



# 2013/2014 ANNUAL REPORT



the COROMANDEL good for the soul . . .



# TABLE OF CONTENTS

<b>MESSAGE FROM MAYOR AND CHIEF EXECUTIVE</b>	<b>1</b>	<b>COMMUNITY DEVELOPMENT ACTIVITY GROUP</b>	<b>79</b>
<b>INTRODUCTION</b>	<b>3</b>	Economic Development Activity	82
Your Council – Mayor and Elected Members	4	Social Development Activity	84
What is the Annual Report	5	<b>STORMWATER ACTIVITY GROUP</b>	<b>87</b>
Council’s Vision, Mission and Objectives	6	Stormwater Activity	89
<b>PERFORMANCE OVERVIEW</b>	<b>7</b>	Land Drainage Activity	91
A Year in Review	8	<b>WASTEWATER ACTIVITY GROUP</b>	<b>92</b>
Highlights from the Thames Community Board Area	9	Wastewater Activity	94
Highlights from the Coromandel/Colville Community Board Area	10	<b>LAND USE ACTIVITY GROUP</b>	<b>97</b>
Highlights from the Mercury Bay Community Board Area	11	Land Use Management Activity	99
Highlights from the Tairua/Pauanui Community Board Area	12	LIMS Activity	101
Highlights from the Whangamata Community Board Area	13	Natural and Cultural Heritage Activity	102
An Overview of Our Financial Performance	14	<b>WATER SUPPLY ACTIVITY GROUP</b>	<b>104</b>
Independent Auditor’s Report	19	Water Supply Activity	106
<b>OUR SERVICES</b>	<b>25</b>	<b>SOLID WASTE ACTIVITY GROUP</b>	<b>110</b>
Introduction	26	Solid Waste Activity	112
<b>COMMUNITY LEADERSHIP ACTIVITY GROUP</b>	<b>29</b>	<b>FINANCIAL STATEMENTS</b>	<b>115</b>
District Leadership Activity	30	Guide to Financial Statements	116
Local Advocacy Activity	34	Statement of Compliance	117
<b>PLANNING FOR THE FUTURE ACTIVITY GROUP</b>	<b>35</b>	Statement of Comprehensive Income	118
Strategic Planning Activity	37	Statement of Financial Position	119
Land Use Planning Activity	39	Statement of Changes in Equity	120
Hazard Management Activity	40	Statement of Cash Flows	121
<b>HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP</b>	<b>43</b>	Funding Impact Statement for Whole of Council	122
Emergency Management Activity	45	Notes 1 – Statement of Accounting Policies	123
Building Control Activity	47	Notes 2 to 35 – Notes to the Accounts	134
Community Health and Safety Activity	49	Council Controlled Organisations	188
<b>ROAD AND FOOTPATHS ACTIVITY GROUP</b>	<b>52</b>	<b>COUNCIL POLICIES</b>	<b>191</b>
District Transportation Activity	55		
Local Transportation Activity	58		
<b>COMMUNITY SPACES ACTIVITY GROUP</b>	<b>61</b>		
Airfields Activity	64		
Cemeteries Activity	65		
Community Centres and Halls Activity	66		
Public Conveniences Activity	68		
Harbour Facilities Activity	69		
Libraries Activity	71		
Parks and Reserves Activity	74		
Swimming Pools Activity	77		





## MESSAGE FROM MAYOR AND CHIEF EXECUTIVE

---

It is with pleasure that we present the Council's 2013/14 Annual Report and reflect on our performance for the year. A notable event during the year was the local body elections last October which saw the majority of Councillors returned for another term and saw us welcome a number of new Community Board members to continue to strengthen our new local community empowerment model. The June storm event was also notable for the amount of damage caused to both infrastructure and private land around the Coromandel. The Council learned valuable lessons to improve its emergency response and these have already paid dividends in preparing and responding to subsequent storm events.

We have progressed Council's anchor projects for the Coromandel – in particular “The Cathedral Coast Walkway,” which is part of our Coromandel Great Walks project, the Coromandel Harbour Project, and support the proposed Kopu through to Kaiaua section of the Hauraki Rail Trail. The Rail Trail won the Local Government New Zealand Excellence award for local economic contribution, having exceeded all predicted economic benefits, and we congratulate our partners the Hauraki Rail Trust and Hauraki District Council in this.

The Council's financial result reflects a number of factors. Other expenses were less than budgeted (in the order of \$3 million). These operational savings helped us maintain the lowest operational costs per rateable property of any Council in the Waikato (according to the Taxpayer Union results). Clearly this helps our marketing of the Coromandel as not just a great place to live and work, but a cost effective one also.

In addition development contribution revenue exceeded budget for the year. This is a pleasant change from the last couple of years. Hopefully this is a positive sign for the future development within our District.

Council continues to drive the improvement programme that was established last year around the management of its capital projects. As a result we continue to refine our approach to capital spending.

Accordingly we have put the brakes on our capital investment programme while we address our investment decision-making systems.

During the year we have changed how we initiate capital projects to ensure that each project is desirable, viable and achievable making the process more robust. These improvements will provide better confidence in both the level of investment proposed and in actual project delivery. Although the Council has one of the lowest debt per property records in the Waikato, our goal is actually to have the right level of investment in the right projects and capital spend at the right time.

This year we have disposed of \$3.9 million of capital work in progress from various projects. A substantial portion of this amount relates to decommissioning charges incurred in relation to the Pauanui Wastewater Treatment Plant. Another contributor has been where projects have been undertaken on non-council owned assets which have been expensed as we are unable to capitalise these costs. This has contributed towards a net loss of \$1.6 million compared to a budgeted loss of \$886,000.

For the third consecutive year we have continued to improve our performance in delivering service levels with a small improvement noted for the performance measures within this Annual Report. Overall we have achieved 81% of the measureable targets compared to 79% last year. Thirteen activities achieved 100% of their performance measures up from twelve activities in 2012/13.

Our first major shared service contract with our neighbouring councils for kerbside collection was in operation over the year. The improved service provides residents with easier and better methods for recycling and it is pleasing that this has already resulted in less waste being sent to landfills.

We would like to extend a very big thank you to our elected members and staff for their tireless effort and contribution throughout 2013/14. It has been another big year for us all with fantastic outcomes for our communities.



**Glenn Leach**  
DISTRICT MAYOR



**David Hammond**  
CHIEF EXECUTIVE



# INTRODUCTION





# INTRODUCTION

## Your Council – Mayor and Elected Members



**Deputy Mayor**  
**Peter French**  
 07 868 6649  
 027 681 8783  
 frog03@xtra.co.nz  
**THAMES WARD**



**Tony Brljevic**  
 75 Kauri Grove, Coromandel 3506  
 07 866 7731  
 021 126 4202  
 billies@slingshot.co.nz  
**COROMANDEL-COLVILLE WARD**



**Diane Connors**  
 07 868 9292  
 sar@slingshot.co.nz  
**THAMES WARD**

**Sandra Goudie**  
 027 431 2442  
 bsgoudie@xtra.co.nz  
**THAMES WARD**

**His Worship the Mayor**  
**Glenn Leach JP**  
 027 498 5122  
 glenn.leach@tcdc.govt.nz



**Murray McLean JP**  
 182 Buffalo Beach Road,  
 Whitianga 3510  
 07 866 4158  
 027 457 0855  
 mmcl@xtra.co.nz  
**MERCURY BAY WARD**



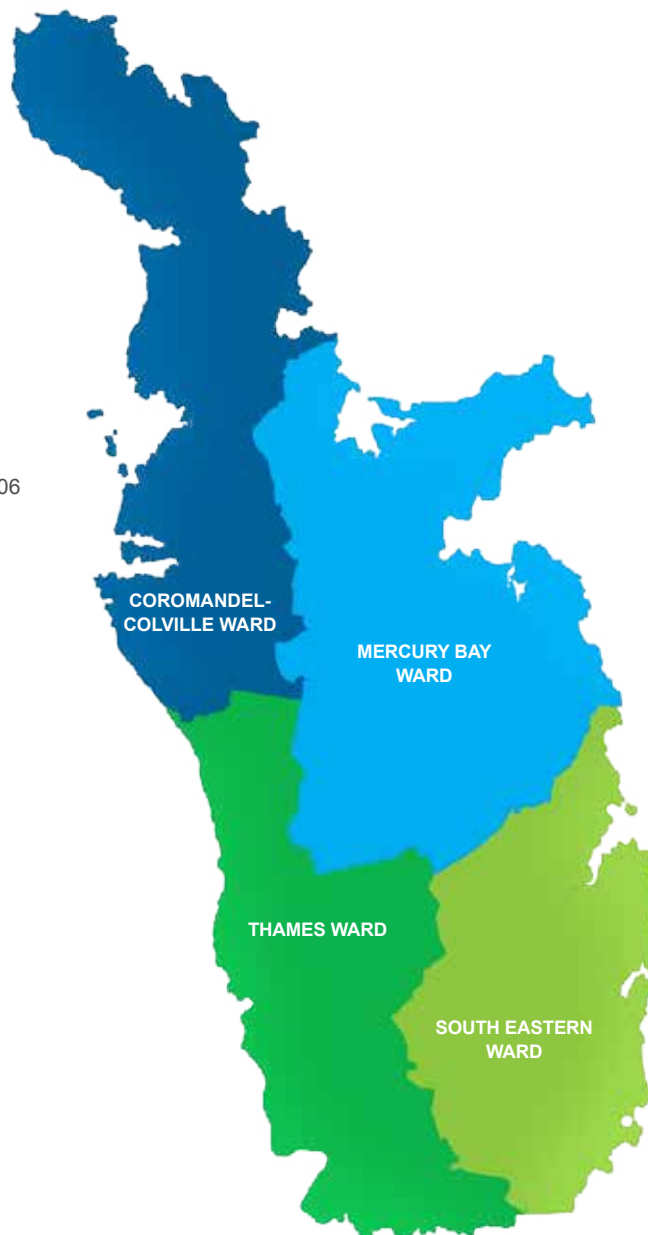
**Tony Fox**  
 07 866 4836  
 027 497 0705  
 tonytcdc@hotmail.com  
**MERCURY BAY WARD**



**Jan Bartley**  
 PO Box 166, Whangamata 3643  
 07 865 8832  
 hdb@whangamata.co.nz  
**SOUTH EASTERN WARD**



**Jack Wells**  
 116 Hampton Road,  
 Whangamata 3620  
 jack.wells@hotmail.co.nz  
**SOUTH EASTERN WARD**





# INTRODUCTION

## What is the Annual Report

In June 2012 the Council adopted its 2012-2022 Ten Year Plan and has subsequently prepared an Annual Plan for the 2013-2014 year. This Annual Report explains how we've delivered on the 2013-2014 Annual Plan.

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

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

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



## Key Corporate Documents

### Coromandel Blueprint: Framework for our Future

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

### Community Board Plans

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

### Ten Year Plan and Annual Plan

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

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

# INTRODUCTION

## Council's Vision, Values and Outcomes

---

When elected in October 2013, the new Council developed a fresh vision as its foundation and guiding principles for its three year term. The new direction has been a fundamental driver for the Council in leading the change evident in the organisation throughout the 2013/2014 year, and this direction plays an important role in every day Council business and decision making.

Our new vision sets the scene for the next three years and has been considered throughout the preparation of the Annual Plan. We have signalled clearly where there are any variations from the 2012-2022 Ten Year Plan.

### Council's Vision

We will be a leading District Council in New Zealand through the provision of quality services and facilities, which are affordable, and delivered with a high standard of customer service.

We will earn respect, both as a good community citizen and through our support of community organisations, economic development and the protection of the environment.

Through our actions, the Coromandel will be the most desirable area of New Zealand in which 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

Through the 2012-2022 Ten Year Plan the Council developed a set of outcomes<sup>1</sup>, which set out what we want to achieve. The requirement is for a review of these outcomes every three years. We have a range of indicators against these outcomes which we report in our Annual Reports. The outcomes are:

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

-  A prosperous district
-  A liveable district, and
-  A clean and green district

---

<sup>1</sup> These fulfil the requirements of the Local Government Act 2002 regarding identifying community outcomes – section 93(6)(b)



# PERFORMANCE OVERVIEW





# PERFORMANCE OVERVIEW

## A Year in Review

Our service performance has improved for the third consecutive year. This year we achieved 81% of our service performance targets. In 2012/2013, 79% of our service performance targets were achieved, which was up from 72% in 2011/2012. There were 13 activities, which achieved all of their performance measures up from 12 in 2012/2013.

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

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

<span style="color: green;">■</span> Achieved	96	<span style="color: red;">■</span> Not Achieved	23
<span style="color: grey;">■</span> Not Measured	25	<span style="color: black;">■</span> Not Measurable	1

# PERFORMANCE OVERVIEW

## Highlights from the Thames Community Board Area

The Chairperson is Strat Peters and the Deputy Chairperson is Rex Simpson. They are joined on the Board by Craig Cassidy and Lester Yates.

### MindSports

Thames hosted the first ever New Zealand Festival of MindSports in March 2014. MindSports are played out on boards, in streets or online. A mind sport is a sport or game of skill where the mental component is more significant than the physical. The three day championship festival included war gamers, chess, bridge, Scrabble, Sudoku, mahjong, backgammon and draughts. The event received a boost when New Zealand's famous game company, Holdson, sent the inventor of its latest game, Squabbles – The Game of Very Cross Words, to Thames for the event.

As well as the competitive side to the event there were demonstrations and have-a-go tables. The competitive part had three levels with the level three crowned the very first Pentamind Champion of New Zealand. The festival was a wonderful opportunity to play, learn or watch the champions do battle. Tables with people playing games were placed in the main street and a street party featuring four bands added to the fun atmosphere.

### Community Spaces and Art

It was a busy year in the upgrading of public spaces in partnership with the local community at three different locations in Thames.

#### Welcome to Thames

Visitors arriving in Thames from the south are now greeted with the words "Welcome to Thames. Our heritage is gold."

A partnership between the Community Board and Thames Lions Club made the new Thames welcome sign possible. The previous sign was looking dated and a little haggard after 11 years and the Lions Club chose this as a project for its 50th anniversary.

Thames Lions Club and Thames Community Board felt the location of the new sign gives a good focus point for a welcome to cyclists on the Hauraki Rail Trail. Thames Mines also supported the project by providing the stamper battery (below the sign) on indefinite loan. The stamper battery provides more than a frame for the sign, perfectly matching the dual heritage and gold theme from the welcome sign competition.

#### Burke Street

The old landfill at Burke Street, Thames is getting closer to being rehabilitated into a coastal beach reserve and a habitat and nesting site for birdlife. The landfill was built back in 1958 and closed in 1993 when it was walled up and covered over with a thick cap of clay. In the past 18 months our Council has been working on getting the ground rehabilitated to a state where the western foreshore can be used as a suitable seabird habitat and coastal reserve.

Council will be looking at future landscaping to raise the amenity value of the new reserve area. A decision about how that will look is still to be finalised following consultation with communities and stakeholders. In the meantime a new sculpture created by renowned New Zealand artist and Coromandel local Michael Smither has been installed on the Burke Street site and situated carefully to align with Mt Te Aroha. Called "Colour Harmonics," the artwork has been kindly donated through the arrangement of the Thames Society of Art and Colin Broadley. The same "Colour Harmonics" theme has been replicated throughout the Underfoot Gallery on the Thames coastal walkway.

#### Hauraki Terrace Playground

A partnership with local primary school Thames South has resulted in the refurbishment of Hauraki Terrace playground after students from Room 2 presented their ideas to the Community Board. The refurbishment project cost \$43,000 to implement. This was followed up with Thames South joining their neighbouring school St Francis in planting native trees next to the new playground to celebrate World Environment Day in June 2014.



# PERFORMANCE OVERVIEW

## Highlights from the Coromandel-Colville Community Board Area

After the election in October 2013, the previous Board members were returned. At its first meeting in November the Board duly elected as Chairperson John Walker with Kim Brett as the Deputy Chairperson. They are joined on the Board by Keith Stephenson and Jane Warren.

### Coromandel Harbour Project

The main focus of the last year for the Board has been the developments around the Coromandel Harbour Project which has attracted considerable community interest. This was perhaps best illustrated by the attendance of more than 150 people at a project briefing held in Coromandel Town on 29 May 2014. The meeting was arranged to share findings on a range of proposed options for developing wharf and boat ramp facilities in Coromandel Harbour. The two preferred sites are the areas; Furey's Creek to Coromandel Wharf; and Sugarloaf to Windy Point at Te Kouma.

At the end of June 2014 membership of the Coromandel Harbour Stakeholders Working Group was finalised. Along with our Council staff and three elected members (Council and Coromandel/Colville Community Board), Waikato Regional Council and Department of Conservation, there are also 17 people on the Stakeholders Working Group representing a diverse range of organisations and interests.

This group will be the forum through which community and stakeholder views and issues can be tabled and included in the project for consultation. The Working Group does not have delegated authority to make decisions but will be relied upon for recommendations and direction on the project. Local knowledge is really important with the development of the facilities.

The Stakeholders Working Group held two meetings in June and July. From those meetings a report was to be taken to our Economic Development Committee and then on to Council for decision on the proposed Coromandel Harbour Development Strategy and preferred site/s for development.

### Illume Winter Festival of Lights

More than 500 people thronged Coromandel Main Street for the opening night of the week-long Illume Winter Festival of Lights. The aim of the free, family-friendly festival was to showcase local artists and talent, unite our communities, support economic development and business over winter and promote the Coromandel as a destination where people want to come and live, play and visit.

Events included a light parade, concert in the park, hanging lanterns and mass balloon launching. Significant historical buildings in both the Coromandel Town's main street and outside the town were lit using a variety of static and interactive light displays to achieve a winter wonderland. A supporting publication was also printed telling the story of these buildings and the town's history, both settler and Maori promoting the wealth of quality heritage buildings in Coromandel Town.





# PERFORMANCE OVERVIEW

## Highlights from the Mercury Bay Community Board Area

A completely new Board was elected in October 2013 with Paul Kelly elected as Chairperson and Bill McLean as Deputy Chairperson at the inaugural meeting in November 2013. They were joined by Deli Connell and Paul Hopkins.

### Mercury Bay Multi Sports Complex

Following a challenging year around the well-documented issues covered in the 2012-2013 Annual Report it was a welcome change to be focussing on the positive as the facilities opened in September 2013. The opening was followed up by a well-attended family fun day in May 2014. The use of the facility for the forthcoming VINZ Coromandel Goldrush Rally of NZ, a nationally televised event featuring over 65 rally cars, is another exciting planned development.

### Developing Community Spaces

Hahei Community Centre successfully completed a building upgrade and kitchen refurbishment. The total cost of the project was approximately \$250,000, with Council contributing a grant of \$55,000 and the Hahei community fundraising the remainder of the money needed.

Construction for the new ablutions at the Coroglen Hall is underway with expected completion by end of August. This is part of an exciting range of developments for the Coroglen village with the Board recently purchasing the former sale yards which for more than 50 years was a hub for people to gather, sell and buy farm stock, and catch up.

The land will now continue to be a public spot, with the Council purchasing two parcels of land (3766m<sup>2</sup> and 1188m<sup>2</sup>). Additional funds have been set aside in the 2024-2015 Annual Plan to develop the site in partnership with the local community.

### Coastal Erosion

Several beaches in Mercury Bay have been compromised by severe coastal erosion and this year saw further erosion through the storm events in September 2013 and June/July 2014. The implementation of some physical works to protect essential infrastructure planned last year began with the building of a 95m sea wall extension at Buffalo Beach.

Longer term projects like the initiative to help restore and protect the sand dunes with the planting of thousands of native sand-binding plants and grass species is planned along dune systems at Buffalo Beach. Work began in August 2012 when 60 people turned up to support this joint initiative between Thames Coromandel District Council and Waikato Regional Council. A further 100m of planting was carried out in August 2013. The good news is that new dune planting designed to help stabilise Buffalo Beach bore up well to the September 2013 storm event. An ongoing sand push-up programme has also been established which will continue as a short-term but effective means of replenishing eroded areas of coastline with extra sand.

### Harbours Facilities

A 40m long floating pontoon built out of recycled plastic was installed at Whitianga Wharf enhancing the quality of the facilities. As part of a wider initiative to generate income to maintain and improve these types of facilities a similar approach to parking at Hot Water Beach will be introduced. The Whitianga Ferry Landing Historic Wharf is one of the oldest working stone wharves in the Southern Hemisphere. Through a Council and community partnership our plan is to restore the existing stone wharf by recovering old stone blocks from the sea floor beside the wharf. These blocks will be used to rebuild the original stone steps and sections of a missing wall. Divers have sighted the stones, which are at a depth of 2-4m of water. Old concrete pump bases will be removed and bollards will be installed. A new derrick and pavers will be rebuilt. The project partners include the Council, Historic Places Trust, iwi, Institute of Engineers and the Mercury Bay community.



# PERFORMANCE OVERVIEW

## Highlights from the Tairua-Pauanui Community Board Area

---

Bob Renton was elected Chairperson and the Deputy Chair is Donna Brooke. They were joined by Kim Coppersmith and Gloria Giles.

### Coastal

#### Eastern Seaboard Coastal Management Plan

A working group was established to look at an Eastern Seaboard Coastal Management Plan focusing on the coast from Paku in Tairua through to Otahu Estuary, Whangamata. Following the model established by the Whitianga Coastal Action Steering Group, membership is drawn from the Pauanui and Tairua communities, the Community Board, iwi and staff from emergency services staff, Thames-Coromandel District Council and Waikato Regional Council.

The group was impressed with the great work that the Whitianga Coastal Action Steering Group has undertaken. The Group which has been running for the past two years has listened to its communities and then been able to get some physical work done from dune planting through to building coastal protection structures. Coromandel's beaches are one of the main reasons people choose to come and live or visit our district and we need to ensure its better protected.

#### Tsunami Open Days

The level of interest in the issues the Steering Group are addressing were highlighted when more than 400 people came to open days at Tairua and Pauanui over a weekend in late January to learn more about the possible threat of a tsunami to these areas. Coastal and tsunami scientists who worked on this project were also at the open days and met with the public to talk about the latest research into the possible threat of tsunami to the region. Emergency management staff was also on hand to provide information on what to do if a tsunami hit. A TVONE news crew also covered the open days.

#### Pauanui Community Hall

A significant milestone was reached when after a decade of planning the Pauanui amenity building is about to become a reality when the final resource consent requirement was met. Construction is due to start at the end of July 2014, with completion in early summer depending on the weather. The amenity building will house the community library, information centre and a community meeting room. Tairua-Pauanui Community Board Chair, Bob Renton is pleased the long and sometimes frustrating process is now behind them and that the building will be open to the public by Christmas.

#### Pauanui to Tairua Trail

Stage two of a stunning trail connecting Pauanui and Hikuai received funding from the Community Board at the December 2013 meeting. The Board approved \$56,000 to the Hikuai District Trust toward the construction of a bridge over the Tangitarori stream that connects Hikuai with Pauanui. Pauanui-Tairua Trail Committee has had tremendous feedback from the business community and support from Ngati Hei and Ngati Maru for the project.

The first stage, a 1.6km boardwalk from the waterways through the mangroves to Tangitarori Stream, was completed about ten years ago. Stage two includes a bridge over the Tangitarori Stream, then the trail will follow the harbour around Pa Point to exit at Duck Creek. That will make the trail 5.6km in total. The vision is for people to be able to enjoy the stunning scenery while walking or cycling between the two townships and connect with Tairua's Pepe walkway. The Tairua-Pauanui Community Board noted in its work plan that the trail will have direct benefit to residents and visitors to both communities and possibly a link to the Coromandel Great Walks project.



# PERFORMANCE OVERVIEW

## Highlights from the Whangamata Community Board Area

Keith Johnston was re-elected as Chairperson with Terry Walker as Deputy Chair. They were joined by Peter Kerr and new Board member Ryan Thompson.

### Local Economic Development and Events

#### Whangamata I-Site

In September 2013 the Council and Community Board worked in partnership with the local business community to restore the information services provided by the I-Site. After receiving the annual accounts of the incorporated society running the service Council paused all payments as the Society was unable to demonstrate its solvency, or a realistic recovery plan despite significant support from Council. The service was unavailable for a short period but was re-opened with Enterprise Whangamata at the helm in time for the summer peak period.

#### Beach Hop

The Beach Hop is one of the largest events in New Zealand with in excess of 100,000 visitors. The event is a complex logistical mix of people and vehicles. Since its inception the Community Board has supported the event in a number of ways, with the most significant contributions meeting the costs of parts of the infrastructure costs. The Community Board this year decided to extend the range of infrastructure costs it delivers to include barriers and portaloos in addition to rubbish collection and hireage of parks and reserves. Releasing the organisers from meeting these costs allowed them to focus on improving the quality of the event. This year a survey was developed to quantify the economic benefits of the event.

### Community Facilities and Outdoor Recreation

#### New World Champion Surfer Honoured

Whangamata is an iconic east coast surf destination, which now has a resident world champion. Ella Williams was crowned 2013 Women's World Junior surfing champion and the Community Board along with the rest of the community celebrated her homecoming with a ceremony at the Village Green outside the Whangamata Council office. A surfer since the age of four, local 18-year-old Ella is now the top of the world in her age group after her win in Brazil. A special park bench and plaque was also erected in her honour overlooking the Whangamata surf bar.

#### Whangamata Mountain Bike Track to be Rebuilt

Whangamata mountain bike track was demolished due to the harvesting of the pines this year but with the support of the Community Board, plans are in place to ensure the tracks are back in place before the re-planting of the forest. In addition to being seen by the Board as an important local community resource the tracks are also nationally recognised attracting visitors from far and wide.

#### Whangamata Pontoon Extension and Main Wharf Repairs

An extension to the Whangamata pontoon now provides access for up to four extra boats. The addition to the existing pontoon allows lower tide use for small to medium boat owners and safer access for all users. Urgent repairs on the Whangamata wharf have been completed, with the replacement of three piles and flanges. A review of the coastal infrastructure right around the Coromandel is underway which is long overdue. The reason many people visit the Coromandel is to get out on the water, so the condition of the facilities needs to be fit for purpose and safe.





# PERFORMANCE OVERVIEW

## An Overview of Our Financial Performance

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

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

### Annual Report disclosure statement for the year ended 30 June 2014

#### 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.

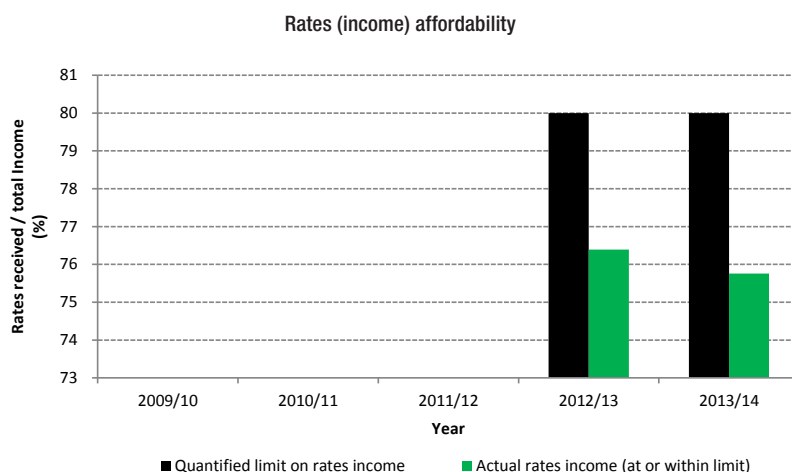
#### Rates affordability benchmark

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 included in the Council's Long-Term Plan. The quantified limit is that rates are capped at 80% of total revenue. Council's rates are within the quantified limit.

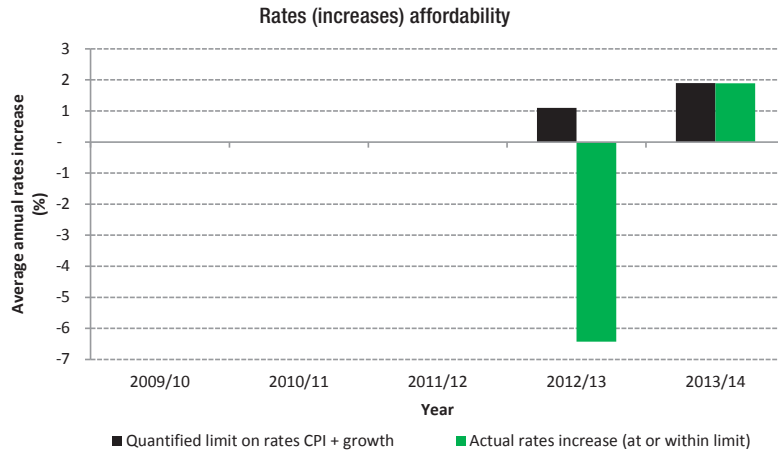


# PERFORMANCE OVERVIEW

## An Overview of Our Financial Performance

### Rates (increases) affordability

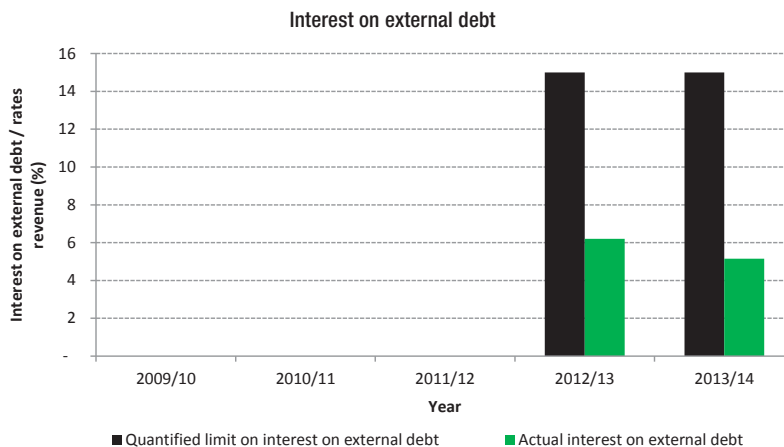
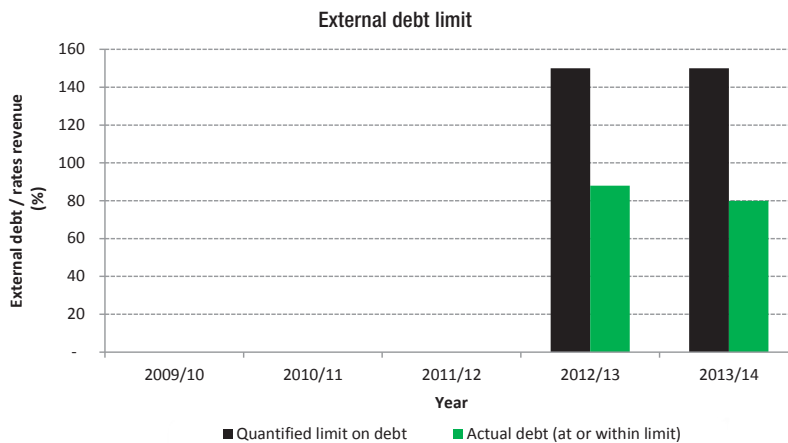
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long-Term Plan. The quantified limit is that rates will increase by no more than CPI + rating unit growth. Council's rates are within the quantified limit.



### 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 debt will remain within 150% of rates revenue, and that interest on external debt will be greater than or equal to 15% of rates revenue. Council's borrowing is within these quantified limits.

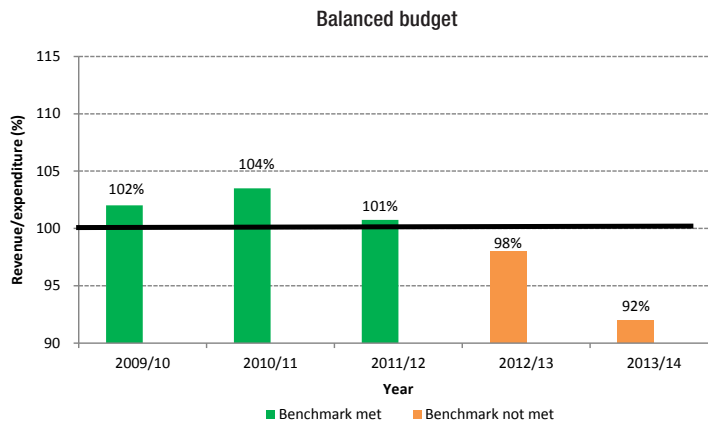


# PERFORMANCE OVERVIEW

## An Overview of Our Financial Performance

### 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. For the 2012/13 and 2013/14 years, Council did not meet the benchmark. 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.

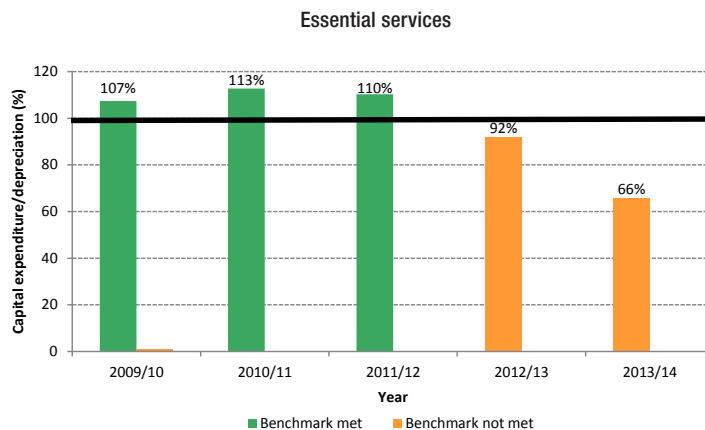


### Essential services benchmark

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 2012/13 and 2013/14 years. The reason that the benchmark was not met is due to the underspend on water, wastewater and stormwater capital projects. Since the budget was developed, greater scrutiny and rigour has been applied to our capital works programme, resulting in savings across these three activities.





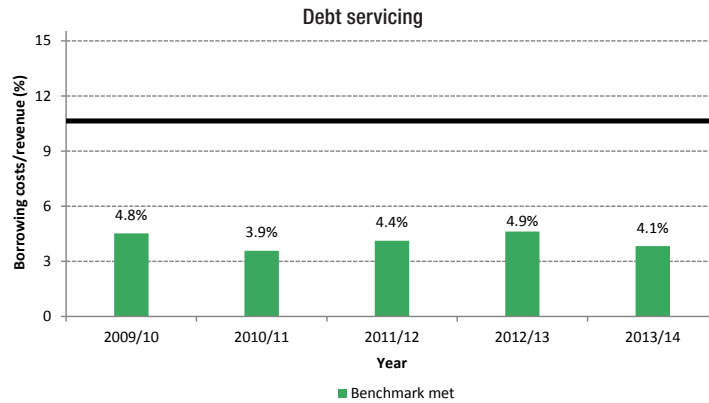
# PERFORMANCE OVERVIEW

## An Overview of Our Financial Performance

### 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).

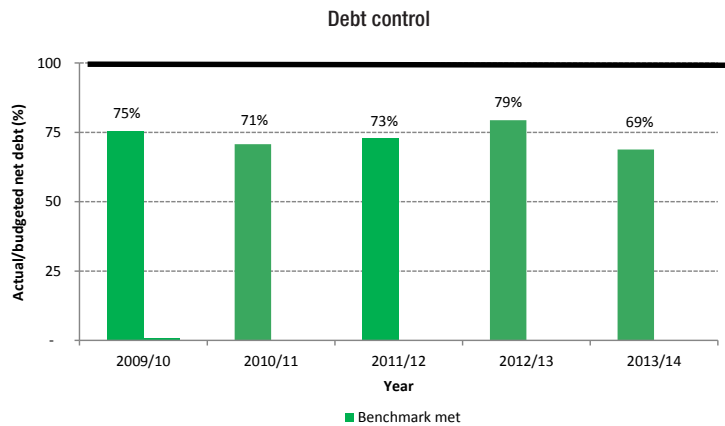
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue. The Council's borrowing costs were well within the limit set.



### 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's borrowing was well within the limit set.



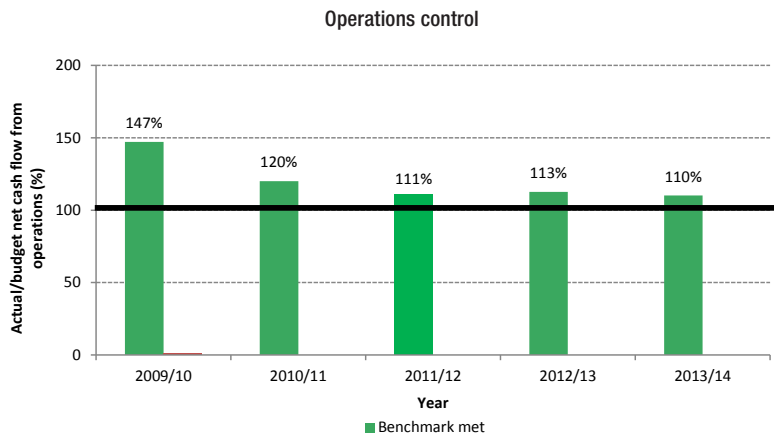
# PERFORMANCE OVERVIEW

## An Overview of Our Financial Performance

### 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 cashflows met the benchmark.



# Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Thames-Coromandel District Council's annual report for the year ended 30 June 2014

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

- the financial statements of the District Council that comprise:
  - the statement of financial position as at 30 June 2014 on page 119;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2014 on pages 118, 120 to 121; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 123 to 187;
- the statement of service provision (referred to as *Our Services*) of each group of activities carried out by the District Council on pages 29 to 114;
- the funding impact statements in relation to each group of activities of the District Council on pages 30 to 111;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 30 to 111;
- the funding impact statement of the District Council on page 122; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 14 to 18.

