



2011/ 2012 ANNUAL REPORT

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Message from the Mayor and Chief Executive

The 2011/2012 year has been a significant year of change and realignment for the Council. This has resulted in some solid achievements in resetting the organisation's financial baseline. In the 2011 financial year the average rate on the Coromandel decreased by 1% and in the 2012 financial year (from 1 July 2012), the Council has locked in an average decrease of over 5%. To achieve these impressive results we have been through a structural change, which although painful it is now largely completed. The forward budgets have been recast without under-investing in infrastructure or services, and now the task of delivery begins in earnest to see the benefits of the new model succeed.

In 2011/2012 our communities have had some unexpected and difficult challenges to deal with, such as the Rena clean up and the discovery of contamination at Moanataiari. There are many good stories too - such as the official opening of the Hauraki Rail Trail, and the refocusing of Tourism Coromandel, now Destination Coromandel.

We elaborate on several of these stories throughout this annual report. This report presents details about our organisational performance from 1 July 2011 to 30 June 2012. It predominantly reports progress made during the year towards achieving our levels of service and financial targets that were outlined in the 2009-2019 Ten Year Plan and 2011/2012 Annual Plan.



Major Projects

Significant projects undertaken this year have included:

2012-2022 Ten Year Plan: The complexity of this Plan was enormous, as the Council wrestled with the impacts of a long and deepening recession. Similar to frequent national and international news broadcasts, even this Council has had to adopt the structural change and expenditure reductions to respond on behalf of the community and its businesses to recession. The impact was a reduction of some \$37m in operational expenditure, and over \$63m in capital expenditure compared to the last Ten Year Plan.

District Plan: The District Plan development led by the District Plan Review Committee and supported by staff has moved steadily toward its first major milestone - the releasing of a 'first cut' draft in October 2012. In recent months the Committee established a Plan User Group who has endorsed the Plan as an 'easy to use' document and an improvement on the previous Plan.

Aquaculture: The Council has arrived at a position of potential partnership with the aquaculture industry in the provision of enhanced wharfing infrastructure to facilitate future growth in Coromandel. We have made available some \$2.1m in our 2012-2022 Ten Year Plan and additional provision for consenting, on the understanding that the money be recovered from industry.

Economic Development: Economic Development remains a high priority for this Council. We held a Council workshop in July 2012 to discuss the areas of focus for the Economic Development strategy. Major themes discussed included improving transport corridors from Auckland and Hamilton to the Coromandel, the need to improve our account management of business-related transactions and reducing compliance and regulation burden on businesses. Our staff will now work to develop a draft strategy for wider-consultation with the community and in-particular with the business sector.

Coromandel Walkway: The Coromandel Walkway is a project about creating a world-class multi-day walk that links strongly with towns and communities on the Coromandel to drive economic development through tourism. This is a new project and will be the District priority in the years ahead. Watch this space for further details of this exciting project.

Moanataiari Subdivision - Land Contamination: In October and November 2011, the Waikato Regional Council conducted soil tests at the Moanataiari subdivision in Thames, which is reclaimed land. The results from the tests indicated that there are elevated levels of arsenic in the soil. Since that time, elevated levels of lead have also been discovered and it has been a high priority of the Council to respond to these issues. This has been a big and complex project for all involved. Continuous updates have been and will continue to be available on our website.

Hauraki Rail Trail: The official opening of the Hauraki Rail Trail in May 2012 is a success which we should all be proud of. This project has been three years in the making, and has been a priority project in the 2011/2012 year requiring a great investment of time from both staff and Council. The final leg of the Rail Trail between Kopu and Thames was opened in early September 2012.

Governance & Structure

Community Governance: A priority of this Council has been to ensure greater engagement of local communities in decision making. In April 2012 a Community Empowerment framework was adopted by the Council. At the core of this framework is greater decision making at the local level. Practically, this means that the Community Boards will make governance decisions relating to their local activities. Over the course of the next year we will be making some changes to align the organisation better to that framework. A number of these changes will be presented in further detail in our 2013/2014 Annual Plan.

Organisational Change: Following the release of the organisational review decision document to staff on 30 March 2012, implementation of the organisation change occurred during the fourth quarter. Some of the key changes during this quarter were that three Area Managers were appointed and officially started their new roles on 1 July 2012, and the creation of Community Development Officer roles. This has been a significant change for the organisation, and the staff are to be commended for keeping the wheels turning whilst going through this process. This new structure better enables us to deliver our objectives, and be more fit-for-purpose for the challenges and work ahead.



Working with Others

Hauraki Treaty Settlement - Co-governance Arrangements: Meetings have been held with Iwi negotiators and Crown officials to continue discussions on emerging co-governance structures for the Waihou and Piako catchments as well as the Coromandel Peninsula. Thames Valley Councils and the Regional Council staff will be meeting soon to discuss our continuing input into the development of these structures.

Destination Coromandel: A significant work stream throughout 2011 and 2012 was refocusing Tourism Coromandel. A new organisation was established in November 2011, called Destination Coromandel. It has a new mandate to focus on destination marketing. The Trustees of Destination Coromandel have continued to work very closely with the staff of the Regional Tourism Organisation (RTO) to transition the new organisation into a new structure.

Conclusion

Whilst this annual report looks back, we are looking forward to an exciting year ahead - delivering the first year of our 2012-2022 Ten Year Plan. You can be assured that we are looking to maintain our strong leadership role and customer focus - both of which we know are critical in these challenging economic times.



Glenn Leach
DISTRICT MAYOR



David Hammond
CHIEF EXECUTIVE

A nighttime photograph of a city street. In the foreground, a road curves to the right, with bright red and orange light trails from a moving vehicle. Several streetlights with modern, curved arms are illuminated, casting a warm glow. In the background, there are buildings, some with lit windows, and a range of dark mountains under a twilight sky. The overall atmosphere is urban and modern.

INTRODUCTION - Section One

YOUR Council

The Thames-Coromandel District is made up of nine elected members, including the Mayor and eight Councillors. The Councillors each represent a particular geographic area - referred to as 'wards'. Elected representatives set the Council's strategic direction and priorities, carry out decision-making on behalf of the Thames-Coromandel communities and monitor the organisation's performance.

His Worship the Mayor
Glenn Leach JP



Deputy Mayor
Peter French
THAMES WARD



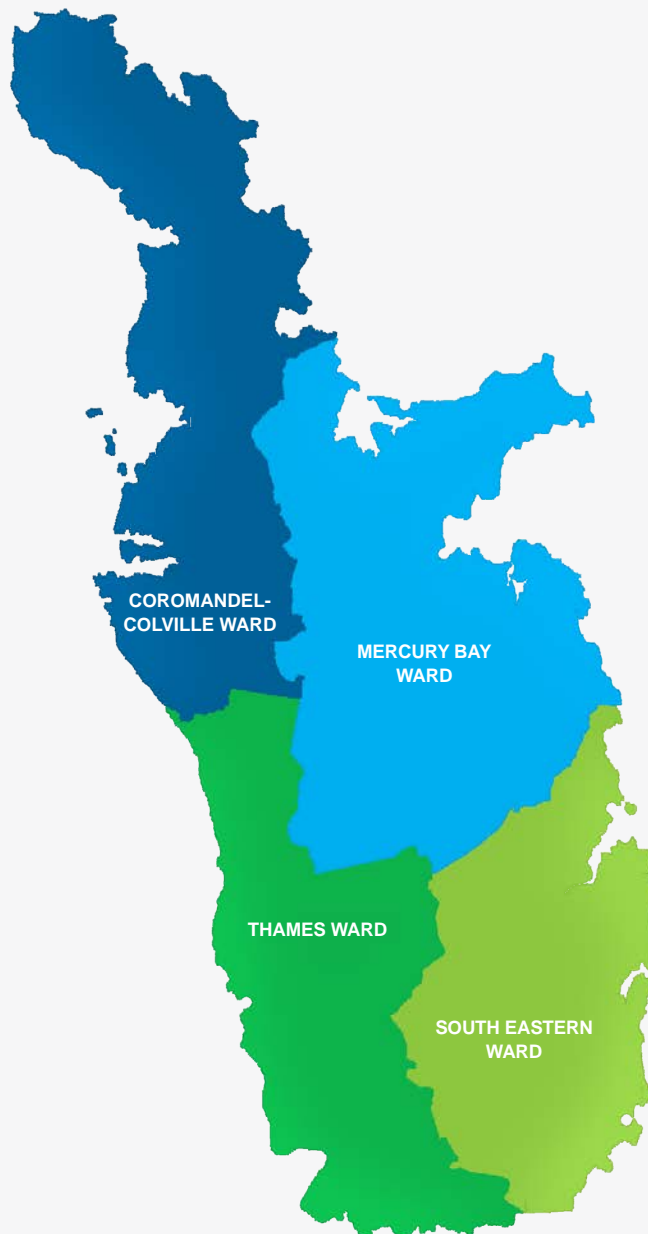
Councillor
Diane Connors
THAMES WARD



Councillor
Wyn Hoadley QSO
THAMES WARD



Councillor
Tony Brijevich
COROMANDEL-COLVILLE WARD



Councillor
Murray McLean JP
MERCURY BAY WARD



Councillor
Tony Fox
MERCURY BAY WARD



Councillor
Jack Wells
SOUTH EASTERN WARD



Councillor
Jan Bartley
SOUTH EASTERN WARD

The Council are supported in their governance role by five community boards who make local decisions and advocate for particular communities in the District.

The elected members are supported by the Council's Chief Executive and staff who implement the decisions of the Council and provide decision-making and policy-making advice.

Our elected members contact details are available on our website.

Council's Vision, Mission and Objectives

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

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



The Council's major goals and objectives are:

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

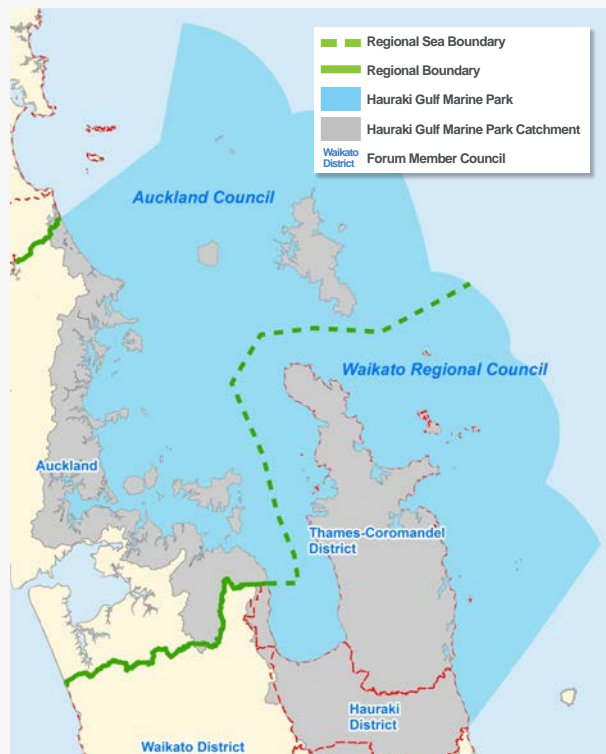
Our Coromandel



We think that the Thames-Coromandel District is the North Island's premier recreation centre amongst the North Island's most beautiful and significant environment.

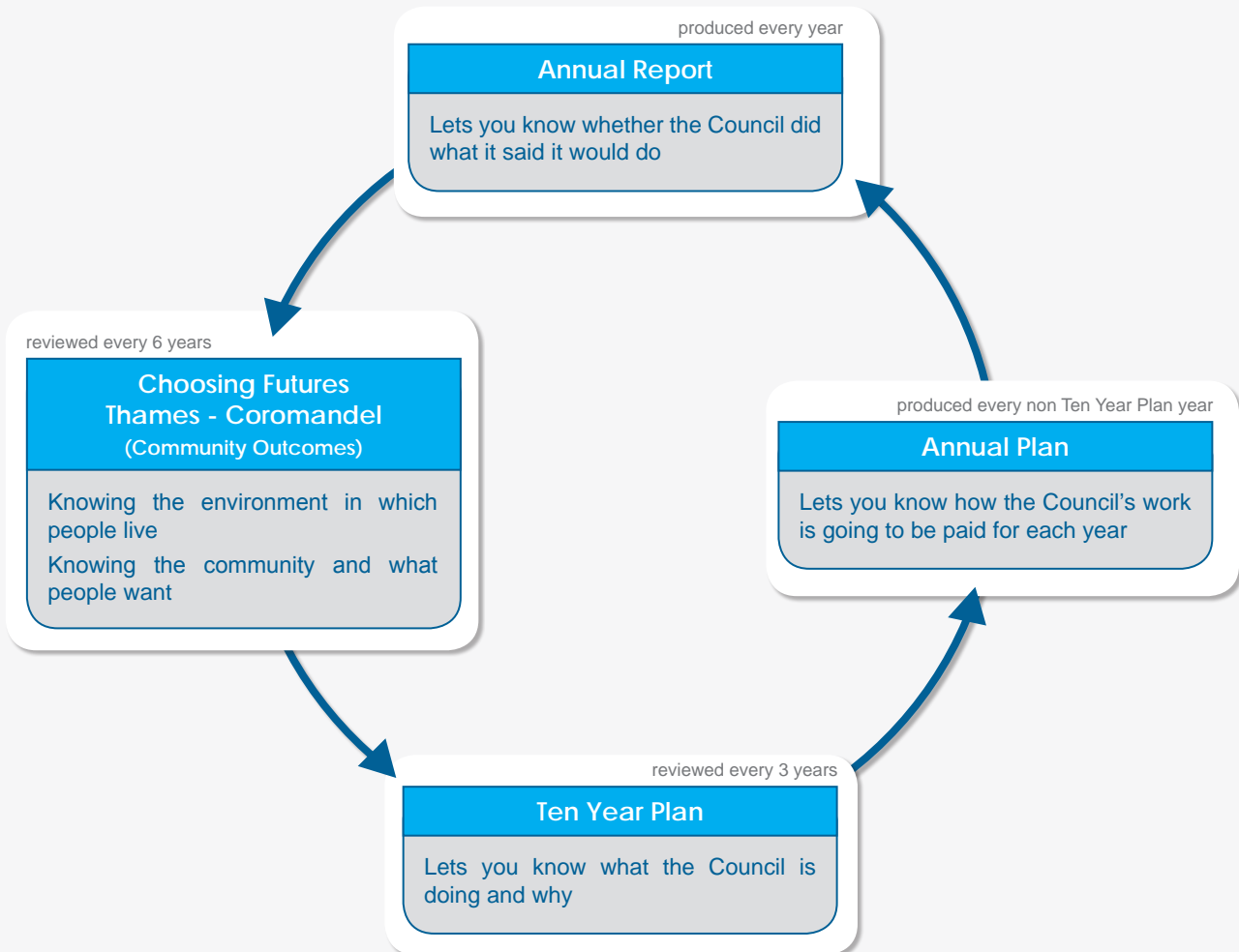
This brings with it some unique challenges for us to manage together.

- We have many small communities and they are diverse.
- Approximately 55% of our ratepayers do not live full time in the District. We often refer to them as our absentee ratepayers.
- We have members of our community at both extremes of the income scale. For our usual residents, we have a higher proportion of people earning less than \$20,000 per year than the national average, which is contrasted by around 47% of our absentee ratepayers earning \$70,000-\$100,000 plus per year.
- Members of our communities have different needs and wants.
- Our population varies at different times of the year - up to eight people per household in summer!
- Our geography makes us different - some services have to be provided separately to different communities across 258,000 hectares of land (such as having ten wastewater plants instead of one and 11 water treatment plants instead of one). This makes it expensive to live here.
- We are located within the Hauraki Gulf Marine Park - a national park of the sea and an area of natural richness.
- We're susceptible to extreme weather events that often come at a cost.
- In the recent past in our District, the number of houses was increasing at a high rate which meant that we had to spend more to cater for that increased growth as well as catch up on past infrastructure deficits. Now however, we are projecting a slow growth in new 'rateable assessments' at a level of only 0.1% - 1.4% per annum over the ten year period.
- The cost of providing local government services (the local government cost index) continues to increase at a higher rate than inflation.
- The devolution of responsibilities from central government (such as alcohol and gambling regulation) and increased standard requirements (such as building regulation) places more mandatory requirements onto us, which ultimately comes at a cost.
- In addition to that, local government is a large and complicated business, providing many different services not only for communities now, but into the long-term future.
- Parts of our communities continue to expect that we will provide more new projects and increased services.
- There is a uniqueness about the Coromandel Peninsula that we want to retain.



Our Reporting Cycle

In June 2009 the Council at the time adopted its 2009-2019 Ten Year Plan. This Annual Report explains how we've delivered on year three of that Plan. For every activity we explain exactly what we did compared to what we said we'd do, what it cost and how we performed against budget.



How Did We Do? Summary of Our Service Performance

On the whole, our service performance has remained consistent with the previous year's performance.

In 2010/2011, 71% of our service performance targets were achieved, and 29% not achieved¹. In 2011/2012, this has increased marginally, with 72% of our service performance targets achieved, and 28% not achieved².

This year, six of our 28 activities achieved 100% of their performance targets. These were Social Development, Cemeteries, Airfields, Harbour Facilities, Public Conveniences, and Land Drainage.

A dashboard of service performance achievement by Activity Group highlights that the Strong Communities Activity Group has achieved 82% of its service performance targets.

Activity Group	No. of Activities with the Activity Group	2010/11 Achieved	2011/12 Achieved
Community Leadership	1	38%	12.5%
Planning for the Future	3	60%	70%
Strong Communities	9	81%	82%
Safeguarding the Environment	14	66%	69%

The largest variations in performance were seen in the Community Leadership and Planning for the Future activity groups. The service performance in the Community Leadership activity group tends to fluctuate with the election cycle. Further, due to the small number of activities within these activity groups, small variations appear large when expressed as percentages. The Planning for the Future activity group saw one more service performance target achieved in the 2011/2012 year than the previous year, but this resulted in a 10% increase.

It is necessary to note that the measures of service performance reported on here were set by the Council in 2009. Over the past 18 months the Council has gone through substantial change. We have set major goals and objectives for this organisation - particularly around efficiency, accountability, streamlining, customer service and cost reduction. Our achievement of these goals and objectives are not best measured by these 2009 performance measures, but will be reflected in our 2012/2013 Annual Report.

In section three of this report you will find more detailed information regarding our service performance, along with information about major projects undertaken. We've also included a few highlight stories from the 2011/2012 year.

¹ Excludes not measured and immeasurable performance targets

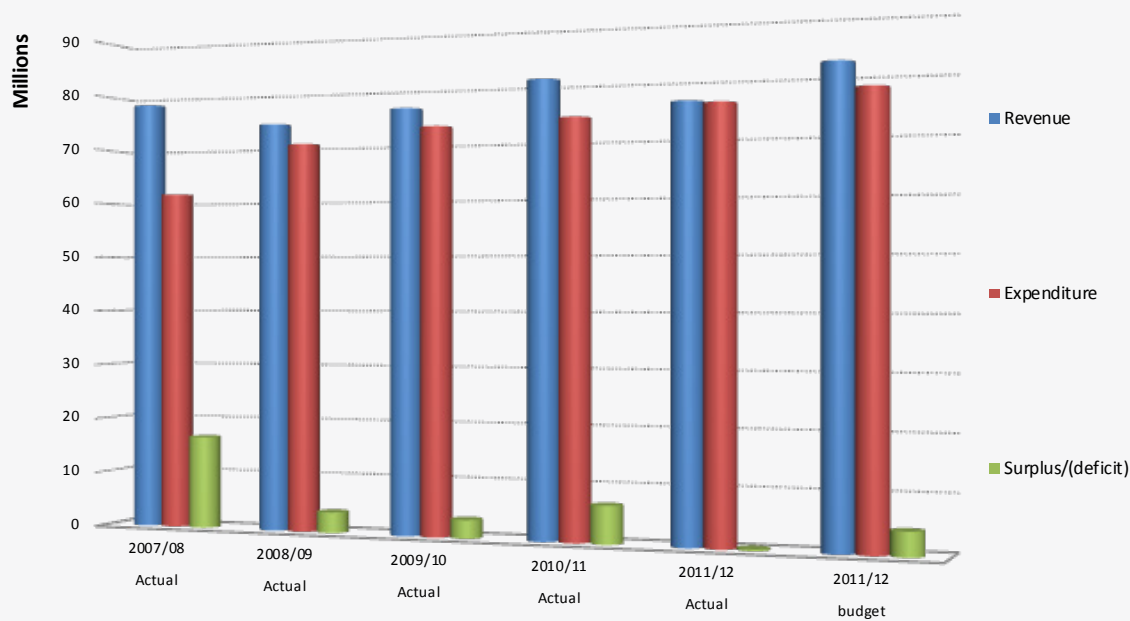
² Again, excluding not measured and immeasurable performance targets

How Did We Do? An Overview of Our Financial Performance

Financial performance is an integral component of the continued financial sustainability of the Council and the affordability of rates within the District.

This section provides an overview of our financial performance for the year to 30 June 2012.

Financials at a glance



We recorded a net surplus from operations of \$0.34 million for the year compared to a budgeted surplus from operations of \$4.32 million.

The net surplus from operations is calculated as: [Total revenue minus total expenses]

This surplus is made up of revenue received towards funding of capital projects from development contributions and New Zealand Transport Agency subsidies (this revenue cannot be used to fund operating expenditure) less unfunded depreciation expenditure, as Council, in adopting the Ten year Plan, resolved that they would not seek to fund the depreciation expense in relation to:

The subsidised portion of roading works, as the Council expects to continue receiving central government funding, from the NZ Transport Agency, at the time these assets are due to be replaced.

The difference in budgeted and actual surplus resulted from a number of factors.

The primary reasons for the difference are:

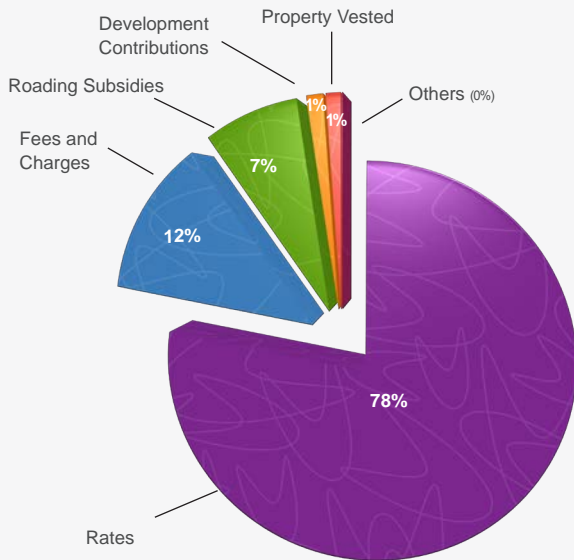
	Variance	Explanation
	\$mill	
Vested Assets revenue	(2.0)	Council received fewer assets such as roading, water and wastewater infrastructure.
Development Contributions	(2.9)	This reflects the recessionary effect on development within the District.
Depreciations and amortisation	1.3	Costs less than budget due to lower asset revaluation and deferral of capital works.
Finance costs	1.0	Lower external debts than budgeted and savings in operational expenses.
Other direct operating expenses	3.3	Council has made significant reductions in expenditure.
Other losses	(1.6)	Losses on disposals of infrastructural assets when replaced. This is a non cash item.
Derivative instruments	(2.0)	Losses on revaluation of derivatives. This is a non cash item.

An Overview of Our Financial Performance (Continued)

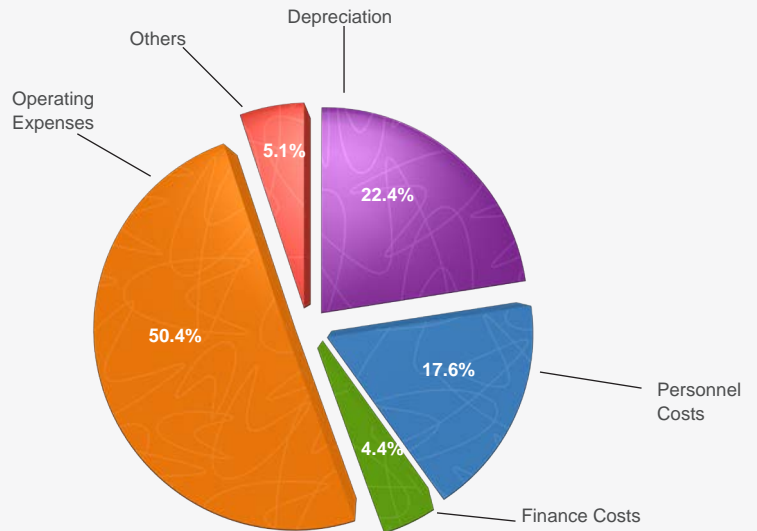
We source our revenue from a variety of places and we spend it on a variety of services....

The following graphs show the various sources of the Council's revenue of \$76.2 million during 2011/2012, and the expenditure by type of \$75.9 million. The largest revenue contribution continues to be provided from rates. The breakdown is as follows:

Revenue—what came in?



What type of operating expenditure was incurred?



Our Council's expenditure is guided by the priorities identified in our Ten Year Plan. This graph depicts where, by activity group, our Council's operating expenditure was channelled.

This is where we invested in Capital expenditure

Activity	District	Thames	Coromandel	Mercury Bay	Tairua/Pauanui	Whangamata	Total
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Hardware/Software	0.8						0.8
Admin Plant, Vehicle & Fittings	0.3						0.3
Cemeteries & Public Conveniences	0.5						0.5
Rooding - District	6.5						6.5
Rooding - Community		0.5	0.1	0.7	0.2	0.1	1.6
Waste treatment Plant upgrade	2.1						2.1
Waste - Biosolids	0.2						0.2
Waste - Renewals	0.4						0.4
Solid waste	0.2						0.2
Stormwater		0.9	0.1	0.7	0.1	0.3	2.1
Water		1.2	0.1	0.1	0.4	0.2	2.0
Parks		0.3		4.4	0.3	0.3	5.3
Libraries		0.1		0.1			0.2
Harbours			0.2			0.1	0.3
Halls & CPD upgrade				0.5			0.5
	11.0	3.0	0.5	6.5	1.0	1.0	23.0

An Overview of Our Financial Performance (Continued)

Reviewing Our Liabilities - What We Owe

Our Council's external borrowings have increased from last year by \$2.0 million to \$47.4 million as at 30 June 2012. Despite this total external borrowings equates to only 4% of our Net Assets.

We borrow to fund the purchase of new assets that Councillors have approved through the Annual Plan and Ten Year Plan process.

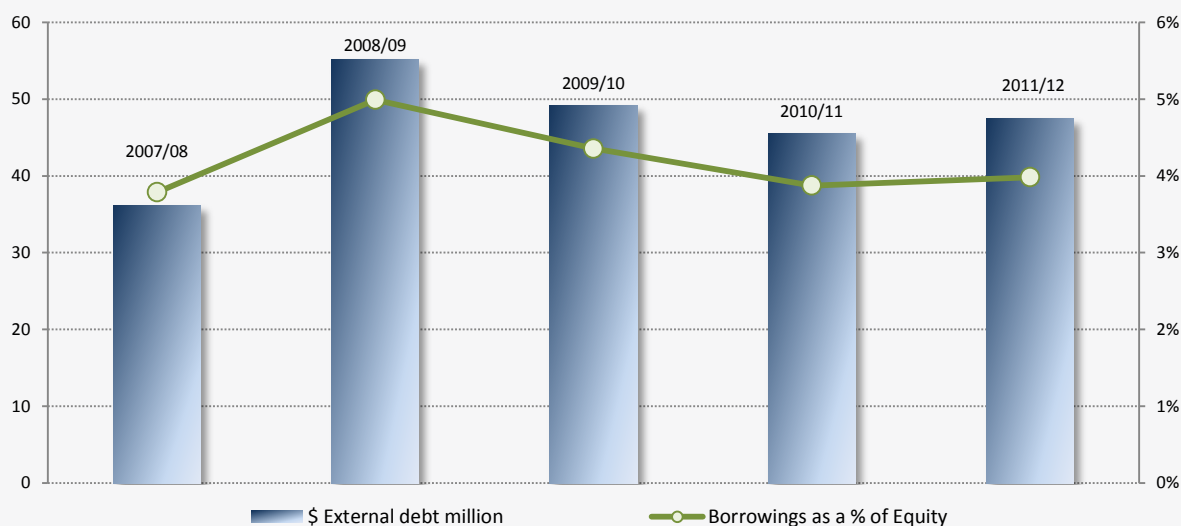
Borrowing is not a source of revenue in itself, rather, it is a 'bridging' mechanism to assist with the financing required for the construction of long-term assets. The debt still needs to be repaid from other sources of revenue (e.g. rates).

