

# THAMES-COROMANDEL DISTRICT COUNCIL ANNUAL REPORT 2018/19









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# Message from the Chief Executive and Mayor | Mai i te Kaiwhakahaere Wahine a Te Meia

Welcome to our 2018/2019 Annual Report. We are pleased to provide this snapshot of what our Council has been delivering over the year 1 July 2018 to 30 June 2019.

This year we delivered year one of our work programme in the 2018-28 Long Term Plan, which focused on delivering the basics and giving each part of the district the support and services they need. This has been a busy year with projects being completed across the district working alongside our communities.

In 2019 we began the review of our Community Plans. We held a series of focus groups in February and March 2019, and during April and May 2019 commenced initial engagement in our various townships across the District. The plans are about what a community can do itself (and advocate for), and what our Council can do in partnership with the community and other organisations.

Covering 400 kilometres, our Coromandel district has one of the largest coastlines in the country, and our council is focused on building 'resilient' coastal communities that can respond to and recover from these sorts of hazards, which are common to many parts of New Zealand. As our Council moves into its new Emergency Management structure, staff have been focusing on building up community resilience around the District.

Our Council has taken a major step forward in the delivery of our Coastal Management Strategy with the appointment of international consultancy to support the development of our Shoreline Management Plans. This will be a milestone three-year project for our Council and New Zealand more broadly. The work our Council is doing is distinct in that we are developing Shoreline Management Plans across our whole district through active involvement of all key stakeholders along our beautiful coastline.

We had a number of highlights in the 2018/19 year; which include:

- Whitianga celebrated the completion of stage one of the town centre upgrades in December 2018, and stage two commenced in 2019.
- The unsealed part of Te Kouma Road was sealed so the whole road is now sealed all the way to Hannaford's Wharf.
- A major pedestrian safety problem was remedied with the building of a footbridge at the Flaxmill Bay ford, which means pedestrians no longer have to compete with traffic to walk across on the road.
- The Hahei Visitor car park at the entrance to the village was doubled in size to give a total capacity of close to 500 parks, meaning the pressure on the streets in the village at peak periods has been removed.
- Council received \$2 million of government co-funding towards upgrading tourism related assets (toilets and carparks).
- We're well underway with our programme to upgrade ten water treatment facilities across our district with the first upgraded plant opened in July 2019.
- Community Boards across the District allocated \$178,000 in local grants and to community-based organisations with projects, activities and events aimed at promoting and developing local communities
- The 72 appeals to our District Plan lodged in 2016 have had 37 appeals fully resolved, and 3 appeals have been withdrawn. A further 13 appeals have been partly settled.
- We had 364 resource consent applications during the year compared to 331 lodged over the previous financial year.
- The Building Unit has had an increase in consent applications and inspections this year with the value of building work increasing by 9.5% to nearly \$220 million.

We look forward to the challenges and opportunities of the coming year and to continuing the conversation with our communities on the future of our district and how we as an organisation can meet their needs and expectations.



**Sandra Goudie**  
**Mayor**



**Rob Williams**  
**Chief Executive**



# Introduction | Whakataki

## What is the Annual Report?

In June 2018 the Council adopted its 2018-2028 Long Term Plan. This first annual report of that Long Term Plan focuses on the performance measures and levels set as part of the 2018-2028 Long Term Plan and reflects the Council's mission and vision.

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 show the public what we've achieved, what we haven't achieved and to provide transparency on our decision-making processes
- 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.

## Council's vision, values and outcomes

### Council's vision

We will provide quality services and facilities, which are affordable, and delivered with a high standard of customer service.

We will be a good community citizen through our support of community organisations, economic development and the protection of the environment.

The Coromandel Peninsula is a desirable place to live, work and visit.

### Council's values

- Displaying empathy and compassion
- Fiscally responsible and prudent with ratepayers money
- Integrity, transparency and accountability in all our actions
- Treating all employees fairly and evenly in accordance with good employer practice
- Being a great place to work where staff are inspired to be the best they can
- Working with and having meaningful and on-going consultation with all of our communities
- Creating strong partnerships with our district's iwi
- Having pride in what we do
- Being a highly effective and fast moving organisation

### Council outcomes

On behalf of the Coromandel Peninsula, the Council will aim to achieve:

- A prosperous district - the Coromandel Peninsula has a prosperous economy
- A liveable district - the Coromandel Peninsula is a preferred area of New Zealand in which to live, work and raise a family and have a safe and satisfying life, and
- A clean and green district - the Coromandel Peninsula's natural environment provides a unique sense of place

### Activity group relationship to Council outcomes

Activity Group	A prosperous district	A liveable district	A clean green district
Roads and footpaths	▲	▲	▲
Stormwater		▲	▲
Water supply	▲	▲	▲
Wastewater	▲	▲	▲
Rubbish and recycling		▲	▲
Council	▲	▲	▲
Planning and Regulation	▲	▲	▲
Protection of people and the environment	▲	▲	▲
Community spaces and development	▲	▲	▲



## Independent Auditor's Report

### To the readers of Thames-Coromandel District Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Thames-Coromandel District Council (the District Council). The Auditor-General has appointed me, Carl Wessels, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2019. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 51 to 109:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2019; and
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 110, presents fairly, in all material respects, 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 statement of service provision on pages 19 to 48:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2019, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 111 to 120, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-Term Plan; and
- the funding impact statement for each group of activities on pages 111 to 120, presents fairly, in all material respects, 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.

## **Report on the disclosure requirements**

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 13 to 18, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's Long-Term Plan and annual plans.

## **Basis for our opinion on the audited information**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## **Responsibilities of the Council for the audited information**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.



The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error. In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

## **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-Term Plan.

We did not evaluate the security and controls over the electronic publication of the audited information. As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 4, 9 to 12, 49 to 50, and 121 to 125, but does not include the audited information and the disclosure requirements, and our auditor's report thereon. Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out a limited assurance engagement of the water projects procurement plan and a limited assurance engagement related to the District Council's Debenture Trust Deed, which are compatible with those independence requirements.

Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Carl Wessels  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

## Highlights

We achieved a lot in the 2018/19 year. We've had some great highlights, along with a few challenges. These are shared below for each of our activities.

### Coromandel-Colville community spaces and development

The Long Bay playground was replaced in its entirety in April 2019. The main features of the new playground are sand safety surfacing and a thatched roof to link it with its beach location. It also features a circular confidence course, a basket swing and a sand digger. Local stakeholders input helped ensure the playground would meet the needs of the community.

The layout of Sugar Loaf Wharf was improved by changing traffic flow and lanes, reconfiguring parking bays to a different angle, relocating recreational and commercial parking bays, installing semi-permanent fences and gates to separate the commercial handling area from the public and marking footpaths. Sugar Loaf Wharf is one of the district's busiest wharves and is used by the commercial aquaculture industry and recreational fishers.

Upgrading the Coromandel Citizens Hall upgrade was commenced with completion due in September 2019. This is a major restoration of the hall taking it back to its original state as much as possible. It includes removal of the out of character lean too, replacing the floor and internal linings and rebuilding the kitchen.

The walkway at Tuatewa has been restored after storm damage and realigned to make a first class access track to the waterfront area.

The Oamaru Bay public convenience was renewed making it a much more pleasant facility.

Samuel James Reserve received a facelift with new landscaping, a drinking fountain and furniture.

The Barry Brickell Performance Stage was built at Hauraki Reserve to give the opportunity for outdoor performances and activities. This was built to commemorate Barry's contribution to the community and the highly regarded Driving Creek Railway attraction.

The unsealed part of Te Kouma Road was sealed so the whole road is now sealed all the way to Hannaford's Wharf. At the same time the parking area at Hannaford's Wharf was sealed and a new shelter, improved pedestrian access and lighting completed. This was all complemented by the parking area at Herds Bay being developed and sealed giving greater capacity and more convenient parking in the area and providing some relief to the congestion at Hannaford's Wharf.

The first 760 metres of Harriet Kings Road was upgraded to provide much improved vehicular access to the residents.

The Buffalo Cemetery burial area was extended to provide capacity for the future.

Erosion protection works were completed at Waitete Bay to lessen the risk to the beach and the road.

### Mercury Bay community spaces and development

Whitianga celebrated the completion of stage one of the town centre upgrades in December 2018, and stage two commenced in 2019. As part of the stage two improvements, The Esplanade Playground was upgraded and now includes water play, a timber boat as well as other modern play equipment and is a real hit with the community. The Esplanade Road has been upgraded with new line markings, marked car parks and a footpath. We constructed a footpath along the waters edge connecting the Esplanade with the Town Centre through Taylors Mistake. Other improvements have included installing public artwork.

The public convenience on Blacksmiths Lane was upgraded with a bold new exterior providing a facility in keeping with the new town centre.

A major pedestrian safety problem was remedied with the building of a footbridge at the Flaxmill Bay ford, which means pedestrians no longer have to compete with traffic.

The Hahei Visitor car park at the entrance to the village was doubled in size to give a total capacity of close to 500 parks, meaning the pressure on the streets in the village at peak periods has been removed. As a result it has been possible to ban parking at the Grange Road, Cathedral Cove car park over the peak period and transport visitors by an extended shuttle bus service from the Visitor Car Park to the start of the Cathedral Cove track.

Car parking has also been improved at Hot Water Beach with the development of 29 car parks on the road edge opposite the main beach car park.

The Sands tennis court facility at Matarangi has been resurfaced, to give the community a much improved facility.

A new public convenience was built at Taputapuatea Stream in Whitianga, giving a much needed comfort stop to the many users of the safe swimming area nearby and walkers at the half way point on the pathway from the Wharf to Brophy's Beach.

The expansion of the Robinson's Road boat ramp was commenced, completion is due in September 2019. This will provide a much improved facility with capacity for larger boats than those that were able to use it previously. This is designed to take some pressure off the main boat ramp at The Esplanade.

The ongoing Mercury Bay coastal erosion and restoration programme continued with plantings at a number of beaches in the Mercury Bay area.



## Tairua-Pauanui community spaces and development

Funding from the government's Tourism Infrastructure Fund was secured for the replacement of the Pepe Reserve Toilet Block. The Tairua Information Centre moved into the Tairua Library.

In Pauanui the Given Grove playground was replaced which is the first of six playground replacements due in Pauanui.

The rebuild of the Royal Billy Point boat ramp and jetty was commenced with completion due in October 2019. The boat ramp will also be widened to reduce congestion during the peak busy holidays and summer weekends for boat launching.

The Hikua District Trust was granted \$100,000 towards Stage 3 of the Pauanui to Tairua cycleway/walkway. A further 2.2km has been completed this year taking the overall length of the trail to 6.4km from the waterways to a point near to the Tairua River. The trail has been very well utilised over the holiday period with approx 500 people per day using it at peak times.

## Thames community spaces and development

The Swim Cool Swim School at our Council's Thames Centennial Pool has been accredited with Swimming New Zealand's highest-level Quality Swim School mark – Gold. This means that we deliver to the highest possible standards within the Swimming New Zealand structure and that our programme, regulatory and safety standards are the top in the country.

The pool also received \$8,000 worth of life-saving equipment donated by Boat Safety New Zealand. This gear, including a boat and life vests, has been incorporated into swim lessons to teach water safety and life-saving skills.

A three year programme was commenced to improve access in Thames by covering some of the open drains. Areas along Cochrane Street and Rolleston Street adjacent to bus stops have been completed. Open drains on Court Street have been converted to kerb and channel.

Track enhancements were completed at Ngarimu and Burke Street reserves.

The tennis courts at Te Puru were resurfaced making them a more suitable facility for the community and a modular skate track was installed.

Cafe decks were installed along Pollen Street in Thames to provide a more vibrant environment on the street for diners and pedestrians.

## Whangamata community spaces and development

A resource consent that enables up to 20 daytime and 7 nighttime events to be held in Williamson Park per year was sought and approved. The consent has a life of 15 years and was approved by an independent RMA commissioner. The consent is consistent with the Whangamata Community Board's policy on the use of Williamson Park which states that there will be no concerts delivered by professional promoters over the period 25 December to 4 January.

Bar-b-ques and sun shades were installed in Williamson Park this year which completes the redevelopment project after removing overly mature and dangerous pine trees and redesigning the inner roading and parking areas.

Storm damage repairs of approximately \$330,000 were completed across the Whangamata reserves following the storms from 2017/18.

Designs and consents were completed for the replacement of the Onemana public toilets ahead of construction works in 2019/20. The Council received a grant of \$108,000 from the government's Tourism Infrastructure Fund as a contribution to the project.

A project to install five security cameras in Whangamata and one in Onemana completed the scoping and design with physical works scheduled for August 2019. New street lights were installed at the cul-de-sac heads on St Patricks ROW and Kotuku Street.

## Roads and footpaths

To address road safety concerns raised by the public, a roundabout with a traffic island was installed at the intersection of Campbell Street and Albert Street, in the Whitianga CBD.

Design works commenced for the Wentworth Valley Seal Extension project with physical works scheduled for 2019/20.

Assessments of work required to upgrade the 29 previously unmaintained Council roads was commenced as part of a 10 year programme approved in the 2018-28 Long Term Plan with design works undertaken on the following high risk physical works: replacement bridge on Buffalo Road (Coromandel), replacement culverts and ford on Rangihau Road, construction of dry ford on Mill Creek Road. Harriet Kings Road had its first 765 metres upgraded with the exception of the ford which requires further investigations.

## Stormwater

In Whangamata, works to optimise the stormwater network's effectiveness was commenced. The works were primarily within Williamson Park. This work is intended to ease increasing demand on this part of the network, a need highlighted in the 2017/18 storm events. A larger investigation is underway that is looking at the feasibility of introducing more stormwater assets into the town's network.

We've improved drainage and reduced surface flooding in Whangapoua by constructing a kerbside dish channel and soakage pits along a section of Tangiora Avenue from the shops to Opera Place.

Investigations were undertaken into alleviating pressure on the stormwater assets in and around Holland Close, Pauanui. A programme of works has been prepared and will be delivered in stages with assessment of the effectiveness of each stage before proceeding to implementing more works.

## **Wastewater**

Council has commenced a programme of CCTV work to assess the condition of wastewater pipes in Thames. Scheduled wastewater asset renewal works were completed at a cost of \$1.9 million against a budget of \$1.8 million.

## **Water supply**

We're well underway with our programme to upgrade ten water treatment facilities across our district. The first plant to be upgraded was our Whitianga water treatment plant. The replacement on the same site cost \$2.8 million and utilises the latest technology and methodologies for treating our water. This plant was opened in July 2019.

## **Solid waste (rubbish and recycling)**

Council continues to deliver the joint Waste Management and Minimisation Plan in collaboration with Hauraki and Matamata-Piako District Councils. Waste reduction continues to be a challenge as we look to actively encourage more recycling by our communities.

The solid waste contract is the subject of commercial negotiations and a number of issues in relation to it are being investigated. Council is taking expert advice to resolve all issues.

We extended our weekday opening hours for the Tairua Refuse Transfer Station to 9am to 4pm.

## **Grants and remissions**

The Community Boards allocated \$178,000 in local grants and to community-based organisations with projects, activities and events aimed at promoting and developing local communities. These included grants for local artists to promote their work, assistance for local community groups, support for volunteer organisations, environmental initiatives, assistance for youth groups and events to promote local communities.

## **Strategic planning**

In 2019 we have begun the review of our Community Plans. We held a series of focus groups in February and March 2019, and during April and May 2019 began initial engagement across the District. The plans are about what a community can do itself (and advocate for), and what our Council can do in partnership with the community and other organisations.

The 10 yearly review of the Council's Reserve Management Plans commenced with the general policies and objectives reviewed and approved. The review of the first Community Board area's reserve management plans, Coromandel-Colville was also completed. The next area for review is Thames followed by Mercury Bay, Tairua-Pauanui and Whangamata.

The five year review of the Council's Alcohol Control Bylaw was undertaken. The next review is now due in 10 years. The Nuisances Bylaw review was undertaken with a decision to change the bylaw to the Animal Nuisances Bylaw. The new bylaw is due for adoption in October 2019.

## **District Plan**

The 72 appeals lodged in 2016 have had 37 appeals fully resolved and 3 appeals have been withdrawn. A further 13 appeals have been partly settled. Between July 2018 and June 2019 there were 7 appeals fully settled. The Environment Court decision issued on the Golf (2012) Ltd appeal is subject to further proceedings in the High Court. The Department of Conservation appeal was fully settled but the Environment Court has directed Council to do further consultation on including additional rules to protect kauri trees in zones that were not within the scope of this appeal.

Nine draft Consent Orders have been filed with the Environment Court to settle 22 remaining appeals, where agreement has been reached between parties. Approval of these consent documents awaits decisions from hearings held the Natural Character and Coastal Environment topics.

A decision was issued for Variation 2 which related to the Whitianga Airfield and no appeals were received.

## **Resource consents**

We had 364 resource consent applications during the year compared to 331 lodged over the previous financial year.

## **Building control**

The Building Unit has had an increase in consent applications and inspections this year. 1311 building consent and amendments were issued. Inspections increased by 17% to 7,666 inspections and the value of work increased by 9.5% to \$219,248,932. We were able to complete the core functions within our statutory timeframes.

Online consenting has been in place for one year and has been accepted positively by our customers and the wider industry. It has provided our customers with greater access and transparency in the consenting process.

Potentially earthquake-prone buildings have been identified and we will be contacting owners in the near future. Public consultation was completed on our Dangerous and Insanitary policy and to decide the appropriate level of risk for our community on priority routes for identified earthquake-prone buildings.

## Community health and safety

The Alcohol Control Bylaw was reviewed this year with some slight changes to permanent locations and new signage being installed. We also undertook three other strategic projects; Lead the Way – a dog bylaw campaign, implemented a Quality Management System for Food Licensing audited by MPI, and a refresh of our district wide dog control signs.

The Bylaws and Compliance team has had an increase in both their core service areas; routine patrols and responding to requests for service. We have issued more infringements than in previous years however we have conducted more patrols and checks and as such the percentage of people being compliant has remained above 90%.

The number of alcohol and food premises applications plateaued this year. It was the final year of the new Food Act transition period which means that all food businesses are now operating under the new Act.

## Emergency management

As our Council moves into its new Emergency Management structure, staff have been focusing on building up community resilience around the District.

Civil Defence Centre kits are being replaced at six centres - Thames, Te Puru, Coromandel Town, Whitianga, Tairua and Whangamata. They provide all the initial resources should the centres need to be opened during an emergency.

Tsunami information open days were held in June 2019 for the west coast of the Coromandel to give our local communities an opportunity to learn about tsunami and the potential threat to the Firth of Thames.

## Coastal and hazard management

Our Council has taken a major step forward in the delivery of our Coastal Management Strategy with the appointment of international consultancy to support the development of our Shoreline Management Plans. This will be a milestone three-year project for our Council and more broadly, New Zealand.

The work our Council is doing is distinct in that we are developing Shoreline Management Plans across our whole district through active involvement of all key stakeholders along our beautiful coastline. These plans and subsequent action plans are a key outcome of our Coastal Management Strategy. Shoreline Management Plans will provide a large-scale hazard assessment on our flooding and erosion issues and identify subsequent risk to people and the environment for our coastline over the next century. The Plans also identify the possible interventions for managing those risks in a sustainable manner.

## Economic development

Our Economic development team has been working on a Productivity Plan for the District which focuses on high value opportunities across five targeted work streams: land use; land productivity; connected journeys; aquaculture; and destination management/tourism product development. The Plan outlines how we can partner with central and regional government agencies, local councils, industry, iwi (to facilitate maori economic development) and the community to catalyse a positive change that stretches outside our normal remit as a Council. [tcdc.govt.nz/productivityplan](https://tcdc.govt.nz/productivityplan)

In the past year we have been successful in seeking approximately \$4.1million of government grants from the Tourism Infrastructure Fund and Responsible Camping Fund to assist with costs in expanding our public toilet assets around the district and expanding our car parking in high tourist demand areas, along with improving responsible camping initiatives around the entire district. We are also awaiting a decision (due October/November 2019) on three Provincial Growth Fund (PGF) applications that our Council is involved in around marine and aquaculture related projects, one at Kopu, and the other two in Coromandel Harbour - at the Sugarloaf Wharf and the Coromandel Marine Gateway. In 2018 the PGF invested \$924,000 to fund the businesses cases for the three projects and the latest applications, if successful will help progress to consent and build. [tcdc.govt.nz/kopumarineproject](https://tcdc.govt.nz/kopumarineproject) [tcdc.govt.nz/coroharbourproject](https://tcdc.govt.nz/coroharbourproject)



## Overview of our financial performance

### Local Government (Financial Reporting and Prudence) Regulations 2014

Our Long Term 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. For further detail about the financial strategy, please refer to our 2018-2028 Long Term Plan. The Local Government (Financial Reporting and Prudence) Regulations 2014 came into force on 1 May 2014. Part 2 of the regulations requires us to disclose in our Annual Report our financial performance in relation to various benchmarks. This section details our performance against the financial parameters that we have set, which includes our performance against the Local Government (Financial Reporting and Prudence) Regulations 2014 prescribed benchmarks.

### Annual Report disclosure statement for the year ended 30 June 2019

#### What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

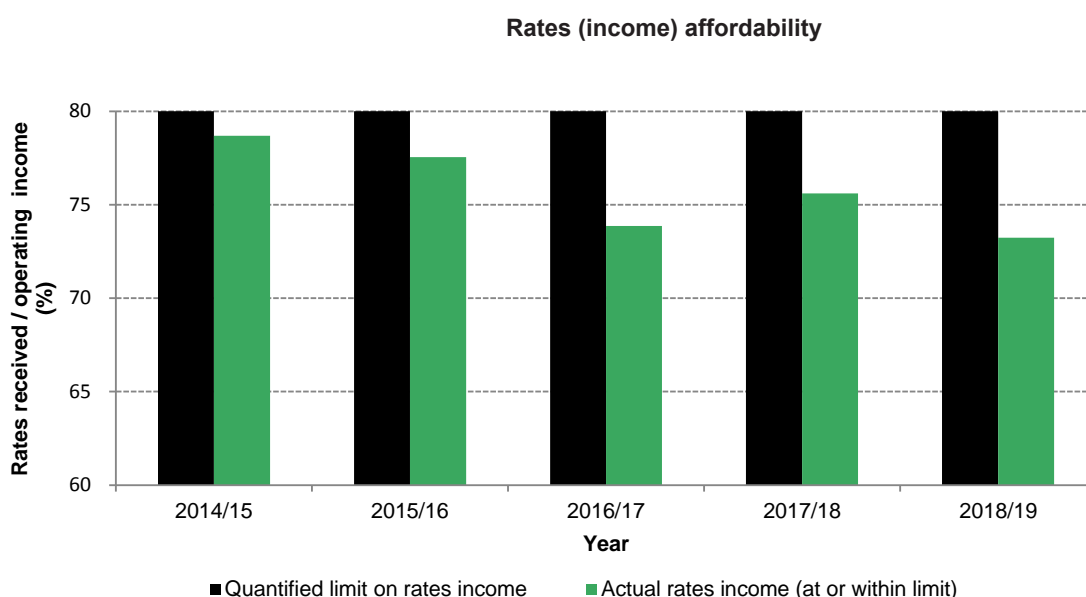
#### Rates affordability benchmark

The Council meets the rates affordability benchmark if;

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

#### Rates (income) affordability

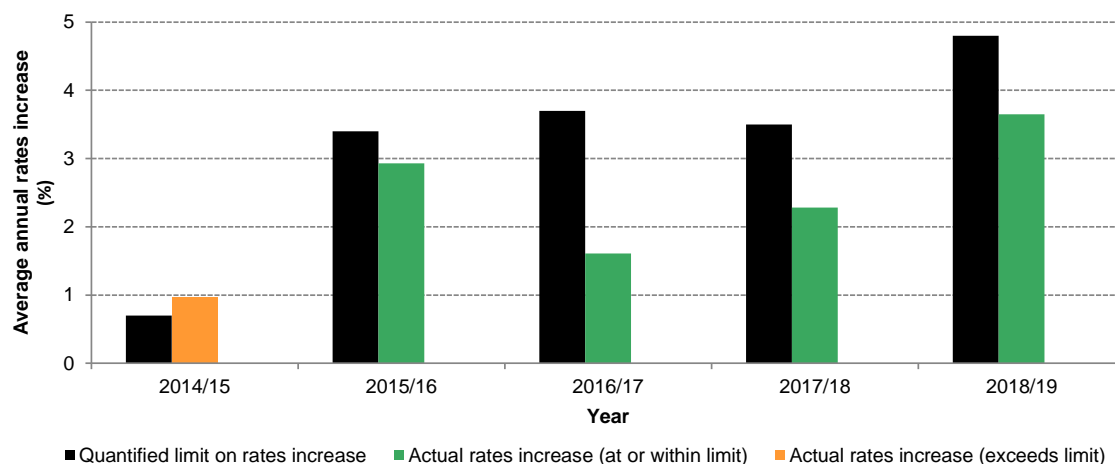
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy within the Council's Long Term Plan. The quantified limit is that rates are capped at 80% of total operating revenue. Council's rates are within the quantified limit.



### Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan. The quantified limit is that rates will increase by no more than Local Government Cost Index (LGCI) plus 2%. Council's rates are within the quantified limit.