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

- information about:
  - internal borrowing on page 158;
  - reserve funds on pages 163 to 169;
  - remuneration paid to the elected members and certain employees of the District Council on page 174 to 175;

## Independent Auditor's Report

---

- employee staffing levels and remuneration on page 175;
- severance payments on page 176;
- council-controlled organisations on pages 188 to 190;
- rating base units on page 135; and
- insurance of assets on page 150.
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on pages 193 to 194; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 117.

### Opinion

#### Audited information

In our opinion:

- the financial statements of the District Council on pages 118 to 121:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2014; and
    - the results of its operations and cash flows for the year ended on that date.
- the *Our Services* section of the District Council on pages 29 to 114:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 30 to 111, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 30 to 111, fairly reflects by each



## Independent Auditor's Report

---

group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.

- the funding impact statement of the District Council on page 122, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the disclosures on pages 123 to 187 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

### **Compliance with the *Other Requirements* of schedule 10**

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

Our audit was completed on 22 October 2014. This is the date at which our opinion is expressed.

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

### **Basis of opinion**

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the *Our Services* section. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;

## Independent Auditor's Report

---

- determining the appropriateness of the reported *Our Services* within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

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

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720: *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

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

### Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and the *Our Services* section that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and

## Independent Auditor's Report

---

- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

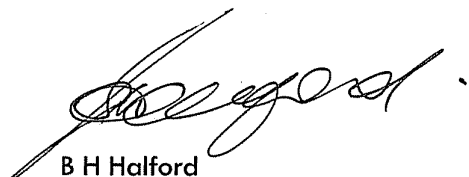
The Council's responsibilities arise under the Local Government Act 2002.

### Responsibilities of the Auditor

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

### Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, and our assurance work completed on the District Council's Debenture Trust Deed, we also provided probity assurance work over the process to consider the renewal of Veolia Water contracts for provision of water services. We have no other relationship with, or interests, in the District Council.



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





# OUR SERVICES





# OUR SERVICES

## Introduction

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

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

### How to Read This Section

This Annual Report is best read in conjunction with our 2013-2014 Annual Plan.

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

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

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

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

### COMMUNITY LEADERSHIP ACTIVITY GROUP

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

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

**This activity group includes the following activities:**

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

**Contributing to Our District**

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

Progress for this group of activities on meeting Council outcomes is measured through a local and regional customer satisfaction survey that is conducted every three years. This was last conducted in 2013 and the next survey is scheduled in 2016.

**Activity Group Dashboard**

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
District Leadership	3 of 4	The one measure not achieved this year related to 'Treaty Settlement' decisions that are outside of Council's control, though Council has continued to play an active role. Three of the performance measures are based on the customer satisfaction survey which takes place every third year and was not measured this year. There were three performance measures not measured this year.
Local Advocacy	1 of 1	The Community Governance model adopted by the Council continues to develop. Two of the three performance measures for this activity were not measured this year. Community Boards continue to demonstrate their responsiveness to community views and to advocate on behalf of local community views in local and regional forums. There were two performance measures not measured this year.

# OUR SERVICES

## Introduction

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

The Funding Impact Statements (“FIS”) have been prepared in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. It came into effect on 1 May 2014. This is a reporting requirement unique to Local Government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices (“GAAP”). This is the second year that Council has included the Funding Impact Statement in the Annual Report.

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

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

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

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

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

<b>COMMUNITY LEADERSHIP ACTIVITY GROUP</b>				
<b>Funding Impact Statement</b>				
FOR THE YEAR ENDED 30 JUNE 2014				
	2013	2014	2014	
	Long-term	Long-term	Actual	
	plan	plan	plan	
Ref.	\$000's	\$000's	\$000's	\$000's
<b>Source of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,974	2,462		2,213
Targeted rates (other than a targeted rate for water supply)	0	0		2
Subsidies and grants for operating purposes	0	0		0
Fees, charges and targeted rates for water supply	1	3		1
Internal charges and overheads recovered	1,216	1,081		1,603
Fuel tax, fines, infringement fees and other receipts	4	4		0
<b>Total operating funding (A)</b>	<b>3,196</b>	<b>3,551</b>		<b>3,819</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	982	1,043		882
Finance costs	91	93		71
Internal charges and overheads applied	2,243	2,431		2,895
Other operating funding applications	0	0		0
<b>Total applications of operating funding (B)</b>	<b>3,316</b>	<b>3,567</b>		<b>3,848</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>(120)</b>	<b>(16)</b>		<b>(29)</b>
<b>Source of capital funding</b>				
Subsidies and grants for capital expenditure	0	0		0
Development and financial contributions	7	11		24
Increase/(decrease) in Debt	298	60		20
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>306</b>	<b>71</b>		<b>44</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0		0
- to improve the level of service	259	86		43
- to replace existing assets	0	0		0
Increase/(decrease) in reserves	(73)	(31)		(28)
Increase/(decrease) in Investments	0	0		0
<b>Total applications of capital funding (D)</b>	<b>186</b>	<b>55</b>		<b>15</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>120</b>	<b>16</b>		<b>29</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>		<b>0</b>

# OUR SERVICES

## Introduction

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

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

**2013/2014 Highlights:** a highlight from the 2013/2014 year.

**How Well Did We Deliver Our Services in 2013/2014:** sets out our levels of service (in blue) and then our performance against targets for the 2013/2014 year. These tables are best read in conjunction with our 2013-2014 Annual Plan.

We have provided the 2012/2013 result for comparative purposes, though it should be noted that the target for the 2012/2013 year may differ from the 2013/2014 target in some instances.

**Overview of Significant Projects & Variances:** provides an update regarding the major projects that were noted in our 2013-2014 Annual Plan, and/or a comment regarding any major budget variances of particular interest for this activity.

### COMMUNITY LEADERSHIP ACTIVITY GROUP

#### District Leadership Activity



#### What We Do

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

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

#### 2013/2014 Highlights

In October 2013 the local government elections were held across the country. The Thames-Coromandel District Council elections for Mayor, councillors and community boards were conducted successfully. This was the first year that the Council produced a pre-election report, a new legislative requirement, which is aimed at helping residents and candidates understand both the Council's financial situation and the current projects and challenges facing the district. How Well Did We Deliver Our Services in 2013/2014.

#### Community views are heard and considered in Council decision-making

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥47% of residents and non-resident ratepayers who have a view are satisfied with the way the Council involves the public in its decision-making.	No survey in 2014	44%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED
That <27 % of residents and non-resident ratepayers who have a view feel that the Mayor and Councillors do not give a fair hearing to their views.	No survey in 2014	18%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED

#### Overview of Significant Projects & Variances

Project	Comment
Delmaneys Corner Flood Mitigation \$0 (\$60,000)	Following completion of an investment logic mapping workshop facilitated by NZTA, this project has been reduced in scope to meet the funding criteria and a revised design will be progressed in the 2014/15 year.
Tairua Manaia Rd Causeway \$0 (\$90,000)	This project has been delayed pending an agreement on the scope and funding with affected parties.
Hauraki Rail Trail - Stage 2 \$0 (\$150,000)	An application for funding was submitted and rejected by the Lotteries Board. Further work has been carried out to address the issues in the original submission and the application will be re-submitted.
Waikawau No 3 Bridge \$20,000 (\$110,000)	This project is has been deferred as the tender prices received significantly exceeded both the project budget and cost estimate. The project is being re-scoped and will be retendered in conjunction with the Waikawau No. 4 bridge replacement.

## COMMUNITY LEADERSHIP ACTIVITY GROUP

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

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

### This activity group includes the following activities:

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

### Contributing to Our District

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

Progress for this group of activities on meeting Council outcomes is measured through a local and regional customer satisfaction survey that is conducted every three years. This was last conducted in 2013 and the next survey is scheduled in 2016.

We would be successfully contributing to our District if:	How We Did
Residents' confidence that we make decisions that are in the best interests of our District is maintained or increases *	The result for 2013 when the survey was last undertaken was 72%. There had been a marginal decline over the previous two years following a sharp increase of 15% between 2010 and 2011.
Residents' satisfaction with the level of community/social support within their community from family and friends, volunteers, and networks and agencies is maintained or increases ^	84% of respondents were satisfied with the level of community/social support in 2013, which was a marginal increase from 83% when previously measured in 2010.

\* measured in the NRB Communitrak Survey, 2013 ^measured in the MARCO Perception Survey, 2013

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
District Leadership	3 of 4	The one measure not achieved this year related to 'Treaty Settlement' decisions that are outside of Council's control, though Council has continued to play an active role.
Local Advocacy	1 of 1	The Community Governance model adopted by the Council continues to develop. Community Boards continue to demonstrate their responsiveness to community views and to advocate on behalf of local community views in local and regional forums.

# COMMUNITY LEADERSHIP ACTIVITY GROUP

## Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013	2014	2014
	Long-term plan	Long-term plan	Actual
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,974	2,462	2,213
Targeted rates (other than a targeted rate for water supply)	0	0	2
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1	3	1
Internal charges and overheads recovered	1,216	1,081	1,603
Local authorities fuel tax, fines, infringement fees and other receipts	4	4	0
<b>Total operating funding (A)</b>	<b>3,196</b>	<b>3,551</b>	<b>3,819</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	982	1,043	882
Finance costs	91	93	71
Internal charges and overheads applied	2,243	2,431	2,895
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,316</b>	<b>3,567</b>	<b>3,848</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>(120)</b>	<b>(16)</b>	<b>(29)</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	7	11	24
Increase/(decrease) in Debt	298	60	20
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>306</b>	<b>71</b>	<b>44</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	259	86	43
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	(73)	(31)	(28)
Increase/(decrease) in Investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>186</b>	<b>55</b>	<b>15</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>120</b>	<b>16</b>	<b>29</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



# COMMUNITY LEADERSHIP ACTIVITY GROUP

## District Leadership Activity



### What We Do

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

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

### 2013/2014 Highlights

In October 2013 the local government elections were held across the country. The Thames-Coromandel District Council elections for Mayor, Councillors and Community Boards were conducted successfully. This was the first year that the Council produced a pre-election report, a new legislative requirement, which is aimed at helping residents and candidates understand both the Council's financial situation and the current projects and challenges facing the district.

### How Well Did We Deliver Our Services in 2013/2014

Community views are heard and considered in Council decision-making				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥47% of residents and non-resident ratepayers who have a view are satisfied with the way the Council involves the public in its decision-making.	No survey in 2014	44%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED
That <27 % of residents and non-resident ratepayers who have a view feel that the Mayor and Councillors do not give a fair hearing to their views.	No survey in 2014	18%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED

# COMMUNITY LEADERSHIP ACTIVITY GROUP

## District Leadership Activity

The Council undertakes good, robust decision-making				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That we have no successful legal challenges to Council decision-making.	0	0	There have been no successful legal challenges during the year. There is a High Court decision pending from a challenge to the Council's Freedom Camping Bylaw. Since the court case took place the Council has consulted on an amended bylaw. Two appeals have been received on the Local Alcohol Policy – decisions will be made during 2014/15.	ACHIEVED

The Council will work towards establishing an effective co-governance regime with Hauraki Iwi				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That the work programme to address Treaty of Waitangi claim settlements relationship agreement is under negotiation.	Claims not finalised	Claims not finalised	The Treaty of Waitangi claim settlement is outside of Council's control. Elected members and staff have participated in the Treaty of Waitangi claim settlements processes as appropriate, and maintain a good working relationship with the Office of Treaty Settlements, the Hauraki Collective and other iwi.	NOT ACHIEVED

The Council will advocate for the District's needs to other organisations				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That there is a demonstrated involvement in advocacy initiatives at a sub-regional, regional and national level	Advocacy demonstrated		Council continued to play an active role in the forums that it has prioritised as important to participate in and advocate on behalf of local residents.	ACHIEVED
• Coromandel Liaison sub-committee	3 of 3	2 of 3		
• Waihou Piako Liaison Committee	0 of 2	No meetings held		
• Hauraki Gulf Forum	2 of 2	3 of 5		
• Regional Transport Committee	3 of 3	4 of 6		
• Waikato Civil Defence Management Group	3 of 3	5 of 5		
• Waikato Mayoral Forum – Zone 2	7 of 8	3 of 6		

# COMMUNITY LEADERSHIP ACTIVITY GROUP

## District Leadership Activity

The Council leads by example in promoting a strong sense of community				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 18% of residents and non-resident ratepayers who have a view are dissatisfied or very dissatisfied with the decisions of Council.	No survey in 2014	22%	The next customer satisfaction survey is scheduled in 2016	NOT MEASURED

The Council administers triennial (or as required) elections to engage the community in the democratic process.				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
There are no complaints upheld against the election process.	0	No election	See major projects table below for further detail.	ACHIEVED

### Overview of Significant Projects & Variances

Project	Comment
3 Yearly Elections	The Thames-Coromandel District Council's 2013 triennial elections were conducted successfully and met all legislative and practical requirements. The final review report noted that no issues or concerns of significance arose from the elections and all tasks were completed satisfactorily and on time.
Treaty Settlement and potential co-governance arrangements	<p>The Crown is currently negotiating with the Hauraki Iwi Collective the settlement of outstanding Treaty of Waitangi claims. That process is nearly complete and deeds of settlement with individual iwi and the Hauraki Collective are scheduled to be concluded by the end of 2014 or in the early part of 2015.</p> <p>Council, at the invitation of the Crown and with the blessing of the Hauraki Collective, has been involved in several aspects of the Settlement process. This role recognises the need to forge enduring post-settlement relationships between local government and Hauraki Iwi governance entities. These entities will be well resourced and focussed on identifying opportunities and achieving outcomes for the common benefit for the Iwi of Hauraki and the people and communities of the district and sub-region.</p> <p>Notable aspects of Council's participation include:</p> <ul style="list-style-type: none"> <li>• Governance level meetings with the Minister for Treaty of Waitangi Negotiations, the Chief Crown Negotiator, senior staff of the Office of Treaty Settlements and other government departments, and the mandated negotiators of the Hauraki Collective.</li> <li>• Participation at officer level in the Crown Technical Working Group in developing co-governance and operational frameworks and arrangements for:             <ul style="list-style-type: none"> <li>○ The catchments of the Waihou, Piako and Coromandel Peninsula.</li> <li>○ Crown reserves that will be co-governed by the Council and Hauraki Iwi.</li> </ul> </li> </ul>
Waikato Mayoral Forum	<p>A number of initiatives have been developed during the year including a shared significance and engagement policy template in preparation for the 2015-2025 Long Term Plans.</p> <p>While Council chose not to participate in a regional spatial plan, it did participate in one of the components, the development of a regional sports plan.</p>

# COMMUNITY LEADERSHIP ACTIVITY GROUP

## Local Advocacy Activity



### What We Do

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

### 2013/2014 Highlights

All Community Boards demonstrated engagement with their communities in decision making in the 2013/2014 year. The community empowerment framework adopted by Council in 2012 was actively practiced by Community Boards and a number of significant projects were achieved using this model to partner with local communities. Highlights from each of the Community Boards is covered in Performance Overview section at the start of this document.

### How Well Did We Deliver Our Services in 2013/2014

Community Boards offer local representation including making decisions that consider local issues				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 55% of residents and non-resident ratepayers know how to contact a Community Board member.	No survey in 2014	66%	The next customer satisfaction survey is scheduled in 2016	NOT MEASURED
That ≥59% of residents and non-resident ratepayers who have a view rate the overall performance of their Community Board as fairly/very good.	No survey in 2014	60%	The next customer satisfaction survey is scheduled in 2016	NOT MEASURED

Community Boards will advocate for their community's needs to other organisations				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
Demonstrated involvement in advocacy initiatives are maintained or increased at a local and District level.	Advocacy initiatives maintained	Advocacy initiatives maintained	Each of the five Community Boards can demonstrate (through meeting minutes and resolutions) that they were involved in advocacy initiatives at a local and District level. Furthermore, Community Board chairs attend Council meetings in an advocacy capacity.	ACHIEVED

### Overview of Significant Projects & Variances

There are no major projects or variances to report.



## PLANNING FOR THE FUTURE ACTIVITY GROUP

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

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

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

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

### This activity group includes the following activities:

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

### Contributing to Our District

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

Progress for this group of activities on meeting Council outcomes is measured through a local and regional customer satisfaction survey that is conducted every three years. This was last conducted in 2013 and the next survey is scheduled in 2016.

We would be successfully contributing to our District if:	How We Did
<ul style="list-style-type: none"> <li>• residents' confidence in us to make plans for the future that are in the best interests of our District is maintained or increases *</li> </ul>	The result in 2013 was 72%. There was a decline over the last two years from a high of 77% in 2011.
<ul style="list-style-type: none"> <li>• resident satisfaction that the impact from development on the coastline is adequately managed and minimised is maintained or increases ^</li> </ul>	The 2013 result was 57%, which is a decrease from 62% when measured in 2010.

\* measured in the NRB Communitrak Survey, 2013

^measured in the MARCO Perception Survey, 2013

## PLANNING FOR THE FUTURE ACTIVITY GROUP

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Strategic Planning	3 of 3	All the performance measures for this activity were achieved. It has been a particularly busy year for this activity as the delayed census information has become available and preparatory work for the 2015-2025 Long Term Plan began.
Landuse Planning	2 of 3	This was a significant year in the development of the District Plan with all key milestones achieved. The one performance measure not achieved is the percentage of non-complying resource consents approved. This is attributed to an increase in planning applications against the operative District Plan to get these applications in under existing rules before changes through the proposed District Plan are applied.
Hazard Management	1 of 1	Steady progress was made on a number of key work programmes.

## PLANNING FOR THE FUTURE ACTIVITY GROUP

### Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013 Long-term plan	2014 Long-term plan	2014 Actual
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,506	2,740	2,608
Targeted rates (other than a targeted rate for water supply)	276	246	255
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	77	58	0
Internal charges and overheads recovered	497	438	518
Local authorities fuel tax, fines, infringement fees and other receipts	2	2	1
<b>Total operating funding (A)</b>	<b>3,358</b>	<b>3,484</b>	<b>3,382</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,300	1,528	926
Finance costs	24	27	17
Internal charges and overheads applied	1,455	1,497	1,777
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,779</b>	<b>3,052</b>	<b>2,720</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>579</b>	<b>433</b>	<b>662</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	(31)	273	134
Gross proceeds from sale of assets	124	52	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>93</b>	<b>325</b>	<b>134</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	1,828	695	336
Increase/(decrease) in reserves	(1,156)	64	460
Increase/(decrease) in Investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>672</b>	<b>759</b>	<b>796</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(579)</b>	<b>(433)</b>	<b>(662)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# PLANNING FOR THE FUTURE ACTIVITY GROUP

## Strategic Planning Activity



### What We Do

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

### 2013/2014 Highlights

A new approach to delivering demographic information has been implemented with a new online community profile site. The community profile provides greater access to and customisation of demographic data which has decreased the staff resource required to respond to requests. The community profile has received positive feedback from internal and external users.

The Council's 2014/2015 Annual Plan was produced on time. Reflecting the Council's local empowerment model the Annual Plan incorporates Community Board input, particularly reflected via Community Board Plans.

### How Well Did We Deliver Our Services in 2013/2014

Customers can expect the Council to monitor progress towards achieving the District's goals				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
Information on community makeup and growth is made available.	District demographic update completed.	Demographic and peak population information is available.	<ul style="list-style-type: none"> <li>The Council's demographic information has been updated to take account of newly released 2013 census data.</li> <li>The community profile is available on the Council; a series of training sessions were delivered around the District for internal and external stakeholders.</li> <li>The Council undertook a growth projections review to inform its 2015-2025 Long Term Plan processes. This involved development of growth projections at District, Community Board and settlement level for population, dwellings and rating units. The final approved report and data is available on the Council website via Council order papers.</li> <li>The Council purchased an online 2013 economic profile that is available on the Council website for internal and external use. Quarterly economic monitoring reports will be used to assess trends in economic indicators for the District.</li> </ul>	ACHIEVED



# PLANNING FOR THE FUTURE ACTIVITY GROUP

## Strategic Planning Activity

Assessments are made of the wellbeing of the District.	Contribution made to Hauraki Gulf State of the Environment Report.	State of the District report postponed	<ul style="list-style-type: none"> <li>Staff provided considerable input into the Hauraki Gulf Marine Spatial Plan – Sea Change project including the Hauraki Gulf Forum State of the Environment report.</li> <li>Research has been undertaken to inform Council policy-making, including for the development of a draft Local Alcohol Policy and review of the Gambling Policy.</li> </ul>	ACHIEVED
--	--	--	--	----------

The Council will plan for and manage the growth and development of its communities				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
We contribute to the Hauraki Gulf Forum.	Quarterly constituent party report updated	Quarterly constituent party report updated	<ul style="list-style-type: none"> <li>Council contributed \$10,800 towards the operations of the Hauraki Gulf Forum.</li> <li>Deputy Mayor Peter French was appointed to the Hauraki Gulf Forum and attended two meetings.</li> </ul>	ACHIEVED
That ≥78% of residents and non-resident ratepayers who have a view have some level of confidence (or higher) in the Council to make plans for the future that are in the best interests of the District.	No survey in 2014	72%	The next customer satisfaction survey is scheduled in 2016	NOT MEASURED

### Overview of Significant Projects & Variances

Project	Comment
Demographic Update	Up to date census and economic data is being used to inform Council's activity planning as part of 2015-2025 Long Term Plan processes.

# PLANNING FOR THE FUTURE ACTIVITY GROUP

## Land Use Planning Activity



### What We Do

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

### 2013/2014 Highlights

In the first part of 2013/2014 financial year the District Plan team worked closely with the District Plan Review Committee to finalise, for public notification, the proposed Thames-Coromandel District Plan. Major project milestones included:

- Committee meetings to consider and respond to comments made on the Draft District Plan
- Consideration and response to points raised in an in-depth legal review
- Committee sign-off of the proposed District Plan in September 2013
- Council approval for public notification of the proposed District Plan in October 2013
- Public notification of the proposed District Plan on 13 December 2013

Following public notification, the Council received 1,236 submissions on the proposed District Plan (the submission period closed on 14 March 2014). These submissions were summarised and further submissions were called for in June 2014. A District Plan Hearings Panel has been formed to hear and consider submissions and further submissions received on the proposed District Plan.

### How Well Did We Deliver Our Services in 2013/2014

#### The Council prepares, reviews and maintains plans and policies for the management of the District's natural and physical resources

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
The District Plan review has prepared a proposed plan which is notified for submission.	Proposed District Plan notified for submission	Proposed District Plan was released for comment and changes made	The proposed District Plan was publicly notified for submission in December 2013. Each of the key milestones relating to the District Plan Review project have been achieved (see the 'highlights' above).	ACHIEVED
Following Council approving any changes to the District Plan, these will be annotated and available via Masterplan and hard copy in ≤10 working days.	Two plan changes annotated and available within one day.	One plan change annotated and available in seven working days	'Plan Change 3: Natural Hazards – Flooding' and 'Plan Change 10: Pauanui Orchard Estate Structure Plan' were declared 'operative' by the Council in the 2013/2014 financial year. Both were annotated and available via the e-Plan on the day they were made operative.	ACHIEVED

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That <10% of non-complying resource consents are approved as a proportion of all approved consents.	25%	16%	There were 297 resource consents approved by the Council in the 2013/2014 financial year, 74 of which were for non-complying activities. The number of non-complying activities should fall significantly once the Proposed District Plan takes effect.	NOT ACHIEVED

# PLANNING FOR THE FUTURE ACTIVITY GROUP

## Hazard Management Activity

---



### What We Do

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

### 2013/2014 Highlights

More than 400 people came to open days at Tairua and Pauanui in January to learn more about the possible threat of a tsunami to these areas. The event was covered by TVNZ, which helped raise the profile of the information the event was sharing with local residents to the wider NZ population who may only occasionally visit the Coromandel.



# PLANNING FOR THE FUTURE ACTIVITY GROUP

## Hazard Management Activity

### How Well Did We Deliver Our Services in 2013/2014

The Council will work with other agencies to manage the effects of natural hazards				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That the following work programmes are progressed with other agencies to manage the effects of natural hazards.	Work programme progressed	Work programme progressed	Update on individual work programmes is detailed below	ACHIEVED
Coastal hazard policy framework	This work stream currently has two parts: 1. Supporting the Mercury Bay Community Board to develop and implement a coastal management strategy for Buffalo Beach. This work is largely complete with consenting and capital works identified as next steps. 2. Supporting the Tairua/Pauanui and Whangamata Community Boards to develop and implement a coastal management strategy for hotspot locations.			
Wind shear project	Damage from high peak wind velocities (shear), on average, twice a decade can result in damages of several million dollars. The project is to improve wind hazard maps to allow better planning feed into building consenting e.g. extra bracing (new & retro fitting) if this is identified as being necessary. Currently, there is insufficient data to allow the modelling work to proceed. Though this is seen as a Crown responsibility a collaborative project is envisaged involving local government, National Institute of Water and Atmospheric Research (NIWA) and the sector groups most affected, particularly the lines companies to help spread costs.			
Tsunami project	This project is developing tsunami risk management strategies in conjunction with Waikato Regional Council for individual East Coast Coromandel Peninsula communities. There are three strands to the project with the risk management strategy covering the first two: <ul style="list-style-type: none"> <li>• Emergency preparedness and evacuation</li> <li>• Public education</li> <li>• Long-term land use planning</li> </ul> The Whitianga component is complete; Pauanui/Tairua is underway with Whangamata planned in the 2014/2015 financial year.			
Coastal adaptation to climate change	This was a joint project with National Institute of Water and Atmospheric Research (NIWA), AgResearch, Waikato Regional Council and Thames Coromandel District Council funded by NIWA. It is now complete see <a href="http://www.niwa.co.nz/our-science/coasts/research-projects/coastal-adaption-to-climate-change">http://www.niwa.co.nz/our-science/coasts/research-projects/coastal-adaption-to-climate-change</a>			
Progressively responding to hazard issues	This work stream includes monitoring and reviewing policy and risk management strategies, particularly after a major event impacts the Coromandel Peninsula and Thames Valley.			

### Overview of Significant Projects & Variances

There are no major projects or variances to report.

## HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

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

The services provided by this group of activities include:

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

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

### This activity group includes the following activities:

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

### Contributing to Our District

The Healthy and Safe Communities activity group contributes to a **Prosperous District**, a **Liveable District** and a **Clean and Green District** by contributing to a safe living and working environment and also keeping our unique natural environment clean. To better enable economic opportunities through this activity group streamlining will continue to be a focus. Progress for this group of activities on meeting Council outcomes is measured through a customer perception survey that is conducted every three years.

We would be successfully contributing to our District if:	How We Did
residents feelings of safety in their community during the daytime and night-time is maintained or increases <sup>^</sup>	Last conducted in 2013 the result was 86.1% for daytime feeling of safety, down from 91.4% in 2010. Night-time was 71.8% down from 75.8% in 2010. The next survey is scheduled for 2016.

<sup>^</sup>measured in the MARCO Perception Survey, 2013

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Emergency Management	4 of 4	The activity achieved all of the targets measured this year.
Building Control	4 of 7	Processing new building consents was a marginal fail. Monitoring the fencing of swimming pools has been under target for several years. Council made changes, but implementation was too late to affect this year's result. An improvement is expected next year.
Community Health and Safety	6 of 8	An isolated case of not responding to an urgent animal control request for service and checking licensed premises for appropriate signage for underage drinking.



# HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

## Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013	2014	2014
	Long-term	Long-term	Actual
	plan	plan	
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,569	1,816	1,059
Targeted rates (other than a targeted rate for water supply)	191	235	522
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	3,121	3,237	3,395
Internal charges and overheads recovered	732	623	632
Local authorities fuel tax, fines, infringement fees and other receipts	206	213	290
<b>Total operating funding (A)</b>	<b>5,819</b>	<b>6,124</b>	<b>5,898</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,809	2,928	2,549
Finance costs	7	6	5
Internal charges and overheads applied	3,777	3,963	4,632
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>6,593</b>	<b>6,897</b>	<b>7,186</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>(774)</b>	<b>(773)</b>	<b>(1,288)</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	(3)	(3)	(3)
Gross proceeds from sale of assets	0	0	2
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(3)</b>	<b>(3)</b>	<b>(1)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	78	80	16
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	(855)	(856)	(1,305)
Increase/(decrease) in Investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(777)</b>	<b>(776)</b>	<b>(1,289)</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>774</b>	<b>773</b>	<b>1,288</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

## Emergency Management Activity



### What We Do

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

### 2013/2014 Highlights

At the beginning of May 2014, Thames Coromandel District Council was audited by the Ministry of Civil Defence and Emergency Management (MCDEM). This is a five year audit which covers the Waikato Group Civil Defence and Emergency Management (CDEM) and individual Councils within the group. There was a substantial improvement to the Group's overall performance from five years ago when it scored one of the lowest in the country (41.7%). Thames Coromandel District Council scored 75.2% this year. The following areas were assessed as red (requiring attention) and will be our priority focus in the next three years:

- Enhance New Zealand's capability to recover from civil defence emergencies.
- Implement effective recovery planning activities.
- Enhance the ability of agencies to manage the recovery process.

### How Well Did We Deliver Our Services in 2013/2014

The Council will support its communities in enabling them to respond to and recover from emergencies				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥52% of residents and non-resident ratepayers have an emergency kit prepared in case of major emergency.	No survey in 2014	50%	The next customer satisfaction survey is scheduled in 2016	NOT MEASURED

The Council will be prepared for and able to respond to emergencies				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That one civil defence training exercise is conducted annually.	3	1	Three Civil Defence exercises were held.	ACHIEVED
That in the event of notification of a local civil defence emergency the emergency operations centre will be activated within one hour.	1	0	Cyclone Luci Emergency Operations Centre was activated in 20 minutes.	ACHIEVED

# HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

## Emergency Management Activity

We support first-response emergency activities				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That volunteer rural fire forces are available to respond to fire calls 365 days per year.	365 days	365 days	All rural fire forces were available 24/7 365 days.	ACHIEVED
That high risk eastern seaboard beaches have professional surf lifesaving guards available (Monday to Friday) over the summer period at the following locations:	All locations were fully operational during the specified periods listed below in both 2013/2014 and 2012/2013		A range of external funding opportunities is under investigation in an effort to extend the service over the summer periods at Hot Water Beach and Whangamata due to very high activity.	ACHIEVED
Onemana – 4 weeks	4 weeks	4 weeks		
Pauanui & Tairua – 5 weeks	5 weeks	5 weeks		
Hot Water Beach & Whangamata – 7 weeks	7 weeks	7 weeks		

### Grants (in 2013/2014)

Organisation and Amount	Description
Surf Life Saving New Zealand (\$108,579)	We have a contract with Surf Life Saving New Zealand to provide professional life saving services (Monday to Friday) at five beaches over the summer holiday period. This contract expires on 30 June 2015.
Thames Valley Rural Fire District Committee (\$78,000)	We are a member of the Thames Valley Rural Fire District Committee, which has been constituted under the Forest and Rural Fires Act 1977 to administer the Thames Valley Rural Fire District. Grants are provided to volunteer fire services for equipment, vehicle and building maintenance, and operations.
Rescue Helicopter (\$25,000)	We have a contract with the Auckland Rescue Helicopter Trust to provide a helicopter and crew in Whitianga for at least five weeks over the summer holiday period. This contract expires on 30 June 2015.

### Overview of Significant Projects & Variances

Project	Comment
Emergency Warning systems \$0 (\$106,000)	This project has been postponed until the Government decides on a National Siren System.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

## Building Control Activity



### What We Do

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

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

### 2013/2014 Highlights

This year saw a 9% increase in consent applications, which is a welcome indicator of increased economic activity. Thames Coromandel District Council was also successful in retaining Accredited Building Consent Authority status. This is a difficult biennial assessment that determines whether we can continue to process building consents. As part of an internal re-configuration a new Building Control Team has been formed through the merging of two separate units. In response to the increased demand for services additional staff have also been recruited.

### How Well Did We Deliver Our Services in 2013/2014

The Council processes, inspects and certifies building work applications				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥98% of accepted building consent applications are processed within 20 working days.	99%	99%	There were 995 building consent applications received during the year, 85 more than last year. There were 12 applications which were not processed within 20 working days.	ACHIEVED
That consents for new dwellings are completed in <11days (on average). The target is a reduction on the previous year.	11.2 days	10.8 days	There were 211 new dwelling consents received. The processing times were between 4 and 17 days, with an average of 11.2 days. While performance has been lower than last year this is set against the background of an increase in the number of applications which averaged 17 new homes per month.	NOT ACHIEVED
That 100% of building consents audited comply with our operating procedures.	100%	100%	The quality standard for auditing building consent applications is one audit per competent officer per month. There were 45 consents audited which all met the required standards. In addition, the International Accreditation New Zealand (IANZ) audit was completed this year and Council achieved accreditation. This is valid for another two years.	ACHIEVED

# HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

## Building Control Activity

All medium risk or above illegal building work will be inspected immediately and made safe				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 100% of reported cases of illegal building work assessed as high risk or above will be inspected within 48hrs.	100%	87%	There were four high risk cases this year. Two of these were fire damaged buildings. All cases were inspected within 48 hours.	ACHIEVED
That 100% of reported cases of medium risk level illegal work are investigated.	100%	100%	The number of reported medium risk buildings continues to decline, an indicator that illegal work has been reducing. All reported cases were investigated, and of these all but two have been converted into Certificates of Acceptance.	ACHIEVED

Commercial buildings and swimming pools which don't comply with the NZ Building Code and Fencing of Swimming Pools Act respectively, will be identified and rectified				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 100% of commercial buildings audited will have a current building warrant of fitness.	98%	93%	A total of 340 building warrants of fitness were processed and audited. There were 53 notices to fix issued and seven of these were escalated to infringements.	NOT ACHIEVED
That 100% of pools in the District, on our register, are working towards or are compliant with the Building Act and the Fencing of Swimming Pools Act	76%	65%	<p>There are 532 pools on our register, of which 359 are compliant, including 32 exemptions. There are 117 pools which are known to be non-compliant, and a further 56 where their status is not yet know.</p> <p>This year our programme of work placed emphasis on pools that required exemptions and new pool applications.</p> <p>We have also made changes to our Building Control Team to develop a more integrated approach and anticipate improvements in the coming year.</p> <p>Changes to the Swimming Pool and Fencing Act proposed by the Government as a result of submissions may change the focus on spa pools which constitutes the greater percentage of pools on our register.</p>	NOT ACHIEVED

### Overview of Significant Projects & Variances

There are no major projects or variances to report.



# HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

## Community Health and Safety Activity



### What We Do

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

### 2013/2014 Highlights

This year saw the full implementation of the new Sale and Supply of Alcohol Act. This activity that had been contracted out for fourteen years was bought inhouse at the beginning of 2013 and by December 2013 system developed for the interim period was fully operating. Council selected six members (one Chair and five committee members) to sit on the New District Licencing Committee (DLC).

This year also saw the challenge on Council's Freedom Camping Bylaw at the time of writing this report the Court decision was imminent. Revocation of the earlier Parking and Public Places Camping bylaws were quashed and changes made in 2013 to include more sites for self-contained was quashed.

Public consultation for bylaws, Freedom Camping, Dog Control and Signs and Parking was initiated and the public responded well to the proposals.

By the end of this financial year the Health Bill was almost through Parliament and those changes will be felt in the coming year. Meanwhile more food premises are volunteering to go onto the Food Control Plan which will be compulsory by 2015. Prosecutions increased in aggressive dog attacks and Council has sent a serious message out to the public that zero tolerance for dangerous and menacing dogs are important for public safety.



### How Well Did We Deliver Our Services in 2013/2014

Premises are inspected to ensure they are producing safe food				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That all food premises are inspected at least once annually to assess whether they are compliant with regulatory requirements.	100%	71%	There are 286 registered premises and 358 inspections were carried out during the year. Return and multiple visits were required in some instances.	ACHIEVED

# HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

## Community Health and Safety Activity

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That inspections are carried out on 100% of properties where there are dogs classified as menacing or dangerous.	100%	100%	At the time of reporting there were 63 dogs classified as menacing or dangerous. As additional dogs are classified the properties are inspected to ensure owners comply. Properties may have multiple inspections depending on compliance.	ACHIEVED
That 100% of urgent animal control issues are responded to within 2 hours.	99%	100%	There were 135 "urgent" dog control issues and 112 "urgent" stock control issues reported in the period to June 2014. There was only one occasion when a request for service was not responded to within 2 hours. A response includes phone contact from a Compliance Officer to the complainant and does not necessarily mean the officer attended within the 2 hour time frame.	NOT ACHIEVED

### The supply of liquor is controlled to prevent bad behaviour

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 100% of licensed premises are inspected annually to check for display of appropriate signage relating to underage and intoxicated persons.	43%	60%	There are a total of 209 licensed premises a number of which have multiple licenses (i.e. On, Off and Club). There were 89 inspections carried out during the year. Those premises not inspected for signage included low risk premises such as small sporting clubs that operate infrequently, seasonally or outside of normal working hours. The signs policy was being reviewed in this period for consultation and therefore this target was not prioritised.	NOT ACHIEVED

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥98% of noise callouts are responded to.	98%	100%	There were 568 requests for service during the year. Of these 202 resulted in excessive noise directions meaning further action will be taken if there is a recurrence within 72 hours. The few cases where timeframes were not met was as a result of attending another disturbance and being unable to travel back.	ACHIEVED

# HEALTHY AND SAFE COMMUNITIES ACTIVITY GROUP

## Community Health and Safety Activity

Parking and freedom camping restrictions are put in place and enforced				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That random and programmed parking patrols are undertaken in the following communities: <ul style="list-style-type: none"> <li>• Thames</li> <li>• Whitianga</li> <li>• Whangamata</li> </ul>	100%	100%	Service Level Agreements with Community Boards met. There were 885 parking infringements across the District.	ACHIEVED
That patrols for freedom camping are carried out ≥35 days per year.	100%	100%	Patrols are carried out District wide 3-5 days per week = 200+ days. This resulted in 938 infringements with 45 of these waived. A further 220 warnings were issued which did not result in an infringement notice.	ACHIEVED

We help minimise the harm caused by gambling through limiting gaming machine numbers				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That there are ≤306 gaming machines in our District.	294	306	There was a reduction of 12 machines in the District.	ACHIEVED

### Overview of Significant Projects & Variances

There are no major projects or variances to report.