The use of debt allows us to enjoy the asset now while paying the debt back over time. In this sense it is much the same as a home mortgage. If the Council had to fund these capital projects through rates it would cause large fluctuations in rating demands.

By financing long-term assets through its debt funding facilities the Council seeks to strike an equitable balance between funding these assets from its current and future beneficiaries.

The funding options permissible to Council for each type of capital project are specified in the Revenue and Financing Policy. This is summarised as follows.

Borrowing position—trend (\$000s)



(Type of Funding)

Type/Funding Source	Depreciation/Reserves	Debt	Development Contributions
Renewals	✓	✓	
Increased Level of Service	✓	✓	✓
Additional Capacity for Growth		✓	

To fund the Renewal and Increased Levels of Service classes of capital expenditure Council may either increase rates or use borrowing facilities in much the same way as a homeowner takes out a mortgage.

An Overview of Our Financial Performance (Continued)

Detail of departures from Council’s Financial Policies:

Council’s Liability Management Policy (section 7.7) requires the Council to minimise the risk of large concentrations of debt maturing, or, being reissued in illiquid periods where credit margins are high for reasons within or beyond the Council’s control, the Council ensures:

Total committed funding in respect to all loans and committed facilities is controlled by the following system:

Period	Minimum	Maximum	Position 30 June 2011	Position 30 June 2012
0 to 3 years	20%	60%	58%	58%
3 to 5 years	20%	60%	42%	42%
5 years plus	10%	60%	0%	0%

Any exception from these policy parameters is reported to Council each month as part of the Financial Report.

Over the past four years Councils strategy has been to fund the majority of its debt profile through three year bank funding facilities. To take advantage of these advantageous rates Council has had to allow these facilities to mature naturally. This can be seen in the table above. These facilities matured in January 2011. Prior to this date Council sourced replacement funding facilities at competitive rates albeit as forecast these never to be as advantageous as those which had just matured.

Due to cost implications in securing facilities in the five year plus bracket, Council continues to prudently manage its upcoming funding requirements through the use of bank borrowing facilities. Council will continue to explore opportunities to place debt in the five year plus category in line with policy.

Financial Risk

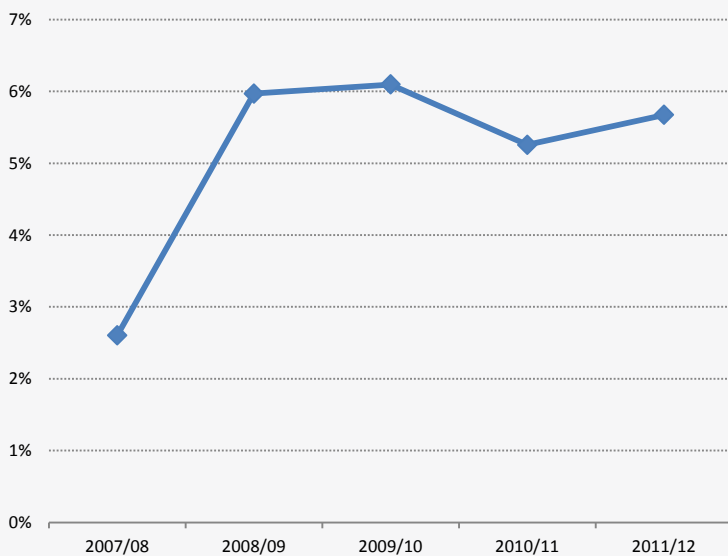
The Council has a number of financial risks to manage. The nature of these risks has been reinforced by the world financial crisis and economic recession of recent years and the volatility and economic uncertainty, both globally and locally that is present today.

The financial sustainability of local government remains critical due to the importance of the services it delivers to its communities. Local government must be financially sustainable to serve its purpose for communities.

We think that the Thames-Coromandel District is a special part of the country. But it also brings with it some unique challenges for us to manage.

Key Management Indicators

Net interest as a % of annual rates revenue

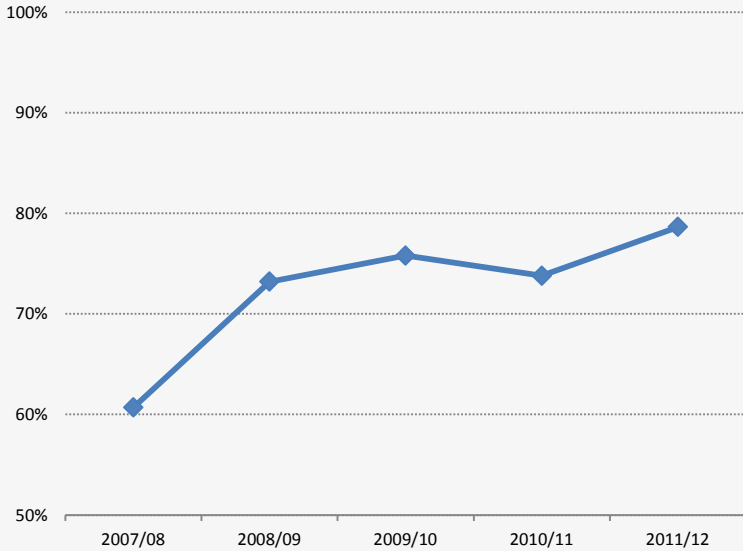


This indicates the percentage of rates revenue that is spent on servicing the external borrowings. This has remained consistent around the 5% mark over the previous four years.

An Overview of Our Financial Performance (Continued)

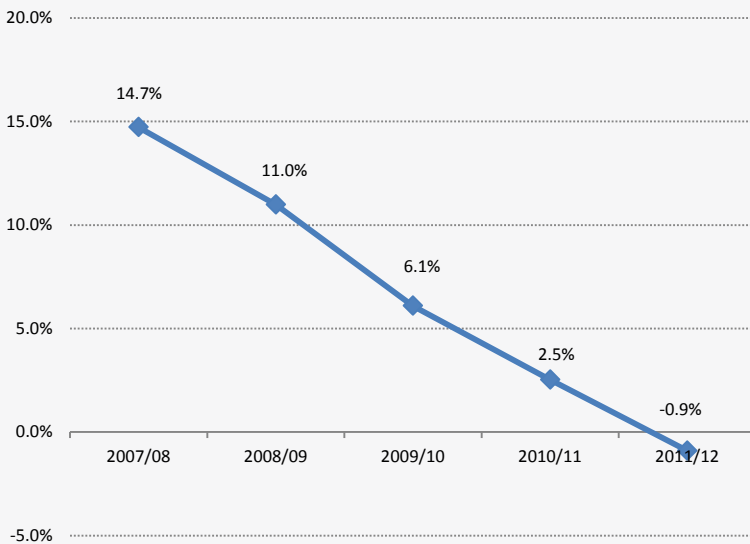
Key Management Indicators (Continued)

Rates as a % of total revenue



Over the last four years the percentage of revenue derived from rates has gradually increased as other sources of revenue have decreased. This has been particularly notable in the areas of Development Contributions and Property vested where the effects of the recession and the slowdown in residential developments have reduced revenue from this source.

Rates increase year on year

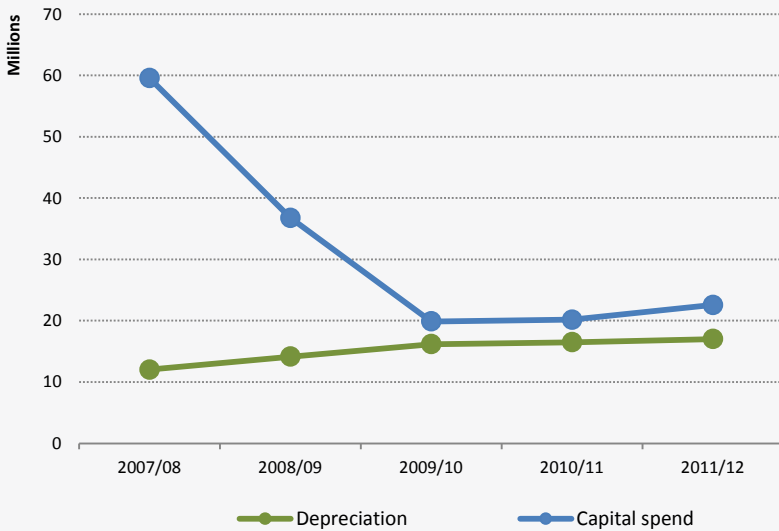


Average rates increases year on year have continued to decline from an average of 14.7% in 2007/08 to 11% in 2008/09. For the 2011/12 year rates have decreased by an average of 0.9%.

An Overview of Our Financial Performance (Continued)

Key Management Indicators (Continued)

Capital Expenditure compared to Depreciation



New capital expenditure has largely been funded from depreciation for the last 3 financial years. Prior to this there was substantial investments in capital expenditure which needed to be funded by external borrowings.

Statement of Compliance and Responsibility

Compliance

The Council and management of the Thames-Coromandel District Council confirm that all of the statutory requirements of Schedule 10, Part 3 of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

Responsibility

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

The Council and management of the Thames-Coromandel District Council have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Council and management's opinion, these financial statements and statement of service performance fairly reflect the financial position, performance and operations of the Thames-Coromandel District Council for the year ended 30 June 2012.



Glenn Leach

Glenn Leach JP
DISTRICT MAYOR

Date: 26 September 2012



David Hammond

David Hammond
CHIEF EXECUTIVE

Date: 26 September 2012

Independent Auditor's Report

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of

Thames-Coromandel District Council's

Annual Report

for the year ended 30 June 2012

The Auditor General is the auditor of Thames-Coromandel District Council (the District Council). The Auditor General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, nonfinancial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council on her behalf.

We have audited:

- the financial statements of the District Council on pages 106 to 173, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the nonfinancial performance information of the District Council on pages 28 to 102 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, nonfinancial performance information and other information

In our opinion:

- The financial statements of the District Council on pages 106 to 173:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The nonfinancial performance information of the District Council on pages 28 to 102:
 - 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 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council contained in the financial statements and the nonfinancial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 26 September 2012. This is the date at which our opinion is expressed.

Independent Auditor's Report

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and 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 financial statements, nonfinancial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, nonfinancial performance information and other information. 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 financial statements, nonfinancial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, nonfinancial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council's financial statements, nonfinancial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

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 financial statements, nonfinancial performance information and other information;
- determining the appropriateness of the reported nonfinancial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, nonfinancial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, nonfinancial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and nonfinancial performance information 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; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, nonfinancial performance information and other information that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, nonfinancial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and carrying out the audit of long term plan, we have no relationship with or interests in the District Council.



David Walker

Audit New Zealand

On behalf of the Auditor General

Tauranga, New Zealand

A woman with reddish-brown hair, wearing sunglasses and a white tank top, is sitting on a sandy beach. She is holding a light-colored dog, possibly a Golden Retriever, which is sitting next to her. The dog has its tongue out. In the background, there are waves breaking on the shore under a clear blue sky. A dark green horizontal band is overlaid on the image, containing the text 'CHOOSING FUTURES - Section Two' in white, bold, sans-serif font.

CHOOSING FUTURES - Section Two

Choosing Futures - Thames-Coromandel

Choosing Futures - Thames-Coromandel describes the vision or aspirations the community has for the Thames-Coromandel District. This allows local communities to define what they think is good for their economic, social, cultural and environmental wellbeing at a District level and are an expression of what their values are:



Our communities are healthy, cohesive, caring and supportive.



Our local economies reflect the spirit of the Peninsula.



Our communities recognise and value the natural environment.



The diversity and character of our communities and the uniqueness of the Peninsula is a valued part of our lifestyle.



The needs of both local and visitor communities are met through sound planning, ahead of growth and development.



The Peninsula's long and rich history is valued and preserved.



The natural values of our coast and beaches are respected and enhanced.

Choosing Futures - Thames-Coromandel helps to promote better co-ordination and application of community resources and inform and guide priorities for activities undertaken by different organisations. It means that all groups can move in the same direction together to achieve results.

Choosing Futures is intended to inform the development of the Council's own planning by influencing decision-making, priorities and ultimately what is delivered. The Annual Report reflects on progress the Council has made towards achieving Choosing Futures - Thames-Coromandel in relation to its own activities.

Monitoring Our Success

Many groups are working hard to try to achieve our community aspirations. In order to know how much progress we are making, the Council, on behalf of the Thames-Coromandel communities, checks progress every three years. This enables the community to see how its going in working towards the achievement of its sought outcomes and where it might need to place more emphasis and effort.

Snapshot 2009 was completed two years ago and reports the progress made towards the District's aspirations to help ensure we are on the right track. We will know we are succeeding when these trends are moving in a positive direction - towards the future that the Thames-Coromandel has chosen.

There has been no further monitoring of Choosing Futures since Snapshot 2009. This report is available to view on our website and you can also refer to page 23 of our 2010/2011 Annual Report for these monitoring results.

New Requirements & Directions

Legislative changes in 2010 have placed a greater emphasis on the Council identifying *its own* intended contribution to ensuring the wellbeing of the District. We call these **Council Outcomes**¹. The Council will look to commence more monitoring of its own success in particular in the 2012/2013 year, the first year of the new 2012-2022 Ten Year Plan.

As outlined in Section One, when elected in October 2010, the new Council developed a fresh vision as its foundation and guiding principles for its three year term. This is further detailed in the 2012-2022 Ten Year Plan.

1 Council outcomes fulfill the requirements with the definition of community outcomes, as amended by legislation in 2010



OUR ACTIVITIES - Section Three

Introduction

The following section outlines our annual service performance results for the 2011/2012 year. This report details the 2011/2012 results against the targets set for that year as outlined in the 2009-2019 Ten Year Plan.

The Council organises itself into four Activity Groups with twenty eight associated activities, as follows:

Planning for the Future <i>Planning to ensure appropriate development of the Peninsula</i>	Strong Communities <i>Community development and meeting community needs</i>	Safeguarding the Environment <i>Enhancing and maintaining the environment, delivery of activities in an environmentally friendly manner</i>	Community Leadership <i>Effective governance structures and community engagement supported by an organisation which can deliver the highest level of service</i>
<hr/> Strategic Planning Landuse Planning Hazard Management	<hr/> Emergency Management Economic Development Community Health & Safety Building Control Social Development District Transportation Local Transportation Cemeteries Airfields Halls Swimming Pools Libraries Harbour Facilities Parks and Reserves	<hr/> Natural & Cultural Heritage Public Conveniences Landuse Management Water Wastewater Stormwater Solid Waste Land Drainage Land Information Memorandums (LIMs)	<hr/> District Leadership Local Advocacy

TCDC Groups of Activities

This report contains the non financial service reporting results and defines each activity:

- The aim
- Why we provide this service
- What we aimed for (our targets)
- How we did

The performance results are drawn from a wide range of data and approaches to assess how effective we have been at delivering these services. The approaches include customer satisfaction surveys; number of complaints; time taken to respond to requests for service; independent reviews of the quality of the service provided; services delivered against agreed timescales; providing evidence that services protect the safety of the community are some examples.

It has not been possible to produce results for a small number of the performance measures for a variety of reasons. In some instances supplementary measures have been reported which we feel give a more complete picture of performance.

How To Read This Section

Activity Group

The name of the activity group.

What the activity is and why we provide it

This Activity Group includes the following activities.

Overview of Performance

Highlights of performance for each group of activities.

Contribution to Choosing Futures

Measuring our progress in contributing to achieving Choosing Futures.

Pass Rate

How we achieved this year compared to last year.

How many performance targets we've achieved over the last year.

COMMUNITY LEADERSHIP

What We Do

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 the communities' behalf. These decisions help ensure that the Council is contributing towards improving the social, cultural, economic and environmental wellbeing of the District's communities. The Council sees itself as having a proactive role in providing leadership to the community through the development of the District and community.

Community Leadership Activities

- District Leadership
- Local Advocacy

2011/2012 Highlight - Increasing Community Empowerment



A priority of this Council has been to ensure greater engagement of local communities in decision making. Over the past 18 months the Community Board Chairs have made a significant contribution to Council decision-making through their attendance at Council meetings, workshops, hearings and deliberations.

In April 2012 a Community Empowerment framework was adopted by the Council. At the core of this framework is greater decision making at the local level. Practically, this means that the Community Boards will make governance decisions relating to their local activities.

Contribution to Choosing Futures

The 2009-2019 Ten Year Plan identifies how we said we'd assess the contribution we made to progressing our community outcomes.

- In 2012 25% of residents and non-resident ratepayers are satisfied with the way the Council involves the public in the decisions it makes. This result has fallen from 30% last year but has not regressed to the 2010 result. The trend at this stage in the election cycle is to experience a fall in satisfaction.
- In 2010 32% of residents agree that they have confidence that the Council makes decisions that are in the best interests of the District. This compared with 41% in 2007 (Survey not updated this year and these are the last available results)
- In 2012 89% of residents and non-resident ratepayers felt they knew how to contact a Councillor and would go ahead and do so if the situation arose where they wanted to put a viewpoint, problem or issue to a Councillor. In comparison 90% of respondents said they would contact a Councillor in 2011. A marginal reduction in satisfaction from last year.

Community Leadership Achievements

Activity / Output Area	Service Levels Achieved	How We Did
District Leadership	1 of 5	Four of the five reported results are based on a National Research Bureau (NRB) survey. Whilst these results have fallen since the last year's results, the trend at this stage in the election cycle is for these measures to do so. Whilst results have fallen back, they are still higher than 2010 levels.
Local Advocacy	0 of 3	Two of the three reported results are based on the NRB survey. Similar to those results in the District Leadership activity, these results do vary throughout the election cycle.

How To Read This Section (Continued)

Activity

The name of the activity and its purpose.

Libraries

Our Aim

The wide provision of a variety of information to improve the wellbeing of our communities.

Why We Provide This Service

Libraries foster community growth, allowing communities to become self sufficient and self-sustaining by meeting recreational needs and providing access to information through a range of technologies. As public spaces they allow social contact and provide focal points for the sharing of information.



What We Did

The services we provide

Our performance in delivering services to our community.

Our Service	Measuring our Performance				
There will be a wide range of library stock including up to date material.	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of the Thames library collection meeting 3.5 items per local resident.	100%	96.1%	Not achieved	The actual number will vary slightly depending on the value of the books being purchased, which can be influenced by the exchange rate. It should also be noted that the increasing demand for electronic books which don't count towards the physical collection impacts on the ability to reach the target.
	Percentage of the Tairua library collection meeting 3.5 items per local resident.	100%	137.5%	Achieved	Collection being consistently reduced through de-selection.
	Percentage of the Mercury Bay library collection meeting 3.5 items per local resident.	95%	125%	Achieved	Collection being consistently reduced through de-selection.
	Between four and eight newspaper and periodical titles are held in each library per 1,000 local residents.	4 to 8	Yes	Achieved	Thames - 4 titles per 1,000 residents. Mercury Bay - 7 titles per 1,000 residents. Tairua - 9 titles per 1,000 residents.
	Percentage of ratepayers satisfied with Council libraries.	70%	96%	Achieved	This activity has again achieved an incredibly high satisfaction level which has been consistently high for the last three years. <small>The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 62% and 68% in 2012. (2011 and 2012 Thames-Coromandel District Council Community Surveys)</small>
Major Projects				Status	Comments
Annual grants will be provided to Coromandel, Ferry Landing, Hahei, Paeanui, Kuaotunu and Whangamata.				Complete	Grants were distributed through the Community Boards.
New books will be purchased for Thames, Whitianga and Tairua Libraries.				Complete	Thames purchased 4,311 books. Mercury Bay purchased 1,992 books. Tairua purchased 682 books.

Major Project

Other projects that have occurred throughout the year.

COMMUNITY LEADERSHIP

What We Do

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 the communities' behalf. These decisions help ensure that the Council is contributing towards improving the social, cultural, economic and environmental wellbeing of the District's communities. The Council sees itself as having a proactive role in providing leadership to the community through the development of the District and community.

Community Leadership Activities

- District Leadership
- Local Advocacy

2011/2012 Highlight - Increasing Community Empowerment



A priority of this Council has been to ensure greater engagement of local communities in decision making. Over the past 18 months the Community Board Chairs have made a significant contribution to Council decision-making through their attendance at Council meetings, workshops, hearings and deliberations.

In April 2012 a Community Empowerment framework was adopted by the Council. At the core of this framework is greater decision making at the local level. Practically, this means that the Community Boards will make governance decisions relating to their local activities.

Contribution to Choosing Futures

The 2009-2019 Ten Year Plan identifies how we said we'd assess the contribution we made to progressing our community outcomes.

- In 2012 25% of residents and non-resident ratepayers are satisfied with the way the Council involves the public in the decisions it makes. This result has fallen from 30% last year but has not regressed to the 2010 result. The trend at this stage in the election cycle is to experience a fall in satisfaction.

(2011 and 2012 Thames-Coromandel District Council Communitrak Survey) The reported figure is adjusted to exclude Don't knows.

- In 2010 32% of residents agree that they have confidence that the Council makes decisions that are in the best interests of the District. This compared with 41% in 2007 (Survey not updated this year and these are the last available results)

(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District) The survey was last held in 2010 and is held every three years.

- In 2012 89% of residents and non-resident ratepayers felt they knew how to contact a Councillor and would go ahead and do so if the situation arose where they wanted to put a viewpoint, problem or issue to a Councillor. In comparison 90% of respondents said they would contact a Councillor in 2011. A marginal reduction in satisfaction from last year.

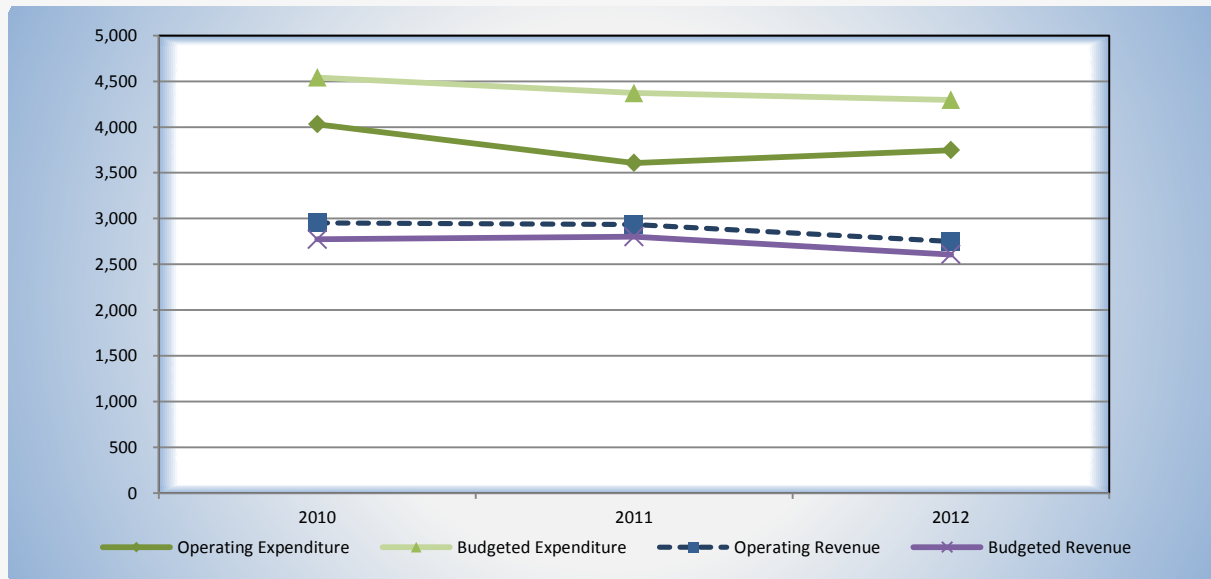
(2011 and 2012 Thames-Coromandel District Council Communitrak Survey) The reported figure is adjusted to exclude 'Don't Knows'.

Community Leadership Achievements

Activity / Output Area	Service Levels Achieved	How We Did
District Leadership	1 of 5	Four of the five reported results are based on a National Research Bureau (NRB) survey. Whilst these results have fallen since the last year's results, the trend at this stage in the election cycle is for these measures to do so. Whilst results have fallen back, they are still higher than 2010 levels.
Local Advocacy	0 of 3	Two of the three reported results are based on the NRB survey. Similar to those results in the District Leadership activity, these results do vary throughout the election cycle.

Community Leadership Operating Performance Statement

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
Revenue					
3	Activity Revenue	0	4	4	
13	Contributions Revenue	3	10	7	
2,920	General Funds	2,603	2,737	134	1
0	Subsidies Revenue	0	0	0	
2,936	Total Operating Revenue	2,606	2,751	145	
Expenditure					
2,424	District Leadership	2,962	2,519	443	2
1,183	Local Advocacy	1,335	1,228	107	3
3,607	Total Operating Expenditure	4,296	3,747	550	
(671)	NET OPERATING SURPLUS/(DEFICIT)	(1,690)	(996)	696	4



Explanation of Variances: Operating Performance Statement

Note	Variance	Explanation
1	Favourable	Rates revenue is showing a favourable variance as there was a positive shift in the in the rating database in the time between finalising the budget figures of the Annual Plan and actually assessing the rates.
2	Favourable	Depreciation was budgeted at \$155,000 but there will be no actuals as they are charged direct to the building cost pools. Other Council administration costs are under budget by \$146,000 due to savings made across all activities. Also a further \$58,000 worth of savings were made within 'Public Relations' and \$51,000 within 'Relationships with Maori'.
3	Favourable	Local Advocacy is for costs of the community boards. Savings in Council overheads allocated to Community Boards are under budget by \$75,000. 'Other' savings are \$32,000.
4	Unfavourable	Council operates a treasury function that recovers both external and internal interest from activities. The internal interest portion reduces the level of UAGC required from ratepayers. Because Community Leadership is funded largely by the UAGC (included in 'general finds') when the internal portion is reversed out, so that Council's financial statements comply with Generally Accepted Accounting Principles (GAAP), the activity shows deficit funding.

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	
0	Thames Administration Building	33	0	33	
0	Thames Administration Building - Roof	207	0	207	1
0	Thames County Building	115	4	111	2
0	TOTAL COMMUNITY LEADERSHIP	355	4	351	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	The aim of this project is to undertake major repairs to roof of the Thames Administration Building. Work is expected to be deferred to 2012/13. A submission to carry forward the remaining budget has been made.
2	The aim of this project is to cater for Council's workforce plan accommodation requirements. The scope of the project was reduced in line with the capex budget revision. A submission to carry forward the remaining budget has been made.

District Leadership

Our Aim

To govern the overall direction of the Council on behalf of the District's communities.

Why We Provide This Service

The Local Government Act 2002 requires that elected members show leadership so their communities can be successful as well as meet and survive challenges as they arise. Local councils are in a position to provide leadership on behalf of the District on matters that are within its role and outside its core functions. There are a number of regional and national directives that impact on our communities and it is through District Leadership that they can be kept informed and represented. The Local Electoral Act 2001 provides the means that enable our communities to select the people they want to represent them, through a democratic decision making process.



What We Did

Our Service	Measuring our Performance				
An avenue is provided through which the community can have its views heard	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers who feel they can contact a Council member to raise an issue or problem.	84%	89%	Achieved	This represents a marginal decrease on last year's result of 90%. Access to elected member contact details was made more readily available through the TCDC website; brochures have been available to the public in the service centres; staff knowledge of elected member contact details and Council media releases/newspaper information pages has developed. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 88% and 87% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
	Percentage of residents and non-resident ratepayers who feel that the Mayor and Councillors give a fair hearing to their views (the target is the peer group average).	30%	25%	Not achieved	This result has fallen from 30% last year but has not regressed to the 2010 result. The trend at this stage in the election cycle is to experience a fall in satisfaction. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 25% and 21% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)

Direction is set to determine what activities the Council should engage in	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers satisfied with the Council's decisions and actions (the target is the peer group average).	41%	38%	Not achieved	In 2011 Council achieved a rating of 48%, up from 33% in 2010. Again while the progress made last year has not been maintained, it has not fallen back to 2010 levels. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 46% and 36% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
	Percentage of residents and non-resident ratepayers satisfied with how the Council allocates funds / rates to be spent on the services and facilities provided (the target is the peer group average).	72%	61%	Not achieved	This result has fallen back from last year's result of 69%, but again not to 2010 levels. The 2011 result was a 12% increase on the 2010 result. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 66% and 57% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
The Council will keep and maintain accurate property records	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of property records stored electronically in accordance with the Public Records Act 2005.	100%	95.4%	Not achieved	This project is nearing completion ahead of schedule and will be completed later in 2012 as planned.

