve are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

Reserve Name	Purpose	Activity	Opening balance 1 July 2012	Deposited to fund to 30 June 2013	Withdrawals from fund to 30 June 2013	Closing balance 30 June 2013
RESERVE LAND	Restricted by Title	Council	(31,616)			(31,616)
ENDOWMENT FARMS	Endowment farms trust property - restricted imposed by statute	Council	(1,741)			(1,741)
			(33,357)	0	0	(33,357)

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 8 - Cash and Cash Equivalents

2012		2013
Actual		Actual
\$000's		\$000's
823	Cash at bank and in hand	163
823	TOTAL CASH AND CASH EQUIVALENTS	163

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

3	Cash on hand	3
789	Council current account	133
31	Domain committee current accounts	27
823	TOTAL CASH AND CASH EQUIVALENTS	163

The carrying value of cash at bank and term deposits with maturities less than three months approximates their fair value.

The Council has \$132,639 of cash and cash equivalents and other short-term deposits with the ANZ, National Bank, Bank of New Zealand and Westpac New Zealand.

Note 9 - Debtors and Other Receivables

2012		2013
Actual		Actual
\$000's		\$000's
4,559	Rates	4,853
103	Building consents	106
0	Licensing	107
138	Resource consents	115
195	Water	281
186	Water to be billed	224
266	Contributions	197
442	Other trade receivables	419
1,471	GST	1,132
1,002	New Zealand Transport Agency subsidies	846
90	Petrol Tax	85
428	Other receivables	304
8,880	Gross debtors and other receivables	8,669
(1,482)	Less provision for impairment of rates receivables: Refer Note 9b	(1,663)
(154)	Less provision for impairment of other receivables: Refer Note 9b	(217)
7,245	TOTAL DEBTORS AND OTHER RECEIVABLES	6,789
	Less non-current portion:	
359	Postponed rates: Refer Note 14	346
359	Total non-current portion	346
6,886	CURRENT PORTION DEBTORS AND OTHER RECEIVABLES	6,443

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 9 - Debtors and Other Receivables (continued)

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. As such, the carrying value of trade and other receivables approximates their fair value.

Impairment

The Council does not provide for any impairment on rates receivable, except on Maori Freehold Land as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their net present value if the impact of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$190,543 (2012: \$381,560).

For further details refer to Note 9C Arrangements to pay.

Note 9A - Ageing of Receivables

The status of receivables as at 30 June 2012 and 2013 are detailed below.

2012				2013		
Gross	Impairment	Net		Gross	Impairment	Net
\$000's	\$000's	\$000's		\$000's	\$000's	\$000's
3,563	0	3,563	Not past due	2,791	0	2,791
162	0	162	Past due 1 to 30 days	517	0	517
77	0	77	Past due 31 to 61 daysr	85	0	85
4,719	1,636	3,083	Past due > 61 days	4,929	1,879	3,050
8,521	1,636	6,885	TOTAL CURRENT PORTION	8,322	1,879	6,443

All overdue receivables have been assessed for impairment, individually and appropriate provisions applied. The impairment provision has been calculated based on expected losses for the Council's debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and by reviewing debtors individually.

Note 9B - Movements in Provisions for Impairment

2012		2013
Actual		Actual
\$000's		\$000's
1,591	Opening impairment provision	1,636
173	Additional provisions made during the year	401
(128)	Receivables written off during the year	(157)
1,636	CLOSING IMPAIRMENT PROVISION	1,880

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 9C - Arrangements to Pay

The age of receivables overdue, whose payment terms have been renegotiated, but not impaired are as follows:

2012		2013
Actual		Actual
\$000's		\$000's
329	0-12 months	108
52	> 12 months	83
381	TOTAL CARRYING AMOUNT OF ARRANGEMENTS TO PAY	191

The Council does not hold collateral as security or other credit enhancements over receivables that are either past due or impaired.

Note 10 - Derivative Financial Instruments

2012		2013
Actual		Actual
\$000's		\$000's
CURRENT LIABILITY PORTION		
934	Interest rate swaps	727
934	Total current liability portion	727
NON-CURRENT LIABILITY PORTION		
3,856	Interest rate swaps	2,431
3,856	Total non-current liability portion	2,431
4,790	TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	3,157

Fair Value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to their present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Interest Rate Swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$46.5 million (2012: \$45.5 million). At 30 June 2013, the fixed interest rates of cash flow hedge interest rate swaps varied from 3.45% to 6.845% (2012: 3.45% to 6.845%).

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 11 - Other Financial Assets

2012		2013
Actual		Actual
\$000's		\$000's
82	Current	95
206	Non-current	531
288	TOTAL OTHER FINANCIAL ASSETS	626

Other financial assets are comprised of:

CURRENT PORTION		
82	Short-term deposits with maturities of 4-12 months	95
82	Total Loans and Receivables	95
82	Total current portion	95
NON-CURRENT PORTION		
11	Unlisted shares: New Zealand Local Government Insurance Corporation Limited	32
0	Unlisted shares: Local Authority Shared Services Limited	0
108	Unlisted shares: Shared Valuation Data Service	108
23	Unlisted shares: Waikato Regional Transport Model	23
0	Unlisted shares: Local Government Funding Agency	292
64	Interest in: Thames Valley Emergency Operating Area	76
206	Total Investments	531
206	Total non-current portion	531
288	TOTAL OTHER FINANCIAL ASSETS	626

Other financial assets are comprised of:

Term Deposits

The carrying amount of term deposits approximates their fair value.

Unlisted Shares

Unlisted shares are held in non-commercial entities and are carried at cost less impairment because either the fair value of the investment cannot be reliably determined using a standardised valuation technique or due to cost not being materially different to fair value.

New Zealand Local Government Insurance Corporation Limited (Civic Assurance)

Civic Assurance is the trading name of New Zealand Local Government Insurance Corporation Limited. Civic Assurance provides insurance products and other financial services principally to New Zealand local government. The Council holds 27,120 fully paid shares (2012: 7,120) of \$1 (2012: \$1) in this entity. The value of these shares reflects the asset backing of \$1.17 per share according to the financial statements of the company as at 31 December 2012.

Local Authority Shared Services Limited

The Council has a one-twelfth ordinary shareholding (1 share at \$1,000) in the Local Authority Shared Services Limited Company. The remaining shares are owned by Waikato Regional Council, Waikato District Council, Hamilton City Council, Waipa, Hauraki, Matamata-Piako, Otorohanga, Waitomo, South Waikato, Taupo and Rotorua District Councils. The shares have been issued but have not yet been called.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 11 - Other Financial Assets (continued)

Holders of ordinary shares have the rights conferred on shareholders under the Companies Act 1993. The Council also holds:

- 108,015 fully paid service shares at \$1 in the Shared Valuation Data Service (SVDS), (2012: 108,015 at \$1)
- 6,476 service shares in the Waikato Region Aerial Photography Service, as yet uncalled (2012: 6,476), and
- 2,250 fully paid shares at \$10 in the Waikato Regional Transport Model (2012: 2,250)

Service shareholdings entitle the holders to participate in certain services provided by the company. However, they do not provide rights to a share in the distribution of surplus assets, nor do they provide the holder of such shares to any voting rights.

For further details refer Council Controlled Organisations section of the Annual Report.

New Zealand Local Government Funding Agency

Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Joint Venture

The Council recognises its interest in its jointly controlled entity, Thames Valley Emergency Operating Area, using the equity method. This investment has initially been recognised at cost as at 1 July 2009, and the carrying amount is increased or decreased to recognise the Council's share of the surplus or deficit of the jointly controlled entity after the date of recognition. The Council's share of the surplus or deficit of the jointly controlled entity is recognised in the statement of comprehensive income. The carrying amount of the investment is shown in other financial assets in the statement of financial position.

Loans and Receivables

Impairment

There are no impairment provisions for other financial assets. No financial assets are either past due or impaired.

Maturity Analysis

The maturity dates for all other financial assets with the exception of equity investments, and advances are as follows:

2012		2013
Actual		Actual
\$000's		\$000's
82	Other investments maturing within 1 year or less:	95
0	Investments maturing after 1 year but less than 2 years	0
0	Investments maturing after 2 year but less than 3 years	0
0	Investments maturing after 3 year but less than 5 years	0
0	Investments maturing after 4 year but less than 5 years	0
206	More than five years	531
288	FAIR VALUE OF FINANCIAL ASSETS	626
82	Other investments maturing within 1 year or less:	95
0	Investments maturing after 1 year but less than 2 years	0
0	Investments maturing after 2 year but less than 3 years	0
0	Investments maturing after 3 year but less than 5 years	0
0	Investments maturing after 4 year but less than 5 years	0
206	More than five years	531
288	CARRYING VALUE OF FINANCIAL ASSETS	626

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 12 - Inventory

2012		2013
Actual		Actual
\$000's		\$000's
238	Wastewater spare parts	200
238	TOTAL INVENTORY	200

Inventory held for distribution

Inventory held for distribution or consumption are spare parts that have arisen from the decommissioning of the Whitianga, Whangamata and Pauanui wastewater treatment plants. The Council intends to hold these spare parts as inventory until they can be utilised in the future.

Council impaired \$29,625 (2012: \$177,600) worth of spare parts during the financial year.

Note 13 - Non-Current Assets Held for Sale

2012		2013
Actual		Actual
\$000's		\$000's
0	Land and buildings	0
0	TOTAL NON-CURRENT ASSETS HELD FOR SALE	0

No Council assets have been identified as being 'held-for-sale' as at 30 June 2013.

Note 14 - Postponed Rates

2012		2013
Actual		Actual
\$000's		\$000's
359	Postponed rates	347
359	TOTAL POSTPONED RATES	347

The face value of postponed rates is \$346,567 (2012: \$358,747). Fair value has not been determined by using discounted cash flows.

Interest was charged at a rate of 7.75% on postponed rates for the 2012/2013 year (2012: 7.75%). Future interest rates are notified annually in the Ten Year Plan or Annual Plan.