## ROAD AND FOOTPATHS ACTIVITY GROUP

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

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

### This activity group includes the following activities:

- District Transportation
- Local Transportation

### Contributing to Our District

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

Throughout the 2013/2014 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
<ul style="list-style-type: none"> <li>• the number of annual fatal road crashes (due to road factors) throughout our District reduces</li> </ul>	There were no road crash fatalities due to road factors, the same result as 2011/12.
<ul style="list-style-type: none"> <li>• the number of annual road crashes (due to road factors) resulting in injury within our District reduces</li> </ul>	There were three crashes in 2013/14 resulting in injury due to road factors, compared to four the previous year.
<ul style="list-style-type: none"> <li>• resident satisfaction with the image of the closest town centre is maintained or increases *(measured three yearly)</li> </ul>	The result in 2013 was 89% a slight decrease from 87% in 2009. The next survey is scheduled for 2016.

\* measured in the NRB Communitrak Survey, 2013

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included in the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
District Transportation	9 of 9	Another strong performance from this activity which met all its performance targets for the second consecutive year.
Local Transportation	2 of 4	Response times to lighting outages was on target for most of the year, however there were a number of storm events, which caused significant damage. The work programme was reprioritised as a response. The Hahei to Ferry Landing shuttle was delivered for fewer days following consultation with key stakeholders.

## ROAD AND FOOTPATHS ACTIVITY GROUP

### Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

		2013	2014	2014
		Long-term plan	Long-term plan	Actual
	Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>				
General rates, uniform annual general charges, rates penalties		3,647	4,064	4,994
Targeted rates (other than a targeted rate for water supply)		3,878	4,127	3,764
Subsidies and grants for operating purposes		2,241	2,382	2,246
Fees, charges and targeted rates for water supply		271	282	239
Internal charges and overheads recovered		778	665	846
Local authorities fuel tax, fines, infringement fees and other receipts		536	554	387
<b>Total operating funding (A)</b>		<b>11,351</b>	<b>12,074</b>	<b>12,476</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1	12,584	13,401	6,347
Finance costs		285	368	153
Internal charges and overheads applied		1,144	1,184	1,221
Other operating funding applications		0	0	0
<b>Total applications of operating funding (B)</b>		<b>14,013</b>	<b>14,953</b>	<b>7,721</b>
<b>Surplus(deficit) of operating funding (A - B)</b>		<b>(2,662)</b>	<b>(2,879)</b>	<b>4,755</b>
<b>Source of capital funding</b>				
Subsidies and grants for capital expenditure	2	3,908	4,174	2,511
Development and financial contributions		145	197	195
Increase/(decrease) in Debt	3	2,136	3,431	(408)
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>6,189</b>	<b>7,802</b>	<b>2,298</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	4	1,037	1,293	251
- to improve the level of service		3,258	4,053	3,099
- to replace existing assets	5	5,786	6,747	3,309
Increase/(decrease) in reserves	6	(6,556)	(7,172)	394
Increase/(decrease) in Investments		0	0	0
<b>Total applications of capital funding (D)</b>		<b>3,526</b>	<b>4,922</b>	<b>7,053</b>
<b>Surplus(deficit) of capital funding (C - D)</b>		<b>2,662</b>	<b>2,879</b>	<b>(4,755)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>		<b>0</b>	<b>0</b>	<b>0</b>



## ROAD AND FOOTPATHS ACTIVITY GROUP

---

### Ref.

---

- 1 Depreciation of \$6.1 million was included in the funding impact statements in the Long-Term Plan. Depreciation is not included in the actual results disclosed in these statements (per the Local Government (Financial Reporting and Prudence) Regulations 2014) . The remaining variance is attributable to savings on amenity/safety maintenance of \$0.2 million, carriage way lighting of \$0.2 million, professional engineering services of \$0.2 million and storm events of \$0.3 million.
- 2 Subsidies received from New Zealand Transport Authority are directly related to expenditure. With lower than budgeted expenditure incurred during the 2014 year, subsidies received has reduced accordingly.
- 3 Actual capital expenditure was lower than that budgeted. This in turn has reduced the funding requirements for projects. As such, debt levels decreased.
- 4 The following projects contributed to the underspend in capital expenditure: District area wide pavement by \$0.4 million, drainage by \$0.1 million, Manaia Road causeway by \$0.3 million, and community roading \$0.2 million. These projects have either been delayed or have had a change in scope.
- 5 The following projects contributed to the underspend in capital expenditure: Area-wide pavement treatment by \$1.6 million, maintenance of chip seal by \$0.8 million, thin AC surfacing by \$0.1 million, bridge component replacements by \$0.1 million and Waikawau No.3 bridge by \$0.1 million. These projects have either been deferred, delayed or have had a change in scope.
- 6 Reserves balances in the Long-Term Plan include a credit to the depreciation reserves of \$6 million. Depreciation is not included in the actual results disclosed in these statements, therefore there is no corresponding credit to the depreciation reserve.

# ROAD AND FOOTPATHS ACTIVITY GROUP

## District Transportation Activity



### What We Do

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

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

### 2013/2014 Highlights

- The District resurfacing programme was completed in December, so that seals were well travelled over the peak holiday period maximising road surface lifecycles and minimising future maintenance costs.
- Traction seals were completed on Kennedy Bay Road, Driving Creek Road and a short section of The 309 Road to improve traffic safety and reduce maintenance costs.
- Road pavement rehabilitation work was completed on approximately 500m of Purangi Road and 200m of Hill Street in conjunction with watermain, stormwater and footpath improvement works.
- Rapid response to a number of large storm events during April and June 2014 resulted in the majority of roads being re-opened within 1 day. Port Jackson Road suffered extensive damage and took 3 days to re-open.
- Minor road improvement works completed during 2013/14 included replacement of the Wires Road ford (a joint HDC/TCDC project), intersection improvements, guardrail installation and pedestrian safety improvements in Kuaotunu, Matarangi and Whitianga.
- Completion of various drainage improvement works in conjunction with road maintenance and renewal work programmes.
- Completion of seal widening projects at sites on Port Road, Rings Road, The Esplanade, Captain Cook Road and Williamson Street.

### How Well Did We Deliver Our Services in 2013/2014

The Council will deliver a road network that enables people and goods to move around the District				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 444 kilometres of road in the District are sealed (excludes state highways).	457km	452km	Sealed road length reflects achievement of dust seal and traction seal work programmes and new sealed roads vested in Council.	ACHIEVED
That ≥85 % of residents and non-resident ratepayers who have a view are fairly/very satisfied with the roads.	No survey in 2014	89%	The next customer satisfaction survey is scheduled in 2016	NOT MEASURED

# ROAD AND FOOTPATHS ACTIVITY GROUP

## District Transportation Activity

The Council will ensure its roads are safe				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That no road fatalities are caused by road factors.	0	0	The one fatal accident during 2013/14 was not as a result of road factors.	ACHIEVED
That 3.0 kilometres of dust seals are completed.	3.1km	4.2km	Dust seals were completed across the District in accordance with Council's prioritised work programme.	ACHIEVED
That 5 road safety education campaigns are delivered in the District by the Council.	5	5	The campaigns were Motorcycles, Young Drivers, Drugs and Alcohol, Roads & Roadsides, Speed.	ACHIEVED

Disruptions are managed to ensure that traffic flows are not unduly affected				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That <1% of District roads (not state highways) are unavailable due to road closure.	0.1%	0.1%	There were a number of road closures resulting from the June storm, however the availability for the year was well above target.	ACHIEVED
That in the event of unplanned road closures, status updates via the Council's website occur twice daily until the road has been opened.	100%	100%	Updates were posted on the Council website in line with the performance measure for those storm events causing road closures. Public notification and communication protocols have improved during 2013/14.	ACHIEVED

The design, maintenance and management of roads ensures they are in good condition and fit for purpose				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥80% of vehicle travel on sealed roads is smooth	90%	No survey in 2013	This is the result from the 2014 roughness survey which is carried out every second year.	ACHIEVED
That ≥90% of potholes on sealed roads are repaired within 1 week.	100%	95%	All potholes were sealed within timeframes.	ACHIEVED

The Hauraki Rail Trail Cycleway Project provides for increased visitor activity				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That the work programme is progressed to complete the Hauraki Rail Trail Cycleway.	Programme progressed	Stage One Completed	In the 2012-2022 Long Term Plan the Rail Trail only had one phase which was completed in 2011/12. In the 2014-2015 Annual Plan commitment was made by Council to develop a second stage from Kopu to Kaiaua (see overview of projects and variances).	ACHIEVED

# ROAD AND FOOTPATHS ACTIVITY GROUP

## District Transportation Activity

### Overview of Significant Projects & Variances

Project	Comment
Delmaneys Corner Flood Mitigation \$0 (\$60,000)	Following completion of an investment logic mapping workshop facilitated by NZTA, this project has been reduced in scope to meet the funding criteria and a revised design will be progressed in the 2014/15 year.
Tairua Manaia Rd Causeway \$0 (\$90,000)	This project has been delayed pending an agreement on the scope and funding with affected parties.
Hauraki Rail Trail – Stage two Kopu to Kaiaua – phase one – Kopu to Waitakaruru. \$0 (\$150,000)	An application for funding was submitted and rejected by the Lotteries Board. Further work has been carried out to address the issues in the original submission and the application will be re-submitted.
Waikawau No 3 Bridge \$20,000 (\$110,000)	This project has been deferred as the tender prices received significantly exceeded both the project budget and cost estimate.  The project is being re-scoped and will be retendered in conjunction with the Waikawau No. 4 bridge replacement project in 2014/15 to spread establishment costs and minimise inconvenience for road users.
Buffalo Beach Coastal Erosion Works Project \$314,000 (\$300,000)	Construction of the 95m rock revetment seawall was completed in front of the Buffalo Beach toilet block in March 2014.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# ROAD AND FOOTPATHS ACTIVITY GROUP

## Local Transportation Activity



### What We Do

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

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

### 2013/2014 Highlights

- Thames – completion of approximately 30 pedestrian safety treatments identified through an accessibility audit undertaken by CCS disability action during 2013.
- Coromandel-Colville – completion of Pottery Lane sealing and the footpath connection adjacent SH25 at Manaia.
- Mercury Bay – completion of Kuaotunu East pedestrian safety improvements, Coghill Street car park access way as well as new footpaths on Buffalo Beach Road, Purangi Road (Cooks Beach) and Matarangi Drive.
- Tairua-Pauanui – completion of the Cory Park parking and drainage improvements as well as footpath extensions on Paku Drive, Jubilee Drive and Tui Terrace
- Whangamata – completion of the safety improvements associated with the SH25 Whangamata - Wentworth Valley Road walk/cycleway project as well as a footpath extension on Kiwi Road.

### How Well Did We Deliver Our Services in 2013/2014

Footpaths can be used to get around town				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 58% of the urban network has a footpath on at least one side of the street.	58%	58%	Footpath construction in Mercury Bay, Tairua Pauanui, Whangamata and Coromandel contributed to this result.	ACHIEVED
That ≥70% of resident and non-resident ratepayers who have a view are satisfied with footpaths in the District.	No survey in 2014	76%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED

Street lighting is provided in urban areas and major intersections				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥90% of street lighting outages are repaired within 1 week.	84%	61%	Performance has improved significantly on last year and was on track to meet the target however performance was affected by resourcing high numbers of callouts during storm events in the 4 <sup>th</sup> quarter.	NOT ACHIEVED



# ROAD AND FOOTPATHS ACTIVITY GROUP

## Local Transportation Activity

### People can access a pleasant town centre

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥87 % of residents and non-resident ratepayers who have a view are satisfied with the image of closest town centre.	No survey in 2014	89%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED
That the urban environment is improved through town centre upgrade projects: Whitianga town centre utilities work commences.	Under review	Under review	Council resolved to suspend this project as part of the 2013/14 Annual Plan deliberations.	NOT MEASURED

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That >80% of urban road berms are maintained with a grass height of less than 200mm.	92%	97%	While there has been a slight fall in performance from last year, it is still well above the performance target.	ACHIEVED

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That the Hahei to Ferry Landing shuttle operates for 40 days in summer.	32 days	42 days	The summer shuttle operated between 27 December 2013 and 27 January 2014 as agreed at the July 2013 project stakeholder meeting. This change to the duration of these services was to ensure alignment in timing between the summer shuttle and Hahei park and ride bus services.	NOT ACHIEVED

# ROAD AND FOOTPATHS ACTIVITY GROUP

## Local Transportation Activity

### Overview of Significant Projects & Variances

Project	Comment
Thames – Footpath Construction \$54,000 (\$71,000)	Priority was given to addressing issues identified in the accessibility audit carried out in Thames. This will be an on-going programme, but as this was the first year there were some delays in agreeing priorities and translating these into projects for contractors to carry out.
Thames – MacKay Street Car Park Development \$0 (\$209,901)	This project was originally to develop the bowling club green into a new car park in the 2012-2013 year. Following the development and findings of Thames Focus Group's urban development strategy the Board is examining the option of the site being utilised for residential development as an alternative use to car parking. It is intended that the final assessment will be completed and included in the 2015-25 LTP for consideration.
Whangamata – Service Lane Legalisation Project \$0 (\$129,000)	A number of service lanes were identified in the 2012-2022 Long Term Plan. Casement Road to Aitken Road was legalised, however no physical works were required. A change of property ownership presented the opportunity to carry out the project at no cost.
Whangamata – Wentworth Valley Seal Extension \$0 (\$70,000)	The \$70,000 was for investigation, to scope resealing and for provision for walkway and cycleway access to Wentworth Valley. This project has been deferred as the scope of the project is being reconsidered. \$10K has been approved in 2014/2015 to investigate the feasibility of constructing a walkway/cycleway next to the Wentworth Valley Road prior to the completion of the reseal. The Community Board deferred the \$670k reseal until this investigation was complete.
Mercury Bay Footpath construction \$279,000 (\$182,000)	The Mercury Bay Community Board decided to extend the original scope of a beach front footpath extending the length to include the path behind an NZTA seawall.
Tairua-Pauanui Footpath Construction \$29,000 (\$92,000)	A new footpath was constructed at the Tairua rest home to create a safer crossing for the rest home residents and mobility scooters. No further funding is required for this project. No further work was carried out.
Coromandel-Colville Footpath Construction \$107,000 (\$118,000)	This project was completed during the year as per the Coromandel-Colville Community Board plan.
Coromandel-Colville Pottery Lane Sealing \$123,000 (\$121,000)	The physical works for this project, (including sealing and drainage) were completed during the year.
Whangamata Footpath Construction \$143,000 (\$154,000)	This project was completed during the year as per the Whangamata Community Board project plan.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

## COMMUNITY SPACES ACTIVITY GROUP

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

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

### This activity group includes the following activities:

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

### Contributing to Our District

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

Progress for this group of activities on meeting Council outcomes is measured through a local and regional customer satisfaction survey that is conducted every three years. This was last conducted in 2013 and the next survey is scheduled in 2016.

We would be successfully contributing to our District if:	How We Did
<ul style="list-style-type: none"><li>• resident satisfaction with recreational facilities and opportunities in our settlements is maintained or increases ^</li></ul>	There was a fall in satisfaction from 59% in 2010 to 57.3% in 2013.
<ul style="list-style-type: none"><li>• resident satisfaction with proximity to recreational facilities and opportunities in our settlements is maintained or increases ^</li></ul>	There has been a marginal improvement in satisfaction levels from 67% in 2010 to 68% in 2013.
<ul style="list-style-type: none"><li>• resident satisfaction with cultural facilities and opportunities in our settlements is maintained or increases ^</li></ul>	Satisfaction with cultural activities and opportunities has increased very slightly from 56% in 2010 to 56.6% in 2013.

^measured in the MARCO Perception Survey, 2013

## COMMUNITY SPACES ACTIVITY GROUP

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Airfields	2 of 2	There were some minor issues during the year but performance targets were achieved.
Cemeteries	1 of 1	There were no performance issues during the year.
Community Centres and Halls	3 of 3	The one target, which has caused issues in the past around the usage of the three main community centres, was achieved this year by all three centres in Thames, Whangamata and Whitianga.
Public Conveniences	1 of 1	There was a slight fall in performance responding to requests for service but this was still well above the target for the year.
Harbour Facilities	3 of 3	There have been some minor improvements to facilities in Whitianga and Whangamata this year. Progress has been made on major pieces of work like the Coromandel Harbour Strategy. A focus has also been improving asset information for the 2015-2025 Long Term Plan.
Libraries	4 of 5	The growth in the demand for internet based services continues with no signs of slowing down. The one target not met was at Port Charles where the offer of support still exists but the local community have not taken up this offer therefore there is technically no service.
Parks and Reserves	3 of 4	There has been no change in performance from last year. The one target not achieved was the result of a technical issue around the number of playgrounds.
Swimming Pools	3 of 4	The Thames pool was closed for a short period because of a burst pipe.

# COMMUNITY SPACES ACTIVITY GROUP

## Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013 Long-term plan	2014 Long-term plan	2014 Actual
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	971	1,158	556
Targeted rates (other than a targeted rate for water supply)	7,398	7,995	7,393
Subsidies and grants for operating purposes	2	2	6
Fees, charges and targeted rates for water supply	1,170	1,207	1,366
Internal charges and overheads recovered	708	621	720
Local authorities fuel tax, fines, infringement fees and other receipts	2	2	83
<b>Total operating funding (A)</b>	<b>10,251</b>	<b>10,985</b>	<b>10,124</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1 7,506	7,942	5,388
Finance costs	296	352	249
Internal charges and overheads applied	2,814	2,845	2,541
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>10,616</b>	<b>11,139</b>	<b>8,178</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>(365)</b>	<b>(154)</b>	<b>1,946</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	535	723	538
Increase/(decrease) in Debt	3,108	632	670
Gross proceeds from sale of assets	500	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>4,143</b>	<b>1,355</b>	<b>1,208</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	1,757	399	0
- to improve the level of service	4,132	2,678	2,009
- to replace existing assets	477	502	287
Increase/(decrease) in reserves	2 (2,588)	(2,378)	858
Increase/(decrease) in Investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>3,778</b>	<b>1,201</b>	<b>3,154</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>365</b>	<b>154</b>	<b>(1,946)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Ref

- 1 Depreciation of \$2.3 million was included in the funding impact statements in the Long-Term Plan. Depreciation is not included in the actual results disclosed in these statements (per the Local Government (Financial Reporting and Prudence) Regulations 2014) .
- 2 Reserves balances stated in the long-term plan budget include a credit to the depreciation reserves of \$2.3 million. Depreciation is not included in the actual results disclosed in these statements, therefore there is no corresponding credit to the depreciation reserve.



# COMMUNITY SPACES ACTIVITY GROUP

## Airfields Activity



### What We Do

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

### 2013/2014 Highlights

- A security gate and fencing was installed at the Thames airfield in June 2014 to address the safety issue of the public being able to access the working area of the airfield without prior arrangement.
- The wire sections in the boundary fence at the eastern end of Pauanui airfield, were replaced during the year.

### How Well Did We Deliver Our Services in 2013/2014

There are safe airfields for small aircraft in Thames and Pauanui				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That airfields are open in the following communities:			The Thames airfield was fully operational 358 days of the year. The airfield was however closed to fixed wing aircraft for a total of 88 hours between 4 July and 13 July 2013.	ACHIEVED
<ul style="list-style-type: none"> <li>• Thames &gt;320 days</li> </ul>	358 days	320 days		
<ul style="list-style-type: none"> <li>• Pauanui &gt; 355 days</li> </ul>	365 days	365 days	Pauanui had no closures.	
That Thames and Pauanui airfields are 100% compliant with Civil Aviation Authority safety requirements.	100%	100%	To address a potential infringement in achieving the required 1:20 approach slope to the Thames airfield a line of trees were felled. There were no recommendations from the Civil Aviation Authority safety inspection for the Pauanui airfield.	ACHIEVED

### Overview of Significant Projects & Variances

There were no major projects planned for this year.

# COMMUNITY SPACES ACTIVITY GROUP

## Cemeteries Activity



### What We Do

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

### 2013/2014 Highlights

A project to scan all the paper records into an electronic format is underway. This project will preserve historical cemetery data and will progressively improve the accessibility and quality of burial information.

### How Well Did We Deliver Our Services in 2013/2014

Cemeteries are available in each Community Board area for people to remember loved ones				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 100% of Community Board areas have cemeteries available for burials.	100%	100%	All five Community Board areas have cemeteries available for burials.	ACHIEVED

Cemeteries will be tidy and well maintained spaces				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That all cemetery interment requests are responded to within one day.	100%	100%	All of the 113 requests for interment (43 ashes and 70 casket) were dealt with as one day Requests for Service.	ACHIEVED
That ≥89% of residents and non-resident ratepayers who have a view are satisfied with Council cemeteries.	No survey in 2014	98%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED

### Overview of Significant Projects & Variances

Project	Comment
New Mercury Bay cemetery development \$232,000 (\$251,000)	Work began in August 2013 with the construction of an intersection and better site access to allow for vehicles wanting to turn into the new cemetery. Internal roadways are completed and trees planted along the road border of the new cemetery site to act as a screen and sound barrier.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# COMMUNITY SPACES ACTIVITY GROUP

## Community Centres and Halls Activity



### What We Do

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

### 2013/2014 Highlights

- Hahei Community Centre successfully completed a building upgrade and kitchen refurbishment. The total cost of the project was approximately \$250,000, with Council contributing a grant of \$55,000 and the Hahei community fundraising the remainder of the money needed.
- Coromandel Citizens Hall south-western wall was replaced and partial repainting completed. The stormwater drainage was also upgraded.
- Construction for the new ablutions at the Coroglen Hall is underway with expected completion end of August.
- A total of 10 trestle tables and eighteen stackable chairs were purchased for the Thames War Memorial Civic Centre.
- Whangamata War Memorial Hall was painted externally.

### How Well Did We Deliver Our Services in 2013/2014

The Council provides community centres and hall facilities for community activities and events				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That community centres in Thames, Whitianga and Whangamata are available for hire 14 hours per day.	100%	100%	The three community centres were available as specified.	ACHIEVED
That the actual hours community centres are used compared to total available as follows: <ul style="list-style-type: none"> <li>• Thames ≥37%</li> <li>• Whangamata ≥47%</li> <li>• Whitianga ≥36%</li> </ul>	51% 53% 42%	35% 46% 55%	Thames hall has had increased usage for the second year in a row and is now performing well above its target. Whangamata continues to enjoy consistently good patronage. While Whitianga has had a fall in use it is still performing well above its target.	ACHIEVED
That ≥90% of residents and non-resident ratepayers who have a view are fairly/very satisfied with the community centres and hall facilities.	No survey in 2014	90%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED
That the following communities have access to smaller community centres and halls: Hahei, Cooks Beach, Coroglen, Kuaotunu, Hikuai, Opoutere, Te Puru, Coromandel.	All halls operated	All halls operated	There are operational community centres in Hahei, Kuaotunu, Cooks Beach, Te Puru, Hikuai, Opoutere and Coroglen.	ACHIEVED

## COMMUNITY SPACES ACTIVITY GROUP

### Community Centres and Halls Activity

#### Grants (in 2013/2014)

Organisation and Amount	Description
Cooks Beach (\$3,350) Hahei (\$3,350) Coroglen (\$2,200) Kuaotunu (\$2,200) Hikuai (\$2,076) Opoutere (\$6,919) Te Puru (\$3,117) Tapu (\$10,909) Puriri (\$2,598) Kauaeranga Valley (\$3,117)	Funding was distributed to the various organisations in accordance with their contracts and service level agreements.

#### Overview of Significant Projects & Variances

Project	Comment
Pauanui Community Amenity \$42,000 (\$569,000)	This project is for the construction of a community amenity, incorporating library, information centre and meeting room in the central business area of Pauanui. Council approved a full business case for this project in November 2013 however the project was deferred to 2014/2015 due to consenting issues. These have now been resolved and a contract for the build has been signed. Construction of the building will take place in the 2014-2015 financial year.
Old Fire Station – 22 Monk Street \$34,000 (\$100,000)	These funds have been carried forward from 2012/2013 for upgrading of 22 Monk Street (Old Fire Station). Work was undertaken to make the building safe, watertight and more attractive to prospective tenants. No further work will be undertaken until a tenant is identified.
Hahei Community Hall Upgrade (Council contribution was \$55,000)	See 2013/2014 Highlights.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# COMMUNITY SPACES ACTIVITY GROUP

## Public Conveniences Activity



### What We Do

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

### 2013/2014 Highlights

- Work was undertaken on the water supply at both the Blackjack and Purangi toilets.
- Roofing maintenance was undertaken on the toilets located at the Whitianga wharf.
- The Te Puru Boat Ramp toilet was successfully lifted above a flood level and fully renovated.
- Investigations into a solution for the odour and capacity problems at the Tapu toilet have been started.

### How Well Did We Deliver Our Services in 2013/2014

The Council's public toilets are clean				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥85% of toilet related customer urgent enquiries are resolved within 48 hours.	93%	95%	A total of 114 requests for service received with 106 being resolved within the appropriate timeframe.	ACHIEVED
That ≥73% of residents and non-resident ratepayers who have a view are fairly/very satisfied with public toilets.	No survey in 2014	90%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED

### Overview of Significant Projects & Variances

Project	Comment
District Toilets Renewals \$54,000 (\$173,542)	The majority of the works carried out was on the Te Puru boat ramp facility. An engineer undertook a survey of all public convenience assets District wide as part of a wider programme to improve the quality of our asset information. The findings have been entered into Council's renewals programme and will help inform the priorities in the 2015-2025 Long Term Plan.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.



# COMMUNITY SPACES ACTIVITY GROUP

## Harbour Facilities Activity



### What We Do

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

### 2013/2014 Highlights

- A new pontoon and boat ramp extension has been successfully constructed and completed. This project has improved trailer boat launching in Whitianga at the Wharf Boat Ramp. This project is locally funded and an associated parking fee is being introduced after the construction of the pontoon to fund harbour facilities in Whitianga, including the pontoon itself.
- A lottery funding application is underway for Ferry Landing Stone Wharf restoration project following investigative work carried out this year.
- Whangamata completed a project is to extend the heavily used existing pontoon to enable better low tide use for small to medium size boat owners and making easier and safe access for all users.

### How Well Did We Deliver Our Services in 2013/2014

An all tide boat ramp can be accessed in each community board area				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That all 5 community board areas have access to an all tide boat ramp.	5	5	The boat ramps continue to be well utilised and offer an important service to both local residents and visitors.	ACHIEVED
That there are 9 all tide boat ramps each with at least 20 boat and trailer car park spaces within 400 metres.	9	9	The boat ramps continue to be well utilised and offer an important service to both local residents and visitors.	ACHIEVED
That ≥77 % of residents and non-resident ratepayers who have a view are satisfied with harbour facilities.	No survey in 2014	83%	The next customer satisfaction survey is scheduled in 2016	NOT MEASURED

The Council will provide commercial wharfage facilities for industry use				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That there are 5 harbours in which commercial wharfage facilities are provided and are used by aquaculture, commercial fishing, or tourism charters.	5	5	Facilities continue to be well utilised by the aquaculture, commercial fishing and tourism charters sectors.	ACHIEVED

# COMMUNITY SPACES ACTIVITY GROUP

## Harbour Facilities Activity

### Overview of Significant Projects & Variances

Project	Comment
<b>Coromandel-Colville</b>	
Coromandel Aquaculture Infrastructure \$0 (\$777,750)	The project to complete the resource consents for the Aquaculture expansion at Sugarloaf was put on hold while the wider Coromandel Harbour Facilities Project was initiated looking at the various issues and user group requirements in the harbour. The budget is carried-over to 2014/2015 to coincide with the final strategy for the development of harbour facilities in the Coromandel Harbour.
<b>Mercury Bay</b>	
Mercury Bay Destination Boat Ramp \$24,000 (\$78,000)	This year was primarily for investigations into the project. A stakeholder group has been established. Three stakeholder meetings have been held working on establishing suitable locations, and a short list of preferred locations has been established. Council have engaged a consultant to look at design options for Robinson Road boat ramp to make improvements and increase usage.
Whitianga Wharf Pontoon \$173,000 (\$100,000)	The new pontoon and boat ramp extension has been successfully constructed and completed. This project has improved trailer boat launching in Whitianga at the Wharf Boat Ramp. This project is locally funded and an associated parking fee is being introduced after the construction of the pontoon to fund harbour facilities in Whitianga, including the pontoon itself. The cost of the project had initially been estimated at \$100,000, however after detailed scoping and investigation the total cost of the project was \$173,000.
Mercury Bay Renewals \$82,000 (\$70,000)	Programme successfully completed for the year.
Ferry Landing Wharf Investigation Project \$20,000 (\$20,000)	\$20,000 was allocated and used for scoping work in the 2013/2014 year. Prices were obtained for WRC consent, stone masons works and dive recovery of stonework. A landscaping plan has been prepared, reviewed by the stakeholders and revised final concept plans issued. The engineers estimate for landscaping has also been prepared and is in the process of being reviewed. The plan and scope of the project was presented to the Community Board at their February workshop and plans were approved to move forward into funding stage. Staff are currently working on the lottery funding application for Ferry Landing wharf.
<b>Tairua-Pauanui</b>	
Tairua Mary Beach Boat Ramp Enhancement \$0 (\$119,000)	This year was primarily for investigation and planning for the project. A stakeholder group was established to review concept designs. The initial costings undertaken for the preferred option all exceeded the approved budget for the project. The Community Board have specified that the project is to be designed within the approved Ten Year Plan budget.
<b>Whangamata</b>	
Wharekawa Boat Ramp \$32,000 (\$76,000)	This project has been successfully completed for significantly less than the original budget.
Boat Wash Down Facility, in Whangamata \$0 (\$138,642)	The budget for this project has been relinquished. The project will not proceed.
Whangamata Boat Ramp Pontoon Extension \$30,000 (\$30,000)	The boat ramp pontoon extension has been successfully constructed and completed on budget. See 2013/14 Highlights.
Hannafords Jetty Modification \$251,000 (276,000)	The damage to the jetty that was sustained during a severe weather event in 2012 including the planned upgrade, was completed during the year.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# COMMUNITY SPACES ACTIVITY GROUP

## Libraries Activity

---



### What We Do

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

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

### 2013/2014 Highlights

A number of community programmes and initiatives were offered throughout the year. Highlights included:

- The Kids get Active programme which attracted 564 children across the District. Utilising the skills and talents of people within the community children participated in activities as diverse as martial arts, surfing and healthy eating.
- 'Rug up and Read'; the adult winter reading programme which encouraged people to broaden their reading and experience new authors and genres.
- The publication of two anthologies as a result of creative writing classes with youth and with residents of the Aged Care Facility in Tairua.

# COMMUNITY SPACES ACTIVITY GROUP

## Libraries Activity

### How Well Did We Deliver Our Services in 2013/2014

The Council provides library facilities for customers to access library services				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
<p>That library facilities providing an integrated and District wide service are available in the following communities:</p> <ul style="list-style-type: none"> <li>• Thames</li> <li>• Whitianga</li> <li>• Tairua</li> </ul>	Service provided	Service provided	<p>Thames, Whitianga and Tairua each provide a library service to the people of the District. The libraries worked collaboratively to provide services and programmes across the District.</p> <p>The physical resources of each library were well used with 256,958 items issued across the three libraries. Programmes and events were well attended.</p>	ACHIEVED
<p>That the Council supports independently operated local libraries in the following communities:</p> <ul style="list-style-type: none"> <li>• Whangamata</li> <li>• Coromandel</li> <li>• Pauanui</li> <li>• Hahei</li> <li>• Ferry Landing</li> <li>• Kauotunu</li> <li>• Port Charles</li> </ul>	Libraries operated except Port Charles	Libraries operated except Port Charles	<p>All libraries with the exception of Port Charles have operated with Council support. The offer of support to the Port Charles community is still available, however the local community have decided that there is not sufficient local support for the service to continue.</p>	NOT ACHIEVED
<p>That ≥80% residents and non-resident ratepayers who have a view are satisfied with library services.</p>	No survey in 2014	94%	<p>The next customer satisfaction survey is scheduled in 2016.</p>	NOT MEASURED

Customers have access to a range of current information in both print and digital format				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
<p>That &gt;90% of library collection meets the LIANZA standard of 3-3.5 items per local resident per library.</p>	100%	100%	<p>Thames Library collection holds 3.4 items per local resident. Mercury Bay Library collection holds 4.4 items per local resident. Tairua Library collection holds 4.9 items per local resident. Thames Library meets the recommended minimum collection size. Mercury bay and Tairua Libraries exceed the minimum.</p>	ACHIEVED
<p>That the number of internet and WiFi sessions increases by +5% on the previous year's usage.</p>	33%	>100%	<p>While the public access Internet computers are still well used there has been a huge increase in the number of people using WiFi. Internet and WiFi sessions totalled 76,387 (APNK = 26,953 WiFi=49434) this year, compared to 57,647 last year (APNK = 27,745 WiFi=29,902) an increase of 33%.</p>	ACHIEVED

## COMMUNITY SPACES ACTIVITY GROUP

### Libraries Activity

A constant choice of new materials and current information is available throughout the year				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That between 300-330 new items per 1000 local residents are added to the collection each year.	410 per 1000 local residents	450 per 1000 local residents	Each library exceeded the target. <ul style="list-style-type: none"> <li>Thames Library added 349 items per 1000 local residents.</li> <li>Mercury Bay added 448 items per local resident.</li> <li>Tairua Library added 432 items per local resident.</li> </ul>	ACHIEVED

The District libraries provide programmes for people to improve reading and literacy skills				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥72% of participants are satisfied with the programmes they participate in.	Not Measured	Not Measured	Formal surveys proved to be impractical as although feedback forms were handed out they were seldom completed and returned. Our measure of success has been the numbers of participants and having people asking when the next event would take place. Verbal feedback has been positive. 564 children participated in the Kids get Active programme and approximately 200 are enrolled in the Wonder programme.	NOT MEASURED

### Overview of Significant Projects & Variances

There were no major projects planned for this activity this year.



# COMMUNITY SPACES ACTIVITY GROUP

## Parks and Reserves Activity



### What We Do

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

### 2013/2014 Highlights

- Hauraki House Playground in Coromandel was renovated and upgraded in time for Christmas 2013 which was welcomed by locals and visitors alike. Community input into the design was facilitated through the Coromandel Independent Living Trusts KiwiCan programme.
- Hauraki Terrace Playground in Thames was renovated and upgraded with community and Council staff involvement. Council staff worked with pupils from Thames South School on the design and equipment that has been installed.
- A new playground has been created at Island View Reserve in Whangamata.
- A new pay and display system was introduced at Hot Water Beach at the main carpark this year. The project was successfully completed and has been operating since December 2013. Revenue from the carpark will be used to offset tourism infrastructure costs in the wider Mercury Bay area.