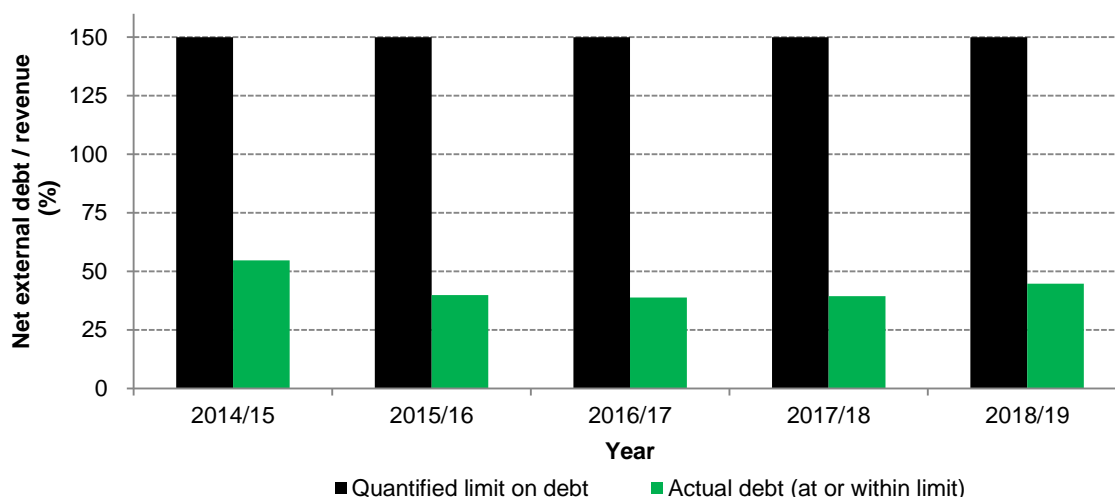
**Rates (increases) affordability**



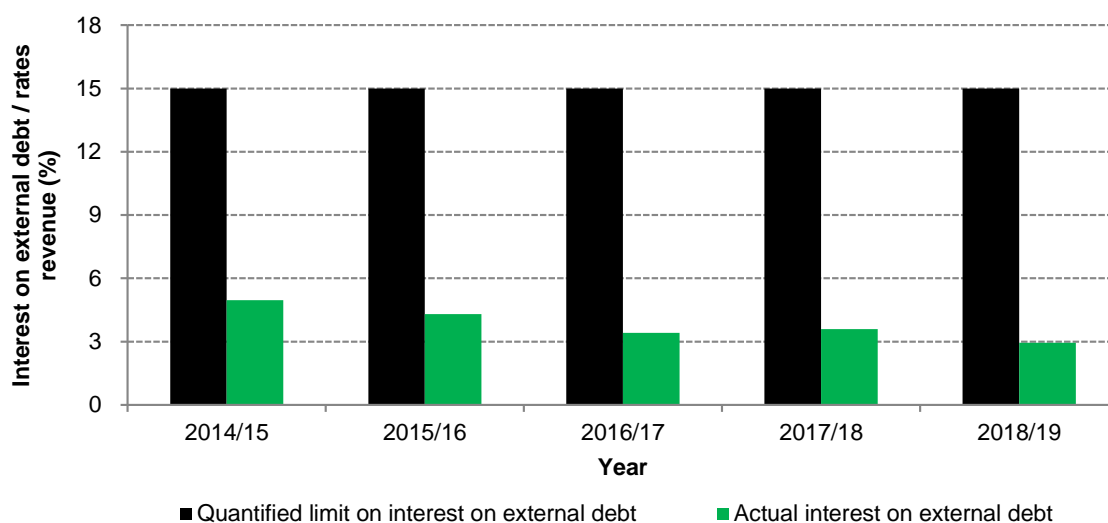
### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graphs compare the Council's actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limits are that net external debt will remain within 150% of total revenue, net interest on external debt will not exceed 15% of rates revenue, and net interest (both internal and external) on external debt will not exceed 15% of operating revenue. The Council's borrowing is within these quantified limits.

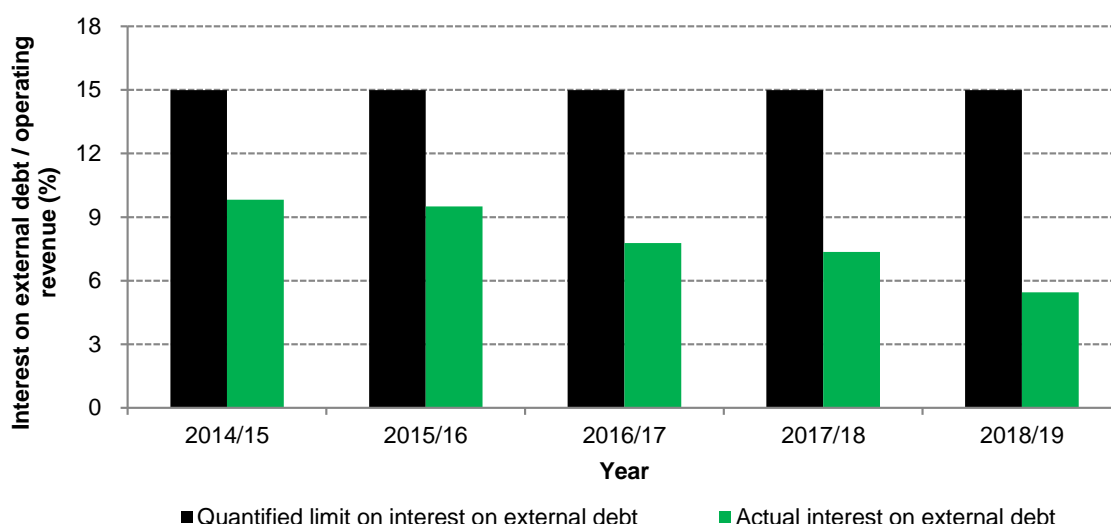
**External debt limit**



Net external interest on external debt

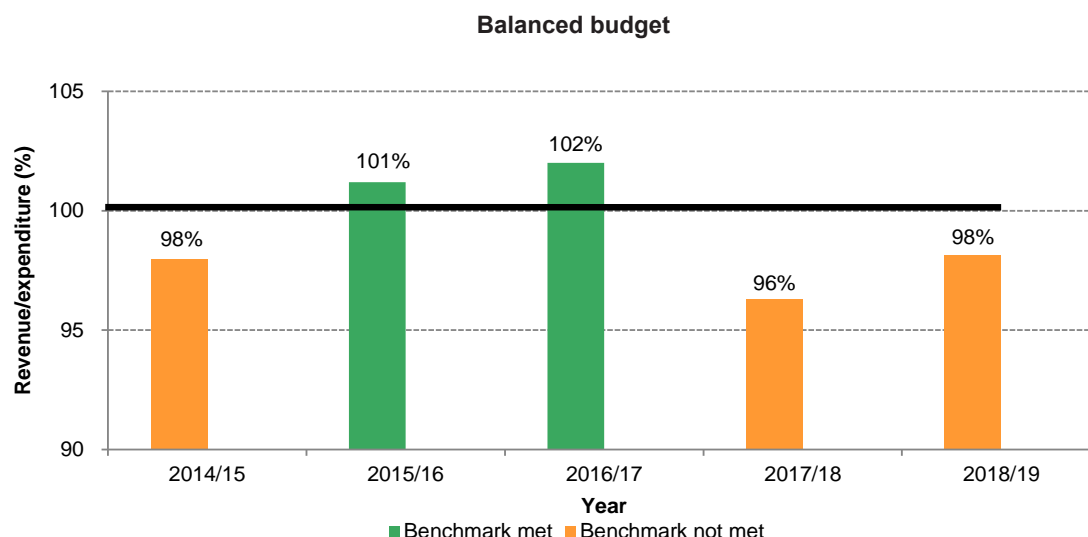


Net interest (internal and external) on external debt



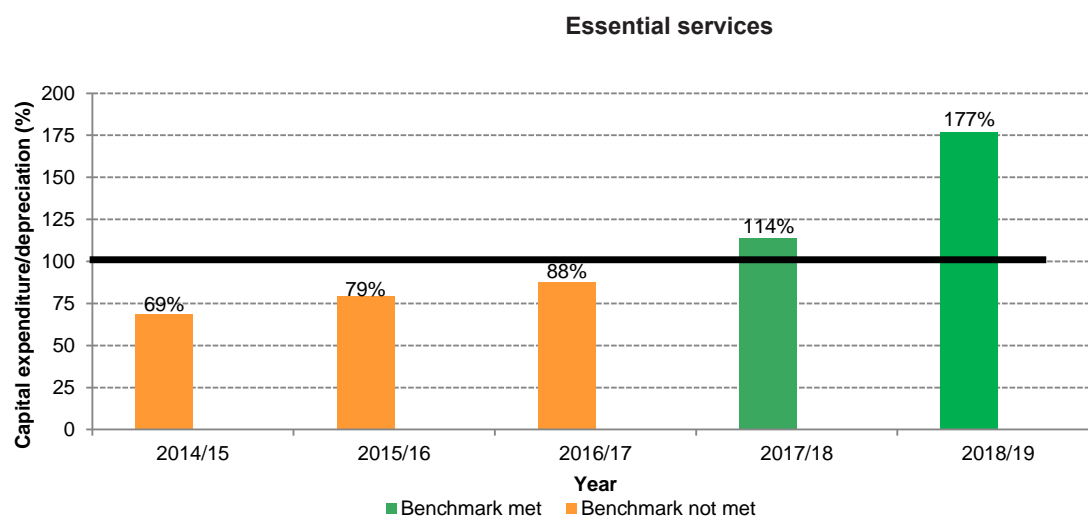
### Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses. The Council did not meet this benchmark for the 2014/15, 2017/18 and 2018/19 years. For 2014/15, this is partly due to the loss on disposal of assets and the fact that we intended not to fully fund from rates the depreciation on the additional capacity component of the Eastern Seaboard wastewater plants constructed in Tairua-Pauanui, Whitianga, and Whangamata and the subsidised portion of roading for these years. This decision was based on the premise that it would not be equitable for the existing ratepayer to fund the depreciation on the portion of these wastewater plants that were constructed for the benefit of future ratepayers, or on roading that has already been subsidised. For the 2017/18 year, this is mostly due to the additional costs to remediate the damage caused by a spate of severe storm events across the peninsula. For the 2018/19 year, this is a result of unbudgeted increased operating costs in roading, solid waste and the 3-waters services.



### Essential services benchmark

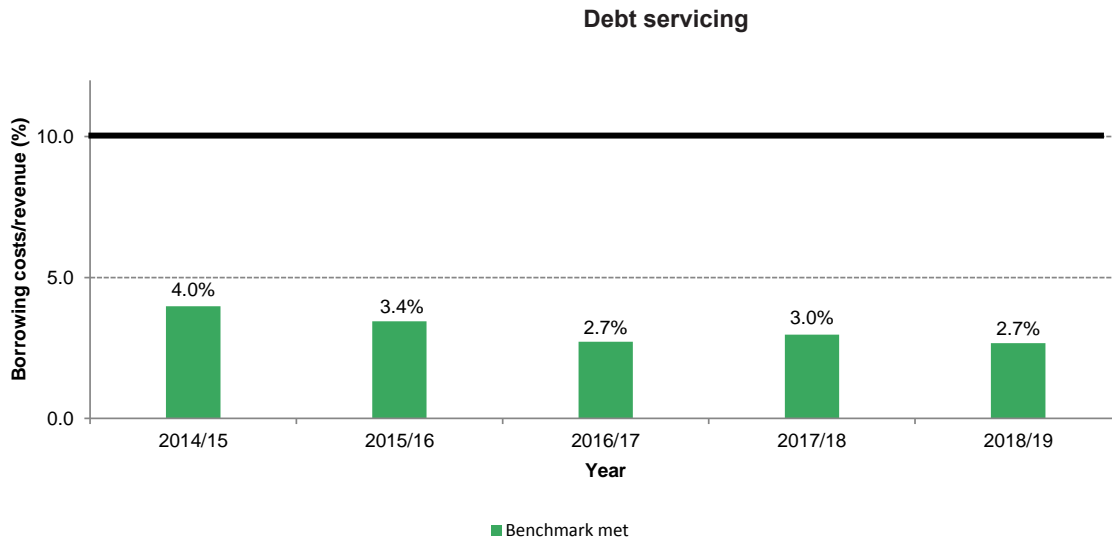
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The Council did not meet this benchmark for the 2014/15 to 2016/17 years. The reason is mostly related to the large amount of relatively new infrastructure (e.g. three wastewater plants) which will not require renewals for many years yet. The fact that we did not complete 100% of our capital expenditure programme also impacts on this benchmark. The Council is funding depreciation and building depreciation reserves towards the time that major renewals are required. This benchmark was met for the 2017/18 and 2018/19 years.





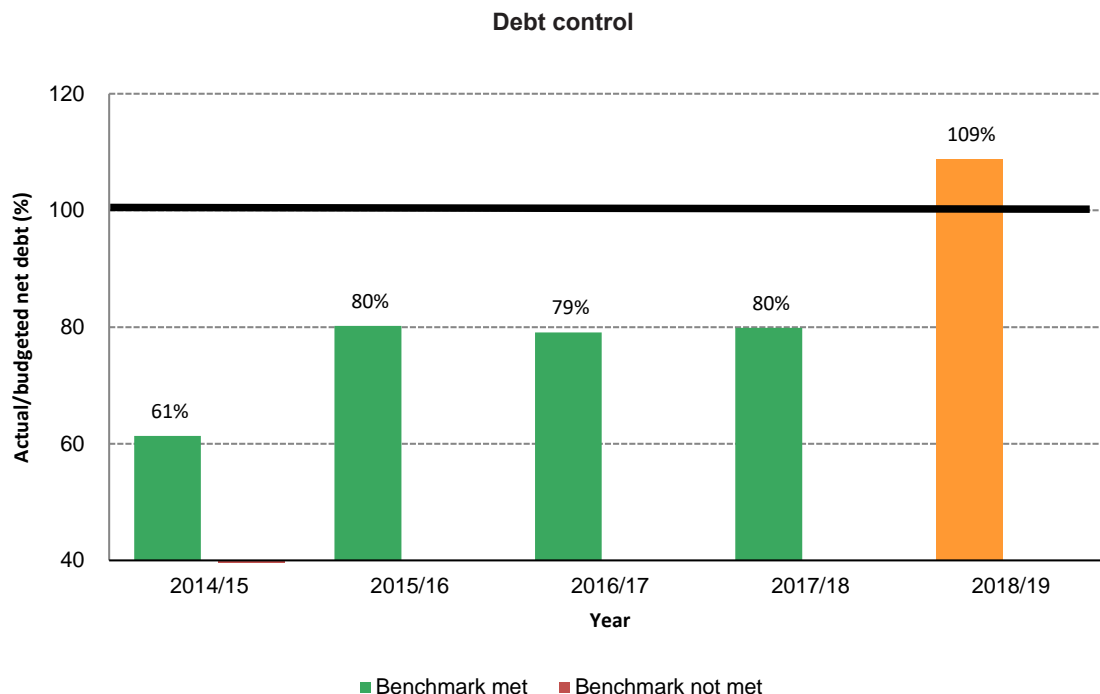
## Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The Council's borrowing costs were well within the limit set.



## Debt control benchmark

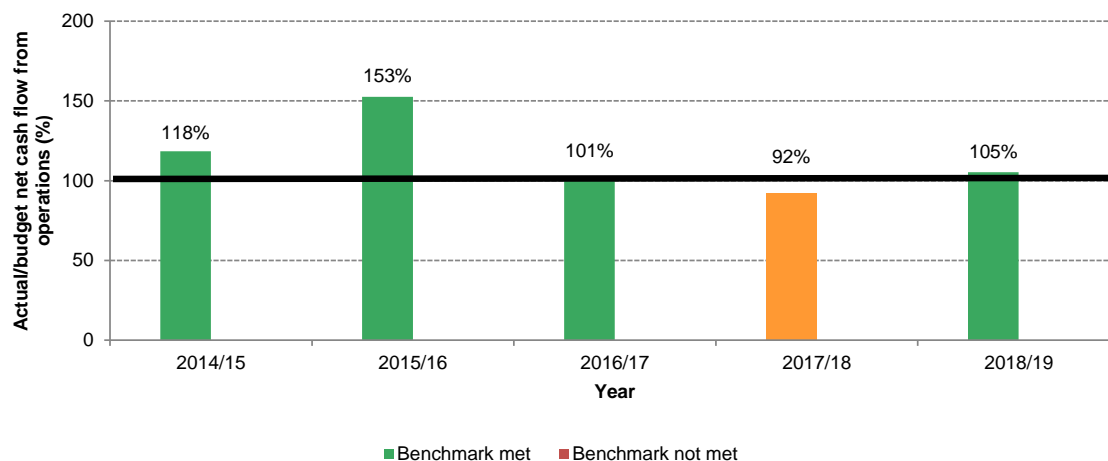
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. The Council did not meet this benchmark for 2018/19 because of increased borrowing required to fund the capital work programme.



## Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. The Council's cash flows did not meet the benchmark for the 2017/18 year mainly because the actual receipts from rates was less than budgeted in the Long Term Plan. This benchmark was met for the 2018/19 year.

Operations control



# Statement of service performance | Ngā Tauakī Whaingā

## Introduction

For the purpose of our 2018-2028 Long Term Plan, Council arranged its services into the following activity groups and activities:

Activity Groups	Activities
Council	Representation Grants and remissions Property Economic development District Plan
Planning and regulation	Resource consents Building control
Protection of people and the environment	Emergency management Coastal and hazard management Community health and safety
Community spaces and development	Coromandel-Colville community spaces and development Mercury Bay community spaces and development Tairua-Pauanui community spaces and development Thames community spaces and development Whangamata community spaces and development
Roads and footpaths	Roads and footpaths
Solid waste	Rubbish and recycling
Stormwater	Stormwater Land drainage
Wastewater	Wastewater
Water supply	Water supply

In this statement of service performance section we report against what we planned to do in year one (2018/19) of our Long Term Plan, for each of our activities (ordered by group of activities). At the start of each group of activities section there's a brief description to explain what it's about, and an overview of performance against our non-financial performance measures within the group.

By activity, we've set out the performance measures we determined as part of our service delivery planning (they're in our 2018-2028 Long Term Plan). We've reported what we said we'd do and what we actually did (how well we performed). Where we've got comparative performance data for the previous year we've provided that as well.

## Council activity group

This activity group includes our representation and grants and remissions, property, economic development and district plan activities. Through this activity group we contribute to all three of our Council outcomes: a prosperous district, a liveable district, and a clean green district.

**Representation:** The Mayor and Councillors focus primarily on district-wide decisions and issues. They are supported by local community boards, which represent their communities and ensure local views and aspirations are known, considered and advocated for. The community boards make decisions on local issues and activities and have a role in representing local community aspirations and concerns to assist in district-wide Council decision-making.

**Grants and remissions:** Our grants and remissions activity provides support to community organisations to build their capacity to assist in developing a strong and connected community. Council actively collaborates with organisations to achieve efficient use of resources, strong partnerships and financial assistance contributing to greater community cohesion. This is achieved by service level agreements, the administration of grants for community groups and events and administration of rates remissions.

**Property:** Our property activity relates to the responsible management of the district's property assets. We own a wide range of land and buildings which require careful management for the benefit of current and future generations. This activity is responsible for ensuring our buildings are safe for public and private use, are well maintained and meet legal building code requirements. In this activity we also consider whether our current portfolio of land and buildings is what we need as a district right now, and into the future.

**Economic development:** The economic development activity focuses on promoting economic growth throughout the district by connecting stakeholders (business, industry, iwi and Council) and facilitating seamless access to Council services. We achieve these enabling pathways through the facilitation of local infrastructure developments and improvements. Council also focuses on identifying local inhibitors that impact on development, growth and coordination and working on how these can be resolved.

**District plan:** The district plan activity involves the preparation, monitoring and maintenance of the Thames-Coromandel district plan which provides a framework to implement and support appropriate subdivision and land use management in the district.

## Representation - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Councillors and Community Board members can demonstrate to ratepayers their commitment to the democratic process	Attendance rate at Council and Community Board meetings  (Target: ≥80%)  2017/18: Achieved (91%)	<b>FULLY ACHIEVED</b>  All of the individual Community Boards and the Council had over 80% attendance for the year. The Council had an attendance rate of 94%, with an average attendance rate across Community Boards and Council of 89%.
Council is committed to transparent decision-making	Percentage of Council agendas publicly available two working days or more before the meeting  (Target: 90%)  New measure	<b>FULLY ACHIEVED</b>  100% of Council agendas were made available publicly through the Council's website five working days or more before the meeting.

## Grants and remissions - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
The Council promotes a successful community through supporting community driven initiatives	Percentage of funds distributed that comply with the Council's community grant criteria  (Target: 90%)  2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b>  100% of the community grants made by the Community Boards using its Annual Community Grant Fund complied with the criteria documented in the Council's Grants Policy. Some Community Boards had alternative funding budgets available this year for



Levels of service we provide	How we measure performance	This year's performance
		applications that were still worthy of funding but did not meet the criteria.

## District plan - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Up to date District Plan provisions are available in a timely manner for the public	<p>EPlan is updated within 2 months of changes to the District Plan being approved</p> <p>(Target: ≥ 90%)</p> <p>New measure</p>	<p><b>WITHIN 5% OF ACHIEVED</b></p> <p>The result for this measure was 86%. The Courts released eight decisions over the last year. One of these decisions has yet to be reflected in Eplan and has a further 56 days to be completed. Of the seven decisions released six were reflected in Eplan within the two month timeframe. The decision that was outside the timeframe was achieved after four months. This particular decision coincided with a heavy workload of requests from the Courts for more hearing information and resources could not cover both.</p>

## Property - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
To provide Council administration and leased property buildings that are compliant with legislative requirements	<p>Full compliance with legislative requirements through achieving an annual Building Warrant of Fitness</p> <p>(Target: 90%)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>100% of Council's buildings have a Building Warrant of Fitness.</p>
To provide buildings that are well maintained	Percentage of leased property buildings in satisfactory condition (condition grades 1,2 or 3):	
	<p>Commercial lease buildings</p> <p>(Target: &gt; 75%)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>100% of Council's commercial lease buildings are in a satisfactory condition.</p>
	<p>Community group lease buildings</p> <p>(Target: &gt; 95%)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>100% of Council's community group buildings are in a satisfactory condition.</p>
	<p>Percentage of Council administration buildings</p> <p>(Target: &gt; 95%)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>100% of Council's administration buildings are in a satisfactory condition.</p>

## Planning and regulation activity group

This group of activities is made up of the resource consents and building control activities.

**Resource consents:** As the key land use consent authority in the district, Council processes resource consents as provided for in the Resource Management Act and seeks to achieve good environmental outcomes promoting sustainable management of natural and physical resources, consistent with the policies approved in the district plan.

**Building control:** We are required by law to carry out building control activities both as a territorial authority and a building consent authority. There are two distinct components to the building control activity:

- Building Consenting for processing, inspecting and certifying building work,
- Building Enforcement to ensure compliance with legislation and related requirements.

This activity also incorporates Land Information Memoranda (LIMs) which 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 building development project planning.

### Resource consents - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Process applications for resource consent within statutory timeframes	Percentage of accepted applications for resource consent processed within statutory timeframes (land use and subdivision)	<b>FULLY ACHIEVED</b>
	(Target: ≥ 90%)	The total number of resource consents processed within the financial year was 364, with 344 or 95% of these processed within the statutory timeframe of 20 working days.
	2017/18: Not Achieved (97%)	
	Percentage of accepted applications for 224C certificates processed within 20 working days	<b>FULLY ACHIEVED</b>
	(Target: ≥ 90%)	The total number of applications accepted for 224C processing was 66, with 61 or 92% of these processed within 20 working days.
	2017/18: Not Achieved (80%)	

### Building control - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Process, inspect and certify applications for building work within statutory timeframes	Percentage of accepted building consent applications are processed 20 working days	<b>FULLY ACHIEVED</b>
	(Target: ≥ 90%)	Of the 1,311 applications with decisions, 1,227 or 93.6% were processed within the statutory timeframes with 66 applications and 18 amendments going over time. The average working days to consent decision is 13.81 days as at 30 June 2019.
	2017/18: Achieved (99.7%)	
	Percentage of accepted applications for Code of Compliance processed within 20 working days	<b>FULLY ACHIEVED</b>
	(Target: ≥ 90%)	Of the 1,013 application decisions up to 30 June 2019, 990 or 98% were processed within the statutory timeframes. The 22 overruns were mainly due to system reporting issues which is rectified.
	2017/18: Not achieved (78.2%)	
Inspect pool barriers according to regulations to	Percentage of registered pools inspected for safety barriers each year according to a 3 yearly inspection cycle	<b>FULLY ACHIEVED</b>

Levels of service we provide	How we measure performance	This year's performance
help keep young children safe from drowning	(Target: $\geq 90\%$ ) 2017/18: Not achieved (87.7%)	As at 30 June 2019 there are 536 pools on the register and 228 pools in Cycle 2 of a 3 year cycle. In total 308 pools have been inspected which includes 100% of the 228 pools in Cycle 2. The additional pools are mainly previous failed inspections from other cycles.
Customers can purchase a LIM they have confidence in, in a timely manner	Percentage of standard LIMs processed within 10 days (Target: $\geq 90\%$ ) 2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b> Over the year 1,164 applications were lodged. Of these, 23 were withdrawn, three were still current at the end of the year and 13 exceeded the statutory requirements. 1,125 or 98.9% were processed within the statutory timeframe. The 13 overruns were due to resourcing issues that are being addressed.

## Protection of people and the environment activity group

This activity group includes the emergency management, coastal and hazard management and community health and safety activities. This group of activities provide services which help protect people's health and safety, regulates behaviour that creates nuisance to others, plans to avoid and manages the impact of natural hazards on communities and the environment.

**Emergency management:** The emergency management activity focuses on communities being ready for, responding to, and recovering from emergencies when they happen. This activity also includes undertaking community response plans in consultation with local communities and agencies at a settlement level to help create prepared and resilient communities.

**Coastal and hazard management:** This activity plans for the avoidance and, management of the impact of natural hazards across the whole of the Coromandel Peninsula with a particular focus on coastal settlements. Coastal hazards include coastal inundation (flooding), tsunamis, storm surges, king tides, coastal erosion, and sea level rise.

**Community health and safety:** 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. Key services include animal control, liquor control, health licensing and bylaws enforcement.

### Emergency management - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Maintain an effective civil defence emergency system	<p>Percentage of time that emergencies (which require the activation of an emergency operations centre) are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans</p> <p>(Target: 100%)</p> <p>New measure</p>	<p><b>NOT MEASURED</b></p> <p>There were no activations required for this financial year.</p>
Council will support its communities in enabling them to respond to, and recover from emergencies	<p>Initiate eight community response plans per annum (two community response plans each quarter) at a settlement level, involving introduction, delivery of resources and at least one follow up</p> <p>(Target: 8 Community response plans initiated)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>Eight community response plans have been initiated in this financial year. Of these, the Colville, Kuaotunu, Opito Beach, Hot Water Beach and Hahei community response plans are under development, the Whangapoua and Matarangi communities are developing their own community response plans, and the Thorton Bay community response plan has been completed.</p>
Council will be prepared for and able to respond to, and recover from emergencies	<p>All new staff to have completed an introductory civil defence course within six months of their start date</p> <p>(Target: ≥ 90%)</p> <p>New measure</p>	<p><b>NOT ACHIEVED</b></p> <p>Of the 36 new staff, 27 or 75% have completed the introductory civil defence course within the timeframe. This was impacted by prioritising existing staff who hadn't completed the training, and the disestablishment of the Thames Valley Emergency Operating Area (TVEOA) shared service arrangement. With the backlog of existing staff now trained there is sufficient capacity going forward to cope with new staff.</p>



## Coastal and hazard management - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Council will undertake works to manage the effects of natural hazards	<p>Annual capital expenditure is delivered within budget and specified timeframe</p> <p>(Target: <math>\geq 80\%</math>)</p> <p>New measure</p>	<p><b>NOT ACHIEVED</b></p> <p>We achieved 43% of budget. Investigation, design and consenting of Flaxmill Bay took longer than expected. We will endeavour to have consenting works completed in the year prior to the physical works to enable better budget management.</p>

## Community health and safety - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Ensure food businesses are producing safe food	<p>Percentage of registered food businesses audited annually from total that require annual audit under the Food Act 2014</p> <p>(Target: <math>\geq 90\%</math>)</p> <p>2017/18: Not achieved (93%, target was 100%)</p>	<p><b>FULLY ACHIEVED</b></p> <p>We have achieved our level of service of ensuring food business are producing safe food. 290 of our 319 food businesses were either audited or did not require an audit in this financial year, giving a result of 91%.</p>
The Council provides animal control services to avoid dog attacks and other animal nuisances	<p>Percentage of urgent animal control issues responded to <math>\leq 2</math> hours</p> <p>(Target: <math>\geq 90\%</math>)</p> <p>2017/18: Achieved (100%)</p>	<p><b>FULLY ACHIEVED</b></p> <p>We had 164 urgent animal control issues in the 2018/19 year and we responded to 157 or 96% of these within 2 hours.</p>
Assess and make timely decisions on alcohol licence applications	<p>Percentage of unopposed alcohol licence applications assessed and prepared for the District Licencing Committee to make decisions within 60 calendar days</p> <p>(Target: <math>\geq 85\%</math>)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>We assessed and made timely decisions on alcohol licence applications and achieved the measure by processing 94% of applications within 60 calendar days.</p>

## Community spaces and development activity group

This activity group includes an activity for each of our Community Board areas:

- Coromandel-Colville community spaces and development
- Mercury Bay community spaces and development
- Tairua-Pauanui community spaces and development
- Thames community spaces and development
- Whangamata community spaces and development

Through this activity group we contribute to all three of our Council outcomes: a prosperous district, a liveable district, and a clean green district. Through our Community Management Team, each area delivers or supports local communities to provide a variety of indoor and outdoor spaces and facilities. These services are all governed by the local Community Board. This approach is based on the Council's recognition that there is a diverse range of needs and wants across the district which are better addressed at a local level to enhance residents and visitors experience of the Coromandel, and range from basic essentials to leisure and recreational pursuits.