Postponed rates are secured by statutory land charges over the rating units on which rates have been postponed.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 15 - Property Plant and Equipment

Table 1

1 July 2012			30 June 2013			
Cost / Revaluation	Accum.dep and Impairment charges	Carrying amount		Current year revaluation	Accum. Depn reversed on revaluation	Current year additions
\$000's	\$000's	\$000's		\$000's	\$000's	\$000's
			OPERATIONAL ASSETS			
20,254	736	19,518	Buildings	2,915	728	350
2,515	1,870	645	Computer hardware	0	0	540
2,009	1,153	856	Furniture and fittings	0	0	64
27,973	0	27,973	Land	(661)	0	249
1,449	710	739	Library collections	0	0	163
2,722	1,267	1,455	Plant and machinery	0	0	577
4,246	182	4,064	Refuse processing and disposal	(73)	182	197
61,168	5,918	55,250	Total Operational Assets	2,181	910	2,140
			INFRASTRUCTURAL ASSETS			
16,145	319	15,825	Bridges and culverts	704	319	311
18,325	701	17,624	Footpaths	(475)	704	878
5,405	127	5,278	Harbour facilities	1,509	127	49
13,561	813	12,748	Reserves improvements	(1,411)	813	1,230
570,017	4,464	565,553	Roads	3,195	4,464	5,988
71,443	1,053	70,390	Stormwater	13,484	1,053	552
158,325	4,277	154,048	Wastewater	(2,881)	4,277	3,294
99,424	2,504	96,920	Water	1,107	2,504	1,533
952,645	14,258	938,386	Total Infrastructural Assets	15,232	14,261	13,835
251,253	4,650	246,603	Restricted Assets: Reserves land	(6,703)	0	1,627
8,870	0	8,870	Capital work in progress	0	0	2,809
1,273,936	24,826	1,249,109	TOTAL PROPERTY, PLANT AND EQUIPMENT	10,710	15,171	20,411

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 15 - Property Plant and Equipment (continued)

Table 1 (continued)

Assets Reclas- sified	Current year disposals	Current year disposals depn	Current year impairment charges	Current year depn	Net Book Value	Cost	Accum. Depn and impairment charges	Carrying amount
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
(89)	0	0	0	821	22,601	23,430	829	22,601
0	6	6	0	439	746	3,049	2,303	746
89	0	0	0	196	813	2,162	1,349	813
0	0	0	0	0	27,561	27,561	0	27,561
0	0	0	0	127	775	1,612	837	775
0	237	177	0	297	1,675	3,062	1,387	1,675
0	0	0	0	189	4,181	4,370	189	4,181
0	243	183	0	2,069	58,352	65,246	6,894	58,352
38	32	0	0	340	16,825	17,166	340	16,825
3	38	2	0	731	17,967	18,693	726	17,967
0	0	0	0	183	6,780	6,963	183	6,780
(382)	36	3	0	868	12,097	12,962	865	12,097
(41)	445	105	0	4,839	573,980	578,714	4,734	573,980
0	6	0	0	1,265	84,208	85,473	1,265	84,208
0	21	3	0	4,396	154,324	158,717	4,393	154,324
0	213	8	0	2,556	99,303	101,851	2,548	99,303
(382)	791	121	0	15,178	965,484	980,539	15,054	965,484
382	0	0	0	0	241,909	246,559	4,650	241,909
0	381	0	0	0	11,298	11,298	0	11,298
0	1,415	304	0	17,247	1,277,044	1,303,642	26,598	1,277,044

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 15 - Property Plant and Equipment (continued)

Table 2

1 July 2011			30 June 2012			
Cost / Revaluation	Accum.dep and impairment charges	Carrying amount		Current year revaluation	Acc.dep on reversed on revaluation	Current year additions
\$000's	\$000's	\$000's		\$000's	\$000's	\$000's
			OPERATIONAL ASSETS			
21,190	705	20,485	Buildings	(1,027)	705	309
2,263	1,510	753	Computer hardware	0	0	339
1,943	985	958	Furniture and fittings	0	0	86
27,694	0	27,694	Land	0	0	279
1,275	575	700	Library collections	0	0	174
2,476	1,070	1,406	Plant and machinery	0	0	186
4,465	273	4,192	Refuse processing and disposal	(418)	271	199
61,306	5,118	56,188	Total Operational Assets	(1,445)	976	1,572
			INFRASTRUCTURAL ASSETS			
15,638	302	15,335	Bridges and culverts	507	302	0
17,804	667	17,137	Footpaths	(228)	667	779
6,141	119	6,022	Harbour facilities	(897)	119	161
9,937	798	9,139	Reserves improvements	170	798	3,501
546,668	4,097	542,571	Roads	16,516	4,096	7,736
57,160	980	56,180	Stormwater	11,812	979	2,505
174,256	4,517	169,739	Wastewater	(23,610)	4,517	7,745
96,514	2,283	94,231	Water	(745)	2,283	3,741
924,118	13,763	910,355	Total Infrastructural Assets	3,525	13,761	26,168
249,652	4,650	245,002	Restricted Assets: Reserves land	0	0	1,601
17,716	0	17,716	Capital Work in Progress	0	0	(8,382)
1,252,792	23,531	1,229,261	TOTAL PROPERTY, PLANT AND EQUIPMENT	2,080	14,737	20,959

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 15 - Property Plant and Equipment (continued)

Table 2 (continued)

30 June 2012								
Assets Reclas- sified	Current year disposals	Current year disposals depn	Current year impairment charges	Current year depn	Net Book Value	Cost	Accum. Depn and impairment charges	Carrying amount
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
(218)	0	0	0	736	19,518	20,254	736	19,518
0	87	86	0	446	645	2,515	1,870	645
0	20	15	0	183	856	2,009	1,153	856
0	0	0	0	0	27,973	27,973	0	27,973
0	0	0	0	135	739	1,449	710	739
218	158	103	0	300	1,455	2,722	1,267	1,455
0	0	0	0	180	4,064	4,246	182	4,064
0	265	204	0	1,980	55,250	61,168	5,918	55,250
0	0	0	0	319	15,825	16,145	319	15,825
0	30	1	0	702	17,624	18,325	701	17,624
0	0	0	0	127	5,278	5,405	127	5,278
0	47	7	0	820	12,748	13,561	813	12,748
0	903	208	0	4,671	565,553	570,017	4,464	565,553
0	34	1	0	1,053	70,390	71,443	1,053	70,390
0	66	11	0	4,288	154,048	158,325	4,277	154,048
0	86	5	0	2,509	96,920	99,424	2,504	96,920
0	1,166	233	0	14,489	938,386	952,645	14,258	938,386
0	0	0	0	0	246,603	251,253	4,650	246,603
110	574	0	0	0	8,870	8,870	0	8,870
110	2,005	437	0	16,469	1,249,109	1,273,936	24,826	1,249,109

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 15 - Property Plant and Equipment (continued)

Valuation

Land (operational, restricted, and infrastructural)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the “unencumbered” land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

QV Valuations, Hamilton, performed the most recent valuation and the valuation is effective as at 1 July 2012.

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost. Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- Where buildings are not readily tradable, such as public toilets, the valuer has assessed their value within the context of Fair Value being the price that they would expect Council to pay for such a facility, if that situation had arisen;
- The remaining useful life of assets is estimated; and
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence.

Independent valuer, Curnow Tizard Limited (Registered Valuers) Hamilton, performed the most recent valuation of buildings and the valuation is effective as at 1 July 2012.

Infrastructural asset classes

Wastewater, Water, Stormwater, Harbours, Solid Waste, Parks and Roads, Footpaths and Bridges are valued using the depreciated replacement cost method.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset;
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets. Where this information was not available, rates have been calculated based on those used in the last valuation adjusted by the appropriate cost adjustment factor.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.
- Asset inspections, deterioration, and condition modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

AECOM of Hamilton were commissioned by Council to carry out an independent review of the methodology used to complete Council's Infrastructure Valuation as at 1 July 2012.

Opus International Consultants Limited of Paeroa performed the most recent valuation for all Roding assets (including footpaths, bridges and land under roads), and the valuation is effective as at 1 July 2012.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 15 - Property Plant and Equipment (continued)

Work in progress

The total amount of property, plant and equipment in the course of construction is \$13.2 million (2012: \$10.8 million).

Leasing

The net carrying amount of photocopiers held under finance leases is \$5,438 (2012: \$11,230).

Security

No property, plant or equipment has been pledged as security for any liability.

Disposals

During the year council made no significant disposals of property, plant or equipment.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 16 - Intangible Assets

1 July 2012			
Cost	Acc. Amort and impairment	Carrying Amount	
\$000's	\$000's	\$000's	
3,015	2,448	567	Computer software
443	353	90	Aerial photography
5,287	531	4,756	Resource consents
1,939	0	1,939	Capital work in progress
10,684	3,332	7,352	TOTAL INTANGIBLE ASSETS

1 July 2011			
Cost	Acc. Amort and impairment	Carrying Amount	
\$000's	\$000's	\$000's	
2,943	2,360	583	Computer software
443	264	179	Aerial photography
3,207	322	2,885	Resource consents
1,506	0	1,506	Capital work in progress
8,099	2,946	5,153	TOTAL INTANGIBLE ASSETS

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 16 - Intangible Assets (continued)

30 June 2013								
Reclassification	Current year	Current year	Disposal Acc.	Amortisation	Closing Carrying	Cost	Acc. Amort and	Carrying Amount
Reclassification	additions	disposals	Amortisation	Charge	Amount		impairment	
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
0	504	0	0	276	795	3,519	2,724	795
0	0	0	0	88	2	443	441	2
0	72	0	0	266	4,562	5,359	797	4,562
0	0	4	0	0	1,935	1,935	0	1,935
0	576	4	0	630	7,294	11,256	3,962	7,294

30 June 2012								
Reclassification	Current year	Current year	Disposal Acc.	Amortisation	Closing Carrying	Cost	Acc. Amort and	Carrying Amount
Reclassification	additions	disposals	Amortisation	Charge	Amount		impairment	
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
0	248	176	159	247	567	3,015	2,448	567
0	0	0	0	89	90	443	353	90
0	2,080	0	0	209	4,756	5,287	531	4,756
(110)	635	92	0	0	1,939	1,939	0	1,939
(110)	2,963	268	159	545	7,352	10,684	3,332	7,352

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 16 - Intangible Assets (continued)

There are no restrictions over the title of intangible assets. No intangible assets are placed as security for liabilities.

Computer Software Assets

Computer software licences are carried at cost less accumulated amortisation. These intangible assets have been assessed as having a finite life and are amortised using the straight-line method over a five year period. The amortisation expense has been recognised in the statement of comprehensive income.

Resource Consents

Resource consents are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method to allocate the cost of the resource consent over the period for which the consent is granted. The amortisation expense has been recognised in the statement of comprehensive income. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Note 16A - Depreciation and Amortisation by Group of Activity

2012		2013
Actual		Actual
\$000's		\$000's
6	Community leadership	6
0	Planning for the future	0
42	Health and Safe Communities	69
5,695	Roads and Footpaths	5,912
1,722	Community Spaces	1,872
43	Community Development	47
1,058	Stormwater	1,269
4,494	Wastewater	4,658
16	Land Use	20
2,517	Water Supply	2,565
182	Solid Waste	189
15775	Total directly attributable to depreciation and amortisation by group of activity	16607
1,241	Depreciation and amortisation not directly related to group of activities	1,270
17,016	Total directly attributable to depreciation and amortisation by group of activity	17,877

Note 17 - Forestry

2012		2013
Actual		Actual
\$000's		\$000's
2,437	Balance at 1 July	2,363
0	Increases due to purchases	0
173	Gains(Losses) arising from changes attributable to physical changes	194
(247)	Gains(Losses) arising from changes attributable to price changes	227
0	Decrease due to harvest	0
2,363	BALANCE AT 30 JUNE	2,784

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 17 - Forestry (continued)

No forest was harvested in the year ending 30 June 2013 (2012: nil).