### How Well Did We Deliver Our Services in 2013/2014

The Council provides a range of parks and reserves within the District				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That m <sup>2</sup> of reserve per property (rating unit) is as follows: <ul style="list-style-type: none"> <li>• District – 48m<sup>2</sup></li> <li>• Thames CB – 30m<sup>2</sup></li> <li>• Coromandel CB – 40m<sup>2</sup></li> <li>• Mercury Bay CB – 54m<sup>2</sup></li> <li>• Tairua-Pauanui CB – 75m<sup>2</sup></li> <li>• Whangamata CB – 48m<sup>2</sup></li> </ul>	48m <sup>2</sup> 30m <sup>2</sup> 40m <sup>2</sup> 51m <sup>2</sup> 75m <sup>2</sup> 48m <sup>2</sup>	48m <sup>2</sup> 30m <sup>2</sup> 40m <sup>2</sup> 51m <sup>2</sup> 75m <sup>2</sup> 48m <sup>2</sup>	The m <sup>2</sup> of reserve per property has remained consistent.	ACHIEVED
That ≥85% of residents and non-resident ratepayers who have a view are fairly/very satisfied with parks and reserves.	No survey in 2014	93%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED
That 85% of users are fairly/very satisfied with parks and reserves.	97%	93%	Annual Yardstick Parkcheck survey undertaken in January 2014.	ACHIEVED

# COMMUNITY SPACES ACTIVITY GROUP

## Parks and Reserves Activity

The Council provides playgrounds				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That the number of children's playgrounds are as follows:			There has been only one change since last year in Whangamata. The playground locations are listed below:	NOT ACHIEVED
Thames / Thames Coast – 9	7	7	Rhodes Park, Hauraki Terrace, Porritt Park, Victoria Park, Te Puru Domain, Waiomu Domain and Ngarimu Bay Domain.	
Coromandel / Colville – 4	4	4	Coromandel / Colville are located at Long Bay, Port Charles, Samuel James Reserve and Hauraki House Reserve.	
Mercury Bay North – 6	4	4	Whangapoua, Kuaotunu, Matarangi Village Green and Matarangi Drive.	
Whitianga / Wharekaho – 6	5	5	Wharekaho, Brophy's Beach, Whitianga Wharf, Soldiers Memorial Park and Moewai Road.	
Mercury Bay South – 4	4	4	Cooks Beach North, Cooks Beach Central, Purangi and Hahei Central.	
Tairua – 3	3	3	Pepe Reserve, Paku and Cory Wright Domain.	
Pauanui – 7	7	7	Ajax Head, Beaumont Green, Chelmsford Court, Gallagher Park, Given Grove, Royal Billy and Waterways.	
Whangamata / Onemana – 7	4	3	Beach Road, the Fire Station, Island View and Onemana.	

Parks and reserves are kept clean and tidy				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥85% of parks and reserves related customer urgent enquiries are resolved within 48 hours.	91%	99%	Of the 152 urgent requests for service received 139 were completed within the timeframe.  There were a further 165 requests for service received which were defined as not urgent of which 160 were completed within the timeframe.	ACHIEVED

### Overview of Significant Projects & Variances

Project	Comment
<b>Coromandel-Colville</b>	
Renewals \$13,000 (\$14,000)	Hauraki House Reserve Playground was refurbished this year. This project was carried out as a combined project with Coromandel Minor Reserves Projects.
Minor Reserves Projects \$37,000 (\$70,000)	Hauraki House Reserve Playground was refurbished this year. This project was carried out in conjunction as a combined project with Coromandel Renewals.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# COMMUNITY SPACES ACTIVITY GROUP

## Parks and Reserves Activity

### Overview of Significant Projects & Variances [continued]

Project	Comment
<b>Thames</b>	
Renewals \$13,000 (\$13,000)	Project added to Hauraki Terrace Playground upgrade. New swing set and soft fall purchased.
New Thames Skatepark \$0 (\$141,154)	The Thames Community Board approved the project to design and resource consent stage. If fundraising targets are met construction is expected to be complete in early 2015.
Community Sports Facility \$0 (\$139,571)	This project is for the development of new community sports facilities in Thames. The Thames Community Board and Council have now approved the business case, which has a series of decision-making milestones. The next phase is detailed design and consenting.
Minor Reserves Projects \$41,000 (\$70,000)	The Monument Walkway was put on hold due to an archaeological find and the Bella Street Walkway was not progressed due to lack of staff time. As a result resources were reassigned to the Hauraki Terrace Playground in Thames.
<b>Mercury Bay</b>	
Hot Water Beach Parking Management Project \$21,000 (\$25,000)	A new pay and display system was introduced at Hot Water Beach at the main car park this year. The project was successfully completed and has been operating since December 2013. Revenue from the carpark will be used to offset tourism infrastructure costs in the wider Mercury Bay area.
Whitianga Coastal Erosion Project – Brophys Beach Design and Consenting \$80,000 (\$80,000)	This part of a long term project to address coastal erosion as part of a wider strategy. The first phase of design work for the new sea wall has been completed. The length and design and location of the wall was presented to the coastal steering group in November 2013 and March 2014. A consent application has been submitted and budgets have been allocated for implementation in the 2014-2015 Annual Plan.
Minor Reserves Projects \$39,000 (\$69,000)	The condition assessments were not an accurate reflection of the assets on the ground. As such, some of the budget originally identified for asset replacements was not required in the 2013/2014 financial year.
<b>Tairua-Pauanui</b>	
Minor Reserves Projects \$67,000 (\$164,000)	The condition assessments were not an accurate reflection of the assets on the ground. As such, some of the budget originally identified for asset replacements was not required in the 2013/2014 financial year.
Coastal Walkways \$16,000 (\$98,000)	The Community Board allocated \$56,000 of this budget to progress the Pauanui Tairua Trail and \$42,000 to progress the Pepe Bridge and Walkway in Tairua. The Pauanui Tairua Trail has progressed to lodgement of the resource consent with Waikato Regional Council and the Pepe bridge and walkway has progressed to the preparation for lodgement of the resource consent application with Waikato Regional Council.
<b>Whangamata</b>	
Island View Reserve Development \$120,000 (\$132,000)	The construction of an adventure style play ground in this reserve and the corresponding ground work has greatly enhanced the area.
Whangamata Harbour Walkway (Moana Anu Anu) \$25,000 (\$50,000)	This project is completed and included additional planting of fruit trees and shrubs and mulching of gardens. Any further work will be considered as part of a wider review of priorities through the 2015-2025 Long Term Plan.
Minor Reserve Projects \$57,000 (\$87,000)	The bulk of this expenditure has been for the installation of lights in Williamson Park purchased last financial year and the purchase of the final seven lights required to complete Williamson Park.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# COMMUNITY SPACES ACTIVITY GROUP

## Swimming Pools Activity

---



### What We Do

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

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

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

### 2013/2014 Highlights

The Thames Pool is operating at a much improved level under the current management and initiation of the Thames Valley Swim Academy bodes well for increased utilisation.

The Thames Swimming Pool got a long overdue repaint in April 2014 when it was drained and repainted for the first time in 12 years. Upon re-opening many patrons complimented the result commenting that the water felt 'quite different'.

The Thames Valley Swim Academy was formed in March 2014 and received its Certificate of Incorporation in May 2014. The purpose of the Academy is to:

- Provide a pathway from Club swimming to regional level swimming.
- Promote, foster and encourage participation in competitive swimming.
- Provide training programmes, camps/clinics, events and trips for competitive swimming.
- Promote attitudes and behaviour conducive to good conduct and fair play.
- Align with the requirements and objects of Swim Waikato Incorporated and Swimming New Zealand Incorporated.
- Raise funds to promote the objects of the Academy.
- Do all other acts, matters and things incidental or conducive to the attainment of the above objectives.
- Support competitive swimmers from summer only pools by providing the opportunity to train 12 months of the year.

Local sponsorship was gained for staff uniforms, instructor rash vests and much needed swim equipment (pull buoys, kick boards, hand paddles, squirt toys and dive rings).

# COMMUNITY SPACES ACTIVITY GROUP

## Swimming Pools Activity

### How Well Did We Deliver Our Services in 2013/2014

The Council provides year round access to a swimming pool in Thames				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
<p>That the Thames Centennial Pool is available during the:</p> <p><u>Summer</u></p> <ul style="list-style-type: none"> <li>6hrs per day, 7 days a week</li> </ul> <p><u>Winter</u></p> <ul style="list-style-type: none"> <li>5hrs per day, 6 days a week</li> </ul>	<p><u>Summer</u></p> <p>Weekdays - 9.5 hrs Weekends - 6 hrs</p> <p><u>Winter</u></p> <p>Weekdays - 9 hrs Sunday - 6 hrs</p>	<p><u>Summer</u></p> <p>Weekdays - 9.5 hrs Weekends - 6 hrs</p> <p><u>Winter</u></p> <p>Weekdays - 9 hrs Sunday - 6 hrs</p>	<p>The pool was closed twice this year.</p> <p>The first closure was between 16 and 20 March 2014. The result of a burst pipe in the plant room, which affected the pump, resulting in intermittent closures for a total of 21 hours.</p> <p>There was another closure for planned maintenance (painting) between 5 and 22 April 2014.</p>	NOT ACHIEVED

The Council provides a range of aquatic programmes available at the Thames Centennial Pool				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
<p>That 4 Learn to Swim programmes are available each school year (4 terms).</p>	4 Learn to Swim programmes provided.	4 Learn to Swim programmes provided.	<p>A programme of lessons was delivered in each of the 4 terms to cater for a wide range of ages and abilities. The nine different types of lesson that make up the Learn to Swim programmes are: Jellyfish, Seahorse, Pipi, Starfish, Eel, Octopus, Snapper, Kingfish, Marlin.</p> <p>School Holiday Block lessons were also delivered.</p>	ACHIEVED
<p>That 60 aquarobic programmes are offered annually.</p>	76	80	<p>Sessions were delivered over the four school terms on Tuesdays and Thursdays between 11am and 12 noon.</p>	ACHIEVED

The pools are clean, safe and enjoyable places to visit				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
<p>That the Thames Centennial Pool achieves ACC Poolsafe accreditation.</p>	Accreditation Achieved	Accreditation Achieved	<p>Thames Centennial Pool was first accredited four years ago and has successfully achieved accreditation each consecutive year since.</p>	ACHIEVED

### Overview of Significant Projects & Variances

There were no major projects planned this year.



## COMMUNITY DEVELOPMENT ACTIVITY GROUP

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

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

### This activity group includes the following activities:

- Economic Development
- Social Development

### Contributing to Our District

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

Throughout the 2013/2014 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
the GDP rate of the District is maintained or increases.	The Gross Domestic Product (GDP) rate rose 2.3% over the last year, which was under both the Waikato (3.1%) and New Zealand (3.0%) increases. The rise in GDP for the same period in the previous year was 3.3%.
the % of unemployed in our District decreases.	The annual average unemployment rate was 5.2% in June 2014 an increase on the previous year which was 4.5%. The rate is lower than both Waikato (6.6%) and New Zealand (5.6%).
the deprivation level of the resident population improves.	At the time of writing the deprivation figures have been released but are not currently in a format that allows a Thames Coromandel position to be reported.
resident satisfaction with their quality of life is maintained or increases ^	The result in 2013 was 83.1% compared to 84% in 2010. The next survey is in 2016.
residents agreement that their community is a place where young people can imagine building a life maintains or increases ^	The result in 2013 was 49.3% compared to 52.8% in 2010. The next survey is in 2016.

^measured in the MARCO Perception Survey, 2013

## COMMUNITY DEVELOPMENT ACTIVITY GROUP

---

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Economic Development	2 of 4	The first measure not achieved was the result of a change of contract management arrangements at Whangamata Information Centre that resulted in the centre closing for a week. The other of the two performance measures not achieved related to a challenging target to increase the number of visitor guest nights though there was a significant increase on the previous year from 1.5% to 4%.
Social Development	8 of 8	All eight of the Social Development activity were achieved for the second consecutive year.

# COMMUNITY DEVELOPMENT ACTIVITY GROUP

## Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013 Long-term plan	2014 Long-term plan	2014 Actual
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	888	915	930
Targeted rates (other than a targeted rate for water supply)	1,348	1,291	1,411
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	368	357	319
Internal charges and overheads recovered	161	127	279
Local authorities fuel tax, fines, infringement fees and other receipts	1	1	0
<b>Total operating funding (A)</b>	<b>2,766</b>	<b>2,690</b>	<b>2,939</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,360	2,156	2,466
Finance costs	2	3	0
Internal charges and overheads applied	514	529	805
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,876</b>	<b>2,688</b>	<b>3,271</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>(110)</b>	<b>2</b>	<b>(332)</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	100	(2)	183
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>100</b>	<b>(2)</b>	<b>183</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	53	49	4
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	(63)	(49)	(153)
Increase/(decrease) in Investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(10)</b>	<b>0</b>	<b>(149)</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>110</b>	<b>(2)</b>	<b>332</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# COMMUNITY DEVELOPMENT ACTIVITY GROUP

## Economic Development Activity



### What We Do

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

### 2013/2014 Highlights

The Economic Development Strategy and Action Plan was launched in November 2013 and following a consultation period was adopted by Council on 18 December 2013. The Economic Development Action Plan is based on achieving six major strategic directives:

- **DestinationCoromandel – Enhancing our tourism proposition** – We will make the Coromandel the preferred visitor destination in New Zealand.
- **ExportCoromandel – Pathway to a prosperous future** – We will focus on facilitating growth in our District's core-export industries as a primary means to grow jobs and income in the Coromandel.
- **InnovationCoromandel – Building innovation** – We will pursue innovation in our District to diversify our economy and to help grow new innovation & cloud-based industries.
- **BusinessCoromandel – Doing our business better** – We will be known as an enabling Council for businesses to work with.
- **TeamCoromandel – Working together** – We will develop strong partnerships the private sector, Iwi, communities and government agencies.
- **StrongerCoromandel – Improving access to the Coromandel** – We will build and maintain infrastructure that is identified as critical to unlock the economic prosperity of the District and which connects us locally, nationally and globally.

A new Economic Development Committee was established and held its inaugural meeting on 14 November to ensure the outcomes and initiatives outlined in the strategy and action plan are progressed. The committee in addition to Council members has also appointed three external members.

### How Well Did We Deliver Our Services in 2013/2014

The Council supports the promotion of the Coromandel Peninsula as a national and international tourism destination				
What we aimed for	2013/2014	2012/2013	How we did	Annual Result
That visitor information centres are open 364 days per annum in Thames, Whangamata, Whitianga.	2 centres open for 364 days 1 centre open for 357 days	3 centres open for 364 days	Thames and Whitianga were open for 364 days. Whangamata was closed for a week.	NOT ACHIEVED
That there is a ≥5% increase in visitor guest nights from previous year.	4%	1.5%	While this challenging target has not been met, the continuing upward trend continues, as this is the third consecutive year of growth.	NOT ACHIEVED

# COMMUNITY DEVELOPMENT ACTIVITY GROUP

## Economic Development Activity

The Council advocates for and facilitates sustainable business development and new business investment on the Coromandel Peninsula				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥85% of key performance indicators achieved by Destination Coromandel (as set in its annual strategic marketing plan).	85%	100%	Destination Coromandel have reported back and achieved their work programme targets.	ACHIEVED
That ≥75% of the district's business community are satisfied or more than satisfied with the Council's overall performance in the economic development activity.	Not Measured	Not Measured	The survey is scheduled for late 2014 outside the reporting timeframes for this Annual Report and will be reported in the 2014-2015 report.	NOT MEASURED
That the total number of businesses in our district are maintained or increased by 1%, from previous year.	Not available at time of writing report	-2% <small>(information was not available at time of writing report)</small>	The information for the current year is not available at the time of writing the report. For the corresponding period between 2012 and the total number of businesses fell by 2% and there was a loss of 190 jobs. NB this does not include self-employed businesses.	NOT MEASURED
That we can demonstrate that we have maintained or increased engagement in economic development advocacy initiatives, from previous year.	Maintained engagement	Increased engagement	Council staff have been working with Auckland Tourism Events and Economic Development, Hauraki Rail Trail Trust, Economic Development Agencies of New Zealand, New Zealand Trade and Enterprise, Waikato Regional Council, Hauraki District Council, Iwi, Lotteries, Community Groups and Developers on Economic Development Projects.	ACHIEVED

### Overview of Significant Projects & Variances

Organisation and Amount	Description
Regional Partnerships Programme \$0 (\$50,000)	Council did not participate in the regional economic development strategy and the aquaculture strategy did not materialise because of a change of aquaculture member input.
Coromandel Great Walks feasibility study \$98,000 (\$50,000)	This project is on-going and stage 1 will be built in the 2014/15 financial year.
Major Events Contestable Fund \$95,000 (\$75,000)	Some of the major events supported through the 2013/14 Fund included the Coromandel Town Illume Festival (\$50,000), Mindsport Festival (\$12,500) and Tairua Wet n Wild (\$2,500).

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.



# COMMUNITY DEVELOPMENT ACTIVITY GROUP

## Social Development Activity



### What We Do

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

### 2013/2014 Highlights

Kerbs and footpaths around Thames are being upgraded to improve accessibility, particularly for disabled people and the elderly. The work follows on from the development of a Disability Strategy in 2012 and undertaking an accessibility audit of the town late last year. The Thames Community Board has prioritised existing budgets to sign-off on work that includes:

- The construction of a new footpath connecting Queen Street and the Coastal walkway via Richmond Street.
- The installation of a pedestrian refuge at the northern end of Pollen Street to make crossing the road safer.
- Installation of new full-length kerb ramps around the town centre to make it easier for wheelchairs and mobility scooters to get onto footpaths from existing disabled parking spaces.
- Relocation of mobility spaces at Thames library addressing safety concerns.

An on-going programme of work to improve accessibility by reducing kerb ramp gradients and remove possible trip hazards is also planned. Further audits have been commissioned and undertaken for Coromandel, Whitianga, Whangamata, Tairua, Pauanui.

Council adopted a Youth Strategy in October 2013 and an action plan to support the strategy is being developed with community partners, agencies and young people. It is planned that a pragmatic approach, involving a range of community partners, similar to the disability strategy will evolve in the 2014-2015 year.

### How Well Did We Deliver Our Services in 2013/2014

The Council promotes community empowerment through supporting community-driven initiatives				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That all the funds distributed comply with the Council's community grant criteria: <ul style="list-style-type: none"> <li>• Thames</li> <li>• Coromandel-Colville</li> <li>• Mercury Bay</li> <li>• Tairua-Pauanui</li> <li>• Whangamata</li> </ul>	100%	100%	The five boards approved 70 applications distributing a total of over \$135,000. Details of applicants, amounts and purpose of the grants can be found on the Council's website.	ACHIEVED

# COMMUNITY DEVELOPMENT ACTIVITY GROUP

## Social Development Activity

### The Council supports the development and strengthening of social service networks

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
<p>That 8 social service programmes are delivered in the District by Social Services Waikato covering the following topics:</p> <ul style="list-style-type: none"> <li>• Funding advice</li> <li>• Relationship building</li> <li>• Crisis management</li> </ul>	Programmes delivered	Programmes delivered	This service is delivered on behalf of Council through Community Waikato. Their end of year report outlined that the organisation delivered programmes relating to funding advice, relationship building and crisis management using a range of different approaches.	ACHIEVED

### The Council supports the provision of health education and physical health

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 2 life education sessions are held with participating schools in the District for students aged 5-13 years.	>2	>2	This target was exceeded with Life Education Trust conducting sessions across the District.	ACHIEVED
That 8 physical activity programmes are delivered by Sports Waikato.	>8	>8	The target was exceeded with Sport Waikato directly delivering a diverse range of programmes which directly contributed to the quality of life of local residents through improved health, fun and nutrition. Sport Waikato staff worked jointly with Council staff to prepare a Regional Sports Plan.	ACHIEVED

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 2 creative communities funding rounds are held annually.	2	2	There were two funding rounds in October 2013 and April 2014. A total of \$10,978 was awarded to 11 different groups and individuals in October, and a further \$11,169 was awarded to 14 different individuals and groups in April.	ACHIEVED

### The Council supports the provision of residential housing for older persons

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 58 pensioner housing units are provided in Thames, Coromandel and Whitianga.	58	58	There were no planned additions to the number of pensioner units currently available in Thames, Coromandel, and Whitianga	ACHIEVED

# COMMUNITY DEVELOPMENT ACTIVITY GROUP

## Social Development Activity

### The Council supports the provision of seasonal swimming pools in Whitianga, Whangamata and Coromandel

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That pools are open for use each summer in the following communities:			The measure in the Long Term Plan for Coromandel does not reflect the Service Level Agreement with the Pool Committee. The signed agreement is 5 hours per day, 7 days per week from mid-December to the end of March. This has been in place for a number of years and there has been no change.	ACHIEVED
<ul style="list-style-type: none"> <li>• Whitianga – 8 hours per day Mid December to Easter</li> </ul>	8 hours per day Mid December to Easter	8 hours per day Mid December to Easter		
<ul style="list-style-type: none"> <li>• Whangamata – 26 weeks per year</li> </ul>	26 weeks per year	26 weeks per year		
<ul style="list-style-type: none"> <li>• Coromandel – 10 hours - weekdays 5 hours - weekends</li> </ul>	5 hrs every day Mid Dec to end of March	5 hrs every day Mid Dec to end of March		

### The Council supports crime minimisation initiatives within communities

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That community night patrols are financially supported by the Council in:	Financial support provided	Financial support provided	Community night patrols were provided as specified in their contracts.	ACHIEVED
<ul style="list-style-type: none"> <li>• Whitianga &amp; Mercury Bay South</li> <li>• Whangamata</li> <li>• Thames</li> </ul>				

### Grants (in 2013/2014)

There are a range of grants and service level agreements in place delivered through this activity. Grant recipients for 2013/2014 are noted on our website.

### Overview of Significant Projects & Variances

Project	Comment
Disability Strategy	One of the main outputs of the Disability Strategy Action Plan was accessibility audits informing priorities and decisions. Thames is the most advanced and has moved to practical implementation. The Ministry of Social Development – Making a Difference Fund, funded the access audits with the exception of Thames. Thames was funded last year through the Social Development activity as a pilot project.
Youth Strategy	Council adopted the Youth Strategy in October 2013 and an action plan to support the strategy is being developed with community partners, agencies and young people.

## STORMWATER ACTIVITY GROUP

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

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

### This activity group includes the following activities:

- Stormwater
- Land Drainage

### Contributing to Our District

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

Throughout the 2013/2014 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
The number of dwellings reported to be inundated with stormwater during a 1 in 10 storm event decreases *(measured annually).	There have been no stormwater inundations to dwellings reported during the past two years.

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

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included in the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Stormwater	3 of 3	All three performance measures were achieved this year.
Land Drainage	0 of 0	There were no requests for this service therefore it was not measured this year.

# STORMWATER ACTIVITY GROUP

## Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

		2013	2014	2014
		Long-term plan	Long-term plan	Actual
	Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>				
General rates, uniform annual general charges, rates penalties		935	896	782
Targeted rates (other than a targeted rate for water supply)		2,207	2,120	2,089
Subsidies and grants for operating purposes		0	0	0
Fees, charges and targeted rates for water supply		1	2	7
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>3,143</b>	<b>3,018</b>	<b>2,878</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1	2,176	2,293	682
Finance costs		263	253	169
Internal charges and overheads applied		905	844	743
Other operating funding applications		0	0	0
<b>Total applications of operating funding (B)</b>		<b>3,344</b>	<b>3,390</b>	<b>1,594</b>
<b>Surplus(deficit) of operating funding (A - B)</b>		<b>(201)</b>	<b>(372)</b>	<b>1,284</b>
<b>Source of capital funding</b>				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		61	87	117
Increase/(decrease) in Debt		46	(431)	(118)
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>107</b>	<b>(344)</b>	<b>(1)</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand		243	14	0
- to improve the level of service		636	97	101
- to replace existing assets		1,092	1,136	759
Increase/(decrease) in reserves	2	(2,065)	(1,963)	423
Increase/(decrease) in Investments		0	0	0
<b>Total applications of capital funding (D)</b>		<b>(94)</b>	<b>(716)</b>	<b>1,283</b>
<b>Surplus(deficit) of capital funding (C - D)</b>		<b>201</b>	<b>372</b>	<b>(1,284)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>		<b>0</b>	<b>0</b>	<b>0</b>

### Ref

- 1 Depreciation of \$1.4 million was included in the funding impact statements in the Long-Term Plan. Depreciation is not included in the actual results disclosed in these statements (per the Local Government (Financial Reporting and Prudence) Regulations 2014) .
- 2 Reserves balances in the Long-Term Plan includes a credit to the depreciation reserves of \$1.4 million. Depreciation is not included in the actual results disclosed in these statements, therefore there is no corresponding credit to the depreciation reserve.

# STORMWATER ACTIVITY GROUP

## Stormwater Activity



### What We Do

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

### 2013/2014 Highlights

A number of stormwater projects and programmes were completed over the year with the following just some of the works completed:

- A significant renewals project was completed in the Parawai area of Thames. This project was to renew and restore the appropriate level of service to the area, this year's programme of work was the final phase.
- Hill Street in Thames was another area that renewals were undertaken. This project was across a number of services, and included renewal of stormwater infrastructure to restore the appropriate level of service to the area.
- A project was undertaken in Whangamata in the Bellona Road area to provide stormwater soakage capacity during periods of intense rainfall. The project is similar to others undertaken in Whangamata and is working very well to date.

### How Well Did We Deliver Our Services in 2013/2014

The Council's stormwater services protect habitable areas from flooding				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That <22 dwellings are inundated with stormwater during a storm event with a 10% estimated return period.	0	0	Council received three Requests for Service. All requests were related to minor stormwater inundation that did not result in any flooding of dwellings.	ACHIEVED
That 100% of operational resource consent conditions are complied with throughout the year.	100%	Not measured	Work packages for the standalone consents granted last year continue to be managed to ensure compliance. All resource consent conditions have been complied with.	ACHIEVED



# STORMWATER ACTIVITY GROUP

## Stormwater Activity

The Council provides a responsive stormwater request service				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≥90% of urgent requests for service are responded to within one day.	100%	100%	Council received five Requests for Service. All requests were addressed within the timeframe.	ACHIEVED
That ≥68% of residents and non-resident ratepayers who have a view are satisfied with the stormwater systems.	No survey in 2014	75%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED

### Overview of Significant Projects & Variances

Project	Comment
Thames Renewals \$675,000 (\$649,000)	Two significant projects were completed this year in the Parawai Road and Hill Street areas. Both projects involved a co-ordinated approach with other infrastructure activities.
<b>Renewals</b>	The listed renewals have individually been under the allocated budgets and collectively amount to an underspend of over \$400,000. The only works undertaken are those assessed as essential, meaning not undertaking them is likely to have an immediate impact on levels of service. Works were prioritised through the year and undertaken only where required.
Coromandel \$22,000 (\$66,000)	The focus has been on developing more robust asset data information to ensure that unnecessary works are not undertaken.
Mercury Bay \$26,000 (\$85,000)	This is a long-term project consisting of both a revised asset management plan (10 years) and a 30-year infrastructure strategy.
Whitianga \$0 (\$85,000)	These are being prepared to inform future priorities in the 2015-2025 Long Term Plan.
Tairua \$8,000 (\$68,000)	
Pauanui \$15,000 (\$105,000)	
Whangamata \$13,000 (\$84,000)	
Onemana \$3,000 (\$34,000)	
Tairua Outfall Upgrades \$0 (\$171,000)	This project relates to the modification of stormwater outfalls around the Tairua Harbour – in conjunction with the Tairua Marina beach replenishment works. Until the beach profile is stabilised, the length of the outfall extensions can not be determined.
Pauanui Improvements \$0 (\$76,000)	This budget was for the re-profiling and armouring of sections of the Holland stream. The investigation works are nearing completion to enable construction to commence.
Coromandel System Improvements \$0 (\$58,000)	This project has been put on hold and will be re-scoped based on the changes to the sports field project.
Whangamata Improvements \$101,000 (\$210,000)	The works were scaled down in line with a revised stormwater ponding assessment. The remainder of the budget is no longer required.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# STORMWATER ACTIVITY GROUP

## Land Drainage Activity



### What We Do

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

### How Well Did We Deliver Our Services in 2013/2014

Land drainage schemes in Matatoki and Wharepoa are maintained to reduce the impact of flooding on farm properties				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 100% of requests for maintenance of land drains are actioned within 10 working days.	No requests	100%	There were no requests for maintenance received by Council that related to Matatoki and Wharepoa.	NOT MEASURED

### Overview of Significant Projects & Variances

There are no major projects or variances to report.

# WASTEWATER ACTIVITY GROUP

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

## This activity group includes the following activities:

- Wastewater

## Contributing to Our District

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

Progress for this group of activities on meeting Council outcomes is measured using the following indicators:

We would be successfully contributing to our District if:	How We Did
The % of stream water samples meeting environmental standards and guidelines for safe swimming and ecological health is maintained or increases. *(measured three-yearly)	At the time of preparing this report, comparative information is not available for all stream waters within the District. The Waikato Regional Council's river water quality for ecological health, indicates 65.9% excellent, 22.3% satisfactory and 11.8% unsatisfactory averaged over a five-year period from 2009 and 2013. This is a slight improvement on the period covering 2008 to 2012 which recorded 65.2% excellent, 22.5% satisfactory and 12.3% unsatisfactory.
% of resident satisfaction with the quality of rivers and waterways is maintained or increases. *(measured three-yearly)	56.3% of residents surveyed were satisfied in 2013 with the quality of rivers and waterways compared to 72% in 2010. The next survey is in 2016.

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

## Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included in the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Wastewater	6 of 7	The only performance measure not achieved related to issues with the robustness and appropriateness of the bylaw and is therefore under review.

# WASTEWATER ACTIVITY GROUP

## Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013 Long-term plan	2014 Long-term plan	2014 Actual
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	14,386	14,422	14,237
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	366	430	154
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>14,752</b>	<b>14,851</b>	<b>14,391</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1	11,560	12,109
Finance costs		2,537	2,488
Internal charges and overheads applied		3,413	2,981
Other operating funding applications		0	0
<b>Total applications of operating funding (B)</b>		<b>17,510</b>	<b>17,578</b>
<b>Surplus(deficit) of operating funding (A - B)</b>		<b>(2,758)</b>	<b>3,188</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure		0	0
Development and financial contributions		1,118	1,302
Increase/(decrease) in Debt		1,097	(1,331)
Gross proceeds from sale of assets		0	0
Lump sum contributions		0	0
Other dedicated capital funding		0	0
<b>Total sources of capital funding (C)</b>		<b>2,215</b>	<b>(29)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand		930	368
- to improve the level of service		1,981	742
- to replace existing assets		1,311	1,364
Increase/(decrease) in reserves	2	(4,765)	(5,230)
Increase/(decrease) in Investments		0	0
<b>Total applications of capital funding (D)</b>		<b>(543)</b>	<b>(2,756)</b>
<b>Surplus(deficit) of capital funding (C - D)</b>		<b>2,758</b>	<b>2,727</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>		<b>0</b>	<b>0</b>

### Ref

1 Depreciation of \$4.9 million was included in the funding impact statements in the Long-Term Plan. Depreciation is not included in the actual results disclosed in these statements (per the Local Government (Financial Reporting and Prudence) Regulations 2014). The remaining variance is attributable to savings on contract costs of \$0.2 million, insurance \$0.3 million, operational costs of the Eastern Seaboard plants \$0.4 million and a number of other small savings amounting to \$0.6 million in total across the wastewater activity.

2 Reserves balances in the Long-term Plan budget includes a credit to the depreciation reserves of \$1.4 million. Depreciation is not included in the actual results disclosed in these statements, therefore there is no corresponding credit to the depreciation reserve. The remaining movement is the surplus from operations.

# WASTEWATER ACTIVITY GROUP

## Wastewater Activity



### What We Do

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

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

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

### How Well Did We Deliver Our Services in 2013/2014

Wastewater services for household and business use will be provided in urban communities				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
Treatment plants where there is a capacity constraint are as follows: <ul style="list-style-type: none"> <li>• Matarangi</li> <li>• Oamaru Bay</li> <li>• Hahei</li> </ul>	Operated within constraints	Operated within constraints	All three plants were operational. No major capital works are planned within the first three years of the Long Term Plan to address the constraints.	ACHIEVED
That there are ≤12 wastewater blockages per 1,000 connections.	2.96	2.2	There were 65 blockages recorded around the peninsula during 2013/2014. Actual blockages per 1000 connections: 2.96.	ACHIEVED
That ≥90% of urgent requests responded to within one day.	94%	91%	Of 53 Urgent Requests for Service received, 50 of these were either, completed within timeframe, or in a small number of cases, found to be a private reticulation matter.	ACHIEVED

# WASTEWATER ACTIVITY GROUP

## Wastewater Activity

The Council's wastewater services do not negatively impact on public health or the natural environment				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That the level of treatment of wastewater at Council plants is as follows:			All plants were operational throughout the year to the prescribed level of treatment.	ACHIEVED
High <ul style="list-style-type: none"> <li>• Whitianga</li> <li>• Whangamata</li> <li>• Pauanui</li> </ul>	Operated to level of treatment	Operated to level of treatment	There were no changes to alter the level of treatment.	
Medium <ul style="list-style-type: none"> <li>• Coromandel</li> <li>• Hahei</li> <li>• Thames</li> </ul>	Operated to level of treatment	Operated to level of treatment	No change has been made to alter the level of treatment at Hahei. Coromandel and Thames wastewater treatment plants were upgraded.	
Low <ul style="list-style-type: none"> <li>• Oamuru Bay</li> <li>• Matarangi</li> <li>• Cooks Beach</li> <li>• Onemana</li> </ul>	Operated to level of treatment	Operated to level of treatment	There were no changes to alter the level of treatment.	
The Council's wastewater services do not negatively impact on public health or the natural environment				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That there are ≤3 wastewater overflows to water bodies (average per township).	<1	2.8	There were seven overflows across the district to watercourses recorded during 2013/2014, a significant reduction on last year when there were 28. All incidents were reported to Waikato Regional Council and addressed effectively.	ACHIEVED
That 5% of trade waste customers in category A and B are audited annually to ensure compliance with trade waste requirements.	Not measured	Not measured	The tradewaste bylaw has not been applied to date. A review of the practicality of applying the bylaw continues with an anticipated commencement of auditing and charging scheduled during the 2014/2015 year.	NOT ACHIEVED
That ≥96% of Council biosolid compost meets AA grade standard.	100%	Not measured	All biosolid compost taken off-site for TCDC use on public land, achieved an AA grading. Approximately 20% did not meet the standard after the first cycle, but was reprocessed to comply before leaving the site.	ACHIEVED



# WASTEWATER ACTIVITY GROUP

## Wastewater Activity

### Overview of Significant Projects & Variances

Project	Comment
Thames Renewals \$163,000 (\$862,000)	Renewal works were undertaken in Parawai, Thames in conjunction with the Stormwater works.
Coromandel Renewals \$17,000 (\$80,000)	The only works undertaken are those assessed as essential, meaning not undertaking them is likely to have an immediate impact on levels of service. Works were prioritised through the year and undertaken only where required.
Whitianga Renewals \$80,000 (\$89,000)	The focus this year has also been on developing more robust asset data information to ensure that unnecessary works are not undertaken. This is a long-term project consisting of both a revised asset management plan (10 years) and a 30-year infrastructure strategy. These plans are being prepared to inform future priorities in the 2015-2025 Long Term Plan.
Pauanui Renewals \$11,000 (\$62,000)	The Whangamata budget was increased to cover the necessary renewal works in the Whangamata Forest. This work was to enable the harvesting of one of the forest blocks.
Whangamata Renewals \$341,000 (\$119,000)	
Coromandel Treatment Plant Improvements \$353,000 (\$1,240,000)	This project is for upgrade works at the Coromandel wastewater treatment plant to ensure compliance with new consent standards. Budget was reduced due to unforeseen geotech requirements onsite. The geotech work has delayed progress, and as a result the decision was made to halt works for the 2013/2014 year. Works are being re-evaluated & will be undertaken in the 2014/2015 year.
Matarangi Treatment Plant Upgrade \$40,000 (\$635,000)	The original project was for any upgrades that may have been required as part of the resource consent process. Throughout the consenting process the budget was revised down in line with the consent requirements. The final consent granted is for a short term (7 years) and has no requirement for upgrades at this time.
Whitianga Pump Station Upgrades \$0 (\$210,000)	Moewai Pumpstation work did not progress this year and is now planned from completion in the 2014/2015 year. The project centres around purchase of land and obtaining easements.
Cooks Beach Treatment Plant Disposal \$1,000 (\$180,000)	Requirement for additional disposal land has being revisited by original scheme designers. This will inform future activity plan/LTP requirements. No further expenditure was required as part of the 2013/2014 financial year.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

## LAND USE ACTIVITY GROUP

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

### This activity group includes the following activities:

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

### Contributing to Our District

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

Progress for this group of activities on meeting Council outcomes is measured through a local and regional customer satisfaction survey that is conducted every three years. This was last conducted in 2013 and the next survey is scheduled in 2016.

We would be successfully contributing to our District if:	How We Did
Residents agreement that the District does a good job of protecting and valuing the history of the area maintains or increases *(measured three yearly)	The result in 2013 was 67.5% a marginal improvement on the 2010 result, which was 66.8%.
refer also to the Planning for the Future activity. The outcomes sought from these activities are very similar.	

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

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Land Use Management	2 of 6	Four performance measures were not achieved, which was the lowest performing activity. These were a combination of marginal fails, and concerns about the quality of the data and systems.
Land Information Memoranda	3 of 3	All performance measures were achieved within the context of increasing demand for services. The number of requests are on a par with the boom period in 2007.
Natural and Cultural Heritage	6 of 6	All six performance measures were achieved.