Local Advocacy

Our Aim

Ensure that the Council appreciates and understands local views.

Why We Provide This Service

The Local Advocacy activity is about ensuring your local community can be involved in the decision-making processes of the Council. Community Boards are an important link in maintaining relationships between the Council and smaller community groups. The Local Government Act 2002 and other legislation have placed increased emphasis and requirements on the Council to consult with its communities.



What We Did

Our Service	Measuring our Performance				
Community Boards offer local representation	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers who know how to contact a Community Board member.	73%	61%	Not Achieved	This is an improvement of 6% on last year's result with the level of awareness this year marginally lower than the 2010 result. As this was at the end of an election cycle, the public had three years to become familiar with Board members. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 54% and 55% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
Community Boards make decisions that consider local issues	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of Community Board decision-making reports on local issues include community plan information.	96%	Figure cannot be reliably reported	Not Achieved	This has become an increasingly difficult measure to report against as the relevance of Community Plans is superseded by the evolving Community Governance model.
Opportunities are available to raise local issues and understand what will happen as a result	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers satisfied with the way the Council involves the public in the decisions it makes.	53%	39%	Not Achieved	This result in common with most of the survey results fell back from the significant gains made between 2010 and 2011, but did not revert to the 2010 levels. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 44% and 37% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
Major Projects				Status	Comments
Community Boards will assign portfolios to members.				Complete	All Community Boards were assigned portfolios.
Community Boards will submit an annual work programme to Council for endorsement.				Complete	The annual work programme for 2011/2012 was endorsed by the Council at its June 2011 meeting
The Community Board Code of Conduct will be reviewed and adopted (three yearly).				Complete	The code of conduct was reviewed and adopted at the first meeting after the triennial election
Regular feedback will be provided to Community Boards and community on progress with actions contained in community plans (every six months)				Complete	A range of different approaches took place throughout the year
Options will be investigated to empower Community Boards to make decisions on behalf of local communities.				Complete	The Community Governance Framework was approved by Council on 18/4/12

PLANNING FOR THE FUTURE

What We Do

The Coromandel Peninsula community has told us that planning for the future is important. This is in part so we can 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 they believe make the Peninsula special.

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

- Understanding the characteristics and trends of the 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.

Planning for the Future Activities

- Strategic Planning
- Landuse Planning
- Hazard Management

2011/2012 Highlight - The Eastern Coromandel Tsunami Strategy



The devastating earthquake which struck Japan in 2011 was a graphic example of the threat posed by tsunamis generated just offshore. It came as latest research had told us about the risk of such a big tsunami hitting Whitianga as a result of a major earthquake in the Tonga-Kermadec trench to the north east of New Zealand.

The research indicates the frequency of such tsunami is higher than previously understood and Whitianga would be particularly vulnerable to the impacts of a big earthquake in the Tonga-Kermadec Trench.

TCDC and Waikato Regional Council have developed an Eastern Coromandel Tsunami Strategy, starting off looking at Whitianga because the unique geography of Mercury Bay can magnify the effects of tsunami.

Over the course of a number of months, a Whitianga Tsunami Risk Management Plan was developed with the community. This, now finished Plan, provides a roadmap for risk management actions – initially over a period of three years.

The Whitianga Plan was the pilot project, and first off the blocks because Whitianga is the most at-risk part of the Peninsula, because the shape of its bay would make the effect of a tsunami worse. Plans for other communities are being developed based on this successful pilot programme.

The completed Plan is available on our website www.tcdc.govt.nz

Contribution to Choosing Futures

The 2009-2019 Ten Year Plan identifies how we said we'd assess the contribution we made to progressing our community outcomes.

- In 2012 53% of residents and non-resident ratepayers are aware of the vision for the District. Of those, 82% are satisfied that the Council is working towards achieving this goal. In comparison, 46% and 77% were satisfied in 2011, an increase of 7% in awareness and a 5% increase in satisfaction.

(2011 and 2012 Thames-Coromandel District Council Communitrak Survey)

- In 2012 75% of residents and non-resident ratepayers have some level of confidence that the plans the Council makes for the future are in the best interest of the District. In comparison the level of confidence was 77% in 2011, a marginal decrease of 2%.

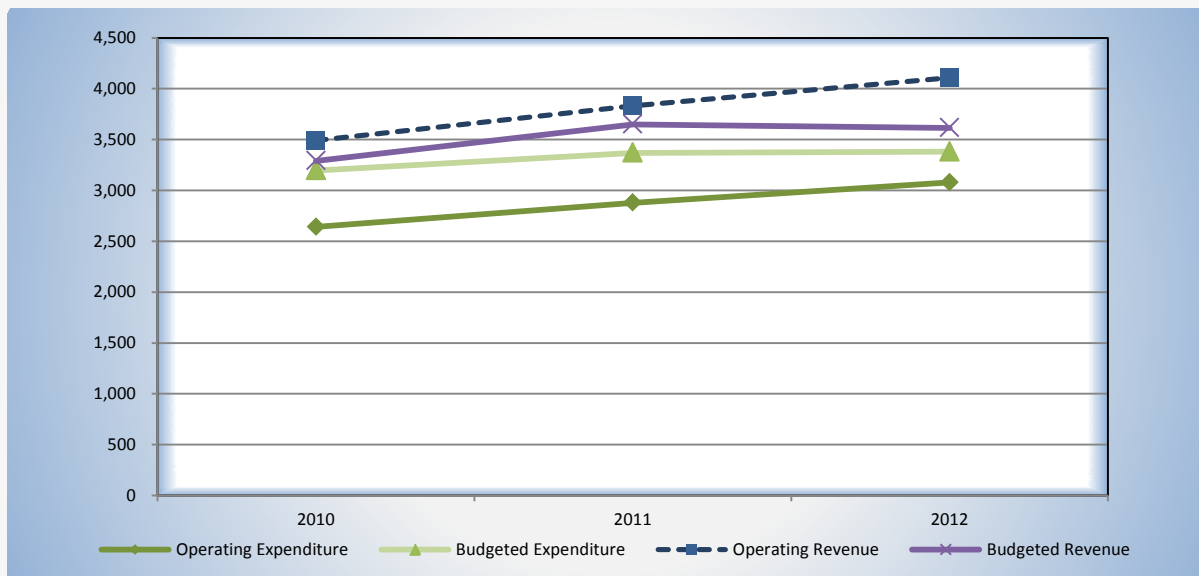
(2011 and 2010 Thames-Coromandel District Council Communitrak Survey.) The reported figure is adjusted to exclude Don't knows. If Don't Knows were included the results for 2011 is 75% and 2010 60%. Footnote: for the above measure, result is derived from the categories: "complete confidence", "a lot of confidence" and "some confidence".

Planning for the Future Achievements

Activity / Output Area	Service Levels Achieved	How We Did
Strategic Planning	2 of 3	The part of the activity not achieved was due to the cancellation of the 2011 Census which was beyond the control of the Council.
Landuse Planning	3 of 4	The one target not achieved in this activity is based on the NRB survey and concerns the level of satisfaction with the District as a "better" place to live. Despite not meeting target, there has been continuous improvements in each of the last two years of reporting. This year a 5% improvement (on last year's 29%) was achieved.
Hazard Management	2 of 3	The one target not achieved in this activity is based on the NRB survey and concerns the public's awareness about joint agency initiatives. Despite a considerable amount of high profile joint agency activity, particularly around Tsunami Risk Management, no gains were made with the survey results.

Planning for the Future Operating Performance Statement

2011		2012			Notes
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	
Revenue					
135	Activity Revenue	25	447	422	1
0	Contributions Revenue	0	0	0	
3,696	General Funds	3,590	3,661	71	
0	Subsidies Revenue	0	0	0	
3,831	Total Operating Revenue	3,615	4,108	493	
Expenditure					
1,390	Strategic Planning	1,599	996	603	2
1,264	Landuse Planning	1,491	1,265	226	3
225	Hazard Management	290	817	(527)	4
2,879	Total Operating Expenditure	3,380	3,078	302	
952	NET OPERATING SURPLUS/(DEFICIT)	235	1,030	795	



Explanation of Variances: Operating Performance Statement

Note	Variance	Explanation
1	Favourable	Council on-charged to the Ministry for the Environment and the Waikato Regional Council their share of the costs incurred to date in the clean-up of contamination at Moanatairi. Costs on charged to the end of the financial year totalled \$356,000.
2	Favourable	Expenditure is below budget by \$603,000 as planned work was deferred as staff concentrated on the Ten Year Plan. No appeals or requests for review of the development contribution assessments were received during 2011/2012.
3	Favourable	Savings were made in the District Plan preparation of \$225,000. Savings were also made within 'legal expenses' of \$158,000
4	Unfavourable	Costs of the Moanatairi project are \$555,000 as at 30 June 2012. Of these costs of \$356,000 have been recharged to WRC or to the Ministry of the Environment (MFE).

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
532	Computer Software	533	416	117	1
226	Computer Hardware	458	340	118	1
204	Furniture & Fittings	214	55	159	2
28	Plant & Vehicles	271	196	75	3
0	Video Conferencing	111	0	111	1
990	TOTAL PLANNING FOR THE FUTURE	1,587	1,007	580	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	The scope of the project was reduced in line with the capex budget revision.
2	The scope of the project was reduced in line with the capex budget revision. A submission to carry forward the remaining budget has been made. Work completed this financial year included, chair replacements and an air-conditioning upgrade in the server room and work at the whangamata area office.
3	The aim of the project is to renew and replace Council's vehicle fleet in terms with Council's Vehicle Replacement Policy. The majority of the budget was spent in May 2012. Savings made during the 2011/2012 financial year will be carried forward.

Strategic Planning

Our Aim

To plan for the future of the Coromandel Peninsula in an integrated and sustainable way.

Why We Provide This Service

Strategic planning enables us to better understand the pressures facing the District and make informed decisions for the future. Through initiatives like the joint agency Coromandel Peninsula Blueprint project, we can identify and match our service delivery and assets to meet the long-term aspirations of our communities. Any of the facilities we provide, such as sewage schemes and water supplies for example, have a long life span and strategic planning helps ensure that we can match their outputs to expected future demand.



While not part of the services this activity provides, the Strategic Planning budget also includes a disaster reserves fund and the assets that the Council needs to operate, such as vehicles, furniture and computers (these operational assets take up about half the total strategic planning budget).

What We Did

Our Service	Measuring our Performance				
Communities are helped to identify local and District visions	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Community outcomes are in place that identifies the District community vision.	Community outcomes in place	Community outcomes in place	Achieved	Last year's annual target was achieved. The community outcomes are in place and the 2012-2022 Ten Year Plan outlines Council's contribution toward the outcomes it contributes to.
Customers can expect the Council to identify potential issues before they become problems	Performance Measure	Annual Target	Annual Actual	Status	Comments
	The Peak Population Study and Demographic Update is updated to provide current information on issues and trends.	Peak Population study and demographic update	The Peak Population study and demographic update has not been completed this year.	Not achieved	The cancellation of the national 2011 Census has prevented this from occurring. The changes to the timing of the study were noted in the 2011/2012 Annual Plan. In a broader sense, Council included an in-depth analysis of potential issues in its 2012-2022 Ten Year Plan and developed its strategies to deal with these issues.
Plans are in place to manage growth and change in the District	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Four Local Area Blueprints are completed in the Coromandel Peninsula Blueprint project.	6	8	Achieved	The full local area blueprint programme was completed ahead of schedule. The current District Plan review, and the 2012-22 Ten Year Plan have both picked up the Blueprint strategies for inclusion into both land use planning, growth identification, and infrastructure timing of future investment.

Major Projects	Status	Comments
The District Demographic Profile will be reviewed every five years (next review 2011/2012).	Incomplete	Due to the cancellation of the 2011 Census this project was not able to be completed to timeframe, and has been deferred to 2013/2014 to occur after 2013 Census results are available.
Sustainable Development Strategy.	Incomplete	The Sustainable Development Strategy work was on hold following a review of priorities for Strategic Planning, taking account of the resource requirements of developing the 2012-2022 Ten Year Plan. Further consideration of the most effective approach to progress the Strategy is planned for the 2012-2013 financial year, taking account of the organisational review.

Landuse Planning

Our Aim

To identify and manage the resource management issues facing the District.

Why We Provide This Service

As a legal requirement under the Resource Management Act 1991, the District Plan provides a strong element of control and certainty for land use activity on the Peninsula. As a community grows there are increased development pressures, yet at the same time there is a desire to maintain the 'special character' of the Peninsula, especially in coastal areas. The District Plan and the associated resource consent processes are important regulatory tools to help ensure appropriate land use.



What We Did

Our Service		Measuring our Performance			
The Council will have a District Plan that is relevant and robust	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of annual work programme (set through annual District Plan business plan) completed.	100%	100%	Achieved	<p>The preparation of a 'Draft' reviewed District Plan within project timeframes has been a major achievement involving monitoring and review, technical analysis, assessment of issues and options, drafting and formatting, meetings with stakeholders and regular plan users and, several meetings and workshops with elected members.</p> <p>Following release of the 'significant natural area' information, and the ensuing strong landowner reaction, a series of workshops were convened with both Council and the District Plan Review Committee to increase elected member understanding and buy-in to the District Plan review process.</p> <p>Although the District Plan Review Committee subsequently resolved to extend timeframes for Committee approval of the 'Draft' Plan out to September 2012, a fully reviewed 'Draft' District Plan was available by the end of June 2012.</p> <p>With regard to 'plan changes', there has remained a strong focus upon completing those (both Council and privately initiated) that are 'in the system' so that they do not interfere with release and implementation of the reviewed Plan. Over the year work was undertaken on one Council and three private plan changes.</p> <p>A considerable amount of effort was invested in preparing and presenting evidence on the Proposed Waikato Regional Policy Statement. The evidence was in support of submissions and further submissions made by both the Joint Working Party of councils, and by the Thames-Coromandel District Council.</p>

The Council will have a District Plan that provides certainty of landuse/ environmental outcomes at the local and District levels	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers satisfied with the District as a "better" place to live.	45%	34%	Not Achieved	<p>The results in this measure have improved in each of the last two years. This year has seen a 5% improvement on last year's 29%. However the target has not been met in any of the current three year reporting cycle. This result is more likely to be influenced by the depth and scale of the economic recession which was not fully understood or anticipated when the target was set.</p> <p>The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 27% and 32% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)</p>
	Percentage of residents and non-resident ratepayers satisfied with the image of the closest town centre.	90%	91%	Achieved	<p>Although the target was achieved, it is noted that the measure is open to influence from a number of other factors (e.g. main street upgrades, presence of graffiti, etc.) which are not able to be managed via the Landuse Planning activity.</p> <p>The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 27% and 34% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)</p>
The Council will have a monitoring programme that provides information on the outcomes of the District Plan at the local and District level	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of resource issues monitored and reported on each year.	1	1	Achieved	<p>Analysis was completed to determine the amount and effect of coastal subdivision in the District from 2000 to 2010. Results from this work compliment the 'Coromandel Coastal Zone Review' which was completed in January 2011 and have been used to inform the District Plan Review.</p>
Major Projects				Status	Comments
Work will continue on the review of the District Plan (ongoing). The Council sees this as a high priority, ensuring that the District Plan reflects how we would like to see the District develop in the future. The Council aims to have the District Plan drafted in the 2011/2012 financial year.				Complete	A draft reviewed Thames Coromandel District Plan was drafted by end of June 2012. See comments above.
The effectiveness of the District Plan in achieving positive outcomes will be monitored.				Complete	A project was completed monitoring notable trees listed in the operative District Plan for carry-over into the reviewed draft District Plan.

Hazard Management

Our Aim

To protect life and property from natural hazards.

Why We Provide This Service

As the Coromandel Peninsula has been identified as being susceptible to extreme climatic and seismic (i.e. earthquake and volcanic) events, our people and visitors can be at risk. The impact of natural events include threats to life and health, damage to property (whether public or private), economic disruption as time is required to clean up following an event, social impacts (particularly where communities have been cut off through blocked/flooded roads) and the impact on our biodiversity and ecosystems.



Our communities have said that safety and health is important. In addition, central government has placed responsibilities on all councils to work with partners and agencies to put strategies in place to prepare for natural hazards.

What We Did

Our Service	Measuring our Performance				
The Council will work with other agencies to manage the effects of natural hazards	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers who read and hear about joint agency initiatives in media and through word of mouth networks.	62%	31%	Not achieved	The result this year is a marginal decrease on last year. Despite a considerable amount of high profile joint activity, particularly around the Tsunami Risk Management Strategy in Whitianga and Tairua/ Pauanui this had no influence on the survey results. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 31% and 30% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
The community is able to adapt to the threat of natural disasters	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers who feel safe in their homes and for their livelihoods when a natural disaster strikes.	62%	68%	Achieved	This target was comfortably achieved and is an 11% improvement on last year, when the target was not achieved. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 56% and 67% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
	Percentage of residents and non-resident ratepayers who are aware of whether their community is susceptible to a natural hazard.	62%	88%	Achieved	While this result is a 4% reduction on last year it was still considerably higher than the target figure, and reflects a consistent performance across this three year reporting cycle. Global events in recent years have clearly influenced the public's awareness of the potential dangers. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 88% and 83% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)

Major Projects	Status	Comments
Flood risk profiling work will continue for the flood prone communities of Thames, Te Puru, Waiomu, Tapu, Coromandel and Tairua townships (by 2013).	Complete	Other flood prone catchments modelled as Waikato Regional Council resources and priorities allow; e.g. Cooks Stream, Wentworth River.
Waikato Regional Council will be supported in implementing the Peninsula Project (on-going from 2010). This includes flood control measures in Tararu, Te Puru, Waiomu, Pohue, Coromandel and Tapu. The Council will continue the Moanataiari Protection Scheme (ongoing). However Waikato Regional Council will be reducing the level of work in this activity in the 2011/2012 year.	Ongoing	Partnership working continues with a focus on river and catchment works by Waikato Regional Council and landuse controls developed through the District Plan review process.
The Council's policy for coastal protection works on Council-owned land will be implemented.	Complete	Review of recommended policy will occur after the release of the Intergovernmental Panel on Climate Change Fifth Assessment Report, due 2013/2014
The Council will investigate the effects of significant tsunami on the Peninsula with Waikato Regional Council (by 2014).	Ongoing	Tsunami Risk Management Strategy for Whitianga complete, Tairua/Pauanui Project initiated with modelling currently being undertaken.
The Council will participate in a Government funded coastal adaptation to climate change project (by 2012).	Complete	Report released and available on http://www.niwa.co.nz/our-science/coasts/research-projects/coastal-adaption-to-climate-change

STRONG COMMUNITIES

What We Do

The Strong Communities group of activities involves promoting the development of our communities to ensure they have a good quality of life.

The group includes infrastructure to help people get around and community facilities where people can join together for sporting, social, cultural events or enjoy the outdoors.

This group also contains functions to make sure people are safe - from being prepared for emergencies to implementing bylaws and having well constructed buildings.



Strong Communities Activities

- | | |
|-------------------------------|----------------------|
| • Emergency Management | • Cemeteries |
| • Economic Development | • Airfields |
| • Community Health and Safety | • Halls |
| • Building Control | • Swimming Pools |
| • Social Development | • Libraries |
| • District Transportation | • Harbour Facilities |
| • Local Transportation | • Parks and Reserves |

2011/2012 Highlight - MV Rena Response

The MV Rena ran aground the Astrolabe Reef near Tauranga on 5 October 2011. The Whangamata Emergency Committee and local Iwi responded immediately and organised patrols to monitor the beaches for oil and debris. They also coordinated training for oil spill clean up and kept the public informed of ways in which they could help, and provided information about the potential risks, such as oil contamination and floating debris.

With the break up of the ship in April 2012, following heavy seas, significant amounts of debris, including bags of noodles, timber, wheelbarrow parts, milk powder, vacuum packed lamb and plastic beads landed along the length of the eastern shoreline of the Coromandel Peninsula. The most affected areas were from Tairua to Hot Water Beach. The community once again came together. While marine crews were working the waters and beaches along the wider Coromandel coastline over the weekend, hundreds of volunteers also spent their Easter holiday weekend cleaning up tonnes of debris at Coromandel beaches.



Rena debris washes up on Coromandel shores Easter Weekend 2012



Volunteers use whitebait nets to pick up Rena Debris on Coromandel beach

Contribution to Choosing Futures

The 2009-2019 Ten Year Plan identifies how we said we'd assess the contribution we made to progressing our community outcomes.

- In 2010 45% of residents agree that their community is a place where young people can imagine building a life. This compares with 49% in 2007 (survey not updated this year and these are the last available results).

(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District) The survey was last held in 2010 and is held every three years.
- In 2010 100% of residents perceive that their community is safe during the daytime and 85% perceive that their community is safe after dark. By comparison in 2007, 98% and 84% (respectively) perceived safety in their community (survey not updated this year and these are the last available results).

(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District) The survey was last held in 2010 and is held every three years.
- In 2010 96% of residents were happy with their overall quality of life. This compares with 87% in 2007 (survey not updated this year and these are the last available results).

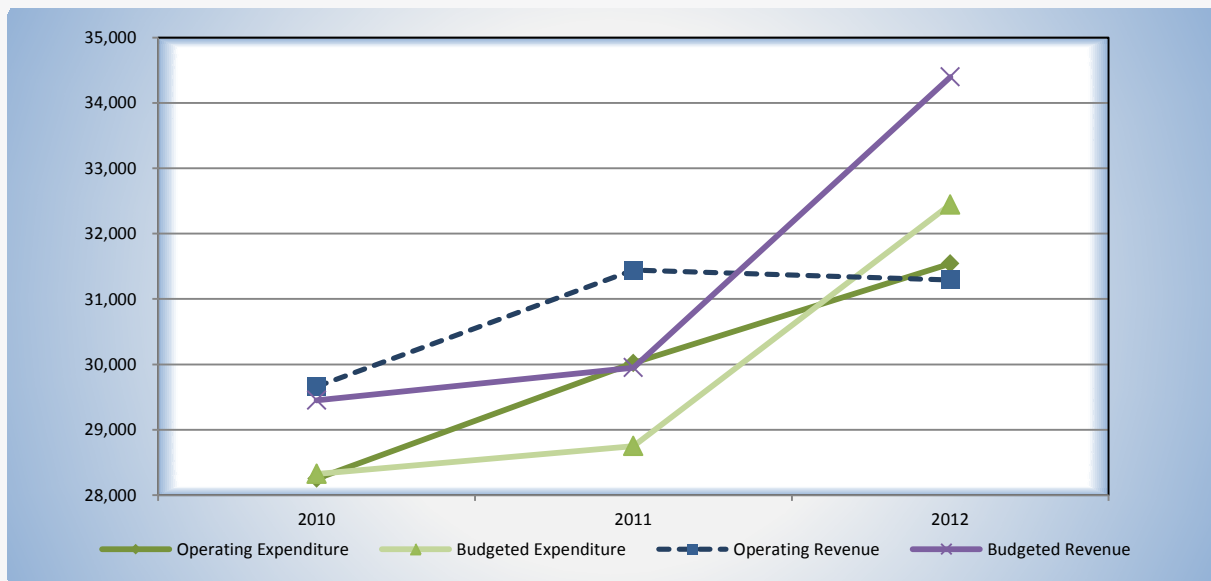
(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District)
 The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 95% result if the 'don't knows' responses are included)

Strong Communities Achievement

Activity / Output Area	Service Levels Achieved	How We Did
Emergency Management	3 of 4	This activity has strong and consistent performance. The one target not achieved in this activity is based on the NRB survey and concerns the level of preparedness that the public feel for emergencies. Whilst the 56% target has not been achieved, the level of preparedness has increased from 47% in 2010/2011, and was reported at 55% this year.
Economic Development	1 of 2	This has been a priority activity in 2011. The one target not achieved in this activity is an ambitious 5% year on year increase in the number of guest nights in the District. In 2012 a 3.1% increase was achieved.
Community Health & Safety	4 of 5	This activity has strong and consistent performance. We have a 100% target for responding to complaints regarding noise. Whilst we achieved 99%, we are currently having difficulties resourcing out of hours calls in Coromandel. We are looking to address this as soon as possible.
Building Control	6 of 8	New supplementary measures were introduced this year for this activity to better measure our performance against compliance functions. All of the new targets were achieved. A considerable amount of work has been done with respect to reviewing processes and to help fine tune and create opportunities for efficiencies.
Social Development	5 of 5	A consistently strong performing activity, with all targets being met in the 2012 year.
District Transportation	5 of 6	The targets for this activity have been largely met with high levels of satisfaction, above both the peer group and national averages. The one part of the activity that was under target was potholes on unsealed roads being repaired within five working days. We had an 84% success rate in this area, when our target is 93%.
Local Transportation	3 of 4	Strong and improved performance has been seen in this activity. The one part of the activity that was under target was in relation to street lighting outages being repaired. We understand this to be more of an issue with our Contractor not closing out requests for service promptly in our system, rather than delays. This matter is being addressed.
Cemeteries	2 of 2	Whilst satisfaction with this activity fell marginally by 2% from last year, this activity remains one of the highest in terms of satisfaction ratings, reported this year at 94%.
Airfields	2 of 2	Both targets were met comfortably for this activity.
Halls	4 of 6	Halls continue to be supported through the District, with only one target (in Thames) not being achieved. The other target was not reported in the 2011/2012 year.
Swimming Pools	1 of 2	The one target not met here is in relation to health and safety incidents at the pool. This year there were four reported incidents. We have a target of no more than 2.
Libraries	4 of 5	This is a strong performing activity, with the one target not being met relating to the number of the Thames library collection meeting 3.5 items per local resident. The increasing demand for electronic books which don't count towards the physical collection in this particular measure has impacted on the ability to reach this target.
Harbour Facilities	3 of 3	All three targets were met comfortably for this activity.
Parks & Reserves	3 of 4	This activity continues to be a strong performer and has again reported high satisfaction in the customer survey. The one target not met did experience reporting issues and relates to urgent requests being responded to.