Zone 1:

In March 2005 Council purchased an area of forest as a result of the responsibility that Council has in disposing of waste water from Whangamata Township and the need to ensure the continued availability of the forest area for effluent disposal.

The land is owned by the Crown as State Forest and is leased to Rayonier (Matariki Forests) under a Crown Forests License. Council however, purchased the trees standing on that parcel of land (known as Zone 1) and occupies this land under the terms of a separate Crown Forest Licence known as the Whangamata Crown Forest Licence. The land continues to be Crown owned until such time as the Crown disposes of it.

The total area of the stand is 52 hectares with 39 hectares being stocked productive forest, consisting of mature radiata pine.

Zone 2, 3 and 5:

As the town grew, so did the amount of water needed to be treated and disposed of. To meet this growing demand Council purchased further areas of Tairua Forest in March 2005 (from CHH) and again in January 2008 (from Matariki Forests). The areas purchased are collectively known as Zones 2, 3 and 5. Zones 2, 3 and 5 now allow for sufficient forest in which to dispose of water while some of the mature forest is harvested.

The total area of the stand is 169.9 hectares of forest consisting predominantly of radiata pine of various ages plus some smaller areas of other species.

As with Zone 1, the land is owned by the Crown as State Forest and is leased to Rayonier (Matariki Forests) under a Crown Forests License. Council however, purchased the trees standing on that parcel of land and occupies this land under the terms of a separate Crown Forest Licence. The land continues to be Crown owned until such time as the Crown disposes of it.

The current licence fee payable in respect of Tairua Forest is based on the market value of the land. Council has provided a guarantee to the Crown for the amount of \$45,000 to cover the part of the Tairua Crown Forest subject to a Crown Forest Licence. The Council guarantee has been included in Note 28 Contingent liabilities; Council Guarantees.

Valuation

Council revalues its forestry assets annually. Independent registered valuers, Hammond Resource Management Ltd conducted a valuation of the forestry assets as at 30 June 2013. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The value is of standing timber only, exclusive of the value of the underlying land.
- Irrigation has no effect on wood quality that translates into different log prices.
- For the mid rotation immature stands, discounting future cash flows is appropriate as these trees need another few years to reach maturity.
- For the areas of mature trees, the realisable ("immediate liquidation") valuation method is most appropriate.
- The youngest stands have been valued using compounded costs;
- Where appropriate a combination of these methods has also been used.
- For the purposes of compounding costs, it is assumed that low levels of site preparation are required and normal planting and post planting techniques have been assumed.
- Discounted cash flow required the projection of future growth, as well as the costs and returns net to the grower, expected up to and including the time of harvest.
- Costs include future tending and management, annual overheads, and the direct costs associated with the harvesting operations: log and load, cartage, management fees, and any tracking or roading required. Revenue includes the market value of logs delivered to the sale point – mill or wharf.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 17 - Forestry (continued)

- Stumpage is the net revenue (EBIT) to the grower derived from the log sale price (at wharf or at mill door), less harvesting and marketing costs directly associated with that harvest. These costs include marketing and harvesting commissions, transport, logging and loading, and any roading, tracking and stand preparation required for harvesting.
- All values expressed in the report were exclusive of GST and were pre-tax. No account is taken of the impact of any "cost of bush" the owner may have access to.
- The clearfell age has assumed as 28 years for radiata pine. The trees may in reality be held for more than 28 years or may be harvested earlier.
- 3% has been adopted as an appropriate compounding rate after taking into consideration both the nominal and real returns available to investors if investing within a low risk venture (i.e. Bank deposits).
- A discount rate of 6% (2012: 6%) has been used in discounting the present value of expected cash flows.

Council has not incurred any deforestation obligations (as defined in the New Zealand Emissions Trading Scheme (ETS)) as at 30 June 2013.

We note that in the future however, Council may be liable for future deforestation obligations if, after the future forest clearances, the following thresholds are met:

- Four years after clearing, the forest land does not have at least 500 stems per hectare of forest species.
- And either:
- If after 10 years the forest species are predominantly exotic species, there is not 30% crown cover from trees that have reached five metres in height ; or
- If after 20 years, the forest species are predominantly indigenous species, there is not 30% crown cover from trees that have reached five metres in height

The tests above are applied to the forest land on a hectare-by-hectare basis.

In addition to the above, we note that as Council does not own the land on which the trees are situated, Council is not entitled to apply for a one off allocation of New Zealand Carbon Credit Units (NZUs) from the Government. As such, should any future obligations arise under the ETS, Council will be unable to offset these with NZUs and will instead be required to settle these with cash.

Council is exposed to financial risks arising from changes in timber prices. Council intends to hold the forestry long-term and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 18 - Joint Venture

The Council has a 40% interest in the Thames Valley Emergency Operating Area. This is a committee run as a joint venture with the Matamata-Piako and Hauraki District Councils, who each have a 34% and 26% interest in the venture, respectively. The Council is the administering body of the joint venture.

The joint venture shares a common balance date with the Council, but the financial statements have not been audited. The Council's share of the surplus/deficit has been included in "share of joint venue surplus/ (deficit)" in the statement of comprehensive income. The Council's share of equity has been recorded in other financial assets (note 11) in the statement of financial position.

Movements in the carrying amount of the investment in the joint venture:

2012		2013
Actual		Actual
\$000's		\$000's
51	Opening balance	64
13	Share of surplus/(deficit)	12
64	CLOSING BALANCE	76

Council's interest in the joint venture is disclosed in the financial statements of the joint venture under the classifications shown below:

41	Current assets	55
33	Non-current assets	30
(10)	Current liabilities	(9)
64	NET ASSETS	76
209	Share of income	170
(195)	Share of expenses	(158)
14	SHARE OF SURPLUS/(LOSS)	12

Details of any commitments and contingent liabilities arising from the Council's involvement in the joint venture are disclosed separately in notes 28 and 29.

Details of any related party transactions with the joint venture are disclosed separately in note 26.

Note 19 - Creditors and Other Payables

2012		2013
Actual		Actual
\$000's		\$000's
12,073	Trade payables	9,950
1,154	Deposits and bonds	1,125
1,055	Contract retentions	960
607	Accrued expenses	457
0	Amounts due to related parties (note 26)	19
681	Revenue in advance	787
15,571	TOTAL CREDITORS AND OTHER PAYABLES	13,298

Fair value

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, excluding contract retentions, therefore the carrying value of creditors and other payables approximates their fair value.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 20 - Employee Entitlements

2012		2013
Actual		Actual
\$000's		\$000's
1,172	Current	1,232
348	Non-current	204
1,520	TOTAL EMPLOYEE ENTITLEMENTS	1,436

Employee entitlements are comprised of:

CURRENT PORTION		
6	Accrued salaries and wages	7
1,069	Annual leave	1,094
63	Retirement and long service leave	98
34	Sick leave	33
1,172	Total current portion	1,232
NON-CURRENT PORTION		
348	Retirement and long service leave	204
348	Total non-current portion	204
1,520	TOTAL EMPLOYEE ENTITLEMENTS	1,436

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 21 - Provisions

2012		2013
Actual		Actual
\$000's		\$000's
812	Current	1,523
6,195	Non-current	8,310
7,007	TOTAL PROVISIONS	9,833

Movements for each class of the provision are as follows:

CURRENT PORTION		
582	Landfill aftercare	796
150	Weathertight homes	647
80	Reserve contribution credits	80
812	Total current provisions	1,523

NON-CURRENT PORTION		
1,660	Landfill aftercare	1,668
1,064	Weathertight homes	1,544
3,471	Reserve contribution credits	5,098
6,195	Total non-current provisions	8,310
7,007	TOTAL PROVISIONS	9,833

Landfill aftercare liability		
2,285	Opening balance	2,242
(23)	Additional/(reduced) provision made during the year	(105)
(91)	Amounts used during the year	(49)
71	Discount unwinding	376
2,242	Closing balance	2,464

Weathertight homes		
854	Opening balance	1,213
379	Additional/(reduced) provision made during the year	1,058
(20)	Amounts used during the year	(81)
1,213	Closing balance	2,190

Reserve contribution credits		
1,952	Opening balance	3,551
1,599	Additional/(reduced) provision made during the year	1,641
0	Amounts used during the year	(14)
3,551	CLOSING BALANCE	5,178

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 21 - Provisions (continued)

Movements for each class of the provision are as follows:

Landfill aftercare

As the owner of various closed landfills around the District, the Council has a legal obligation to ensure these sites are rehabilitated to a standard that minimises any negative impact on the environment. The Council has obtained resource consents for the closure of the following landfills:

- Mercury Bay landfill - granted until 30 June 2037;
- Coromandel landfill - granted until 1 January 2035;
- Thames landfill - granted until 30 September 2044.

The Council has a responsibility under the resource consent to provide long-term maintenance and monitoring until such time that Waikato Regional Council is satisfied that the leachate quality has improved to a level that does not have a negative impact on the environment.

The Council has contracted AECOM to determine whether Council requires resource consent for the closure of other major landfills in the District. The full conditions of the consent are unknown until the consent is granted. However it is probable that the Council will be responsible for the provision of ongoing maintenance and monitoring of the landfill after the site is closed. The expected term of the maintenance and monitoring services that will be required is 25 to 35 years.

In the interim, Waikato Regional Council has approved a 'Monitoring and Management Plan' for all closed landfills located around the peninsula. These plans are intended to formalise Council's current sampling regimes and help with the preparation of the 'remediation and aftercare plan' for each site. These plans will be based on the results from the samples taken.

Expenditure on rehabilitation works will be funded by an internal loan which is serviced by the general rate. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The provision has been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$4,038,199 (2012: \$4,106,124).

The following major assumptions have been made in calculating the provision:

- The discount rate used to arrive at the present value is 6.69% (2012: 7.95%).
- The aftercare has been estimated to continue until 2044. The annual inflation factor applied to the estimated aftercare costs for 2012/2013 to 2021/2022 is the October 2011 Local Government price level change forecast. An annual inflation rate of 3.49% has been applied to years 2022/2023 to 2043/2044 (2012: 3.49%).
- Estimates of the life and future expenditure are based on the 2012-2022 Long-term Plan and the 2013/2014 Annual Plan.