## LAND USE ACTIVITY GROUP

### Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013 Long-term plan	2014 Long-term plan	2014 Actual
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,681	1,837	1,730
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1,454	1,492	1,048
Internal charges and overheads recovered	182	165	228
Local authorities fuel tax, fines, infringement fees and other receipts	3	3	0
<b>Total operating funding (A)</b>	<b>3,320</b>	<b>3,496</b>	<b>3,006</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	488	533	436
Finance costs	17	16	13
Internal charges and overheads applied	2,785	2,915	2,367
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,290</b>	<b>3,464</b>	<b>2,816</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>30</b>	<b>32</b>	<b>190</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	(7)	(9)	(8)
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>(7)</b>	<b>(9)</b>	<b>(8)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	23	24	182
Increase/(decrease) in Investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>23</b>	<b>24</b>	<b>182</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(30)</b>	<b>(32)</b>	<b>(190)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# LAND USE ACTIVITY GROUP

## Land Use Management Activity



### What We Do

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

### 2013/2014 Highlights

The Government's next phase of reforms to the Resource Management Act was announced in early 2013 (Resource Management Act Amendment 2013). These reforms are ultimately seeking to provide businesses greater confidence to grow and create employment, provide greater certainty for communities to plan for their area's needs and provide strong environmental outcomes as communities grow and evolve. A key objective flowing through this amendment is to create an effective and efficient consenting system. Council's Vision encompasses the provision of quality services and facilities that is affordable, and delivered with a high standard of customer service whilst balancing appropriate economic activity and growth with environmental protection. We continue to keep abreast of legislative changes and the implications thereof on our local communities.

### How Well Did We Deliver Our Services in 2013/2014

The Council ensures that resource and other consent applications are processed within the statutory timeframe				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 100% of accepted resource consent applications are processed within statutory timeframes.	99.7%	98%	There were 385 resource consents processed over this period with one consent exceeding the timeframe. This was due to a resourcing constraint and a large volume of work received at this time.	NOT ACHIEVED
That all 224c's are issued within 20 working days (providing all the correct information is provided).	85%	90%	There were 65 224c's processed during the year. 55 were processed within 20 working days and 10 exceeded the timeframe. The 10 that went over time were due to engineering resourcing issues.	NOT ACHIEVED

## LAND USE ACTIVITY GROUP

### Land Use Management Activity

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
There are <5 complaints received by the Council about poor or slow service.	1	0	We processed 385 resource consents, 1173 planning checks on building consents and in excess of 1352 hours of duty planner service with only one complaint received about poor or slow service. Our focus on quality customer service is pivotal to providing a timely service to customers.	ACHIEVED
That <27% of applications are returned because the applications do not provide the prescribed information to process the application.	31%	27%	A total of 356 applications were lodged during this period of which 112 applications were returned due to a lack of prescribed information. Planning staff have been working with applicants upfront in pre-application meetings to ensure that applications contain all relevant information.	NOT ACHIEVED

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 80% of commenced resource consents are visited by monitoring and investigation officers (on a priority risk basis) to check that developments and activities are being carried out in accordance with the approved consents.	>80%	53.5%	Currently the systems are not sufficiently robust to be able to report confidently that the performance target has been met. There is sufficient information for us to believe that the performance exceeds the 80% target. However, this cannot be fully substantiated.	NOT ACHIEVED

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 70% of identified breaches in the District Plan identified by the monitoring and investigation officers are actively trying to be resolved.	100%	97.5%	All request for service complaints / allegations of District Plan breaches were investigated, either by a desktop review or an investigation. In total 446 monitoring and investigation inspections were carried out during 2013/14.	ACHIEVED

### Overview of Significant Projects & Variances

There are no major projects or variances to report.

# LAND USE ACTIVITY GROUP

## LIMS Activity

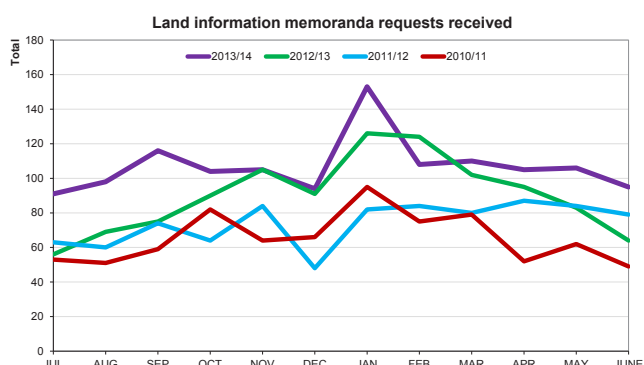


### What We Do

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

### 2013/2014 Highlights

In the last year, our Land Information Memoranda (LIM) requests hit figures not seen since 2007. A total for the year of 1285 is a very positive indicator for the District. In January this year we received 153 requests for the month, a figure not seen since February 2007.



### How Well Did We Deliver Our Services in 2013/2014

Customers can purchase a LIM they have confidence in, in a timely manner				
What we aimed for	2013/2014	2012/2013	How we did	Annual Result
That 100% of standard LIMs are processed within 10 days.	100%	100%	There were 1285 LIMs requests this year which represents an increase of 16% on already high numbers from the previous year. Despite this increase the level of service was maintained.	ACHIEVED
That all urgent LIMs are processed within 2 days.	100%	100%	With increased LIMs requests overall, the total of urgent requests also increases as the average sits at 33% of overall requests.	ACHIEVED
That there are no proven claims against the content of LIMs.	0	0	No pending claims.	ACHIEVED
That > 65% of customers are satisfied with the LIMs service.	No survey in 2014	100%	Only completed tri-annually.	NOT MEASURED

### Overview of Significant Projects & Variances

There are no major projects or significant variances to report.



# LAND USE ACTIVITY GROUP

## Natural and Cultural Heritage Activity



### What We Do

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

### 2013/2014 Highlights

During the 2013/2014 financial year there were four meetings of the Heritage Hauraki-Coromandel Forum. As a result of discussions at the Forum work has been commissioned to develop 'heritage' related content for up-loading to the Destination Coromandel website. The heritage related web content has the potential to positively contribute toward heritage related tourism on the Coromandel and to increase the profile of several heritage related attractions on the Peninsula.

Results from the annual monitoring of landowner conservation covenants shows continued improvement in covenant 'condition'. Of the 54 covenants inspected (there are 272 landowner covenants in total) 80% were assessed as being in 'good' condition (compared with 58% in 2012/2013). Only 2% of the covenants inspected were assessed as being in 'poor' condition (compared to 20% in 2006/2007). The presence of plant pests in several covenants indicates a likelihood that the condition of 22% of covenants assessed may 'decline' over time – unless corrective measures are implemented.

### How Well Did We Deliver Our Services in 2013/2014

The Council works with others to protect heritage and biodiversity in the District				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 173 historic buildings and sites are formally protected in our District plan.	173	173	There are still 173 historic buildings formally protected in the District Plan.	ACHIEVED
That >10 groups are represented at the Heritage Hauraki-Coromandel Forum.	11	11	The Heritage Hauraki-Coromandel Forum met 4 times over the 2013/14 year. At each meeting there were representatives from at least 10 heritage groups.	ACHIEVED
That there are 5 heritage buildings owned by the Council.	5	5	The five heritage buildings are – the Carnegie Library building, the Saxon Mine Shaft pump house, Hauraki House, Coromandel Area Office (former Government Buildings) and the Tararu Community Art Centre (former North School building).	ACHIEVED

## LAND USE ACTIVITY GROUP

### Natural and Cultural Heritage Activity

The Council promotes landowner awareness and enhancement of heritage and biodiversity in the District				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That there is one information mail-out per annum to landowners of heritage buildings, protected trees or conservation covenants.	Letters sent	Letters sent	Letters were sent to the owners of all heritage buildings and protected trees as part of the District Plan review project.	ACHIEVED
That ≥70% of conservation covenants are assessed as 'good'.	80%	58%	This year 54 conservation covenants were monitored with 43 covenants assessed as being in a 'good' condition. When conservation covenant monitoring inspections began in 2005/06 only 40% of covenants were assessed as being in a 'good' condition.	ACHIEVED
The Council supports environmental education in schools				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 11 schools on the Coromandel Peninsula participate in the enviroschools programme.	12	11	Active schools in the District were: Hikutaia, Moanataiari, Parawai, Tapu, Thames-South, St Francis, Tairua & Opoutere primary schools, Coromandel and Whangamata Area Schools and the Coromandel and Whangamata kindergartens.	ACHIEVED

### Overview of Significant Projects & Variances

There are no major projects or significant variances to report.

## WATER SUPPLY ACTIVITY GROUP

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

### This activity group includes the following activities:

- Water Supply

### Contributing to Our District

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

Throughout the 2013/2014 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
the number of notified cases of persons affected by waterborne illnesses in our District does not increase *(measured annually)	There were no notified cases of people affected by waterborne illnesses over the past two years.
the % of our water supplies that are compliant with NZ Drinking Water Standards (therefore is considered safe to drink) does not decrease *(measured annually).	For the second consecutive year, the 100% target was not achieved though none of the incidents posed any threat to public health. There were two incidents reported this year and two in the previous year.

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

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included in the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Water Supply	6 of 7	Only one performance target was not achieved this year. A focus for the activity has been improving the quality of the information about the assets as preparation for the 2015-2025 Long Term Plan begins.

# WATER SUPPLY ACTIVITY GROUP

## Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013 Long-term plan	2014 Long-term plan	2014 Actual
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	7,304	7,688	7,233
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1,562	1,580	1,500
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>8,866</b>	<b>9,268</b>	<b>8,733</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1	7,006	7,432
Finance costs	530	568	341
Internal charges and overheads applied	1,407	1,378	1,257
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>8,942</b>	<b>9,377</b>	<b>6,470</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>(76)</b>	<b>(109)</b>	<b>2,263</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	552	604	243
Increase/(decrease) in Debt	2	2,571	437
Gross proceeds from sale of assets	0	0	(3,222)
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>3,123</b>	<b>1,041</b>	<b>(2,979)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	715	464	30
- to improve the level of service	3,255	1,482	824
- to replace existing assets	3	1,759	1,830
Increase/(decrease) in reserves	(2,682)	(2,844)	752
Increase/(decrease) in Investments	0	0	(2,322)
<b>Total applications of capital funding (D)</b>	<b>3,047</b>	<b>931</b>	<b>(716)</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>76</b>	<b>109</b>	<b>(2,263)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Ref

- 1 Depreciation of \$2.8 million was included in the funding impact statements in the Long-Term Plan. Depreciation is not included in the actual results disclosed in these statements (per the Local Government (Financial Reporting and Prudence) Regulations 2014).
- 2 Actual capital expenditure was lower than that budgeted. This in turn has reduced the funding requirements for projects. As such, debt levels decreased.
- 3 The following projects contributed to the underspend in capital expenditure: Thames Valley renewals by \$0.6 million, Matatoki renewals \$0.1 million, Thames renewals \$0.1 million, Coromandel renewals by \$0.3 million and Whangamata renewals by \$0.1 million. A number of these projects have been put on hold until a viability assessment has been completed.

# WATER SUPPLY ACTIVITY GROUP

## Water Supply Activity

---



### What We Do

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

### 2013/2014 Highlights

A number of water supply projects were completed over the year with the following just some of the works completed:

- Upgraded filters in Thames Valley at the Omahu supply. These filters enable greater continuity of supply during heavy rainfall events when the stream quality is low.
- A combined project in Hill Street in Thames renewing roading, stormwater and wastewater assets, also included the renewal of a key large diameter water supply pipeline.
- A Timbertank water supply reservoir in Matarangi had a new roof and roof liner installed.
- The Tairua-Pauanui water supply project has been on-going throughout the year with long term resource consents being prepared and lodged with the Waikato Regional Council. Council are awaiting the final feedback on these.
- The Tairua water meter trial project to assist with the collection of water consumption data was also successfully completed.
- An iron reduction filtration system was designed and installed in Whangamata at the Wentworth Valley water supply reservoir, which is working well to date.

# WATER SUPPLY ACTIVITY GROUP

## Water Supply Activity

### How Well Did We Deliver Our Services in 2013/2014

The Council provides safe and reliable water for household and business use in urban areas				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That water treatment plants where there is a capacity constraint are as follows: <ul style="list-style-type: none"> <li>• Hahei</li> <li>• Matarangi</li> <li>• Thames Valley</li> <li>• Matatoki</li> </ul>	All four plants were operational throughout the year	All four plants were operational throughout the year	Work has progressed well with the Thames Valley and Matatoki water supply project that will be a work-in-progress across a number of years.	ACHIEVED
That ≥90% of urgent requests are responded to within one day.	92%	92%	178 of 193 urgent water related requests for service received during 2013/2014 were responded to within one day.	ACHIEVED
That 100% of Council water supplied is compliant with NZ Drinking Water Standards.	99.8%	99.8%	Two instances of slightly low reticulation chlorine levels were measured in Matarangi and Tairua. No health risks were determined. Increased monitoring in affected areas will be discussed with Council's Operations and Maintenance contractor.	NOT ACHIEVED
That ≥88% residents and non-resident ratepayers who have a view are fairly/very satisfied with water services.	No survey in 2014	86%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED

The Council provides adequate water to assist with fighting fires				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That 90% of urban properties connected to a Council water supply have an operational fire hydrant within 135 metres distance.	96.3%	96.3%	Council's District water supply is currently achieving the performance measure. Council's renewal programme is progressing well to ensure on-going compliance with this measure.	ACHIEVED
That ≥19% of the total Council hydrants throughout the District are checked.	56%	100%	903 of 1621 fire hydrants were checked throughout the District during the 2013/2014 year. Council's daily operations and maintenance works continue to ensure on-going compliance with this measure.	ACHIEVED



# WATER SUPPLY ACTIVITY GROUP

## Water Supply Activity

The Council promotes the efficient and sustainable use of water				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That there is a 2% annual reduction in District water production per rateable property per connected property.	Decrease of 4.3%	Increase of 4.5%	In 2012/2013 the total amount of water produced was 5,049,568m <sup>3</sup> . In 2013/2014 the total amount of water produced was 4,833,973m <sup>3</sup> . A 4.3% reduction in annual production. Water conservation and restriction measures were implemented as and when required throughout the year.	ACHIEVED
That water conservation education programmes are delivered.	Programme delivered	Programme delivered	Conservation awareness is a program that Council undertakes annually, the program includes educational information on Council's website. The smart water use programme is still underway District wide. Council is currently developing a water demand management strategy.	ACHIEVED

### Overview of Significant Projects & Variances

Project	Comment
<p><b>Thames South Water:</b></p> <p>Thames Valley Renewals \$136,000 (\$166,000)</p> <p>Thames Valley New Supply &amp; Reticulation \$30,000 (\$551,000)</p> <p>Matatoki Renewals \$3,000 (\$112,000)</p> <p>Matatoki New Supply &amp; Reticulation \$37,000 (\$150,000)</p>	<p>Works have progressed well on the Thames South Water project. Some physical works were completed in Thames Valley on the filtration system and install of a new water meter.</p> <p>The original Annual Plan budgets were not reached due to the need to complete the master planning and hydraulic modelling in the area. Once the master planning and modelling work is completed for the project, it will be possible to begin robust renewals and upgrades of the infrastructure where it is most required.</p>
<p>Thames Urban Treatment Plant Upgrade \$11,000 (\$590,000)</p>	<p>This project has been put on hold. Capacity requirements at the Thames Plant are being assessed against growth projections. Once this work is completed, this project may be reinstated. Costs to date relate to work undertaken by Veolia assessing the level of infrastructure investment that is required to meet future capacity requirements.</p>
<p><b>Renewals</b></p> <p>Thames Urban Renewals \$319,000 (\$707,000)</p> <p>Coromandel Renewals \$19,000 (\$320,000)</p> <p>Matarangi Renewals \$43,000 (\$49,000)</p> <p>Whitianga Renewals \$52,000 (\$90,000)</p> <p>Hahei Renewals \$17,000 (\$31,000)</p> <p>Tairua Renewals \$36,000 (\$66,000)</p> <p>Pauanui Renewals \$20,000 (\$84,000)</p> <p>Onemana Renewals \$17,000 (\$15,000)</p> <p>Whangamata Renewals \$26,000 (\$116,000)</p>	<p>Water main renewal works were undertaken in Hill Street and Parawai Road in Thames. These projects were identified as a high priority and undertaken in conjunction with other Council projects including the roading reseal of Hill Street.</p> <p>Matarangi had reservoir roofs replaced as they had come to the end of their economic life.</p> <p>The only works undertaken are those assessed as essential, meaning not undertaking them is likely to have an immediate impact on levels of service. Works were prioritised through the year and undertaken only where required.</p> <p>The focus this year has also been on developing more robust asset data information to ensure that unnecessary works are not undertaken. This is a long-term project consisting of both a revised asset management plan (10 years) and a 30-year infrastructure strategy. These plans are being prepared to inform future priorities in the 2015-2025 Long Term Plan.</p>

# WATER SUPPLY ACTIVITY GROUP

## Water Supply Activity

### Overview of Significant Projects & Variances (continued)

Project	Comment
<p><b>System Improvements:</b></p> <p>Coromandel System Improvements \$0 (\$405,000)</p> <p>Matarangi System Improvements \$0 (\$168,000)</p> <p>Whitianga Systems Improvements \$0 (\$400,000)</p> <p>Tairua System Improvements \$0 (\$195,000)</p> <p>Pauanui System Improvements \$0 (\$193,000)</p> <p>Whangamata Systems Improvements \$439,000 (\$337,000)</p>	<p>These projects have been put on hold. Council is currently assessing the viability of complying with the 2008 Drinking Water Standards. Once this work is completed, this project may be reinstated. Costs to date relate to work undertaken by Veolia assessing the level of infrastructure investment that is required for the treatment facility.</p> <p>Some work was undertaken in Whangamata, installing a filtration unit to remove iron and manganese. These works were also undertaken in conjunction with the Whangamata Renewals project. A number of financial transactions were made, regarding works assessed as being renewals, and as a result, costs exceeded the budget.</p>
<p><b>Tairua/Pauanui Water</b></p> <p>Tairua Treatment Plant Upgrade \$0 (\$125,000)</p> <p>Pauanui Aquifer Reconfiguration \$0 (\$339,000)</p> <p>Pauanui Oturu Intake Upgrade \$10,000 (\$90,000)</p> <p>Pauanui Treatment Plant Upgrade \$0 (\$194,000)</p>	<p>These projects are all related to the long term water supply project in Tairua and Pauanui. Short term resource consents were granted 18 months ago and investigation works in support of long term consent applications have been ongoing since then. These applications were lodged with Waikato Regional Council during the 2013/14 year. We are awaiting a decision on notification for the consents. Once these long term consents have been granted, the supporting projects listed here can commence. It is anticipated the works will begin during the 2014/15 year.</p>
<p>Tairua Water Meters \$234,000 (\$289,000)</p>	<p>Approximately one quarter of the properties in Tairua have had water meters fitted as part of a trial to gather better data of water use patterns on the District. Savings on the materials costs were realised through competitive pricing from multiple supplies.</p>
<p>Whangamata Resource Consent Renewal \$11,000 (\$123,000)</p>	<p>The budget was reduced during the year. Works have been undertaken to date with good results and have not required the funds originally identified in the Annual Plan. This project is expected to be completed within six months.</p>
<p>Water Services Plan for Hahei</p>	<p>Work on the Hahei Water Services plan (water and wastewater) has not yet been completed, however work on the wastewater investigations is currently underway. The outcome of the wastewater investigations will inform and drive further investigations for water supply.</p>

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

## SOLID WASTE ACTIVITY GROUP

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

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

### This activity group includes the following activities:

- Solid Waste

### Contributing to Our District

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

Throughout the 2013/2014 year we've measured our contribution to our outcomes through this activity group, as follows:

We would be successfully contributing to our District if:	How We Did
the volume of Council controlled waste per rating unit being disposed of to landfill decreases (measured annually).	A new approach to recycling that started in October 2013 has resulted in a decrease in waste going to landfill. This year 463kg of Council controlled waste per rating unit went to landfill compared to 516kg last year. This year's result is a combination of the two collection methods with recycling for the first quarter of the year using crates and the rest of the year larger capacity wheelie bins (collected fortnightly) and crates for glass.

### Activity Group Dashboard

This dashboard outlines the number of performance measures achieved in each activity, within this activity group. Performance measures that are not measured are not included in the table below. For example, users and residents satisfaction level is only measured every three years. The last available results for these measures are still included in the Activity sections for context.

Activity	Performance Measures Achieved	How We Did
Solid Waste	4 of 7	This has been a significant year as the implementation of a new waste collection contract implemented from October 2013. Two of the three performance measures not met are linked to reviewing some of the assumptions in the 2012-2022 Long Term Plan and pausing projects to assess future needs because of the impacts of the new approach. The other measure not achieved was because a resource consent condition was not met, this was addressed quickly and a repeat is not expected.

## SOLID WASTE ACTIVITY GROUP

### Funding Impact Statement

FOR THE YEAR ENDED 30 JUNE 2014

	2013	2014	2014
	Long-term plan	Long-term plan	Actual
Ref.	\$000's	\$000's	\$000's
<b>Source of operating funding</b>			
General rates, uniform annual general charges, rates penalties	919	960	924
Targeted rates (other than a targeted rate for water supply)	2,706	2,773	2,655
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	2,437	2,517	2,339
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>6,062</b>	<b>6,250</b>	<b>5,918</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,768	5,685	4,996
Finance costs	124	140	84
Internal charges and overheads applied	598	589	667
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>6,490</b>	<b>6,414</b>	<b>5,747</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>(428)</b>	<b>(163)</b>	<b>171</b>
<b>Source of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	5	9	11
Increase/(decrease) in Debt	465	693	495
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>470</b>	<b>702</b>	<b>506</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	36	204	0
- to improve the level of service	206	529	105
- to replace existing assets	136	140	92
Increase/(decrease) in reserves	(335)	(334)	480
Increase/(decrease) in Investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>43</b>	<b>539</b>	<b>677</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>428</b>	<b>163</b>	<b>(171)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# SOLID WASTE ACTIVITY GROUP

## Solid Waste Activity



### What We Do

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

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

### 2013/2014 Highlights

A number of solid waste activities and projects were completed over the year with the following just some of the highlights:

- The Solid Waste shared services contract across the three Thames Valley Councils, Eastern Waikato Joint Solid Waste Services commenced in October 2013. This is significant because the service is delivered in a different way than previously with fortnightly wheelie bin recyclable collections.
- Completion of the capping of the Whangamata closed landfill. This is part of the aftercare required to manage the effects of landfills on the environment.
- Completion of a major stage of the protective foreshore at the Thames closed landfill.
- The first set of 'bin-banks' was completed in Mercury Bay. These are a trial for collection services for rural side-roads off the state highway network.

### How Well Did We Deliver Our Services in 2013/2014

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

What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That District rubbish and recycling kerbside pickup is collected weekly.	Rubbish weekly Recycling weekly until 1 October then fortnightly	Weekly	Recycling frequency was changed from October 2013 with the introduction of the new shared services solid waste contract, and the introduction of the wheelie bins. The contract had not been concluded at the time the time the 2013/2014 Annual Plan was written hence the discrepancy between performance target and delivery.	ACHIEVED
That rubbish and recycling kerbside pickup during peak summer period December 26 and January 31 occurs: <ul style="list-style-type: none"> <li>• Three times per week in Whangamata and Pauanui areas</li> <li>• Twice per week in Tairua, Mercury Bay and Coromandel areas</li> </ul>	3 per week 2 per week	3 per week 2 per week	Changes associated with the new shared services solid waste contract meant changes to some of the collections, but the performance measure was still achieved.	ACHIEVED

# SOLID WASTE ACTIVITY GROUP

## Solid Waste Activity

That ≥91% of residents and non-resident ratepayers who have a view are fairly/very satisfied with solid waste.	No survey in 2014	90%	The next customer satisfaction survey is scheduled in 2016.	NOT MEASURED
--	-------------------	-----	---	--------------

Appropriate facilities and services are provided for the disposal of waste				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
There are 8 communities with a refuse transfer station.	7	7	The proposed developments were suspended pending the implementation of the new Eastern Waikato Joint Solid Waste Services.	NOT ACHIEVED
There are 7 communities with a 24hr / 7day drop-off facility.	5	5	The proposed developments were suspended pending the implementation of the new Eastern Waikato Joint Solid Waste Services.	NOT ACHIEVED

The Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That ≤474kg of Council controlled waste per rating unit is disposed of to landfill.	463kg	516kg	A new approach to recycling that started in October 2013 has resulted in a decrease in waste going to landfill. This year's result is a combination of the two collection methods with recycling for the first quarter of the year using crates and the rest of the year larger capacity wheelie bins (collected fortnightly) and crates for glass.	ACHIEVED
That ≤639kg of District waste per rating unit is being disposed of to landfill.	Not measurable	Not measurable	It is not possible to measure the amount of District waste, as Council has no access to commercial waste data. This measure is under review.	NOT MEASURABLE

Litter bins are provided for and serviced in public spaces				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That public litter bins do not overflow (≥95% of the time).	100%	100%	There were no reported cases of bins overflowing through the audit check process.	ACHIEVED



# SOLID WASTE ACTIVITY GROUP

## Solid Waste Activity

The Council maintains closed landfill sites				
What we aimed for	2013 2014	2012 2013	How we did	Annual Result
That no formal warnings are issued by the Waikato Regional Council for non-compliance with resource consent/s.	1	None	One abatement notice issued re Whangamata Closed Landfill in July 2013. A contract to address the issues was let the same month. Issues all resolved.	NOT ACHIEVED

### Overview of Significant Projects & Variances

Project	Comment
Mercury Bay South refuse transfer station and green waste facility initial planning	The planning for this project is on-going, in conjunction with the Community Board and the pre-existing activities onsite related to the wastewater activity. Work is also being undertaken related to the site designation.
Whangamata Landfill Capping Project \$450,000 (\$627,900)	See 2013/2014 Highlights.

All figures rounded to the nearest \$1,000. The first figure is the 2013-2014 spend. Figures in brackets are the 2013-2014 budget.

# FINANCIAL STATEMENTS





## Introduction

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

This information includes the Statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the accompanying statement of accounting policies and notes to the financial statements. This information must be prepared according to generally accepted accounting practice and recognised accounting standards.

## Statement of Accounting Policies

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

## Statement of Comprehensive Income

The statement of comprehensive income shows all of Council's revenue earned and expenses incurred for the 12 months up to 30 June 2014. Revenue includes income received from rates and other income such as investment income, rent and fees while expenses paid includes costs such as operating costs, interest payments and depreciation.

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

## Statement of Changes in Equity

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

## Statement of Financial Position

The statement of financial position shows the assets and liabilities of the Council as at 30 June 2014.

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

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

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

## Statement of Cash Flows

This statement covers all the inflows and outflows of cash during the year covered by the statement of comprehensive income. The statement of cash flows identifies the sources and application of cash in respect of Council's operating, investing and financing activities.

## Funding Impact Statement

The funding impact statements ("FIS") have been prepared in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, which came into effect 1 May 2014. This is a reporting requirement unique to Local Government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices ("GAAP").

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 reported in the GOA statements.

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

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

## Notes to the Financial Statements

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

## Statement of Compliance

---

Thames-Coromandel District Council (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**

22 October 2014



**Chief Executive**

22 October 2014

## Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 Budget \$000's	2014 Actual \$000's	2013 Actual \$000's
<b>Income</b>				
Rates revenue, excluding targeted water supply rates	3	55,533	54,930	53,970
Fees, charges, and targeted rates for water supply	3	11,335	10,440	9,737
Development and financial contributions		1,134	1,710	594
Subsidies and grants	4	5,499	4,773	4,983
Finance income	5	15	75	36
Other revenue	6	909	1,711	1,068
Gains	7	182	1,455	2,091
<b>Total income</b>		<b>74,607</b>	<b>75,094</b>	<b>72,479</b>
<b>Expenditure</b>				
Personnel costs	8	13,253	13,874	12,994
Depreciation and amortisation expense	17	18,726	18,606	17,877
Finance costs	5	3,748	2,927	3,830
Losses	7	0	4,589	1,050
Other expenses	9	39,766	36,757	35,517
<b>Total operating expenditure</b>		<b>75,493</b>	<b>76,753</b>	<b>71,268</b>
Share of joint venture surplus/(deficit)	19	0	15	12
<b>Surplus/(deficit)</b>		<b>(886)</b>	<b>(1,644)</b>	<b>1,223</b>
<b>Other comprehensive income</b>				
Gains on revaluation of property, plant and equipment	7	21,159	12,403	25,881
Losses on revaluation of financial assets	7	0	(6)	0
<b>Total other comprehensive income</b>		<b>21,159</b>	<b>12,397</b>	<b>25,881</b>
<b>Total comprehensive income for the period</b>		<b>20,273</b>	<b>10,753</b>	<b>27,104</b>

The accompanying notes form part of these financial statements.  
 Explanations of major variances against budget are provided in Note 34.

# Statement of Financial Position

AS AT 30 JUNE 2014

	Notes	2014 Budget \$000's	2014 Actual \$000's	2013 Actual \$000's
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	10	306	1,215	163
Debtors and other receivables	11	6,885	7,119	6,443
Other financial assets	13	0	89	95
Inventories	14	238	193	200
<b>Total current assets</b>		<b>7,429</b>	<b>8,616</b>	<b>6,901</b>
<b>Non-current assets</b>				
Postponed rates	11	448	362	347
Investments in joint ventures	19	0	91	76
<i>Other financial assets:</i>				
Investments in CCOs and similar entities	13	0	791	423
Investments in other entities	13	288	27	32
Total other financial assets		288	818	455
Intangible assets	16	8,322	6,219	7,294
Forestry assets	18	2,546	2,331	2,784
Property, plant and equipment	15	1,314,401	1,282,206	1,277,044
<b>Total non-current assets</b>		<b>1,326,005</b>	<b>1,292,027</b>	<b>1,288,000</b>
<b>Total assets</b>		<b>1,333,434</b>	<b>1,300,643</b>	<b>1,294,901</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	20	15,570	14,381	13,298
Derivative financial instruments	12	934	373	727
Employee entitlements	22	1,172	1,325	1,232
Provisions	23	812	2,424	1,523
Borrowings	21	1,000	40	11,152
<b>Total current liabilities</b>		<b>19,488</b>	<b>18,543</b>	<b>27,931</b>
<b>Non-current liabilities</b>				
Employee entitlements	22	349	185	204
Provisions	23	5,424	6,246	8,310
Derivative financial instruments	12	3,856	1,330	2,431
Borrowings	21	65,112	45,402	37,841
<b>Total non-current liabilities</b>		<b>74,741</b>	<b>53,163</b>	<b>48,786</b>
<b>Total liabilities</b>		<b>94,229</b>	<b>71,706</b>	<b>76,717</b>
<b>Net assets</b>		<b>1,239,204</b>	<b>1,228,937</b>	<b>1,218,184</b>
<b>Equity</b>				
Accumulated funds	24	383,046	374,678	377,703
Other reserves	24	856,159	854,259	840,481
<b>Total Equity</b>		<b>1,239,204</b>	<b>1,228,937</b>	<b>1,218,184</b>

The accompanying notes form part of these financial statements.

Explanations of major variances against budget are provided in Note 34.



## Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 Budget \$000's	2014 Actual \$000's	2013 Actual \$000's
<b>Balance at 1 July</b>		<b>1,218,931</b>	<b>1,218,184</b>	<b>1,191,081</b>
Total comprehensive income previously reported		20,273	10,753	27,104
<b>Balance at 30 June</b>		<b>1,239,204</b>	<b>1,228,937</b>	<b>1,218,184</b>

The accompanying notes form part of these financial statements.  
Explanations of major variances against budget are provided in Note 34.

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 Budget \$000's	2014 Actual \$000's	2013 Actual \$000's
<b>Cash flows from operating activities</b>				
Receipts from rates revenue, excluding targeted water supply rates		55,489	54,341	53,803
Targeted rates for water supply		1,865	1,453	1,154
Receipts from other revenue		16,102	16,366	16,347
Interest received		15	30	36
Goods and services tax received		0	(310)	405
Payments to suppliers and employees		(53,762)	(51,371)	(47,909)
Finance costs		(3,748)	(2,927)	(3,454)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>25</b>	<b>15,961</b>	<b>17,582</b>	<b>20,382</b>
<b>Cash flows from investing activities</b>				
Advance payments received		0	6	0
Proceeds from sale of property, plant and equipment		52	0	103
Advance payments made		0	(369)	(325)
Purchase of property, plant and equipment		(27,868)	(12,569)	(21,793)
Purchase of intangible assets		(800)	(46)	(572)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(28,616)</b>	<b>(12,978)</b>	<b>(22,587)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		12,919	137,300	170,100
Repayment of finance lease liabilities		0	(2)	(5)
Repayment of borrowings		0	(140,850)	(168,550)
<b>Net cash inflow (outflow) from financing activities</b>		<b>12,919</b>	<b>(3,552)</b>	<b>1,545</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>264</b>	<b>1,052</b>	<b>(660)</b>
Cash and cash equivalents at the beginning of the year		42	163	823
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>306</b>	<b>1,215</b>	<b>163</b>

The accompanying notes form part of these financial statements.  
 Explanations of major variances against budget are provided in Note 34.

# Funding Impact Statement for Whole of Council

FOR THE YEAR ENDED 30 JUNE 2014

	2013 Annual Plan \$000's	2013 Annual Report \$000's	2014 Annual Plan \$000's	2014 Actual \$000's
<b>Source of operating funding</b>				
General rates, uniform annual general charges, rates penalties	15,091	14,612	15,640	15,746
Targeted rates (other than a targeted rate for water supply)	39,679	39,774	39,878	39,658
Subsidies and grants for operating purposes	2,243	2,251	2,194	2,262
Fees, charges and targeted rates for water supply	10,827	9,653	10,539	10,264
Interest and dividends from investments	15	36	15	36
Local authorities fuel tax, fines, infringement fees and other receipts	754	690	947	697
<b>Total operating funding (A)</b>	<b>68,609</b>	<b>67,016</b>	<b>69,213</b>	<b>68,663</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	52,645	47,655	53,761	51,848
Finance costs	4,176	3,453	3,748	2,927
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>56,821</b>	<b>51,108</b>	<b>57,509</b>	<b>54,775</b>
<b>Surplus(deficit) of operating funding (A - B)</b>	<b>11,788</b>	<b>15,908</b>	<b>11,704</b>	<b>13,888</b>
<b>Source of capital funding</b>				
Subsidies and grants for capital expenditure	3,908	2,751	3,305	2,511
Development and financial contributions	2,422	594	997	1,710
Increase/(decrease) in Debt	12,139	1,550	12,919	(3,550)
Gross proceeds from sale of assets	624	103	52	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>19,092</b>	<b>4,998</b>	<b>17,273</b>	<b>671</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	4,717	4,334	3,076	281
- to improve the level of service	13,857	8,073	14,167	6,690
- to replace existing assets	12,388	8,117	11,425	6,295
Increase/(decrease) in reserves	(82)	382	309	1,293
Increase/(decrease) in Investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>30,880</b>	<b>20,906</b>	<b>28,977</b>	<b>14,559</b>
<b>Surplus(deficit) of capital funding (C - D)</b>	<b>(11,788)</b>	<b>(15,908)</b>	<b>(11,704)</b>	<b>(13,888)</b>
<b>FUNDING BALANCE ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The accompanying notes form part of these financial statements.

Explanations of major variances against budget are provided in Note 34.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies

### Reporting Entity

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

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

The financial statements of Council are for the year ended 30 June 2014 and were authorised for issue by Council on 22 October 2014.

### Basis of Preparation

#### Statement of compliance

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

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

#### Measurement base

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

#### Functional and presentation currency

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

#### Changes in accounting policies

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

#### Change in reporting format from prior year

There have been changes in reporting format from prior years to comply with the presentation requirements under NZ IAS 1.

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

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

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

## Significant Accounting Policies

### Basis of consolidation

#### Associates

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

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

### Joint venture

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

### Revenue

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

### Rates revenue

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

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

### Government grants

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

### Provision of services

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

### Vested assets

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

### Sale of goods

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

### Traffic and parking infringements

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

### Interest and dividends

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

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

### Development and financial contributions

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

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

### Donated services

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

### Equity

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

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

### 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.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

### Restricted reserves

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

### Property revaluation reserves

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

### Council created reserves

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

### Cash and cash equivalents

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

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

### Debtors and other receivables

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

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

### Derivative financial instruments

Council uses derivative financial instruments to manage exposure interest rate risks arising from financing activities. Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at 30 June 2014. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Any gains or losses arising from changes in fair value are taken directly to the surplus or deficit for the year.

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

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

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

### Foreign currency transactions

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

### Other financial assets

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

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

Council classifies its financial assets into the following three categories:

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

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



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

### Financial assets at fair value through profit or loss

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

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

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

### Loans and receivables

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

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

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

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

### Fair value through other comprehensive income

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

Council includes in this category:

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

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

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

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

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

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

### Fair value

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

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

### Impairment of financial assets

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

### Loans and other receivables

Impairment is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, unlisted shares, related party and community loans, impairment losses are recognised directly against the instrument's carrying amount.