These activities have a combination of the following services:

**Airfields:** Our airfields are primarily for recreational use with some commercial activity, and they are a useful resource in some emergency situations.

**Cemeteries:** These facilities meet the burial, remembrance and heritage needs of the community.

**Community centres and halls:** These facilities are provided to support recreation, social and cultural needs of the community.

**Harbour facilities:** These facilities are provided primarily to support a valued part of the Coromandel lifestyle for both residents and visitors; commercial activity is supported at some facilities.

**Libraries:** Library facilities and programmes are provided to support the cultural and education needs of our communities.

**Parks and reserves:** This service is provided to support the recreation and leisure needs of our communities, as well as to protect natural and cultural heritage.

**Public conveniences:** Public toilets and changing facilities are provided to meet the needs of our communities and visitors to the district.

**Swimming pools:** These facilities are provided for both recreational purposes and to support water safety education and learn to swim programmes for the benefit of the community

### Coromandel-Colville community spaces and development - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Council provides cemeteries that are tidy and well maintained spaces	Percentage of cemeteries maintained to mowing and litter standards (Target: ≥ 85%) 2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b>  One cemetery is audited each month. There are two cemeteries in the area: Buffalo (Coromandel) and Colville. There was 100% compliance with mowing and litter standards this year.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 90%) 2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b>  100% of interment requests were responded to in less than one day. There were three ashes and six casket interments.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) New measure	<b>NOT ACHIEVED</b>  Three Requests for Service were received and one went outside the contractual timeframe, giving a result of 66%.
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3) (Target: Achieved) 2017/18: Achieved (Achieved)	<b>NOT ACHIEVED</b>  Coromandel Wharf is assessed as condition grade 4 which is 'very poor'. Major renewals

Levels of service we provide	How we measure performance	This year's performance
		are planned for 2019/2020. Sugarloaf is assessed as condition grade 3 which is 'average'. Hannafords Wharf is assessed as condition grade 2 which is 'good'.
To provide parks and reserves that are tidy and well maintained spaces	Percentage of parks and reserves maintained to mowing and litter standards (Target: ≥ 85%) New measure	<b>FULLY ACHIEVED</b> Of the 116 times that a park or reserve was audited over the year, there were four occasions where one failed for either litter or mowing, which gives a result of 98% compliance.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards (Target: ≥ 85%) 2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b> There are four playgrounds (Samuel James, Hauraki House, Long Bay and Port Charles) that are assessed monthly. There was 100% compliance with the safety standards over the year.

#### Financially significant projects identified for the 2018/2019 financial year in the 2018/2028 Long Term Plan

Project	2019 Actual (\$000)	2019 LTP Budget (\$000)	Comment
Coromandel Hall renewals	633	638	This project was initiated on the basis that significant external funding would be obtained to ensure completion of the works and minimise cost to Council. External funding was received from Lotteries (\$248,987), Bizarre Trust (\$200,000), and Trust Waikato (\$37,500). The total budget was increased to \$1,036,487 and the scope increased to complete the project and renew the kitchen, furniture and fittings. The project is scheduled for completion at the end of October 2019.

## Mercury Bay community spaces and development - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Council provides cemeteries that are tidy and well maintained spaces	Percentage of cemeteries maintained to mowing and litter standards (Target: ≥ 85%) 2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b>  One cemetery is audited each month. There is one operational cemetery in the area: Mercury Bay Cemetery (Ferry Landing). There was one failure for mowing in January 2019, which gives a result of 90% compliance with mowing and litter standards this year.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 90%) 2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b>  92% of interment requests were responded to in less than one day. Of the eight ashes interments one went outside of timeframe. There were four casket interments.
Whitianga community centres are available and utilised for community activities	Percentage of actual hours the community centres are used compared to total available time (Target: ≥ 40%) 2017/18: Achieved (49%)	<b>NOT ACHIEVED</b>  Of the 5,110 hours that the Whitianga Hall was available it was booked for 1,815 hours, or 36% of the total available time. Although the annual result is below target, the percentage of use has steadily improved over the year.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) New measure	<b>NOT ACHIEVED</b>  Eight requests for service were received and three went outside the contractual timeframe, giving a result of 63%. Two of the failed timeframes involved significant pipe blockages and required specialised contractors to be called; the 3rd failure had no time recording against it.
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3) (Target: Achieved) 2017/18: Achieved (Achieved)	<b>FULLY ACHIEVED</b>  Ferry Landing was recently refurbished and is assessed as condition grade 1 which is 'very good'. The Whitianga Wharf is assessed as condition grade 3.
A choice of new library materials and current information is available throughout the year	Number of new items per 1,000 local residents (Target: ≥ 300 items per 1,000 local residents) 2017/18: Achieved (301)	<b>FULLY ACHIEVED</b>  There were 323 new items in the Whitianga Library per 1,000 residents this year.
	The number of active library users (Target: Maintain or increase 2016/17 baseline of 4,823 users) 2017/18: Achieved (4,430, target was maintain or increase 2013/14 baseline of 3,988 users)	<b>NOT ACHIEVED</b>  Baseline membership has decreased from 4,823 to 4,425 active library users. Despite not achieving this measure, membership is over 61% of the Mercury Bay Board area which exceeds the minimum Library and Information Association of New Zealand Aotearoa (LIANZA) recommended standard of 55% for urban populations.



Levels of service we provide	How we measure performance	This year's performance
To provide parks and reserves that are tidy and well maintained spaces	<p>Percentage of parks and reserves maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>Of the 239 times that a park or reserve was audited over the year, there were six occasions where it failed for either litter or mowing, which gives a result of 97% compliance.</p>
To provide playgrounds which are fit for purpose and safe	<p>Percentage of playground assets complying with safety standards</p> <p>(Target: ≥ 85%)</p> <p>2017/18: Achieved (100%)</p>	<p><b>FULLY ACHIEVED</b></p> <p>There are 14 playgrounds that get assessed monthly - Hahei, Purangi, Cooks Beach Central, Cooks River Road, Longreach, Moewai Road, Soldiers Memorial Park, Esplanade, Brophy's Beach, Kuaotunu, Wharekaho, Matarangi Entrance, Matarangi Village Green and Whangapoua. There was 100% compliance with the safety standards over the year.</p>

#### Financially significant projects identified for the 2018/2019 financial year in the 2018/2028 Long Term Plan

Project	2019 Actual (\$000)	2019 LTP Budget (\$000)	Comment
Whitianga Town Centre upgrade	5,383	5,059	This is the second year of a multi-year programme of works to upgrade the main street in Whitianga. Stage one was completed in December 2018 and work on stage two began in April 2019. For more information on this project refer to our website <a href="https://www.tcdc.govt.nz/whiticentreupgrade">https://www.tcdc.govt.nz/whiticentreupgrade</a>

## Tairua-Pauanui community spaces and development - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Pauanui airfield is safe for small aircraft	<p>Civil Aviation Authority (CAA) safety requirements are achieved</p> <p>(Target: Achieved)</p> <p>2017/18: Achieved (Achieved)</p>	<p><b>NOT MEASURED</b></p> <p>The Civil Aviation Authority cancelled the inspection that was scheduled for 14 May 2019 and they were not able to reschedule before 30 June 2019. Council field representatives check the airfield regularly to ensure it is safe for small aircraft.</p>
Council provides cemeteries that are tidy and well maintained spaces	<p>Percentage of cemeteries maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p> <p>2017/18: Achieved (100%)</p>	<p><b>FULLY ACHIEVED</b></p> <p>One cemetery is audited each month. There are two cemeteries in the area: Tairua Cemetery and Old Tairua Cemetery. There was 100% compliance with mowing and litter standards this year.</p>
	<p>Percentage of cemetery interment requests responded to ≤ one day</p> <p>(Target: ≥ 90%)</p> <p>2017/18: Achieved (100%)</p>	<p><b>WITHIN 5% OF ACHIEVING</b></p> <p>88% of interment requests were responded to in less than one day. Of the four ashes interments one went outside of timeframe because the checklist was received one day late. There were four casket interments.</p>
The Council's public toilets are clean and safe	<p>Percentage of public toilets that meet contractual requirements</p> <p>(Target: ≥ 85%)</p> <p>New measure</p>	<p><b>NOT ACHIEVED</b></p> <p>Three requests for service were received and one went outside the contractual timeframe, giving a result of 66%.</p>
Council provides harbour facilities that are safe to use	<p>Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)</p> <p>(Target: Achieved)</p> <p>2017/18: Achieved (Achieved)</p>	<p><b>NOT ACHIEVED</b></p> <p>Royal Billy Point Wharf is assessed as condition grade 4 which is 'very poor'. Phased upgrade work started this financial year and will continue into 2019/2020. Tairua Wharf is assessed as condition grade 2, which is 'good'. Pauanui Waterways Jetty is assessed as condition grade 3, which is 'average'.</p>
A choice of new library materials and current information is available throughout the year	<p>Number of new items per 1,000 local residents</p> <p>(Target: ≥ 300 items per 1,000 local residents)</p> <p>2017/18: Achieved (356)</p>	<p><b>FULLY ACHIEVED</b></p> <p>There were 377 new items in the Tairua Library per 1,000 residents this year.</p>
	<p>The number of active library users</p> <p>(Target: Maintain or increase 2016/17 baseline of 1,589 users)</p> <p>2017/18: Achieved (1,618, target was maintain or increase 2013/14 baseline of 1,373 users)</p>	<p><b>FULLY ACHIEVED</b></p> <p>Baseline membership increased from 1,589 to 1,615 active library users.</p>
To provide parks and reserves that are tidy and well maintained spaces	<p>Percentage of parks and reserves maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p>	<p><b>FULLY ACHIEVED</b></p> <p>Of the 240 times that a park or reserve was audited over the year, there were no litter or</p>

Levels of service we provide	How we measure performance	This year's performance
	New measure	mowing failures, which gives a result of 100% compliance.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards  (Target: ≥ 85%)  2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b>  There are ten playgrounds in Tairua/Pauanui (seven in Pauanui and three in Tairua) that are assessed monthly. There was 100% compliance with the safety standards over the year.

#### Financially significant projects identified for the 2018/2019 financial year in the 2018/2028 Long Term Plan

Project	2019 Actual (\$000)	2019 LTP Budget (\$000)	Comment
Pauanui Royal Billy Point boat ramp/pontoon	56	1,008	This project was initiated to renew and extend the existing boat ramp, the floating pontoon and access bridge. The investigation phase was delayed due to heritage site and design investigations. The Pauanui Wharf pontoon replacement budget was combined with this project and the remaining budget has been carried forward to complete the work in the 2019/2020 financial year. The work is scheduled to be completed by the end of November 2019. For more information on this project refer to our website <a href="https://www.tcdc.govt.nz/royalbillypoint">https://www.tcdc.govt.nz/royalbillypoint</a>

## Thames community spaces and development - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Thames airfield is safe for small aircraft	<p>Civil Aviation Authority (CAA) safety requirements are achieved</p> <p>(Target: Achieved)</p> <p>2017/18: Achieved (Achieved)</p>	<p><b>NOT MEASURED</b></p> <p>The Civil Aviation Authority cancelled the inspection that was scheduled for 14 May 2019 and they were not able to reschedule before 30 June 2019. Council field representatives check the airfield regularly to ensure it is safe for small aircraft.</p>
Council provides cemeteries that are tidy and well maintained spaces	<p>Percentage of cemeteries maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p> <p>2017/18: Achieved (100%)</p>	<p><b>FULLY ACHIEVED</b></p> <p>One cemetery is audited each month. There are four cemeteries in the area: Totara Memorial Park, Omaha, Shortland and Tararu. There was 100% compliance with mowing and litter standards this year.</p>
	<p>Percentage of cemetery interment requests responded to ≤ one day</p> <p>(Target: ≥ 90%)</p> <p>2017/18: Achieved (97%)</p>	<p><b>FULLY ACHIEVED</b></p> <p>98% of interment requests were responded to in less than one day. Of the 39 ashes interments two went outside the timeframe. There were 43 casket interments.</p>
Community centres are available and utilised for community activities	<p>Percentage of actual hours the Thames Civic Centre is used compared to total available time</p> <p>(Target: 30%)</p> <p>2017/18: Not achieved (36%, target was 40%)</p>	<p><b>FULLY ACHIEVED</b></p> <p>Of the 5,110 hours that the Thames War Memorial Civic Centre was available, it was booked for 1,959 hours, or 38% of the total available time.</p>
	<p>Percentage of actual hours the Jack Maclean Community Recreation Centre is used compared to total available time</p> <p>(Target: ≥ 60%)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>Of the 6,290 hours that the Jack McLean Community Recreation Centre was available, it was booked for 4,757 hours or 76% of the total available time.</p>
The Council's public toilets are clean and safe	<p>Percentage of public toilets that meet contractual requirements</p> <p>(Target: ≥ 85%)</p> <p>New measure</p>	<p><b>FULLY ACHIEVED</b></p> <p>There were 21 requests for service received and one went outside the contractual timeframe, giving a result of 95%.</p>
Council provides harbour facilities that are safe to use	<p>Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)</p> <p>(Target: Achieved)</p> <p>2017/18: Not achieved (Thames wharf grade 4)</p>	<p><b>NOT ACHIEVED</b></p> <p>The Thames wharf is assessed as condition grade 4. The wharf is continually in need of maintenance and repairs to be able to keep it open to the public as an amenity asset and for berthing. Required repairs are identified through routine inspections and any requests for service that are received.</p>

Levels of service we provide	How we measure performance	This year's performance
A choice of new library materials and current information is available throughout the year	Number of new items per 1,000 local residents (Target: ≥ 300 items per 1,000 local residents) 2017/18: Achieved (304)	<b>FULLY ACHIEVED</b>  There were 316 new items in the Thames Library per 1,000 residents this year.
	The number of active library users (Target: Maintain or increase 2016/17 baseline of 6,746 users) 2017/18: Achieved (6,728, target was maintain or increase 2013/14 baseline of 6,193 users)	<b>FULLY ACHIEVED</b>  Baseline membership has increased from 6,746 to 6,751 active library users.
To provide parks and reserves that are tidy and well maintained spaces	Percentage of parks and reserves maintained to mowing and litter standards (Target: ≥ 85%)  New measure	<b>FULLY ACHIEVED</b>  Of the 129 times that a park or reserve was audited over the year, there were five occasions where one failed for either litter or mowing, which gives a result of 98% compliance.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards (Target: ≥ 85%) 2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b>  There are seven playgrounds which are assessed monthly. There was 100% compliance with the safety standards over the year.
Council provides a safe year round swimming pool	Thames Centennial Pool meets Pool Safe accreditation standards (Target: Achieved) 2017/18: Achieved (Achieved)	<b>FULLY ACHIEVED</b>  The Thames Centennial Pool was audited by Pool Safe on 25 February 2019 and has been accredited through to April 2020.

## Whangamata community spaces and development - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Council provides cemeteries that are tidy and well maintained spaces	Percentage of cemeteries maintained to mowing and litter standards (Target: ≥ 85%) 2017/18: Achieved (91%)	<b>FULLY ACHIEVED</b>  One cemetery is audited each month. There are two cemeteries in the area: Whangamata and Aileen Block. There was 100% compliance with mowing and litter standards this year.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 85%) 2017/18: Not achieved (88%, target was 90%)	<b>FULLY ACHIEVED</b>  100% of interment requests were responded to in less than one day. There were six ashes and five casket interments.
To provide or support community centres and halls that are proportionate / suitable for the communities they serve	Percentage of actual hours community centres are used compared to total available time (Target: ≥ 40%) 2017/18: Achieved (41%)	<b>FULLY ACHIEVED</b>  Of the 5,110 hours the Whangamata Hall was available it was booked for 3,305 hours, or 65% of the total available time.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) New measure	<b>FULLY ACHIEVED</b>  Ten requests for service were received and one went outside of the contractual timeframe, giving a result of 90%.
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3) (Target: Achieved) 2017/18: Achieved (Achieved)	<b>FULLY ACHIEVED</b>  Whangamata Wharf is assessed as condition grade 3 which is 'average'. Major renewals are budgeted for 2019/2020.
To provide parks and reserves that are tidy and well maintained spaces	Percentage of parks and reserves maintained to mowing and litter standards (Target: ≥ 85%) New measure	<b>FULLY ACHIEVED</b>  Of the 117 times that a park or reserve was audited over the year, there were six occasions where one failed for either litter or mowing., which gives a result of 98% compliance.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards (Target: ≥ 85%) 2017/18: Achieved (100%)	<b>FULLY ACHIEVED</b>  There are four playgrounds in Whangamata (one in Onemana and three in Whangamata) that are assessed monthly. There was 100% compliance with the safety standards over the year.



## Roads and footpaths activity group

The roads and footpaths activity group includes our roads and footpath activity. The primary purpose of the roads and footpaths activity is to provide for safe, efficient and comfortable movement of people and freight within the district. The roads and footpaths activity group provides for the planning, provision, development, operations and maintenance of a district land transportation network as well as local facilities, footpaths, service lanes, street lighting, bridges and car parks.

### Roads and footpaths - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
The design, maintenance and management of roads and footpaths ensures they are in good condition and fit for purpose	Percentage of the sealed local network that is resurfaced  (Target: 149,254m <sup>2</sup> or 5%)  2017/18: Not achieved (173,123m <sup>2</sup> , target was 174,464m <sup>2</sup> )	<b>NOT ACHIEVED</b>  4.02% or 131,251m <sup>2</sup> was resurfaced this year. The 2018/19 resurfacing programme quantity of 149,254m <sup>2</sup> included a 10% contingency for variable site dimensions. When this contingency (14,925m <sup>2</sup> ) is deducted from the programme quantity, the target area is 134,329m <sup>2</sup> . The area of resurfacing achieved is 131,251m <sup>2</sup> (or 98% of the target area).
	The average quality of ride on a sealed local road network, measured by smooth travel exposure  (Target: ≥ 85%)  2017/18: Not achieved (88%, target was 90%)	<b>NOT MEASURED</b>  This data was not available. Road roughness is measured for the full sealed road network every second year and planned for completion in 2019/20. A result for smooth travel exposure can therefore not be determined in 2018/19.
	Percentage of footpaths meeting condition rating one to three  (Target: ≥90%)  2017/18: Not measured (not available)	<b>NOT MEASURED</b>  This data was not available. TCDC's triennial footpath condition rating survey is next planned for completion in April 2020.
	Percentage of unsealed road complying with quality requirements  (Target: ≥ 90%)  2017/18: Achieved (95%)	<b>FULLY ACHIEVED</b>  This year, 93% of our unsealed road complied with quality requirements.
	The change from the previous financial year in the number of deaths and serious injuries on the local road network, expressed as a number  (Target: 0 or -1 compared to the previous year)  2017/18: Not achieved (5)	<b>NOT ACHIEVED</b>  There was 1 death and 9 serious injuries on local roads over the 2018/19 year, which is 5 more than last year. The Council has limited ability to influence road crashes resulting in fatalities or serious injury due to the number of external factors involved, however where safety issues are identified with the road, improvements are scheduled and implemented.
The Council provides a responsive maintenance service to address identified faults and repairs	Percentage of customer service requests relating to roads and footpaths* to which council responds within the long term plan timeframe  (Target: ≥ 85%)  2017/18: Achieved (98%)	<b>FULLY ACHIEVED</b>  52 out of 58 or 90% of sealed road pothole and footpath trip hazard requests for service were repaired within the required timeframe.

*\*\*Footpath and road defects with their applicable timeframes:*

Defect	Remedied within
Trip hazard greater than 30mm	48 hours
Trip hazard 10mm to 30mm	1 month
Depression greater than 30mm	48 hours
Depression 10 to 30mm	1 month
Potholes and sealed roads	1 week

**Financially significant projects identified for the 2018/2019 financial year in the 2018/2028 Long Term Plan**

Project	2019 Actual (\$000)	2019 LTP Budget (\$000)	Comment
Area wide pavement treatment	954	1,645	This project is an annual programme of works to replace road pavement assets (required to support vehicle loading) at the end of their useful lives. Work completed totalled 3.8 land kilometres of road pavement on Wentworth Valley Road, Joan Gaskell Drive, Port Charles Road and Waikawau Beach Road. Work also commenced on Purangi Road. The quantity of road pavement renewal achieved in 2018/2019 was less than programmed as a result of unfavourable ground conditions. The work has been deferred and included in the 2019/20 work programme.
Minor safety projects	970	1,021	This project has an annual budget to construct and implement minor improvements (new assets) to improve the safety of Council's roading network. Minor improvements can include small, isolated geometric road and intersection improvements and traffic calming measures.

## Solid waste activity group

The solid waste activity group includes our rubbish and recycling activity. This activity provides for waste 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. In addition to weekly kerbside refuse and fortnightly recyclables collection services, the Council manages closed landfill sites and operates transfer stations where waste and recycling can be dropped off.

The Council is required to have a Waste Management and Minimisation Plan (WMMP) which we have created in collaboration with the neighbouring Hauraki and Matamata-Piako District Councils. The WMMP sets goals and actions to improve outcomes for rubbish and recycling in the district.

### Rubbish and recycling - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Rubbish and recycling kerbside pickup services are provided to solid waste rated residential properties in all urban and most rural areas	Number of missed properties or whole streets where collections did not happen  (Target: ≤ 36 streets and ≤ 156 properties per annum)  2017/18: Achieved (12 Streets and 126 properties)	<b>NOT ACHIEVED</b>  There were 14 streets and 234 properties missed this year. The performance over the second half of the year has suffered due to enforcement of the kerbside level of service. This has meant that bags have been left uncollected where the standard had not been complied with, for example when bags are left in trees or cages. However, compliance is improving, helped by an ongoing education campaign.
	Missed household refuse service requests responded to by the next day (on validation)  (Target: ≥ 85%)  2017/18: Not achieved (63%)	<b>NOT ACHIEVED</b>  We did not achieve this measure, with a result of 67%. The not achieved result reflects the delay in staff closing off requests for service within the software. Council continues to work with contractors to ensure actual responsiveness is better reflected in reporting.
The Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill	Kilograms of Council controlled waste per rating unit being disposed of to landfill (per rating unit)  (Target: ≤ 474kg per rating unit)  2017/18: Not achieved (663kg)	<b>NOT ACHIEVED</b>  There was 658kg per rating unit disposed of to landfill this year. There has been an increase in construction and demolition waste being received by Council's landfill. Despite not meeting this year's target, there has been a reduction in the amount of waste per rating unit disposed of to landfill from last year.
	Kilograms of recycling material diverted from landfill (per rating unit)  (Target: ≥ 438kg per rating unit)  2017/18: Achieved (544kg)	<b>FULLY ACHIEVED</b>  There was 457kg of recycling material per rating unit diverted from landfill this year. Council continues to provide effective communication, and education programmes in schools will improve this result.
The Council maintains closed landfill sites	Number of formal warnings issued by the Waikato Regional Council for non-compliance with resource consent(s)  (Target: 0)	<b>NOT ACHIEVED</b>  One notice was received this year from the Waikato Regional Council. A three year contract

Levels of service we provide	How we measure performance	This year's performance
	2017/18: Achieved (0)	has been put in place to maintain compliance with the resource consents and Waikato Regional Council are comfortable this work area is now being well managed.

## Stormwater activity group

The stormwater group includes managing stormwater as well as land drainage. Stormwater systems collect and dispose of stormwater to limit the effects of surface ponding. We have a number of stormwater systems throughout our district to manage runoff and reduce surface water ponding. This reduces risks to public health and safety, damage to property, and avoids dangerous road conditions. Our stormwater systems includes around 200 kilometres of stormwater pipes, more than 3,000 manholes and four pump stations.

### Stormwater - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
The Council's stormwater services protect habitable areas from flooding	Number of flooding events (Target: 0) 2017/18: Not achieved (1)	<b>FULLY ACHIEVED</b>  There were no flooding events during the 2018/19 period.
	For each flooding event the number of habitable floors affected (per 1,000 connected properties) (Target: ≤ 1) 2017/18: Achieved (0.04)	<b>FULLY ACHIEVED</b>  There were no flooding events during the 2018/19 period, therefore no habitable floors were affected.
The Council provides a responsive stormwater request service	The median response time to attend a flooding event, measured from the time Council receives notification to the time that service personnel reach the site (Target: ≤ 3 hours) 2017/18: Achieved (1.68 hours)	<b>NOT MEASURED</b>  There were no flooding events during the 2018/19 period, therefore the median response time could not be measured.
	Number of complaints received about the performance of the stormwater system (per 1,000 connected properties) (Target: ≤ 5) 2017/18: Achieved (2.7)	<b>FULLY ACHIEVED</b>  There were 119 complaints regarding the performance of our stormwater system received in 2018/19 year, or 4.87 per 1,000 connected properties.
The Council minimises the environmental impact of protecting habitable areas from flooding	Number of operational resource consent conditions not complied with throughout the year (Total for all enforcement actions) (Target: 0) 2017/18: Achieved (0)	<b>FULLY ACHIEVED</b>  All operational resource consent conditions were complied with.
	Number of abatement notices (Target: 0) 2017/18: Achieved (0)	<b>FULLY ACHIEVED</b>  No abatement notices were received.
	Number of infringement notices (Target: 0) 2017/18: Achieved (0)	<b>FULLY ACHIEVED</b>  No infringement notices were received.
	Number of enforcement orders (Target: 0) 2017/18: Achieved (0)	<b>FULLY ACHIEVED</b>  No enforcement orders were received.
	Number of successful prosecutions	<b>FULLY ACHIEVED</b>

Levels of service we provide	How we measure performance	This year's performance
	(Target: 0) 2017/18: Achieved (0)	There were no successful prosecutions.