Provision for Weathertight homes

This provision is based on the Council's most likely exposure to notified claims. As at 30 June 2013, Council was aware of 16 unsettled notified claims (2012:17).

See Note 28 Contingent liabilities for further disclosure and comment.

Reserve contribution credits

Council has negotiated with a Developer to purchase 10 hectares of land situated in Whitianga for the development of a Multi-Sports Complex Centre. As part of this purchase agreement, Council entered into a Development Contributions Deed with the Developer which outlined when Development and Reserve Contributions Credits would be considered payable to Council. It also outlined the staged arrangement in which Council would purchase the land from the Developer.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 21 - Provisions (continued)

The agreement stated that Council would purchase the three individual parcels of land (totalling \$6.5 million) on the following dates:

- Lot 1 DP 440527 on 30 April 2011
- Lot 2 DP 440527 on 30 September 2011; and
- Lot 3 DP 440527 on 30 September 2012.

The agreement also stated that the Developer would be invoiced for:

- 314 Development/Reserve Contribution Credits on 30 April 2011
- 155 Development Contribution Credits on 30 September 2011; and
- A further 155 Development Contributions on 30 September 2012.

As at 30 June 2013, all parcels of land had been purchased from the Developer and all corresponding development and reserve contributions had been invoiced. However, as at 30 June 2013 only \$1,401,750 of the Reserve Contribution Credits have been applied and therefore recognised within Council's accounts as revenue. As such, a provision of \$5,098,252 was recognised within Council's balance sheet reflecting that at balance date these Contribution Credits were effectively revenue received in advance by Council. As further development contributions credits fall due, the provision will be used to offset any further liability established by the developer.

In addition to the above, two further provisions of \$7,000 and \$73,000 have been recognised for historic reserve contribution credits as a result of subdivision's vesting of reserves prior to the introduction of the development contribution policy in October 2004. Applications to recognise these historic reserve credits under the Local Government Act 2002 (LGA) are being addressed by Council on a case-by-case basis.

In the past, a reserve contribution credit has been provided to a number of developers for additional reserves land vested in Council that was over and above the requirement under the Resource Management Act 1991. The reserve contribution requirement under the transitional provisions of the Resource Management Act 1991 was 130m². The credit was then available for developers to apply against reserve contributions required on any subsequent subdivisions. In order to ascertain the development contributions payable, the Local Government Act 2002 and our Development Contributions policy, require Council to calculate the average market value of each 15m² additional allotment. Usually this is done by way of an external valuation. For this reason, the conversion of these historic reserve credits issued under the Resource Management Act 1991 are difficult to measure and quantify under the Local Government Act 2002.

The provision recognises that these credits will result in an outflow of resources embodying economic benefits to Council. However, estimating the value of these credits is uncertain because it relies on factors such as the future development potential of any residual land, future land values, the value of the land when vested, the zoning of the land and any other district plan mechanism (such as structure plans) and the reasons for the land being vested at the time.

See Note 28 Contingent Liabilities for further disclosure and comment.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 22 - Borrowings

2012		2013
Actual		Actual
\$000's		\$000's
30,956	Current	11,152
16,493	Non-current	37,841
47,449	TOTAL BORROWINGS	48,993

Borrowings are comprised of:

CURRENT BORROWINGS		
6	Finance leases	2
30,950	Term loans	11,150
30,956	Total current borrowings	11,152
NON-CURRENT BORROWINGS		
5	Finance leases	3
0	Hire purchase	0
16,488	Term loans	37,838
16,493	Total non-current borrowings	37,841
47,449	TOTAL BORROWINGS	48,993

The following is a maturity analysis of Council's borrowings including finance leases and hire purchase contracts.

2012		2013
Actual		Actual
\$000's		\$000's
ANALYSIS OF FINANCE LEASES		
6	Current	2
5	Non-current	3
11	TOTAL FINANCE LEASES	5
Total minimum finance lease payments are payable:		
7	Not later than one year	2
6	Later than one year and not later than five years	4
0	Later than five years	0
13	Total minimum lease payments	6
(2)	Future finance charges	(1)
11	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	5
Present value of minimum finance lease payments are payable:		
6	Not later than one year	2
5	Later than one year and not later than five years	3
0	Later than five years	0
11	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	5

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 22 - Borrowings (continued)

Term loans

2012		2013
Actual		Actual
\$000's		\$000's
ANALYSIS OF LOANS		
30,950	Current	11,150
16,488	Non-current	37,838
47,438	TOTAL LOANS	48,988
Total minimum loan payments payable:		
30,950	Not later than one year	11,150
16,488	Later than one year and not later than five years	37,838
0	Later than five years	0
47,438	TOTAL LOANS	48,988

Current borrowings represent the amount expected to be settled within 12 months of balance date.

The bank two and four year multi-option facilities of \$20 million and \$32 million dollars respectively are issued at floating rates of interest. The floating interest rate is reset quarterly based on the 90 day bill rate plus a bank margin for credit risk. These \$20 million and \$32 million dollar facilities are due to expire on 20 January 2015 and 20 January 2017, respectively.

The bank term loan and committed money market line facility of \$5 million (2012: \$5 million) is issued at floating rates of interest. The interest is reset quarterly at the 90 day bill rate plus a bank margin for credit risk.

As at 30 June 2013, Council no longer held a stock issuance debenture of \$10 million (2012: \$10 million). In previous years this was issued at a floating rate of interest. The interest was set quarterly at the 90 day bill rate plus a margin of 0.15% for credit risk.

The bank fixed rate term loan of \$10 million (2012: \$10 million) is set with an interest rate of 6.45%. This loan is due to expire on 24 July 2013.

2012			2013		
Facilities Held	Drawings on Facilities		Facilities Held	Drawings on Facilities	
\$000's	\$000's		\$000's	\$000's	
250	0	Overdraft facility	250	0	
5,000	900	Bank term loan and committed money market line facility	5,000	1,100	
20,000	20,000	Bank three-year rolling flexible rate term loan facility	20,000	20,000	
32,000	6,400	Bank three-year rolling flexible rate term loan facility	32,000	5,800	
10,000	10,000	Bank fixed rate term loan facility	10,000	10,000	
250	137	Energy Efficiency and Conservation Authority (EECA)	250	88	
0	0	Local Government Funding Agency Facility	12,000	12,000	
10,000	10,000	Stock Issuance Facility	0	0	
77,500	47,437	TOTAL LIMITS	79,500	48,988	

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 22 - Borrowings (continued)

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$250,000 (2012: \$250,000). There are no restrictions on the use of this facility.

The Council's loans are secured through a debenture which grants security to the lender by way of a charge over the Council's general rates and rates revenue. This security is held for all monies advanced in connection with the facilities detailed below, that have a total nominal amount of \$79 million (2012: \$77 million).

- Bank term loans and committed money market line facility \$5,000,000
- Bank two year multi-option credit facility \$20,000,000
- Bank four year multi-option credit facility \$32,000,000
- Bank fixed rate term loan \$10,000,000
- Local Government Funding Agency Facility \$12,000,000

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Loan to finance interest expense

Included in borrowings for the year under review is the amount of \$2,879,143 (2012: \$2,704,891) which was raised to fund the interest on additional capacity loans that was not met by developer's contributions. This is in accordance with Council's Development Contributions Policy.

Secured loan covenants

Council is required to ensure that the following covenants for secured loans are achieved during the year:

- Compliance with the Local Government Act 2002 with respect to the keeping and filing of reports, accounts and statements and registration of charges including the debenture trust deed;
- Ensure that the financial statements and other records of the Council are audited and retained for a period of at least seven years after the date on which they are made or the date of completion of the transaction to which they relate in accordance with statutory requirements;
- Give notice in writing to the trustee of any matter which would cause any current stock issuance certificate to be materially defective;
- Compliance with the Securities Act applicable to the issuance of stock, prior to the issue of any prospectus or investment statement and forward a draft copy to the trustee;
- Provide details of the amount owing in respect of security stock to the trustee within ten business days whenever requested;
- Notify the trustee immediately in writing of the occurrence of any enforcement event giving full details of any action that has been taken as a result;
- Refund the trustee for all expenditure plus interest if deemed necessary or expedient by reason of any default on the part of the Council in performing any of covenants; and
- To provide the trustee with a copy of the following reports:
 - Ten Year Plan, Annual Plan, Annual Report and Liability Management Policy within one month of adoption.
 - Interim financial information prepared for external distribution;
 - Material amendments to any Ten Year Plan or Liability Management Policy that have been approved and adopted by the Council;
 - Reporting certificate completed and signed at the same time that the Annual Report and interim financial information is furnished and within 21 days of a written request by the trustee;
 - Any information requested by the trustee with respect to matters relating to the financial statements.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 22 - Borrowings (continued)

Fair value

The fair value of finance leases are \$5,437 (2012: \$11,230). Fair value has been determined using contractual cash flows discounted at the market borrowing rate of 9.7% (2012: 8% and 9.7%).

The carrying amounts of secured loans approximate their fair value because interest rates reset to a market rate each quarter.

Description of leasing arrangements

The only finance lease held by Council is for the library photocopier. The net carrying amount of this leased item is included within the asset class plant and machinery in Note 15 Property, plant and equipment.

The finance lease can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The term of the lease is for five years. Council does not have the option to purchase the asset at the end of the lease term.

Council is not permitted to pledge the leased assets as security nor can it sublease the leased equipment without the permission of the lessor.

There are no other restrictions placed on the Council by any of the finance leasing arrangements.

Compliance

The Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of the Council's 2012-2022 Ten Year Plan.

There have been no significant amendments to or departures from the investment policy during the year ended 30 June 2013 (2012: nil).