### Quoted and unquoted equity instruments

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

### Inventory

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, and adjusted when and where applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

### Non-current assets held for sale

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

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

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

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

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

### Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### Forestry assets

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

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

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

### Property, plant and equipment

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

### Operational assets

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

### Restricted assets

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

### Infrastructural assets

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

### Recognition

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

### Measurement

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

### Unformed or paper roads

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

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

### Revaluations

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

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

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

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

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

### Additions

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

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

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

### Disposals

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

### Depreciation

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

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

<b>Operational Assets</b>	<b>Useful Lives</b>	<b>Depreciation Rate</b>
Buildings	2-56 years	1.8%-50.0%
Computer Hardware	3-10 years	10.0%-33.3%
Furniture and Fittings	2-50 years	2.0%-50.0%
Library Collections	10 years	10.0%
Plant and Machinery	3-25 years	4.0%-33.3%
Solid Waste	10-80 years	1.3%-10.0%
Swimming Pool	10-50 years	2.0%-10.0%
<b>Infrastructural Assets</b>	<b>Useful Lives</b>	<b>Depreciation Rate</b>
<b>Reserve Improvements</b>		
Cemeteries	10-80 years	1.3%-10.0%
Equipment	5-50 years	2.0%-20.0%
Fences	10-75 years	1.3%-10.0%
Furniture	10-30 years	3.3%-10.0%
Pavement	8-80 years	1.3%-12.5%
Playground	25 years	4.0%
Signs	10-50 years	2.0%-10.0%
Structures	10-80 years	1.3%-10.0%
<b>Bridges and Culverts</b>	100 years	1.0%
<b>Footpaths</b>	20-50 years	2.0%-5.0%
<b>Harbour Facilities</b>		
Ramp	50-80 years	1.3%-2.0%
Wharf	25-50 years	2.0%-4.0%
Harbour general	20-50 years	2.0%-5.0%
Reclamations	15-100 years	1.0%-6.7%
Slipway	50 years	2.0%
<b>Water</b>		
Plant	5-100 years	1.0%-20.0%
Signs	10 years	10.0%
Hydrants/valves	15-80 years	1.3%-6.7%
Mains	60-100 years	1.0-1.7%
Connections	80 years	1.3%
<b>Wastewater</b>		
Pipes	60-100 years	1.0-1.7%
Connections	80 years	1.3%
Manholes	80 years	1.3%
Plant	5-100 years	1.0%-20.0%
Vents	20-80 years	1.3%-5.0%

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

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

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

### Subsequent costs

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

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

### Intangible assets

#### Software acquisition and development costs

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

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

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

Staff training costs are recognised as an expense when incurred.

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

#### Easements

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

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

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

#### Resource consents

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

### Amortisation

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

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

Intangible Asset	Useful lives	Amortisation Rate
Computer software	5 years	20.0%
Resource consents	3-35 years	2.9%-33.3%
Aerial Photography	5 years	20.0%

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

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

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

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

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

### Assets under construction

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

### Creditors and other payables

Short-term creditors and other payables are recorded at face value, which approximates its fair value.

### Borrowings

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

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

### Borrowing costs

Council has elected to defer the adoption of NZ IAS 23 *Borrowing Costs* (Revised 2008) in accordance with its transitional provisions that are applicable to public benefit entities.

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

### Grant expenditure

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

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

### Provisions

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

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



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

### Landfill post-closure costs

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

### Leaky home settlement costs

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

### Reserve contribution credits

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

### Financial guarantee contracts

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

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

## Leases

### Finance leases

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

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

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

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

### Operating leases

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

## Income tax

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

## Employee entitlements

### Short-term employee entitlements

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

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

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

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 – Statement of Accounting Policies [continued]

### Long-term employee entitlements

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

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

### Presentation of employee entitlements

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

### Superannuation schemes

#### Defined contribution schemes

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

#### Defined benefit schemes

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

Insufficient information is available to use defined benefit plan accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus or deficit will affect future contributions by individual employers, as there is no prescribed bases for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 27.

### Statement of cash flows

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

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

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

### Budget figures

The budget figures are those approved by Council in its 2013/2014 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

### Cost allocation

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

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

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

### Critical accounting estimates and assumptions

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

#### Infrastructural assets

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

#### Landfill aftercare provision

Note 23 provides further information about the estimates and the assumptions surrounding the landfill aftercare provision.

#### Leaky home settlement costs

Note 23 provides further information about the estimates and the assumptions surrounding the leaky home settlement provision.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 2 – Summary Income and Expenditure for Group of Activities

	2014 Budget \$000's	2014 Actual \$000's	2013 Actual \$000's
<b>Revenue</b>			
<b>Council activities:</b>			
Community leadership	2,508	2,692	2,101
Planning for the future	2,822	2,879	3,063
Healthy and safe communities	5,264	5,938	4,963
Roads and footpaths	14,020	13,317	13,359
Community spaces	10,104	10,130	9,634
Community development	2,905	2,901	2,739
Stormwater	2,987	3,095	3,174
Wastewater	14,838	15,026	14,663
Land use	2,658	2,478	2,562
Water supply	9,341	9,092	8,629
Solid waste	6,069	5,984	6,008
<b>Total revenue from council activities</b>	<b>73,516</b>	<b>73,532</b>	<b>70,895</b>
Less internal revenue	0	(1,070)	(976)
Assets vested and introduced	909	1,177	469
Other gains	182	1,455	2,091
<b>Total revenue</b>	<b>74,607</b>	<b>75,094</b>	<b>72,479</b>
<b>Expenditure</b>			
<b>Council activities:</b>			
Community leadership	3,843	3,778	3,134
Planning for the future	2,856	2,740	2,818
Healthy and safe communities	6,875	6,152	6,117
Roads and footpaths	13,973	13,561	13,087
Community spaces	9,981	10,043	9,731
Community development	3,201	3,399	2,502
Stormwater	2,939	2,784	2,751
Wastewater	14,362	13,221	13,554
Land use	2,807	2,857	3,305
Water supply	8,825	8,909	8,081
Solid waste	5,830	5,783	6,084
<b>Total expenditure from council activities</b>	<b>75,492</b>	<b>73,227</b>	<b>71,164</b>
Less internal expenditure	0	(1,070)	(976)
Impairment on inventory	0	7	30
Other losses	0	4,589	1,050
<b>Total expenditure</b>	<b>75,492</b>	<b>76,753</b>	<b>71,268</b>

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 3 – Rates

	2014 Actual \$000's	2013 Actual \$000's
General rates	8,027	8,312
Uniform annual general charge	6,882	6,081
Targeted rates	39,658	39,278
Penalties	837	722
<b>Total gross rates revenue, excluding targeted water supply rates</b>	<b>55,404</b>	<b>54,393</b>

As at 30 June 2013 the number of rating units within the District was 26,583. The total capital value of rating units within the District was \$14.1 billion and the total land value of rating units within the District was \$9.4 billion.

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 2014 for the purposes of the LGFA Guarantee and Indemnity Deed is shown below.

	2014 Actual \$000's	2013 Actual \$000's
Gross rates revenue excluding targeted water supply rates	55,404	54,393
Targeted water supply rates	1,486	1,270
<b>Total gross annual rates income</b>	<b>56,890</b>	<b>55,663</b>

#### Rates remissions

Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

	2014 Actual \$000's	2013 Actual \$000's
<b>Total gross rates, excluding targeted water supply rates</b>	<b>55,404</b>	<b>54,393</b>
<b>Rates remissions are comprised of:</b>		
Maori freehold land	118	126
Wastewater charges for schools	47	56
Rating units occupied/owned in common (includes residential and rural)	7	0
Unusable land	4	5
Land affected by a natural calamity	2	2
Land held for conservation or preservation purposes	17	13
Community sporting and non-profit organisations	21	21
Rating units containing two separately habitable units (second dwelling)	180	200
Thames Valley water	78	0
<b>Total Remissions</b>	<b>474</b>	<b>423</b>
<b>Rates (net of remissions), excluding targeted water supply rates</b>	<b>54,930</b>	<b>53,970</b>

#### Non-rateable land

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 3 – Rates [continued]

	2014 Actual \$000's	2013 Actual \$000's
User fees and charges	8,954	8,467
Targeted water supply rates	1,486	1,270
<b>Total fees, charges, and targeted rates for water supply</b>	<b>10,440</b>	<b>9,737</b>

### Note 4 – Subsidies and Grants

	2014 Actual \$000's	2013 Actual \$000's
Grants	10	0
New Zealand Transport Agency subsidies	4,763	4,983
<b>Total subsidies and grants</b>	<b>4,773</b>	<b>4,983</b>

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2013 nil).

### Note 5 – Finance Income and Finance Costs

	2014 Actual \$000's	2013 Actual \$000's
<b>Finance income</b>		
<b>Interest income</b>		
Term deposits	29	36
Discount unwind on provisions	46	0
<b>Total finance income</b>	<b>75</b>	<b>36</b>
<b>Finance costs</b>		
<b>Interest expense</b>		
Interest on bank borrowings	2,927	3,453
Interest on finance leases	0	1
Discount unwind on provisions	0	376
<b>Total finance costs</b>	<b>2,927</b>	<b>3,830</b>
<b>Net finance costs</b>	<b>(2,852)</b>	<b>(3,794)</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 6 – Other Revenue

	2014 Actual \$000's	2013 Actual \$000's
Petrol tax	386	450
Traffic and parking infringements	94	104
Court fees and fines	47	45
Vested assets	1,178	469
Dividends	6	0
<b>Total other revenue</b>	<b>1,711</b>	<b>1,068</b>

### Note 7 – Other Gains and Losses

		2014 Actual \$000's	2013 Actual \$000's
<b>Gains through profit and loss</b>	<b>Note</b>		
<b>Non-financial instruments</b>			
Forestry asset revaluation gains	18	0	421
Property, plant, and equipment gains on disposal	15	0	37
<b>Total non-financial instruments gains</b>		<b>0</b>	<b>458</b>
<b>Financial instruments</b>			
Gain on changes in fair value through profit and loss	12	1,455	1,633
<b>Total financial instruments gains</b>		<b>1,455</b>	<b>1,633</b>
<b>Total gains through profit and loss</b>		<b>1,455</b>	<b>2,091</b>

		2014 Actual \$000's	2013 Actual \$000's
<b>Gains through other comprehensive income</b>	<b>Note</b>		
<b>Non-financial instruments</b>			
Property, plant, and equipment gains on revaluation	15	12,403	25,881
<b>Total gains through other comprehensive income</b>		<b>12,403</b>	<b>25,881</b>

		2014 Actual \$000's	2013 Actual \$000's
<b>Losses through profit and loss</b>	<b>Note</b>		
<b>Non-financial instruments</b>			
Forestry asset revaluation losses	18	453	0
Property, plant, and equipment and intangible assets losses on disposal	15/16	4,136	1,050
<b>Total non-financial instruments losses</b>		<b>4,589</b>	<b>1,050</b>
<b>Total losses through profit and loss</b>		<b>4,589</b>	<b>1,050</b>



## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 7 – Other Gains and Losses [continued]

		2014 Actual \$000's	2013 Actual \$000's
<b>Losses through other comprehensive income</b>	<b>Note</b>		
<b>Non-financial instruments</b>			
Financial assets loss on revaluation	13	6	0
<b>Total losses through other comprehensive income</b>		<b>6</b>	<b>0</b>

### Note 8 – Personnel Costs

		2014 Actual \$000's	2013 Actual \$000's
Salaries and wages		13,625	12,904
Employer contributions to defined contribution plans		274	184
Increase/(decrease) in employee benefit liabilities		(25)	(94)
<b>Total personnel costs</b>		<b>13,874</b>	<b>12,994</b>

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

### Note 9 – Other Expenses

		2014 Actual \$000's	2013 Actual \$000's
<b>Other direct operating expenses</b>	<b>Note</b>		
Audit Fees to Audit New Zealand for audit of Council's financial statements		133	140
Audit fees to Audit New Zealand for assurance review over water services contracts		9	0
Grants provided		257	327
Operating leases		17	20
<b>Total other direct operating expenses</b>		<b>416</b>	<b>487</b>
<b>Impairments</b>			
Impairment of receivables	11	234	158
Impairment of spare parts for obsolescence	14	7	30
<b>Total impairment expense</b>		<b>241</b>	<b>188</b>
<b>Other operating expenses</b>		<b>36,100</b>	<b>34,842</b>
<b>Total other expenses</b>		<b>36,757</b>	<b>35,517</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 10 – Cash and Cash Equivalents

	2014 Actual \$000's	2013 Actual \$000's
Cash on hand	3	3
Cash at bank	1,181	133
Domain committee current accounts	31	27
<b>Total cash and cash equivalents</b>	<b>1,215</b>	<b>163</b>

The carrying value of cash at bank and term deposits 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 cash flows.

## Note 11 – Debtors and Other Receivables

	2014 Actual \$000's	2013 Actual \$000's
Rates receivables	5,603	4,853
<b>Other receivables:</b>		
Related party receivables	43	0
Other	3,884	3,816
<b>Gross debtors and other receivables</b>	<b>9,530</b>	<b>8,669</b>
Less provision for impairment	(2,049)	(1,880)
<b>Total debtors and other receivables</b>	<b>7,481</b>	<b>6,789</b>
<b>Less non-current portion</b>		
Postponed rates	(362)	(346)
<b>Total non-current portion</b>	<b>(362)</b>	<b>(346)</b>
<b>Current portion debtors and other receivables</b>	<b>7,119</b>	<b>6,443</b>

### Fair Value

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

The face value of postponed rates is \$362,182 (2013: \$346,567). Fair value has not been determined by using discounted cash flows.

Interest was charged at a rate of 7.75% on postponed rates for the 2013/2014 year (2013: 7.75%). Future interest rates are notified annually in the Ten Year Plan or Annual Plan.

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

### Impairment

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

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

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

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 11 – Debtors and Other Receivables [continued]

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

	2014			2013		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
Not past due	3,248	0	3,248	2,791	0	2,791
Past due 1-30 days	190	0	190	517	0	517
Past due 31-60 days	21	0	21	85	0	85
Past due >61 days	5,709	(2,049)	3,660	4,929	(1,880)	3,050
<b>Total current portion</b>	<b>9,168</b>	<b>(2,049)</b>	<b>7,119</b>	<b>8,322</b>	<b>(1,880)</b>	<b>6,443</b>

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

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being

	2014 Actual \$000's	2013 Actual \$000's
Individual impairment	2,049	1,880
<b>Total provision for impairment</b>	<b>2,049</b>	<b>1,880</b>

experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	2014 Actual \$000's	2013 Actual \$000's
Past due >61 days	2,049	1,880
<b>Total individual impairment</b>	<b>2,049</b>	<b>1,880</b>

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

	2014 Actual \$000's	2013 Actual \$000's
<b>At 1 July</b>	<b>1,879</b>	<b>1,636</b>
Additional provisions made during the year	404	401
Receivables written off during the period	(234)	(157)
<b>At 30 June</b>	<b>2,049</b>	<b>1,880</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 12 – Derivative Financial Instruments

	2014	2013
	Actual	Actual
	\$000's	\$000's
<b>Liabilities</b>		
<b>Current liability portion</b>		
Interest rate swaps	373	727
<b>Total current liability portion</b>	<b>373</b>	<b>727</b>
<b>Non-current liability portion</b>		
Interest rate swaps	1,330	2,431
<b>Total current liabilities portion</b>	<b>1,330</b>	<b>2,431</b>
<b>Total derivative financial instrument liabilities</b>	<b>1,703</b>	<b>3,157</b>

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.

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$50.5 million (2013: \$46.5 million). Four million of these interest rate swaps have start dates after year-end and are in line with forecasted borrowing requirements. At 30 June 2014, the fixed interest rates of cash flow hedge interest rate swaps varied from 4.17% to 6.85% (2013: 3.45% to 6.845%).

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 13 – Other Financial Assets

	2014 Actual \$000's	2013 Actual \$000's
<b>Current portion</b>		
Short-term deposits with maturities of 4-12 months	89	95
<b>Total current portion</b>	<b>89</b>	<b>95</b>
<b>Non-current portion</b>		
<b>Investment in CCOs and similar entities:</b>		
Local Government Funding Agency	660	292
Local Authority Shared Services Limited **	131	131
<b>Total investment in CCOs and similar entities</b>	<b>791</b>	<b>423</b>
<b>Investment in other entities:</b>		
New Zealand Local Government Insurance Corporation Limited	8	32
Cooks Beach Wall Limited	19	0
<b>Total investment in other entities</b>	<b>27</b>	<b>32</b>
<b>Total non-current portion</b>	<b>818</b>	<b>455</b>
<b>Total other financial assets</b>	<b>907</b>	<b>550</b>

\*\* Council's investment in Local Authority Share Services Limited comprises four distinct classes of share. The numbers held and values of each share class are as follows:

2014	Number of shares	Value per share (\$)	Total capital (\$)	Uncalled capital (\$)	Paid-up capital (\$)
Ordinary shares	1	1,000	1,000	1,000	0
Shared Valuation Data Services	108,015	1	108,015	0	108,015
Waikato Regional Aerial Photography Service	6,476	1	6,476	6,476	0
Waikato Regional Transport Model	2,250	10	22,500	0	22,500
			<b>137,991</b>	<b>7,476</b>	<b>130,515</b>

### Fair Value

#### Term Deposits

The carrying amount of term deposits approximates their fair value.

#### Unlisted Shares

##### Local Authority Shared Services Limited

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.

##### New Zealand Local Government Insurance Corporation Limited (Civic Assurance)

The fair value of Council's investment in NZ Local Government Insurance Corporation (trading as Civic Assurance) is \$7,974 (2013: \$31,730). This is based on Council's share, currently 0.065% (2013: 0.25%), of the assets less liabilities of the company. Any changes in value are taken to fair value through other comprehensive income. Civic Assurance provides insurance products and other financial services principally to New Zealand local government.

##### New Zealand Local Government Funding Agency

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 2014.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 13 – Other Financial Assets [continued]

The numbers held and values of each shares and notes are as follows:

2014	Number of shares / notes	Value per share (\$)	Total capital (\$)	Uncalled capital (\$)	Paid-up capital (\$)
Ordinary shares	200,000	1	200,000	100,000	100,000
Borrower Notes - \$10m Loan	160,000	1	160,000	0	160,000
Borrower Notes - \$3m Loan	48,000	1	48,000	0	48,000
Borrower Notes - \$3m Loan	48,000	1	48,000	0	48,000
Borrower Notes - \$7m Loan	112,000	1	112,000	0	112,000
Borrower Notes - \$2m Loan	32,000	1	32,000	0	32,000
Borrower Notes - \$5m Loan	80,000	1	80,000	0	80,000
Borrower Notes - \$5m Loan	80,000	1	80,000	0	80,000
			<b>760,000</b>	<b>100,000</b>	<b>660,000</b>

### Thames Valley Emergency Operating Area

Council recognises its interest in its jointly controlled entity using the equity method. As such, Council's share of the surplus or deficit of the jointly controlled entity is recognised in the statement of comprehensive income and the carrying amount of the investment is shown in other financial assets in the statement of financial position.

### 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 – Inventory

	2014 Actual \$000's	2013 Actual \$000's
<b>Held for distribution inventory:</b>		
Water and sewerage reticulation spare parts	193	200
<b>Total inventory</b>	<b>193</b>	<b>200</b>

### Inventory held for distribution

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2014 amounted to \$193,017 (2013: \$199,418).

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

The write-down of inventory held for distribution because of a loss in service potential amounted to \$6,898 (2013: \$29,625). There have been no reversals of write-downs (2013: nil).

The loss in service potential of inventory held for distribution is determined on the basis of obsolescence.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 15 – Property, Plant and Equipment

	1 July 2013				30 June 2014			
	Cost / Valuation \$000's	Acc. Dep & Imp. Charge \$000's	Carrying amount \$000's	Reval. surplus \$000's	Assets Reclassified \$000's	Current Year Additions \$000's	Current Year Disposals \$000's	Cost / valuation \$000's
<b>Operational assets</b>								
Buildings	23,430	(829)	22,601	(253)	0	3,601	(44)	26,734
Computer hardware	3,049	(2,303)	746	0	0	83	(12)	3,120
Furniture and fittings	2,162	(1,349)	813	0	0	57	(195)	2,024
Land	27,561	0	27,561	0	0	58	0	27,619
Library collections	1,612	(837)	775	0	0	111	0	1,723
Plant and machinery	3,062	(1,387)	1,675	0	0	114	(71)	3,105
Solid waste	4,370	(189)	4,181	(120)	0	197	(18)	4,429
<b>Total operational assets</b>	<b>65,246</b>	<b>(6,894)</b>	<b>58,352</b>	<b>(373)</b>	<b>0</b>	<b>4,221</b>	<b>(340)</b>	<b>68,754</b>
<b>Infrastructural assets</b>								
Bridges and culverts	17,166	(340)	16,826	(303)	0	54	0	16,917
Footpaths	18,693	(726)	17,967	(1,089)	0	716	(10)	18,310
Harbour facilities	6,963	(183)	6,780	(136)	0	640	(146)	7,321
Reserves improvements	12,962	(865)	12,097	(118)	0	1,576	(40)	14,380
Roads	578,714	(4,734)	573,980	724	0	6,117	(987)	584,568
Stormwater	85,473	(1,265)	84,208	1,916	0	1,863	(6)	89,246
Wastewater	158,717	(4,393)	154,324	(2,649)	0	2,203	(60)	158,211
Water	101,851	(2,548)	99,303	(341)	0	2,011	(41)	103,480
<b>Total infrastructural assets</b>	<b>980,539</b>	<b>(15,054)</b>	<b>965,485</b>	<b>(1,996)</b>	<b>0</b>	<b>15,180</b>	<b>(1,290)</b>	<b>992,433</b>
<b>Restricted assets</b>								
Reserves land	241,909	0	241,909	0	0	1,612	0	243,521
<b>Total restricted assets</b>	<b>241,909</b>	<b>0</b>	<b>241,909</b>	<b>0</b>	<b>0</b>	<b>1,612</b>	<b>0</b>	<b>243,521</b>
<b>Capital work in progress</b>								
Tangible work in progress	11,298	0	11,298	0	(19)	(6,617)	(3,924)	738
<b>Total tangible work in progress</b>	<b>11,298</b>	<b>0</b>	<b>11,298</b>	<b>0</b>	<b>(19)</b>	<b>(6,617)</b>	<b>(3,924)</b>	<b>738</b>
<b>Total Council</b>	<b>1,298,992</b>	<b>(21,948)</b>	<b>1,277,044</b>	<b>(2,369)</b>	<b>(19)</b>	<b>14,396</b>	<b>(5,554)</b>	<b>1,305,446</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 15 – Property, Plant and Equipment [continued]

	1 July 2013			30 June 2014				
	Acc. Dep & Imp. Charges \$000's	Amounts reversed on Reval. \$000's	Disposals Dep. \$000's	Impairment charges \$000's	Current year Dep. \$000's	Cost/ valuation \$000's	Acc. Dep & Imp. Charges \$000's	Carrying amount \$000's
<b>Operational assets</b>								
Buildings	(829)	829	1	0	(949)	26,734	(948)	25,786
Computer hardware	(2,303)	0	12	0	(416)	3,120	(2,707)	413
Furniture and fittings	(1,349)	0	155	0	(193)	2,024	(1,387)	637
Land	0	0	0	0	0	27,619	0	27,619
Library collections	(837)	0	0	0	(147)	1,723	(984)	739
Plant and machinery	(1,387)	0	42	0	(298)	3,105	(1,643)	1,462
Solid waste	(189)	189	1	0	(187)	4,429	(186)	4,243
<b>Total operational assets</b>	<b>(6,894)</b>	<b>1,018</b>	<b>211</b>	<b>0</b>	<b>(2,190)</b>	<b>68,754</b>	<b>(7,855)</b>	<b>60,899</b>
<b>Infrastructural assets</b>								
Bridges and culverts	(340)	340	0	0	(338)	16,917	(338)	16,579
Footpaths	(726)	726	0	0	(735)	18,310	(735)	17,575
Harbour facilities	(183)	183	5	0	(176)	7,321	(171)	7,150
Reserves improvements	(865)	865	3	0	(919)	14,380	(916)	13,464
Roads	(4,734)	4,734	221	0	(4,909)	584,568	(4,688)	579,880
Stormwater	(1,265)	1,265	0	0	(1,337)	89,246	(1,337)	87,909
Wastewater	(4,393)	4,393	12	0	(4,575)	158,211	(4,563)	153,648
Water	(2,548)	2,548	5	0	(2,642)	103,480	(2,637)	100,843
<b>Total infrastructural assets</b>	<b>(15,054)</b>	<b>15,054</b>	<b>246</b>	<b>0</b>	<b>(15,631)</b>	<b>992,433</b>	<b>(15,385)</b>	<b>977,048</b>
<b>Restricted assets</b>								
Reserves land	0	0	0	0	0	243,521	0	243,521
<b>Total restricted assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>243,521</b>	<b>0</b>	<b>243,521</b>
<b>Capital work in progress</b>								
Tangible work in progress	0	0	0	0	0	738	0	738
<b>Total tangible work in progress</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>738</b>	<b>0</b>	<b>738</b>
<b>Total Council</b>	<b>(21,948)</b>	<b>16,072</b>	<b>457</b>	<b>0</b>	<b>(17,821)</b>	<b>1,305,446</b>	<b>(23,240)</b>	<b>1,282,206</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 15 – Property, Plant and Equipment [continued]

	1 July 2012				30 June 2013			
	Cost / Valuation \$000's	Acc. Dep & Imp. Charge \$000's	Carrying amount \$000's	Reval. surplus \$000's	Assets Reclassified \$000's	Current Year Additions \$000's	Current Year Disposals \$000's	Cost / valuation \$000's
<b>Operational assets</b>								
Buildings	20,254	(736)	19,518	2,915	(89)	350	0	23,430
Computer hardware	2,515	(1,870)	645	0	0	540	(6)	3,049
Furniture and fittings	2,009	(1,153)	856	0	89	64	0	2,162
Land	27,973	0	27,973	(661)	0	249	0	27,561
Library collections	1,449	(710)	739	0	0	163	0	1,612
Plant and machinery	2,722	(1,267)	1,455	0	0	577	(237)	3,062
Solid waste	4,246	(182)	4,064	(73)	0	197	0	4,370
<b>Total operational assets</b>	<b>61,168</b>	<b>(5,918)</b>	<b>55,250</b>	<b>2,181</b>	<b>0</b>	<b>2,140</b>	<b>(243)</b>	<b>65,246</b>
<b>Infrastructural assets</b>								
Bridges and culverts	16,145	(319)	15,826	704	38	311	(32)	17,166
Footpaths	18,325	(701)	17,624	(475)	3	878	(38)	18,693
Harbour facilities	5,405	(127)	5,278	1,509	0	49	0	6,963
Reserves improvements	13,561	(813)	12,748	(1,411)	(382)	1,230	(36)	12,962
Roads	570,017	(4,464)	565,553	3,195	(41)	5,988	(445)	578,714
Stormwater	71,443	(1,053)	70,390	13,484	0	552	(6)	85,473
Wastewater	158,325	(4,277)	154,048	(2,881)	0	3,294	(21)	158,717
Water	99,424	(2,504)	96,920	1,107	0	1,533	(213)	101,851
<b>Total infrastructural assets</b>	<b>952,645</b>	<b>(14,258)</b>	<b>938,386</b>	<b>15,232</b>	<b>(382)</b>	<b>13,835</b>	<b>(791)</b>	<b>980,539</b>
<b>Restricted assets</b>								
Reserves land	251,253	(4,650)	246,603	(6,703)	382	1,627	0	241,909
<b>Total restricted assets</b>	<b>251,253</b>	<b>(4,650)</b>	<b>246,603</b>	<b>(6,703)</b>	<b>382</b>	<b>1,627</b>	<b>0</b>	<b>241,909</b>
<b>Capital work in progress</b>								
Tangible work in progress	8,870	0	8,870	0	0	2,809	(381)	11,298
<b>Total tangible work in progress</b>	<b>8,870</b>	<b>0</b>	<b>8,870</b>	<b>0</b>	<b>0</b>	<b>2,809</b>	<b>(381)</b>	<b>11,298</b>
<b>Total Council</b>	<b>1,273,936</b>	<b>(24,826)</b>	<b>1,249,109</b>	<b>10,710</b>	<b>0</b>	<b>20,411</b>	<b>(1,415)</b>	<b>1,298,992</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 15 – Property, Plant and Equipment [continued]

	1 July 2012			30 June 2013				
	Acc. Dep & Imp. Charges \$000's	Amounts reversed on Reval. \$000's	Disposals Dep. \$000's	Impairment charges \$000's	Current year Dep. \$000's	Cost / valuation \$000's	Acc. Dep & Imp. Charges \$000's	Carrying amount \$000's
<b>Operational assets</b>								
Buildings	(736)	728	0	0	(821)	23,430	(829)	22,601
Computer hardware	(1,870)	0	6	0	(439)	3,049	(2,303)	746
Furniture and fittings	(1,153)	0	0	0	(196)	2,162	(1,349)	813
Land	0	0	0	0	0	27,561	0	27,561
Library collections	(710)	0	0	0	(127)	1,612	(837)	775
Plant and machinery	(1,267)	0	177	0	(297)	3,062	(1,387)	1,675
Solid waste	(182)	182	0	0	(189)	4,370	(189)	4,181
<b>Total operational assets</b>	<b>(5,918)</b>	<b>910</b>	<b>183</b>	<b>0</b>	<b>(2,069)</b>	<b>65,246</b>	<b>(6,894)</b>	<b>58,352</b>
<b>Infrastructural assets</b>								
Bridges and culverts	(319)	319	0	0	(340)	17,166	(340)	16,826
Footpaths	(701)	704	2	0	(731)	18,693	(726)	17,967
Harbour facilities	(127)	127	0	0	(183)	6,963	(183)	6,780
Reserves improvements	(813)	813	3	0	(868)	12,962	(865)	12,097
Roads	(4,464)	4,464	105	0	(4,839)	578,714	(4,734)	573,980
Stormwater	(1,053)	1,053	0	0	(1,265)	85,473	(1,265)	84,208
Wastewater	(4,277)	4,277	3	0	(4,396)	158,717	(4,393)	154,324
Water	(2,504)	2,504	8	0	(2,556)	101,851	(2,548)	99,303
<b>Total infrastructural assets</b>	<b>(14,258)</b>	<b>14,261</b>	<b>121</b>	<b>0</b>	<b>(15,178)</b>	<b>980,539</b>	<b>(15,054)</b>	<b>965,485</b>
<b>Restricted assets</b>								
Reserves land	(4,650)	0	0	0	0	241,909	0	241,909
<b>Total restricted assets</b>	<b>(4,650)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>241,909</b>	<b>0</b>	<b>241,909</b>
<b>Capital work in progress</b>								
Tangible work in progress	0	0	0	0	0	11,298	0	11,298
<b>Total tangible work in progress</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,298</b>	<b>0</b>	<b>11,298</b>
<b>Total Council</b>	<b>(24,826)</b>	<b>15,171</b>	<b>304</b>	<b>0</b>	<b>(17,247)</b>	<b>1,298,992</b>	<b>(21,948)</b>	<b>1,277,044</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 15 – Property, Plant and Equipment [continued]

### Valuation

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

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

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

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

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

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

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

Independent valuer, Curnow Tizard Limited (Registered Valuers) Hamilton, performed the most recent valuation of buildings and the valuation is effective as at 1 July 2013.

#### **Infrastructural asset classes**

Wastewater, water, stormwater, harbours, solid waste, parks and roads, footpaths and bridges are valued using the depreciated replacement cost method.

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

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

AECOM of Hamilton was commissioned by Council to carry out an independent review of the methodology used to complete Council's Infrastructure Valuation as at 1 July 2013.

Opus International Consultants Limited of Paeroa performed the most recent valuation for all roading assets (including footpaths, bridges and land under roads), and the valuation is effective as at 1 July 2013.

### Work in progress

The total amount of property, plant and equipment in the course of construction is \$0.8 million (2013: \$11.3 million).

The negative movement of (\$6.6) million of additions is comprised of additional WIP of \$1 million offset by WIP capitalised during this financial year of \$7.6 million.

### Leasing

The net carrying amount of photocopiers held under finance leases is \$3,743 (2013: \$5,438).

### Security

No property, plant or equipment has been pledged as security for any liability. There is no restriction on the title of property, plant and equipment.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 15 – Property, Plant and Equipment [continued]

#### Disposals

Current year disposals amounted to \$5.6 million, of which, \$3.9 million related to disposals in work in progress.

Of the \$3.9 million, \$1.3 million was expensed through other comprehensive income. This loss related to decommissioning charges incurred in relation to the Pauanui Wastewater Treatment Plant. This plant was capitalised in June 2008 although some decommissioning works were not yet complete at that time. This plant was visited by AECOM in August 2011 as part of the revaluation round for that financial year.

Decommissioning charges prior to August 2011 were included in the revalued figure provided by AECOM for this plant. As such, the asset revaluation reserve for wastewater has been reduced by the amount expensed through other comprehensive income to account for this reduction in work in progress.

Of the \$2.6 million work in progress disposed of through profit and loss, approximately \$0.8 million related to investigation work undertaken by Council. The remaining \$1.8 million was disposed of due to either a change in the project scope or the work having been completed on non-Council owned assets.

#### Local Government Financial Reporting and Prudence Regulations

Council is required to disclose the following information in relation to the following assets:

	Water \$000's	Wastewater \$000's	Stormwater \$000's
<b>Treatment plants and facilities</b>			
<b>Closing book value as at 30 June 2014</b>	<b>20,383</b>	<b>78,849</b>	<b>2,421</b>
<b>Acquisitions during period ended 30 June 2014</b>			
Assets constructed by the local authority	1,314	1,608	0
Assets transferred to the local authority	0	0	0
<b>Replacement cost as at 1 July 2013</b>	<b>32,157</b>	<b>100,846</b>	<b>3,210</b>
<b>Other Assets</b>			
<b>Closing book value as at 30 June 2014</b>	<b>80,460</b>	<b>74,799</b>	<b>85,488</b>
<b>Acquisitions during period ended 30 June 2014</b>			
Assets constructed by the local authority	617	472	1,517
Assets transferred to the local authority	80	123	346
<b>Replacement cost as at 1 July 2013</b>	<b>126,836</b>	<b>120,546</b>	<b>122,719</b>
<b>Roads, Bridges and Footpaths</b>			
	Roads \$000's	Bridges \$000's	Footpaths \$000's
<b>Closing book value as at 30 June 2014</b>	<b>579,880</b>	<b>16,579</b>	<b>17,575</b>
<b>Acquisitions during period ended 30 June 2014</b>			
Assets constructed by the local authority	5,793	54	695
Assets transferred to the local authority	324	0	22
<b>Replacement cost as at 1 July 2013</b>	<b>642,477</b>	<b>33,797</b>	<b>36,106</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 15 – Property, Plant and Equipment [continued]

### Insurance Contracts

Council is part of a regional collective of local authorities for insurance purposes.

As at the end of the financial year, Council had the following insurance cover in place

#### *Material damage - above ground infrastructure*

The amount insured by Council (in the event of a natural disaster/catastrophe) for above ground assets is \$151.3 million.

Council's material damage cover is based on a maximum probable loss model (MPL) which means that its assets are insured for the value of the largest probable loss that could result from a disaster in the District. The maximum amount insured for material damage to assets above ground is \$150 million (per event) and up to \$150 million in total for that insurance period. The \$150 million is shared between the regional collective.

A separate policy is in place, which is shared by the regional collective, and provides cover of up to \$125 million for damage that is caused by fire, or fire following a natural disaster.

Council does not insure roading assets and land. Subject to meeting defined criteria, the cost associated with the immediate response, reopening and/or restoration of any roading asset, because of a short natural disaster, could be subsidised by the New Zealand Transport Agency. Council may fund the remaining costs through its disaster reserve fund. Contributions to this fund are ordinarily rated for on an annual basis. Contributions to this fund will vary year on year and will depend on the amount remaining within the reserve at the start of the financial year.

#### *Material damage - below ground infrastructure*

The amount insured by Council (in the event of a natural disaster/catastrophe) for below ground assets is \$293.2 million.

Based on risk engineering and loss modelling for the Waikato hazard scape, a \$25 million shared loss limit is in place with the regional collective. For below ground infrastructure, central government funds 60% of the cost of replacing stormwater networks damaged in a natural disaster. Council considers the \$25 million as sufficient cover in order to meet its 40% contribution (when required).

#### *Commercial Motor Vehicles*

The amount insured by Council for its fleet of vehicles is \$2.1 million. Motor insurance is up to the market value of each individual vehicle.

No assets of Council are self-insured.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 16 – Intangible Assets

	1 July 2013				30 June 2014					
	Cost / Valuation \$000's	Acc. Amort and Impairment \$000's	Carrying amount \$000's	Current Year Additions \$000's	Current Year Disposals \$000's	Disposal Acc. Amort \$000's	Amort. Charge \$000's	Cost / valuation \$000's	Acc. Amort and Impairment \$000's	Carrying amount \$000's
<b>Intangible Assets</b>										
Computer software	3,519	(2,724)	795	198	(35)	35	(284)	3,682	(2,973)	709
Aerial photography	443	(441)	2	0	0	0	(2)	443	(443)	0
Resource consents	5,359	(797)	4,562	566	0	0	(494)	5,925	(1,291)	4,634
Work in progress	1,935	0	1,935	(721)	(338)	0	0	876	0	876
<b>Total Intangible Assets</b>	<b>11,256</b>	<b>(3,962)</b>	<b>7,294</b>	<b>43</b>	<b>(373)</b>	<b>35</b>	<b>(780)</b>	<b>10,926</b>	<b>(4,707)</b>	<b>6,219</b>

	1 July 2012				30 June 2013					
	Cost / Valuation \$000's	Acc. Amort and Impairment \$000's	Carrying amount \$000's	Current Year Additions \$000's	Current Year Disposals \$000's	Disposal Acc. Amort \$000's	Amort. Charge \$000's	Cost / valuation \$000's	Acc. Amort and Impairment \$000's	Carrying amount \$000's
<b>Intangible Assets</b>										
Computer software	3,015	(2,448)	567	504	0	0	(276)	3,519	(2,724)	795
Aerial photography	443	(353)	90	0	0	0	(88)	443	(441)	2
Resource consents	5,287	(531)	4,756	72	0	0	(266)	5,359	(797)	4,562
Work in progress	1,939	0	1,939	0	(4)	0	0	1,935	0	1,935
<b>Total Intangible Assets</b>	<b>10,684</b>	<b>(3,332)</b>	<b>7,352</b>	<b>576</b>	<b>(4)</b>	<b>0</b>	<b>(630)</b>	<b>11,256</b>	<b>(3,962)</b>	<b>7,294</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 16 – Intangible Assets [continued]

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

#### Computer software assets

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

#### Resource consents

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

#### Work in progress

The total amount of intangible assets in the course of construction is \$0.9 million (2013: \$1.9 million).