## Wastewater activity group

Our wastewater activity group includes our wastewater activity and covers the collection, treatment and safe disposal of wastewater (sewage) from households and businesses within currently serviced urban communities. The wastewater activity is delivered to help protect the environment and public health. Wastewater systems help protect the environment by ensuring that raw wastewater does not infiltrate river and harbour catchments and coastal areas. We operate 10 wastewater systems (in Cooks Beach, Coromandel, Hahei, Matarangi, Oamaru Bay, Onemana, Tairua-Pauanui, Thames, Whangamata and Whitianga). Assets for this activity include piped networks, pumping stations, manholes and treatment plants.

### Wastewater - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
Adequate wastewater services for household and business use will be provided in currently serviced urban communities	Number of dry weather sewerage overflows from the territorial authority's sewerage system per 1,000 connections to that sewerage system  (Target: ≤ 1)  2017/18: Not achieved (1.156)	<b>FULLY ACHIEVED</b>   There were 19 dry weather overflows during the 2018/19 year, or 0.84 per 1,000 connections.
Council will respond as required to faults and complaints received from its customers	The total number of complaints about wastewater per 1,000 connected properties: <i>(There are 22,506 wastewater connections in the network)</i>	
	Odour  (Target: ≤ 1)  2017/18: Not achieved (1.06)	<b>FULLY ACHIEVED</b>  There were 13 complaints received relating to odour, or 0.65 complaints per 1,000 connections.
	System faults  (Target: ≤ 5)  2017/18: Not achieved (5.9)	<b>FULLY ACHIEVED</b>  There were 89 complaints received relating to system faults, or 4.47 complaints per 1,000 connections.
	Blockages  (Target: ≤ 5)  2017/18: Not achieved (5.3)	<b>FULLY ACHIEVED</b>  There were 89 complaints received relating to blockages, or 4.47 complaints per 1,000 connections.
	Response to issues with the wastewater system  (Target: ≤ 2)  2017/18: Achieved (0.11)	<b>FULLY ACHIEVED</b>  There were 2 complaints received relating to Council's response to issues with the wastewater system, or 0.01 complaints per 1,000 connections.
	Median response time for attendance from the time that Council receives notification of a fault or blockage to the time that service personnel reach the site  (Target: ≤ 2 hours)  2017/18: Achieved (28 minutes)	<b>FULLY ACHIEVED</b>  The median response time for attendance was 25 minutes.
	Median response time for a resolution from the time Council receives notification to the time that service personnel confirm resolution of the blockage or other fault  (Target: ≤ 24 hours)  2017/18: Not achieved (31 hours 36 minutes)	<b>FULLY ACHIEVED</b>  The median response time for resolution was 3 hours 3 minutes. The last year's result was dramatically higher due to the large number of

Levels of service we provide	How we measure performance	This year's performance
		faults associated with significant storm events in that year.
The Council's wastewater services do not negatively impact on public health or the natural environment in line with legislative requirements	Number of operational resource consent conditions not complied with throughout the year (Total for all enforcement actions)  (Target: 0) 2017/18: Achieved (0)	<b>NOT ACHIEVED</b>  We did not comply with 25 consent conditions - 9 related to Pauanui-Tairua Wastewater Treatment Plant, 11 related to Coromandel Wastewater Treatment Plant, and 5 related to the Whangamata Wastewater Treatment Plant. A programme of steps to address the compliance issues experienced this year has been developed. The programme includes a risk assessment across all our consents, validation of data and alerts in the consent compliance database, an action plan to lift compliance and will provide any outstanding data to the regional council.
	Number of abatement notices  (Target: 0) 2017/18: Achieved (0)	<b>NOT ACHIEVED</b>  Three abatement notices were received for the Tairua-Pauanui, Coromandel, and Whangamata Wastewater Treatment Plants. The notices related to a mix of system non-performance and administrative tasks (provision of data and reports within specified timeframes) required by the consents. Work is underway to address the non-performance as well as implementing a robust quality assurance and control system to manage the administrative issue.
	Number of infringement notices  (Target: 0) 2017/18: Achieved (0)	<b>FULLY ACHIEVED</b>  No infringement notices were received.
	Number of enforcement orders  (Target: 0) 2017/18: Achieved (0)	<b>FULLY ACHIEVED</b>  No enforcement orders were received.
	Number of successful prosecutions  (Target: 0) 2017/18: Achieved (0)	<b>FULLY ACHIEVED</b>  There were no successful prosecutions.

#### Financially significant projects identified for the 2018/2019 financial year in the 2018/2028 Long Term Plan

Project	2019 Actual (\$000)	2019 LTP Budget (\$000)	Comment
District renewals	1,907	1,800	This project is an annual programme to renew wastewater network assets and treatment plant infrastructure that is coming to the end of their useful lives. This year work was completed on Moanataiari wastewater relining, fencing and retaining walls at wastewater treatment plants in Thames, Coromandel and

Project	2019 Actual (\$000)	2019 LTP Budget (\$000)	Comment
			Whangamata, irrigation telemetry at Pauanui airfield and Vista Paku, rising main replacement at Whitianga - Albert St and an upgrade of an electrical panel at Onemana. Four control cabinets and ultra violet lamps were also replaced.

## Water supply activity group

The water supply activity group includes our water supply activity; and covers the provision of water to residential, commercial and industrial connections in the district and the treatment of water to ensure it is safe for our communities to use. Clean and safe water is one of the essential services Council provides to the community. Council water supplies 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 firefighting which helps protect our communities and visitors. Council serves 10 water supply schemes in the district, operates nine water treatment facilities and has three rural water supplies located south of Thames.

### Water supply - 2018/19 performance results

Levels of service we provide	How we measure performance	This year's performance
The Council provides safe and reliable water for household and business use in urban areas	Compliance with drinking water standards (bacteria, part 4 of the standards): <i>These results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor. Prior year comparatives have been updated to reflect actual results received as per the Drinking Water assessor's report. As a result these outcomes may differ from the provisional results presented in the 2017/18 Annual Report.</i>	
	Thames South (untreated water supply) (Target: Not complaint) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Thames South water supply is not compliant.
	Thames (Target: Compliant) 2017/18: Not achieved (Not compliant)	<b>NOT ACHIEVED</b>  The Thames water supply is not compliant.
	Coromandel (Target: Not complaint) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Coromandel water supply is not compliant.
	Matarangi (Target: Not complaint) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Matarangi water supply is not compliant.
	Whitianga (Target: Not complaint) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Whitianga water supply is not compliant.
	Hahei (Target: Not complaint) 2017/18: Achieved (Compliant)	<b>FULLY ACHIEVED</b>  The Hahei water supply is not compliant.
	Tairua (Target: Not complaint) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Tairua water supply is not compliant.
	Pauanui (Target: Not complaint) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Pauanui water supply is not compliant.
	Onemana	<b>NOT ACHIEVED</b>

Levels of service we provide	How we measure performance	This year's performance
	(Target: Not compliant) 2017/18: Achieved (Not compliant)	Although the target was to be not compliant, we did comply with the standard for this water supply network.
	Whangamata (Target: Not compliant) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Whangamata water supply is not compliant.
	Compliance with drinking water standards (protozoal, part 5 of the standards): <i>These results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor. Prior year comparatives have been updated to reflect actual results received as per the Drinking Water assessor's report. As a result these outcomes may differ from the provisional results presented in the 2017/18 Annual Report.</i>	
	Thames South (untreated water supply) (Target: Not compliant) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Thames South water supply is not compliant.
	Thames (Target: Compliant) 2017/18: Not achieved (Not compliant)	<b>NOT ACHIEVED</b>  The Thames water supply is not compliant.
	Coromandel (Target: Not compliant) 2017/18: Not achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Coromandel water supply is not compliant.
	Matarangi (Target: Not compliant) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Matarangi water supply is not compliant.
	Whitianga (Target: Not compliant) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Whitianga water supply is not compliant.
	Hahei (Target: Not compliant) 2017/18: Not achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Hahei water supply is not compliant.
	Tairua (Target: Not compliant) 2017/18: Not achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Tairua water supply is not compliant.
	Pauanui (Target: Not compliant) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Pauanui water supply is not compliant.
	Onemana (Target: Not compliant) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Onemana water supply is not compliant.

Levels of service we provide	How we measure performance	This year's performance
	Whangamata (Target: Not compliant) 2017/18: Achieved (Not compliant)	<b>FULLY ACHIEVED</b>  The Whangamata water supply is not compliant.
	The Thames Water Treatment Plant received a number of upgrades over the past 18 months including installation of a compliant UV disinfection unit. The remaining water treatment plants are not compliant with the New Zealand Drinking Water Standards. A three year programme has been put in place from 2018/2019 to progressively upgrade these plants to meet part 4 and 5 of the standards. These upgrades commenced at the Whitianga water treatment plant.	
The Council promotes the efficient and sustainable use of water	Percentage of real water loss from the local authority's networked reticulation system:	
	Thames (medium)* (Target: ≤ 39%) 2017/18: Achieved (39%)	<b>NOT ACHIEVED</b>  There was 43% real water loss in Thames in the 2018/19 year.
	Coromandel (small)* (Target: ≤ 37%) 2017/18: Not achieved (38%)	<b>NOT ACHIEVED</b>  There was 40% real water loss in Coromandel in the 2018/19 year.
	Pauanui (small)* (Target: ≤ 13%) 2017/18: Not achieved (26%)	<b>FULLY ACHIEVED</b>  There was 10% real water loss in Pauanui in the 2018/19 year.
	Thames South (small)** (Target: ≤ 40%) 2017/18: Not measured (Not available)	<b>NOT MEASURED</b>  This data was not available.
	Matarangi (small)** (Target: ≤ 45%) 2017/18: Not measured (Not available)	<b>NOT MEASURED</b>  This data was not available.
	Whitianga (medium)** (Target: ≤ 25%) 2017/18: Not measured (Not available)	<b>NOT MEASURED</b>  This data was not available.
	Hahei (small)** (Target: ≤ 50%) 2017/18: Not measured (Not available)	<b>NOT MEASURED</b>  This data was not available.
	Tairua (small)** (Target: ≤ 40%) 2017/18: Not measured (Not available)	<b>NOT MEASURED</b>  This data was not available.
	Onemana (small)** (Target: ≤ 60%) 2017/18: Not measured (Not available)	<b>NOT MEASURED</b>  This data was not available.



Levels of service we provide	How we measure performance	This year's performance
	The average consumption of drinking water per day per resident (currently based on normally resident population)	<b>FULLY ACHIEVED</b>
	(Target: ≤650 litres per resident per day) 2017/18: Achieved (503 litres per resident per day)	The average consumption of drinking water per day per resident was 515 litres.
The Council provides a responsive call-out service to attend to customers issues with their water supply	Median response time for attendance for urgent call outs from the time that service personnel reach the site	<b>FULLY ACHIEVED</b>
	(Target: ≤ 2 hours) 2017/18: Achieved (25 minutes)	The median response time for urgent call-out attendance was 23 minutes.
	Median response time for resolution for urgent call outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<b>FULLY ACHIEVED</b>
	(Target: ≤ 24 hours) 2017/18: Achieved (3 hours 9 minutes)	The median response time for urgent call-out resolution was 2 hours 43 minutes.
	Median response time for attendance for non-urgent call outs from the time that the local authority receives notification to the time that service personnel reach the site	<b>FULLY ACHIEVED</b>
	(Target: ≤ 5 days) 2017/18: Achieved (54 minutes)	The median response time for non-urgent call-out attendance was 34 minutes.
	Median response time for resolution for non-urgent call outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<b>FULLY ACHIEVED</b>
	(Target: ≤ 5 days) 2017/18: Achieved (4 days 20 hours)	The median response time for non-urgent call-out resolution was 1 hour 57 minutes.
	Number of complaints - The total number of complaints received per 1,000 connections: (There are 19,588 serviced properties for Water Supply across the district.)	
	Clarity	<b>FULLY ACHIEVED</b>
	(Target: ≤ 2) 2017/18: Achieved (1.3)	There were 8 complaints received relating to clarity, or 0.42 complaints per 1,000 connections.
	Taste	<b>FULLY ACHIEVED</b>
	(Target: ≤ 2) 2017/18: Achieved (1.17)	There were 7 complaints received relating to taste, or 0.36 complaints per 1,000 connections.
	Odour	<b>FULLY ACHIEVED</b>
	(Target: ≤ 2) 2017/18: Achieved (0.2)	There were 4 complaints received relating to odour, or 0.2 complaints per 1,000 connections.
	Pressure	<b>FULLY ACHIEVED</b>

Levels of service we provide	How we measure performance	This year's performance
	(Target: ≤ 5) 2017/18: Achieved (2.3)	There were 67 complaints received relating to pressure, or 3.42 complaints per 1,000 connections.
	Continuity of supply (Target: ≤ 5) 2017/18: Not achieved (5.7)	<b>NOT ACHIEVED</b>  There were 130 complaints received relating to continuity of supply, or 6.6 complaints per 1,000 connections.
	Responsive to above (Target: ≤ 3) 2017/18: Achieved (0.1)	<b>FULLY ACHIEVED</b>  There were 9 complaints received relating to responses to the above, or 0.46 complaints per 1,000 connections.

Medium schemes: 2,500 to 10,000 connections

Small schemes: < 2,500 connections

\* These schemes have universal metering and use an Annual Water Balance methodology

\*\* These schemes do not have meters and use Minimum Night Flow methodology (used to monitor water loss from Council's water supply networks that do not have residential water meters). Recorded flow of water through the unmetered residential supply networks at night during a time when normal water use is recorded to be minimal (because most people are sleeping), for example 2-3am, is used as indicative of leaks. The minimum night flow rate is calculated as a percentage of day time flow to give an approximate percentage water loss for each of Council's unmetered water supply networks.

\*\*\* Although the target was to be not compliant, we did comply with the standard for this water supply network

#### Financially significant projects identified for the 2018/2019 financial year in the 2018/2028 Long Term Plan

Project	2019 Actual (\$000)	2019 LTP Budget (\$000)	Comment
Drinking Water Standards upgrades	7,728	5,141	This is a multi-year programme of works to upgrade our water treatment infrastructure to ensure the districts drinking water quality complies with the NZ Drinking Water Standards. This year saw the completion of a new water treatment facility in Whitianga and the commencement of works to replace the plants at Tairua and Pauanui. The unspent budget of \$998,816 was carried forward from the 2017/2018 financial year and \$1,000,000 was bought forward from the 2019/2020 financial year, bringing the total budget for 2018/2019 to \$7,139,751. For more information on this project refer to our website <a href="https://www.tcdc.govt.nz/dws">https://www.tcdc.govt.nz/dws</a>

# Financial statements | Ngā Tauakī Pūtea

## Guide to financial statements

### Introduction

The Local Government Act 2002 requires the 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 the Council and how it conducts its business.

This information includes the statement of comprehensive revenue and expense, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the accompanying statement of significant 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 the Council used to measure the transactions incorporated into the financial statements above.

### Statement of comprehensive revenue and expense

The statement of revenue and expense shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2019. 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 revenue and expense is derived. Total comprehensive revenue and expense 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 2019.

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

Investments are the 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 the 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 revenue and expense. The statement of cash flows identifies the sources and application of cash in respect of the 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 and Prudence) Regulations 2014, which came into effect 17 March 2014. This is a reporting requirement unique to Local Government.

The disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices ("GAAP").

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 revenue and expense as required under GAAP. These items include but are not limited to the 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 revenue and expense.

### 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.

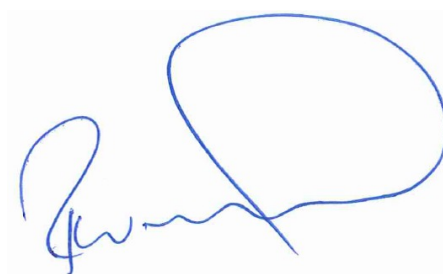
## Statement of compliance

The Council of Thames-Coromandel District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.



**Mayor**

31 October 2019



**Chief Executive**

31 October 2019

## Statement of comprehensive revenue and expense

For the year ended 30 June 2019

	Notes	2019 Budget \$000's	2019 Actual \$000's	2018 Actual \$000's
<b>Revenue</b>				
Rates revenue	3	65,732	65,458	62,786
Fees and charges	3	11,362	12,142	11,435
Development and financial contributions		2,385	3,209	3,228
Subsidies and grants	3	9,814	10,502	7,525
Interest revenue	3	12	468	608
Other revenue	3	4,437	13,884	5,268
<b>Total revenue</b>		<b>93,742</b>	<b>105,663</b>	<b>90,851</b>
<b>Expenses</b>				
Personnel costs	4	18,441	17,433	17,535
Depreciation and amortisation expense	18	21,288	20,465	19,350
Finance costs	5	2,540	2,460	2,470
Other expenses	6	43,538	52,090	47,116
<b>Total expenses</b>		<b>85,807</b>	<b>92,449</b>	<b>86,471</b>
Share of joint venture surplus/(deficit)	15	0	4	(22)
Surplus/(deficit) before tax		7,935	13,218	4,357
Income tax expense	7	0	0	0
<b>Surplus/(deficit) after tax</b>		<b>7,935</b>	<b>13,218</b>	<b>4,357</b>
<b>Other comprehensive revenue and expense</b>				
Gain on property, plant and equipment revaluations		24,925	84,024	44,794
Gain/(loss) on financial assets revaluations		0	0	15
<b>Total other comprehensive revenue and expense</b>		<b>24,925</b>	<b>84,024</b>	<b>44,809</b>
<b>Total comprehensive revenue and expense</b>		<b>32,860</b>	<b>97,242</b>	<b>49,166</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 30.

## Statement of financial position

As at 30 June 2019

	Notes	2019 Budget \$000's	2019 Actual \$000's	2018 Actual \$000's
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	452	3,562	199
Receivables	9	8,717	9,502	8,041
Other financial assets	13	0	63	9,570
Inventory	10	102	106	108
<b>Total current assets</b>		<b>9,271</b>	<b>13,232</b>	<b>17,917</b>
<b>Non-current assets</b>				
Postponed rates	9	437	433	433
Investments in joint ventures	15	0	0	105
<i>Other financial assets:</i>				
Investments in CCOs and similar entities	13	0	1,047	951
Investments in other entities	13	1,077	62	60
Total other financial assets		1,077	1,108	1,010
Intangible assets	17	6,726	5,681	5,336
Forestry assets	19	2,602	3,109	2,803
Property, plant and equipment	16	1,534,521	1,593,136	1,481,402
<b>Total non-current assets</b>		<b>1,545,363</b>	<b>1,603,467</b>	<b>1,491,089</b>
<b>Total assets</b>		<b>1,554,634</b>	<b>1,616,699</b>	<b>1,509,006</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and deferred revenue	20	17,252	19,474	15,621
Derivative financial instruments	12	245	1,452	1,255
Employee entitlements	22	1,723	1,600	1,666
Provisions	23	376	668	673
Borrowings	21	0	0	15,600
<b>Total current liabilities</b>		<b>19,596</b>	<b>23,195</b>	<b>34,816</b>
<b>Non-current liabilities</b>				
Derivative financial instruments	12	1,269	4,498	3,330
Employee entitlements	22	190	224	218
Provisions	23	5,497	5,079	5,182
Borrowings	21	48,429	51,000	30,000
<b>Total non-current liabilities</b>		<b>55,385</b>	<b>60,801</b>	<b>38,730</b>
<b>Total liabilities</b>		<b>74,981</b>	<b>83,996</b>	<b>73,546</b>
<b>Net assets (assets minus liabilities)</b>		<b>1,479,653</b>	<b>1,532,703</b>	<b>1,435,460</b>
<b>Equity</b>				
Accumulated funds	26	403,615	400,077	393,190
Reserves	26	1,076,037	1,132,627	1,042,271
<b>Total equity</b>		<b>1,479,652</b>	<b>1,532,703</b>	<b>1,435,460</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 30.



## Statement of changes in equity

For the year ended 30 June 2019

	Notes	2019 Budget \$000's	2019 Actual \$000's	2018 Actual \$000's
<b>Balance at 1 July</b>		<b>1,446,792</b>	<b>1,435,460</b>	<b>1,386,293</b>
Total comprehensive revenue and expense for the year		32,860	97,242	49,166
<b>Balance at 30 June</b>	<b>26</b>	<b>1,479,652</b>	<b>1,532,703</b>	<b>1,435,460</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided for in note 30.

## Statement of cash flows

For the year ended 30 June 2019

	2019 Budget \$000's	2019 Actual \$000's	2018 Actual \$000's
<b>Cash flows from operating activities</b>			
Receipts from rates revenue	65,699	63,053	60,663
Receipts from other revenue	24,236	27,848	24,366
Interest received	12	529	110
Dividends received	0	5	6
GST (net)	0	213	(281)
Payments to suppliers and employees	(63,521)	(64,042)	(61,106)
Interest paid	(2,540)	(2,460)	(2,470)
<b>Net cash flow from operating activities</b>	<b>23,886</b>	<b>25,146</b>	<b>21,288</b>
<b>Cash flows from investing activities</b>			
Advance payments received	0	9,518	29
Receipts from sale of property, plant and equipment	0	397	610
Advance payments made	0	0	(9,659)
Purchase of property, plant and equipment	(33,985)	(36,154)	(22,414)
Purchase of intangible assets	(599)	(944)	(150)
<b>Net cash flow from investing activities</b>	<b>(34,584)</b>	<b>(27,183)</b>	<b>(31,584)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	13,354	83,950	55,200
Repayment of finance lease liabilities	0	0	0
Repayment of borrowings	(2,786)	(78,550)	(44,800)
<b>Net cash flow from financing activities</b>	<b>10,568</b>	<b>5,400</b>	<b>10,400</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(130)</b>	<b>3,363</b>	<b>104</b>
Cash and cash equivalents at the start of the year	584	199	95
<b>Cash and cash equivalents at the end of the year</b>	<b>454</b>	<b>3,562</b>	<b>199</b>

## Statement of cash flows (continued)

### Reconciliation of surplus/(deficit) after tax to net cash flow from operating activities

	2019 Actual \$000's	2018 Actual \$000's
<b>Surplus/(deficit) after tax</b>	<b>13,218</b>	<b>4,357</b>
<b>Add/(less) non-cash items</b>		
Vested assets	(12,764)	(4,299)
Amortisation	599	628
Depreciation	19,823	18,722
(Gains)/losses in fair value of forestry assets	(307)	(280)
Net (gains)/losses on foreign exchange		0
Net (gains)/losses on interest rate swaps	1,365	17
Impairment of spare parts	0	(6)
<b>Total non-cash items</b>	<b>8,716</b>	<b>14,782</b>
<b>Add/(less) movements in working capital items</b>		
Increase/(decrease) in payables	3,191	(1,563)
Increase/(decrease) in provisions	33	106
Increase/(decrease) in employee entitlements	(60)	(29)
(Increase)/decrease in receivables	(1,602)	473
<b>Net movement in working capital items</b>	<b>1,562</b>	<b>(1,013)</b>
<b>Add/(less) items classified as investing activities</b>		
(Gains)/losses on sale of property, plant and equipment	1,654	3,140
Increase/(decrease) in provisions	(4)	22
<b>Net movement in working capital items</b>	<b>1,650</b>	<b>3,162</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>25,146</b>	<b>21,288</b>

## Notes to the financial statements

### Note 1 - Statement of accounting policies

#### REPORTING ENTITY

Thames-Coromandel District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Council's 40% interest in a jointly controlled entity called the Thames Valley Emergency Operating Area (TVEOA) is equity accounted into the financial statements.

The Council provides local infrastructure, local public services and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 31 October 2019.

#### BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

#### Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in note 4, and the related party transaction disclosures in Note 27. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

#### Standards issued that are not yet effective that have been early adopted

A standard issued and not yet effective that has been adopted early by Council is as follows:

##### *PBE IPSAS 21 - Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets*

This Standard amends PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets so that assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets are within the scope of PBE IPSAS 21 and PBE IPSAS 26.

As a result of the amendments, an entity is required to assess at each reporting date whether there is any indication that an asset, or group of assets, may be impaired. If any indication exists, the entity is then required to assess the recoverable service amount (non-cash-generating asset) or recoverable amount (cash-generating asset) of that asset, or group of assets, and recognise an impairment loss if the recoverable service amount or recoverable amount is less than the carrying amount.

However, where an impairment loss is recognised for an asset, or group of assets, that is revalued, an entity is not necessarily required to revalue the entire class of assets to which that impaired asset, or group of assets, belongs.

#### Other changes in accounting policies

There have been no other changes in accounting policies.

#### Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34-38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

## **Financial instruments**

In January 2017, the XRB issued PBE IFRS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of this new standard.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

### **Foreign currency transactions**

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot exchange rates at the date 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.

### **Goods and services tax**

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.

### **Budget figures**

The budget figures are those approved by Council in its 2018/2028 Long Term 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.

### **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 with the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets - see Note 16
- Estimating the retirement and long service leave obligations - see Note 22
- Estimating the landfill aftercare provision - see Note 23
- Estimating leaky home settlement costs - see Note 23

### **Critical judgements in applying accounting policies**

Management has exercised the following critical judgements in applying accounting policies:

- Donated or vested land and buildings with use or return conditions – see Note 3
- Classification of property – see Note 16.

## Note 2 - Summary revenue and expenditure for group of activities

### Accounting Policy

The cost of service for each significant activity of the Council has been derived 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 with a specific activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area. There have been no changes to the cost allocation methodology during the year.