Internal Borrowings

Information on internal borrowings is provided below. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 22A - Internal Borrowing

Activity	Balance 1 July 2012	Borrowings	Repayments	Balance at 30 June 2013	Interest Paid
	000's	000's	000's	000's	000's
Community leadership	1,528	550	556	1,522	104
Planning for the Future	418	150	152	416	28
Health and Safe Communities	116	41	42	115	8
Roads and Footpaths	4,097	1,474	1,491	4,080	306
Community Sapces	4,444	1,598	1,616	4,426	351
Community Development	0	0	0	0	0
Stormwater	4,337	1,560	1,578	4,319	296
Wastewater	42,628	15,334	15,507	42,455	2,914
Land use	300	108	109	299	20
Water	7,994	2,876	2,908	7,962	557
Solid Waste	2,024	728	736	2,016	138
	67,886	24,419	24,695	67,610	4,722

Activity	Balance 1 July 2011	Borrowings	Repayments	Balance at 30 June 2012	Interest Paid
	000's	000's	000's	000's	000's
Community leadership	1,323	671	466	1,528	91
Planning for the Future	437	135	154	418	30
Health and Safe Communities	118	40	42	116	8
Roads and Footpaths	3,910	1,565	1,378	4,097	296
Community Sapces	2,620	2,747	923	4,444	199
Community Development	0	0	0	0	0
Stormwater	3,990	1,753	1,406	4,337	286
Wastewater	43,296	14,591	15,259	42,628	3,030
Land use	305	102	107	300	21
Water	7,717	2,997	2,720	7,994	551
Solid Waste	2,048	698	722	2,024	142
	65,764	25,299	23,177	67,886	4,654

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 23 - Reconciliation of Net Surplus (deficit) to Net Cash Flow from Operating Activities

2012		2013
Actual		Actual
\$000's		\$000's
344	Reported operating surplus	1,223
(846)	Vested assets	(469)
545	Amortisation	630
16,471	Depreciation	17,247
74	(Gains)/losses in fair value of forestry assets	(421)
0	Net (gains)/losses on foreign exchange	0
2,017	Net (gains)/losses on interest rate swaps	(1,633)
359	Movement in weathertight buildings provision	977
1,599	Movement in reserve contribution credits	1,627
(114)	Movement in landfill aftercare provision	(154)
45	Impairment of receivables	243
176	Impairment of spare parts	30
71	Interest unwind on landfill aftercare	376
20,397	Add/(less) non-cash items	18,453
531	Increase/(decrease) in accounts payable	(538)
(460)	Increase/(decrease) in employee benefits	(84)
(1,059)	(Increase)/decrease in accounts receivable	327
(988)	Add/(less) movements in working capital items	(295)
1,618	Net losses on sale of property, plant and equipment	1,013
(14)	Share of joint venture loss/(Gain)	(12)
1,604	Add/(less) items classified as investing activities	1,001
21,357	NET CASH INFLOW FROM OPERATING ACTIVITIES	20,382

Note 24 - Severance Agreements

Under clause 33(i)(a) of schedule 10 of the Local Government Act 2002, the Council is required to disclose:

1. The amount of any severance payments made to any Chief Executive who vacated office in the year,
2. The number of employees to whom severance payments were made in the year, and
3. The amount of every such severance payment.

For the year ended 30 June 2013, the Council made 2 (2012: 0) severance payments to employees totalling \$44,093 (2012: \$0). The value of these were \$27,383 and \$16,710.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 25 - Remuneration

Elected representatives

Elected representatives received the following remuneration.

2012		2013
Actual		Actual
\$000's		\$000's
	Elective Representatives	
103	Mayor Glenn Leach	112
37	Deputy Mayor Peter French	35
31	Councillor Tony Brljevic	29
28	Councillor Diane Connors	29
35	Councillor Tony Fox	35
36	Councillor Wyn Hoadley QSO	34
33	Councillor Murray McLean JP	33
28	Councillor Jack Wells	28
28	Councillor Jan Bartley	28
359	TOTAL ELECTED REPRESENTATIVES' REMUNERATION	363

Chief Executive

The Chief Executive received the following remuneration.

2012		2013
Actual		Actual
\$000's		\$000's
	Chief Executive	
230	Salary	248
18	Vehicle (market value plus FBT)	17
0	Bonus	10
0	Professional fees	0
2	Medical insurance (market value plus FBT)	0
250	TOTAL CHIEF EXECUTIVE'S REMUNERATION	275

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 25 - Remuneration (continued)

Council employees

Total remuneration includes non-financial benefits provided to employees.

2012	2013
Actual	Actual
\$000's	\$000's
Total annual remuneration by band for employees as at 30 June	
90 < \$60,000	98
39 \$60,000-\$79,999	47
22 \$80,000-\$99,999	24
11 \$100,000-\$119,999	11
6 \$120,000-\$159,999	9
5 \$160,000-\$279,999	4
173 TOTAL EMPLOYEES	193

Council is required by the Local Government Amendment Act 2012 to report staff employed by salary bands for the current financial year and for the preceding financial year. For each year, the report must state, as at the last day of the year, the number of full time employees and the full time equivalent number of all other employees.

The report must state the number of employees receiving total annual remuneration of less than \$60,000 and the number of employees receiving total annual remuneration of \$60,000 or more, expressed in bands of \$20,000.

If the number of employees in any band is 5 or fewer, the number for that band must be combined with the next highest band and the band width adjusted accordingly.

Total annual remuneration includes the value of any non-financial benefit that, during the year, was paid to an employee, or was payable to an employee.

At balance date, the Council employed 160(2012: 145) full-time employees, with the balance of 33 (2012: 28) staff being part time and casual employees representing 18.68 (2012: 17.1) full-time equivalent employees. A full-time employee is determined based on a 40-hour working week.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 26 - Related Party Transactions

During the year, Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc.).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties during the year ending 30 June 2013 (2012: nil). No related party debts have been written off or forgiven during the period (2012: nil).

The following transactions were carried out with related parties:

- Diane Connors is a member of Council and an employee of the Thames Information Centre. Amounts paid to the Thames Information Centre for the year under review amounted to \$91,440 plus GST (2012: \$54,645).

Key Management Personnel

Key Management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

2012		2013
Actual		Actual
\$000's		\$000's
1,633	Salaries and other short term employee benefits	2,195
0	Post-employment benefits	0
0	Other long-term benefits	0
0	Termination benefits	169
1,633	TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	2,364

Thames Valley Emergency Operating Area

The Thames Valley Emergency Operating Area (TVEOA) is a joint venture of the Council that provides rural fire and emergency services.

2012		2013
Actual		Actual
\$000's		\$000's
207	Grants and levies paid by Council	182
55	Council reimbursements to TVEOA for items bought on behalf of Council	19
26	Administration services provided by Council including rent and rates	33
3	Insurance and ACC levies reimbursed to Council as paid on behalf of TVEOA	3
1	Other reimbursements to Council paid on behalf of TVEOA	2
241	Gross salaries reimbursed to Council as paid on behalf of TVEOA	227
533	TOTAL PAID TO THAMES VALLEY EMERGENCY OPERATING AREA	466

Local Authority Shared Services Limited

2012		2013
Actual		Actual
\$000's		\$000's
62	Services provided to Council	107
62	TOTAL PAID TO LOCAL AUTHORITY SHARED SERVICES LIMITED	107

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 26 - Related Party Transactions (continued)

Council has an interest in the above company, which was established to provide a shared service to local authorities within the Waikato Region, in particular a shared valuation database service.

Destination Coromandel

During the course of the year, Council provided to Destination Coromandel Trust a sum of \$322,040 (2012: \$483,793). Destination Coromandel Trust is a charitable trust. Its purpose is to promote tourism and travel for the benefit of the people in the communities of the Coromandel and Hauraki regions.

Hauraki Rail Trail

The Council has signed a Memorandum of Understanding agreement along with Hauraki District Council, Matamata Piako District Council and the Hauraki Rail Trail Charitable Trust on the management of the Hauraki Rail Trail. Under this agreement payments to the Hauraki Rail Trail for the year under review amounted to \$59,836.50 plus GST (2012:\$0). There is a balance of \$19,336.50 (2012:\$0) outstanding at end year.

Prior year figures have been changed to exclude GST to be consistent with this year's figures.

Note 27 - Events After Balance Date

No post balance date events occurred up to the date of the report adoption that is known to have a material effect on the financial statements and notes to the financial statements of Council.

Note 28 - Contingent Liabilities

2012		2013
Actual		Actual
\$000's		\$000's
750	Miscellaneous non-insured claims	800
8,835	Weather tight homes	6,350
1,896	Council guarantees	1,896
11,481	TOTAL CONTINGENT LIABILITIES	9,046

The Council is aware of the following contingent liabilities as at 30 June 2013:

Native lands agreement

In 1877 the Thames Borough Council entered an agreement with local iwi for the purchase of land required for the Paeroa-Thames highway. As part of the agreement the Council agreed that any land owned by iwi would be exempt from rates indefinitely. The Maori Land Court subsequently ruled that the agreement was ultra vires Council's statutory powers. The Council has assessed rates on properties affected by the agreement for a number of years.

In 1999, the Council reviewed the background to this issue and agreed to enter into discussions with iwi to explore ways of settling the grievance issues that they have with the Council in relation to this matter. These discussions are continuing and may lead to the need to refund some rates previously assessed. The extent of any contingent liability cannot be determined and forms part of the current discussions.

Weathertight homes

The weather tightness problem, commonly known as "leaky homes" or "leaky buildings", refers to those buildings where water has penetrated the building envelope or cladding system and is not able to drain or dry for some time. The problem affects apartments, townhouses and stand-alone homes, mostly built between 1992 and 2005.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 28 - Contingent Liabilities (continued)

The term “leaky homes claims” refers to claims against the Council for damages relating to a leaky building. Risk and liability related to Council’s building control functions such as building consent processing, inspections and issuing code compliance certificates cannot be avoided. Where the Council has failed to discharge its duty of care when providing building control services and loss has been suffered as a result, the Council may be found negligent. This is the basis for claims for damages against the Council.

The term “leaky homes claims” has also been extended to include cases where owners have opted for the Government’s financial assistance package scheme. The Government has established a financial assistance package (FAP) for owners of leaky homes to get their homes fixed outside of the weathertightness tribunal or courts processes. Under the FAP, central government meets 25% of eligible homeowners’ agreed repair costs, with local authorities contributing 25% and homeowners funding the remaining 50%, with a loan guarantee underwritten by the Crown, provided applicants can meet bank lending criteria.

TCDC is a participating local authority in the scheme. Homeowners who participate in the scheme would forgo the right to sue the Council or the Crown. Ultimately, it is the choice of homeowners to sue or otherwise participate in the financial assistance package.

Where claimants elect to sue, the Council must accordingly defend whilst maintaining a preference, where possible, to settle claims without the need for hearing and thereby avoiding the uncertainty, cost and stress of protracted litigation.

When we last measured, across the country anecdotal evidence suggests that the average settlement amount in such cases is around 40% of the original amount claimed; the Council’s track record is around 16%. This difference is likely attributable to two factors: our insurance arrangements and the staff mandate to minimise the financial impact of such claims on the Council’s ratepayers.

Council’s insurance arrangements cover legal costs capped at a maximum indemnity aggregate of \$500,000 for each insurance year/period which covers all claims notified in that particular year. Council’s excess is \$100,000 per claim. Settlement amounts for leaky homes claims are not covered by insurance.

There are seventeen current claims; seven of these are part of the FAP scheme. An additional claim has been foreshadowed but has not yet been brought. Such a claim might not ever be brought; however our information gleaned during management of another case in this area highlighted this as a possibility. For the purposes of planning for and managing this risk, this possibility has been factored in at this stage. Of these, 16 claims were registered on the WHRS website as active as at 30 June 2013 (2012: 16 claims) The amounts sought by the claimants of these unsettled claims total to \$9,829,824 including four for unknown amounts (2012: \$2,379,000 including eight for unknown amounts).