Strong Communities Operating Performance Statement

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
Revenue					
5,695	Activity Revenue	5,612	5,700	88	1
1,842	Contributions Revenue	2,953	475	(2,478)	2
18,352	General Funds	19,466	19,502	36	
5,552	Subsidies Revenue	6,364	5,613	(751)	3
31,441	Total Operating Revenue	34,396	31,290	(3,105)	
Expenditure					
493	Emergency Management	585	561	24	
1,259	Economic Development	1,343	1,214	129	4
1,703	Community Health and Safety	1,734	1,626	108	
4,284	Building Control	4,245	4,168	77	5
1,141	Social Development	1,272	1,128	144	6
11,924	District Transportation	12,892	13,006	(114)	7
1,331	Local Transportation	1,614	1,475	139	8
404	Cemeteries	491	401	90	
128	Airfields	132	146	(14)	
736	Halls	735	777	(42)	
418	Swimming Pools	432	458	(26)	
1,358	Libraries	1,450	1,387	63	
698	Harbour Facilities	820	796	24	
4,143	Parks and Reserves	4,700	4,399	301	9
30,020	Total Operating Expenditure	32,446	31,542	903	
1,421	NET OPERATING SURPLUS/(DEFICIT)	1,950	(252)	(2,202)	



Explanation of Variances: Operating Performance Statement

Note	Variance	Explanation
1	Favourable	<p>Revenue from endowment farms is (\$25,000) below budget.</p> <p>Proceeds from a land sale as a result of a legal settlement resulted in miscellaneous revenue of \$360,000.</p> <p>Grant received from SPARK of \$80,500 which is to be paid out to the Mercury Bay multi-sport complex trust next financial year.</p> <p>Building monitoring revenue is below budget by (\$99,000).</p> <p>Commercial rent is below budget by (\$56,000).</p> <p>Parking infringement fees (\$52,000) under budget.</p> <p>Animal control (\$37,000) under budget.</p> <p>Building control inspection revenue is (\$105,000) under budget</p> <p>Harbour revenue in Coromandel and Mercury bay is (\$45,000) and (\$51,000) under budget, respectively.</p>
2	Unfavourable	<p>Contribution revenue is under budget by (\$2,478,000). Contribution revenue continues to be affected by lack of development within the District. For this financial year the planned growth was predominately in Mercury Bay.</p>
3	Unfavourable	<p>In general, funding assistance is provided by NZTA for planning, operating, maintaining and developing the land transport system. This budgeted funding is based on budgeted work to be completed throughout the financial year. Funding assistance provided by NZTA, in most cases, is less than 100 percent of the costs of the activity or combination of activities. Council is then responsible for providing the remaining portion of the total cost. Subsidy revenue is under budget by (\$751,000) for the year. Major expenditure variances are in chip maintenance and pavement rehabilitation.</p>
4	Favourable	<p>Cost of Council overheads allocated to Economic Development is under budget by \$96,000. Other savings are \$33,000, mainly in the 'consultants' budget.</p>
5	Favourable	<p>Settlements costs associated with weather tight homes were (\$318,000) over budget for the year. Legal costs were under budget by \$102,000 and contract inspections were under budget by \$168,000. Other savings were in Council overheads allocated to Building Control of \$183,000.</p>
6	Favourable	<p>District costs are under budget by \$174,000. The budget provided for the payment of a grant of \$107,000 which will not now take place.</p>
7	Unfavourable	<p>Remedial work for storm damage is under budget by \$329,000.</p> <p>Expenditure on Road pavement maintenance is under budget by \$44,000.</p> <p>Offsetting this is over budgeted expenditure in street cleaning of (\$244,000).</p> <p>Expenditure on the Joint Safety coordinator is over budget by (\$205,000). Costs are to be shared with two other Councils for the safety coordinator.</p> <p>Expenditure has been budgeted at \$499,000 for the Hauraki Cycle-way. Costs to date are \$477,000.</p> <p>Expenditure on Traffic Services is under budget by \$62,000, berm mowing by \$71,000 and interest costs \$88,000.</p> <p>Depreciation costs are over budget by \$224,000.</p>
8	Favourable	<p>Local transportation costs are \$139,000 under budget. Tairua/Pauanui contract costs for community footpaths, parking, and tree maintenance are \$39,000 under budget. Contract costs, maintenance equipment and interest costs in Whangamata are \$33,000 under budget. Thames contract costs for footpaths lighting and parking are \$36,000 under budget.</p> <p>Depreciation costs across the district are \$25,000 under budget.</p>
9	Favourable	<p>Parks expenditure in Mercury Bay is under budget by \$239,000. Included in this are contract costs which are \$30,000 under budget and depreciation which is \$151,000 under budget. Coromandel is under budget by \$21,000 and Tairua-Pauanui by \$16,000.</p>

Emergency Management

Our Aim

To promote individual and community resilience in emergencies and to enhance the community's capability to respond to and recover from disasters.

Why We Provide This Service

The Council has a responsibility to protect life, health and property under the Civil Defence Emergency Management Act 2002. It does so by dealing with the four Rs in an emergency: Reduction, Readiness, Response and Recovery. The three core elements of Emergency Management are Civil Defence, Rural Fire and Water Safety.



What We Did

Our Service	Measuring our Performance				
People will be prepared for a civil defence emergency	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers prepared for an emergency.	56%	55%	Not achieved	The level of preparedness has increased from 47% in 2010/2011. This may result from increased public information and engagement following events such as the Canterbury earthquakes and significant weather events across the country. The highest levels of preparedness were reported by residents, the Thames Community Board area and men.
People will know what to do in an emergency	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of emergency plans available for urban communities over 100 properties.	8	12	Achieved	Local emergency management committees have continued to work with their communities to test tsunami sirens and update tsunami action and evacuation plans.
Community support will be available to recover from an emergency	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Recovery teams (made up of agencies with the capacity to assist with welfare, property, business and rural area recovery) are established, trained and meet at least annually.	Recovery Teams met at least once	4	Achieved	Regular meetings continue with welfare groups, community emergency management committees and the emergency services.

Surf lifesaving services will be provided over peak summer periods	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of high risk eastern seaboard beaches with professional surf lifesaving guards available: 26 December - 16 January Hot Water Beach, Tairua and Onemana 26 December - 9 January Pauanui and Whangamata	5	5	Achieved	<u>2011/2012 Summer Season</u> Hot Water Beach 19 December - 3 February Tairua 26 December - 27 January Onemana 27 December - 20 January Pauanui 27 December - 27 January Whangamata 19 December - 3 February Regional professional lifeguard services are provided on weekdays only with weekends covered by volunteer surf lifesaving clubs. Professional lifeguards are available for a longer period overall than initially anticipated. Contractual arrangements vary from time to time because of beach conditions and operational requirements.
Major Projects				Status	Comments
An annual public awareness campaign for residents and visitors will be run.				Complete	Public awareness was targeted through media updates associated with local, national and international emergency events, civil defence displays at events and presentations to community groups. Information leaflets, identifying key hazards, were distributed to sectors of the community, including visitors to the Coromandel and the Tararu community. A Tourism CDEM training programme provided in the Thames Valley attracted the highest participation throughout the Waikato region. Water safety education was promoted through Surf Life Saving New Zealand programmes
An emergency programme will be available in primary schools				Complete	The civil defence and rural fire emergency programme is delivered to schools upon request and includes What's the Plan Stan (earthquake, tsunami, flood), Get Firewise, Stop Drop and Roll (fire), Drop Cover and Hold (earthquake), Turtle Safe (earthquake resources for pre-schools). Assistance has been provided to schools, e.g. Te Puru, for evacuation planning
Annual funding will be provided to surf lifesaving (\$101,754 in 2011/2012).				Complete	Funding of \$101,754 was provided and regional lifeguards helped or advised 79,680 people through 9,821 preventative actions, provided first aid in 221 situations and undertook 197 rescues and 16 searches.
Appropriate warning systems will be investigated and installed.				Complete	Funding of \$6,575 was provided to upgrade tsunami warning systems and provide warning signs.
Rural fire equipment will be provided.				Complete	Funding of \$19,399 was provided for replacing rural fire equipment and protective clothing. The rural fire parties attended 96 incidents during the year, 79 of which related to medical calls and only 6 relating to vegetation fires.

COST OF CAPITAL WORKS

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
32	Emerg Mgmt - Plant	23	19	4	
14	Warning Systems	43	7	36	
46	TOTAL EMERGENCY MANAGEMENT	66	26	40	

Economic Development

Our Aim

To increase the wealth of the people and the viability of the businesses on the Peninsula.

Why We Provide This Service

We consider that economic development is a priority now more than ever. We are in the midst of developing an economic development strategy, which is due to be completed in 2012/2013, to make sure that all the planning and activities that we deliver are conducive to, and support our economy wherever possible. Through partnerships and working with others we will continue to support diverse economic development opportunities in the District. In the meantime, this activity continues to draw on the economic opportunities of the Peninsula's natural setting such as the tourism sector and is also retaining its focus to include aquaculture growth. This activity helps create an environment that enables our economy to grow sustainably and appropriately. This activity also promotes job creation.



What We Did

Our Service	Measuring our Performance				
The Council will identify where the community should focus its resources in order to gain the greatest economic benefit	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Council resources are focused on the priority areas identified in the regional Economic Development Strategy.	Yes	Yes	Achieved	The Council has focused its resources on priority areas aligned with those identified in the New Zealand Trade and Enterprise Waikato Economic Development Strategy (the Economic Development Strategy for the Waikato Region active at the time of adopting this measure and the Council's 2009-2019 Ten Year Plan). Tourism and aquaculture were identified as priority areas in the Strategy, which continue to be focus areas for the Council. The Council is currently developing an Economic Development Strategy which is aligned with priorities in its 2012-2022 Ten Year Plan, and is working with Waikato Regional Council on Economic Development initiatives including the potential development of a Regional Economic Development Strategy.
To increase the number of guest nights that visitors spend in the District	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Numbers of visitor guest nights in the District will increase by 5%.	Increasing by 5%	Increase of 2.4%	Not achieved	The total for the year ending June 2012 was 611,205. While there has been an increase it is still below the 624,797 achieved in the year ending 30 June 2010.
Major Projects				Status	Comments
The Council will get involved in regional interagency forums.				Complete	The Council is involved in various regional and sub-regional interagency forums, such as the Hauraki Coromandel Economic Development Group, Hauraki Coromandel Labour Market Forum, Regional Mayoral Taskforce, and is active in progressing aquaculture opportunities with other agencies.
On-going funding for tourism (including event coordination) will be provided including funding for Information Centres.				Complete	Funding for the 2011/2012 year has been paid in full to Destination Coromandel and each of the local Information Centres, in accordance with their Service Level Agreements for the applicable term. New funding levels have been approved in the Council's 2012-2022 Ten Year Plan, and new Service Level Agreements have been prepared and are in place.

Community Health and Safety

Our Aim

To help achieve a safe and healthy community and avoid behaviour causing nuisance in the community.

Why We Provide This Service

Community health and safety is consistently reported as a top priority in ratepayer surveys. To meet these needs the Council has a number of bylaws and policies that it implements to maintain a healthy community. Changing circumstances and Government prescription regularly create a need to enact new bylaws and policies, such as in the liquor licensing and litter areas recently.



What We Did

Our Service		Measuring our Performance			
Food services used by the public are healthy and safe	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of premises failing to comply with Food Hygiene regulations that are re-inspected within a three-month period.	100%	100%	Achieved	Systems are in place to ensure all failed inspections are re-visited within the three months.
The supply of liquor is controlled to prevent bad behaviour	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of premises selling liquor are checked to make sure they are following the rules.	100%	100%	Achieved	Contractor is contracted to visit every property during the course of the year.
Dogs don't wander freely in the street	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of dogs impounded.	<5%	2%	Achieved	Every effort is made to ensure dogs are re-united with their owners before impounding
	Percentage of complaints about roaming dogs that are responded to.	100%	100%	Achieved	There were 859 Requests for Service all of which were responded to.
The Council will respond when I need some help with noise issues	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of calls received by the Council responded to regarding noise control.	100%	99%	Not achieved	Difficulties in resourcing out of hours calls in Coromandel. Review underway to address this with new contracts to undertake this work.
Major Projects				Status	Comments
The Council will undertake monitoring and enforcement programmes.				Complete	An internal review was conducted and it was decided to bring in-house externally contracted bylaw, monitoring and enforcement programmes.

Building Control

Our Aim

To protect people and communities by ensuring buildings are safe.

Why We Provide This Service

The Council is required by law to carry out building control activities. Through the Building Control activity people building and buying houses are afforded a high degree of certainty over the process and quality of construction (i.e. materials used, structural integrity, weather tightness etc) in turn contributing to the protection of public health and safety. From mid 2008 the Council has been an accredited Building Consent Authority and needs to commit additional resources to maintain that accreditation, especially as additional standards continue to be introduced.



What We Did

Our Service	Measuring our Performance				
The Council will process, inspect and certify building work in my District	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Thames-Coromandel District Council maintains its processes so that it meets Building Consent Authority (BCA) accreditation every two years.	Yes	Yes	Achieved	Notification of accreditation was received in May 2012.
Building consent applications will be processed within a reasonable timeframe	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of Code of Compliance Certificate (CCC) applications are processed within 20 working days.	100%	97%	Not achieved	Substantive compliance was achieved in terms of accreditation and 36 weeks of the year 100% was achieved.
Customers will be able to track building consent applications on the Thames-Coromandel District Council website	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Applicants can track the progress of their building consent on the Council website ≥99% of time.	≥99%	99%	Achieved	No major issues were identified during the last financial year.
All reported cases of illegal building work will be investigated	Performance Measure	Annual Target	Annual Actual	Status	Comments
	100% of illegal projects that have been issued with a notice or works have stopped.				<i>Changes have been made to how this activity is delivered, moving to a risk based approach which prioritise higher risk cases which pose a risk to people places or property. These cases are followed up more urgently, and they are enforced to a safe state. As a result the original performance measure can not be measured and supplementary measures have been developed.</i>

Supplementary Measures	Performance Measure	Annual Target	Annual Actual	Status	Comments
All medium risk or above illegal building work will be inspected immediately and made safe***	Percentage of all reported cases of high risk* or above illegal building work that will be inspected within 48hrs.	100%	100%	Achieved	
	Percentage of medium risk** level illegal work that will be investigated	100%	100%	Achieved	
<p>* High risk or above means building work that is likely to cause serious illness injury or death to one or more people, or that would cause major degradation to the environment eg. collapse imminent fire risk, insanitary or dangerous</p> <p>** Medium risk means potential to cause significant injury or illness to people or the environment eg. unconsented habitable space, significant water run off.</p> <p>*** Made safe means not dangerous or insanitary or earthquake prone as defined in the Building Act 2004 sections 121-123 and assessed in line with our Earth-quake Prone, Dangerous, Insanitary Policy ie in the ordinary course of events is likely to cause injury or death by collapse or otherwise, damage to other property etc.</p>					
Non-compliance for commercial buildings and swimming pools will be identified and rectified	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of all commercial buildings that will have a current building warrant of fitness.	100%	100%	Achieved	There are 304 buildings with a current building warrant of fitness.
	Percentage of all pools in the District that will be fenced to protect young children from drowning.	45%	48%	Achieved	This figure is the percentage of all pools on our register that comply. This is the first year of inspecting for compliance. 95% were non-compliant at first inspection at the beginning of this performance year.
Major Projects				Status	Comments
Building Consent Authority status will be maintained.				Complete	Accreditation achieved in May 2012.
Building compliance will continue to be monitored.				Complete	Supplementary measures were introduced to enable better monitoring of this activity.

Social Development

Our Aim

To promote the social wellbeing of our communities.

Why We Provide This Service

As one of its core principles the Council is required to promote environmental, social, economic and cultural sustainability in its communities. We deliver this programme in part through social development. We believe that the support of sports, arts and life education is important in achieving healthy communities. This activity also involves the provision of funding for community board grants.



2011/2012 Highlight - Positive Aging Strategy Adopted!

In November 2011, the Council unanimously approved the Positive Aging Strategy. This strategy centres around having empathy and understanding for our communities and is a good example of our commitment to that mission.

Key trends noted in the strategy are that:

- older people will make up a growing share of the population in the medium term
- today's older generations are different from previous generations
- age-friendly communities are important for ageing in communities
- expectations for health care and support are high
- greater numbers of old people are opting to stay in the workforce
- the aged participate in communities.

We have decided to focus our efforts on promoting:

- **ageing in place** - building a district where older people are able to live positively
- **inclusive approaches** - empowering the community and supporting partnerships that promote positive ageing
- **recreation and leisure opportunities** - participation of older people in a range of recreation and leisure opportunities
- **community participation** - promoting older people's participation in the community

The Positive Aging strategy is available on our website.



What We Did

Our Service		Measuring our Performance			
People will be able to access information on the social issues faced by our communities	Performance Measure	Annual Target	Annual Actual	Status	Comments
	People can find out how the Council is addressing the social issues faced by the District (this is not measured in 2011/2012 and cannot be measured until the Social Impact Assessment and Social Wellbeing Strategy are completed and implemented).	No planned action	Positive Ageing Strategy adopted	Achieved	This additional work was developed at the request of Council. The strategy was adopted by the Council at its meeting on 9 November 2011.

People will be able to access programmes that aim to improve the health and safety of our communities	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Funding is provided to organisations and agencies to help deliver programmes and services to their communities.	Yes	Yes	Achieved	Support delivered across the District included: <ul style="list-style-type: none"> • Event Coordination • Planning Support • Submissions & Advocacy • Funding Workshops • Project Development • Relationship Building • Community Link • Training • Brokering • Crisis Management
	Number of physical activity programmes run throughout the year.	8	8+	Achieved	Programmes delivered across the District to a cross section of all age groups from preschool to the elderly.
	Health programmes are delivered to primary school children on an annual basis.	Yes	Yes	Achieved	Eight schools in the District serviced: <ul style="list-style-type: none"> • Te Rerenga - 55 children • Colville - 29 children • Coro Area School - 163 children • Coroglen - 33 children • Whenuakite - 129 children • Tairua - 103 children • Hikuai - 74 children • Whangamata Area School - 225 children
The Council will provide some funding to local organisations whose main function and/or activity is of a community, or charitable nature (via community boards)	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of Council local grant funding that is distributed to local organisations for specific projects or for the maintenance of a facility, that is of benefit to the community.	100%	100%	Achieved	All five Community Board Annual Grants Funds allocated and distributed their full allocation.
Major Projects				Status	Comments
The Council will continue to fund Sport Waikato to enable it to provide healthy living/activity programmes to the community.				Complete	Contract to be renewed for a further year - a review of this grant to be undertaken in 2012/2013
The Council will continue to fund Social Services Waikato (Community Waikato) to enable an advisor to liaise between community groups and to provide information and advice.				Complete	Contract to be renewed for a further year - a review of this grant to be undertaken in 2012/2013
The Council will continue to fund Life Education Trust enabling it to continue health education programmes to children.				Complete	Contract to be renewed for a further year - a review of this grant to be undertaken in 2012/2013
The Council will continue to administer the distribution of Creative New Zealand funds for Arts in our District.				Complete	Funding confirmed for 2012/2013

District Transportation

Our Aim

To provide safe, reliable and accessible roads around the District - with consideration for the environment.

Why We Provide This Service

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.



2011/2012 Highlight - Hauraki Rail Trail Officially Open!



Hauraki Rail Trail - Matatoki area. Photo courtesy of Hauraki Rail Trail Trust

The opening of the Hauraki Rail Trail in May 2012 was three years in the making. The official opening was a huge success with around 800 people, including 400 riders celebrating the opening and take part in the first official ride.

The final leg of the Rail Trail between Kopu and Thames opened early September 2012. The Rail Trail will initially terminate at Rhodes Park as an interim measure, while staff continue to work with the community and the Thames Community Board on a preferred route to bring the Rail Trail all the way into Thames and overcome hurdles including the Kauaeranga River, and narrow footpath route alongside the Toyota plant.

What We Did

Our Service		Measuring our Performance			
Road closures or blockages are minimised and cleared in a timely manner	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of road availability.	99%	100%	Achieved	Favourable weather during the year has resulted in only three short term closures associated with weather events.
The design, management and maintenance of District roads will ensure that roads are reliable	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of fatal accidents due to road factors.	0	0	Achieved	No road fatalities due to road factors occurred on Council roads during 2011/2012.
The design, management and maintenance of District roads will ensure that they are safe and comfortable to travel on	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of potholes and corrugations on unsealed roads repaired within five working days.	93%	84%	Not achieved	Where the response time was not achieved, in most cases this was due to misalignment of Request for Service time-frames with programmed grading work.
	Percentage of vehicles exposed to smooth sealed roads (with roughness lower than 150 NAASRA counts).	80%	91%	Achieved	The biennial road roughness survey was completed in May 2012. The trend over the last five years for this measure has remained stable at around this level.
	Percentage of residents and ratepayers fairly/very satisfied with the roads.	80%	85%	Achieved	The same high level of satisfaction as last year was maintained, the result was well above the target figure. The continuing road maintenance, renewal and improvement works has contributed to the performance target being achieved. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 84% and 84% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
The design, management and maintenance of District roads will ensure the environment is considered when maintenance and improvement works are carried out	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of infringements against environmental legislation.	0	0	Achieved	The Consultant and Contractors continue to work closely with the Waikato Regional Council, property owners, and other stake holders to ensure that environmental legislation is adhered to.

Major Projects	Status	Comments
Road maintenance, renewal and construction activities will continue including: reseals, pavement rehabilitation, seal widening, drainage renewal and improvement projects, pavement maintenance, bridge maintenance, safety improvements, street cleaning, traffic signs and markings and carriageway lighting (ongoing).	Complete	The road maintenance, traffic services, street lighting, and resurfacing contracts were completed in accordance with contract timeframes. Although area-wide pavement treatment and pavement marking works were completed during the year, some work within these contracts was completed outside of agreed timeframes.
The forward works programme for unsealed roads will be updated annually.	Complete	The remaining 2011/2012 unsealed road metalling sites were completed during the last quarter. The annual update of the unsealed road forward works programme will be completed in August 2012 to align with dust and traction sealing programmes.
Traction seals and dust sealing proposals will be prioritised in accordance with the District Transport Strategy.	Complete	The 2011/12 Dust Seal programme was completed early in December 2011. Three Traction Seal sites (Comers Road, Matapaua Road and Preeces Point Road) were completed during the last quarter.

COST OF CAPITAL WORKS

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
2,211	Area-wide Pavement Treatment	2,794	1,940	854	1
957	Unsealed Road Metalling	1,125	1,167	(42)	
511	Major Drainage Control	413	547	(134)	2
1,265	Maintenance Chip Seals	1,951	1,409	542	3
423	Thin AC Surfacing	447	243	204	4
124	Seal Widening	137	145	(8)	
0	Square Kauri Bridge	144	0	144	5
0	Joint Development Projects	122	0	122	6
494	Minor Safety Projects	773	770	3	
135	Traffic Services	136	140	(4)	
98	Dust Sealing	100	104	(4)	
115	Preventative Maintenance	143	2	141	7
1	Kopu Bridge Roundabout	0	57	(57)	8
55	Land Legalisation	98	23	75	9
53	McNeils Bridge	0	0	0	
6,442	TOTAL DISTRICT TRANSPORTATION	8,383	6,547	1,836	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	Under expenditure is due to treatment length being less than that originally budgeted for.
2	Over expenditure is due to a greater work programme being required than that originally budgeted for.
3	Under expenditure is due to competitive tender rates and a significant reduction in the work programme for the 2011/2012 financial year.
4	2011/12 programme completed. Reduced project scope and competitive contract rates have resulted in cost savings for this activity.
5	Project deferred due to a higher priority bridge replacement project (Wires Road ford) being identified following storm events during 2011. This project has be deferred to 2012/13.
6	Budget earmarked for Council contribution toward road construction costs for development of the access road in Kopu. The expenditure is subject to work proceeding. In addition to this - Council are waiting for the developer to proceed with consent requirements to upgrade Earl St as part of a joint venture with TCDC. As at 30 June 2012, no construction work had started and the roading team were unsure as to when work would commence.
7	The costs incurred in relation to the Whareroa Stream Bridge and road approach raising project were completed under the Minor Safety/Improvements budget instead of the preventative maintenance budget (per a directive issued by NZTA).
8	No physical works to carry out. NZTA are now funding all construction costs in relation to this project. TCDC was originally expected to construct this 4th arm, however, last minute negotiations resulted in NZTA agreeing to fund all construction costs. The road is expected to be vested within Council at a later date. All costs against this code are for professional services in regards to the notice of requirement. Over expenditure against this project was offset by under expenditure in the District Plan activity.
9	Expenditure incurred relating to this activity was expensed at year end in accordance with finance policy

Local Transportation

Our Aim

The creation and maintenance of safe and attractive towns with good facilities for pedestrians and cyclists.

Why We Provide This Service

Our Local Transportation activity helps people to move around their local settlements. 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 centers.



What We Did

Our Service	Measuring our Performance				
People will be able to use footpaths to get around town	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers who are satisfied with footpaths in the District.	70%	76%	Achieved	Completion of Council's annual programme of footpath maintenance, renewal and improvement works have contributed toward this performance measure being achieved. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 75% and 73% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
Street lighting will be provided in urban areas and major intersections	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of street lighting outages repaired within agreed response times.	90%	61%	Not Achieved	Non-achievement of the target performance continues to be more an issue with the Contractor not closing out requests for Service within response times, rather than delays responding to requests for service.
People will be able to access a pleasant town centre	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers satisfied with image of their closest town.	88%	91%	Achieved	There has been a marginal improvement on last year's high satisfaction level. Completion of footpath and street lighting maintenance and improvement programmes have contributed toward this performance measure being achieved. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 90% and 90% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
Vegetation on Council owned land will be mowed regularly (excluding private berms)	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of requests for service received on vegetation control responded to within ten days.	91%	100%	Achieved	Annual actual performance is based on the only two requests for service being received and completed within timeframes.

Major Projects	Status	Comments
Footpath construction, maintenance and rehabilitation will continue in various communities.	Complete	Footpath repairs and replacement works in each Ward have continued to be completed in accordance with prioritised programmes.
Lighting improvements and replacements will continue in various communities.	Complete	Improvement projects identified and prioritised have been completed in conjunction with the maintenance and renewal programmes.
A subsidy will be continued for the Hahei-Cathedral Cove bus.	Complete	The Mercury Bay South summer shuttle and Hahei park and ride bus services proved successful during 2011/12, with a 30% reduction in costs to Council compared with 2010/11 due to higher patronage.
Thames Coastal Walkway.	Deferred	This project has been deferred until 2014/15 to align with the proposed Thames landfill landscaping project.

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
23	Footpath Rehabilitation	24	25	(1)	
30	Footpath Construction	30	49	(19)	
11	Street Lighting	17	16	1	
0	Coastal Walkway	57	0	57	1
0	Bowling Club Car Park development	0	400	(400)	2
64	Total Thames	128	490	(362)	
3	Footpath Rehabilitation	6	2	4	
20	Footpath Construction	19	9	10	
17	Street Lighting	17	15	2	
0	Buffalo Road Cul-de-sac	20	32	(12)	
0	Hauraki Road Cul-de-sac	51	3	48	3
40	Total Coromandel	113	61	52	
24	Footpath Rehabilitation	24	26	(2)	
63	Footpath Construction	223	319	(96)	4
36	Street Lighting	37	36	1	
186	Mercury Bay Service Lanes Legalisation	0	0	0	
5	Car Park Reseal - Administration Building	0	0	0	
14	Car Park Reseal - Blacksmith	0	0	0	
0	Mercury Bay Campbell Road upgrade	0	181	(181)	5
14	Whitianga CBD Upgrade	180	163	17	
342	Total Mercury Bay	464	725	(261)	
12	Footpath Rehabilitation	36	28	8	
73	Footpath Construction	78	131	(53)	6
12	Street Lighting	12	10	2	
0	Manaia Road Street Lighting	13	27	(14)	
272	Tairua Service Lane/Carpark	0	0	0	
369	Total Tairua/Pauanui	139	196	(57)	
6	Footpath Rehabilitation	6	2	4	
60	Footpath Construction	65	40	25	
24	Street Lighting	23	18	5	
33	Whangamata Boat Ramp	0	0	0	
13	Dust Sealing Wentworth Valley	0	0	0	
1	Street Furniture Renewal	3	2	1	
137	Total Whangamata	97	62	35	
952	TOTAL LOCAL TRANSPORTATION	941	1,534	(593)	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	Project deferred for completion following the completion of the landfill disestablishment. Landscaping work proposed in the 2013/14 financial year
2	The Council, after receiving a recommendation from the Thames Community Board late last year, approved unbudgeted expenditure to purchase a parcel of land from the Thames Bowling Club for the creation of a new public car park. The plan at this stage is to develop the car park in Council's 2012/13 financial year.
3	The cul-de-sac has been designed in 2011/12 but construction has been delayed until 2012/13 as a land purchase is required and was unable to be resolved in 11/12. Construction will commence in 2012/13 once the land purchase has been sorted. Costs in 11/12 are for the design of this cul-de-sac.
4	The remaining budget from the 2010/2011 financial year was carried into this financial year. However the carry over occurred after the 2011/2012 financial annual plan budget was adopted by Council.
5	The Council, after receiving a recommendation from the Mercury Bay Community Board, approved unbudgeted expenditure to purchase new street lights, footpaths and to remove overhead power lines.
6	The Annual Plan budget for Tairua-Pauanui Footpath Construction did not include the NZTA subsidy amount. As such, this additional revenue (and subsequent expenditure) was added to the relevant budgets during the 2011/2012 financial year.

Cemeteries

Our Aim

Provide burial facilities that meet the needs of the community.