### Breakdown of summary revenue and expenditure for group of activities

	2019 Budget \$000s	2019 Actual \$000's	2018 Actual \$000's
<b>Revenue</b>			
Representation	15,515	15,442	4,489
Planning and regulation	6,535	6,859	9,072
Protection of people and the environment	4,075	4,403	3,718
Roads and footpaths	17,509	16,956	16,110
Community spaces and development	11,989	13,447	13,987
Economic development	0	0	2,355
Water	9,372	9,707	9,470
Wastewater	16,270	16,789	16,514
Stormwater	2,576	2,625	3,321
Solidwaste	6,687	7,076	7,866
<b>Activity revenue</b>	<b>90,527</b>	<b>93,304</b>	<b>86,903</b>
<b>Revenue not directly attributable to an activity</b>			
Revenue from vested assets	2,157	12,764	4,299
Gain on revaluation of interest rate swaps	1,527		0
Gain on revaluation of forestry	79	307	280
Gain on disposal of assets	0		35
Other revenue	0	2	6
<i>Less internal revenue</i>	<i>(547)</i>	<i>(715)</i>	<i>(672)</i>
<b>Total revenue</b>	<b>93,743</b>	<b>105,663</b>	<b>90,851</b>
<b>Expenditure</b>			
Representation	20,994	18,255	5,808
Planning and regulation	6,712	6,756	11,589
Protection of people and the environment	2,845	2,321	3,194
Roads and footpaths	14,951	16,537	15,077
Community spaces and development	10,943	10,774	13,238
Economic development	0	0	2,341
Water	9,023	9,230	8,424
Wastewater	13,508	13,763	13,370
Stormwater	2,604	3,179	3,130
Solidwaste	6,302	9,278	7,780
<b>Activity expenditure</b>	<b>87,882</b>	<b>90,093</b>	<b>83,951</b>
<b>Expenditure not directly attributable to an activity</b>			
Loss on revaluation of forestry	0	0	0
Loss on revaluation of interest rate swaps	(1,527)	1,352	17
Impairment of inventory	0	2	0
Loss on disposal of assets	0	1,716	3,175
Other expenditure	0		0
<i>Less internal expenditure</i>	<i>(547)</i>	<i>(715)</i>	<i>(672)</i>
<b>Total expenditure</b>	<b>85,808</b>	<b>92,449</b>	<b>86,471</b>

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (see Note 3). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

## Note 3 - Revenue

### **Accounting policy**

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

### ***Rates Revenue***

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

### ***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 the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until the Council provides, or is able to provide, the service.

### ***New Zealand Transport Agency roading subsidies***

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

### ***Other grants received***

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if the conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied.

### ***Building and resource consent revenue***

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

### ***Entrance fees***

Entrance fees are fees charged to users of the Council's local facilities, such as the pool. Revenue from entrance fees is recognised upon entry to such facilities.

### ***Landfill fees***

Fees from disposing of waste at the Council's landfills are recognised as waste is disposed by users.

### ***Provision of commercially based services***

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

### ***Sale of goods***

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

## Accounting policy (continued)

### *Infringement fees and fines*

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

### *Vested or donated physical assets*

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on the unit rate for each specific component vested. These unit rates are calculated by Council and peer reviewed on an annual basis by a suitably qualified external valuer on an annual basis. Should no unit rate exist for a specific type of asset at the time Council obtains control of the asset, then the value is determined by using the construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

### *Donated and bequeathed financial assets*

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions.

A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met (for example, the funds are spent for the nominated purpose).

### *Interest and dividends*

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

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

## Critical judgements in applying accounting policies

### *Accounting for donated or vested land and buildings with use or return conditions*

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise the revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

## (i) Breakdown of rates and further information

	2019 Actual \$000's	2018 Actual \$000's
General rates	10,812	5,399
Uniform annual general charge	11,822	10,888
Targeted rates attributable to activities:		
- Targeted rates for metered water supply	1,563	1,442
- Other targeted rates	41,044	44,820
Rates penalties	888	938
Rates remissions	(670)	(701)
<b>Total rates</b>	<b>65,458</b>	<b>62,786</b>

The following rating base information is disclosed on the rating base information at the end of the **preceding** financial year:

As at 30 June	2018
Number of rating units	27,405
Total capital values of rating units	19,893,155,550
Total land value of rating units	12,826,081,550



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 2019 for the purposes of the LGFA Guarantee and Indemnity Deed is shown below.

	2019 Actual \$000's	2018 Actual \$000's
Rates	66,128	63,487
<b>Total gross annual rates income</b>	<b>66,128</b>	<b>63,487</b>

**(ii) Breakdown of subsidies and grants**

	2019 Actual \$000's	2018 Actual \$000's
New Zealand Transport Agency roading subsidies	8,747	6,852
New Zealand Defence Force cemetery subsidies	14	8
Other subsidies	16	0
Other grants	1,725	665
<b>Total subsidies and grants</b>	<b>10,502</b>	<b>7,525</b>

**(iii) Breakdown of fees and charges**

	2019 Actual \$000's	2018 Actual \$000's
Building and resource consent charges	5,167	4,723
Solid waste revenue	3,507	3,229
Land information memoranda sales	273	296
Other fees and charges	3,194	3,187
<b>Total fees and charges</b>	<b>12,142</b>	<b>11,435</b>

**(iv) Breakdown of interest revenue**

	2019 Actual \$000's	2018 Actual \$000's
<b>Interest revenue</b>		
Term deposits	436	182
Borrower notes interest revenue	3	2
Postponed rates	28	27
Discount unwind on provisions	0	398
Related party loans	0	0
Community loans	0	0
Local authority and government bonds	0	0
<b>Total interest revenue</b>	<b>468</b>	<b>609</b>

**(v) Breakdown of other revenue**

	2019 Actual \$000's	2018 Actual \$000's
Petrol tax	510	399
Traffic and parking infringements	262	189
Court fees and fines	26	27
Insurance recoveries	0	26
Vested land and infrastructure from property development	12,764	4,299
Forestry asset revaluation gains	307	280
Gain on changes in fair value of derivative financial instruments	0	0
Property, plant and equipment gains on disposal	0	35
Dividend revenue	5	6
Other	10	8
<b>Total other revenue</b>	<b>13,884</b>	<b>5,269</b>

### Operating leases as a lessor

The Council leases some properties held for future strategic purposes under operating leases. Lease terms range anywhere from 12 months to 21 years (with lease review every 3 years). The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2019 Actual \$000's	2018 Actual \$000's
<b>Operating leases as lessor</b>		
Not later than one year	592	614
Later than one year and not later than five years	1,643	1,463
Later than five years	1,700	1,778
<b>Total non-cancellable operating leases</b>	<b>3,935</b>	<b>3,855</b>

No contingent rents have been recognised during the year.

## Note 4 - Personnel costs

### Accounting policy

#### Superannuation schemes

##### Defined contribution schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

##### Defined benefit schemes

The 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.

### Breakdown of personnel costs and further information

	2019 Actual \$000's	2018 Actual \$000's
Salaries and wages	17,053	17,139
Employer contributions to defined contribution plans	442	426
Increase/(decrease) in employee entitlements	(62)	(29)
<b>Total personnel costs</b>	<b>17,433</b>	<b>17,535</b>

### Chief Executive remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$363,954 (2018: \$345,835).

### Council employee remuneration by band

Total remuneration includes any non-financial benefits provided to employees.

	2019 Actual \$000's
<b>Total annual remuneration by band for employees as at 30 June 2019</b>	
< \$60,000	77
\$60,000 - \$79,999	58
\$80,000 - \$99,999	42
\$100,000 - \$119,999	15
\$120,000 - \$139,999	13
\$140,000 - \$179,999	6
\$180,000 - \$239,999	6
\$240,000 - \$379,999	1
<b>Total employees</b>	<b>218</b>

	2018 Actual \$000's
<b>Total annual remuneration by band for employees as at 30 June 2018</b>	
< \$60,000	82
\$60,000 - \$79,999	55
\$80,000 - \$99,999	45
\$100,000 - \$119,999	15
\$120,000 - \$139,999	9
\$140,000 - \$199,999	11
\$200,000 - \$359,999	2
<b>Total employees</b>	<b>219</b>

At balance date, the Council employed 173 (2018: 176) full-time employees, with the balance of staff representing 28 (2018: 27) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

### Elected representatives' remuneration

Elected representatives received the following remuneration:

	2019 Actual \$000's	2018 Actual \$000's
<b>Elected representatives received the following remuneration:</b>		
Mayor Sandra Goudie	126	120
Deputy Mayor Tony Brljevich	51	47
Councillor Tony Fox	47	45
Councillor Murray McLean JP	46	43
Councillor Jan Bartley	34	32
Councillor Rex Simpson	39	35
Councillor Sally Christie	39	36
Councillor Strat Peters	39	35
Councillor Terry Walker	47	43
<b>Total elected representatives remuneration</b>	<b>468</b>	<b>436</b>

### Severance payments

For the year ended 30 June 2019, the Council made 3 (2018: 10) severance payment to employees totalling \$47,405 (2018: \$304,619). The value of each of the severance payments was \$22,477; \$14,929; and \$10,000.

## Note 5 - Finance costs

### Accounting policy

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

### Breakdown of finance costs

	2019 Actual \$000's	2018 Actual \$000's
<b>Interest expense</b>		
Interest on borrowings	2,398	2,470
Discount unwind on provisions	62	0
<b>Net finance costs</b>	<b>2,460</b>	<b>2,470</b>

## Note 6 - Other expenses

### Accounting policy

#### Grant expenditure

The Council's grants awarded have no substantive conditions attached.

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

#### 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 on a straight-line basis over the lease term.

### Breakdown of other expenses and further information

	2019 Actual \$000's	2018 Actual \$000's
Fees to auditors:		
fees to Audit New Zealand for audit of financial statements	157	143
- fees to Audit New Zealand for other services	12	0
- fees to Audit New Zealand for debenture trust deed	4	4
- fees to Audit New Zealand for Long Term Plan	0	116
General grants	349	375
Operating lease expense	54	27
Impairment of receivables	529	549
Impairment of property intended for sale	0	0
Impairment of spare parts for obsolescence	2	0
Property, plant and equipment and intangible assets losses on disposal	1,654	3,175
Derivative financial instruments revaluation losses	1,352	17
Forestry asset revaluation losses	0	0
Other operating expenses	47,978	42,710
<b>Total other expenses</b>	<b>52,090</b>	<b>47,116</b>

### Operating leases as lessee

The Council leases property, plant and equipment in the normal course of business. The lease has a non-cancellable term of 12 months. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 Actual \$000's	2018 Actual \$000's
Not later than one year	6	6
Later than one year and not later than five years	17	17
Later than five years	8	8
<b>Total non-cancellable operating leases</b>	<b>31</b>	<b>31</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2018: \$nil). The Council cannot assign or sublet the property without prior written consent of the lessor.

The lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Council by any of the leasing arrangements.

## Note 7 - Tax

### Accounting policy

Income tax expense includes components relating to both current and deferred tax. The Council is exempt from income tax with the exception of income derived from wharf operations. Historically, the deductible operating expenditure has offset any operating revenue that is subject to income tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of the assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

## Breakdown of taxes and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Components of tax expense</b>		
Current tax expense	0	0
Deferred tax expense	0	0
<b>Tax expense</b>	<b>0</b>	<b>0</b>
<b>Relationship between tax expense and accounting surplus</b>		
Net surplus /(deficit) before tax	13,218	4,357
Tax at 28%	3,701	1,220
<b>Plus /(less) tax effect of:</b>		
Non-taxable revenue	(3,701)	(1,252)
Tax losses not recognised	0	32
Deferred tax adjustment	0	0
<b>Tax expense</b>	<b>0</b>	<b>0</b>

	PPE \$000's	Employee entitlements \$000's	Other provisions \$000's	Tax losses \$000's	Total \$000's
<b>Deferred tax asset (liability)</b>					
<b>Balance at 30 June 2017</b>	<b>(191)</b>	<b>0</b>	<b>0</b>	<b>191</b>	<b>0</b>
Charged to surplus or deficit	32	0	0	(32)	0
Charged to other comprehensive revenue and expense	(10)	0	0	10	0
<b>Balance at 30 June 2018</b>	<b>(169)</b>	<b>0</b>	<b>0</b>	<b>169</b>	<b>0</b>
Charged to surplus or deficit	(62)	0	0	62	0
Charged to other comprehensive revenue and expense	(131)	0	0	131	0
<b>Balance at 30 June 2019</b>	<b>(362)</b>	<b>0</b>	<b>0</b>	<b>362</b>	<b>0</b>

## Other tax-related disclosures

A deferred tax asset has not been recognised in relation to tax losses of \$3,811,333 (2018: \$4,669,233). Based on the extent to which it is probable that taxable profits will be available against which to deduct tax losses.

## Note 8 - Cash and cash equivalents

### Accounting policy

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.

## Breakdown of cash and cash equivalents and further information

	2019 Actual \$000's	2018 Actual \$000's
Cash at bank and on hand	3,540	149
Domain committee current accounts	21	50
<b>Total cash and cash equivalents</b>	<b>3,562</b>	<b>199</b>

The carrying value of cash at bank with maturities less than three months approximates their fair value. Cash and cash equivalents include that stated above for the purposes of the statement of cashflows.

## Note 9 - Receivables

### Accounting policy

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

A receivable is considered to be noncollectable when there is evidence that the amount due will not be fully collected.

The amount that is noncollectable is the difference between the amount due and the present value of the amount expected to be collected.

### Breakdown of receivables and further information

	2019 Actual \$000's	2018 Actual \$000's
Rates receivables	6,855	6,488
<b>Other receivables:</b>		
Related party receivables	0	0
Other	5,844	4,609
<b>Receivables prior to impairment</b>	<b>12,699</b>	<b>11,097</b>
Less provision for impairment	(2,764)	(2,623)
<b>Total receivables</b>	<b>9,935</b>	<b>8,474</b>
<b>Less non-current portion</b>		
Postponed rates	(433)	(433)
<b>Total non-current portion</b>	<b>(433)</b>	<b>(433)</b>
<b>Current portion receivables</b>	<b>9,502</b>	<b>8,041</b>
<b>Total receivables comprise:</b>		
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	9,664	8,222
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	271	252

### Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

The face value of postponed rates is \$432,663 (2018: \$433,097). Fair value has not been determined by using discounted cash flows.

Interest was charged at a rate of 6.99% on postponed rates (2018: 6.99%). Future interest rates are notified annually in the Long Term Plan or Annual Plan.

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

### 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 of future payments if the impact of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been renegotiated is \$5,614 (2018: \$5,779).



The ageing profile of receivables at year-end is detailed below:

	<b>Gross</b>	<b>2019</b>	<b>Net</b>	<b>Gross</b>	<b>2018</b>	<b>Net</b>
	<b>\$000's</b>	<b>Impairment</b>	<b>\$000's</b>	<b>\$000's</b>	<b>Impairment</b>	<b>\$000's</b>
		<b>\$000's</b>	<b>\$000's</b>		<b>\$000's</b>	<b>\$000's</b>
Not past due	5,105	0	5,105	4,151	0	4,151
Past due 1-30 days	80	0	80	69	0	69
Past due 31-60 days	29	0	29	55	0	55
Past due >61 days	7,053	(2,764)	4,289	6,389	(2,623)	3,766
<b>Total current portion</b>	<b>12,266</b>	<b>(2,764)</b>	<b>9,502</b>	<b>10,664</b>	<b>(2,623)</b>	<b>8,041</b>

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of specific overdue receivables.

	<b>2019</b>	<b>2018</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000's</b>	<b>\$000's</b>
Individual impairment	2,764	2,623
Collective impairment	0	0
<b>Total provision for impairment</b>	<b>2,764</b>	<b>2,623</b>

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	<b>2019</b>	<b>2018</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000's</b>	<b>\$000's</b>
Past due 1-30 days	0	0
Past due 31-60 days	0	0
Past due >61 days	2,764	2,623
<b>Total individual impairment</b>	<b>2,764</b>	<b>2,623</b>

Movements in the provision for impairment of receivables are as follows:

	<b>2019</b>	<b>2018</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>At 1 July</b>	<b>2,623</b>	<b>2,483</b>
Additional provisions made during the year	539	554
Provisions reversed during the year	0	0
Receivables written off during the period	(398)	(413)
<b>At 30 June</b>	<b>2,764</b>	<b>2,623</b>

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

## Note 10 - Inventory

### Accounting policy

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 cost (using the FIFO method), and adjusted, when applicable, for any loss of service potential. Inventories acquired through non-exchange transactions are measured at fair value at 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.

### Breakdown of inventory and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Held for distribution inventory:</b>		
Water and sewerage reticulation spare parts	106	108
<b>Total inventory</b>	<b>106</b>	<b>108</b>

Inventory held for distribution or consumption relates specifically to assets held for the replacement of key parts in the event of other part failures at any of the wastewater plants around the district. Replaced parts are repaired, where appropriate, and held for future use.

The addition to (write-down of) inventory during the year was \$2,195 (2018: (\$6,000)). There have been no reversals of write-downs (2018: Nil).

No inventory is pledged as security for liabilities (2018: Nil).

## Note 11 - Non-current assets held for sale

### Accounting policy

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.

At balance date Council held no assets held for sale (2018: Nil).

## Note 12 - Derivative financial instruments

### Accounting policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its treasury policy, the 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 their fair value at each balance date. 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 recognised in the surplus or deficit.

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.

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

### Breakdown of derivative financial instruments and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Liabilities</b>		
<b>Current liability portion</b>		
Interest rate swaps	1,451	1,255
<b>Total current liability portion</b>	<b>1,451</b>	<b>1,255</b>
<b>Non-current liability portion</b>		
Interest rate swaps	4,498	3,330
<b>Total current liabilities portion</b>	<b>4,498</b>	<b>3,330</b>
<b>Total derivative financial instrument liabilities</b>	<b>5,949</b>	<b>4,585</b>

### Fair value of interest rate swaps

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.

### Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$57 million (2018: \$62 million). \$19.5 million of these interest rate swaps have start dates after year-end and are in line with forecasted borrowing requirements. At 30 June 2019, the fixed interest rates of the outstanding interest rate swaps varied from 3.29% to 6.10% (2018: 3.29% to 6.10%).

## Note 13 - Other financial assets

### Accounting policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

### *Term deposits, loans to subsidiaries and associates, and community loans (loans and receivables)*

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits, loans to subsidiaries and associates, and community loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

### *Listed and unlisted shares*

Shares (other than shares in subsidiaries) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

### Breakdown of other financial assets and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Current portion</b>		
Short-term deposits with maturities of 4-12 months	63	9,570
<b>Total current portion</b>	<b>63</b>	<b>9,570</b>
<b>Non-current portion</b>		
<b>Investment in CCOs and similar entities:</b>		
Local Government Funding Agency	916	820
Local Authority Shared Services Limited	131	131
<b>Total investment in CCOs and similar entities</b>	<b>1,047</b>	<b>951</b>
<b>Investment in other entities:</b>		
Civic Financial Services Ltd	43	41
Cooks Beach Wall Limited	18	18
<b>Total investment in other entities</b>	<b>62</b>	<b>59</b>
<b>Total non-current portion</b>	<b>1,108</b>	<b>1,010</b>
<b>Total other financial assets</b>	<b>1,171</b>	<b>10,580</b>

### Term deposits

The carrying amount of term deposits approximates their fair value.

### Unlisted shares

The fair value of Local Authority Shared Services Limited has not been disclosed because its fair value cannot be reliably measured, as there is no active market for this type of equity instrument. Therefore, this investment is held at cost.

The fair value of the Council's investment in NZ Local Government Insurance Corporation (trading as Civic Financial Services) is \$43,262 (2018: \$41,222). This is based on the Council's share, currently 0.24% (2018: 0.24%), of the assets less liabilities of the company.

Due to the immaterial size and nature of the Council's investment in the LGFA, the Council has estimated the fair value of this investment based on the LGFA's net asset backing as at 30 June.

### Impairment

There are no impairment provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

## Note 14 - Investment in associate

### Accounting policy

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 PBE IPSAS 7 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 PBE IPSAS 20 Related Party Disclosures.

## Note 15 - Investment in joint venture

### Accounting policy

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

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 using the alternative disclosure of PBE IPSAS 7.

The Thames Valley Emergency Operating Area joint venture was disestablished on 30 June 2019. Each of the participating Councils are now responsible for managing the emergency operations of their respective districts under the umbrella of Waikato Civil Defence Emergency Management.

**The Council's interests in the jointly controlled operation are as follows:**

	2019 Actual \$000's	2018 Actual \$000's
Current assets	0	62
Non-current assets	0	59
Current liabilities	0	(16)
Non-current liabilities	0	0
<b>Net assets</b>	<b>0</b>	<b>105</b>
Revenue	110	160
Expenses	106	183
<b>Share of surplus/(deficit)</b>	<b>4</b>	<b>(22)</b>

## Note 16 - Property, plant and equipment

### Accounting policy

Property, plant and equipment consist of the following types of assets and asset classes:

*Operational assets* - These include land, buildings and improvements, library books, furniture and fittings, plant and equipment, swimming pools, refuse processing and disposal, computer hardware, and motor vehicles.

*Restricted assets* - Restricted assets are parks and reserves 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 the Council including roads, footpaths, bridges and culverts, water, wastewater, storm water, reserve improvements and harbour facilities. Each asset class includes that are required for the network to function.

### Recognition and measurement

Land (operation and restricted) is measured at fair value, and buildings, refuse processing and disposal and all infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost 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 the Council.

The Council does not recognise land under unformed paper roads in the financial statements because there is 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

Land (excluding land under roads) is revalued bi-annually, buildings and infrastructural assets are revalued annually to ensure that their carrying amount does not differ materially from fair value. Land under roads was revalued in July 2011 by Jordan Valuers. Subsequently land values reported have used the 2011 Jordan Valuers' valuation as a base and have had the NZ Transport Agency's (NZTA) land valuation index values applied. From 1 July 2018, the Council elected to use the fair value of land under roads as the deemed cost. Land under roads is no longer revalued.

The carrying value of land is assessed annually between the revaluation cycles to ensure that its does not differ materially from the assets' fair values. If there is a material difference, then the asset class is revalued.

Revaluations of property are accounting for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### 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 the 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 through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

### Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to accumulated funds.

### 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 the 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.

## Accounting policy (continued)

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land and assets under construction (work in progress), at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

#### Operational assets

Buildings	5-60 years	1.7%-20.0%
Computer hardware	2-10 years	10.0%-50.0%
Furniture and fittings	2-25 years	4.0%-50.0%
Library collections	10 years	10.0%
Plant and machinery	3-25 years	4.0%-33.3%
Solid waste	5-80 years	1.3%-20.0%
Swimming pool	5-50 years	2.0%-20.0%

#### Infrastructural assets

Reserve improvements	2-100 years	1.0%-50.0%
Bridges	60-100 years	1.0%-1.7%
Footpaths	20-50 years	2.0%-5.0%
Harbour facilities	5-100 years	1.0%-20.0%
Water	5-100 years	1.0%-20.0%
Wastewater	2-100 years	1.0%-50.0%
Stormwater	5-100 years	1.0%-20.0%
Roads	10-99 years	1.0%-10.0%

### Impairment

Property, plant and equipment assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount.

An impairment loss on a non-revalued asset is recognised in surplus or deficit. However, an impairment loss on a revalued asset is recognised in other comprehensive revenue and expense to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of assets or asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that class of assets or asset.

#### Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and the availability of information.

#### 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.



## **Critical accounting estimates and assumptions**

### ***Land (operational, restricted, and infrastructural)***

The most recent valuation of land was performed by an independent registered valuer, QV Valuations, Hamilton. The valuation is effective as at 1 July 2018.

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.

### ***Buildings (operational and restricted)***

The most recent valuation of buildings was performed by an independent registered valuer, Curnow Tizard Limited, Hamilton. The valuation is effective as at 1 July 2018.

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- 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 the Council to pay for such a facility, if that situation had arisen.
- The remaining useful life of assets is estimated.
- 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. Market rents and capitalisation rates were applied to reflect market value.

### **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 revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand 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.

Harrison Grierson of Wellington was commissioned by Council to carry out an independent review of the methodology used to complete Council's infrastructure asset valuation as at 1 July 2018.

Opus International Consultants Limited of Paeroa performed the most recent valuation for all roading assets (including footpaths and bridges), and the valuation is effective as at 1 July 2018.