A provision for \$2,191,325 has been recognised for accounting purposes for the potential settlement of claims that have been notified to Council at balance date (for further information see Note 21 Provisions) (2012: \$1,213,815). However, based on the information obtained during this financial year (and that of previous years), Council has estimated that it may face a further \$6,349,956 in emergent claims (2012: \$8,835,000).

Hauraki Rail Trail

The Council, along with Hauraki District Council (HDC) and Matamata-Piako District Council (MPDC) are party to a trust deed which has formed the Hauraki Rail Trail Charitable Trust (the Trust). The deed, signed on 2 March 2012, allows the Trust to own, operate, maintain, repair, develop and facilitate the use and enjoyment of a cycleway within the region.

Upon formation of The Trust, it also entered into a “Management Agreement” to manage the cycleway. As part of that agreement, the Trust is required to obtain income from the cycleway to provide funding for its ‘management obligations’. If the Trust is unable to obtain sufficient income from the Cycleway to meet its management obligations, the Council, HDC and MPDC have agreed to contribute additional funding to the Trust (as set out in the management agreement).

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 28 - Contingent Liabilities (continued)

If Council is notified that a shortfall exists, then Council is required to pay to the trust the lesser of:

- One third of the shortfall specified in the relevant Trust's notice; or the following amount.
- \$45,700 for the year ended 30 June 2013; or
- \$55,800 for the year ended 30 June 2014; or
- \$57,500 for the year ended 30 June 2015; or
- \$60,000 for the year ended 30 June 2016.

New Zealand Local Government Funding Agency

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council is one of 30 local authority shareholders and 8 local authority guarantors of the LGFA. [In that regard it has uncalled capital of \$100,000]. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2013, LGFA had borrowings totalling \$2.475 billion (2012: \$835m).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Reserve contribution credits

Reserve Contribution Credits result from historical vesting of reserve land which was over and above the required reserve area for the particular subdivision. Applications to recognise any potential historic reserve credits will be assessed on a case-by-case basis when and if a further Resource Consent is granted for the property to which the credits relate. However estimating the value of these credits is uncertain because it relies on factors such as the future development potential of any residual land, future land values, the value of the land when vested, the zoning of the land and any other district plan mechanism such as structure plans and the reasons for the land being vested at the time.

Council has recognised that there are three developers that have reserve contribution credits available to them as at 30 June 2013 should they proceed with any further development at a later date. However, at the time of writing this report, there were no current land-use consents utilising these reserve contribution credits.

Council Guarantees

Council is listed as a guarantor to a number of sporting and community organisation bank loans. Council is obligated under the guarantee to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time.

The terms and conditions of the guarantee require:

- The organisation to provide Council with a copy of their annual report and proposed budget to enable the financial stability to be assessed on an annual basis, and
- An indemnity to Council that transfer's ownership of the assets to Council in the event of the guarantee being called up.

Council's exposure to any risk is therefore mitigated and considered minimal.

These have not been recognised as liabilities in the statement of financial position as Council consider there is very little probability that any expenditure will be incurred to settle them.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 28 - Contingent Liabilities (continued)

The following loan guarantees have been given by Council:

2013				
Year of Guarantee	Term in Years		Amount of Original Guarantee	Current Level of Guarantee Outstanding
			000's	000's
Feb-2001	25	Thames Tennis Club	58	0
Jul-2002	15	Thames Pensioner Housing Trust	510	63
Jan-2009	25	Housing New Zealand	1,283	1,265
Jan-2008	NA	Land Information New Zealand	45	45
			1,896	1,373

2012				
Year of Guarantee	Term in Years		Amount of Original Guarantee	Current Level of Guarantee Outstanding
			000's	000's
Feb-2001	25	Thames Tennis Club	58	0
Jul-2002	15	Thames Pensioner Housing Trust	510	179
Jan-2009	25	Housing New Zealand	1,283	296
Jan-2008	NA	Land Information New Zealand	45	45
			1,896	520

* Council has entered into a performance bond with Land Information New Zealand to provide the Crown with security in the form of a bond that ensures that the Council's obligations under the Crown Forest Licence are fulfilled.

Employer contributions to defined contribution plans

Council is a participating employer in the DBP Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme.

If the other participating employers ceased to participate in the scheme, Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Council could be responsible for an increased share of the deficit.

As at 31 March 2013, the scheme had a past service surplus of \$18.4 million (exclusive of employer superannuation contribution tax). This surplus was calculated using a discount rate equal to the expected return on net assets, but otherwise the assumptions and methodology were consistent with requirements of NZIAS 19. The actuary of the scheme recommended that the employer's contributions were to be suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

Joint venture contingent liabilities

There are no contingent liabilities associated with the joint venture, Thames Valley Emergency Operating Area, as at 30 June 2013 (2012: \$nil).

Contingent Assets

The Council has no contingent assets (2012: \$nil).

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 29 - Commitments

Operating Leases as Lessee

The Council leases property, plant and equipment in the normal course of business. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

2012		2013
Actual		Actual
\$000's		\$000's
	Non-cancellable operating lease commitments	
19	Not later than one year	12
9	Later than one year, not later than two years	0
0	Later than two years, not later than five years	0
0	Later than five years	0
28	Total non-cancellable operating lease commitments	12
	Non-cancellable contracts for operation of water, stormwater, wastewater, roading, solid waste collection and disposal, and community facilities	
21,894	Not later than one year	15,691
4,551	Later than one year, not later than two years	8,030
0	Later than two years, not later than five years	18,034
0	Later than five years	15,275
26,445	Total non-cancellable contracts	57,030
3,272	Other contracts for miscellaneous operating functions	2,580
29,745	TOTAL NON-CANCELLABLE OPERATING LEASES AND CONTRACTS	59,622

Joint venture operating lease commitments

There are no operating lease commitments associated with the joint venture, Thames Valley Emergency Operating Area, as at 30 June 2013 (2012: \$nil).

Capital commitments

2012		2013
Actual		Actual
\$000's		\$000's
	Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	
3,117	Not later than one year	135
3,117	Total contractual capital commitments	135
30,963	In addition to these commitments above, Council has authorised additional capital works for 2013/14 in the Annual Plan	28,668
34,080	TOTAL CAPITAL WORKS COMMITTED TO FROM 2013/2014 ONWARDS	28,803

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

There are no capital commitments in relation to the Council's interest in the joint venture, Thames Valley Emergency Operating Area, as at 30 June 2013 (2012: \$nil).

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 29 - Commitments (continued)

Operating Leases as Lessor

The Council leases some properties held for future strategic purposes under operating leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

2012		2013
Actual		Actual
\$000's		\$000's
841	Not later than one year	688
2,506	Later than one year, not later than five years	1,849
4,128	Later than five years	3,909
7,475	TOTAL NON-CANCELLABLE LEASES OPERATING LEASES AS LESSOR	6,446

No contingent rents have been recognised in the statement of comprehensive income during the period.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 30 - Capital Works Programme

2012		2013			
Total		Budget	Completed	Work in	Total
Expended				Progress	Expended
\$000's		\$000's	\$000's	\$000's	\$000's
DISTRICT					
352	Cemeteries	327	16	68	84
0	Community Health and Safety	0	4	0	4
6,547	District Transportation	8,459	5,892	111	6,003
0	Economic Development	53	8	0	8
26	Emergency Management	78	25	0	25
0	Parks and Reserves	0	13	0	13
164	Public Conveniences	169	129	0	129
4	Representation	259	33	7	39
199	Solid Waste	377	197	12	210
1,006	Strategic Assets	1,828	1,085	71	1,156
2,735	Wastewater	4,221	2,391	822	3,213
11,033	Total District	15,771	9,794	1,091	10,885
THAMES					
0	Halls	2	63	0	63
0	Harbour Facilities	1	0	0	0
125	Libraries	624	113	0	113
489	Local Transportation	371	113	3	116
261	Parks and Reserves	158	77	40	117
898	Stormwater	623	313	0	313
5	Swimming Pools	0	6	0	6
1,250	Water	2,267	828	202	1,030
3,028	Total Thames	4,048	1,514	245	1,759
COROMANDEL					
0	Economic Development	97	0	81	81
0	Emergency Management	855	0	123	123
36	Halls	0	0	0	0
212	Harbour Facilities	96	64	9	73
0	Libraries	64	30	16	46
61	Local Transportation	0	0	0	0
31	Parks and Reserves	0	0	0	0
0	Public Conveniences	0	0	0	0
0	Representation	121	39	0	39
109	Stormwater	0	0	0	0
0	Swimming Pools	308	213	0	213
0	Wastewater	0	0	0	0

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 30 - Capital Works Programme (continued)

48	Water	0	0	0	0
497	Total Coromandel	1,541	345	229	575
MERCURY BAY					
0	Emergency Management	176	58	5	64
475	Halls	0	0	32	32
46	Harbour Facilities	47	44	0	44
52	Libraries	601	607	76	684
725	Local Transportation	2,963	1,745	2,671	4,417
4,415	Parks and Reserves	0	0	0	0
0	Solid Waste	655	0	69	69
700	Stormwater	0	0	0	0
0	Wastewater	629	98	46	143
121	Water	0	0	0	0
6,534	Total Mercury Bay	5,071	2,553	2,900	5,453
TAIRUA/PAUANUI					
0	Halls	25	0	0	0
0	Harbour Facilities	75	49	0	49
19	Libraries	19	15	0	15
197	Local Transportation	172	161	2	162
326	Parks and Reserves	295	288	14	302
49	Stormwater	244	0	9	9
431	Water	1,852	85	237	322
1,022	Total Tairua/Pauanui	2,683	596	263	859
WHANGAMATA					
39	Halls	0	0	(0)	(0)
82	Harbour Facilities	174	0	0	0
62	Local Transportation	381	384	0	384
347	Parks and Reserves	294	506	47	552
321	Stormwater	327	50	11	61
197	Water	673	74	70	144
1,048	Total Whangamata	1,850	1,014	127	1,141
23,161	TOTAL FOR THE DISTRICT	30,963	15,816	4,855	20,672

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 30 - Capital Works Programme (continued)