Why We Provide This Service

The Council is involved in the provision of cemeteries primarily because of its statutory responsibility under the Health Act 1956 and the Burials and Cremations Act 1964. Cemeteries provide memorial spaces for those within 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.



What We Did

Our Service	Measuring our Performance				
People can be buried in a cemetery in each community board area	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of community board areas with open cemeteries.	5	5	Achieved	
The cemeteries will be well maintained	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers satisfied with cemeteries.	86%	94%	Achieved	While performance has fallen back (96%) from last year this activity remains one of the highest in terms of satisfaction ratings comfortably exceeding a challenging target. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 48% and 51% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
Major Projects				Status	Comments
Community demand for alternative interment options be assessed.				Incomplete	The Cemeteries Management Plan has not been completed and is still in draft form.

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
12	Renewals	4	3	1	
28	Mercury Bay Land Purchase	0	349	(349)	1
40	TOTAL CEMETERIES	4	352	(348)	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	Council approved unbudgeted expenditure to purchase a section of land located at SH25 Kaimarama for the development of a cemetery. Stage one of the project is complete. Council needs to start the state highway entrance by July 2013.

Airfields

Our Aim

To provide access to the District by air.

Why We Provide This Service

The Thames and Pauanui airfields provide safe air-based access to the Coromandel Peninsula. While small scale in nature, the airfields provide for air-based recreational opportunities, some commercial flights in Thames and air-based emergency access.



What We Did

Our Service	Measuring our Performance		
Light aircraft can be landed safely at airfields in Thames or Pauanui	Performance Measure	Status	Comments
	Thames and Pauanui airfields meet the Civil Aviation Authority inspection requirements.	Achieved	Civil Aviation Authority undertook the annual safety inspections in August 2011 and no issues were identified. It was recommended that a tree on an approach gradient to the Pauanui airfield be checked and removed if considered an obstruction. The offending tree has been removed.
Land for airfield facilities is available in Thames and Pauanui	Performance Measure	Status	Comments
	The Council owns airfields in Thames and Pauanui.	Achieved	There are no plans to dispose of either airfield.
Major Projects		Status	Comments
The management of Pauanui airfield will continue to be contracted out.		Complete	An agreement for managing the Pauanui airfield was signed with a new operator on 1 July 2011. The results through the change of contract have been positive for Council. Maintenance work completed includes: <ul style="list-style-type: none"> • Both windsocks replaced • Boundary fences repaired and repainted • Weed spraying of the airfield • Top-soiled and re-grassed areas of the airfield • Aerodrome Weather Information Broadcast (AWIB) system repaired and reinstalled on new pole • Noticeboard installed • New safety signage to airfield access • Threshold markers replaced and painted
Thames airfield will be maintained.		Complete	Maintenance work completed includes: <ul style="list-style-type: none"> • Runways rolled • Drains cleared • Runway 05/23 and 14/32 mole ploughed to improve drainage • Windsocks checked • Threshold markers repainted • Access road re-graded • Runway potholes repaired
A future strategic approach for this activity will be developed, including options for providing the service, research into the wider community/district economic and other benefits over three years (there was no funding provided in the 2009-2019 Ten Year Plan).		Incomplete	Options for alternative management of the Thames airfield are being developed by private interests.

Halls

Our Aim

To provide facilities for social, cultural, recreation and educational activities

Why We Provide This Service

Halls have, in the past, provided a venue for social, cultural, recreational and educational users. Some halls serve as memorials to recognise community achievements. There is a strong sense of community ownership in each facility and some halls have become multi-functional and of more benefit to their local community.



What We Did

Our Service	Measuring our Performance				
People will be able to access a hall either in a local community or in one of the main centres in the District (Thames, Whitianga and Whangamata)	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of community halls that are available for hire.	8	8	Achieved	
	Number of major halls that are available for use in three towns.	3	3	Achieved	
The major District halls will be available when people want to book them	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of available hall hours used - Thames.	37%	29%	Not achieved	A barrier to the usage of the hall was identified as the scale of fees, and this issue was addressed in the 2012-2022 Ten Year Plan, but the changes did not take effect until 01 July 2012. Management arrangements for the hall are scheduled for review in the Community Board's 2012-2013 work programme.
	Percentage of available hall hours used - Whangamata.	47%	66%	Achieved	The noise mitigation work carried out last year has continued to contribute to the increased usage of the hall.
	Percentage of available hall hours used - Whitianga.	36%	41%	Achieved	
The halls are well maintained	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of users and non-users satisfied with the halls (measured every three years).	<i>Results not reported in 2011/2012</i>			
Major Projects				Status	Comments
Coromandel hall will be upgraded.				Incomplete	Stage one: included storm water drainage works which have been completed. The second part is the replacement of the south wall. This has been delayed and carried over to the 2012/2013 year as building regulations are resolved.

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
0	Thames Furniture & Fittings	2	0	2	
3	Coromandel Improvements	91	36	55	1
0	Hahei Hall Kitchen Upgrade	11	0	11	
0	Whitianga Town Hall Furniture	6	5	1	
21	Whangamata Memorial Hall Noise Control	70	39	31	
1	Whitianga Civic Centre Fire Brigade Land	150	470	(320)	2
25	TOTAL HALLS	330	550	(220)	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	Delays were experienced gaining necessary consents. Work is expected to continue in the 2012/2013 financial year.
2	The remaining budget from the 2010/2011 financial year was carried into this financial year. However the carry over occurred after the 2011/2012 annual plan budget was adopted by Council.

Swimming Pools

Our Aim

To provide Council-owned pools to promote community wellbeing.

Why We Provide This Service

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.

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 receive financial support from, but are not owned or managed by us. These are funded through our Social Development activity.



2011/2012 Highlight - Thames Swimming Pool Continues to Grow in Popularity



Our Swim School has continued to grow its enrolment numbers this year with up to 260 children enrolled each term. We have children travelling from as far away as Pukekohe and Te Kawhata to be part of our program and have introduced regular training days for instructors to ensure each instructor is delivering the same structure and learning concepts to their lessons. This ensures seamless transitions for children as they continue to move through the skill levels and onto different instructors.

Competitive age group swimmers have excelled under the guidance of the TCDC squad program and structure through the appointment of the Head Coach/Aquatic Programs Manager. Our top age group swimmers gained a total of 48 national medals, 5 national titles in total and we had two swimmers qualify for the London Olympic trials, one of which went on to final in two events.

\$75,752 in revenue was gained from our aquatic programmes this year compared with \$28,377 last year. This is an extra \$49,374 of revenue gained which means less reliance on rates. Thames Centennial Pool gained Pool Safe Accreditation through the New Zealand Recreation Association. This means that we have a high standard of pool water quality, robust health and safety systems, best practice policies and procedures in place.

What We Did

Our Service	Measuring our Performance				
A clean safe public swimming pool will be accessible in the District	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of time that Council pools comply with the New Zealand swimming pool water standards.	100%	100%	Achieved	Thames Centennial Pools complied with the New Zealand Pool water quality standards for the year.
	Number of health and safety incidents per year at the Council swimming pool.	≤2	4	Not achieved	In total there were four incidents to report for the year. Two happened at the Thames High school swim sports, one was a general admission child who slipped and cut their head on the pool and an incident in which the pool boiler unit floor caught fire.
Major Projects				Status	Comments
Customised programmes will be provided to meet the needs of individual patrons at the Thames Centennial Pool.				Complete	The real focus for the staff this year has been the provision of programmes. The Pool now offers a wide range of programmes to meet the needs of the community including Learn to Swim (from six months old through to adult), swim squads, water safety, aqua aerobics and school holiday fun programmes.
While funded through the local Social Development activity, the Council will provide money to non-Council pools in Whitianga and Whangamata. In the past the Community Board has chosen to provide funding to the Coromandel pool through its Treasure Chest grant.				Complete	Funding provided.

Cost of Capital Works

2011		2012		
Actual		Budget	Actual	Variance
\$000's		\$000's	\$000's	\$000's
36	Thames Plant Replacement	5	5	0
36	TOTAL SWIMMING POOLS	5	5	0

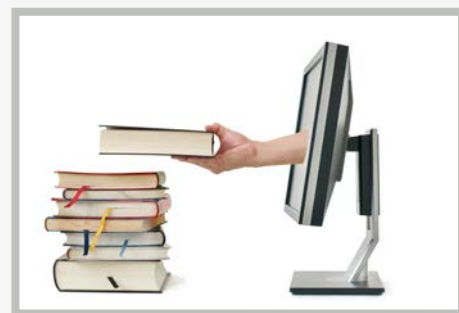
Libraries

Our Aim

The wide provision of a variety of information to improve the wellbeing of our communities.

Why We Provide This Service

Libraries foster community growth, allowing communities to become self sufficient and self-sustaining by meeting recreational needs and providing access to information through a range of technologies. As public spaces they allow social contact and provide focal points for the sharing of information.



What We Did

Our Service	Measuring our Performance				
There will be is a wide range of library stock including up to date material.	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of the Thames library collection meeting 3.5 items per local resident.	100%	96.1%	Not achieved	The actual number will vary slightly depending on the value of the books being purchased, which can be influenced by the exchange rate. It should also be noted that the increasing demand for electronic books which don't count towards the physical collection impacts on the ability to reach the target.
	Percentage of the Tairua library collection meeting 3.5 items per local resident.	100%	137.5%	Achieved	Collection being consistently reduced through de-selection.
	Percentage of the Mercury Bay library collection meeting 3.5 items per local resident.	95%	125%	Achieved	Collection being consistently reduced through de-selection.
	Between four and eight newspaper and periodical titles are held in each library per 1,000 local residents.	4 to 8	Yes	Achieved	Thames - 4 titles per 1,000 residents. Mercury Bay - 7 titles per 1,000 residents. Tairua - 9 titles per 1,000 residents.
	Percentage of ratepayers satisfied with Council libraries.	70%	96%	Achieved	This activity has again achieved an incredibly high satisfaction level which has been consistently high for the last three years. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 62% and 68% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
Major Projects	Status	Comments			
Annual grants will be provided to Coromandel, Ferry Landing, Hahei, Pauanui, Kuaotunu and Whangamata.	Complete	Grants were distributed through the Community Boards.			
New books will be purchased for Thames, Whitianga and Tairua Libraries.	Complete	Thames purchased 4,311 books. Mercury Bay purchased 1,992 books. Tairua purchased 682 books.			

Cost of Capital Works

2011		2012		
Actual		Budget	Actual	Variance
\$000's		\$000's	\$000's	\$000's
4	Thames Library Furniture and Fittings	43	14	29
94	Thames Library Books	118	111	7
44	Mercury Bay Library Books	50	47	3
1	Mercury Bay Library Furniture and Fittings	7	5	2
15	Tairua Library Books	17	16	1
2	Tairua Library Furniture and Fittings	6	3	3
160	TOTAL LIBRARIES	241	196	45

Harbour Facilities

Our Aim

To provide harbour facilities allowing for the provision of recreational and commercial opportunities for the community.

Why We Provide This Service

This activity provides recreational and commercial facilities to support recreation, tourism-related activities, commercial fishing and aquaculture.



What We Did

Our Service	Measuring our Performance				
Performance Measure	Annual Target	Annual Actual	Status	Comments	
Boat ramps will be easily accessed in our communities at any time	Percentage of residents and non-resident ratepayer satisfied with harbour facilities.	62%	80%	Achieved	While this represents a 3% fall on last year's satisfaction levels it is still well above the target figure. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 68% and 68% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
	Number of community board areas with access to an "all tide" boat ramp.	5	5	Achieved	For six days the Sugar Loaf Ramp in Coromandel was completely closed whilst a structural engineering assessment was carried out. It was partially operational (one lane) for a further 30 days whilst physical remedial works were carried out.
Wharves are accessible in most major harbours	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Major harbours with wharfage facilities: <ul style="list-style-type: none"> • Thames Kauaeranga River Mouth • Coromandel Harbour • Port Charles Harbour • Whangapoua Harbour • Tairua Harbour • Whangamata Harbour • Mercury Bay. 	7	7	Achieved	
Major Projects			Status	Comments	
Opportunities will be explored for creating partnerships to improve wharfage facilities.			Complete	Opportunities to improve wharfage facilities at Te Kouma have continued to be explored.	
Coromandel Hannaford's Jetty upgrade design work was completed in 2010/2011. The upgrade work is deferred to 2012/2013 (\$125,000), however \$30,000 is allocated for any maintenance work required in 2011/2012.			Deferred	Minor repairs and maintenance were carried out in 2011/2012. However, in September 2012, significant damage occurred to the Jetty causing its closure. At the time of writing, the Coromandel-Colville Community Board is considering options.	
Improvements to the Whangamata launching approach will continue.			Complete	The Whangamata harbour launching pontoon project was completed.	

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
2	Hannaford's Jetty Modifications	0	0	0	
0	Coromandel - Resource Consent	1,100	212	888	1
64	Matarangi Boat Ramp	0	0	0	
0	Whitianga Ramp Carpark Seal	50	46	4	
27	Whangamata Launching Approach	80	82	(2)	
93	TOTAL HARBOUR FACILITIES	1,230	340	890	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	The Council has approved Sugar Loaf as the location for the build. All preliminary investigation work has been completed. Negotiations with the industry are ongoing and are taking longer than that originally anticipated. Once discussions are concluded to everyone's satisfaction, the project team will finalise a project plan and will present a draft RMA consent for Council to approve. Work is expected to continue in the 2012/2013 financial year.

Parks and Reserves

Our Aim

To provide a mix of park and reserve facilities in keeping with the natural character of the District.

Why We Provide This Service

The promotion of tourism, outdoor activity and recreation for residents and visitors is important in the Coromandel so it is essential that there are adequate facilities for people to use. Communities also value reserves for the open space they offer, making settlements more pleasant to live in and enabling access to coastal areas. Recreational facilities provide for social interaction and development, helping create healthy communities.



What We Did

Our Service	Measuring our Performance				
Every house will have access to parks and reserves for casual and community use	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Square metres of neighbourhood reserves per property (District average).	≥95m ²	122 m ²	Achieved	The figure shown is for every rating unit in the District. If only residential rating units are taken into account the square metres of neighbourhood reserve rises to 141 m ² per residential rating unit.
Adequate access to different types of sports facilities will be provided for in larger communities	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of formal sports fields in larger communities used for more than ten hours a week for formal sport.	0 (this is to minimise damage to the field surfaces)	4	Not Achieved	Hilton and Lyons Park Whitianga, Rhodes Park Thames and Aicken Rd Whangamata all had more than 10 hours a week of formal sport on a number of occasions. Coromandel had 10 hours of sport on two occasions.
Parks and reserves will enhance our communities' quality of life	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers satisfied with parks and reserves.	85%	91%	Achieved	While a marginal decrease on last year's performance, this activity continues achieving one of the highest satisfaction ratings, with a result well above a challenging target. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 90% and 88% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
	Percentage of urgent requests responded to within one day.	100%	91%	Not Achieved	While under target, the actual number of occasions when timescales were not met was only six. In two of these cases the work was completed on time but is reported as not completed because the confirmation process was not followed correctly.

Major Projects	Status	Comments
Project lists, resulting from the reserve management plans will be devised, prioritised, costed and set out as either part of a renewals programme or as a separate capital works programme.	Complete	Programmes completed on time and to budget.
The development of the Mercury Bay Sports Ground Development (excluding the building facilities) commenced in the 2010/2011 financial year. This is multi-year project.	Incomplete	The sports fields whilst sown are not yet ready to play on - the tennis and netball courts were completed and are operational.
Whitianga Buffalo Beach Rockwall Extension.	Incomplete	Drainage work and some tidy up work on the carpark still to be done. Resource consent granted. WRC changed rock wall to sand wall. Sandbags ordered and received. However, it will not be constructed until 2012/2013.
Cooks Beach Coastal Erosion Protection.	Incomplete	Consent issued but awaiting final private property owner agreement before physical works commence.
Whangamata Beach Road Reserve upgrade.	Deferred	To reduce the rating requirement, this project has been deferred to 2012/2013 and beyond.
Whangamata Moana Anu Anu Harbour Walkway will continue to be developed.	Complete	The project was tendered and work commenced late in 2011/2012 year.
Pauanui Surf Club Reserve will be upgraded.	Complete	Project completed on time and on budget.
New playgrounds will continue to be built (over ten years).	Incomplete	No new playgrounds were built, but equipment was replaced or added in several playgrounds around the District.

Cost of Capital Works

2011		2012			Notes
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	
29	Renewals	58	30	28	
0	Signage	7	7	0	
28	Minor Structures	92	110	(18)	
0	Minor Roads & Carparks	6	6	0	
2	Minor Tracks & Walks	16	16	0	
0	New Playgrounds	92	92	0	
122	Netball Courts	0	0	0	
0	Neighbourhood Reserves	16	0	16	
181	Total Thames	287	261	26	
17	Renewals	22	22	0	
	Neighbourhood Reserves	43	0	43	
6	Minor Structures	8	8	0	
23	Total Coromandel	73	30	43	

Cost of Capital Works (Continued)

0	Neighbourhood Reserves	302	0	302	1
140	Renewals	273	265	8	
4	Signage	8	6	2	
0	Minor Structures	78	0	78	2
0	Minor Roads & Carparks	68	52	16	
27	Minor Tracks & Walks	21	2	19	
11	Whitianga Heritage Signage	10	0	10	
3,274	Whitianga Sports Ground Land Purchase	1,620	1,600	20	
48	Whitianga Buffalo Beach Rock Wall Extension	110	130	(20)	
291	Whitianga Taylors Mistake Development	0	113	(113)	3
2,182	Whitianga Sport Ground Development	1,400	2,210	(810)	4
0	Cooks Beach Flood Protection	122	0	122	5
0	Buffalo Beach Foreshore	9	0	9	
0	Hot Water Beach Entrance - Bull Paddock Development	30	31	(1)	
0	Matarangi Village Green Development	6	6	0	
5,977	Total Mercury Bay	4,057	4,415	(358)	
0	Neighbourhood Reserves	35	0	35	
0	Tsunami Sirens	50	50	0	
43	Renewals	105	104	1	
0	Signage	1	0	1	
2	Minor Structures	10	0	10	
0	Minor Roads & Carparks	24	12	12	
0	Pauanui Surf Club Reserve	144	144	0	
37	Cory Park Domain	115	15	100	6
82	Total Tairua/Pauanui	484	325	159	
0	Neighbourhood Reserves	86	0	86	1
33	Renewals	204	181	23	
0	Minor Structures	50	23	27	
0	Minor Tracks & Walks	26	0	26	
0	New Playgrounds	3	0	3	
0	Old Coastguard Building	29	21	8	
31	Moana Anu Anu Development	413	44	369	7
0	Whangamata Golf Club Reserve Carpark	0	70	(70)	8
0	Whangamata Marine Precinct	0	8	(8)	
64	Total Whangamata	811	347	464	
6,327	TOTAL PARKS AND RESERVES	5,712	5,378	334	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	No land has been identified due to growth for a reserve purchase and consequently this budget was not used this year.
2	The budget on this project was reduced in the August budget review. Work has now been deferred.
3	The remaining budget from the 2010/2011 financial year was carried into this financial year. However the carry over occurred after the 2011/2012 annual plan budget was adopted by Council. Physical works now complete.
4	The purpose of this project is to create a large multisport complex facility in Whitianga. The packages of work in relation to this project are highly dependent on external factors, such as the weather and each individual contract tender process. Work on this project has advanced quicker than that originally anticipated to date. The budget was adjusted accordingly throughout the year and the 2012/2013 annual plan budget has been adjusted to reflect the current work load.
5	Project not started as yet. Land owner consent issues being worked through.
6	Pepe Reserve investigated and found not to be a suitable site. Tairua Youth Zone confirmed at Cory Park Domain. Revised concept plan drawn up with skate area removed. Certificate of Compliance granted for revised concept plan. Delays centred around changing of sites and the two new concept plans being completed prior to year end.
7	The tender closed for this project on 18 April 2012 and was awarded in May 2012 and construction started late May. The contractor has lost a lot of time in June due to weather constraints. The project is expected to be completed now at the end of July- early August 2012.
8	The Council approved unbudgeted expenditure to seal the Whangamata Golf Club Reserve carpark. The carpark had dust issues, and was sealed to alleviate this issue.

SAFEGUARDING THE ENVIRONMENT

What We Do

This group of activities helps ensure that the natural environment of the Coromandel Peninsula is enhanced and maintained. The effects of this development on the natural environment are minimised by the provision of these activities as they ensure safe disposal of wastes generated by the population like rubbish, sewerage and stormwater. The provision of large-scale water supply infrastructure means that water is collected and stored in ways that minimises harms to the environment. We are committed to ensuring that its services are delivered in an environmentally sustainable way.

The provision of these services is also considered essential for the health and well-being of communities as they are required for sanitary living conditions. There is a strong correlation between clean and safe drinking water and good health. This involves protecting catchment areas and water sources.

In order for people to enjoy and access the natural environment we aim to maintain or enhance harbours, coastal waters, inland waterways, the biodiversity and keep this free of rubbish and pollution. Without these safeguards, the community may itself be at risk of pollutants.

During the process of identifying the Community Outcomes, protecting the environment was a strong theme for our community. Three of the six outcomes showed a significant level of Council contribution to valuing the natural environment, the coast and beaches and meeting the needs of the community and visitors now and in the future.

In a 2008 and 2010 ratepayer's survey, four of the activities within this group made up the top six priorities for our residents (drinking water, wastewater, stormwater and rubbish collection and recycling).



Safeguarding the Environment Activities

- Natural and Cultural Heritage
- Public Conveniences
- Landuse Management
- Water Services
- Wastewater
- Stormwater
- Solid Waste
- Land Drainage
- Land Information Memoranda

2011/2012 Highlight - Joint Waste Management and Minimisation Plan Adopted

Managing waste within our District is an important Council responsibility. In recent years there have been a number of developments at the national level and within the industry that mean we need to think more carefully than ever about how we manage our waste and resources. National legislation, including the Waste Minimisation Act and the NZ Emissions Trading Scheme mean that the cost of landfilling our waste is likely to increase in the future. In addition, the waste industry is increasingly able to offer new and better ways of reclaiming our wasted resources, meaning we have more options as to how we manage our waste.

While we have been recycling and recovering more and more of our waste, there is more we can still do, and it will be important to make sure we do this in ways that are efficient and that benefit our communities as well as the environment.

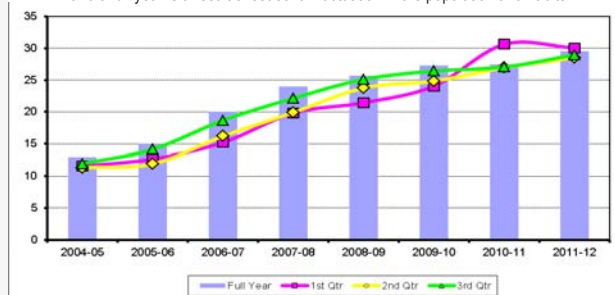
Each Council is required under the Waste Minimisation Act to produce a Waste Management and Minimisation Plan, which shows how they plan to manage their waste. The Act also allows councils to join together in waste planning. The three East Waikato Councils, Hauraki, Matamata-Piako and Thames-Coromandel, believe there will be some real benefits in working together and have produced a Joint Waste Management and Minimisation Plan. This Plan is available to view on our website.

The Plan describes how we currently manage our waste in each of the three districts, how the Councils suggest our communities should manage our waste in the future, and what we can all do to make this happen.

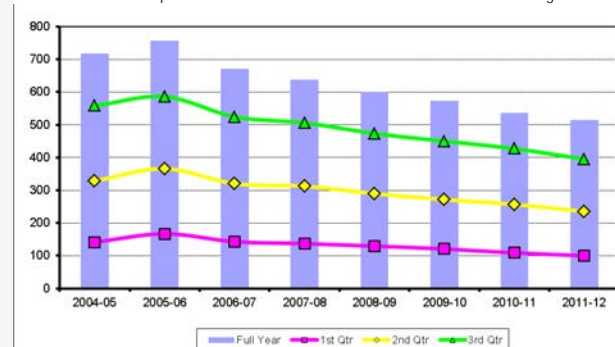
In putting together the Plan, the Councils listened to the views of the community as well as waste professionals on how best to manage our waste and have endeavoured to come up with a way forward in which everyone has a meaningful role.

Now the Plan has been agreed, we will need to begin the task of implementing the various actions that have been set out. In some cases, this will mean the community will be heavily involved; in other cases actions may be the sole responsibility of Council. We think the Plan sets out a positive path which, if we all work together, will help us to better protect the environment, provide better services and save money.

This Chart shows the amount of recycling taken to market as a percentage of total waste. An overall increasing trend is a positive result. The difference between quarters and a full year is a result of seasonal fluctuation in the population and habits.



This Chart shows the volume of rubbish taken to landfill per rating unit in kilograms. A downward trend is a positive result and indicates that waste minimisation is being achieved.



Here are some recent statistics regarding waste minimisation in our District.

Contribution to Choosing Futures

The 2009-2019 Ten Year Plan identifies how we said we'd assess the contribution we made to progressing our community outcomes.

- In 2010 54% of residents were satisfied that the impact from development on the coastline is adequately managed and minimised. This compared with 49% being satisfied in 2007 (survey not updated this year and these are the last available results).

(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District).

The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses.

- N/A Level of concern with water pollution from town and farmland areas (due to excellent results from surveys carried out over previous years this survey has been cancelled).

(2006, Environmental Awareness, Attitudes and Actions Survey).

- N/A Percentage of samples meeting our guidelines for excellent, satisfactory or unsatisfactory coastal water quality for contact recreation (the 2009 survey was cancelled, the next survey is due to be carried out sometime in 2012).

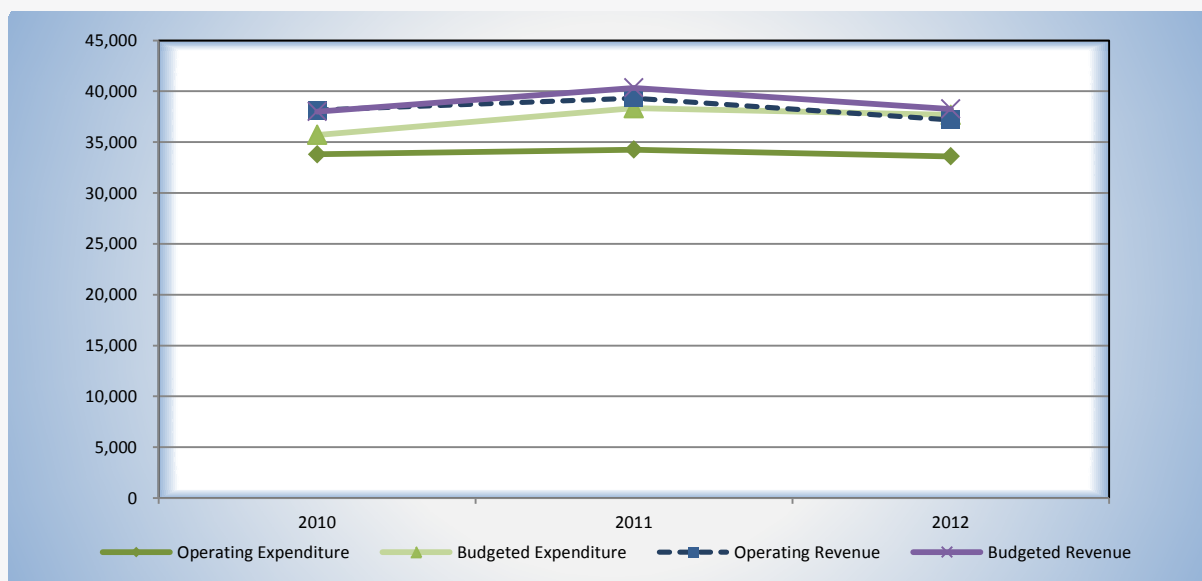
(Waikato Regional Council Environmental Indicators, Coastal Water Quality, 2007/2008).