### Total Council property, plant and equipment

	2019 Actual \$000's	2018 Actual \$000's
Cost / valuation - opening balance	1,506,499	1,456,303
Accumulated depreciation and impairment	(25,097)	(23,909)
<b>Total - opening balance</b>	<b>1,481,402</b>	<b>1,432,394</b>
Current year additions	49,733	26,572
Current year disposals	(2,876)	(4,275)
Current year disposals depreciation	675	547
Current year depreciation charge	(19,823)	(18,631)
Impairments	0	(1,393)
Reversed on revaluation - Cost	(17,519)	(16,896)
Reversed on revaluation - Accumulated depreciation	17,519	16,896
Revaluation surplus	84,024	46,187
<b>Total - closing balance</b>	<b>1,593,135</b>	<b>1,481,402</b>
At cost / valuation - closing balance	1,619,861	1,506,499
Accumulated depreciation and impairment	(26,726)	(25,097)
<b>Total Council property, plant and equipment - closing balance</b>	<b>1,593,135</b>	<b>1,481,402</b>

Movement in the carrying value for each class of property, plant and equipment are as follows:

### Buildings

	2019 Actual \$000's	2018 Actual \$000's
Buildings - at cost / valuation - opening balance	36,189	28,842
Accumulated depreciation and impairment	(1,260)	(1,068)
<b>Total buildings - opening balance</b>	<b>34,929</b>	<b>27,774</b>
Current year additions	2,277	5,880
Current year disposals	(68)	0
Current year disposals depreciation	4	0
Current year depreciation charge	(1,340)	(1,260)
Reversed on revaluation - Cost	(1,260)	(1,068)
Reversed on revaluation - Accumulated depreciation	1,260	1,068
Revaluation surplus	1,448	2,535
<b>Total buildings - closing balance</b>	<b>37,250</b>	<b>34,929</b>
Buildings - at cost / valuation - closing balance	38,586	36,189
Accumulated depreciation and impairment	(1,336)	(1,260)
<b>Total buildings - closing balance</b>	<b>37,250</b>	<b>34,929</b>

### Computer hardware

	2019 Actual \$000's	2018 Actual \$000's
Computer hardware - at cost - opening balance	4,064	4,021
Accumulated depreciation and impairment	(3,412)	(3,228)
<b>Total computer hardware - opening balance</b>	<b>652</b>	<b>794</b>
Reclassification	0	(6)
Current year additions	757	139
Current year disposals	(148)	(91)
Current year disposals depreciation	148	91
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(395)	(275)
<b>Total computer hardware - closing balance</b>	<b>1,013</b>	<b>652</b>
Computer hardware - at cost - closing balance	4,673	4,064
Accumulated depreciation and impairment	(3,660)	(3,412)
<b>Total computer hardware - closing balance</b>	<b>1,013</b>	<b>652</b>

## Furniture and fittings

	2019 Actual \$000's	2018 Actual \$000's
Furniture and fittings - at cost - opening balance	1,782	1,508
Accumulated depreciation and impairment	(1,145)	(1,037)
<b>Total furniture and fittings - opening balance</b>	<b>637</b>	<b>471</b>
Current year additions	30	285
Current year disposals	(14)	(11)
Current year disposals depreciation	14	8
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(102)	(116)
<b>Total furniture and fittings - closing balance</b>	<b>565</b>	<b>637</b>
Furniture and fittings - at cost - closing balance	1,798	1,782
Accumulated depreciation and impairment	(1,233)	(1,145)
<b>Total furniture and fittings - closing balance</b>	<b>565</b>	<b>637</b>

## Operational land

	2019 Actual \$000's	2018 Actual \$000's
Operational land - at cost / valuation - opening balance	80,139	80,719
Accumulated depreciation and impairment	0	0
<b>Total operational land - opening balance</b>	<b>80,139</b>	<b>80,719</b>
Reclassification	0	0
Current year additions	1,379	0
Current year disposals	0	(580)
Current year disposals depreciation	0	0
Current year depreciation charge	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Revaluation surplus	12,263	0
<b>Total operational land - closing balance</b>	<b>93,781</b>	<b>80,139</b>
Operational land - at cost / valuation - closing balance	93,781	80,139
Accumulated depreciation and impairment	0	0
<b>Total operational land - closing balance</b>	<b>93,781</b>	<b>80,139</b>

## Library collections

	2019 Actual \$000's	2018 Actual \$000's
Library collections - at cost - opening balance	2,181	2,069
Accumulated depreciation and impairment	(1,545)	(1,403)
<b>Total library collections - opening balance</b>	<b>636</b>	<b>666</b>
Current year additions	118	111
Current year disposals	0	0
Current year disposals depreciation	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(134)	(141)
<b>Total library collections - closing balance</b>	<b>620</b>	<b>636</b>
Library collections - at cost - closing balance	2,299	2,181
Accumulated depreciation and impairment	(1,678)	(1,545)
<b>Total library collections - closing balance</b>	<b>620</b>	<b>636</b>

## Plant and machinery

	2019 Actual \$000's	2018 Actual \$000's
Plant and machinery - at cost - opening balance	2,755	2,646
Accumulated depreciation and impairment	(1,475)	(1,344)
<b>Total plant and machinery - opening balance</b>	<b>1,280</b>	<b>1,303</b>
Current year additions	350	283
Current year disposals	(534)	(174)
Current year disposals depreciation	377	125
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(236)	(256)
<b>Total plant and machinery - closing balance</b>	<b>1,237</b>	<b>1,280</b>
Plant and machinery - at cost - closing balance	2,571	2,755
Accumulated depreciation and impairment	(1,334)	(1,475)
<b>Total plant and machinery - closing balance</b>	<b>1,237</b>	<b>1,280</b>

## Solid waste

	2019 Actual \$000's	2018 Actual \$000's
Solid waste - at cost / valuation - opening balance	4,705	4,710
Accumulated depreciation and impairment	(202)	(215)
<b>Total solid waste - opening balance</b>	<b>4,504</b>	<b>4,495</b>
Current year additions	525	288
Current year disposals	(6)	(53)
Current year disposals depreciation	1	4
Current year depreciation charge	(206)	(205)
Reversed on revaluation - Cost	(202)	(215)
Reversed on revaluation - Accumulated depreciation	202	215
Revaluation surplus	127	(25)
<b>Total solid waste - closing balance</b>	<b>4,944</b>	<b>4,504</b>
Solid waste - at cost / valuation - closing balance	5,149	4,705
Accumulated depreciation and impairment	(205)	(202)
<b>Total solid waste - closing balance</b>	<b>4,944</b>	<b>4,504</b>

## Bridges

	2019 Actual \$000's	2018 Actual \$000's
Bridges - at cost / valuation - opening balance	16,743	17,369
Accumulated depreciation and impairment	(349)	(358)
<b>Total bridges - opening balance</b>	<b>16,393</b>	<b>17,012</b>
Reclassification	0	32
Current year additions	121	0
Current year disposals	0	0
Current year disposals depreciation	0	0
Current year depreciation charge	(373)	(349)
Reversed on revaluation - Cost	(349)	(358)
Reversed on revaluation - Accumulated depreciation	349	358
Revaluation surplus	899	(301)
<b>Total bridges - closing balance</b>	<b>17,040</b>	<b>16,393</b>
Bridges - at cost / valuation - closing balance	17,413	16,743
Accumulated depreciation and impairment	(373)	(349)
<b>Total bridges - closing balance</b>	<b>17,040</b>	<b>16,393</b>

## Footpaths

	2019 Actual \$000's	2018 Actual \$000's
Footpaths - at cost / valuation - opening balance	16,692	16,988
Accumulated depreciation and impairment	(741)	(730)
<b>Total footpaths - opening balance</b>	<b>15,952</b>	<b>16,258</b>
Reclassification	0	49
Current year additions	646	629
Current year disposals	(114)	(40)
Current year disposals depreciation	6	2
Current year depreciation charge	(802)	(743)
Reversed on revaluation - Cost	(741)	(730)
Reversed on revaluation - Accumulated depreciation	741	730
Revaluation surplus	1,280	(204)
<b>Total footpaths - closing balance</b>	<b>16,967</b>	<b>15,952</b>
Footpaths - at cost / valuation - closing balance	17,763	16,692
Accumulated depreciation and impairment	(796)	(741)
<b>Total footpaths - closing balance</b>	<b>16,967</b>	<b>15,952</b>

## Harbour facilities

	2019 Actual \$000's	2018 Actual \$000's
Harbour facilities - at cost / valuation - opening balance	8,878	7,392
Accumulated depreciation and impairment	(196)	(193)
<b>Total harbour facilities - opening balance</b>	<b>8,682</b>	<b>7,199</b>
Current year additions	886	1,805
Current year disposals	0	(51)
Current year disposals depreciation	0	2
Current year depreciation charge	(211)	(198)
Reversed on revaluation - Cost	(196)	(193)
Reversed on revaluation - Accumulated depreciation	196	193
Revaluation surplus	(566)	(75)
<b>Total harbour facilities - closing balance</b>	<b>8,791</b>	<b>8,682</b>
Harbour facilities - at cost / valuation - closing balance	9,002	8,878
Accumulated depreciation and impairment	(211)	(196)
<b>Total harbour facilities - closing balance</b>	<b>8,791</b>	<b>8,682</b>

## Reserve improvements

	2019 Actual \$000's	2018 Actual \$000's
Reserve improvements - at cost / valuation - opening balance	24,177	19,743
Accumulated depreciation and impairment	(1,193)	(1,116)
<b>Total reserve improvements - opening balance</b>	<b>22,984</b>	<b>18,628</b>
Reclassification	0	6
Current year additions	5,923	2,034
Current year disposals	(145)	(254)
Current year disposals depreciation	13	19
Current year depreciation charge	(1,352)	(1,213)
Reversed on revaluation - Cost	(1,193)	(1,116)
Reversed on revaluation - Accumulated depreciation	1,193	1,116
Revaluation surplus	2,212	3,764
<b>Total reserve improvements - closing balance</b>	<b>29,634</b>	<b>22,984</b>
Reserve improvements - at cost / valuation - closing balance	30,974	24,177
Accumulated depreciation and impairment	(1,339)	(1,193)
<b>Total reserve improvements - closing balance</b>	<b>29,634</b>	<b>22,984</b>

## Roads

	2019 Actual \$000's	2018 Actual \$000's
Roads - at cost / valuation - opening balance	683,228	647,615
Accumulated depreciation and impairment	(4,812)	(4,089)
<b>Total roads - opening balance</b>	<b>678,416</b>	<b>643,526</b>
Reclassification	0	(82)
Current year additions	20,089	8,699
Current year disposals	(1,252)	(1,384)
Current year disposals depreciation	105	247
Current year depreciation charge	(5,590)	(5,059)
Reversed on revaluation - Cost	(4,812)	(4,089)
Reversed on revaluation - Accumulated depreciation	4,812	4,089
Revaluation surplus	8,212	32,468
<b>Total roads - closing balance</b>	<b>699,979</b>	<b>678,416</b>
Roads - at cost / valuation - closing balance	705,465	683,228
Accumulated depreciation and impairment	(5,485)	(4,812)
<b>Total roads - closing balance</b>	<b>699,979</b>	<b>678,416</b>

## Stormwater

	2019 Actual \$000's	2018 Actual \$000's
Stormwater - at cost / valuation - opening balance	99,968	99,623
Accumulated depreciation and impairment	(1,402)	(1,446)
<b>Total stormwater - opening balance</b>	<b>98,565</b>	<b>98,177</b>
Current year additions	3,406	2,548
Current year disposals	(92)	(58)
Current year disposals depreciation	1	1
Current year depreciation charge	(1,472)	(1,403)
Reversed on revaluation - Cost	(1,402)	(1,446)
Reversed on revaluation - Accumulated depreciation	1,402	1,446
Revaluation surplus	2,279	(699)
<b>Total stormwater - closing balance</b>	<b>102,688</b>	<b>98,565</b>
Stormwater - at cost / valuation - closing balance	104,159	99,968
Accumulated depreciation and impairment	(1,471)	(1,402)
<b>Total stormwater - closing balance</b>	<b>102,688</b>	<b>98,565</b>

## Wastewater

	2019 Actual \$000's	2018 Actual \$000's
Wastewater - at cost / valuation - opening balance	158,004	157,053
Accumulated depreciation and impairment	(4,587)	(4,784)
<b>Total wastewater - opening balance</b>	<b>153,417</b>	<b>152,269</b>
Current year additions	3,115	3,660
Current year disposals	(71)	(648)
Current year disposals depreciation	5	34
Impairment - Cost	0	(1,393)
Current year depreciation charge	(4,706)	(4,621)
Reversed on revaluation - Cost	(4,587)	(4,784)
Reversed on revaluation - Accumulated depreciation	4,587	4,784
Revaluation surplus	4,786	4,116
<b>Total wastewater - closing balance</b>	<b>156,545</b>	<b>153,417</b>
Wastewater - at cost / valuation - closing balance	161,247	158,004
Accumulated depreciation and impairment	(4,702)	(4,587)
<b>Total wastewater - closing balance</b>	<b>156,545</b>	<b>153,417</b>

## Water

	2019 Actual \$000's	2018 Actual \$000's
Water - at cost / valuation - opening balance	112,136	107,055
Accumulated depreciation and impairment	(2,776)	(2,898)
<b>Total water - opening balance</b>	<b>109,360</b>	<b>104,158</b>
Reclassification	0	327
Current year additions	4,514	3,634
Current year disposals	(22)	(264)
Current year disposals depreciation	1	14
Current year depreciation charge	(2,902)	(2,790)
Reversed on revaluation - Cost	(2,776)	(2,898)
Reversed on revaluation - Accumulated depreciation	2,776	2,898
Revaluation surplus	3,319	4,609
<b>Total water - closing balance</b>	<b>114,270</b>	<b>109,360</b>
Water - at cost / valuation - closing balance	117,171	112,136
Accumulated depreciation and impairment	(2,901)	(2,776)
<b>Total water - closing balance</b>	<b>114,270</b>	<b>109,360</b>

## Reserves land

	2019 Actual \$000's	2018 Actual \$000's
Reserves land - at cost / valuation - opening balance	249,784	249,733
Accumulated depreciation and impairment	0	0
<b>Total reserves land - opening balance</b>	<b>249,784</b>	<b>249,733</b>
Reclassification	0	0
Current year additions	2,065	50
Current year disposals	(15)	0
Current year disposals depreciation	0	0
Current year depreciation charge	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Revaluation surplus	47,764	0
<b>Total reserves land - closing balance</b>	<b>299,598</b>	<b>249,784</b>
Reserves land - at cost / valuation - closing balance	299,598	249,784
Accumulated depreciation and impairment	0	0
<b>Total reserves land - closing balance</b>	<b>299,598</b>	<b>249,784</b>

## Tangible work in progress

	2019 Actual \$000's	2018 Actual \$000's
Work in progress - at cost - opening balance	5,074	9,215
Accumulated depreciation and impairment	0	0
<b>Total work in progress - opening balance</b>	<b>5,074</b>	<b>9,215</b>
Current year capitalised	(4,435)	(7,721)
Current year additions	7,966	4,245
Current year disposals	(395)	(666)
<b>Total work in progress - closing balance</b>	<b>8,210</b>	<b>5,074</b>
Work in progress - at cost - closing balance	8,210	5,074
Accumulated depreciation and impairment	0	0
<b>Total work in progress - closing balance</b>	<b>8,210</b>	<b>5,074</b>



## Work in progress

	2019 Actual \$000's	2018 Actual \$000's
Cemetries	0	12
Coastal & Hazard Management	232	0
Economic Development	0	399
Emergency Management	0	3
Halls	0	539
Harbours	290	169
Parks & Reserves	695	126
Public Conveniences	711	72
Representation	0	8
Roads	763	2,722
Solid Waste	151	31
Stormwater	303	12
Wastewater	97	192
Water	4,969	789
<b>Total work in progress</b>	<b>8,210</b>	<b>5,074</b>

## Disposals

The carrying book value of the amount disposed was \$2.20 million (2018: \$3.72 million).

There were no significant disposal of work in progress for the year.

## Impairment

There have been no impairment losses recognised for plant and equipment (2018: nil).

## Security

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

## Restrictions

Land in the "Restricted Asset" category is subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land under a bequest or donation that restricts the purpose for which the assets can be used).

## Capital commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	2019 Actual \$000's	2018 Actual \$000's
<b>Capital commitments</b>		
Buildings	93	0
Harbours	1,607	0
Roads and footpaths	708	3,013
Wastewater	251	2,603
Stormwater	0	400
Water	5,128	937
Reserve improvements	112	0
<b>Total capital commitments</b>	<b>7,899</b>	<b>6,953</b>

## Additional disclosures

### Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets
	\$000's	\$000's	\$000's	\$000's
<b>2019</b>				
<b>Water</b>				
treatment plants and facilities	26,654	3,108	0	43,056
other assets (such as reticulation system)	87,616	1,145	260	145,168
<b>Wastewater</b>				
treatment plants and facilities	76,737	1,571	0	114,498
other assets (such as reticulation system)	79,808	919	626	142,420
<b>Stormwater</b>				
treatment plants and facilities	2,123	0	0	3,668
other assets (such as reticulation system)	100,565	1,814	1,592	147,503
<b>Roads and footpaths</b>				
Roads and footpath assets	733,986	12,635	8,220	844,703
<b>2018</b>				
<b>Water</b>				
treatment plants and facilities	24,577	1,783	0	40,660
other assets (such as reticulation system)	84,783	1,501	351	138,046
<b>Wastewater</b>				
treatment plants and facilities	76,106	2,514	276	111,452
other assets (such as reticulation system)	77,311	46	824	136,845
<b>Stormwater</b>				
treatment plants and facilities	2,120	34	0	3,530
other assets (such as reticulation system)	96,445	1,204	1,310	141,831
<b>Roads and footpaths</b>				
Roads and footpath assets	710,761	7,841	1,487	820,538

### Insurance of Council assets

The following information relates to the insurance of Council assets as at 30 June:

In the event of a natural disaster, central government may contribute up to 60% towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads

	2019 Actual \$000's	2018 Actual \$000's
The total value of all Council assets covered by insurance contracts	630,045	514,466
The maximum amount to which insured assets are insured	251,868	247,745
The total value of all Council assets covered by financial risk sharing arrangements	628,177	512,721
Maximum amount available to the Council under financial risk sharing arrangements	220,000	216,000
Total value of assets that are self-assured	0	0
The value of funds maintained for self-insurance	0	0

## Note 17 - Intangible assets

### Accounting Policy

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use, 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 in the surplus or deficit when incurred.

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

Costs associated with the development and maintenance of the Council's website 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.

The Council has not valued and recognised easements as an intangible asset under PBE IPSAS 31 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. The 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, the 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, the 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:

Computer software	3-5 years	20% to 33%
Resource consents	5-35 years	3% to 20%
Aerial photography	5 years	20%

#### Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

### Breakdown of intangible assets and further information

	2019 Actual \$000's	2018 Actual \$000's
Cost - opening balance	11,355	11,652
Accumulated amortisation and impairment	(6,019)	(5,815)
<b>Total - opening balance</b>	<b>5,336</b>	<b>5,837</b>
Current year additions	999	242
Current year disposals	(404)	(538)
Disposal accumulated amortisation	392	515
Amortisation charge	(642)	(719)
<b>Total - closing balance</b>	<b>5,680</b>	<b>5,336</b>
At cost - closing balance	11,950	11,355
Accumulated amortisation and impairment	(6,270)	(6,019)
<b>Total Council intangible assets - closing balance</b>	<b>5,680</b>	<b>5,336</b>

Movements in the carrying value for each class of intangible assets are as follows:

#### Computer software

	2019 Actual \$000's	2018 Actual \$000's
Computer software - at cost - opening balance	3,596	4,007
Accumulated amortisation and impairment	(2,931)	(3,048)
<b>Total computer software - opening balance</b>	<b>665</b>	<b>959</b>
Current year additions	409	128
Current year disposals	(404)	(538)
Disposal accumulated amortisation	392	515
Amortisation charge	(315)	(399)
<b>Total computer software - closing balance</b>	<b>746</b>	<b>665</b>
Computer software - at cost - closing balance	3,601	3,596
Accumulated amortisation and impairment	(2,855)	(2,931)
<b>Total computer software - closing balance</b>	<b>746</b>	<b>665</b>

#### Aerial photography

	2019 Actual \$000's	2018 Actual \$000's
Aerial photography - at cost - opening balance	443	443
Accumulated amortisation and impairment	(443)	(443)
<b>Total aerial photography - opening balance</b>	<b>0</b>	<b>0</b>
Current year additions	0	0
Current year disposals	0	0
Disposal accumulated amortisation	0	0
Amortisation charge	0	0
<b>Total aerial photography - closing balance</b>	<b>0</b>	<b>0</b>
Aerial photography - at cost - closing balance	443	443
Accumulated amortisation and impairment	(443)	(443)
<b>Total aerial photography - closing balance</b>	<b>0</b>	<b>0</b>

#### Resource consents

	2019 Actual \$000's	2018 Actual \$000's
Resource consents - at cost - opening balance	7,066	6,992
Accumulated amortisation and impairment	(2,646)	(2,326)
<b>Total resource consents - opening balance</b>	<b>4,420</b>	<b>4,666</b>
Current year additions	108	74
Current year disposals	0	0
Disposal accumulated amortisation	0	0
Amortisation charge	(327)	(320)
<b>Total resource consents - closing balance</b>	<b>4,200</b>	<b>4,420</b>
Resource consents - at cost - closing balance	7,173	7,066
Accumulated amortisation and impairment	(2,973)	(2,646)
<b>Total resource consents - closing balance</b>	<b>4,200</b>	<b>4,420</b>

## Work in progress

	2019 Actual \$000's	2018 Actual \$000's
Work in progress - at cost - opening balance	251	211
Accumulated amortisation and impairment	0	0
<b>Total work in progress - opening balance</b>	<b>251</b>	<b>211</b>
Current year additions	483	40
Current year disposals	0	0
Disposal accumulated amortisation	0	0
Amortisation charge	0	0
<b>Total work in progress - closing balance</b>	<b>734</b>	<b>251</b>
Work in progress - at cost - closing balance	734	251
Accumulated amortisation and impairment	0	0
<b>Total work in progress - closing balance</b>	<b>734</b>	<b>251</b>

## Work in progress

The total amount of intangible assets in the course of construction is \$0.7 million (2018: \$0.2 million). The positive movement of \$0.5 million is new WIP less WIP disposed and/or capitalised.

## Restrictions

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

## Capital commitments

The amount of contractual commitments for acquisition of intangible assets are:

	2019 Actual \$000's	2018 Actual \$000's
<b>Capital commitments</b>		
Intangible assets	0	0
<b>Total capital commitments</b>	<b>0</b>	<b>0</b>

## Note 18 - Depreciation and amortisation expense by group of activity

### Directly attributable depreciation and amortisation by group of activity

	2019 Actual \$000's	2018 Actual \$000's
Representation	491	11
Planning & regulation	54	0
Managing the environment	0	54
Protection of people & the environment	2	2
Roading	6,771	6,157
Community spaces	2,755	2,572
Economic development	0	95
Stormwater	1,477	1,408
Wastewater	4,953	4,876
Land use	0	0
Water supply	2,973	2,858
Solid waste	213	205
<b>Total directly attributable depreciation and amortisation by group of activity</b>	<b>19,689</b>	<b>18,238</b>
Depreciation and amortisation not directly related to a group of activities	776	1,113
<b>Total depreciation and amortisation expense</b>	<b>20,465</b>	<b>19,351</b>

## Note 19 - Forestry

### Accounting policy

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.

Gains or losses arising on initial recognition of forestry 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.

Forestry maintenance costs are included in the surplus or deficit when incurred.

### Breakdown of forestry assets and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Balance at 1 July</b>	2,803	2,523
Increases due to purchases	0	0
Gains / (losses) arising from changes attributable to physical changes	280	241
Gains / (losses) arising from changes attributable to price changes	27	39
Decreases due to harvest	0	0
<b>Balance at 30 June</b>	<b>3,109</b>	<b>2,803</b>

The Council owns the trees standing on approximately 286 hectares of Crown land in Whangamata and Tairua consisting predominately of Pinus Radiata at various stages of maturity ranging from 1 to 40 years.

The land is owned by the Crown as State Forest and is leased to Rayonier (Matariki Forests) under a Crown Forests License. The Council occupies this land under the terms of a separate Crown Forest License. The land continues to be Crown owned until such time as the Crown disposes of it.

A licence fee is payable in respect of the Tairua forest and is based on the market value of the land. The 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 is noted as a contingent liability.

No trees were harvested in the twelve month period ending 30 June 2019 (2018: Nil).

There are no restrictions over the title of the forestry assets. No forestry assets are pledged as security for liabilities.

### Valuation assumptions

Independent registered valuers, Hammond Resource Management Ltd have valued the forestry assets as at 30 June 2019. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The forestry has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis.
- No allowance for inflation has been provided.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.
- Log prices are based on a 3-year historical rolling average.
- The value is of standing timber only, exclusive of the value of the underlying land.
- A compound interest rate of 3% (2018: 3%) has been adopted as an appropriate compounding rate.
- A discount rate of 6% (2018: 6%) has been used in discounting the present value of expected cash flows.

The Council has not incurred any deforestation obligations (as defined in the New Zealand Emissions Trading Scheme (ETS)) as at 30 June 2019.

Should any future obligations arise under the ETS, Council will be required to purchase New Zealand Carbon Credit Units to surrender (NZUs) in order to offset this obligation. These units can only be settled with cash.

### Financial risk management strategies

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.

### Treaty settlement

The land occupied under the Crown Forests Licence is likely to be transferred to iwi in the near future. While the Council currently enjoys the benefits of the Crown holding the Crown Forests Licence which allows the Council to carry out any lawful purpose on the land, this situation may change with any transfer to iwi. Following a transfer, the occupier is restricted to carrying out activities that relate solely to the growth, management and harvesting of a tree crop. Other activities (such as wastewater disposal) may not be carried out as of right, but will need to be negotiated directly with the new iwi landowners.

Currently part of the Crown Forests Licence is also held under a 99-year lease commencing in 1985 which allows the disposal of wastewater on this part of the land, and this lease will endure through any change of ownership. The situation on the rest of the land remains to be clarified.

## Note 20 - Payables and deferred revenue

### Accounting policy

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

### Breakdown of payables and other information

	2019 Actual \$000's	2018 Actual \$000's
<b>Payables and deferred revenue under exchange transactions</b>		
Trade payables and accrued expenses	16,751	12,955
Amounts due to associates and joint venture	0	0
<b>Total payables and deferred revenue under exchange transactions</b>	<b>16,751</b>	<b>12,955</b>
<b>Payables and deferred revenue under non-exchange transactions</b>		
Revenue in advance	2,724	2,664
Income tax payable	0	0
Other tax payable (e.g. GST and FBT)	0	2
Grants payable	0	0
Other grants and bequests received subject to substantive conditions not yet met	0	0
<b>Total payables and deferred revenue under non-exchange transactions</b>	<b>2,724</b>	<b>2,666</b>
<b>Total payables and deferred revenue</b>	<b>19,474</b>	<b>15,621</b>

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.

## Note 21 - Borrowings

### Accounting Policy

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the 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 the 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 the Council that transfers ownership of the assets to the Council in the event of the guarantee being called up. The 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.



## Breakdown of borrowings and other financial liabilities and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Current portion</b>		
Finance leases	0	0
Secured loans	0	15,600
<b>Total current portion</b>	<b>0</b>	<b>15,600</b>
<b>Non-current portion</b>		
Finance leases	0	0
Secured loans	51,000	30,000
<b>Total non-current portion</b>	<b>51,000</b>	<b>30,000</b>
<b>Total borrowings and other financial liabilities</b>	<b>51,000</b>	<b>45,600</b>

### Multi option credit line facilities

Council has a multi option credit line facility with Westpac Bank of \$5,000,000 (drawdown at 30 June 2019; Nil) and a multi option credit line facility with ANZ Bank of \$5,000,000 (drawdown at 30 June 2019: Nil).

### Interest terms for secured loans

The loan facilities are issued at floating rates of interest and reset quarterly based on the 90-day bill rate plus a margin for credit risk.

### Security

Council does not hold an overdraft facility.

Council's term 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.

### Description of leasing arrangements

The Council does not have any current finance leases.

### Internal borrowings disclosure

Information on internal borrowings per activity group for is provided in the tables below. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

	Balance at 1 July	Borrowings	Repayments	Balance at 30 June	Interest paid
Year ended 30 June 2019	\$000's	\$000's	\$000's	\$000's	\$000's
Representation	1,877	572	(26)	2,422	87
Planning and regulation	1,197	473	0	1,670	56
Protection of people & the environment	907	282	(4)	1,186	45
Roads & footpaths	4,365	3,834	(59)	8,139	235
Community spaces	8,065	1,193	(615)	8,643	385
Economic development	581	265	(37)	808	27
Stormwater	1,306	27	(31)	1,302	61
Wastewater	34,832	669	(513)	34,987	1,621
Water	6,097	4,808	(104)	10,801	349
Solid waste	2,333	239	(5)	2,567	109
<b>Total</b>	<b>61,560</b>	<b>12,360</b>	<b>(1,394)</b>	<b>72,525</b>	<b>2,975</b>

	Balance at 1 July	Borrowings	Repayments	Balance at 30 June	Interest paid
Year ended 30 June 2018	\$000's	\$000's	\$000's	\$000's	\$000's
Representation	2,137	97	(358)	1,877	115
Planning and regulation	847	584	(234)	1,197	46
Protection of people & the environment	1,010	69	(171)	907	54
Roads & footpaths	4,235	850	(720)	4,365	239
Community spaces	8,866	487	(1,288)	8,065	492
Economic development	732	27	(178)	581	40
Stormwater	1,467	16	(177)	1,306	79
Wastewater	42,041	40	(7,250)	34,832	2,261

Water	7,109	2	(1,014)	6,097	379
Solid waste	2,823	0	(490)	2,333	152
<b>Total</b>	<b>71,268</b>	<b>2,172</b>	<b>(11,881)</b>	<b>61,560</b>	<b>3,857</b>

### Loan to finance interest expense

Included in internal borrowings for the year under review is the amount of \$979,508 (2018: \$1,467,290) which was raised to fund the interest on additional capacity loans which were not met by developer's contributions. This is in accordance with the Council's Development Contributions Policy.

### Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

## Note 22 - Employee entitlements

### Accounting Policy

#### Employee entitlements

##### Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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 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 the Council has a contractual obligation, or where a past practice has created a constructive obligation.