2012		2013			
Total		Budget	Completed	Work in	Total
Expended				Progress	Expended
\$000's		\$000's	\$000's	\$000's	\$000's
352	Cemeteries	327	16	68	84
0	Community Health and Safety	0	4	0	4
6,547	District Transportation	8,459	5,892	111	6,003
0	Economic Development	53	8	0	8
26	Emergency Management	78	25	0	25
550	Halls	301	121	86	207
340	Harbour Facilities	1,105	49	155	204
196	Libraries	690	172	0	172
1,534	Local Transportation	1,621	1,328	90	1,419
5,380	Parks and Reserves	3,775	2,658	2,789	5,447
164	Public Conveniences	169	129	0	129
4	Representation	259	33	7	39
199	Solid Waste	377	197	12	210
2,077	Stormwater	1,971	403	89	492
1,006	Strategic Assets	1,828	1,085	71	1,156
5	Swimming Pools	0	6	0	6
2,735	Wastewater	4,221	2,391	822	3,213
2,047	Water	5,729	1,298	555	1,852
23,161	TOTAL PER ACTIVITY	30,963	15,816	4,855	20,672

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 31 - Financial Instrument Categories

The accounting policies for financial instruments have been applied to the line items below:

2012		2013
Actual		Actual
\$000's		\$000's
Financial Assets		
Loans and receivables		
823	Cash and cash equivalents	163
2,993	Debtors and other receivables	2,782
315	Rates postponement receivables	305
Other financial assets		
82	Term deposits	95
4,213	Total loans and receivables	3,345
Fair value through other comprehensive income		
206	Unlisted shares	239
206	Total fair value through other comprehensive income	239
Financial liabilities		
Fair value through surplus or deficit-held for trading		
4,790	Derivative financial instrument liabilities	3,157
4,790	Total fair value through surplus or deficit - held for trading	3,157
Financial liabilities at amortised cost		
14,182	Creditors and other payables	12,034
Borrowings		
11	Finance Lease liabilities	5
47,438	Term loans	48,988
61,631	Total financial liabilities at amortised cost	61,027

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 32 - Fair Value Hierarchy Disclosures

For those instruments recognised at fair value on the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position:

	Valuation technique			
	Total	Quoted market price	Observable inputs	Non- observable inputs
	\$000's	\$000's	\$000's	\$000's
2013				
Financial assets				
Shares	531	0	0	531
Financial liabilities				
Derivatives	3,157	0	3,157	0
2012				
Financial assets				
Shares	206	0	0	206
Financial liabilities				
Derivatives	4,790	0	4,790	0

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

2012		2013
Actual		Actual
\$000's		\$000's
198	Balance at 1 July	206
0	Gain and losses recognised in the surplus or deficit	0
8	Gain and losses recognised in other comprehensive income	15
0	Purchases	18
0	Sales	292
0	Transfers into level 3	0
0	Transfers out of level 3	0
206	Balance at 30 June	531

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 33 - Financial Instrument Risks

Council is party to financial instruments as part of its normal operations. Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure arising from its treasury activities. Council has a liability management policy and an investment policy that provides risk management for interest rates and the concentration of credit risk.

These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

Council is not exposed to equities securities price risk on its investments.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council may purchase plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transaction denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$100,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means the Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates.

Borrowings and investments issued at fixed rates of interest expose Council to fair value interest rate risk.

Council's liability management policy outlines the level of borrowing that is considered acceptable using fixed rate instruments. In the normal course of business, any long-term debt is at floating interest rates. Short-term borrowing and investments are subject to normal market fluctuations.

Interest rate management instruments are used to manage floating wholesale market interest rate movements by converting floating rates to fixed rates. Consequently, investments at fixed rates expose Council to fair value interest rate risk.

The interest rates on Council's investments are disclosed in Note 10 Derivative Financial Instruments and on Council's borrowings in Note 22 Borrowings.

Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Generally, Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 33 - Financial Instrument Risks - (continued)

Credit Risk

Credit risk is the risk that a third party will default on its obligation to Council causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits which give rise to credit risk. Financial instruments which potentially subject Council to credit risk principally consist of cash and on-call deposits, accounts receivable, investments in company shares and interest rate swaps. Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk.

Credit risk is minimised as a result of several key controls:

- Maintaining maximum limits for the amount of credit exposure with any one institution,
- Limiting investments to registered banks and strongly rated state owned enterprises and corporations,
- Controlling the level and spread of accounts receivable outstanding.

As a result of these controls there are no significant concentrations of credit risk. The maximum exposure to credit risk at 30 June 2013 is the fair value of these instruments as stated in the statement of financial position.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

2012		2013
Actual		Actual
000's		000's
905	Cash at bank and term deposits	258
2,993	Debtors and other receivables	2,782
315	Rates postponement receivables	305
520	Financial guarantees	1,373
4,733	TOTAL CREDIT RISK	4,718

Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 28 Contingent Liabilities.

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired have been assessed by reference to Standard and Poor's credit rating's (if available) or to historical information about counterparty default rates:

2012		2013
Actual		Actual
000's		000's
Counterparties with credit ratings		
Cash at bank and term deposits		
905	AA	258
905	Total cash at bank and term deposits	258

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 33 - Financial Instrument Risks - (continued)

Liquidity Risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months.

Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of Council's Ten Year Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$250,000 (2012: \$250,000). There are no restrictions on the use of this facility. For a summary of the facilities held by Council refer to Note 22 Borrowings.

Council seeks to manage liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

Contractual Maturity Analysis of Financial Liabilities

Contractual maturity analysis of financial liabilities

The following table analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on the floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows.

2013					
	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Creditors and other payables	12,034	12,034	12,034	0	0
Net settled derivative liabilities	3,157	3,157			
Secured loans	48,988	48,988	11,150	37,838	0
Finance leases	5	6	2	4	0
Financial guarantees	1,373	1,373	1,373	0	0
Total	65,557	65,558	24,559	37,842	0

2012					
	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Creditors and other payables	14,182	14,182	14,182	0	0
Net settled derivative liabilities	4,790	4,790	934	3,142	714
Secured loans	47,438	47,438	30,950	16,488	0
Finance leases	11	13	7	6	0
Financial guarantees	520	520	520	0	0
Total	66,941	66,943	46,593	19,636	714

Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 28 Contingent Liabilities.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 33 - Financial Instrument Risks - (continued)

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	163	163	163	0	0
Debtors and other receivables	2,782	2,782	130	2,652	0
Rates postponement receivables	305	305	0	0	305
Other financial assets:					
Term deposits	95	95	95	0	0
Unlisted shares	455	455	0	0	455
Total	3,800	3,800	388	2,652	760

2012					
	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	823	823	823	0	0
Debtors and other receivables	2,993	2,993	312	2,681	0
Rates postponement receivables	315	315	0	0	315
Other financial assets:					
Term deposits	82	82	82	0	0
Unlisted shares	142	142	0	0	142
Total	4,355	4,355	1,217	2,681	457

Sensitivity Analysis

The table below illustrates the potential surplus or deficit and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on financial instrument exposures at the balance date.

2013				
	Surplus	-100bps Other Equity	Surplus	+100bps Other Equity
	\$000's	\$000's	\$000's	\$000's
Financial Assets				
Cash and cash equivalents	0	0	0	0
Financial liabilities				
Derivatives - held for trading	(1,792)	0	1,692	0
Borrowings				
Bank overdraft	0	0	0	0
Term loans	0	0	0	0
Total sensitivity to interest rate risk	(1,792)	0	1,692	0

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 33 - Financial Instrument Risks - (continued)

	2012			
	Surplus	-100bps Other Equity	Surplus	+100bps Other Equity
	\$000's	\$000's	\$000's	\$000's
Financial Assets				
Cash and cash equivalents	0	0	0	0
Financial liabilities				
Derivatives - held for trading	(2,254)	0	2,141	0
Borrowings				
Bank overdraft	0	0	0	0
Term loans	0	0	0	0
Total sensitivity to interest rate risk	(2,254)	0	2,141	0

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2012: -100bps/+100bps).

Note 34 - Capital Management

Council's capital is its equity (or ratepayer's funds), which comprise retained earnings, asset revaluation reserves and fair value through comprehensive income reserves. Equity is represented by net assets.

The Local Government Act 2002 requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council.

Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Ten Year Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's Ten Year Plan.

Council has the following Council created reserves:

- Specifically named reserves available to fund activities
- Retained revenue reserves available to fund activities
- Funded depreciation reserves to fund capital items
- Special LGAC reserves to fund capital items

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Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 35 - Reclassification

	Actual 2012		
	Before reclassification	Reclassification	After reclassification
	\$000's	\$000's	\$000's
Income			
Total Rates Revenue	59,253	(59,253)	0
Total Rates Revenue, excluding targeted water supply rates.	0	58,133	58,133
Targeted water supply rates	0	1,120	1,120
User fees and charges	8,819	(8,819)	0
Infringements and fines	198	(198)	0
Petrol tax	473	(473)	0
Other user fees and charges	0	9,490	9,490
Interest received	32	0	32
Gains on changes in fair value of biological assets	0	0	0
Total assets vested in Council	846	0	846
Contributions	955	0	955
New Zealand Transport Agency subsidies	5,613	0	5,613
Total	76190	0	76190

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 36 - Explanations for Major Variances Against Budget

Statement of Comprehensive Income	
Revenue	
Fees, charges, and targeted rates for water supply	Revenue from resource consents was under the budget by (\$479,000) due to the lower number of higher value consents submitted for processing. Building Control consents revenue was under budget by (\$105,000) and monitoring by (\$106,000) due to the reduction in consent applications. Sale of rubbish bags was under budget by (\$173,000). In Trade Waste Council budgeted for revenue of (\$320,000) but the charges were not finalised in the financial year and consequently no revenue was received or expenditure incurred.
Contributions Revenue	Council budgeted revenue of \$2,484,000 for development contributions but actual revenue was \$594,000, a shortfall of (\$1,990,000). This is mainly due to the lower than expected residential sub divisions.
Subsidy Revenue	The subsidy revenue received from New Zealand Transport Agency was \$1,167,000 lower than budgeted, largely due to lower expenditure on maintenance work, pavement treatment and sealed roads. Subsidies are directly related to the amount of money the Council spends on the Roothing activity, whether capital expenditure or operating expenditure.
Vested Assets	Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed during the year. Assets worth \$469,000 have been vested in the Council which is below the budget due the reduced sbdivision activity in the present economic climate.
Expenditure	
Other Operating Expenditure	Operating expenditure is under budget by \$3,812,000. These are mainly attributable to cost savings across the organisation.
Other losses	During the replacement process of the Council's infrastructural assets, existing assets are often disposed of for minimal or nil value resulting in a loss on disposal which is reflected in the Statement of Other Comprehensive Income. During the 2012/13 financial year these losses amounted to \$1,013,000 (see Note 6).
Other Comprehensive Income	
Revaluation movement	The gain on property revaluation is \$25.88 million. (2012 \$16.82 million). The accumulated property revaluations are disclosed in Note 7a. The revaluation gain of \$25.88 million compares to the budgeted gain of \$27.92 million. The budgeted figures were aligned based on a budgeted cost adjustment factor of 3.1%. However, once Statistics New Zealand figures were released, this adjustment factor was revised downwards to 1.76%. This decrease was some what offset by an increase in unit rates deemed too low through Council's peer review process.
Statement of Changes in Equity	
Statement of change in Equity	Equity increased by \$27.48 million for the year. This was made up of the operating surplus of \$1.59 million plus other comprehensive income of \$25.88 (which is explained within the Statement of Comprehensive Income Variance notes). This compares to the budgeted increase of \$31.39 million. The major reasons are revenue is lower than budget by (\$5.7 million), partially offset by expenses being \$3.79 million under budget. Property revaluations were less than that budgeted by (\$2.03 million). Refer above for more detailed explanations.