Safeguarding the Environment Achievement

Activity / Output Area	Service Levels Achieved	How We Did
Natural and Cultural Heritage	2 of 4	There are a number of issues measuring some areas of this activity as planned. To overcome this, a supplementary measure was introduced last year and this was achieved.
Public Conveniences	1 of 1	At 87% we continue to see the high satisfaction levels that has been consistently achieved in recent years.
Landuse Management	7 of 8	This activity has improved in the last year, with only one of its targets not achieved. The one part not achieved in this activity related to the % of 224's issued within 15 working days. These timeframes were not met on a few occasions due to a number of additional engineering requests for further information or incomplete applications which stagnated the processing.
Water Services	4 of 9	Performance has been maintained in the critical areas of this activity. The parts of this activity that fall short of targets are only marginally under.
Wastewater	5 of 7	High level of performance for this activity, with those measures not achieved only being marginally under.
Stormwater	4 of 6	Strong performance has been maintained in the critical areas of this activity. The parts of this activity that fall short of targets are only marginally under.
Solid Waste	3 of 6	Whilst traditionally a strong performing activity, this year a number of targets were not met. This assessment needs to be balanced by the knowledge that the targets (such as waste minimisation and satisfaction) were set to increase year on year, which makes for increasingly challenging targets. On balance, the performance of this activity is still above the 2010 level.
Land Drainage	1 of 1	This activity has achieved its targets consistently for the last three years.
Land Information Memoranda	3 of 4	All areas that were measured this year were achieved.

Safeguarding the Environment Operating Performance Statement

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
Revenue					
4,120	Activity Revenue	3,765	3,340	(425)	1
583	Contributions Revenue	856	471	(385)	2
34,630	General Funds	33,640	33,384	(256)	
0	Subsidies Revenue	0	0	0	
39,333	Total Operating Revenue	38,262	37,195	(1,066)	
Expenditure					
98	Natural and Cultural Heritage	193	143	50	
866	Public Conveniences	916	863	53	
3,125	Landuse Management	3,476	2,995	481	3
6,928	Water	7,495	7,122	373	4
15,041	Wastewater	16,476	14,134	2,342	5
2,399	Stormwater	3,104	2,699	405	7
5,691	Solid Waste	5,732	5,451	281	6
49	Land Drainage	67	44	23	
119	Land Information Memoranda	211	156	55	
34,316	Total Operating Expenditure	37,670	33,607	4,063	
5,017	NET OPERATING SURPLUS/(DEFICIT)	592	3,588	2,997	



Explanation of Variances: Operating Performance Statement

Note	Variance	Explanation
1	Unfavourable	Resource consent revenue is under budget by (\$480,000). This is 63% of the budgeted level and is a result of the low level of consent applications received. Resource consent expenditure is \$331,000 under budget. Solid waste collection revenue is (\$30,000) under budget. This relates to the sale of rubbish bags. Collection costs are \$132,000 under budget. Solid waste disposal levy revenue is \$39,000 over budget and Solidwaste transfer station revenue is \$31,000 over budget. LIM's information sale revenue is (\$40,000) under budget.
2	Unfavourable	Contribution revenue is under budget by (\$385,000). Contribution revenue continues to be affected by lack of development within the District.
3	Favourable	Resource Control consents expenses are under budget by \$331,000 due to lower number of consents than planned. This is consistent with the lower revenue for Resource Consents. Resource control RMA costs are \$94,000 under budget.
4	Favourable	Thames Urban costs are \$121,000 under budget of which interest costs are \$50,000 under budget, depreciation \$47,000 under budget and energy costs \$17,000 under budget Coromandel costs are (\$33,000) over budget of which depreciation is (\$23,000). Tairua costs are \$91,000 under budget. Interest is \$24,000, contract other \$33,000, and energy \$9,000 under budget. Pauanui costs are \$55,000 under budget. Interest is \$13,000, contract other \$24,000 and energy \$17,000 under budget. Whangamata and Onemana costs are \$95,000 under budget. Interest is \$29,000, asset management \$10,000 and energy \$21,000 under budget.
5	Favourable	Interest costs are under budget by \$612,000. Depreciation costs are under budget by \$1,039,000. Eastern Seaboard costs are under budget by \$196,000. Energy costs, other than the Eastern Seaboard, are under budget by \$43,000. Insurance costs are under budget by \$45,000. Forestry Management costs is over budget by (\$187,000). Biosolids costs have been budgeted at \$250,000 year to June but there have been no costs to date. Investigation fees are under budget by \$41,000. Asset management plans are \$103,000 under budget. Trade waste bylaw costs are \$85,000 under budget.
6	Favourable	Solid waste collections costs are \$132,000 under budget. Depreciation is \$124,000 under budget.
7	Favourable	Interest costs are \$72,000 under budget. Asset management plan expenditure is under budget by \$173,000. Investigation fees are under budget by \$80,000. Contract costs are \$53,000 under budget.

Natural and Cultural Heritage

Our Aim

To promote the protection and enhancement of the natural and cultural heritage of the Coromandel Peninsula.

Why We Provide This Service

This activity coordinates our approach to heritage and biodiversity across all of our activities, including coordinating partnerships with other key service providers.



What We Did

Our Service	Measuring our Performance				
The Council will work with others to protect natural and cultural icons in the District	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of heritage items on the District Plan Register.	190	170	Not Achieved	The actual result was 170. There have not yet been any opportunities to update the District Plan Heritage Register which currently contains 170 heritage items). However, the District Plan Heritage Project has largely been completed and there will soon be an opportunity to review items on that register (some items are likely to be added to the Register while others may be removed).
The Council will promote landowner awareness and enhancement of the District's unique biodiversity	Performance Measure	Annual Target	Annual Actual	Status	Comments
	An increase of 1% in land owner commitment being assessed to be "good" in recent monitoring of conservation covenants (from 2009/2010).	<i>Result cannot be measured</i>			'Landowner Commitment' was not used as a measure this year (nor in 2009/2010 & 2010/2011) as it was found that an assessment of commitment is difficult to make when many covenant owners are not home when the monitoring officer visits.
	Supplementary Measure Overall condition of covenants assessed as being 'good'.	55%	56%	Achieved	In 2011/2012 overall condition was assessed as being 'good' in 56% of covenants visited (all covenants were assessed in 2010 and at that time only 45% of covenants were assessed as being in a 'good' condition).
The Council will assist the community by providing funding initiatives for heritage and biodiversity conservation and enhancement	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of funding initiatives outlined in the Biodiversity Strategy that are developed, implemented and promoted in a way that means 100% of available funds are distributed.	1	1	Achieved	Through the 2011/2012 Annual Plan process Council resolved to contribute \$11,000 towards the funding of 'Enviroschools'. The budget for this funding initiative has now been distributed.

Major Projects	Status	Comments
The state of the biodiversity on the Peninsula will be monitored and a plan developed to identify, conserve and enhance ecologically valuable areas.	Complete	A project by the Waikato Regional Council (with support and assistance from Council) has been completed to identify 'significant natural areas' (SNAs) on the Coromandel Peninsula. The SNA project has compiled information that could be used to monitor ecologically valuable areas in the future.
Actions from the heritage strategy actions will be adopted and implemented through the District Plan heritage review.	Complete	The Heritage Review Project has largely been completed which identifies heritage buildings and areas throughout the District for possible inclusion through the District Plan Review process. Provisions are being developed for inclusion in the 'draft' District Plan that will be used to help conserve and enhance heritage values (items and areas) in the District.
Natural and Cultural Heritage opportunities will be identified through landuse planning, protection, promotion and tourism.	Complete	Opportunities have been taken as they have presented themselves (e.g. heritage signage at Te Kouma and the Shortland Wharf, etc.) but activity in this area is limited without a dedicated budget.
The establishment of a biodiversity fund with Waikato Regional Council will be explored to assist and promote natural heritage conservation and enhancement being carried out by the community and private landowners.	Complete	Funding was made available to assist with the voluntary protection of natural and cultural heritage via the Council's 2012-2022 Ten Year Plan process. The Council works with Waikato Regional Council on a case by case basis to secure regional funding.
Funding will be provided to the Enviroschools programme which promotes environmental education in schools.	Complete	Through the 2011/2012 Annual Plan process Council resolved to contribute \$11,000 towards the funding of 'Enviroschools'. This funding has been distributed.

Public Conveniences

Our Aim

To provide safe and convenient public toilet facilities in areas of frequent community activity.

Why We Provide This Service

Our community has high expectations around protecting the environment. Public toilets help do this while offering comfort to visitors and residents. When provided, they must meet a minimum public health standard.

What We Did

Our Service	Measuring our Performance				
Public toilets will be convenient and safe	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers satisfied with the public conveniences provided.	76%	87%	Achieved	<p>The satisfaction levels for this activity are a small improvement on last year and maintain the high standards that have been consistently achieved.</p> <p>The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 75% and 81% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)</p>
Major Projects				Status	Comments
All toilet facilities with a low quality grading (2 or 3) will be targeted for refurbishment (from a set refurbishment budget). These will be prioritised as part of an ongoing condition assessment programme (the refurbishments currently scheduled for the 2011/2012 year are Totara Cemetery, Thames and Long Bay, Coromandel).				Ongoing	Refurbishment programme continues.

Cost of Capital Works

2011		2012		
Actual		Budget	Actual	Variance
\$000's		\$000's	\$000's	\$000's
165	Renewals	166	164	2
165	TOTAL PUBLIC CONVENIENCES	166	164	2

Landuse Management

Our Aim

To manage development to achieve agreed environmental outcomes.

Why We Provide This Service

Our communities have highlighted the importance of the natural environment, particularly the coast, and the need to minimise the negative effects of growth and development on the environment. We have statutory responsibilities under the Resource Management Act 1991 to receive process and monitor resource consents in accordance with our District Plan.



What We Did

Our Service	Measuring our Performance				
All resource consents will be processed efficiently	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of consent applications completed within statutory timeframes.	90%	99%	Achieved	In total, 343 consents were processed.
	Percentage of 223's issued within five working days.	100%	100%	Achieved	All were issued within five working days.
	Percentage of 224's issued within 15 working days.	85%	78%	Not Achieved	62 issued within 15 days with a further 10 issued within 20 working days. This time frame was not met due to a number of additional engineering requests for further information or incomplete applications which stagnated processing.
	Percentage of planning checks on PIMS processed within ten working days.	100%	100%	Achieved	All were processed on time.
Good, prompt advice will be delivered to help people understand the District Plan rules	Performance Measure	Annual Target	Annual Actual	Status	Comments
	That the Duty Planner is in attendance during 'Duty Planner' hours (three hours per day by email, phone and/or person).	Three hours per day	Three hours per day	Achieved	Duty Planner was available as advertised throughout the year.
	Number of complaints about poor or slow advice.	0	0	Achieved	There were no complaints for the third year running.
Our environment is being cared for	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of complaints and enquiries in regard to resource consent are responded to in five working days.	100%	100%	Achieved	
	Percentage of decisions peer reviewed prior to release.	100%	100%	Achieved	343 decisions were peer reviewed.
Major Projects				Status	Comments
Processes will be continually reviewed, managed and improvements implemented in line with best practice and statute.				Complete	Ongoing review of processes and implementation of e-planning initiatives to enable efficient processing of consents.

Water Services

Our Aim

To provide adequate safe water for both drinking and fire fighting purposes and the promotion of water conservation.

Why We Provide This Service

Clean and safe water is one of the essential needs of the community that the public can simply not do without. It is one of the core services that the public generally expects the Council to provide in urban areas. We are required to deliver sufficient water quantities and pressure for fire-fighting purposes in urban communities. We are also actively engaged in promoting water conservation.



What We Did

Our Service	Measuring our Performance				
The Council will provide reliable drinking water supplies	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of water supply connections available across the District.	18,309	18,283	Not Achieved	Large water supply expansion projects have been deferred to later in the Ten Year Plan due to a decrease in the rate of growth in the District.
	Percentage of resource consent/ water permit conditions that are complied with.	100%	99.7%	Not Achieved	Some minor difficulties were experienced in Matatoki and Matarangi. Council is continuing to work with the operations and maintenance contractors to manage on-going compliance with resource consent conditions.
	Potable water is available for household and business use (not irrigation) in urban areas.	Yes	Yes	Achieved	Potable water supplies continue to exist in urban areas and are available for household and business connection by application.
	Water restrictions are imposed to manage demand when there are water supply shortages.	Yes	Yes	Achieved	In order to conserve water, maintain supply continuity and meet resource consent conditions, water restrictions were applied to all appropriate areas during dry periods.
Water provided will be safe to drink	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of water supply systems complying with Drinking Water Standards guidelines.	100%	99.96%	Not Achieved	Some minor difficulty with turbidity was experienced in Tairua. The fitment of additional filtering has assisted in reducing this difficulty.
	Percentage of residents and non-resident ratepayers satisfied with the service Council provides.	85%	83%	Not Achieved	83% of ratepayers are satisfied with the water supply. This represents a 5% fall from last year. There is nothing specific that can be identified for not achieving the target. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 74% and 81% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
	Percentage of urgent requests for service (for example dirty, cloudy, smelly or bad tasting water or no water at all) responded to within one day.	90%	98.9%	Achieved	All urgent water quality requests (eighty two received during 2011/2012) for service were responded to within one day. Over achieving this measure resulted in no additional costs to the Council.

There will be adequate water for fire fighting	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of fire hydrants tested annually that meet the New Zealand Fire Service Code of Practice.	100%	100%	Achieved	Hydrant inspections are undertaken by Veolia Water throughout the year.
	An implementation plan is commenced to ensure 100% compliance of the New Zealand Fire Services Fire Fighting Code of Practice (currently two hydrants within a 270m radius).	100%	96%	Not Achieved	The desktop assessment has been completed with 96% of properties identified as meeting the requirements of this performance measure. Site investigations are underway to confirm and programme any required works to rectify non-compliances.
Major Projects				Status	Comments
Water supplies will be re-graded.				Ongoing	To date four supplies have been graded (Coromandel, Tairua, Thames and Whitianga). The Ministry of Health will schedule the remaining supplies over the next two years.
Conservation and demand management initiatives will be implemented.				Complete	Water restrictions were in place where applicable during the peak period to help ensure efficient use of the available water. Water Conservation and Demand Management Plans continue to be developed for all schemes as required.
The Thames Urban Treatment Plant upgrade had been deferred from 2009/2010 to 2010/2011 and has been further deferred from 2010/2011 to 2011/2012.				Deferred	Stage One upgrades have been completed at the plant. Future works are proposed for the 2012/2013 financial year.

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
6	Renewals	26	25	1	
209	New Supply	50	43	7	
215	Total Thames Valley	76	68	8	
0	Renewals	26	2	24	
207	New Supply	175	103	72	1
207	Total Matatoki	201	105	96	
206	Renewals	886	520	366	2
5	Thames Urban Kauaeranga Consent	0	2	(2)	
10	Reticulation	536	343	193	3
0	System Improvements	0	0	0	
49	Treatment Upgrade	637	173	464	4
14	Reservoir Replacements	260	39	221	5
284	Total Thames Urban	2,319	1,077	1,242	
158	Renewals	119	30	89	6
0	System Improvements	36	18	18	
0	Pump Station Upgrade	0	0	0	
158	Total Coromandel	155	48	107	
9	Renewals	30	17	30	
31	Water Meters	284	0	267	7
28	System Improvements	24	0	(15)	
68	Total Matarangi	338	17	282	
26	Renewals	60	39	21	
28	System Improvements	18	14	4	
54	Total Whitianga	78	53	25	
18	Renewals	30	21	9	
0	System Improvements	30	30	0	
1	Water Meters	80	0	80	8
19	Total Hahei	140	51	89	
73	Renewals	60	15	45	9
5	System Improvements	398	128	270	10
0	Pepe Valley RBF	247	45	202	11
112	Treatment Plant Upgrade	0	0	0	
115	Consent	250	70	180	12
305	Total Tairua	955	258	697	
37	Renewals	60	0	60	13
0	Oturu Intake	103	1	102	14
0	Acquifer Reconfiguration	273	107	166	15
214	Consent	176	64	112	16
251	Total Pauanui	612	172	440	
0	System Improvements	29	24	5	
0	Tuna Place Bore	161	97	64	17
11	Renewals	30	6	24	
11	Total Onemana	220	127	93	
160	Renewals	91	41	50	18
311	Wentworth Valley Improvements	0	28	(28)	
61	Wentworth Valley Consent	0	0	0	
532	Total Whangamata	91	69	22	
2,104	TOTAL WATER	5,185	2,045	3,101	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	Workshop undertaken with key management staff and elected members late in the financial year. Further consultation with key stakeholders required prior to detailed works being undertaken. Additional planned physical works were put on hold until detailed work has been progressed.
2	Water main renewals associated with Rolleston/Fenton Street stormwater project were completed with HEB Construction to a high standard. Works to renew Irishtown supply were completed well with Hydracare. Both projects came under budget with savings made throughout the course of the project.
3	Works to upgrade the Kopu area to meet fire fighting water supplies requirements were completed. Work progressed well with the option selected offering a significant saving.
4	Filter to waste work package completed. Other minor upgrades to be undertaken in 2012/2013 year. Treatment plant operating in line with standards. Significant savings were made during the design and construction process. The budget was revised downwards accordingly. A portion of the budget savings intend to be carried forward for 2012/2013 planned works.
5	Works deferred due to land acquisition and weather issues. Physical works to take place in the 2012/2013 financial year.
6	Renewal works completed at plant and all operating well. However, there was less requirement for reactive renewals than that originally anticipated.
7	Project was cancelled in line with Council direction to not meter water connections, other than the trial in Tairua of 25% of properties.
8	Replacement of Pepe intake pump, drive and flow meter completed. Upgrade of electrical switchboard in Gallagher drive and Tairua Heights also completed. However, there was less requirement for reactive renewals than that originally anticipated.
9	Treatment plant roughing and filter installation and backwash tank complete. Realignment and upgrade of the Motuhoa rising/falling main also completed. Physical work were proposed on a section of rising main, but work could not be completed prior to year end, so were deferred.
10	Initial testing completed with further testing to be undertaken during the 2012/2013 summer period. Delays were experienced due to weather issues during the course of the 2011/2012 financial year. The budget was carried forward accordingly.
11	Short-term consents granted. Consent related works were undertaken along with investigations for long-term consenting. The amount required for the short-term consents was less than that originally anticipated. This budget saving was carried forward to the 2012/2013 financial year to enable work to continue on the long-term consents.
12	Renewal of infrastructure including the emergency electricity provision at the treatment plant were investigated, however timeframes did not allow physical construction to commence.
13	This project is linked to future requirements of the long term resource consent & will be undertaken when that project has progressed sufficiently.
14	Further groundwater investigations were undertaken in Pauanui. The costs of the project for the 2011/12 financial year were lower than that originally anticipated, however these budget savings are to be carried forward as additional testing and analysis will be required in the 2012/2013 year.
15	Drilling work completed on the bore site. Some issues were encountered with water quality. These are currently being worked through and have delayed the progress of this project. Work is expected to continue in the 2012/2013 financial year.
16	Telemetry radio renewals were completed. Scour point for Wentworth Valley supply main installed. Chlorine automation works also completed. Further investigations were completed for network pH control system. Construction for this project is now scheduled for 2012/2013.

Wastewater

Our Aim

To appropriately collect, treat, and dispose of wastewater ensuring public and environmental health.

Why We Provide This Service

As well as enabling households to easily dispose of sewage the appropriate collection, treatment and disposal of wastewater in the District is important to maintain public and environmental health. Our communities have said through Community Outcomes and Local Community Plans that having clean catchments is one of their top priorities. We are legally required to maintain our current wastewater schemes but not provide for new areas.



What We Did

Our Service	Measuring our Performance				
The Council will provide wastewater services that effectively collect and dispose of wastewater	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of blockages per 1,000 connections.	≤12	<3	Achieved	There have been 47 blockages in total during 2011/2012. The number of blockages per 1000 connections was 2.03.
	Percentage of urgent requests (emergency overflows, loss of service or strong odour complaints) responded to within one day.	90%	94%	Achieved	88 of 94 urgent requests were completed within the one day timeframe with no additional cost to the Council.
	Percentage of ratepayers satisfied with wastewater services.	85%	91%	Achieved	While there has been a small drop on last year's performance (94%) this remains one of the best performing activities in terms of satisfaction levels and still exceeds a demanding target. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 76% and 72% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)
	Number of rating units the Council provides wastewater facilities to.	23,214	22,596	Not achieved	The Eastern Seaboard wastewater treatment plants have been completed with capacity available for further growth. The rate of growth has slowed resulting in fewer new connections than originally anticipated.

Wastewater disposal will not create any smells, spills or health issues and will cause minimal impact on the natural environment	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of resource consent conditions complied with.	100%	98.9%	Not achieved	Some minor difficulties have been experienced in Hahei and Whangamata (discharge ammonia/nitrate loading). Council is working with the Regional Council to remedy these occurrences.
	Number of odour related requests for services/complaints.	≤25	21	Achieved	19 of 21 requests for service were addressed successfully within timeframe. Last year's odour issues at the Whitianga wastewater treatment plant have been addressed with good performance continuing from all wastewater systems in the District.
	Number of spills into water bodies (average per township).	<7	<1	Achieved	There have been three spills in total during 2011/2012.
Major Projects				Status	Comments
Completion of the Eastern Seaboard wastewater upgrade programme: <ul style="list-style-type: none"> Whitianga disposal upgrade Matarangi plant upgrade 				Incomplete	<ul style="list-style-type: none"> The Whitianga wastewater disposal resource consent has been granted by the Waikato Regional Council. A number of packages of work have been completed on the disposal upgrade project for this area. These works will continue during 2012/2013. Council has applied for the resource consent renewal for Matarangi. Work will continue with the Regional Council during 2012/2013 in order to renew the consent and identify any required upgrades.
Resource consent quality standards and conditions will be monitored and reported.				Complete	The Council has identified resource consent conditions that require attention and will continue working with the Waikato Regional Council during 2012/2013 to update and address identified requirements.
The wastewater sludge (bio solids) strategy and related infrastructure will be implemented.				Complete	The Tairua bio-solids trial is completed. Long-term options have been finalised with the plant being relocated to Whitianga, adjacent to the wastewater treatment plant. Preliminary works have commenced and will continue during 2012/2013.

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
213	Thames Renewals	92	87	5	
35	Thames Inflow & Infiltration	0	0	0	
60	Thames Treatment Plant Upgrades	462	439	23	
22	Thames Pump Station Upgrades	0	0	0	
29	Thames Telemetry Upgrades	0	4	(4)	
0	Thames Reticulation Upgrades	39	59	(20)	
359	Total Thames	593	589	4	
55	Coromandel Renewals	37	13	24	
30	Coromandel Consent Renewals	29	24	5	
35	Coromandel Inflow & Infiltration	0	0	0	
0	Treatment Plant Improvements	25	23	2	
34	Pump Station Upgrade	0	0	0	
0	Coromandel Pensioner Housing	0	59	(59)	1
154	Total Coromandel	91	119	31	
0	Oamaru Bay Renewals	8	0	8	
0	Total Oamaru Bay	8	0	8	
14	Matarangi Renewals	21	4	17	
22	Matarangi Consent Renewals	0	6	(6)	
10	Pumpstation Upgrade	0	0	0	
1	Treatment Upgrade	633	8	625	2
47	Total Matarangi	654	18	636	
131	Treatment Plant Upgrade	150	121	29	
0	Biosolid Infrastructure	0	219	(219)	3
154	Consent Renewals	0	0	0	
19	Pumpstation Upgrade	235	0	235	4
134	Renewals	63	48	15	
65	Inflow & Infiltration	0	0	0	
127	Disposal Upgrade	2,950	835	2,115	5
630	Total Whitianga	3,398	1,223	2,175	
24	Cooks Beach Renewals	29	2	27	
15	Pumpstation Upgrade	0	0	0	
39	Total Cooks Beach	29	2	27	
17	Hahei Renewals	21	1	20	
34	Hahei Inflow & Infiltration	0	0	0	
51	Total Hahei	21	1	20	
85	Effluent Disposal	0	2	(2)	
507	Biosolid Infrastructure	463	0	463	6
55	Tairua/Pauanui Treatment & Disposal Improvements	60	44	16	
36	Tairua Renewals	32	14	18	
26	Pauanui Renewals	32	35	(3)	
37	Tairua Inflow & Infiltration	0	0	0	
28	Pauanui Inflow & Infiltration	0	0	0	
16	Tairua Pumpstation Upgrade	112	66	46	7
13	Pauanui Pumpstation Upgrade	79	87	(8)	
9	Paku Hill Grinder Pump	56	54	2	
812	Total Tairua/Pauanui	834	302	532	

Cost of Capital Works (Continued)

25	Onemana Renewals	21	9	12	
46	Pumpstation Upgrade	47	38	9	
71	Total Onemana	68	47	21	
112	Whangamata Renewals	63	41	22	
172	Inflow/Infiltration	0	0	0	
296	Pumpstation Upgrade	59	252	(193)	8
91	Treatment Plant Upgrade	0	0	0	
1,447	Effluent Disposal	0	142	(142)	9
2,118	Total Whangamata	122	435	(313)	
4,281	TOTAL WASTEWATER	5,818	2,736	3,141	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	Council approved unbudgeted expenditure of \$80k for wastewater works required as a result of a development for seven new housing for the elderly units. Construction undertaken in conjunction with stormwater project. All works completed well with saving realised on wastewater project.
2	Works deferred to 2012/13 financial year due to long lead time on materials. This upgrade work is linked to the resource consent process currently being undertaken with Waikato Regional Council & the final conditions TCDC receive. Funds have been carried over to the 2012/2013 financial year.
3	Consents all obtained. The Whitianga site is being prepped and composter is to be delivered on 14 August 2012. Unspent funds from the original transferred budget will be requested as a carry over for the 2012/2013 financial year.
4	\$213,000 was carried over during the Ten Year Plan process to allow construction to commence during the 2012/2013 year. Saving due to design review initially planned, not being required.
5	Awaiting approval for certain components (internal staff sign off on design work) for the day pond. The pipework is still carrying on and electrical and mechanical upgrades are 50% complete. The wet conditions on site have also meant delays in stream profiling in relation to the two consents. As such, the stream profiling is only 50% complete as at 30 June 2012. A carry-over will be requested for the 2012/2013 financial year.
6	Tairua biosolids trial complete. Decision taken to relocate to permanent installation at Whitianga WWTP. Budget & project details transferred to project - Whitianga Biosolid Infrastructure
7	Works undertaken on the telemetry upgrade. Further works undertaken on return pumpstation. Additional electrical works were deferred to the 2012/2013 year for completion.
8	The remaining budget from the 2010/2011 financial year was carried into this financial year. However the carry over occurred after the 2011/2012 financial annual plan budget was adopted by Council. Physical works now complete on Lindsay Road.
9	A portion of the remaining budget from the 2010/2011 financial year was carried into this financial year. However the carry over occurred after the 2011/2012 annual plan budget was adopted by Council.

Stormwater

Our Aim

To ensure that stormwater is controlled and, if necessary, treated and then disposed of, in order to protect the health and safety of people, land and property.

Why We Provide This Service

We are legally required to maintain current stormwater schemes in most cases and there is a strong public expectation it will do so in built-up areas. 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.



What We Did

Our Service	Measuring our Performance				
In light to moderate rain, stormwater will be diverted from properties. In heavier rainfall, habitable areas will not be flooded	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Less than 1% of dwellings in urban areas of the District (except the Thames flats) susceptible to inundation by a one-in-five year rain event.				<i>There is not adequate data to substantiate an assessment for these performance measures. Further investigations have identified that the time and cost implications of developing this theoretical model are prohibitive relative to the benefits. A supplementary measure based on actual reported inundations has been developed.</i>
	Less than 5% of dwellings in urban areas of the Thames flats susceptible to inundation by a one-in 20 year rain event.				<i>There is not adequate data to substantiate an assessment for these performance measures. Further investigations have identified that the time and cost implications of developing this theoretical model are prohibitive relative to the benefits. A supplementary measure based on actual reported inundations has been developed.</i>
	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Supplementary Measure Percentage of dwellings in urban areas of the District that experience inundation from stormwater.	<1%	<1%	Achieved	There was one property in Thames that reported minor dwelling inundation during the 2011/2012 financial year. There was also one instance reported of a customer who was concerned that their dwelling was in danger of inundation, however this did not eventuate.
100% of resource consent conditions met throughout the year.	100%	100%	Achieved	Work packages for the recently granted standalone consents are being managed to ensure compliance.	