##### 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.

### Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. An average discount rate of 2.23% (2018: 3.55%) and a salary inflation factor of 2.92% (2018: 3.10%) were used.

## Breakdown of employee entitlements and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Current portion</b>		
Accrued pay	330	328
Annual leave	1,138	1,189
Retirement and long service leave	86	87
Sick leave	47	62
<b>Total current portion</b>	<b>1,600</b>	<b>1,666</b>
<b>Non-current portion</b>		
Retirement and long service leave	224	218
<b>Total non-current portion</b>	<b>224</b>	<b>218</b>
<b>Total employee entitlements</b>	<b>1,824</b>	<b>1,884</b>

## Note 23 - Provisions

### Accounting Policy

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'.

## Breakdown of provisions and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Current portion</b>		
Landfill aftercare	512	70
Weathertightness claims	56	154
Reserve contribution credits	0	0
Other sundry provisions	100	450
<b>Total current provisions</b>	<b>668</b>	<b>674</b>
<b>Non-current portion</b>		
Landfill aftercare	1,312	897
Weathertightness claims	276	374
Reserve contribution credits	3,491	3,911
<b>Total non-current portion</b>	<b>5,079</b>	<b>5,182</b>
<b>Total provisions</b>	<b>5,747</b>	<b>5,856</b>

Movements of each class of provision are as follows:

### Landfill aftercare costs

	2019 Actual \$000's	2018 Actual \$000's
<b>Opening balance as at 1 July</b>	<b>967</b>	<b>774</b>
Additional provisions made	1,059	599
Amounts used	(262)	(9)
Unused amounts reversed	0	0
Discount unwind	61	(398)
<b>Closing balance as at 30 June</b>	<b>1,824</b>	<b>967</b>

### Provision for weathertightness claims

	2019 Actual \$000's	2018 Actual \$000's
Opening balance as at 1 July	527	350
Additional provisions made	0	250
Amounts used	(149)	0
Unused amounts reversed	(45)	(73)
Closing balance as at 30 June	332	527

### Reserve contribution credits

	2019 Actual \$000's	2018 Actual \$000's
Opening balance as at 1 July	3,911	4,515
Additional provisions made	0	0
Amounts used	(420)	(604)
Unused amounts reversed	0	0
Closing balance as at 30 June	3,491	3,911

### Other sundry provisions

	2019 Actual \$000's	2018 Actual \$000's
Opening balance as at 1 July	450	250
Additional provisions made	0	200
Amounts used	(200)	0
Unused amounts reversed	(150)	0
Closing balance as at 30 June	100	450

### Landfill aftercare costs

The Council has a legal obligation to provide on-going maintenance and monitoring services at its seven 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. All landfills within the Thames-Coromandel district are now closed and no longer accept waste for disposal.

Closed landfill sites have been assessed in terms of the likely discharge and land-use risks and are managed accordingly. Consents to manage the environmental effects of certain closed landfills are held with the Waikato Regional Council (WRC) and compliance with these consents is Council's responsibility.

Sites are regularly monitored as per the consent requirements. This includes water monitoring and visual inspections. Expenditure on rehabilitation works may be required to minimise potential impacts on the environment or human health. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. Any such work will be funded by an internal loan, which is serviced by the general rate.

The provision has been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$2.8 million (2018: \$1.8 million). The following major assumptions have been made in calculating the provision:

- The discount rate used to arrive at the present value is 3.72% (2018: 4.76%).
- The aftercare has been estimated to continue until 2051. The annual inflation factor applied to the estimated aftercare costs for 2019/2020 to 2027/2028 is the September 2017 Local Government price level change forecast. An annual inflation rate of 2.83% has been applied to years 2028/2029 to 2050/2051 (2018: an annual inflation rate of 2.83% was applied to years 2028/2029 to 2050/2051).
- Estimates of the life and future expenditure are based on known and future estimated costs.

### Provision for weathertightness claims

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.

This provision is based on the Council's most likely exposure to notified claims. As at 30 June 2019, Council was aware of seven unsettled notified claims (2018:8).

See Note 25 contingent liabilities for further disclosure and comment.

### **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.

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 the Council. It also outlined the staged arrangement in which the Council would purchase the land from the developer.

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 2019, 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 2019 only \$3,052,635 of the reserve contribution credits have been applied and therefore recognised within Council's accounts as revenue. As such, a provision of \$3,447,365 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, a further provision of \$44,058 has 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 the 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 25 contingent Liabilities for further disclosure and comment.

### **Other sundry provisions**

As at 30 June 2019, Council anticipates that the following payments will be made:

- A one off payment of \$100,000 will be made to the affected parties of the 1877 Native Lands Agreement as part of a final settlement agreement negotiated by Waikato Regional Council, affected ratepayers and Council.

See Note 25 contingent liabilities for further disclosure and comment.

## Note 24 - Construction contracts

### Accounting Policy

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract, and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised surpluses less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus surpluses less losses, the net amounts are presented as a liability.

During the financial year ended 30 June 2019, Council did not enter into any construction contracts for the purposes of PBE IPSAS 11.

## Note 25 - Contingencies

### Breakdown of contingent liabilities and further information

	2019 Actual \$000's	2018 Actual \$000's
Miscellaneous non-insured claims	0	0
Community pledges	85	110
Weather tightness claims	1,665	1,951
Council guarantees	1,124	1,112
<b>Total contingent liabilities</b>	<b>2,874</b>	<b>3,173</b>

### Weather-tightness claims

The weather tightness problem, commonly known as "leaky homes/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, thus damaging the building.

The term "leaky homes claims" refers to claims against the Council for damages relating to a leaky building. 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 weather tightness 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.

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 a hearing and a protracted litigation suit.

Settlement amounts for leaky homes claims are not covered by insurance.

There are 7 current claims; 4 of these are part of the FAP scheme. 6 claims were registered on the Ministry of Business, Innovation and Employment website as active as at 30 June 2019 (2018: 8 claims). The amounts sought by the claimants of these unsettled claims total to \$1,023,291, in addition there are two unknown amounts (2018: \$1,383,291, in addition there were two unknown amounts).



A provision for \$331,634 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 23 Provisions) (2018: \$527,339). However, based on the information obtained during this financial year (and that of previous years), the Council has estimated that it may be liable for a further \$1,664,982 in settlement costs (2018: \$1,951,395).

## **Other Building Act claims**

### **Ministry of Education and Carter Holt Harvey**

In 2003, the Ministry of Education (MoE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MoE's claim against CHH is for 833 school buildings, 27 of which are located with the Thames-Coromandel District Council region. In 2016, CHH commenced proceedings against 48 Councils, including Thames-Coromandel District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code of Compliance Certificates.

28 school buildings (four in Thames-Coromandel District Council region) built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court.

The court has directed that the trial be staged. The first stage will be a six month hearing commencing in April 2020, to determine whether shadowclad is inherently defective.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

### **Homeowners and Carter Holt Harvey**

During the year, a group of homeowners initiated High Court proceedings against CHH and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. CHH has joined 19 Councils as co-defendants in this claim.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

## **Recyclable collection**

Matamata-Piako, Thames Coromandel and Hauraki Districts have a joint contract for solid waste and recyclable collection. The contractor is seeking a back claim for the recovery of costs in relation to plastics 3-7 and mixed paper.

China was previously the main market for these products but their focus has changed to the management of their own domestic recyclables. This has significantly reduced China's capacity to process imported products. As a result of these changes, the contractor has informed Council that the previously utilised markets are no longer viable and that they can also no longer generate revenue from these products. Therefore the contractor is seeking to claim back the revenue already paid to Council for the 2018/19 financial year.

The three Councils are currently in negotiations with the contractor and are considering options to deal with the issue going forward. At balance date in relation to the back claim being sought by the contractor, there is no obligating event as all three Councils are still in discussion with the contractor and the amount that may or may not be paid, may be less than the amounts sought by the contractor. Council will only be liable for these costs should an agreement be reached in mediation, and the amount to be paid, only confirmed at that time.

## **Council guarantees**

The Council is listed as a guarantor to Coromandel Community Living Trust. The Council is obligated under the guarantee to make loan payments in the event that this organisation defaults on a loan arrangement.

The terms and conditions of the guarantee require:

- The organisation is to provide the Council with a copy of their annual report to enable the financial stability to be assessed on an annual basis, and
- An indemnity to the Council that transfer's ownership of the assets to the Council in the event of the guarantee being called up.

The Council's exposure to any risk is therefore mitigated and considered minimal.

Council guarantees have not been recognised as liabilities in the statement of financial position as the Council consider there is very little probability that any expenditure will be incurred to settle them.

## **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 now nearing a conclusion and a settlement agreement has now been drafted but not yet finalised.

As at 30 June, Council anticipates that an exemption from all rates in respect of parcels of land owned by the affected parties may be applied in perpetuity. In addition to this Council also anticipates the transfer of a local Thames reserve.

However, as the amount of the rates exemption can not be measured with sufficient reliability, and a local bill will be required to be passed in order for the land transfer to be gifted and its associated reserve status revoked, both obligations have been noted as a contingent liability accordingly.

### **Jack McLean Community Recreation Centre**

The Jack McLean Community Recreation Centre (the centre) project is a partnership with the Ministry of Education and the Thames High School with the facility located on the school grounds.

The new building is a two court facility and includes a foyer, administration, changing rooms, multi-purpose room, spectator seating and storage spaces. External works included roading, car parking, site services, paving and landscaping. The centre was officially opened in February 2018.

The total project budget was \$5.7 million (including roof repairs detailed below). This budget included an estimated \$1.5 million in external funding made up of contributions from the school (\$440,000) community fundraising (\$332,000 of which \$122,484 has been received) and public grants (\$725,000). As at 30 June 2019, \$5.7 million has been spent.

Prior to opening the facility, it was found that the building itself had suffered from moisture damage. Specifically, the design of the building made insufficient provision for ventilation. As a result, condensation built-up on the underside of the roof structure, made its way through the building paper and insulation in the roof cavity, and dripped onto the playing surface. The moisture damaged approximately 200 ceiling tiles and the roof itself required a redesign in order to rectify the problem. The total roof remediation works cost approximately \$620,000. Council is currently pursuing the matter via the professional services contract with the designer.

Until the matter is settled, Council is unable to measure the liability with sufficient reliability. Therefore, the claim has been noted as contingent liabilities.

### **Active Thames 2018 - Community pledges**

As part of the risk mitigation strategy regarding non-receipt of community pledges a report was presented to the Thames Community Board (29 February 2016) and Council (6 April 2016) to acknowledge the risks related to Community pledges and Council accepted the underwriting risk associated with recovering pledges after construction costs had been paid. As at 30 June 2019, \$84,900 of community pledges remained outstanding (2018: \$110,000).

### **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+.

The Council is one of 31 local authority shareholders and 52 local authority guarantors of the LGFA. In that regard it has uncalled capital of \$0.1 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2019, LGFA had borrowings totalling \$9.3 billion (2018: \$8.1 billion).

Financial reporting standards require the 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 two developers that have reserve contribution credits available to them as at 30 June 2019 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.

### 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, the 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 any deficit.

As at 31 March 2019, the scheme had a past service deficit of \$2.0 million (exclusive of Employer Superannuation Contribution Tax (2018: surplus of \$6.6 million)). This deficit 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 PBE IPSAS 25. The actuary of the scheme recommended that the employer's contributions remain suspended.

## Note 26 - Equity

### Accounting Policy

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

#### 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 a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council 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

This reserve relates to the revaluation of property, plant and equipment to fair value.

#### Council created reserves

Council created reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council. The 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 that the Council deems appropriate to be expended in the following year, usually to finish incomplete, but previously budgeted work. The Council created reserves also include reserves for depreciation that have been funded but not yet utilised.

### Breakdown of equity and further information

	2019 Actual \$000's	2018 Actual \$000's
<b>Accumulated funds</b>		
Balance at 1 July	393,164	388,686
Net movement in restricted reserves	(3,038)	0
Net movement in Council created reserves	(3,982)	(1,472)
Transfers from property revaluation reserves on disposal	688	1,593
Surplus/(deficit) for the year	13,218	4,357
<b>Balance at 30 June</b>	<b>400,051</b>	<b>393,164</b>
<b>Restricted reserves</b>		
Balance at 1 July	33,740	33,740
Transfers from accumulated funds	3,038	0
Transfers to accumulated funds	0	0
<b>Balance at 30 June</b>	<b>36,778</b>	<b>33,740</b>
<b>Council created reserves</b>		
Balance at 1 July	59,086	57,614

Transfers from accumulated funds	24,505	24,442
Transfers to accumulated funds	(20,523)	(22,970)
<b>Balance at 30 June</b>	<b>63,068</b>	<b>59,086</b>
<b>Property revaluation reserves</b>		
Balance at 1 July	949,445	906,244
Net revaluation gains	84,024	44,794
Transfer to accumulated funds on disposal of property	(688)	(1,593)
<b>Balance at 30 June</b>	<b>1,032,781</b>	<b>949,445</b>
<b>Fair value through other comprehensive revenue and expense reserve</b>		
Balance at 1 July	25	10
Net revaluation gains/(losses)	0	15
<b>Balance at 30 June</b>	<b>26</b>	<b>25</b>
<b>Total equity</b>	<b>1,532,703</b>	<b>1,435,460</b>

## Restricted reserves

### *Purpose of restricted reserves and the activity it relates to*

Restricted reserves are reserves that are subject to specific conditions of use and whether under statute or accepted as binding by Council, 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. Restricted reserves relate to the representation activity.

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>2019</b>				
<b>Reserve land</b>				
Restricted by title	31,317	3,038	0	34,355
<b>Endowment farms</b>				
Endowment farms trust property - restricted imposed by statute	2,423	0	0	2,423
<b>Total restricted reserves</b>	<b>33,740</b>	<b>3,038</b>	<b>0</b>	<b>36,778</b>
<b>2018</b>				
<b>Reserve land</b>				
Restricted by title	31,317	0	0	31,317
<b>Endowment farms</b>				
Endowment farms trust property - restricted imposed by statute	2,423	0	0	2,423
<b>Total restricted reserves</b>	<b>33,740</b>	<b>0</b>	<b>0</b>	<b>33,740</b>

## Council created reserves

### *Purpose of council created reserves and the activity it relates to*

Council created reserves are reserves created at the discretion of the 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:

- Depreciation reserves;
- Local Government Act contribution reserves;
- Retained revenue reserves
- Special reserves

### Depreciation reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>2019</b>				
District	9,460	14,543	(10,255)	13,747
Thames	807	1,013	(292)	1,527
Coromandel	101	247	(326)	22
Mercury Bay	0	1,309	(923)	387
Tairua/Pauanui	0	515	(240)	276
Whangamata	273	531	(373)	431
<b>Total depreciation reserves</b>	<b>10,641</b>	<b>18,158</b>	<b>(12,409)</b>	<b>16,389</b>

<b>2018</b>				
District	8,541	13,593	(12,674)	9,460
Thames	732	942	(867)	807
Coromandel	276	217	(393)	101
Mercury Bay	0	1,208	(1,208)	0
Tairua/Pauanui	0	501	(501)	0
Whangamata	0	448	(175)	273
<b>Total depreciation reserves</b>	<b>9,549</b>	<b>16,908</b>	<b>(15,817)</b>	<b>10,641</b>

Depreciation reserves contain funds equivalent to funded depreciation to be used to fund capital renewals work. Depreciation reserves relate to the representation, solid waste, wastewater, water, stormwater, public conveniences, district transportation, building control, cemeteries and all other activities not separately rated.

#### Local Government Act contribution reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>2019</b>				
District	299	1,961	(1,708)	552
Thames	250	14	(13)	251
Coromandel	117	1	(0)	117
Mercury Bay	1,615	1,885	(1,412)	2,087
Tairua/Pauanui	135	85	(45)	175
Whangamata	702	70	(69)	704
<b>Total special LGA contribution reserves</b>	<b>3,119</b>	<b>4,016</b>	<b>(3,249)</b>	<b>3,887</b>
<b>2018</b>				
District	158	1,694	(1,552)	299
Thames	249	32	(30)	250
Coromandel	106	12	(1)	117
Mercury Bay	992	1,221	(598)	1,615
Tairua/Pauanui	23	168	(56)	135
Whangamata	702	27	(26)	702
<b>Total special LGA contribution reserves</b>	<b>2,230</b>	<b>3,154</b>	<b>(2,265)</b>	<b>3,119</b>

These reserves contain funds collected and distributed under the Council's Development Contributions Policy. These funds may only be applied to the funding of additional capacity capital expenditure for activities for which they were levied. Local Government Act contribution reserves relate to representation, solid waste, wastewater, water, stormwater, public conveniences, district transportation, cemeteries, parks and reserves, libraries, local transportation, halls, airfields and swimming pools activities.

#### Retained revenue reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>2019</b>				
District	6,555	(599)	(1,279)	4,677
Thames	497	106	(503)	100
Coromandel	8	0	83	91
Mercury Bay	2,350	191	(1,461)	1,080
Tairua/Pauanui	721	128	(100)	749
Whangamata	626	0	(303)	323
<b>Total retained revenue reserves</b>	<b>10,757</b>	<b>(174)</b>	<b>(3,563)</b>	<b>7,020</b>
<b>2018</b>				
District	8,049	878	(2,372)	6,555
Thames	475	(40)	62	497
Coromandel	178	4	(175)	8
Mercury Bay	2,277	330	(257)	2,350
Tairua/Pauanui	798	82	(159)	721
Whangamata	593	43	(10)	626
<b>Total retained revenue reserves</b>	<b>12,369</b>	<b>1,298</b>	<b>(2,910)</b>	<b>10,757</b>

These reserves contain unspent revenue from a previous year that was raised through rates or fees and charges to fund the Council activities. 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. Retained revenue reserves relate to representation, solid waste, wastewater, water, stormwater, harbour and all Council activities not separately rated.

## Special reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>2019</b>				
Power New Zealand reserve	23,928	431	0	24,359
Disaster reserve	1,500	0	(309)	1,191
General purpose	206	0	0	206
Property	2,006	0	0	2,006
Insurance excess	2,444	184	(248)	2,380
Special projects	0	625	(84)	542
Wastewater headworks	60	8	(68)	0
Solid waste levy refunds	281	116	(241)	155
Rates postponement	14	0	0	14
Roading subdivision	55	0	(55)	(0)
Ohuka park development contributions payment plan	0	0	0	0
Thames water headworks	9	0	0	9
Coromandel - water headworks	203	0	0	203
Coromandel - water unused loan	9	0	0	9
Whangamata - water headworks	307	0	0	307
Thames general purpose	237	535	0	772
Land subdivision	3,033	0	(243)	2,791
Off street parking	103	0	(26)	77
Hot Water Beach parking	57	175	0	232
Hahei parking fees	0	28	(28)	0
Whitianga Harbours	117	0	0	117
<b>Total - special reserves</b>	<b>34,569</b>	<b>2,102</b>	<b>(1,302)</b>	<b>35,370</b>
<b>2018</b>				
Power New Zealand reserve	23,928	0	0	23,928
Disaster reserve	522	2,000	(1,021)	1,500
General purpose	206	0	0	206
Property	1,466	540	0	2,006
Insurance excess	2,668	90	(315)	2,444
Special projects	0	0	0	0
Wastewater headworks	60	0	0	60
Solid waste levy refunds	250	112	(81)	281
Rates postponement	14	0	0	14
Roading subdivision	55	0	0	55
Ohuka park development contributions payment plan	0	0	0	0
Thames water headworks	9	0	0	9
Coromandel - water headworks	203	0	0	203
Coromandel - water unused loan	9	0	0	9
Whangamata - water headworks	307	0	0	307
Thames general purpose	500	13	(276)	237
Land subdivision	3,049	0	(16)	3,033
Off street parking	103	0	0	103
Hot Water Beach parking	0	193	(137)	57
Hahei parking fees	0	134	(134)	0
Whitianga Harbours	117	0	0	117
<b>Total - special reserves</b>	<b>33,466</b>	<b>3,082</b>	<b>(1,978)</b>	<b>34,569</b>

Special reserves are council created reserves set aside for a special purpose as follows:

- *Power New Zealand reserve* - funded by proceeds from the sale of Power NZ shares to fund internal borrowing. The corresponding interest earned subsidises the UAGC rate requirement. The Power New Zealand reserve relates to the representation activity.
- *Disaster reserve fund* - funds repairs to infrastructure caused by natural disasters. The disaster reserve fund relates to all infrastructure activities.
- *General purpose* - funds any one off, unbudgeted, Community Board projects as approved by the Council. The general purpose reserve relates to all community spaces activities.
- *Property* - funds the acquisition cost of any future strategic purchases of the same type of assets, when and where required, funded by amounts realised from the sale of surplus land and buildings.
- *Insurance excess* - funds the insurance excess of any legal settlements within building control, community health & safety, land use management and land information memoranda activities.

- *Special projects* - funds special 'one-off' community board projects as approved by the Council. The special projects reserve relates to all community spaces activities.
- *Wastewater headworks* - funds the increased level of service component of various wastewater projects within the wastewater activity, funded by contributions collected under the Resource Management Act.
- *Solid waste levy reserve* - funds any waste minimisation initiative in the solid waste activity.
- *Rates postponement* - funds any shortfall between the amount realised on the sale of a property and any amounts outstanding for postponed rates (and accrued charges) at the time of sale. The rates postponement reserve relates to the representation activity.
- *Roading subdivision* - helps fund various roading projects and other initiatives within the roading activity, funded by contributions collected under the Resource Management Act.
- *Thames* - general purpose - funds non-infrastructure asset purchases within the Thames-urban area activities.
- *Land subdivision* - funds the acquisition, or development of parks and reserves within the relevant catchment areas, funded by reserve contributions collected under the Resource Management Act. Land subdivision reserves relate to the parks and reserves activities.
- *Water headworks* - fund the increased level of service component of projects within the water activity within the relevant catchment areas, funded by reserve contributions collected under the Resource Management Act.
- *Off-street parking* - funds the acquisition, or development of, parking areas within the relevant catchment areas, funded by reserve contributions collected under the Resource Management Act. The off-street parking reserve relates to the local roading and parks and reserves activities.
- *Water unused loan* - balance of loan raised to fund water extension, relates to the water activity.

### Total council created reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
For the period ending 30 June 2019	59,086	24,103	(20,523)	62,665
For the period ending 30 June 2018	57,614	24,442	(22,970)	59,086

### Property revaluation reserves

	2019 Actual \$000's	2018 Actual \$000's
<b>Property revaluation reserves for each asset class consist of</b>		
Buildings	20,858	19,449
Footpaths	7,199	5,966
Harbour facilities	1,717	2,282
Land	347,546	287,532
Reserve improvements	12,634	10,496
Bridges	7,735	6,836
Roads	432,442	424,635
Solid waste	2,262	2,149
Stormwater	67,620	65,403
Wastewater	59,123	54,356
Water	73,647	70,341
<b>Closing property revaluation reserves</b>	<b>1,032,781</b>	<b>949,445</b>

### Additional disclosure

#### Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA 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 LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.



The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the 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 the Council's LTP.

The Council has the following Council-created reserves:

- reserves for different areas of benefit;
- disaster relief reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Disaster relief reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

## Note 27 - Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council (such as funding and financing flows for TVEOA), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

	2019 Actual \$000's	2018 Actual \$000's
<b>Key management personnel compensation</b>		
<b>Councillors</b>		
Remuneration	468	436
Full-time equivalent members	9	9
<b>Senior Management Team, including the Chief Executive</b>		
Remuneration	1,786	2,064
Full-time equivalent members	7	8
<b>Total key management personnel remuneration</b>	<b>2,254</b>	<b>2,500</b>
<b>Total full-time equivalent personnel</b>	<b>16</b>	<b>17</b>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

### Related party transactions required to be disclosed

There are no other related party transactions that are required to be disclosed in accordance with PBE IPSAS 20 Related Party Disclosures. However, the Council has elected to recognise its relationship with both the Hauraki Rail Trail Charitable Trust and Destination Coromandel as related parties.

	2019 Actual \$000's	2018 Actual \$000's
<b>Payments to associates</b>		
<b>Destination Coromandel:</b>		
Contribution for services provided by Destination Coromandel	625	602
<b>Hauraki Rail Trail Charitable Trust:</b>		
Contribution for services provided by Hauraki Rail Trail Charitable Trust	156	179
<b>Total payments made to associates</b>	<b>781</b>	<b>781</b>

## Note 28 - Events after balance date

There have been no post balance date events up to the date of the adoption of the Annual Report that are known to have a material effect on the financial statements and notes to the financial statements of the Council.

## Note 29 - Financial instruments

### Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	2019 Actual \$000's	2018 Actual \$000's
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	3,562	199
Receivables	9,502	8,041
<i>Other financial assets</i>		
Borrower notes from Local Government Funding Agency	916	720
Term deposits	63	9,570
<b>Total loans and receivables</b>	<b>14,043</b>	<b>18,530</b>
<b>Fair value through other comprehensive revenue and expense</b>		
<i>Other financial assets</i>		
Unlisted shares	274	272
<b>Total fair value through other comprehensive revenue and expense</b>	<b>274</b>	<b>272</b>

	2019 Actual \$000's	2018 Actual \$000's
<b>Financial liabilities</b>		
<b>Fair value through surplus or deficit - held for trading</b>		
Derivative financial instrument liabilities	5,949	4,585
<b>Total fair value through surplus or deficit - held for trading</b>	<b>5,949</b>	<b>4,585</b>
<b>Financial liabilities at amortised cost</b>		
Payables	16,751	12,957
<i>Borrowings</i>		
Finance lease liabilities	0	0
Secured loans	51,000	45,600
<b>Total financial liabilities at amortised cost</b>	<b>67,751</b>	<b>58,557</b>

### Fair value hierarchy disclosures

For those instruments recognised at fair value in 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:

	Total \$000's	Valuation technique		
		Quoted market price \$000's	Observable inputs \$000's	Non-observable inputs \$000's
<b>2019</b>				
<b>Financial assets</b>				
Shares	1,090	0	0	1,090
<b>Financial liabilities</b>				
Derivatives	5,949	0	5,949	0
<b>2018</b>				
<b>Financial assets</b>				
Shares	272	0	0	272
<b>Financial liabilities</b>				
Derivatives	4,585	0	4,585	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:

	2019 Actual \$000's	2018 Actual \$000's
<b>Balance at 1 July</b>	<b>287</b>	<b>272</b>
Gains and losses recognised in the surplus or deficit	0	0
Gains and losses recognised in other comprehensive revenue and expense	0	15
Purchases	0	0
Sales	0	0
Transfers into level 3	0	0
Transfers out of level 3	0	0
<b>Balance at 30 June</b>	<b>287</b>	<b>287</b>

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

### Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council-approved liability management and investment policies. 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.

The Council is not exposed to equity 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 transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is the 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 market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The 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.