The overall movement of WIP from 1 July 2013 to 30 June 2014 is comprised of additional WIP of \$0.2 million offset by WIP capitalised during this financial year of \$0.9 million and \$0.3 million of WIP disposed.

### Note 17 – Depreciation and Amortisation Expense by Group of Activity

	2014 Actual \$000's	2013 Actual \$000's
<b>Depreciation and amortisation by group of activity</b>		
Community leadership	10	6
Planning for the future	0	0
Healthy and safe communities	62	69
Roads and footpaths	5,987	5,912
Community spaces	2,039	1,872
Community development	52	47
Stormwater	1,342	1,269
Wastewater	4,853	4,658
Land use	21	20
Water supply	2,860	2,565
Solid waste	188	189
<b>Total directly attributable to depreciation and amortisation by group of activity</b>	<b>17,414</b>	<b>16,607</b>
Depreciation and amortisation not directly related to a group of activities	1,192	1,270
<b>Total depreciation and amortisation expense</b>	<b>18,606</b>	<b>17,877</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 18 – Forestry

	2014 Actual \$000's	2013 Actual \$000's
<b>Balance at 1 July</b>	2,784	2,363
Increases due to purchases	0	0
Gains(Losses) arising from changes attributable to physical changes	161	194
Gains(Losses) arising from changes attributable to price changes	(405)	227
Decrease due to harvest	(209)	0
<b>Balance at 30 June</b>	<b>2,331</b>	<b>2,784</b>

11.3 hectares of Zone 2 was harvested in the year ending 30 June 2014 (2013: nil).

### Zone 1:

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

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

The total area of the stand is 52 hectares with 38.1 hectares being stocked productive forest, consisting of mature radiata pine.

### Zone 2, 3 and 5:

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

The total area of the stand is 158.4 hectares of forest consisting predominantly of radiata pine of various ages plus some smaller areas of other species.

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

The current licence fee payable in respect of Tairua Forest is based on the market value of the land. Council has provided a guarantee to the Crown for the amount of \$45,000 to cover the part of the Tairua Crown Forest subject to a Crown Forest Licence. The Council guarantee is noted as a contingent liability.

### Valuation

Council revalues its forestry assets annually. Independent registered valuers, Hammond Resource Management Ltd conducted a valuation of the forestry assets as at 30 June 2014. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The value is of standing timber only, exclusive of the value of the underlying land.
- Irrigation has no effect on wood quality that translates into different log prices.
- In the absence of any data to the contrary, and the apparent recovery from the 2011 red needle cast infection, this report has assumed there will be no long-term impact to overall growth rates.
- For the mid rotation, immature stands, discounting future cash flows is appropriate, as these trees need another few years to reach maturity.
- For the areas of mature trees, the realisable ("immediate liquidation") valuation method is most appropriate.
- The youngest stands have been valued using compounded costs.
- Where appropriate a combination of these methods has also been used.
- For the purposes of compounding costs, it is assumed that normal levels of site preparation are required and normal planting and post planting techniques have been assumed.
- Discounted cash flow required the projection of future growth, as well as the costs and returns net to the grower, expected up to and including the time of harvest.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 18 – Forestry [continued]

- Costs include future tending and management, annual overheads, and the direct costs associated with the harvesting operations: log and load, cartage, management fees, and any tracking or roading required. Revenue includes the market value of logs delivered to the sale point – mill or wharf.
- Stumpage is the net revenue (EBIT) to the grower derived from the log sale price (at wharf or at mill door), less harvesting and marketing costs directly associated with that harvest. These costs include marketing and harvesting commissions, transport, logging and loading, and any roading, tracking and stand preparation required for harvesting.
- All values expressed in the report were exclusive of GST and were pre-tax. No account is taken of the impact of any “cost of bush” the owner may have access to.
- The clearfell age has assumed as 28 years for radiata pine. The trees may in reality be held for more than 28 years or may be harvested earlier.
- 3% has been adopted as an appropriate compounding rate after taking into consideration both the nominal and real returns available to investors if investing within a low risk venture (i.e. Bank deposits).
- A discount rate of 6% (2013: 6%) has been used in discounting the present value of expected cash flows.

Council has not incurred any deforestation obligations (as defined in the New Zealand Emissions Trading Scheme (ETS) as at 30 June 2014.

We note that in the future however, Council may be liable for future deforestation obligations if, after the future forest clearances, the following thresholds are met:

- Four years after clearing, the forest land does not have at least 500 stems per hectare of forest species.

And either:

- If after 10 years the forest species are predominantly exotic species, there is not 30% crown cover from trees that have reached five metres in height; or
- If after 20 years, the forest species are predominantly indigenous species, there is not 30% crown cover from trees that have reached five metres in height.

The tests above are applied to the forest land on a hectare-by-hectare basis.

Council is not entitled to apply for a one off allocation of New Zealand Carbon Credit Units (NZUs) from the Government as it does not own the land the trees are situated on. As such, should any future obligations arise under the ETS, Council will be unable to offset these with NZUs and will instead be required to settle these with cash.

Council is exposed to financial risks arising from changes in timber prices. Council intends to hold the forestry long-term and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 19 – Joint Venture

	2014 Actual \$000's	2013 Actual \$000's
<b>Council's interests in the jointly controlled operation are as follows:</b>		
Current assets	125	55
Non-current assets	28	30
Current liabilities	(62)	(9)
<b>Net assets</b>	<b>91</b>	<b>76</b>
Share of income	301	170
Share of expenses	(286)	(158)
<b>Share of surplus/(deficit)</b>	<b>15</b>	<b>12</b>
Council's capital commitments in relation to the joint venture	0	0
Share of joint venture's commitments	0	0
Council's contingent liabilities incurred in relation to the joint venture	0	0
Share of joint venture's contingent liabilities	0	0
Other venturers' contingent liabilities the Council is liable for	0	0

The Council has a 40% interest in the Thames Valley Emergency Operating Area. This committee is run as a joint venture with Matamata-Piako and Hauraki District Council, each of whom have a 34% and 26% interest in the venture, respectively. Its balance date is 30 June. The Council is the administering body of the joint venture.



## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 20 – Creditors and Other Payables

	2014 Actual \$000's	2013 Actual \$000's
Trade payables	10,865	9,950
Deposits and bonds	1,023	1,125
Contract retentions	684	960
Accrued expenses	868	457
Amounts due to related parties (Note 28)	0	19
Revenue in advance	941	787
<b>Total creditors and other payables</b>	<b>14,381</b>	<b>13,298</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

	2014 Actual \$000's	2013 Actual \$000's
<b>Current borrowings</b>		
Finance leases	2	2
Term loans	38	11,150
<b>Total current borrowings</b>	<b>40</b>	<b>11,152</b>
<b>Non-current borrowings</b>		
Finance leases	2	3
Hire purchase	0	0
Term loans	45,400	37,838
<b>Total non-current borrowings</b>	<b>45,402</b>	<b>37,841</b>
<b>Total borrowings</b>	<b>45,442</b>	<b>48,993</b>

#### Term loans

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

- The two and four year facilities of \$20 million and \$12 million respectively; and
- The committed money market line facility of \$5 million.

As of 30 June 2014, Council no longer held a bank fixed rate term loan of \$10 million (2013: \$10 million with a corresponding set interest rate of 6.45%).

#### Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$250,000 (2013: \$250,000). There are no restrictions on the use of this 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.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Council's term loan with EECA is not secured.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 21 – Borrowings [continued]

#### Fair value

The fair value of finance leases are \$3,743 (2013: \$5,437). Fair value has been determined using contractual cash flows discounted at the market-borrowing rate of 9.7% (2013: 9.7%).

The carrying amounts of secured loans approximate their fair value because interest rates are reset to a market rate each quarter.

The carrying amounts of borrowings repayable within one year approximate their fair value, as the effect of discounting is not significant.

	2014 Actual \$000's	2013 Actual \$000's
<b>Analysis of finance leases</b>		
<b>Total minimum lease payments payable</b>		
Not later than one year	2	2
Later than one year and not later than five years	2	4
Later than five years	0	0
<b>Total minimum lease payments</b>	<b>4</b>	<b>6</b>
Future finance charges	0	(1)
<b>Present value of minimum lease payments</b>	<b>4</b>	<b>5</b>
<b>Present value of minimum finance lease payments payable</b>		
Not later than one year	2	2
Later than one year and not later than five years	2	3
Later than five years	0	0
<b>Present value of minimum lease payments</b>	<b>4</b>	<b>5</b>
<b>Represented by:</b>		
Current	2	2
Non-current	2	3
<b>Total finance leases</b>	<b>4</b>	<b>5</b>

#### Description of leasing arrangements

The only finance lease held by Council is for the library photocopier. The net carrying amount of this leased item is included within the asset class plant and machinery, as disclosed in Note 15 *Property, Plant and Equipment*.

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

Council is not permitted to pledge the leased assets as security nor can it sublease the leased equipment without the permission of the lessor.

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 21 – Borrowings [continued]

	Balance at 1 July	Borrowings	Repayments	Balance at 30 June	Interest paid
Internal borrowings	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Internal borrowings per activity group for the financial year ended 30 June 2014</b>					
Community leadership	1,522	567	555	1,534	115
Planning for the future	416	155	152	419	27
Healthy and safe communities	115	43	42	116	8
Roads and footpaths	4,080	1,519	1,486	4,113	249
Community spaces	4,426	1,648	1,612	4,462	402
Community development	0	0	0	0	0
Stormwater	4,319	1,608	1,573	4,354	274
Wastewater	42,455	15,808	15,466	42,797	2,951
Land use	299	111	109	301	20
Water	7,962	2,965	2,900	8,027	551
Solid waste	2,016	751	734	2,033	137
<b>Total</b>	<b>67,610</b>	<b>25,175</b>	<b>24,629</b>	<b>68,156</b>	<b>4,734</b>
<b>Internal borrowings per activity group for the financial year ended 30 June 2013</b>					
Community leadership	1,528	550	556	1,522	104
Planning for the future	418	150	152	416	28
Healthy and safe communities	116	41	42	115	8
Roads and footpaths	4,097	1,474	1,491	4,080	306
Community spaces	4,444	1,598	1,616	4,426	351
Community development	0	0	0	0	0
Stormwater	4,337	1,560	1,578	4,319	296
Wastewater	42,628	15,334	15,507	42,455	2,914
Land use	300	108	109	299	20
Water	7,994	2,876	2,908	7,962	557
Solid waste	2,024	728	736	2,016	138
<b>Total</b>	<b>67,886</b>	<b>24,419</b>	<b>24,695</b>	<b>67,610</b>	<b>4,722</b>

#### Internal Borrowings

Information on internal borrowings is provided above. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

#### Loan to finance interest expense

Included in internal borrowings for the year under review is the amount of \$3,650,210 (2013: \$2,879,143) which was raised to fund the interest on additional capacity loans which was not met by developer's contributions. This was done in accordance with Council's Development Contributions Policy.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 22 – Employee Entitlements

	2014 Actual \$000's	2013 Actual \$000's
<b>Current portion</b>		
Accrued salaries and wages	49	7
Annual leave	1,136	1,094
Retirement and long service leave	92	98
Sick leave	48	33
<b>Total current portion</b>	<b>1,325</b>	<b>1,232</b>
<b>Non-current portion</b>		
Retirement and long service leave	185	204
<b>Total non-current portion</b>	<b>185</b>	<b>204</b>
<b>Total employee entitlements</b>	<b>1,510</b>	<b>1,436</b>

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 5.27% (2013: 5.8%) and a salary inflation factor of 3.5% (2013: 2.5%) were used.

### Note 23 – Provisions

	2014 Actual \$000's	2013 Actual \$000's
<b>Current portion</b>		
Landfill aftercare	553	796
Weathertight homes	1,827	647
Reserve contribution credits	44	80
<b>Total current provisions</b>	<b>2,424</b>	<b>1,523</b>
<b>Non-current portion</b>		
Landfill aftercare	1,148	1,668
Weathertight homes	0	1,544
Reserve contribution credits	5,098	5,098
<b>Total non-current portion</b>	<b>6,246</b>	<b>8,310</b>
<b>Total provisions</b>	<b>8,670</b>	<b>9,833</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 23 – Provisions [continued]

Movements for each class of the provision are as follows:

	Landfill aftercare liability \$000's	Weather-tight homes \$000's	Reserve contribution credits \$000's	Total \$000's
<b>2014</b>				
Balance at 1 July 2013	2,464	2,190	5,179	9,833
Additional provisions made	0	277	0	277
Amounts used	(639)	(640)	(37)	(1,316)
Unused amounts reversed	(78)	0	0	(78)
Discount unwind	(46)	0	0	(46)
<b>Balance at 30 June 2014</b>	<b>1,701</b>	<b>1,827</b>	<b>5,142</b>	<b>8,670</b>
<b>2013</b>				
Balance at 1 July 2012	2,242	1,213	3,552	7,007
Additional provisions made	0	1,058	1,641	2,699
Amounts used	(49)	(81)	(14)	(144)
Unused amounts reversed	(105)	0	0	(105)
Discount unwind	376	0	0	376
<b>Balance at 30 June 2013</b>	<b>2,464</b>	<b>2,190</b>	<b>5,179</b>	<b>9,833</b>

### Landfill aftercare

As the owner of various closed landfills around the District, the Council has a legal obligation to ensure these sites are rehabilitated to a standard that minimises any negative impact on the environment. The Council has obtained resource consents for the closure of the following landfills:

- Mercury Bay landfill - granted until 30 June 2037;
- Coromandel landfill - granted until 1 January 2035;
- Whangamata landfill - granted until 1 September 2042; and
- Thames landfill - granted until 30 September 2044.

The Council has a responsibility under the resource consent to provide long-term maintenance and monitoring until such time that Waikato Regional Council is satisfied that the leachate quality has improved to a level that does not have a negative impact on the environment.

The Council has contracted AECOM to determine whether Council requires resource consent for the closure of other major landfills in the District. The full conditions of the consent are unknown until the consent is granted. However it is probable that the Council will be responsible for the provision of ongoing maintenance and monitoring of the landfill after the site is closed. The expected term of the maintenance and monitoring services that will be required is 25 to 35 years.

In the interim, Waikato Regional Council has approved a 'Monitoring and Management Plan' for all closed landfills located around the peninsula. These plans are intended to formalise Council's current sampling regimes and help with the preparation of the 'remediation and aftercare plan' for each site. These plans will be based on the results from the samples taken.

Expenditure on rehabilitation works will be funded by an internal loan, which is serviced by the general rate. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The provision has been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$3,125,996 (2013: \$4,038,199).

The following major assumptions have been made in calculating the provision:

- The discount rate used to arrive at the present value is 6.69% (2013: 6.69%).
- The aftercare has been estimated to continue until 2044. The annual inflation factor applied to the estimated aftercare costs for 2013/2014 to 2021/2022 is the October 2011 Local Government price level change forecast. An annual inflation rate of 3.49% has been applied to years 2022/2023 to 2043/2044 (2013: 3.49%).
- Estimates of the life and future expenditure are based on the 2012-2022 Long-term Plan and the 2013/2014 Annual Plan.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 23 – Provisions [continued]

### Provision for Weathertight homes

This provision is based on the Council's most likely exposure to notified claims. As at 30 June 2014, Council was aware of 12 unsettled notified claims (2013:16).

See Note 27 Contingent liabilities for further disclosure and comment.

### Reserve contribution credits

Council has negotiated with a developer to purchase 10 hectares of land situated in Whitianga for the development of a Multi-Sports Complex Centre. As part of this purchase agreement, Council entered into a Development Contributions Deed with the developer, which outlined when development and reserve contributions credits would be considered payable to Council. It also outlined the staged arrangement in which Council would purchase the land from the developer.

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 2014, 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 2014 only \$1,401,750 of the reserve contribution credits have been applied and therefore recognised within Council's accounts as revenue. As such, a provision of \$5,098,252 was recognised within Council's balance sheet reflecting that at balance date these contribution credits were effectively revenue received in advance by Council. As further development contributions credits fall due, the provision will be used to offset any further liability established by the developer.

In addition to the above, 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 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 130<sup>m</sup><sup>2</sup>. 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 15<sup>m</sup><sup>2</sup> 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 27 Contingent Liabilities for further disclosure and comment.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 24 – Equity

	2014 Actual \$000's	2013 Actual \$000's
<b>Accumulated funds</b>		
Opening balance	377,703	442,815
Net movement in restricted reserves	0	0
Net movement in Council created reserves	(1,878)	(66,572)
Transfers from property revaluation reserves on disposal	497	237
Net surplus for the year	(1,644)	1,223
<b>Total consolidated accumulated funds</b>	<b>374,678</b>	<b>377,703</b>
<b>Reserve funds</b>		
Balance at 1 July	86,895	20,325
Net movement to accumulated funds	1,878	66,570
<b>Balance at 30 June</b>	<b>88,773</b>	<b>86,895</b>
<b>Property revaluation reserves</b>		
Balance at 1 July	753,586	727,941
Net revaluation gains	12,403	25,882
Transfer to accumulated funds on disposal of property	(497)	(237)
<b>Balance at 30 June</b>	<b>765,492</b>	<b>753,586</b>
<b>Fair value through other comprehensive income</b>		
Balance at 1 July	0	0
Net revaluation gains/(losses)	(6)	0
<b>Balance at 30 June</b>	<b>(6)</b>	<b>0</b>
<b>Total equity</b>	<b>1,228,937</b>	<b>1,218,184</b>

Council Created Reserves are reserves created at discretion of Council.

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

Council created reserves consist of:

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

Council would like to note that some comparatives stated in the following notes differ from the actual figures stated in last year's Annual Report. As water is a District activity, all reserve opening and closing balances (along with the movement in the reserve) in relation to this activity are disclosed under the subheading "District" reserves. This disclosure is different to that from last year, in that Council would have previously disclosed opening and closing balances (along with any movement in the reserve) under the catchment area of benefit.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 24A – Council Created Reserves– Depreciation Reserves

#### Purpose - Depreciation Reserves

Depreciation reserves are where amounts equivalent to funded depreciation are held for use on capital renewals work.

Reserve Name	Activities	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>Depreciation Reserves</b>					
District	1	(4,439)	(12,766)	13,089	(4,116)
Thames	2	(1,595)	(1,166)	719	(2,042)
Coromandel	2	(269)	(257)	364	(162)
Mercury Bay	2	(533)	(1,307)	1,072	(768)
Tairua/Pauanui	2	(555)	(634)	347	(842)
Whangamata	2	(231)	(550)	270	(511)
<b>Total - Period ending 30 June 2014</b>		<b>(7,622)</b>	<b>(16,680)</b>	<b>15,861</b>	<b>(8,441)</b>
District	1	(4,155)	(12,003)	11,719	(4,439)
Thames	2	(1,278)	(1,122)	805	(1,595)
Coromandel	2	(236)	(247)	214	(269)
Mercury Bay	2	(508)	(1,161)	1,136	(533)
Tairua/Pauanui	2	(492)	(613)	550	(555)
Whangamata	2	(79)	(530)	378	(231)
<b>Total - Period ending 30 June 2013</b>		<b>(6,748)</b>	<b>(15,676)</b>	<b>14,802</b>	<b>(7,622)</b>

#### Activities to which the reserve relates

1. Community Leadership, Solid Waste, Wastewater, Water, Public Conveniences, District Transportation, Building Control and Cemeteries
2. All Council activities not separately rated and Stormwater

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 24B– Council Created Reserves – LGA Contribution Reserves

### Purpose - Special LGAC Reserves

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

Reserve Name	Activities	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>LGA Contribution Reserves</b>					
District	1	491	(943)	727	275
Thames	2	(212)	(45)	17	(240)
Coromandel	3	(305)	(13)	13	(305)
Mercury Bay	4	(104)	(279)	161	(222)
Tairua/Pauanui	4	101	(211)	72	(38)
Whangamata	5	(1,170)	(150)	17	(1,303)
<b>Total - Period ending 30 June 2014</b>		<b>(1,199)</b>	<b>(1,641)</b>	<b>1,007</b>	<b>(1,833)</b>
District	1	362	(914)	1,043	491
Thames	2	(209)	(8)	5	(212)
Coromandel	3	(297)	(30)	22	(305)
Mercury Bay	4	(829)	(71)	796	(104)
Tairua/Pauanui	4	110	(14)	5	101
Whangamata	5	(1,120)	(59)	9	(1,170)
<b>Total - Period ending 30 June 2013</b>		<b>(1,983)</b>	<b>(1,096)</b>	<b>1,880</b>	<b>(1,199)</b>

### Activities to which the reserve relates

1. District Transportation, Solid Waste, Public Conveniences, Community Leadership, Cemeteries, Wastewater and Water
2. Parks & Reserves, Libraries, Local Transportation, Halls, Airfields, Swimming Pools and Stormwater
3. Local Transportation, Parks & Reserves and Stormwater
4. Local Transportation, Parks & Reserves, Halls, Libraries, Harbours and Stormwater
5. Parks & Reserves, Halls and Stormwater

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 24C – Council Created Reserves – Retained Revenue Reserves

#### Purpose - Retained Revenue Reserves

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

Reserve Name	Activities	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>Retained Revenue Reserves</b>					
District	1	(7,392)	(1,656)	2,304	(6,744)
Thames	2	(1,035)	(9)	242	(802)
Coromandel	3	(340)	(39)	11	(368)
Mercury Bay	2	(1,209)	(362)	408	(1,163)
Tairua/Pauanui	2	(1,380)	(150)	102	(1,428)
Whangamata	4	(631)	(110)	36	(705)
<b>Total - Period ending 30 June 2014</b>		<b>(11,987)</b>	<b>(2,326)</b>	<b>3,103</b>	<b>(11,210)</b>
District	1	(7,565)	(2,160)	2,333	(7,392)
Thames	2	(1,001)	(146)	112	(1,035)
Coromandel	3	(181)	(159)	0	(340)
Mercury Bay	2	(1,167)	(300)	258	(1,209)
Tairua/Pauanui	2	(1,221)	(192)	33	(1,380)
Whangamata	4	(635)	(102)	106	(631)
<b>Total - Period ending 30 June 2013</b>		<b>(11,770)</b>	<b>(3,059)</b>	<b>2,842</b>	<b>(11,987)</b>

#### Activities to which the reserve relates

1. Community Leadership, Solid Waste, Wastewater and Water
2. All Council activities not separately rated and Stormwater
3. All Council activities not separately rated, Stormwater and Water
4. All Council activities not separately rated, Stormwater and Harbour

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 24D – Council Created Reserves – Restricted Reserves

### Purpose - Restricted Reserves

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

Reserve Name	Activities	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>Restricted Reserves</b>					
<b>Reserve Land</b>					
Restricted by Title	1	(31,616)	0	0	(31,616)
<b>Endowment Farms</b>					
Endowment farms trust property - restricted imposed by statute	1	(1,741)	0	0	(1,741)
<b>Total - Period ending 30 June 2014</b>		<b>(33,357)</b>	<b>0</b>	<b>0</b>	<b>(33,357)</b>
<b>Reserve Land</b>					
Restricted by Title	1	(31,616)	0	0	(31,616)
<b>Endowment Farms</b>					
Endowment farms trust property - restricted imposed by statute	1	(1,741)	0	0	(1,741)
<b>Total - Period ending 30 June 2013</b>		<b>(33,357)</b>	<b>0</b>	<b>0</b>	<b>(33,357)</b>

### Activities to which the reserve relates

1. District Leadership

## Note 24E – Council Created Reserves – Special Reserves

### Purpose - Special Reserves

**Power New Zealand Reserve** - Funded by proceeds from the sale of Power NZ shares, the purpose of this reserve is to fund internal borrowing. The corresponding interest earned then subsidises the UAGC rate requirement.

**Disaster Reserve Fund** - To fund repairs to infrastructure caused by natural disasters.

**District - General Purpose** - To fund any one off, unbudgeted, community Board projects as approved by Council.

**Property** - Funded by amounts realised from the sale of surplus land and buildings, the purpose of this reserve is to fund the acquisition cost of any future strategic purchases of the same type of assets, when and where required.

**Insurance excess** - To fund the insurance excess of any legal settlements within Building Control, Community Health & Safety, Land use Management and Land Information Memoranda activities.

**Special projects** - This reserve funds special 'one-off' community board projects as approved by Council.

**Wastewater headworks** - Funded by contributions collected under the RMA, the purpose of this reserve is fund the increased level of service component of various wastewater projects within the district.

**Solid waste levy refunds** - To fund any waste minimisation initiative.

**Rates postponement** - To fund 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.

**Roading subdivision** - Funded by contributions collected under the RMA, the purpose of this reserve is to help fund various roading projects and other initiatives within the roading activity.

**Thames - General purpose** - To fund non-infrastructure asset purchases within the Thames-urban area.

**All land subdivision reserves** - Funded by reserve contributions collected under the RMA, the purpose of the reserve is to fund the acquisition, or development of, reserves within the relevant catchment areas.

**All water headworks reserves** - Funded by reserve contributions collected under the RMA, the purpose of the reserve is to fund the increased level of service component of projects within the Water activity within the relevant catchment areas.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 24E – Council Created Reserves – Special Reserves [continued]

**All Off-street parking reserves** - Funded by reserve contributions collected under the RMA, the purpose of the reserve is to fund the acquisition, or development of, parking areas within the relevant catchment areas.

**Water unused loan** - Balance of loan raised to fund water extension.

Reserve Name	Activities	Opening	Transfers in	Transfers out	Closing
		\$000's	\$000's	\$000's	\$000's
<b>Special Reserves</b>					
Power New Zealand Reserve	1	(23,928)	0	0	(23,928)
Disaster Reserve		(1,286)	(700)	295	(1,691)
General Purpose		(206)	0	0	(206)
Property		(787)	0	1	(786)
Insurance Excess		(35)	(1,121)	323	(833)
Special Projects		(128)	0	128	(0)
Wastewater Headworks	2	0	(2)	0	(2)
Solid Waste Levy Refunds	3	(49)	(83)	32	(100)
Rates Postponement	1	(9)	(1)	0	(10)
Roading Subdivision	4	(12)	0	0	(12)
Thames Water Headworks	5	(9)	0	0	(9)
Coromandel - Water Headworks	5	(203)	0	0	(203)
Coromandel - Water Unused Loan	5	(28)	0	19	(9)
Whangamata - Water Headworks	5	(307)	0	0	(307)
<b>Total District Special Reserves</b>		<b>(26,988)</b>	<b>(1,907)</b>	<b>798</b>	<b>(28,097)</b>
<b>Thames</b>					
General Purpose	6	(1,906)	(283)	0	(2,189)
Land Subdivision	7	(144)	0	0	(144)
<b>Total Thames Special Reserves</b>		<b>(2,050)</b>	<b>(283)</b>	<b>0</b>	<b>(2,333)</b>
<b>Coromandel</b>					
Coromandel - Land Subdivision	7	(402)	0	0	(402)
Coromandel - Off Street Parking		(7)	0	0	(7)
<b>Total Coromandel - Special Reserves</b>		<b>(409)</b>	<b>0</b>	<b>0</b>	<b>(409)</b>
<b>Mercury Bay</b>					
Hot Water Parking	7	0	(28)	0	(28)
Whitianga Land Subdivision		(0)	0	0	(0)
Whitianga Off Street Parking		(26)	0	0	(26)
<b>Total Mercury Bay - Special Reserves</b>		<b>(26)</b>	<b>(28)</b>	<b>0</b>	<b>(54)</b>
<b>Tairua/Pauanui</b>					
Land Subdivision	7	(1,723)	0	10	(1,713)
Off Street Parking		(44)	0	44	(0)
<b>Total Tairua/Pauanui - Special Reserves</b>		<b>(1,767)</b>	<b>0</b>	<b>54</b>	<b>(1,713)</b>
<b>Whangamata</b>					
Land Subdivision	7	(1,419)	0	164	(1,255)
Off Street Parking		(70)	0	0	(70)
<b>Total Whangamata - Special Reserves</b>		<b>(1,489)</b>	<b>0</b>	<b>164</b>	<b>(1,325)</b>
<b>Total - Period ending 30 June 2014</b>		<b>(32,730)</b>	<b>(2,218)</b>	<b>1,016</b>	<b>(33,932)</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 24E – Council Created Reserves – Special Reserves [continued]

Reserve Name	Activities	Opening	Transfers in	Transfers out	Closing
Special Reserves		\$000's	\$000's	\$000's	\$000's
Power New Zealand Reserve	1	(23,928)	0	0	(23,928)
Disaster Reserve		(971)	(700)	385	(1,286)
General Purpose		(206)	0	0	(206)
Property		(807)	0	20	(787)
Insurance Excess		0	(1,094)	1,059	(35)
Special Projects		(128)	0	0	(128)
Wastewater Headworks	2	0	(17)	17	0
Solid Waste Levy Refunds	3	(133)	(75)	159	(49)
Rates Postponement	1	(8)	(1)	0	(9)
Roading Subdivision	4	(12)	0	0	(12)
Thames Water Headworks	5	0	(16)	7	(9)
Coromandel - Water Headworks	5	(203)	0	0	(203)
Coromandel - Water Unused Loan	5	(48)	0	20	(28)
Whangamata - Water Headworks	5	(302)	(5)	0	(307)
<b>Total District Special Reserves</b>		<b>(26,747)</b>	<b>(1,908)</b>	<b>1,667</b>	<b>(26,988)</b>
<b>Thames</b>					
General Purpose	6	(1,748)	(175)	17	(1,906)
Land Subdivision	7	(125)	(19)	0	(144)
<b>Total Thames Special Reserves</b>		<b>(1,873)</b>	<b>(194)</b>	<b>17</b>	<b>(2,050)</b>
<b>Coromandel</b>					
Coromandel - Land Subdivision	7	(402)	0	0	(402)
Coromandel - Off Street Parking		(7)	0	0	(7)
<b>Total Coromandel - Special Reserves</b>		<b>(409)</b>	<b>0</b>	<b>0</b>	<b>(409)</b>
<b>Mercury Bay</b>					
Hot Water Parking	7	0	0	0	0
Whitianga Land Subdivision		(1,622)	0	1,622	(0)
Whitianga Off Street Parking		(56)	0	30	(26)
<b>Total Mercury Bay - Special Reserves</b>		<b>(1,678)</b>	<b>0</b>	<b>1,652</b>	<b>(26)</b>
<b>Tairua/Pauanui</b>					
Land Subdivision	7	(1,723)	0	0	(1,723)
Off Street Parking		(44)	0	0	(44)
<b>Total Tairua/Pauanui - Special Reserves</b>		<b>(1,767)</b>	<b>0</b>	<b>0</b>	<b>(1,767)</b>
<b>Whangamata</b>					
Land Subdivision	7	(1,809)	0	390	(1,419)
Off Street Parking		(70)	0	0	(70)
<b>Total Whangamata - Special Reserves</b>		<b>(1,879)</b>	<b>0</b>	<b>390</b>	<b>(1,489)</b>
<b>Total - Period ending 30 June 2013</b>		<b>(34,354)</b>	<b>(2,102)</b>	<b>3,726</b>	<b>(32,730)</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 24E – Council Created Reserves – Special Reserves [continued]

**Activities to which the reserve relates**

1. District Leadership
2. Wastewater
3. Solidwaste
4. District Transportation
5. Water
6. Activities within Thames
7. Parks and Reserves

### Note 25 – Reconciliation of operating cash flow

	2014 Actual \$000's	2013 Actual \$000's
<b>Surplus/(Deficit) after tax</b>	<b>(1,644)</b>	<b>1,223</b>
<b>Add/(less) non-cash items</b>		
Vested assets	(1,178)	(469)
Amortisation	782	630
Depreciation	17,824	17,247
(Gains)/losses in fair value of forestry assets	453	(421)
Net (gains)/losses on interest rate swaps	(1,455)	(1,633)
Movement in weathertight buildings provision	(364)	977
Movement in reserve contribution credits	(36)	1,627
Movement in landfill aftercare provision	(718)	(154)
Impairment of receivables	170	243
Impairment of spare parts	7	30
Interest unwind on landfill aftercare	(45)	376
<b>Total non-cash items</b>	<b>15,440</b>	<b>18,453</b>
<b>Add/(less) movements in working capital items</b>		
Increase/(decrease) in accounts payable	301	(538)
Increase/(decrease) in employee benefits	73	(84)
(Increase)/decrease in accounts receivable	(709)	327
<b>Total movements in working capital items</b>	<b>(335)</b>	<b>(295)</b>
<b>Add/(less) items classified as investing activities</b>		
Net losses on sale of property, plant and equipment	4,136	1,013
Share of joint venture loss/(Gain)	(15)	(12)
<b>Total items classified as investing activities</b>	<b>4,121</b>	<b>1,001</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>17,582</b>	<b>20,382</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 26 – Commitments

	2014 Actual \$000's	2013 Actual \$000's
<b>Capital commitments</b>		
Property, plant, and equipment	52	135
<b>Total capital commitments</b>	<b>52</b>	<b>135</b>

#### Capital commitments

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

#### Operating Leases as Lessee

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

	2014 Actual \$000's	2013 Actual \$000's
<b>Operating leases as lessee</b>		
Not later than one year	12	12
<b>Total non-cancellable operating leases</b>	<b>12</b>	<b>12</b>

The lease has a non-cancellable term of 12 months.

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2013: \$nil). Council cannot assign or sublet the property without prior written consent of the lessor.

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

#### Operating Leases as Lessor

The Council leases some properties held for future strategic purposes under operating leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2014 Actual \$000's	2013 Actual \$000's
<b>Operating leases as lessor</b>		
Not later than one year	670	688
Later than one year and not later than five years	2,250	1,849
Later than five years	3,029	3,909
<b>Total non-cancellable operating leases</b>	<b>5,949</b>	<b>6,446</b>

Lease terms range anywhere from 12 months to 21 years (with lease reviews every 3 years).

No contingent rents have been recognised in the statement of comprehensive income during the period.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 27 – Contingent Liabilities

The Council is aware of the following contingent liabilities as at 30 June 2014:

	2014 Actual \$000's	2013 Actual \$000's
Miscellaneous non-insured claims	750	800
Weather tight homes	10,328	6,350
Council guarantees	1,896	1,896
<b>Total contingent liabilities</b>	<b>12,974</b>	<b>9,046</b>

### Native lands agreement

In 1877 the Thames Borough Council entered an agreement with local iwi for the purchase of land required for the Paeroa-Thames highway. As part of the agreement the Council agreed that any land owned by iwi would be exempt from rates indefinitely. The Maori Land Court subsequently ruled that the agreement was ultra vires Council's statutory powers. The Council has assessed rates on properties affected by the agreement for a number of years.

In 1999, the Council reviewed the background to this issue and agreed to enter into discussions with iwi to explore ways of settling the grievance issues that they have with the Council in relation to this matter. These discussions are continuing and may lead to the need to refund some rates previously assessed. The extent of any contingent liability cannot be determined and forms part of the current discussions.

### Weathertight homes

The weather tightness problem, commonly known as "leaky homes" or "leaky buildings", refers to those buildings where water has penetrated the building envelope or cladding system and is not able to drain or dry for some time. The problem affects apartments, townhouses and stand-alone homes, mostly built between 1992 and 2005.

The term "leaky homes claims" refers to claims against the Council for damages relating to a leaky building. Risk and liability related to Council's building control functions such as building consent processing, inspections and issuing code compliance certificates cannot be avoided. Where the Council has failed to discharge its duty of care when providing building control services and loss has been suffered as a result, the Council may be found negligent. This is the basis for claims for damages against the Council.

The term "leaky homes claims" has also been extended to include cases where owners have opted for the Government's financial assistance package scheme. The Government has established a financial assistance package (FAP) for owners of leaky homes to get their homes fixed outside of the weathertightness tribunal or courts processes. Under the FAP, central government meets 25% of eligible homeowners' agreed repair costs, with local authorities contributing 25% and homeowners funding the remaining 50%, with a loan guarantee underwritten by the Crown, provided applicants can meet bank lending criteria.

TCDC is a participating local authority in the scheme. Homeowners who participate in the scheme would forgo the right to sue the Council or the Crown. Ultimately, it is the choice of homeowners to sue or otherwise participate in the financial assistance package.

Where claimants elect to sue, the Council must accordingly defend whilst maintaining a preference, where possible, to settle claims without the need for hearing and thereby avoiding the uncertainty, cost and stress of protracted litigation.