Stormwater systems will be well operated and maintained by the Council	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of residents and non-resident ratepayers satisfied with stormwater systems.	70%	74%	Achieved	<p>This measure was not achieved last year however there has been a significant improvement on last year's result (68%) and the target has been achieved.</p> <p>The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 63% and 68% in 2012. (2011 and 2010 Thames-Coromandel District Council Communitrak Surveys)</p>
	Percentage of urgent requests (blockages causing extensive flooding on buildings or other serious flooding) are responded to within one day.	90%	100%	Achieved	All nine urgent service requests received by Council were addressed within the timeframe.
Major Projects				Status	Comments
Stormwater systems will be improved in Thames, Thames Coast, Tairua, Pauanui, Matarangi, Coromandel, Onemana, Whangamata and Mercury Bay				Complete	<p>The Council's capital expenditure programme was prepared and approved.</p> <p>Identified works commenced during the second quarter and continued successfully throughout the year.</p>
Stormwater investigations will be undertaken in order to determine flood risks, appropriate levels of service and capital investment requirements.				Complete	<p>Stormwater modelling continued with further refinement of the capital expenditure programme being undertaken.</p> <p>The identified programme of works was completed with a focus on financial restraint assisting in the prioritisation of works.</p>
Resource consent quality standards and conditions will be monitored and reported.				Complete	<p>The issuing of the comprehensive stormwater discharge consents by the Waikato Regional Council was completed.</p> <p>The Council has progressed with the programme of including required reporting conditions through the Veolia Water contract. Work on this aspect of monitoring and reporting will continue during the first quarter of 2012/2013.</p>

Cost of Capital Works

2011		2012			
Actual		Budget	Actual	Variance	
\$000's		\$000's	\$000's	\$000's	Notes
177	Renewals	682	690	(8)	
252	Thames Improvements	0	193	(193)	1
0	Thames Coast Renewals	73	1	72	2
0	Thames Coast Improvements	186	6	180	3
22	Kopu Drainage Upgrade	44	8	36	
451	Total Thames	985	898	87	
2	Renewals	61	9	52	4
6	Discharge Consent	0	0	0	
8	Improvements	42	58	(16)	
0	Coromandel Pensioner Housing	0	42	(42)	
16	Total Coromandel	103	109	36	
99	Renewals	58	16	42	5
14	Renewals Whitianga	123	108	15	
0	Cooks Beach Improvements	13	0	13	
119	Whitianga Improvements	0	0	0	
101	Matarangi Improvements	538	573	(35)	
0	Brophys Beach Outfall	0	2	(2)	
333	Total Mercury Bay	732	699	35	
15	Renewals	61	37	24	
82	Tairua Improvements	0	0	0	
8	Discharge Consent	0	0	0	
0	Outfall upgrades	106	10	96	6
105	Total Tairua	167	47	120	
22	Renewals	84	1	83	7
5	Pauanui Improvements	47	2	45	8
18	Discharge Consent	0	0	0	
45	Total Pauanui	131	3	128	
14	Renewals - Onemana	30	17	13	
7	Onemana Discharge Consent	0	0	0	
68	Renewals - Whangamata	77	42	35	
5	Whangamata Improvements	521	263	258	9
8	Whangamata Discharge Consent	0	0	0	
102	Total Whangamata	628	322	306	
1,052	TOTAL STORMWATER	2,746	2,078	712	

Explanation of Variances: Cost of Capital Works

Note	Explanation
1	The remaining budget from the 2010/2011 financial year was carried into this financial year. However the carry over occurred after the 2011/2012 annual plan budget was adopted by Council. Construction was completed in Rolleston Street early in the financial year.
2	Works deferred to 2012/13 financial year due to long lead time on materials.
3	Planning work has commenced principally focused on stormwater outfalls in the Te Puru area. Materials have been ordered with work currently underway. However construction works have been deferred to 2012/2013 due to long lead time on materials.
4	Driving Creek drainage works completed in conjunction with Roding project. Other stormwater works investigated but deferred for construction to the 2012/2013 year.
5	Works completed in Rings Beach and Grange Road. Pipe renewals were prioritised along with any reactive works required throughout the year. This budget is reactive in nature and there was limited scope for work during this financial year, with the exception of Rings Beach and Grange Road.
6	Discussions between Tairua Marina and TCDC underway regarding final design of beach nourishment and subsequent outfall works. Timing is linked to the marina construction. At this stage, it is anticipated that physical construction will in occur 2012/13 year.
7	Works were investigated by Field Representative late in the financial year. A decision was made to defer works to enable required community engagement to be undertaken. Budget carry over proposed for the 2012/2013 financial year.
8	Three areas experiencing stormwater flooding currently being investigated in Whangamata. Preliminary design work progressing well with construction ready to commence. Work not expected to be completed until the 2012/2013 financial year. Budget is expected to be carried forward in relation to this project. Work was completed in two areas; Hetherington Road and Otahu Road. Indications to date are that the upgrade works are performing well.

Solid Waste

Our Aim

Ensure that all rubbish is properly disposed of to protect the public and environment through kerbside rubbish collection and recycling.

Why We Provide This Service

This activity is consistently rated as one of the highest priorities by our ratepayers. This 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.



What We Did

Our Service	Measuring our Performance				
Refuse transfer stations (RTS) will be accessible and maintained	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of urgent requests (rubbish bags not collected or streets missed in error) responded to within one day.	90%	80%	Not Achieved	One request out of five not completed in one day.
	Number of communities with refuse transfer stations.	7	7	Achieved	All refuse transfer stations were accessible throughout the year. Monthly maintenance audit results complied with the specified contract standards.
Refuse and recycling collection services will be provided and recycling actively promoted	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage decrease in volume of waste per rating unit.	Decrease 5% on the previous year (volume of waste for 2011/2012 being 537kg)	4% decrease Annual Actual 515kg	Not Achieved	The target was not achieved this year however this needs to be balanced with last year's result which was 2% over target.
	Percentage of rubbish being recycled compared to landfill disposal.	Increase by 1% on the previous year (% recycled for 2011/2012 being 27%)	29%	Achieved	The proportion of recycled material had levelled off last year, but the 2% increase this year has made up for the lack of progress last year, and brought the actual achievement back in line with what was originally envisaged at the start of the three year cycle.
	Percentage of urgent requests for service and complaints responded to within one day.	90%	94.4%	Achieved	167 RT1 (Routine one day requests) were received.
	Percentage of residents and non-resident ratepayers satisfied with the solid waste services provided by the Council.	90%	84%	Not Achieved	This is the first time the target has not been reached in the current three year cycle. The target has been raised by 5% each year, which makes it an increasingly challenging target. The result is 2% below the peer group average and 6% below the national average. The performance has dipped slightly but still above the 2010 level. The reported figure is adjusted to exclude 'Don't Knows'. If 'Don't Knows' were included, the result for 2011 is 83% and 80% in 2012. (2011 and 2012 Thames-Coromandel District Council Communitrak Surveys)

Major Projects	Status	Comments
Resource consent quality standards and conditions for closed landfills will be monitored and reported.	Incomplete	Sampling brought back in-house and liaising closely with Waikato Regional Council to ensure condition of consents for all closed landfills is progressed as per WRC formal instructions.

Cost of Capital Works

2011		2012		
Actual		Budget	Actual	Variance
\$000's		\$000's	\$000's	\$000's
79	Compactor Replacements	0	0	0
64	Transfer Station Miscellaneous Improvements	71	46	25
76	Transfer Stations Renewals	106	102	4
22	Community Litter Bin Replacements	24	12	12
34	Transfer Station Transporter Bins	40	39	1
7	New Moloks	33	0	33
282	TOTAL SOLIDWASTE	274	199	75

Land Drainage

Our Aim

To safeguard the environment, including land and buildings, through the provision and maintenance of an effective and efficient drainage system in the geographic districts included in the schemes.

Why We Provide This Service

Land drainage is undertaken to provide assistance to small groups of people trying to mitigate the possibility of flooding and damage to defined areas of property. Our role has been limited to an administrative role in collecting revenue and distributing the funds back to the three drainage committees.



What We Did

Our Service	Measuring our Performance				
Land Drainage Schemes will be cost effective and efficiently managed	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of floods caused by drains being unable to cope with flood events.	0	0	Achieved	No requests for service related to flooding emanating from informal land drainage were reported during the year. All remaining routine stormwater related requests were addressed appropriately

Land Information Memoranda

Our Aim

The provision of timely and accurate information about property or land in the District.

Why We Provide This Service

Aside from being a legal requirement under the Local Government Official Information and Meetings Act 1987 and the Local Government Act 2002, Land Information Memoranda (LIMs) are a valuable service giving information needed by potential purchasers and financiers.



What We Did

Our Service	Measuring our Performance				
It will be easy to purchase information on any property in the District	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Number of proven claims that LIMs contain inaccurate information.	0	0	Achieved	Council has had no claims or investigations this year. This can be attributed to better recording practices and processes. The systematic process of back scanning files has reduced risk through improved awareness, and a more efficient technological approach to document management.
	Percentage of non-urgent requests that are processed quickly (within ten days).	100%	100%	Achieved	This has been achieved comfortably, with non-urgent requests processed withing 10 days.
A faster service will be available when my LIM enquiry is urgent	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of urgent LIMs that are delivered within 48 hours.	100%	100%	Achieved	All urgent LIMs during the 2011/2012 year were delivered within timeframe.
Customers can understand and have confidence in the content of their LIMs	Performance Measure	Annual Target	Annual Actual	Status	Comments
	Percentage of users satisfied with the content of LIMs.	70%	-	Not measured	Tri-annual survey to be completed by December 2012.
Major Projects				Status	Comments
The current "check" system for District and local level LIMs will be maintained.				Complete	The system was maintained during the 2011/2012 and will be ongoing.
Policies, processes, quality of information and delivery of services to customers will undergo continual review and improvement.				Complete	



FINANCIAL STATEMENTS - Section Four

[www.tcdc.govt.nz/annual report](http://www.tcdc.govt.nz/annual%20report)

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Guide to Financial Statements

Introduction

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

This information includes the Statement of Comprehensive 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 the Council used to measure the transactions incorporated into the financial statements above.

Statement of Comprehensive Income

The Statement of Comprehensive Income shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2012. 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 the 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 the 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 2012.

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

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

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

Statement of Cash Flows

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

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 COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

2011		2012		
Actual			Budget	Actual
\$000's		Notes	\$000's	\$000's
REVENUE				
9,954	Activity revenue	3	9,402	9,490
2,439	Contributions revenue	3	3,812	955
35	Investment revenue	3	15	32
59,563	Rates revenue	3	59,285	59,253
5,552	Subsidies revenue	3	6,364	5,613
488	Gains on changes in fair value of biological assets	3	0	0
2,700	Property vested	3	3,234	846
80,731	TOTAL REVENUE		82,112	76,190
EXPENDITURE				
16,495	Depreciation and amortisation	4	18,313	17,016
13,017	Personnel costs	4	13,576	13,380
3,130	Finance costs	4	4,366	3,361
38,216	Other direct operating expenses	4	41,537	38,217
3,119	Other losses	4	0	3,885
73,977	TOTAL EXPENDITURE		77,792	75,858
6,754	SURPLUS FROM OPERATIONS		4,320	330
(5)	Share of joint venture surplus/(deficit)	18	0	14
6,749	NET SURPLUS FOR THE YEAR		4,320	344
OTHER COMPREHENSIVE INCOME				
44,052	Gain on property revaluation	7	31,632	16,816
(4,653)	Loss on property impairment		0	0
39,399	TOTAL OTHER COMPREHENSIVE INCOME		31,632	16,816
46,149	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		35,952	17,160

The accompanying notes form part of these financial statements.

The explanations of major variances against budget are provided in Note 35.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

2011		2012		
Actual			Budget	Actual
\$000's		Notes	\$000's	\$000's
1,127,772	Balance at 1 July		1,176,587	1,173,921
46,149	Total comprehensive income	7	35,952	17,160
46,149	Total comprehensive income		35,952	17,160
1,173,921	BALANCE AT 30 JUNE	7	1,212,539	1,191,081

The accompanying notes form part of these financial statements.

The explanations of major variances against budget are provided in Note 35.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

2011		2012		
Actual		Budget	Actual	
\$000's	Notes	\$000's	\$000's	
ASSETS				
Current Assets				
57	Cash and cash equivalents	8	193	823
6,142	Debtors and other receivables	9	6,353	6,885
78	Other financial assets	11	0	82
416	Inventories	12	431	238
6,693	Total Current Assets		6,977	8,028
Non-current Assets				
239	Postponed rates	14	243	359
198	Other financial assets	11	284	206
5,155	Intangible assets	16	5,170	7,352
2,437	Forestry assets	17	1,371	2,363
1,229,261	Property, plant and equipment	15	1,287,314	1,249,109
1,237,290	Total Non-current Assets		1,294,383	1,259,389
1,243,983	TOTAL ASSETS		1,301,360	1,267,417
LIABILITIES				
Current Liabilities				
14,671	Creditors and other payables	19	13,536	15,571
655	Derivative financial instruments	10	756	934
1,675	Employee entitlements	20	1,634	1,172
400	Provisions	21	425	812
91	Borrowings	22	28,956	30,956
17,491	Total Current Liabilities		45,308	49,444
Non-current Liabilities				
306	Employee entitlements	20	266	349
4,691	Provisions	21	2,567	6,195
2,125	Derivative financial instruments	10	1,085	3,856
45,449	Borrowings	22	39,594	16,493
52,571	Total Non-current Liabilities		43,513	26,893
70,062	TOTAL LIABILITIES		88,821	76,337
1,173,921	NET ASSETS		1,212,539	1,191,081
EQUITY				
441,443	Accumulated funds	7	172,499	442,814
33,357	Restricted reserves	7	248,065	33,357
(12,308)	Council-created reserves	7	48,255	(13,032)
711,429	Property revaluation reserves	7a	743,720	727,941
1,173,921	TOTAL EQUITY		1,212,539	1,191,081

The accompanying notes form part of these financial statements.

The explanations of major variances against budget are provided in Note 35.



Glenn Leach
DISTRICT MAYOR



David Hammond
CHIEF EXECUTIVE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

2011		2012		
Actual		Notes	Budget	Actual
\$000's			\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
58,550	Receipts from rates revenue		59,243	58,140
20,294	Receipts from other revenue		19,578	17,316
35	Interest received		15	32
(243)	Goods and services tax received		0	(92)
78,636			78,837	75,396
Cash was applied to:				
52,078	Payments to suppliers and employees		55,269	50,749
2,940	Finance costs		4,366	3,290
55,018			59,635	54,039
23,618	Net cash inflow/(outflow) from operating activities	23	19,202	21,357
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
4	Advance payments received		0	0
55	Proceeds from sale of property, plant and equipment		45	60
59			45	60
Cash was applied to:				
0	Advance payments made		0	4
18,140	Purchase of property, plant and equipment		32,083	20,025
2,037	Purchase of intangible assets		967	2,531
20,177			33,050	22,560
(20,118)	Net cash inflow/(outflow) from investing activities		(33,005)	(22,500)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
122,800	Proceeds from borrowings		15,946	105,200
122,800			15,946	105,200
Cash was applied to:				
53	Repayment of finance lease liabilities		0	41
126,449	Repayment of borrowings		3,035	103,250
126,502			3,035	103,291
(3,702)	Net cash inflow (outflow) from financing activities		12,911	1,909
(203)	Net increase/(decrease) in cash and cash equivalents		(892)	766
260	Cash and cash equivalents at the beginning of the year		1,085	57
57	CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8	193	823

The accompanying notes form part of these financial statements.

The GST (net) component of operating activities reflects the net GST paid to and received from the Inland revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The explanations of major variances against budget are provided in Note 35.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

1.1 REPORTING ENTITY

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

The Council consists of Thames-Coromandel District Council, and the joint venture arrangement with the Thames Valley Emergency Operating Area (TVEOA). TVEOA is incorporated and domiciled within New Zealand.

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

The financial statements include activity Cost of Service Statements, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Financial Position and Statement of Cash flows, with supporting notes.

The financial statements of the Council are for the year ended 30 June 2012 and were authorised for issue by the Council on **26 September 2012**.

1.2 BASIS OF PREPARATION

1.2.1 Statement of compliance

The financial statements of the 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. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

1.2.1 Measurement base

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

1.2.2 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.

1.2.3 Changes in accounting policies

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

The Council has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 7
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council is that certain information about property valuations is no longer required to be disclosed. However, as good practice, Council has continued to disclose the name of the property valuer for each asset class. Accordingly, note 15 has only been slightly modified for these changes.

1.2.4 Change in reporting format from prior year

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

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess 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.

1.3 SIGNIFICANT ACCOUNTING POLICIES

1.3.1 Basis of Consolidation

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

(a) Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations, the Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of the income that it earns from the joint venture.

(b) Associates

An associate is an entity, over which the investor 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. Given however 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 would be impractical for Council to recognise its relationship with the trusts through this method. Nevertheless, the relationship is recognised as a related party with the appropriate disclosures made in accordance with NZ IAS 24 Related Party Disclosures.

1.3.2 Revenue Recognition

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

(a) Rates revenue

Rates are set annually by a resolution from the 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 instalment invoices are issued.

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.

(b) Government grants

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(c) *Vested assets*

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

(d) *Sale of goods*

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

(e) *Parking infringements*

Parking infringements are recognised when payment of the infringement notice is received.

(f) *Interest and dividends*

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

Dividends are recognised when received.

(g) *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 in a particular area, the contribution is classified as revenue in advance.

1.3.3 *Donated services*

The work of the 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 the Council and, because of the difficulty of determining their value with reliability, donated services are not recognised in these statements.

1.3.4 *Equity*

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Council.

The components of equity are:

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

(a) *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.

(b) *Restricted reserves*

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

(c) *Property revaluation reserves*

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

(d) *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 the Council.

Council created reserves consist of specifically named reserves into which funds are put for specific purposes, and unspent revenue from one year which the 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.3.5 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, net of outstanding bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

1.3.6 Debtors and other receivables

Debtors and other receivables are recorded at net realisable value, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

1.3.7 Derivative Financial Instruments and Foreign Currency Transactions

Council uses derivative financial instruments to hedge exposure to foreign exchange and 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 2012. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. 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.

1.3.8 Other Financial Assets

Financial assets and liabilities 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 investments 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
- Financial assets at fair value through other comprehensive income.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation every reporting date.

(a) Financial Assets at Fair Value through Profit or Loss

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

After initial recognition, they 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.

(b) 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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 similar financial instruments. They 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.

(c) 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 the investment within 12 months of the balance date or if the debt instrument is not expected to be realised within 12 months of balance date.

Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity
- 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 gains or losses previously recognised in other comprehensive income are reclassified from equity to profit and loss.

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-thirteenth 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, the 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 the Council to recognise the investment initially recognised at cost. The carrying amount is then increased or decreased to recognise the Council's share of the surplus or deficit of the jointly controlled entity after the date of recognition.

1.3.9 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 the remaining financial instruments held.

1.3.10 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.

(a) Loans and Receivables

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, 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 effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the provision. 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.

(b) 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 on 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.3.11 Inventories

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.

1.3.12 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.

1.3.13 Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors, and other receivables, and creditors and other payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then 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 is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the Inland Revenue Department, 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.

1.3.14 Biological 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.

1.3.15 Property Plant and Equipment

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

(a) 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.

(b) 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.

(c) 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, for example, wastewater reticulation includes reticulation piping and sewer pump stations.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(d) 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.

(e) Measurement

Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciated and impairment losses. All other assets are measured at cost, less accumulated depreciated and impairment losses.

(f) 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 is no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition there is a very limited market for sale to the surrounding or adjacent property owners, and the value cannot be measured reliably because of the small individual area of many paper roads, and due to the high cost of disposal.

(g) Revaluations

The result of any revaluation of the 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.

Operational Assets	Is asset class revalued?	Revaluation Frequency
Land	Yes	Bi-Annual
Buildings	Yes	Annually
Computer Hardware	No	Not applicable
Furniture and Fittings	No	Not applicable
Library Collections	No	Not applicable
Plant and Machinery	No	Not applicable
Swimming Pool	No	Not applicable
Refuse Processing and Disposal	Yes	Annually
Infrastructural Asset		
Parks and Furniture	Yes	Annually
Bridges and Culverts	Yes	Annually
Footpaths	Yes	Annually

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Harbour Facilities	Yes	Annually
Roads (incl. land under roads)	Yes	Annually
Water, Stormwater and Wastewater	Yes	Annually
Reserves Land	Yes	Bi-Annual

(h) Additions

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

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

Property, plant, and equipment is initially recognised at its 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.

(i) 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.

(j) 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:

Operational Assets	Useful Life	Depreciation Rate
Buildings	5-43 years	2.33%-20%
Computer Hardware	3-10 years	10-33.3%
Furniture and Fittings	3-25 years	4%-33.3%
Library Collections	10 years	10%
Plant and Machinery	5-10 years	10%-20%
Refuse Processing and Disposal Bins Civil	10 years 15-80	10% 1.25%-6.67%
Swimming Pool	10-50 years	2.0%-10%

Infrastructural Assets	Useful Life	Depreciation Rate
Reserve Improvements		
Cemeteries	10-80 years	1.3%-10%
Equipment	5-50 years	2.0%-20%
Fencing	10-75 years	1.3%-10 %
Furniture	10-30 years	3.33%-10%
Pavement	8-90 years	1.1%-12.5%
Playground	25 years	4%
Signs	10-50 years	2%-10%
Structures	10-80 years	1.25%-10%
Bridges and Culverts	100 years	1%

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Footpaths	20-50 years	2%-5 %
Harbour Facilities		
Boat Ramps	100 years	1%
Wharves	40-50 years	2%-2.5%
Harbours General	20-50 years	2%-5%
Slipway	50 years	2%
Reclamations	15-100 years	1%-6.67%
Causeway Base/Breakwater	Infinite	Not depreciated
Water		
Plant	5-100 years	1.1%-20%
Signs	10 years	10%
Hydrants/valves	15-80 years	1.25%-6.67%
Mains	60-100 years	1.0%-1.7%
Connections	80 years	1.3%
Wastewater		
Mains	60-100 years	1%-1.7%
Connections	80 years	1.3%
Manholes	80 years	1.3%
Plant	5-100 years	1.1%-20%
Vents	20-80 years	1.3%-5%
Stormwater		
Pits	80-100 years	1%-1.25%
Drains	50-100 years	1%-2%
Plant	10-90 years	1.1%-10%
Roads		
Railing	15-20 years	5%-6.7%
Drainage	60 years	1.7%
Signs	15 years	6.7%
Lights	2-10 years	10%-50%
Poles	25-50 years	2%-4%
Brackets	50 years	2%
Retaining Walls	99 years	1.1%
Minor Structures	30 years	3.3%
Surface Water Channels	15-50 years	2%-10%
Surface	3-30 years	3.3%-33.3%
Basecourse	60-80 years	1.25%-1.67%
Subbase	60-70 years with a 100% residual value	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.

1.3.16 Intangible Assets*(a) 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 the 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(b) 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. The Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, and having no active market for this particular asset type. There is also no recognised valuation methodology.

For these reasons, 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.

(c) 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.

(d) 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 Life	Amortisation Rate
Computer software	5 years	20%
Resource consents	7-30 years	3.3%-14.3%
Aerial Photography	5 years	20%

1.3.17 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 (other than goodwill), the reversal of an impairment loss is recognised in the surplus or deficit.

1.3.18 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.

1.3.19 Creditors and other payables

Creditors and other payables are initially measured at fair value.

1.3.20 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.3.21 Borrowing Costs

Council has elected to defer the adoption of NZ IAS 23 *Borrowing Costs (Revised 2007)* in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

1.3.22 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 a successful applicant has been notified of Council's decision.

1.3.23 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 expenditures 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'.

(a) Landfill Post-closure Costs

The 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.

(b) 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.

(c) 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.

(d) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires Council to make specific payments to reimburse the holder for a loss it incurs because a specific 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 the Council that transfers ownership of the assets to Council in the event of the guarantee being called up. The Council's exposure to any risk is therefore mitigated and minimal. Financial guarantees are disclosed as a contingent liability because it is not probable that a present obligation exists.

1.3.24 Leases

(a) 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, Council recognises finance leases 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.

Council holds two photocopier leases that are classified as finance leases.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(b) 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 operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.3.25 Income tax

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

1.3.26 Employee Entitlements

(a) 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 a corresponding expense are recognised for bonuses where the Council has a contractual obligation, or where a past practice has created a constructive obligation at balance date.

(b) 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:

- I. 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
- II. The present value of estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

(c) 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.

1.3.27 Superannuation schemes

(a) 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.

(b) Defined benefit schemes

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.3.28 Statement of Cash Flows

Operating activities include cash received from all income sources of Council and record 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 the Council.

1.3.29 Budget figures

The budget figures are those approved by the Council for the 2011/12 financial year in the 2011/12 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.

1.3.30 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 costs, which cannot be identified in an economically feasible manner for a specific Council activity.

Direct costs are charged directly to the 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.

1.3.31 Critical accounting estimates and assumptions

In preparing these financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with in the next financial year are discussed below.

(a) Infrastructural assets

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

(b) Landfill aftercare provision

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

(c) Leaky Home settlement costs

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2 - SUMMARY COST OF SERVICES

2011		2012	
Actual		Budget	Actual
\$000's		\$000's	\$000's
REVENUE			
Council activities			
2,936	Community leadership	2,606	2,750
3,831	Planning for the future	3,615	4,108
31,442	Strong communities	34,396	31,290
39,334	Safeguarding the environment	38,262	37,195
77,543	Total revenue from Council activities	78,879	75,343
2,700	Assets vested and introduced	3,234	846
488	Other gains	0	0
80,731	TOTAL REVENUE	82,112	76,190
EXPENDITURE			
Council activities			
3,607	Community leadership	4,296	3,747
2,879	Planning for the future	3,380	3,078
30,020	Strong communities	32,446	31,542
34,317	Safeguarding the environment	37,670	33,607
70,823	Total cost of services	77,792	71,974
36	Impairment on inventory	0	176
3,119	Other losses	0	3,710
73,977	TOTAL EXPENSES	77,792	75,860
6,754	SURPLUS FROM OPERATIONS	4,320	330

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3 - REVENUE

2011		2012
Actual		Actual
\$000's		\$000's
RATES REVENUE		
8,789	General rates	8,903
8,442	Uniform annual general charge	8,060
40,430	Targeted rates	40,434
1,217	Water by volume	1,120
685	Penalties	736
59,563	Total Rates Revenue	59,253
ACTIVITY REVENUE		
9,240	User fees and charges	8,819
212	Infringements and fines	198
502	Petrol tax	473
9,954	Total operating revenue	9,490
INVESTMENT REVENUE		
35	Interest received	32
35	Total investment revenue	32
GAINS		
488	Gains on changes in fair value of biological assets	0
488	Total other gains	0
ASSETS VESTED		
0	Plant and equipment	16
199	Reserves land	2
7	Reserves improvements	19
1,679	Roads and footpaths	384
213	Wastewater	125
363	Water	96
239	Stormwater	204
2,700	Total assets vested in Council	846
OTHER REVENUE		
2,439	Contributions	955
5,552	New Zealand Transport Agency subsidies*	5,613
7,991	Total other revenue	6,568
80,731	TOTAL REVENUE	76,190

*There are no unfulfilled conditions and other contingencies attached to NZTA subsidies recognised.

Non-Rateable Land

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

Gifted and Vested Assets

Gifted Assets

The following assets were gifted to the Council during the 2011-2012 financial year:

- The Ferry Landing Library Building
- Picnic Tables at Te Karo (1), Whitianga (1) and Matarangi (1)
- Park Seats at Hot Water Beach (2) and Buffalo Beach (1)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3 - REVENUE (CONTINUED)

- Historical information signs at Tairua (20); and
- Kerb and Channeling work within the Ferry Landing Cemetery

Ferry Landing Library

The Ferry Landing Library building was previously owned and operated by a small Ferry landing Library committee.

An enthusiastic group of volunteers managed to build a varied collection of 1600 books that are now renewed and exchanged with the District library in Whitianga. Unfortunately, due to a recent flooding event the original library building was deemed inhabitable for public use. Volunteers were prepared to undertake major reconstructive work on the building but due to the age and state of the structure it was determined that a full replacement of the building was the only option.