FINANCIAL STATEMENTS

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Note 36 - Explanations for Major Variances Against Budget (continued)

Statement of Financial Position	
Assets	
Intangible Assets	A number of intangible assets were identified within property, plant and equipment. These have now been separated out.
Property Plant and equipment	Property Plant and Equipment increased by \$28.32 million, net of depreciation during the year. \$25.88 million relates to property revaluations. The increase in Property Plant and Equipment is lower than that budgeted by (\$20.65 million) due to (a) fewer assets vested (lower by \$2.2 million) as a result of lower number of subdivisions and (b) the deferral capital works. Revaluation of Property Plant and Equipment is also lower than that budgeted. Further explanations regarding the movement in revaluations can be located above.
Liabilities	Variance against budget
Creditors	This liability fluctuates on a regular basis due to the timing of workload relative to year end. Both operational and capital expenditure were lower than that budgeted due to the deferral of capital works and operational savings made across the organisation. As such, creditors at year end was lower than that anticipated.
Borrowings	Borrowings (current and long-term combined) are \$16.14 million lower than that budgeted principally due deferral of capital works and savings in operating expenses.
Provisions	Significant upward movements in the weather tight homes provision and reserve contributions provision over the previous two years has resulted in a higher opening position than that originally budgeted for.
Funding Impact Statement - Whole of Council	
Fees, charges and targeted rates for water supply	Refer to the revenue variations above.
Payments to staff and suppliers	Payments to staff and suppliers is under budget by \$4,990,000. These are mainly attributable to cost savings across the organisation. Principle areas were in Wastewater where savings against budget of \$1,500,000 were realised, Building Control, Animal Control and Bylaws \$487,000, Roading \$525,000, and in Water services of \$224,000
Purchase of property, plant and equipment	Refer to Property Plant and equipment variations above

COUNCIL CONTROLLED ORGANISATIONS

Council-controlled organisations or CCO's are organisations in which one or more councils control 50% or more of the voting rights, or have the right to appoint half or more of the directors. Council-controlled trading organisations (CCTO) are council-controlled organisations that trade to make a profit.

The Thames Valley Emergency Operating Area, Destination Coromandel and Hauraki Rail Trail Charitable Trust are not disclosed as CCOs because Council has resolved to exempt these organisations in accordance with the Local Government Act 2002, section 7.

Thames-Coromandel District Council had an interest in one CCO in 2013 financial year, the Local Authority Shared Services Ltd (LASS).

Local Authority Shared Services Limited (LASS)

The Council has a one-twelfth ordinary shareholding (one share at \$1,000) in the Local Authority Shared Services Limited Company. The remaining shares are owned by Waikato Regional Council, Environment Waikato, Hamilton City Council, Waikato District Council, Waipa, Hauraki, Matamata-Piako, Otorohanga, Waitomo, South Waikato, Taupo and Rotorua District Council.

The Council also holds service shares in the Waikato Region Aerial Photography Service (6,476 shares at \$1), the Shared Valuation Data Service (108,015 shares at \$1) and the Waikato Regional Transport Model (2,250 shares at \$10) activities of the company. These service shareholdings give no rights to a share in the distribution of surplus assets, nor do they provide voting rights.

Introduction

The Local Authority Shared Service Ltd (LASS) CCO was incorporated in December 2005.

Local Authority Shared Service Ltd (LASS) was developed as a joint initiative between the 12 Councils of the Waikato region. Its evolution can be traced from a range of projects that were implemented between local councils. These projects highlighted the benefits of a jointly owned governance structure to provide an opportunity for collaborative management and development. Central government devolution, closer working relationships between councils and a desire to benefit from cost saving opportunities offered by jointly progressing shared initiatives have fostered more efficient services.

LASS provides an effective structure that can promote such developments to the benefit of those councils that choose to be actively involved in a particular joint service. Each council owns an equal number of shares in LASS and as such has an equal say in its development.

The LASS governance structure enables the directors appointed by the shareholders to decide on the future direction of those services that will be promoted under its auspices. Any such services will be operated as a stand alone business unit with an advisory group appointed by the shareholders participating in that service to provide direction but answerable to the directors.

The shared valuation database service (SVDS) has been developed to enable the construction of a database service that is available online with updated valuation data. The short-term aim is to incorporate all property data for the whole of the Waikato region in this single database to enable competition and improvements in the valuation service provider market.

Objectives

The objective of the company is to provide Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

COUNCIL CONTROLLED ORGANISATIONS

Performance measures

The following performance measures were incorporated into the statement of intent for the 2012/2013 financial year.

Performance Measure	Actual Outcome
The company will carry out an annual survey of shareholders to assist Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the service provided.	Annual survey of shareholders was completed in June 2013 with all twelve shareholder Councils responding. Ten councils responded that the concept of LASS was still delivering benefits to their council. Three Councils responded that they were satisfied with the efforts being made by LASS to advance shared services opportunities and nine were "fairly satisfied". Those who responded fairly satisfied were generally satisfied with the existing services but considered more could be achieved through other shared service opportunities.
Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$13,727 favourable to budget.
The company maintains an overall positive cash flow position.	Achieved. Cash, cash equivalents and bank accounts at end of year were \$571,147.
The Board will provide a written report on the business operations and financial position of the LASS as a minimum on a six monthly basis.	Six monthly reports have been sent to shareholders.
There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	All parties have confirmed that there were no legislative breaches during the year and this will be reported to the LASS Board at the August meeting when the Annual Report is presented.
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 99.93% of working hours.
That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	99.9% of Sales and Property files were supplied to Property IQ on time.
All Capital SVDS enhancement work is supported by a business case approved by the Advisory Group.	All Capital enhancement work was approved by the SVDS Advisory Group.
That all required WRTM modelling reports are actioned within the required timeframe.	Achieved. No complaints received.
That a full report on progress of the WRTM model be provided to the LASS Board twice each year.	Achieved.
In response to requests from shareholders, the Company will provide regular reports and updates to the Regional Governance group regarding progress with shared service initiatives.	The Company has provided, when requested, reporting to the Waikato Mayoral Forum on shared services initiatives. The Company has supported the Mayoral Forum workstream projects, acting as the financial controller of funding and contractual commitments associated with these projects. Additional communications with shareholders include the formation of a Shared Services Working Party with membership from each shareholding Council.

Conclusion

The Council's own significant policies and objectives as set out in the 2012 Ten Year Plan have been met during the year.

COUNCIL POLICIES



COUNCIL POLICIES

Development of Maori Capacity to Participate in Council Decision Making

Purpose

The Local Government Act 2002 requires Local Authorities to facilitate participation by Maori in the Council's decision making processes.

The Ten Year Plan outlines how Council might help Maori to participate in Council decision-making. Council has adopted the following policy to assist Maori participation in such decision making:

Grants (in 2012/2013)

Policy	Achievements
<ol style="list-style-type: none"> 1. Council will compile a database of those who wish to be considered Maori for the purposes of the Local Government Act 2002. Council will maintain a process to ensure this database is current and up to date. Contact 2. That those persons who have identified themselves as Maori are specifically targeted for consultation when Council decides that it wishes to consult. Where specific legislation requires specific consultation with Maori or tangata whenua, then the requirements of that specific legislation will over-ride this policy. 3. Council will identify key issues of particular interest to Maori. 4. Council will gather information on Maori perspectives about Council activities. 5. Council will consciously build on the good quality relationships that have already been established. Examples include the development of further Memorandums of Understanding and relationships developed through other processes such as the Resource Management Act, Coromandel Peninsula Blueprint project and Council's strategic work programme. 6. Council will identify a work programme to progress items 1-5 above. 7. Council will progress the above work programme as staff time and funding allows. 	<ol style="list-style-type: none"> 1. In anticipation of the settlement of the Treaty of Waitangi claims for Hauraki Iwi, and in recognition of the importance that the settlement will have across all of the four well-beings that Council is charged with promoting, local government agencies within the rohe of Hauraki Iwi are, at the invitation of the Crown, participating in the settlement negotiations process. This participation includes: <ul style="list-style-type: none"> • Governance level meetings with the Chief Crown Negotiator and the Hauraki Iwi Collective; • Participation at officer level in the Crown Technical Working Group in developing governance and operational processes including: <ul style="list-style-type: none"> ◦ Co-governance arrangement for the Waihou and Piako river catchments and for the Coromandel Peninsula; 2. A contact list for consultation purposes is held by Council and updated in July of each year. This has been used frequently for the District Plan review. 3. Appointment of iwi sanctioned commissioners to agency resource consent hearing panels where development proposals have the potential to impact natural resource of significance to Hauraki Iwi. A contact list for consultation purposes is held by Council and updated in July of each year. 4. Those persons who have identified themselves as Maori for the purposes of the Local Government Act 2002 have been added to the Council contact list. 5. Iwi authorities for Ngati Hei and Ngati Maru have been afforded greater participation and interaction with Council under agreed protocols relating to input into resource consent decisions. The Iwi have access to a consent tracking database that alerts them to every application received in the District. Iwi then alert Council planning officers to any issues that are considered to be relevant. 6. Broadband access has been supplied to Ngati Hei to allow greater participation and interaction with Council under the Memorandum of Understanding.

COUNCIL POLICIES

Development of Maori Capacity to Participate in Council Decision Making

Grants (in 2012/2013) continued

Policy	Achievements
	<p>7. Staff are available to attend Ngati Hei's monthly meeting for liaison purposes.</p> <p>8. Following his appointment to the District Plan Review Committee in his individual capacity as a person knowledgeable of the resource management issues significant to the Iwi of Hauraki Mr David Taipari has been an active participant during the 2012/2013 year..</p> <p>9. Hui were held with different tangata whenua to ascertain views around aspects of the district plan review project and to learn preferences for engagement in the review process going forward.</p> <p>10. Council is holding governance level meetings on a semi-regular basis with the chairs of the Hauraki Iwi Runanga.</p> <p>11. Council will scope further the work programme for policies 1-5 once the Deed of Settlement between the Crown and Hauraki Iwi is signed - possibly by late 2013 - to ensure alignment with the new environment that this will create. The draft work programme will estimate timing and costs.</p>

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