##### 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 the Council to cash flow interest rate risk.

Generally, the 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 the Council borrowed at fixed rates directly. Under the interest rate swaps, the 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.

## Credit risk

Credit risk is the risk that a third party will default on its obligation to the 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. The Council also provides financial guarantees, which gives risk to credit risk.

The Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. The Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk. The Council invests funds only with entities that have a Standard and Poor's credit rating of at least A1 for short-term and A+ for long-term investments. The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	2019 Actual \$000's	2018 Actual \$000's
Cash at bank and term deposits	3,625	9,769
Receivables	9,502	8,041
Financial guarantees	1,124	1,112
<b>Total maximum exposure to credit risk</b>	<b>14,251</b>	<b>18,922</b>

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 25 Contingencies.

### 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:

	2019 Actual \$000's	2018 Actual \$000's
<b>Cash at bank and term deposits</b>		
AA-	3,625	9,769
<b>Total cash at bank and term deposits</b>	<b>3,625</b>	<b>9,769</b>

Receivables mainly arise from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk that the 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. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy.

### Contractual maturity analysis of financial liabilities, excluding derivatives

The following table analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>2019</b>					
Payables	16,751	16,751	16,751	0	0
Secured loans	60,526	60,526	0	45,856	14,670
Finance leases	0	0	0	0	0
Financial guarantees	1,124	1,124	1,124	0	0
<b>Total financial liabilities</b>	<b>78,401</b>	<b>78,401</b>	<b>17,875</b>	<b>45,856</b>	<b>14,670</b>
<b>2018</b>					
Payables	12,955	12,955	12,955	0	0
Secured loans	44,941	44,941	16,361	28,579	0
Finance leases	0	0	0	0	0
Financial guarantees	1,112	1,112	1,112	0	0
<b>Total financial liabilities</b>	<b>59,008</b>	<b>59,008</b>	<b>30,428</b>	<b>28,579</b>	<b>0</b>

The 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 25 Contingencies.

#### **Contractual maturity analysis of derivative financial instrument liabilities**

The table below analyses the Council's derivative financial instrument liabilities that are settled on a net basis into their 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.

	Liability carrying amount \$000's	Asset carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>2019</b>						
Nett settled derivative liabilities	5,950	0	5,950	294	3,691	1,965
<b>Total derivatives</b>	<b>5,950</b>	<b>0</b>	<b>5,950</b>	<b>294</b>	<b>3,691</b>	<b>1,965</b>
<b>2018</b>						
Nett settled derivative liabilities	4,585	0	4,585	82	2,540	1,963
<b>Total derivatives</b>	<b>4,585</b>	<b>0</b>	<b>4,585</b>	<b>82</b>	<b>2,540</b>	<b>1,963</b>

#### **Contractual maturity analysis of financial assets**

The table below analyses the 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, and include interest receipts.

	Carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>2019</b>					
Cash and cash equivalents	3,562	3,562	3,562	0	0
Receivables	9,502	9,502	9,502	0	0
<i>Other financial assets</i>					
Term deposits	63	63	63	0	0
<b>Total financial assets</b>	<b>13,127</b>	<b>13,127</b>	<b>13,127</b>	<b>0</b>	<b>0</b>
<b>2018</b>					
Cash and cash equivalents	199	199	199	0	0
Receivables	8,041	8,041	8,041	0	0
<i>Other financial assets</i>					
Term deposits	9,570	9,570	9,570	0	0
<b>Total financial assets</b>	<b>17,810</b>	<b>17,810</b>	<b>17,810</b>	<b>0</b>	<b>0</b>

## Sensitivity analysis

The following table illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at the balance date.

	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
	\$000's	\$000's	\$000's	\$000's
<b>Interest rate risk</b>				
<b>2019</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(37)	0	37	0
Term deposits	(1)	0	1	0
<b>Financial liabilities</b>				
Derivatives	(1,895)	0	1,851	0
<b>Total sensitivity</b>	<b>(1,933)</b>	<b>0</b>	<b>1,889</b>	<b>0</b>
<b>2018</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(1)	0	1	0
Term deposits	(1)	0	1	0
<b>Financial liabilities</b>				
Derivatives	(2,202)	0	2,037	0
<b>Total sensitivity</b>	<b>(2,204)</b>	<b>0</b>	<b>2,039</b>	<b>0</b>

### 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 100 bps is equivalent to a decrease in interest rates of 1%. 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 (2017: -100bps/+100bps).

All Council's borrowings are hedged derivative financial instruments so the sensitivity analysis of derivatives apply.



## Note 30 - Explanations of major variances against budget

### Statement of comprehensive revenue and expense

Revenue	
Other revenue	Other revenue was more than budgeted by \$9.4 million as a result of vested assets. There were several subdivisions completed this year. The budget for vested assets is based on a rolling 5 year average. In three of the previous five years less than \$1 million worth of assets were vested. As such the rolling five year average was only \$2.1 million for the 2018/2019 financial year.
Expenses	
Personnel costs	Personnel costs came in \$1.0 million under budget mainly as a result of vacancies in the infrastructure, corporate services and regulatory activities.
Other expenses	Other expenses were \$8.5 million higher than budgeted. There was an unbudgeted loss on disposal of property, plant and equipment of \$1.7 million including work in progress. The loss was mostly related to roading assets that were replaced before the end of their useful lives. The remaining variance is a result of an increase in operating expenditure as a result of contractual increases in the delivery of roading, water, wastewater, stormwater and solid waste services.
Other comprehensive revenue and expense	
Gain on property, plant and equipment revaluations	The actual asset revaluation movements were higher than budgeted by \$59.1million. This is mainly attributable to the increase in land values across the district.

### Statement of financial position

Assets	
Cash and cash equivalents	The closing cash position is \$3.1 million higher than budgeted mainly as a result of unbudgeted cash reserves held at year end for payment of creditors.
Property, plant and equipment	Property, plant and equipment is \$58.6 million higher than budgeted. This is mainly attributable to the increase in land values and roading assets across the district.
Intangible assets	Intangible assets were \$1.0 million less than budgeted mainly because of a movement towards software as a service products which are not capitalised.
Liabilities	
Payables and deferred revenue	The closing payables position is \$2.3 million higher than budgeted mainly because of large infrastructure accruals to record expenditure that occurred prior to year end where invoices had not been received.
Derivative financial instruments	There is inherent difficulties in predicting valuation derivatives. The notional outstanding interest rate swap contracts were higher than budgeted and the 90 day bank bill market (BKBM) rate was significantly lower than budgeted
Borrowings	The total debt is \$2.6 million more than budgeted as a result of an increase in the capital works programme. The Annual Plan budget for the capital works programme was \$34.5 million. Changes to the work programme during the year resulted in a year end capital spend of \$38.1 million.

# Funding impact statements disclosure

## Introduction

Schedule 10 of the Local Government Act 2002 requires council to include in the annual report a funding impact statement for each group of activities and a funding impact statement for the whole of council for the financial year to which the report relates. The format of these statements are prescribed by the legislation and do not have to meet the normal accounting requirements. The intention is that this format provides a more understandable picture of what Council is spending money on and how those costs are funded.

## Funding impact statements

### Whole of Council funding impact statement

For the year ended 30 June 2019

	2018 Annual plan \$000's	2018 Annual report \$000's	2019 Annual plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>				
General rates, uniform annual general charges, rates penalties	16,900	17,225	22,794	23,630
Targeted rates	46,575	44,119	42,926	41,828
Subsidies and grants for operating purposes	2,941	3,704	3,349	4,110
Fees and charges	11,085	12,905	11,326	12,142
Interest and dividends from investments	12	608	12	468
Local authorities fuel tax, fines, infringement fees and other receipts	690	615	687	812
<b>Total operating funding (A)</b>	<b>78,204</b>	<b>79,176</b>	<b>81,094</b>	<b>82,990</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	60,008	61,562	63,521	66,515
Finance costs	2,624	2,470	2,540	2,460
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>62,632</b>	<b>64,032</b>	<b>66,062</b>	<b>68,975</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>15,572</b>	<b>15,144</b>	<b>15,032</b>	<b>14,015</b>
<b>Source of capital funding</b>				
Subsidies and grants for capital expenditure	5,030	3,822	6,502	6,391
Development and financial contributions	1,733	2,625	2,385	3,209
Increase/(decrease) in debt	7,354	900	10,568	5,400
Gross proceeds from sale of assets	582	610	0	397
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>14,699</b>	<b>7,957</b>	<b>19,454</b>	<b>15,398</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,191	799	1,372	1,173
- to improve the level of service	9,215	8,852	17,054	16,399
- to replace existing assets	19,769	12,864	16,159	20,293
Increase/(decrease) in reserves	97	586	( 98 )	( 8,451 )
Increase/(decrease) in investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>30,272</b>	<b>23,101</b>	<b>34,486</b>	<b>29,413</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>( 15,572 )</b>	<b>( 15,144 )</b>	<b>( 15,032 )</b>	<b>( 14,015 )</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Roads and footpaths funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,851	3,536	5,102
Targeted rates	4,183	3,436	3,320
Subsidies and grants for operating purposes	2,582	3,229	3,382
Fees and charges	92	169	155
Internal charges and overheads recovered	486	405	455
Local authorities fuel tax, fines, infringement fees and other receipts	418	423	510
<b>Total operating funding (A)</b>	<b>11,613</b>	<b>11,198</b>	<b>12,924</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,912	7,810	9,116
Finance costs	303	194	187
Internal charges and overheads applied	1,327	694	683
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>8,542</b>	<b>8,698</b>	<b>9,986</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>3,071</b>	<b>2,500</b>	<b>2,937</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	3,519	6,163	5,365
Development and financial contributions	342	589	448
Increase/(decrease) in debt	1,117	3,395	6,265
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>4,979</b>	<b>10,147</b>	<b>12,078</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	527	1,372	1,135
- to improve the level of service	2,229	5,801	4,829
- to replace existing assets	6,303	6,359	9,754
Increase/(decrease) in reserves	(1,009)	(885)	(703)
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>8,050</b>	<b>12,647</b>	<b>15,015</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(3,071)</b>	<b>(2,500)</b>	<b>(2,937)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>

## Stormwater funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	956	711	661
Targeted rates	2,241	1,668	1,753
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>3,197</b>	<b>2,378</b>	<b>2,414</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	791	658	1,303
Finance costs	90	58	49
Internal charges and overheads applied	757	314	328
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,637</b>	<b>1,030</b>	<b>1,680</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>1,560</b>	<b>1,348</b>	<b>734</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	59	89	127
Increase/(decrease) in debt	(761)	(882)	(56)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(702)</b>	<b>(793)</b>	<b>71</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	172	427	328
- to replace existing assets	687	1,289	946
Increase/(decrease) in reserves	0	(1,162)	(469)
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>859</b>	<b>554</b>	<b>805</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(1,560)</b>	<b>(1,348)</b>	<b>(734)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Wastewater funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	16,001	15,498	15,459
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	21	17
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	8
<b>Total operating funding (A)</b>	<b>16,001</b>	<b>15,519</b>	<b>15,484</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,754	6,449	7,097
Finance costs	1,697	1,333	1,311
Internal charges and overheads applied	2,793	2,308	1,909
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>11,245</b>	<b>10,091</b>	<b>10,317</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>4,756</b>	<b>5,428</b>	<b>5,166</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	477	751	1,191
Increase/(decrease) in debt	(2,469)	(2,821)	(1,043)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(1,992)</b>	<b>(2,070)</b>	<b>148</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	65	0	0
- to improve the level of service	1,257	530	548
- to replace existing assets	1,508	1,714	1,857
Increase/(decrease) in reserves	(66)	1,114	2,909
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,764</b>	<b>3,358</b>	<b>5,314</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(4,756)</b>	<b>(5,428)</b>	<b>(5,166)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Water supply funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	8,013	9,012	7,531
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,495	0	1,617
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>9,508</b>	<b>9,012</b>	<b>9,148</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,155	5,077	5,599
Finance costs	288	299	278
Internal charges and overheads applied	1,164	707	638
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>6,607</b>	<b>6,083</b>	<b>6,515</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>2,901</b>	<b>2,929</b>	<b>2,633</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	143	236	468
Increase/(decrease) in debt	57	5,382	7,783
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>199</b>	<b>5,617</b>	<b>8,251</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,059	5,568	7,970
- to replace existing assets	1,805	1,766	1,265
Increase/(decrease) in reserves	236	1,212	1,650
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>3,100</b>	<b>8,546</b>	<b>10,885</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(2,901)</b>	<b>(2,929)</b>	<b>(2,633)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Solid waste funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,058	1,133	2,012
Targeted rates	3,121	2,419	2,423
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,121	3,132	3,507
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>6,300</b>	<b>6,685</b>	<b>7,942</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,839	5,678	8,636
Finance costs	158	91	88
Internal charges and overheads applied	881	440	441
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,878</b>	<b>6,209</b>	<b>9,165</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>422</b>	<b>476</b>	<b>(1,222)</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	6
Increase/(decrease) in debt	(353)	(150)	299
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(353)</b>	<b>(150)</b>	<b>306</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	316	327
- to replace existing assets	27	691	279
Increase/(decrease) in reserves	42	(682)	(1,523)
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>69</b>	<b>326</b>	<b>(916)</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(422)</b>	<b>(476)</b>	<b>1,222</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Representation funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,112	13,269	13,106
Targeted rates	1,660	1,593	1,188
Subsidies and grants for operating purposes	0	0	280
Fees and charges	0	428	432
Internal charges and overheads recovered	1,237	2,530	2,840
Local authorities fuel tax, fines, infringement fees and other receipts	41	9	1
<b>Total operating funding (A)</b>	<b>6,050</b>	<b>17,828</b>	<b>17,847</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,577	10,213	9,627
Finance costs	77	189	138
Internal charges and overheads applied	3,376	10,358	8,733
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>6,030</b>	<b>20,759</b>	<b>18,497</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>20</b>	<b>(2,932)</b>	<b>(650)</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	14	18	19
Increase/(decrease) in debt	(2)	3,329	2,061
Gross proceeds from sale of assets	0	0	397
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>12</b>	<b>3,347</b>	<b>2,477</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	15	37
- to replace existing assets	25	1,628	2,592
Increase/(decrease) in reserves	7	(1,228)	(802)
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>32</b>	<b>416</b>	<b>1,827</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(20)</b>	<b>2,932</b>	<b>650</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Planning and regulation funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,389	1,097	0
Targeted rates	335	206	116
Subsidies and grants for operating purposes	0	0	0
Fees and charges	4,287	5,263	5,441
Internal charges and overheads recovered	1,058	288	1,128
Local authorities fuel tax, fines, infringement fees and other receipts	20	5	6
<b>Total operating funding (A)</b>	<b>9,089</b>	<b>6,858</b>	<b>6,692</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,516	4,526	4,825
Finance costs	25	0	0
Internal charges and overheads applied	3,596	2,145	1,876
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>9,136</b>	<b>6,672</b>	<b>6,702</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>(47)</b>	<b>187</b>	<b>(10)</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase/(decrease) in debt	184	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>184</b>	<b>0</b>	<b>0</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	9	0	0
- to replace existing assets	968	0	0
Increase/(decrease) in reserves	(840)	187	(10)
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>137</b>	<b>187</b>	<b>(10)</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>47</b>	<b>(187)</b>	<b>10</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>

## Protection of people and the environment funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,351	3,048	794
Targeted rates	64	91	27
Subsidies and grants for operating purposes	0	0	52
Fees and charges	552	739	836
Internal charges and overheads recovered	590	283	318
Local authorities fuel tax, fines, infringement fees and other receipts	248	231	266
<b>Total operating funding (A)</b>	<b>3,806</b>	<b>4,393</b>	<b>2,293</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	817	1,579	1,174
Finance costs	62	48	36
Internal charges and overheads applied	2,286	1,227	1,153
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,165</b>	<b>2,855</b>	<b>2,363</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>641</b>	<b>1,538</b>	<b>(70)</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase/(decrease) in debt	(61)	1,108	440
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(61)</b>	<b>1,108</b>	<b>440</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	65	514	238
- to replace existing assets	0	0	130
Increase/(decrease) in reserves	516	2,132	2
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>580</b>	<b>2,647</b>	<b>370</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(641)</b>	<b>(1,538)</b>	<b>70</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Community space and development funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	10,748	9,016	9,216
Subsidies and grants for operating purposes	55	120	396
Fees, charges and targeted rates for water supply	1,519	1,574	1,748
Internal charges and overheads recovered	53	58	58
Local authorities fuel tax, fines, infringement fees and other receipts	0	19	16
<b>Total operating funding (A)</b>	<b>12,376</b>	<b>10,787</b>	<b>11,434</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,614	6,530	6,231
Finance costs	366	329	310
Internal charges and overheads applied	3,547	1,566	1,570
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>9,527</b>	<b>8,424</b>	<b>8,111</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>2,848</b>	<b>2,363</b>	<b>3,324</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	9	339	1,026
Development and financial contributions	698	702	950
Increase/(decrease) in debt	128	823	681
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>835</b>	<b>1,864</b>	<b>2,658</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	314	0	38
- to improve the level of service	1,239	3,882	2,121
- to replace existing assets	1,374	2,711	3,470
Increase/(decrease) in reserves	756	(2,366)	353
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>3,683</b>	<b>4,227</b>	<b>5,982</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(2,848)</b>	<b>(2,363)</b>	<b>(3,324)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Economic development funding impact statement

For the year ended 30 June 2019

	2018 Long-term plan \$000's	2019 Long-term plan \$000's	2019 Actual \$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,345		
Targeted rates	609		
Subsidies and grants for operating purposes	0		
Fees and charges	724		
Internal charges and overheads recovered	438		
Local authorities fuel tax, fines, infringement fees and other receipts	1		
<b>Total operating funding (A)</b>	<b>3,118</b>		
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,583		
Finance costs	169		
Internal charges and overheads applied	852		
Other operating funding applications	0		
<b>Total applications of operating funding (B)</b>	<b>2,605</b>		
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>514</b>		
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0		
Development and financial contributions	0		
Increase/(decrease) in debt	1,261		
Gross proceeds from sale of assets	0		
Lump sum contributions	0		
Other dedicated capital funding	0		
<b>Total sources of capital funding (C)</b>	<b>1,261</b>		
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0		
- to improve the level of service	0		
- to replace existing assets	1,676		
Increase/(decrease) in reserves	99		
Increase/(decrease) in investments	0		
<b>Total applications of capital funding (D)</b>	<b>1,775</b>		
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(514)</b>		
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>		

# Council Controlled Organisations | Ngā Kūao a te Kaunihera

## Information on Council Controlled Organisations

Council Controlled Organisations (CCOs) are any organisation in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

Council has an interest the following CCOs:

- Local Authority Share Services Limited; and
- The New Zealand Local Government Funding Agency.

Council resolved to exempt Destination Coromandel, Hauraki Rail Charitable Trust and the Thames Valley Emergency Operating Area as a CCO in accordance with Section 7 of the Local Government Act 2002.

Outlined below are the significant policies and objectives, nature and scope of activities, key performance targets and outcomes for the 2018/2019 year for each organisation.

The key performance targets disclosed in the tables below for Local Authority Shared Services Limited and the New Zealand Local Government Funding Agency Limited may be slightly different compared to the targets disclosed in the Long Term Plan (LTP) 2015-25. This either is due to the organisations having developed additional targets or modified the way in which they present the targets, since the LTP was prepared.

## Waikato Local Authority Shared Services Limited (WLASS)

### Ownership

Council has a one-twelfth ordinary shareholding in WLASS (one share at \$1,000). 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. The balance of the remaining shares is owned by other Local Authorities.

### Representation (total members)

1(12)

### Significant policies and objectives

The primary objective of the Company is to provide the 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.

Gains have been realised by shareholders in the Shared Valuation Data Service (SVDS), the Waikato Regional Transport Model (WRTM) and through joint procurement contacts.

### Nature and scope of activities

The company is used as an umbrella company to investigate opportunities for future development of shared services. The specific objectives of the company are agreed each year in accordance with the constitution and the Statement of Intent (SOI). During the past year, the Company has continued to focus on demonstrating the value that WLASS delivers to the shareholding councils through procurement, facilitation of Waikato Mayoral Forum work streams and improving efficiency of the existing shared services operating under WLASS.

### Key performance targets

Performance targets are specified in the WLASS SOI for 2018/2019 and are summarised with the actual results below:

Performance target	Actual outcome
<b>Procurement</b> Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Achieved
<b>Collaborative projects</b> Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	Achieved
<b>Existing WLASS contracts</b> Existing contracts are managed and renegotiated as required.	Achieved
<b>Cash flow</b> The company shall maintain a positive cash flow.	Achieved

Performance target	Actual outcome
<b>Cost control</b> Administration expenditure shall be managed and monitored.	Achieved
<b>Reporting</b> Six monthly reports provided to shareholders.	Achieved
<b>Waikato Mayoral Forum</b> The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.	Achieved
<b>Shared Valuation Data Services (SVDS)</b> The SVDS is reliable, well maintained and available to all users.	Achieved three of the four outcomes (i)
<b>Insurance</b> Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with AON	Achieved
<b>RATA</b> All stakeholders are kept informed about RATA's projects and achievements and sub-regional data collection contracts deliver good quality data on roading assets.	Achieved
<b>Waikato Regional Transport Model (WRTM)</b> The WRTM is reliable, well maintained and available to all users.	Achieved
<b>Waikato Building Consent Group</b> Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Achieved six, partially achieved three of the 11 outcomes (ii)
<b>Future Proof</b> All stakeholders are kept informed about Future Proof's projects and achievements.	Achieved one of the three outcomes (iii)
<b>Aligned Resource Consent Planning project</b> Implementation of the Aligned Resource Consent Planning project is underway during 2018/19	Achieved
<b>Shareholder survey</b> Shareholders are satisfied with the performance of WLASS.	Achieved
<b>Review of benefits</b> Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	Achieved

- i. The long-term provision of SVDS services was not achieved. The project has begun, However, data load issues and complexities has caused project delays of approximately six months. There is no increase in total project cost, but the delay has meant that the existing SVDS support is needed longer than anticipated, with associated cost increases. The revised end date is now March 2020.
- ii. People capability was partially achieved. A programme of work was scoped for a cadet type scheme. Increased industry competency and compliance was partially achieved. A programme of work was scoped to engage industry and enhance customer experience. Full participation in WBCG projects was partially achieved. Participation in projects when required but could be improved. There were no customer surveys this year, therefore this measure was not achieved. There was a lack of awareness of the risk register, therefore this measure was also not achieved.
- iii. Phase 2 of the Future Proof Strategy was not adopted by the due date as work was deferred because of other projects. The programme also ran over budget because of an increased scope associated with the Hamilton to Auckland Corridor Plan.

A full copy of the WLASS annual report can be obtained from the Waikato Regional Council website  
<http://www.waikatoregion.govt.nz>



## Local Government Funding Agency (LGFA)

### Ownership

LGFA has 31 shareholders, comprising the New Zealand Government (20%) and 30 councils (80%).

### Participating councils (total members)

64 councils

### Significant policies and objectives

LGFA operates with two primary objectives.

1. Optimising the debt funding terms and conditions for participating local authorities
2. Monitoring the quality of the asset book so that it remains of a high standard by ensuring it understands each participating local authority's financial position and the general issues confronting the Local Government sector.

### Nature and scope of activities

LGFA was established to provide more efficient funding costs and diversified funding sources for New Zealand local authorities. LGFA was established to raise debt on behalf of local authorities on terms that are more favourable to them than if they raised the debt directly.

Eight councils joined LGFA in the 12-month period to June 2019, bringing the total number of council members to 64. Councils can access flexible lending conditions by using the short-term lending and bespoke lending products. Councils can borrow for terms ranging from 30 days to 14 years at any time they wish to draw down. Bespoke lending for council members has continued to grow in popularity over the past year. During the 12-month period to 30 June 2019, LGFA lent \$1.102 billion on a bespoke basis across 111 individual loans. This was 45% of total term lending to council members over that period. Long-dated lending to councils was \$2.446 billion while Short-term borrowing was \$360 million comprising borrowing from 29 councils for terms between one and 12 months. LGFA's share of long term borrowing by the sector including non members was 92.3%.

### Key performance targets

Performance targets are specified in the LGFA Statement of Intent (SOI) for 2018/2019 and are summarised with the actual results below:

Performance targets	Actual outcome
The average margin above LGFA's cost of funds charged to the highest rated participating Local Authorities for the period is less than or equal to 0.10%.	Not achieved (i)
LGFA's annual issuance and operating expenses (excluding AIL) for the period is less than or equal to \$5.67 million.	Not achieved (ii)
Total lending to participating Local Authorities will be greater than or equal to \$8.105 million.	Achieved
LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of funding as an improvement since the prior year.	Not achieved (iii)
Comply with its treasury policy, as approved by the Board.	Not achieved (iv)

- i. The result was 0.101% due to the increase in short term lending where the margin includes LGFA cost of borrowing.
- ii. The result was \$5.85 million due to additional NZX listing and legal fees associated with larger than forecast bond issuance and council lending.
- iii. Due to lack of single name issuance by councils and record issuance of LGFA bonds, these factors have created a supply-demand imbalance and reduced savings to councils.
- iv. There was one compliance breach during the 12-month period to 30 June 2019 where a council had inadvertently breached a policy limit.

A full copy of the LGFA annual report can be obtained from the LGFA website at [www.lgfa.co.nz](http://www.lgfa.co.nz).

# Council policies| Ngā Kaupapa Here ā Kaunihera

## Contribution to decision-making by Māori

The Thames-Coromandel District Council is obliged to ensure that Māori have the opportunity to participate in Council decision-making processes. This section outlines the steps the Council will take to foster the development of Māori capacity to contribute to decision-making processes.

The Local Government Act 2002 sets out a clear purpose for local government – to promote social, economic, cultural and environmental well-being through local decision-making and action. Every day, iwi, hapū, whanau and Māori communities are affected by decisions made by the Council. Much of what Council does is directly relevant to Māori and requires good relationships at a local level.

The Council is required by the Act to:

- establish and maintain opportunities for Māori to contribute to decision-making processes (particularly in relation to land and water bodies);
- ensure processes are in place for consulting with Māori;
- consider ways in which they can foster the development of Māori capacity to contribute to decision-making processes;
- provide relevant information to Māori.

## Steps to foster the development of Māori capacity to contribute to decision-making

The Council intends to undertake the following steps, to foster the development of Māori capacity to contribute to its decision-making processes:

1. The Council will compile a database of those who wish to be considered Māori for the purposes of the Local Government Act 2002. The Council will maintain a process to ensure this database is current and up to date.
2. Those who have identified themselves as Māori will be specifically consulted when the Council decides that it wishes to consult. Where specific legislation requires specific consultation with Māori or tangata whenua, then the requirements of that specific legislation will override this step.
3. The Council will work with Māori to identify key issues of particular interest to Māori.
4. The Council will gather information on Māori perspectives about Council activities.
5. The Council will consciously build good relationships with all groups of Māori in the district.



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