When we last measured, across the country anecdotal evidence suggests that the average settlement amount in such cases is around 40% of the original amount claimed; the Council's track record is around 16%. This difference is likely attributable to two factors: our insurance arrangements and the staff mandate to minimise the financial impact of such claims on the Council's ratepayers.

Council's insurance arrangements cover legal costs capped at a maximum indemnity aggregate of \$500,000 for each insurance year/period which covers all claims notified in that particular year. Council's excess is \$100,000 per claim. Settlement amounts for leaky homes claims are not covered by insurance.

There are twelve current claims; eight of these are part of the FAP scheme. All twelve claims were registered on the WHRS website as active as at 30 June 2014 (2013: 16 claims) The amounts sought by the claimants of these unsettled claims total to \$12,155,430 including four for unknown amounts (2013: \$9,829,824 including eight for unknown amounts).

A provision for \$1,826,897 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) (2013: \$2,191,325). However, based on the information obtained during this financial year (and that of previous years), Council has estimated that it may be liable for a further \$10,328,533 in settlement costs (2013: \$6,349,956).

### Hauraki Rail Trail

The Council, along with Hauraki District Council (HDC) and Matamata-Piako District Council (MPDC) are party to a trust deed which has formed the Hauraki Rail Trail Charitable Trust (the Trust). The deed, signed on 2 March 2012, allows the Trust to own, operate, maintain, repair, develop and facilitate the use and enjoyment of a cycleway within the region.

Upon formation of the Trust, it also entered into a "Management Agreement" to manage the cycleway. As part of that agreement, the Trust is required to obtain income from the cycleway to provide funding for its 'management obligations'. If the Trust is unable

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 27 – Contingent Liabilities [continued]

to obtain sufficient income from the cycleway to meet its management obligations, the Council, HDC and MPDC have agreed to contribute additional funding to the Trust (as set out in the management agreement).

If Council is notified that a shortfall exists, then Council is required to pay to the Trust the lesser of:

- One third of the shortfall specified in the relevant Trust's notice; or the following amount.
- \$55,800 for the year ended 30 June 2014; or
- \$57,500 for the year ended 30 June 2015; or
- \$60,000 for the year ended 30 June 2016.

### New Zealand Local Government Funding Agency

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

Council is one of 30 local authority shareholders and 10 local authority guarantors of the LGFA (in that regard it has uncalled capital of \$100,000). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2014, LGFA had borrowings totalling \$3.728 billion (2013: \$2.475 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Reserve contribution credits

Reserve contribution credits result from historical vesting of reserve land which was over and above the required reserve area for the particular subdivision. Applications to recognise any potential historic reserve credits will be assessed on a case-by-case basis when and if a further Resource Consent is granted for the property to which the credits relate. However estimating the value of these credits is uncertain because it relies on factors such as the future development potential of any residual land, future land values, the value of the land when vested, the zoning of the land and any other District Plan mechanism such as structure plans and the reasons for the land being vested at the time.

Council has recognised that there are two developers that have reserve contribution credits available to them as at 30 June 2014 should they proceed with any further development at a later date. However, at the time of writing this report, there were no current land-use consents utilising these reserve contribution credits.

### Council Guarantees

Council is listed as a guarantor to a number of sporting and community organisation bank loans. Council is obligated under the guarantee to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time.

The terms and conditions of the guarantee require:

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

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

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

### Employer contributions to defined contribution plans

Council is a participating employer in the DBP Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Council could be responsible for an increased share of the deficit.

As at 31 March 2014, the scheme had a past service surplus of \$16.1 million (exclusive of employer superannuation contribution tax). This surplus was calculated using a discount rate equal to the expected return on net assets, but otherwise the assumptions and methodology were consistent with requirements of NZ IAS 19. The actuary of the scheme recommended that the employer's contributions were to be suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

### Contingent Assets

The Council has no contingent assets (2013: \$nil).

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 28 – Related Party Transactions

	2014 Actual \$000's	2013 Actual \$000's
<b>Transactions with subsidiaries, associates, or joint ventures</b>		
<b>Payments to associates</b>		
<b>Destination Coromandel:</b>		
Contribution from Council for services provided by Destination Coromandel	365	322
<b>Hauraki Rail Trail Charitable Trust:</b>		
Contribution from Council for services provided by Hauraki Rail Trail Charitable Trust	58	60
Payments outstanding at year end	0	19
<b>Total payments made to associates</b>	<b>423</b>	<b>401</b>
<b>Payment to joint ventures</b>		
<b>Thames Valley Emergency Operating Area (TVEOA):</b>		
Grants and levies paid by Council	229	182
Council reimbursements to TVEOA for items bought on behalf of Council	17	19
Administration services provided by Council including rent and rates	28	33
Insurance and ACC levies reimbursed to Council as paid on behalf of TVEOA	2	3
Other reimbursements to Council paid on behalf of TVEOA	8	2
Gross salaries reimbursed to Council as paid on behalf of TVEOA	249	227
<b>Total payments to joint ventures</b>	<b>533</b>	<b>466</b>
<b>Total transactions with subsidiaries, associates, or joint ventures</b>	<b>956</b>	<b>867</b>

### Destination Coromandel Trust

Destination Coromandel Trust is an associate of Council. The Trust's purpose is to promote tourism and travel for the benefit of the people in the communities of the Coromandel and Hauraki regions.

### Hauraki Rail Trail Charitable Trust

Hauraki Rail Trail Charitable Trust is an associate of Council. Council has signed a memorandum of understanding agreement along with Hauraki District Council, Matamata-Piako District Council and the Hauraki Rail Trail Charitable Trust on the management of the Hauraki Rail Trail.

### Thames Valley Emergency Operating Area

The Thames Valley Emergency Operating Area (TVEOA) is a joint venture of Council that provides rural fire and emergency services. As at 30 June 2014, Council held a 40% interest in TVEOA.

	2014 Actual \$000's	2013 Actual \$000's
<b>Transactions with CCOs not classified as either a subsidiary, associate or joint venture</b>		
<b>Payments to other CCOs</b>		
<b>Local Authority Shared Services Limited:</b>		
Services provided to Council	122	107
<b>Local Government Funding Agency:</b>		
Equity purchase in Local Government Funding Agency	368	292
Interest paid to Local Government Funding Agency	655	77
Borrower notes from Local Government Funding Agency	23,000	12,000
<b>Total payments to CCOs not classified as either a subsidiary, associate or joint venture</b>	<b>24,145</b>	<b>12,476</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 28 – Related Party Transactions [continued]

### Local Authority Shared Services Ltd

The Local Authority Shared Service Ltd (LASS) was developed as a joint initiative between 12 councils of the Waikato region. The objective of the company is to provide Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities. As at 30 June 2014, Council has a one-twelfth shareholding in LASS.

### New Zealand Local Government Funding Agency Ltd

New Zealand Local Government Funding Agency Ltd was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Council is a shareholder of the New Zealand Local Government Funding Agency Ltd. As at 30 June 2014 there were 31 shareholders made up of 30 local authorities and the Crown. As at balance date Council has 0.4% equity, \$100,000 called capital and \$100,000 uncalled capital. Total uncalled capital totals \$20m across all shareholders. In case of a default event Council is also a guarantor (together with the other Councils) of all LGFA debts, which is currently \$3,728 million (2013: \$2,475 million).

	2014 Actual \$000's	2013 Actual \$000's
<b>Key management personnel compensation</b>		
Salaries and other short term employee benefits	2,253	2,195
Termination benefits	147	169
<b>Total key management personnel compensation</b>	<b>2,400</b>	<b>2,364</b>

Key Management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

During the year, Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc.).

During the year, an amount of \$93,638 plus GST (2013: \$91,440) was paid to the Thames Information Centre, a Centre in which Councillor Diane Connors is also an employee.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties during the year ending 30 June 2014 (2013: nil).



## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 29 – Remuneration

	2014	2013
	Actual	Actual
	\$000's	\$000's
<b>The Chief Executive received the following remuneration:</b>		
Salary	258	248
Vehicle (market value plus FBT)	16	17
Bonus	20	10
<b>Total Chief Executive's remuneration</b>	<b>294</b>	<b>275</b>

	2014	2013
	Actual	Actual
	\$000's	\$000's
<b>Elected representatives received the following remuneration:</b>		
Mayor Glenn Leach	115	112
Deputy Mayor Peter French	41	35
Councillor Tony Brljevic	36	29
Councillor Diane Connors	29	29
Councillor Tony Fox	36	35
Councillor Wyn Hoadley QSO	6	34
Councillor Murray McLean JP	35	33
Councillor Jack Wells	29	28
Councillor Sandra Goudie	35	0
Councillor Jan Bartley	29	28
<b>Total elected representatives remuneration</b>	<b>391</b>	<b>363</b>

	2014	2013
	Actual	Actual
	\$000's	\$000's
<b>Total annual remuneration by band for employees as at 30 June 2014</b>		
< \$60,000	99	98
\$60,000-\$79,999	48	47
\$80,000-\$99,999	26	24
\$100,000-\$119,999	9	11
\$120,000-\$159,999	7	9
\$160,000-\$189,999	5	3
\$280,000-\$299,999	1	1
<b>Total employees</b>	<b>195</b>	<b>193</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 29 – Remuneration [continued]

Total remuneration includes non-financial benefits provided to employees.

Council is required by the Local Government Amendment Act 2012 to report staff employed by salary bands for the current financial year and for the preceding financial year. For each year, the report must state, as at the last day of the year, the number of full time employees and the full time equivalent number of all other employees.

The report must state the number of employees receiving total annual remuneration of less than \$60,000 and the number of employees receiving total annual remuneration of \$60,000 or more, expressed in bands of \$20,000.

If the number of employees in any band is five or fewer, the number for that band must be combined with the next highest band and the bandwidth adjusted accordingly.

Total annual remuneration includes the value of any non-financial benefit that, during the year, was paid to an employee, or was payable to an employee.

At balance date, the Council employed 158 (2013: 160) full-time employees, with the balance of 37 (2013: 33) staff being part time and casual employees representing 21.32 (2013: 18.68) full-time equivalent employees. A full-time employee is determined based on a 40-hour working week.

## Note 30 – Severance Payments

For the year ended 30 June 2014, the Council made one (2013: two) severance payment to employees totalling \$10,000 (2013: \$44,093).

## Note 31 – Events after the Balance Date

No post balance date events occurred up to the date of the report adoption that is known to have a material effect on the financial statements and notes to the financial statements of Council.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 32 – Financial Instruments

#### Note 32A – Financial Instrument Categories

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

	2014 Actual \$000's	2013 Actual \$000's
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	1,215	163
Debtors and other receivables	7,119	2,782
Rates postponement receivables	362	305
Borrower notes from Local Government Funding Agency	560	192
Term deposits	89	95
<b>Total loans and receivables</b>	<b>9,345</b>	<b>3,537</b>
<b>Fair value through other comprehensive income</b>		
<i>Other financial assets</i>		
Investment in CCOs and similar entities	231	231
Investment in other entities	27	8
<b>Total fair value through other comprehensive income</b>	<b>258</b>	<b>239</b>
<b>Total financial assets classified within financial instrument categories</b>	<b>9,603</b>	<b>3,776</b>
<b>Financial liabilities</b>		
<b>Fair value through surplus or deficit - held for trading</b>		
Derivative financial instrument liabilities	1,703	3,158
<b>Total fair value through surplus or deficit - held for trading</b>	<b>1,703</b>	<b>3,158</b>
<b>Financial liabilities at amortised cost</b>		
Creditors and other payables	13,440	12,511
<i>Borrowings</i>		
Finance Lease liabilities	4	5
Term loans	45,438	48,988
<b>Total financial liabilities at amortised cost</b>	<b>45,442</b>	<b>48,993</b>
<b>Total financial liabilities classified within financial liability categories</b>	<b>58,882</b>	<b>61,504</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 32B – Fair Value Hierarchy Disclosures

For those instruments recognised at fair value on the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position:

	Total	Valuation technique		
		Quoted market price	Observable inputs	Non-observable inputs
	\$000's	\$000's	\$000's	\$000's
<b>2014</b>				
<b>Financial assets</b>				
Shares	258	0	0	258
<b>Financial liabilities</b>				
Derivatives	1,703	0	1,703	0
<b>2013</b>				
<b>Financial assets</b>				
Shares	239	0	0	239
<b>Financial liabilities</b>				
Derivatives	3,157	0	3,157	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:

	2014	2013
	Actual	Actual
	\$000's	\$000's
<b>Balance at 1 July</b>	<b>239</b>	<b>142</b>
Gains and losses recognised in the surplus or deficit	0	0
Gains and losses recognised in other comprehensive income	0	(3)
Purchases	19	0
Sales	0	0
Transfers into level 3	0	100
Transfers out of level 3	0	0
<b>Balance at 30 June</b>	<b>258</b>	<b>239</b>

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 32C – Financial Instrument Risks

Council is party to financial instruments as part of its normal operations. Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure arising from its treasury activities. Council has a liability management policy and an investment policy that provides risk management for interest rates and the concentration of credit risk.

These policies do not allow any transactions that are speculative in nature to be entered into.

### Market Risk

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

Council is not exposed to equities securities price risk on its investments.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council may purchase plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transaction denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$100,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means the Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas. The Council has no forward foreign exchange contracts as at 30 June 2014.

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. Borrowings and investments issued at fixed rates of interest expose Council to fair value interest rate risk.

Council's liability management policy outlines the level of borrowing that is considered acceptable using fixed rate instruments. In the normal course of business, any long-term debt is at floating interest rates. Short-term borrowing and investments are subject to normal market fluctuations.

Interest rate management instruments are used to manage floating wholesale market interest rate movements by converting floating rates to fixed rates. Consequently, investments at fixed rates expose Council to fair value interest rate risk.

The interest rates on Council's investments are disclosed in Note 12 *Derivative Financial Instruments* and on Council's borrowings in Note 21 *Borrowings*.

Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Generally, Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

### Credit Risk

Credit risk is the risk that a third party will default on its obligation to Council causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits which give rise to credit risk. Financial instruments which potentially subject Council to credit risk principally consist of cash and on-call deposits, accounts receivable, investments in company shares and interest rate swaps. Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk.

Credit risk is minimised as a result of several key controls:

- Maintaining maximum limits for the amount of credit exposure with any one institution,
- Limiting investments to registered banks and strongly rated state owned enterprises and corporations,
- Controlling the level and spread of accounts receivable outstanding.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 32C – Financial Instrument Risks [continued]

As a result of these controls there are no significant concentrations of credit risk. The maximum exposure to credit risk at 30 June 2014 is the fair value of these instruments as stated in the statement of financial position.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### Maximum exposure to credit risk

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

	2014 Actual \$000's	2013 Actual \$000's
Cash at bank and term deposits	1,304	258
Debtors and other receivables	7,119	6,443
Rates postponement receivables	362	347
Financial guarantees	1,298	1,373
<b>Total maximum exposure to credit risk</b>	<b>10,083</b>	<b>8,421</b>

Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 27 *Contingent Liabilities*.

### Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired have been assessed by reference to Standard and Poor's credit rating's (if available) or to historical information about counterparty default rates:

<b>Counterparties with credit ratings</b>	2014 Actual \$000's	2013 Actual \$000's
<b>Cash at bank and term deposits</b>		
AA	1,304	258
<b>Total cash at bank and term deposits</b>	<b>1,304</b>	<b>258</b>

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

### Liquidity Risk

#### Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months.

Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of Council's Ten Year Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$250,000 (2013: \$250,000). There are no restrictions on the use of this facility. For a summary of the facilities held by Council refer to Note 21 *Borrowings*.

Council seeks to manage liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

#### Contractual maturity analysis of financial liabilities

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 32C – Financial Instrument Risks [continued]

	Carrying amount	Contractual cashflows	Less than 1 year	2-5 years	More than 5 years
Financial liabilities	\$000's	\$000's	\$000's	\$000's	\$000's
<b>2014</b>					
Creditors and other payables	13,440	13,440	13,440	0	0
Net settled derivative liabilities	1,703	1,703	373	1,108	222
Secured loans	45,438	45,438	38	37,400	8,000
Finance leases	4	4	2	2	0
Financial guarantees	1,298	1,298	1,298	0	0
<b>Total to 30 June 2014</b>	<b>61,883</b>	<b>61,883</b>	<b>15,151</b>	<b>38,510</b>	<b>8,222</b>
<b>2013</b>					
Creditors and other payables	12,511	12,511	12,511	0	0
Net settled derivative liabilities	3,158	3,158	3,158	0	0
Secured loans	48,988	48,988	11,150	37,838	0
Finance leases	6	6	2	4	0
Financial guarantees	1,373	1,373	1,373	0	0
<b>Total to 30 June 2013</b>	<b>66,036</b>	<b>66,036</b>	<b>28,194</b>	<b>37,842</b>	<b>0</b>

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 27 *Contingent Liabilities*.

#### Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cashflows	Less than 1 year	2-5 years	More than 5 years
Financial assets	\$000's	\$000's	\$000's	\$000's	\$000's
<b>2014</b>					
Cash and cash equivalents	1,215	1,215	1,215	0	0
Debtors and other receivables	7,119	7,119	7,119	0	0
Rates postponement receivables	362	362	0	0	362
<i>Other financial assets</i>					
Term deposits	89	89	89	0	0
<b>Total to 30 June 2014</b>	<b>8,785</b>	<b>8,785</b>	<b>8,423</b>	<b>0</b>	<b>362</b>
<b>2013</b>					
Cash and cash equivalents	163	163	163	0	0
Debtors and other receivables	6,443	6,443	6,443	0	0
Rates postponement receivables	347	347	0	0	347
<i>Other financial assets</i>					
Term deposits	95	95	95	0	0
<b>Total to 30 June 2013</b>	<b>7,048</b>	<b>7,048</b>	<b>6,701</b>	<b>0</b>	<b>347</b>



## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 32C – Financial Instrument Risks [continued]

#### Sensitivity Analysis

The table below illustrates the potential surplus or deficit and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on financial instrument exposures at the balance date.

	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
<b>Sensitivity to interest rate risk</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Financial assets</b>				
Cash and cash equivalents	0	0	0	0
<b>Financial liabilities</b>				
Derivatives - held for trading	(2,043)	0	1,920	0
<i>Borrowings</i>				
Bank overdraft	0	0	0	0
Term loans	0	0	0	0
<b>Total sensitivity for the period ending 30 June 2014</b>	<b>(2,043)</b>	<b>0</b>	<b>1,920</b>	<b>0</b>
<b>Financial assets</b>				
Cash and cash equivalents	0	0	0	0
<b>Financial liabilities</b>				
Derivatives - held for trading	(1,792)	0	1,692	0
<i>Borrowings</i>				
Bank overdraft	0	0	0	0
Term loans	0	0	0	0
<b>Total sensitivity for the period ending 30 June 2013</b>	<b>(1,792)</b>	<b>0</b>	<b>1,692</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 50 bps is equivalent to a decrease in interest rates of 0.5%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2013: -100bps/+100bps).

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 33 – Capital Management

Council's capital is its equity (or ratepayer's funds), which comprise retained earnings, asset revaluation reserves and fair value through comprehensive income reserves. Equity is represented by net assets.

The Local Government Act 2002 requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council.

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

The Act requires Council to make adequate and effective provision in its Ten Year Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's Ten Year Plan.

Council has the following Council created reserves:

- Specifically named reserves available to fund activities
- Retained revenue reserves available to fund activities
- Funded depreciation reserves to fund capital items
- Special LGAC reserves to fund capital items

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 34 – Explanations for major variances against budget

### Statement of Comprehensive Income

#### Revenue

<b>Rates revenue, excluding targeted water supply rates</b>	Rates revenue, excluding targeted water supply rates decreased \$0.6 million to budget. The main reason for the variance is that the budgeted figure does not take into consideration remissions of \$0.5 million. The remaining variance relates to an increase in penalties.
<b>Fees, charges, and targeted rates for water supply</b>	Fees, charges and targeted rates for water supply decreased \$0.9 million to budget. Targeted water supply rates were under budget by \$0.4 million due to less demand than anticipated. Solid waste collection revenue including the sale of rubbish bags was under budget by \$0.3 million. The reduced solid waste and rubbish bag revenue is a direct result of diversion. This means that more waste was diverted away from landfills as a result of an increase in recycling. The remaining variance of \$0.2 million is a result of a number of small movements across all activities with fees and charges.
<b>Development and financial contributions</b>	Development contributions increased to budget by \$0.6 million. The favourable increase is due to an increase in the number of building and resources consents received and processed. In addition to this, a number of consents issued in prior years have also been given effect within this financial year due to favourable economic conditions. As a result, these have become liable for development contributions (as per our Development Contributions Policy). The areas that have seen the greatest increase in development contributions revenue are Mercury Bay, Tairua/Pauanui and Whangamata.
<b>Subsidies and grants</b>	Subsidies and grant revenue was \$0.7 million lower than budget due to a decrease in the subsidy revenue received from New Zealand Transport Agency. This is directly related to the amount of money the Council spends on the roading activity, whether capital expenditure or operating expenditure. The actual spend on maintenance work, pavement treatment and sealed roads for the year was lower than anticipated.
<b>Other revenue</b>	Other revenue is greater than budgeted by \$0.8 million. This is mainly attributable to higher than anticipated amounts of vested assets provided to Council. Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed during the year. Assets worth \$1.2 million have been vested in Council and this was due to the increased subdivision activity in the present economic climate.
<b>Gains</b>	Gains were greater than budget by \$1.3 million. The gain is due to the 'spot' or 'floating' interest rates payable on our borrowings increasing over the past 12 months compared to those interest rates that have been fixed by Council as part of the interest rate swap.

#### Expenditure

<b>Personnel costs</b>	Personnel costs increased to budget by \$0.6 million. Redundancy payments were \$0.1 million over budget. A 2.5% salary increase was budgeted for, however the actual increase was 3.3% resulting in an increase from budget of \$0.1 million. The remaining variance is due to unbudgeted positions that were filled to advance improvements with projects and other areas across the organisation.
<b>Finance costs</b>	Finance costs decreased to budget by \$0.8 million because the actual borrowings were significantly below budget for the year. This was influenced by Council's capital expenditure being significantly under budget for both the 2012/13 and 2013/14 financial years. When prudent to do so, Council has moved some of its bank funded debt to the Local Government Funding Agency to take advantage of cheaper interest rates.
<b>Other expenses</b>	Other expenses is under budget by \$3.0 million. This is mainly attributable to cost savings across the organisation.

#### Other Comprehensive Income

<b>Gains</b>	Gains were under budget by \$8.8 million. The asset revaluation movements were lower than budgeted. The cost adjustment factors (derived from the CPI, PPI and labour adjustment indexes) were all lower than that originally anticipated when the budget was prepared.
--------------	---

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 34 – Explanations for major variances against budget [continued]

### Statement of Changes in Equity

**Total Comprehensive Income** Total comprehensive income was \$9.5 million less than budgeted. The increase in equity was under budget by \$10.3 million. This was made up of a larger than forecast operating deficit of (\$0.8) million plus the lower than budget movement in other comprehensive income of \$8.8 million. Major variances are explained within the statement of comprehensive income variance notes above.

### Statement of Financial Position

#### Assets

**Cash and cash equivalents** The increase in cash and cash equivalents of \$0.9 million from budget was due to Council receiving the NZTA refund and the GST refund totalling \$0.5 million on the 30 June. Council also drew down a loan on 23 June of \$5.0 million – of which \$2.3 million was used to repay part of our ANZ loan facility and \$2.1 million was used for the final cheque run – which was less than that anticipated. The remaining balance was placed on call.

**Investments in CCOs** Investments in CCO's was not budgeted for, therefore the actual investment of \$0.8 million represents the movement for the year. As part of the Local Government Funding Agency lending facility, Council is required to obtain borrower notes as part of the drawdown. The investment in CCO's of \$0.8 million mainly represents the increase in borrower notes obtained by Council as part of that lending facility.

**Intangible assets** Intangible assets were under budget by \$2.1 million. The budget is made up of the opening book value as at 1 July 2012 (\$7.3 million) plus the budgeted intangible additions for the 2012/13 financial year and the 2013/14 financial year of \$1.0 million. The majority of the additions budget (\$1.0 million) related to the resource consent for the Aquaculture Project. This project had no spend against it in the 2013/14 financial year. The spend that was incurred in the 2011/12 & 2012/13 financial years of \$0.2 million was subsequently disposed of due to the project revising its scope. The remaining movement related to this year's other work in progress disposals and reclassifications made between tangible and intangible assets. These changes contributed to approximately \$0.4 million of the variance. The unbudgeted accumulated depreciation charge (incurred in the 2013/14 financial year) for the Thames Valley and Matatoki Water resource consents also contributed to approximately \$0.2 million of the variance.

**Property, plant and equipment** Property, plant and equipment was under budget by \$32.2 million. The budget is made up of the opening book value as at 1 July 2012 (\$1,249.1 million) plus the budgeted tangible additions and revaluation surplus for the 2012/13 financial year and the 2013/14 financial year of \$53.0 million and \$49.0 million, respectively. This total was offset by budgeted depreciation of \$36.9 million. The total additions over this time however, only amounted to \$34.8 million. This produced a shortfall compared to budget of \$16.6 million. During the year we had a serious look at our capital works programme. We prioritised what we can afford to do and applied greater scrutiny and rigour to planned projects. As a result budgets were reduced, and projects that were not considered a priority this year have been carried forward to future years. Asset revaluation movements were also lower than that originally anticipated by approximately \$11.5 million. The cost adjustment factors (derived from the CPI, PPI and labour adjustment indexes) were all lower than that originally anticipated.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

## Note 34 – Explanations for major variances against budget [continued]

### Liabilities

#### Creditors

Creditors were underbudget by \$1.2 million. This liability fluctuates on a regular basis due to the timing of workload relative to year end. Both operational and capital expenditure were lower than that budgeted due to the deferral of capital works and operational savings made across the organisation. As such, creditors at year end was lower than that anticipated.

#### Derivative financial instruments

Derivative financial instruments was 3.1 million below budget. Changes in the quantum and value of derivatives have lead to the variance. Due to the inherent difficulties in predicting valuations derivatives are difficult to budget for but there is no funding impact.

#### Borrowings

The difference between that budgeted in the balance sheet for borrowings and actual borrowings is \$20.7 million. The difference is due to Council having a lower debt requirement due to scaling back capital expenditure and placing tighter controls on operational expenditure.

#### Provisions

Provisions increased by \$2.4 million to budget. There was a significant upward movement in the weather tight homes provision and reserve contributions provision over the previous two years. This has resulted in a higher opening position than that originally budgeted for.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

### Note 35 – Reclassification

The Council has changed some of the prior year comparatives to conform with this year's presentation. These changes are outlined below.

	Actual 2013		After reclassification \$000's
	Before reclassification \$000's	Reclassification \$000's	
<b>Income</b>			
Rates revenue, excluding targeted water supply rates	54,393	(423)	53,970
Fees, charges, and targeted rates for water supply	10,336	(599)	9,737
Contributions revenue	594	(594)	0
Development and financial contributions	0	594	594
Subsidies revenue	4,983	(4,983)	0
Subsidies and grants	0	4,983	4,983
Investment income	36	(36)	0
Finance income	0	36	36
Property vested	469	(469)	0
Other revenue	0	1,068	1,068
Gains on changes in fair value of biological assets	421	(421)	0
Gains on revaluation of derivative financial instruments	1,633	(1,633)	0
Gains	0	2,091	2,091
<b>Total income</b>	<b>72,865</b>	<b>(386)</b>	<b>72,479</b>
<b>Expenditure</b>			
Depreciation and amortisation	17,877	0	17,877
Personnel costs	12,994	0	12,994
Finance costs	3,830	0	3,830
Other losses	0	1,050	1,050
Losses	1,043	(1,043)	0
Other direct operating expenses	35,910	(393)	35,517
<b>Total operating expenditure</b>	<b>71,654</b>	<b>(386)</b>	<b>71,268</b>
Share of joint venture surplus/(deficit)	12	0	12
<b>Surplus/(deficit)</b>	<b>1,223</b>	<b>0</b>	<b>1,223</b>
<b>Other comprehensive income</b>			
Gain on property revaluation	25,881	(25,881)	0
Gains on revaluation of property, plant and equipment	0	25,881	25,881
<b>Total other comprehensive income</b>	<b>25,881</b>	<b>0</b>	<b>25,881</b>
<b>Total comprehensive income for the period</b>	<b>27,104</b>	<b>0</b>	<b>27,104</b>

# Council Controlled Organisations

## 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 2013-14 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) 2012-22. 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.

## Local Authority Shared Services Limited (LASS)

### Ownership

Council has a one-twelfth ordinary shareholding in LASS (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 are owned by other Local Authorities.

### Representation (total members)

1(12)

### Significant policies and objectives

The objectives of LASS is to make a regional leadership contribution and seek opportunities to operate more efficiently by participating with the region's local authorities on shared services, particularly in respect of information collection and management, with the aim of reducing the cost of those activities, streamlining of work processes and improved level and quality of service.

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.

During past year the Company has been particularly focused on demonstrating value for the shareholder councils through procurement, facilitation of Waikato Mayoral Forum work streams and improving efficiency of the existing shared services operating under LASS.

The Company has continued to pursue contracts for additional shared services. These include a number of shared insurance policies, a contract for computer generated print, mail and E-services, a contract for accessing online economic profile data, a contract for postal and courier services, legal services and another for fleet tracking systems. A joint information technology strategic planning process was progressed during the year and a decision will be reached soon on the composition of a professional services panel for four of the shareholding councils.



## Council Controlled Organisations

### Key performance targets

Performance targets are specified in the LASS Statement of Intent for 2013-14 and are summarised with the actual results below:

Performance Measure	Actual Outcome
The company will carry out an annual survey of shareholders to assist Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the service provided.	Annual survey of shareholders was completed in January 2014 with nine of the twelve shareholder Councils responding. Nine councils responded that the concept of LASS was still delivering benefits to their council. Two councils responded that they were satisfied with the efforts being made by LASS to advance share services opportunities and seven were fairly satisfied. The comments were made that achievements are constrained by fundamental challenges, and that more benefits could be seen with a more dedicated resource.
Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$10,306 favourable to budget (-4.8).
The company maintains an overall positive cash flow position.	Not achieved this year as cashflow was intentionally operated at a negative level in order to use up prior year surpluses. The Company still maintains a safe cash position with the cash, cash equivalents and bank accounts balances at the end of June 2014 being \$442,598.
The Board will provide a written report on the business operations and financial position of the LASS as a minimum on a six monthly basis.	Six monthly reports have been sent to shareholders.
There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	All parties have confirmed that there were no legislative breaches during the year and this will be reported to the LASS Board at the September meeting when the Annual Report is presented.
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 100% of working hours.
That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	100% of Sales and Property files were supplied to Property IQ on time.
All Capital SVDS enhancement work is supported by a business case approved by the Advisory Group.	Not applicable this year.
That all required WRTM modelling reports are actioned within the required timeframe.	All WRTM modelling reports were completed within specified timeframe's.
That the base model adheres to "Screenline Validation Standards" as set out in the NZTA Economic Evaluation Manual as indicated by an external independent peer review.	Report from peer reviewer in October 2013 shows the model continues to meet all criteria. Due to current work being undertaken on the census update, this will next be reviewed in July 2014.
That a full report on progress of the WRTM model be provided to the LASS Board twice each year.	Reports were provided at the LASS Board meeting in January and May 2014.
The key performance indicators from appendix 4 of the insurance brokerage contract are met.	This target has been achieved.
That any joint procurement projects deliver as per project approved objectives.	LASS joint procurement satisfactorily achieved for computer generated print, mail and E-Services for rates, accessing online economic profile data, and postal and courier services.
In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum group regarding progress with shared service initiatives.	Updates are provided at all Mayoral Forums, the most recent being June 2014.

# Council Controlled Organisations

## New Zealand Local Government Funding Agency Limited (LGFA)

### Ownership

0.4%

### Representation (total members)

1(31)

### Significant policies and objectives

- The primary objective of LGFA is to optimise debt funding terms and conditions for participating Councils.

*Other objectives include:*

- To enhance the certainty of access to debt markets for participating Councils;
- Provided estimated savings in annual interest costs for all participating Councils of at least 30 basis points;
- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated dividend policy;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency; and

### Nature and scope of activities

LGFA raises debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand Local Authorities, and may undertake any other activities considered by the Board to be reasonably related or incidental to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (participating local authorities) and comply with the LGFA's lending policies.

### Key performance targets

Performance targets are specified in the LGFA Statement of Intent for 2013-14 and are summarised with the actual results below:

Performance Measure	Actual Outcome
LGFA's average cost of funds relative to the average cost of funds for New Zealand Government Securities (NZGS) for the period to 30 June 2014 will be less than 0.50% higher.	The average cost of funds relative to NZGS was not achieved at 0.85%. The margin has not narrowed to the target because of the disproportionate amount of longer dated LGFA bonds issued (and hence a wider margin) over the year.
The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to 30 June 2014 will be no more than 0.25%.	The average base on lending margin above LGFA's cost of funds was achieved at 0.15%.
LGFA's annual issuance and operating expenses for the period to 30 June 2014 will be less than \$3.2 million.	Issuance and operating expenses for the 2013-14 year was not achieved at \$3,245 million. The annualised issuance and operating expenses were \$45,000 above budget.
Total lending to participating local authorities at 30 June 2014 will be at least \$3,400 million.	Lending to participating councils was achieved at \$3,696 million.

# COUNCIL POLICIES





# COUNCIL POLICIES

## Development of Maori Capacity to Participate in Council Decision Making

### Purpose

The Local Government Act 2002 requires Local Authorities to facilitate participation by Maori in the Council's decision making processes.

The Ten Year Plan outlines how Council might help Maori to participate in Council decision-making. Council has adopted the following policy to assist Maori participation in such decision making:

Policy	Achievements
<ol style="list-style-type: none"> <li>1. Council will compile a database of those who wish to be considered Maori for the purposes of the Local Government Act 2002. Council will maintain a process to ensure this database is current and up to date.</li> <li>2. Those persons who have identified themselves as Maori are specifically targeted for consultation when Council decides that it wishes to consult. Where specific legislation requires specific consultation with Maori or tangata whenua, then the requirements of that specific legislation will over-ride this policy.</li> <li>3. Council will identify key issues of particular interest to Maori.</li> <li>4. Council will gather information on Maori perspectives about Council activities.</li> <li>5. Council will consciously build on the good quality relationships that have already been established. Examples include the development of further Memorandums of Understanding and relationships developed through other processes such as the Resource Management Act, Coromandel Peninsula Blueprint project and Council's strategic work programme.</li> <li>6. Council will identify a work programme to progress items 1-5 above.</li> <li>7. Council will progress the above work programme as staff time and funding allows.</li> </ol>	<ol style="list-style-type: none"> <li>1. In anticipation of the settlement of the Treaty of Waitangi claims for Hauraki Iwi, and in recognition of the importance that the settlement will have across all of the four well-beings that Council is charged with promoting, local government agencies within the rohe of Hauraki Iwi are, at the invitation of the Crown, participating in the settlement negotiations process. This participation includes: <ul style="list-style-type: none"> <li>• Governance level meetings with the Chief Crown Negotiator and the Hauraki Iwi Collective;</li> <li>• Participation at officer level in the Crown Technical Working Group in developing governance and operational processes including: <ul style="list-style-type: none"> <li>◦ Co-governance arrangement for the Waihou and Piako river catchments and for the Coromandel Peninsula;</li> </ul> </li> </ul> </li> <li>2. A contact list for consultation purposes is held by Council and updated in July of each year. This has been used frequently for the District Plan review.</li> <li>3. Appointment of iwi sanctioned commissioners to agency resource consent hearing panels where development proposals have the potential to impact natural resource of significance to Hauraki Iwi. A contact list for consultation purposes is held by Council and updated in July of each year.</li> <li>4. Those persons who have identified themselves as Maori for the purposes of the Local Government Act 2002 have been added to the Council contact list.</li> <li>5. Iwi authorities for Ngati Hei and Ngati Maru have been afforded greater participation and interaction with Council under agreed protocols relating to input into resource consent decisions. The Iwi have access to a consent tracking database that alerts them to every application received in the District. Iwi then alert Council planning officers to any issues that are considered to be relevant.</li> <li>6. Broadband access has been supplied to Ngati Hei to allow greater participation and interaction with Council under the Memorandum of Understanding.</li> <li>7. Staff are available to attend Ngati Hei's monthly meeting for liaison purposes.</li> </ol>

## COUNCIL POLICIES

### Development of Maori Capacity to Participate in Council Decision Making

---

Policy	Achievements
	<ol style="list-style-type: none"><li>8. Hui were held with different tangata whenua to ascertain views around aspects of the District Plan review project and to learn preferences for engagement in the review process going forward.</li><li>9. Council is holding governance level meetings on a semi-regular basis with the chairs of the Hauraki Iwi Runanga.</li><li>10. Council will scope further the work programme for policies 1-5 once the Deed of Settlement between the Crown and Hauraki Iwi is signed – possibly by early 2015 – to ensure alignment with the new environment that this will create. The draft work programme will estimate timing and costs.</li></ol>





515 Mackay Street, Thames 3500  
Private Bag, Thames 3540  
Phone: 07 868 0200 Fax: 07 868 0234  
customer.services@tcdc.govt.nz  
www.tcdc.govt.nz