A small committee was established to undertake the "replica" replacement project. The committee decided that as the building is located on Council land at 1138 Purangi Road, the new building should be formally "handed over" or vested in Council. This was to ensure that the building could be well maintained and enjoyed by the general public for future generations to come.

Park Seats and Picnic Tables

Each park seat was valued at \$788 and each picnic table was valued at \$694 with the exception of the picnic table at Te Karo which was valued at \$788.

Park Seats and Picnic Tables are donated to Council in memoriam of a passed loved one. These seats and picnic tables generally symbolise a favoured spot or location on the Peninsula of the person being remembered. The benches and picnic tables are donated to Council with a commemorative plaque. Council then meets all installation costs and any on-going maintenance costs of the assets. It should be noted however, that Council does not replace a plaque should it be either damaged or stolen.

Historical Signs

The Tairua Historical Society presented Council with twenty signs to mark twenty significant historical sites within Tairua. Council met all installation costs of the signs and will meet any on-going maintenance costs of the signs. Each sign was valued at \$501.

Kerb and Channeling Work

The work was completed in the services section of the cemetery and although Council owns the asset, a case was put forward by Council for the Veteran Affairs to pay for the works. Veteran Affairs agreed to fund this work in its entirety.

Vested Assets

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4 - EXPENDITURE

2011		2012
Actual		Actual
\$000's		\$000's
PERSONNEL COSTS		
12,793	Salaries and wages	13,683
13	Employer contributions to multi-employer defined benefit plans	0
130	Employer contributions to defined contribution plans	158
81	Increase/(decrease) in employee benefit liabilities	(461)
13,017	Total personnel costs	13,380
AMORTISATION		
232	Resource Consents	209
0	Aerial Photography	89
195	Computer software	247
427	Total amortisation expense	545
DEPRECIATION		
708	Buildings	735
386	Computer hardware	447
177	Furniture and fittings	183
125	Library collections	135
296	Plant, machinery and vehicles	300
274	Solid Waste	182
302	Bridges and culverts	319
668	Footpaths	702
119	Harbour facilities	127
806	Reserves improvements	820
4,414	Roads	4,671
980	Stormwater	1,053
4,529	Wastewater	4,288
2,283	Water	2,509
16,067	Total depreciation expense	16,471
16,495	Total depreciation and amortisation expense	17,016
FINANCE COSTS		
Interest expense		
2,934	Interest on bank borrowings	3,288
6	Interest on finance leases	2
190	Discount unwinding: Refer Note 21 Provisions	71
3,130	Total finance costs	3,361

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4 - EXPENDITURE (CONTINUED)

OTHER EXPENSES		
	Audit fees	
130	Fees for annual report audit	142
0	Fees for 2012-22 Long Term Plan audit	120
229	Grants provided	197
301	Impairment of receivables: Refer Note 9 Debtors and other receivables	156
0	Impairment of property intended for sale: Refer Note 13	0
15	Operating leases	19
394	Rates remissions: Refer Note 5 Rates remissions	458
21	Impairment of swimming pool plant	0
37,112	Other operating expenses	37,125
38,201	Total other expenses	38,217
OTHER LOSSES		
2,176	Losses on disposal of property, plant and equipment: Refer Note 6 Gains/losses on disposal	1,618
0	Losses on changes in fair value of forestry assets	74
943	Losses on changes in fair value of interest rates swaps	2,017
15	Impairment of spare parts for obsolescence	176
3,134	Total other losses	3,885
73,977	TOTAL EXPENDITURE	75,859

Employer contributions to multi-employer defined benefit plans include contributions to Kiwisaver and the Defined Benefit Plan Contributors Scheme.

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

NOTE 5 - RATES REMISSIONS

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

2011		2012
Actual		Actual
\$000's		\$000's
	Rates remissions are comprised of:	
5	Land held for conservation or preservation purposes	5
20	Community sporting and non-profit organisations	23
120	Maori freehold land	140
2	Land affected by a natural calamity	5
17	Rating units occupied/owned in common (includes residential and rural)	20
55	Wastewater charges for schools	65
171	Rating units containing two separately habitable units (second dwelling)	196
4	Unusable land	4
394	TOTAL REMISSIONS	458

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 6 - GAINS/LOSSES ON DISPOSAL OF PPE

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

2011		2012
Actual		Actual
\$000's		\$000's
Gains on disposal include:		
0	Hardware	3
0	Plant	1
26	Motor Vehicles	1
26	Total gains on disposal of property, plant and equipment	5
Losses on disposal include:		
0	Software	17
56	Buildings	0
41	Swimming Pool	0
26	Footpaths	28
45	Harbour facilities	0
0	Furniture and Fittings	4
89	Reserves improvements	41
1,180	Roading	696
17	Solid waste disposal	0
295	Stormwater	34
453	Wastewater	55
0	Water	81
0	Work in progress	667
2,202	Total losses on disposal of property, plant and equipment	1,623
2,176	TOTAL LOSS/(GAIN) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	1,618

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7 - EQUITY

2011		2012
Actual		Actual
\$000's		\$000's
ACCUMULATED FUNDS		
444,063	Opening balance	441,442
(13,407)	Net movement in restricted reserves	0
3,259	Net movement in Council created reserves	724
778	Transfers from property revaluation reserves on disposal	305
6,749	Net surplus for the year	344
441,442	Total consolidated accumulated funds	442,815
RESTRICTED RESERVES		
Reserves land (restrictions imposed by title)		
18,422	Opening balance	31,616
13,194	Net movement in reserves land	0
31,616	Closing balance	31,616
Endowment farms trust property (restrictions imposed by statute)		
1,528	Opening balance	1,741
213	Net movement in endowment farms trust property reserve	0
1,741	Closing balance	1,741
33,357	Total restricted reserves	33,357
COUNCIL CREATED RESERVES		
Specifically named reserves available to fund activities		
(22,682)	Opening balance	(29,601)
(6,919)	Net movement in specifically named reserves	(3,932)
(29,601)	Closing balance	(33,533)
Retained revenue reserves available to fund activities		
7,972	Opening balance	9,849
1,877	Net movement in retained revenue reserves	1,923
9,849	Closing balance	11,771
Funded depreciation reserves to fund capital items		
3,800	Opening balance	5,486
1,686	Net movement in funded depreciation reserves	1,262
5,486	Closing balance	6,748
Special LGAC reserves to fund capital items		
1,862	Opening balance	1,959
97	Net movement in special LGAC reserves	23
1,959	Closing balance	1,982
(12,308)	Total council created reserves	(13,032)
PROPERTY REVALUATION RESERVES		
672,807	Opening revaluation reserves	711,429
44,052	Net revaluation gains	16,816
(4,653)	Gains/(losses) taken to equity for impairments of land	0
(778)	Transfer to accumulated funds on disposal of property	(305)
711,429	Closing property revaluation reserves	727,941
1,173,921	TOTAL EQUITY	1,191,081

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7 - EQUITY (CONTINUED)

Council Created reserves are reserves created at Council discretion. The debit balance within Council Created Reserves has come about as a result of Council's internal funding allocation (an internal loan reserve is created from which internal loans are drawn down). If not disclosed through Council Created Reserves this internal funding allocation would be consolidated into Accumulated Funds.

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

Council created reserves consist of:

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

NOTE 7A - PROPERTY REVALUATION RESERVE

2011		2012
Actual		Actual
\$000's		\$000's
9,893	Buildings	9,570
6,768	Footpaths	7,196
2,167	Harbour facilities	1,389
237,914	Land	237,914
3,996	Reserves Improvements	4,941
4,875	Bridges and Culverts	5,684
303,823	Roads	324,244
1,864	Refuse processing and disposal	1,717
24,841	Stormwater	37,614
62,276	Wastewater	43,174
53,010	Water	54,498
711,429	TOTAL PROPERTY REVALUATION RESERVES	727,941

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8 - CASH AND CASH EQUIVALENTS

2011		2012
Actual		Actual
\$000's		\$000's
57	Cash at bank and in hand	823
57	TOTAL CASH AND CASH EQUIVALENTS	823

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

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

3	Cash on hand	3
28	Council current account	789
26	Domain committee current accounts	31
57	TOTAL CASH AND CASH EQUIVALENTS	823

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

The Council has \$819,438 of cash and cash equivalents and other short term deposits with the ANZ, National Bank, Bank of New Zealand and Westpac New Zealand.

NOTE 9 - DEBTORS AND OTHER RECEIVABLES

2011		2012
Actual		Actual
\$000's		\$000's
4,038	Rates	4,559
157	Building consents	103
1	Licensing	0
201	Resource consents	138
210	Water	195
219	Water to be billed	186
204	Contributions	266
455	Other trade receivables	442
1,267	GST	1,471
1,002	New Zealand Transport Agency subsidies	1,002
88	Petrol Tax	90
129	Other receivables	428
7,971	Gross debtors and other receivables	8,880
(1,290)	Less provision for impairment of rates receivables: Refer Note 9b	(1,482)
(301)	Less provision for impairment of other receivables: Refer Note 9b	(154)
6,381	TOTAL DEBTORS AND OTHER RECEIVABLES	7,244
	Less non-current portion:	
239	Postponed rates: Refer Note 14	359
239	Total non-current portion	359
6,142	CURRENT PORTION DEBTORS AND OTHER RECEIVABLES	6,885

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9 - DEBTORS AND OTHER RECEIVABLES (CONTINUED)

Fair Value

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

Impairment

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

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

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

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$381,560 (2011: \$343,897).

For further details refer to Note 9c *Arrangements to pay*.

NOTE 9 A - AGEING OF RECEIVABLES

The status of receivables as at 30 June 2011 and 2012 are detailed below.

2011				2012		
Gross	Impairment	Net		Gross	Impairment	Net
\$000's	\$000's	\$000's		\$000's	\$000's	\$000's
3,161	0	3,161	Not past due	3,563	0	3,563
186	0	186	Past due 1 to 30 days	162	0	162
47	0	47	Past due 31 to 61 days	77	0	77
4,339	1,591	2,748	Past due > 61 days	4,719	1,636	3,083
7,733	1,591	6,142	TOTAL CURRENT PORTION	8,521	1,636	6,885

The status of receivables as at 30 June 2011 and 2012 are detailed below.

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

NOTE 9 B - MOVEMENTS IN PROVISIONS FOR IMPAIRMENT

2011		2012
Actual		Actual
\$000's		\$000's
1,371	Opening impairment provision	1,591
340	Additional provisions made during the year	173
(120)	Receivables written off during the year	(128)
1,591	CLOSING IMPAIRMENT PROVISION	1,636

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9 C - ARRANGEMENTS TO PAY

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

2011		2012
Actual		Actual
\$000's		\$000's
290	0-12 months	329
54	> 12 months	52
344	TOTAL CARRYING AMOUNT OF ARRANGEMENTS TO PAY	381

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

NOTE 10 - DERRIVATIVE FINANCIAL INSTRUMENTS

2011		2012
Actual		Actual
\$000's		\$000's
CURRENT LIABILITY PORTION		
655	Interest rate swaps	934
655	Total current liability portion	934
NON-CURRENT LIABILITY PORTION		
2,125	Interest rate swaps	3,856
2,125	Total non-current liability portion	3,856
2,780	TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	4,790

Fair Value

Interest rate swaps

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

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$45.5 million (2011: \$54 million).

At 30 June 2012, the fixed interest rates of cash flow hedge interest rate swaps varied from 3.45% to 6.845% (2011: 3.45% to 6.845%).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 11 - OTHER FINANCIAL ASSETS

2011		2012
Actual		Actual
\$000's		\$000's
78	Current	82
198	Non-current	206
276	TOTAL OTHER FINANCIAL ASSETS	288

Other financial assets are comprised of:

CURRENT PORTION		
78	Short-term deposits with maturities of 4-12 months	82
0	Royal New Zealand Plunket Society Thames Branch Incorporated	0
	Total Loans and Receivables	82
78	Total current portion	82
NON-CURRENT PORTION		
17	Unlisted shares: New Zealand Local Government Insurance Corporation Limited	11
0	Unlisted shares: Local Authority Shared Services Limited	0
108	Unlisted shares: Shared Valuation Data Service	108
22	Unlisted shares: Waikato Regional Transport Model	23
50	Interest in: Thames Valley Emergency Operating Area	64
198	Total Investments	206
198	Total non-current portion	206
276	TOTAL OTHER FINANCIAL ASSETS	288

Term Deposits

The carrying amount of term deposits approximates their fair value.

Unlisted Shares

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

New Zealand Local Government Insurance Corporation Limited (Civic Assurance)

Civic Assurance is the trading name of New Zealand Local Government Insurance Corporation Limited. Civic Assurance provides insurance products and other financial services principally to New Zealand local government. The Council holds 7,120 fully paid shares (2011: 7,120) of \$1.00 (2011: \$1) in this entity. The value of these shares reflects the asset backing of \$1.58 per share according to the financial statements of the company as at 31 December 2011.

Local Authority Shared Services Limited

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

Holders of ordinary shares have the rights conferred on shareholders under the Companies Act 1993.

The Council also holds:

- 108,015 fully paid service shares at \$1 in the Shared Valuation Data Service (SVDS), (2011: 108,015 at \$1)
- 6,476 service shares in the Waikato Region Aerial Photography Service, as yet uncalled (2011: 6,476), and
- 2,250 fully paid shares in Waikato Regional Transport Model. (2011: 2,250t)

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

For further details refer Council Controlled Organisations on page 174

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 11 - OTHER FINANCIAL ASSETS (CONTINUED)

Joint Venture

The Council recognises its interest in its jointly controlled entity, Thames Valley Emergency Operating Area, using the equity method. This investment has initially been recognised at cost as at 1 July 2009, and the carrying amount is increased or decreased to recognise the Council's share of the surplus or deficit of the jointly controlled entity after the date of recognition. The Council's share of the surplus or deficit of the jointly controlled entity is recognised in the statement of comprehensive income. The carrying amount of the investment is shown in other financial assets in the statement of financial position. This is a change in the method of disclosure because up until 30 June 2009, the Council prepared consolidated financial statements but is no longer required to do so.

Loans and Receivables

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Maturity Analysis

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

2011		2012
Actual		Actual
\$000's		\$000's
78	Other investments maturing within 1 year or less:	82
0	Investments maturing after 1 year but less than 2 years	0
0	Investments maturing after 2 year but less than 3 years	0
0	Investments maturing after 3 year but less than 5 years	0
0	Investments maturing after 4 year but less than 5 years	0
198	More than five years	206
276	FAIR VALUE OF FINANCIAL ASSETS	288
78	Other investments maturing within 1 year or less:	82
0	Investments maturing after 1 year but less than 2 years	0
0	Investments maturing after 2 year but less than 3 years	0
0	Investments maturing after 3 year but less than 5 years	0
0	Investments maturing after 4 year but less than 5 years	0
198	More than five years	206
276	CARRYING VALUE OF FINANCIAL ASSETS	288

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12 - INVENTORY

2011		2012
Actual		Actual
\$000's		\$000's
416	Wastewater spare parts	238
416	TOTAL INVENTORY	238

Inventory held for distribution

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

Council impaired \$177,600 (2011: \$14,000) worth of spare parts during the financial year.

NOTE 13 - NON-CURRENT ASSETS HELD FOR SALE

2011		2012
Actual		Actual
\$000's		\$000's
0	Land and buildings	0
0	TOTAL NON-CURRENT ASSETS HELD FOR SALE	0

No Council assets have been identified as being 'held-for-sale' as at 30 June 2012.

NOTE 14 - POSTPONED RATES

2011		2012
Actual		Actual
\$000's		\$000's
239	Postponed rates	359
239	TOTAL POSTPONED RATES	359

The face value of postponed rates is \$358,747 (2011: \$238,759). 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 2011/2012 year (2011: 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 - PROPERTY PLANT AND EQUIPMENT

Table 1

1 July 2011			30 June 2012				
Cost / Revaluation	Accum.dep and Impairment charges	Carrying amount		Current year revaluation	Accum. Depn reversed on revaluation	Current year additions	Assets Reclassified
\$000's	\$000's	\$000's		\$000's	\$000's	\$000's	\$000's
			OPERATIONAL ASSETS				
21,190	705	20,485	Buildings	(1,027)	705	309	(218)
2,263	1,510	753	Computer hardware	0	0	339	0
1,943	985	958	Furniture and fittings	0	0	86	0
27,694	0	27,694	Land	0	0	279	0
1,275	575	700	Library collections	0	0	174	0
2,476	1,070	1,406	Plant and machinery	0	0	186	218
4,465	273	4,192	Refuse processing and disposal	(418)	271	199	0
61,306	5,118	56,188	Total Operational Assets	(1,445)	976	1,572	0
			INFRASTRUCTURAL ASSETS				
15,638	302	15,335	Bridges and culverts	507	302	0	0
17,804	667	17,137	Footpaths	(228)	667	779	0
6,141	119	6,022	Harbour facilities	(897)	119	161	0
9,937	798	9,139	Reserves improvements	170	798	3,501	0
546,668	4,097	542,571	Roads	16,516	4,096	7,736	0
57,160	980	56,180	Stormwater	11,812	979	2,505	0
174,256	4,517	169,739	Wastewater	(23,610)	4,517	7,745	0
96,514	2,283	94,231	Water	(745)	2,283	3,741	0
924,118	13,763	910,355	Total Infrastructural Assets	3,525	13,761	26,168	0
249,652	4,650	245,002	Restricted Assets: Reserves land	0	0	1,601	0
17,716	0	17,716	Capital work in progress	0	0	(8,382)	110
1,252,792	23,531	1,229,261	TOTAL PROPERTY, PLANT AND EQUIPMENT	2,080	14,737	20,959	110

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 - PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Table 1 (continued)

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 - PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Table 2

1 July 2010			30 June 2011				
Cost / Revaluation	Accum.dep and impairment charges	Carrying amount		Current year revaluation	Acc.dep'n reversed on revaluation	Current year additions	Assets Reclassified
\$000's	\$000's	\$000's		\$000's	\$000's	\$000's	\$000's
			OPERATIONAL ASSETS				
22,261	697	21,564	Buildings	(1,176)	697	164	0
2,210	1,306	904	Computer hardware	0	0	235	0
1,907	808	1,099	Furniture and fittings	0	0	36	0
57,295	0	57,295	Land	835	0	0	(30,436)
1,122	450	672	Library collections	0	0	153	0
2,199	989	1,210	Plant and machinery	0	0	583	0
4,345	261	4,084	Refuse processing and disposal	(143)	261	280	0
91,339	4,511	86,828	Total Operational Assets	(484)	958	1,451	(30,436)
			INFRASTRUCTURAL ASSETS				
15,105	285	14,819	Bridges and culverts	480	285	53	0
17,531	647	16,884	Footpaths	(400)	647	548	152
5,929	116	5,813	Harbour facilities	(2)	116	223	0
10,451	721	9,730	Reserves improvements	(942)	721	486	0
504,819	4,081	500,738	Roads	34,597	4,080	8,839	(152)
66,345	1,114	65,231	Stormwater	(10,051)	1,114	868	0
170,992	4,360	166,632	Wastewater	(4,290)	4,360	8,019	0
100,836	2,316	98,520	Water	(5,638)	2,316	1,316	0
892,008	13,640	878,367	Total Infrastructural Assets	13,754	13,639	20,352	0
199,560	0	199,560	Restricted Assets: Reserves land	16,183	0	3,473	30,436
19,768	0	19,768	Capital Work in Progress	0	0	(1,617)	0
1,202,675	18,151	1,184,523	TOTAL PROPERTY, PLANT AND EQUIPMENT	29,453	14,597	23,659	0

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 - PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Table 2 (continued)

30 June 2010							
Current year disposals	Current year disposals depn	Current year impairment charges	Current year depn	Net Book Value	Cost	Accum. Depn and impairment charges	Carrying amount
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
59	3	0	708	20,485	21,190	705	20,485
182	182	0	386	753	2,263	1,510	753
0	0	0	177	958	1,943	985	958
0	0	0	0	27,694	27,694	0	27,694
0	0	0	125	700	1,275	575	700
306	236	21	296	1,406	2,476	1,070	1,406
17	4	3	274	4,192	4,465	273	4,192
564	425	24	1,966	56,188	61,306	5,118	56,188
0	0	0	302	15,335	15,638	302	15,335
27	1	0	668	17,137	17,804	667	17,137
9	0	0	119	6,022	6,141	119	6,022
58	8	0	806	9,139	9,937	798	9,139
1,435	318	0	4,414	542,571	546,668	4,097	542,571
2	0	0	980	56,180	57,160	980	56,180
465	12	0	4,529	169,739	174,256	4,517	169,739
0	0	0	2,283	94,231	96,514	2,283	94,231
1,996	339	0	14,101	910,355	924,118	13,763	910,355
0	0	4,650	0	245,002	249,652	4,650	245,002
435	0	0	0	17,716	17,716	0	17,716
2,995	764	4,674	16,067	1,229,261	1,252,792	23,531	1,229,261

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 - PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Significant Acquisitions or Replacements of Assets for 2011/2012

The Local Government Act 2002 requires councils to provide information regarding any significant assets acquired or replaced during the year.

The Council's significance policy deems amounts to be significant if:

- It involves \$5,000,000 or more budgeted expenditure; or
- It involves \$500,000 or more unbudgeted expenditure.

	Budget 2011-12 (\$000's)	Actual 2011-12 (\$000's)
Whitianga Sports Ground	\$1,400	\$2,210

The purpose of this project is to create a large multi-sports complex facility in Whitianga. The packages of work in relation to this project are highly dependent on external factors, such as the weather and each individual contract tender process. Work on this project has advanced quicker than that originally anticipated to date. The budget was adjusted accordingly throughout the year and the 2012/2013 annual plan budget has been adjusted to reflect the current work load.

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.

The most recent valuation was performed by QV Valuations, Hamilton, and the valuation is effective as at 1 July 2010.

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.
- 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.

The most recent valuation of buildings was performed by an independent valuer, Curnow Tizard Limited (Registered Valuers) Hamilton, and the valuation is effective as at 1 July 2011.

Infrastructural asset classes: Sewerage, Water, Stormwater Harbours, Solid Waste, Roads, Footpaths and Bridges

Sewerage, water, stormwater, harbours, solid waste and roading infrastructural assets 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 wasn't 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 - PROPERTY PLANT AND EQUIPMENT (CONTINUED)

- Asset inspections, deterioration, and condition-modeling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation for Wastewater, Water, Stormwater, Harbours, Parks and Solid Waste assets were performed by MWH New Zealand Limited of Christchurch and AECOM of Hamilton. The valuations were effective as at 1 July 2011.

Early in 2011, AECOM were commissioned by Council to carry out an independent review of the data and asset hierarchy used to populate the asset data base for wastewater and water utility plant data. Following on from this project, AECOM were asked to provide unit costs for these utility plant asset types.

MWH were contracted to review unit rates for all utility reticulation assets (water supply, wastewater and stormwater), solidwaste and parks and garden assets (reserves, recreational areas and facilities, landscape furniture and structures, playgrounds, harbours and cemeteries).

The unit rates generated by AECOM and the rates peer reviewed by MWH were then used in two modules within Council's asset database system in order to run the valuation for

- All utility reticulation assets
- Wastewater and water utility plant data
- Solid waste; and
- Parks and garden assets.

This valuation methodology is the same used in previous valuations by external providers for the same class of assets with the exception of utility plant data. Previously, this data was valued from an excel spreadsheet.

AECOM were also contracted to value all stormwater plant assets. These assets are as yet to be transferred to Council's asset database system and as such, were valued externally by AECOM. The valuation for all these asset types is effective as at 1 July 2011.

The most recent valuation for all Roding assets (including footpaths, bridges and land under roads) was performed by Opus International Consultants Limited of Paeroa, and the valuation is effective as at 1 July 2011.

Work in progress

The total amount of property, plant and equipment in the course of construction is \$10.8 million (2011: \$19.2 million).

Leasing

The net carrying amount of photocopiers held under finance leases is \$11,230 (2011: \$56,218).

Security

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16 - INTANGIBLE ASSETS

1 July 2011				30 June 2012	
Cost	Acc. Amort and impairment	Carrying Amount		Reclassification Reclassification	Current year additions
\$000's	\$000's	\$000's		\$000's	\$000's
2,943	2,360	583	Computer software	0	248
443	264	179	Aerial photography	0	0
3,207	322	2,885	Resource consents	0	2,080
1,506	0	1,506	Capital work in progress	(110)	635
8,099	2,946	5,153	TOTAL INTANGIBLE ASSETS	(110)	2,963

1 July 2010				30 June 2011	
Cost	Acc. Amort and impairment	Carrying Amount		Reclassification Reclassification	Current year additions
\$000's	\$000's	\$000's		\$000's	\$000's
2,844	2,128	716	Computer software	0	99
244	205	39	Aerial photography	0	199
1,915	186	1,729	Resource consents	0	1,292
1,061	0	1,061	Capital work in progress	0	445
6,064	2,519	3,545	TOTAL INTANGIBLE ASSETS	0	2,035

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16 - INTANGIBLE ASSETS (CONTINUED)

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

30 June 2010						
Current year disposals	Disposal Acc. Amortisation	Amortisation Charge	Closing Carrying Amount	Cost	Acc. Amort and impairment	Carrying Amount
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
0	0	232	583	2,943	2,360	583
0	0	59	179	443	264	179
0	0	136	2,885	3,207	322	2,885
0	0	0	1,506	1,506	0	1,506
0	0	427	5,153	8,099	2,946	5,153

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16 - INTANGIBLE ASSETS (CONTINUED)

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

Computer Software Assets

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

Resource Consents

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

NOTE 17 - FORESTRY

2011		2012
Actual		Actual
\$000's		\$000's
1,948	Balance at 1 July	2,437
0	Increases due to purchases	0
284	Gains(Losses) arising from changes attributable to physical changes	173
781	Gains(Losses) arising from changes attributable to price changes	(247)
(576)	Decrease due to harvest	0
2,437	BALANCE AT 30 JUNE	2,363

No forest was harvested in the year ending 30 June 2012 (2011: 27.3 hectares).

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

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

Zone 2, 3 and 5:

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

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

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

The current licence fee payable in respect of Tairua Forest is based on the market value of the land. Council has provided a guarantee to the Crown for the amount of \$45,000 to cover the part of the Tairua Crown Forest subject to a Crown Forest Licence. The Council guarantee has been included in Note 28: Contingent liabilities; Council Guarantees.

Valuation

Council revalues its forestry assets annually. Independent registered valuers, Hammond Resource Management Ltd conducted a valuation of the forestry assets as at 30 June 2012. 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 affect on wood quality that translates into different log prices.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 17 - FORESTRY (CONTINUED)

- For the mid rotation immature stands, discounting future cash flows is appropriate as these trees need another few years to reach maturity.
- For the areas of mature trees, the realisable ("immediate liquidation") valuation method is most appropriate.
- The youngest stands have been valued using compounded costs;
- Where appropriate a combination of these methods has also been used.
- For the purposes of compounding costs, it is assumed that low levels of site preparation are required and normal planting and post planting techniques have been assumed.
- Discounted cash flow required the projection of future growth, as well as the costs and returns net to the grower, expected up to and including the time of harvest.
- Costs include future tending and management, annual overheads, and the direct costs associated with the harvesting operations: log and load, cartage, management fees, and any tracking or roading required. Revenue includes the market value of logs delivered to the sale point – mill or wharf.
- 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% (2011: 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 2012.

We note that in the future however, Council may be liable for future deforestation obligations if, after the future forest clearances, the following thresholds are met:

- Four years after clearing, the forest land does not have at least 500 stems per hectare of forest species.

And either:

- If after 10 years the forest species are predominantly exotic species, there is not 30% crown cover from trees that have reached five metres in height ; or
- If after 20 years, the forest species are predominantly indigenous species, there is not 30% crown cover from trees that have reached five metres in height

The tests above are applied to the forest land on a hectare-by-hectare basis.

In addition to the above, we note that as Council does not own the land on which the trees are situated, Council is not entitled to apply for a one off allocation of New Zealand Carbon Credit Units (NZUs) from the Government. As such, should any future obligations arise under the ETS, Council will be unable to offset these with NZUs and will instead be required to settle these with cash.

Council is exposed to financial risks arising from changes in timber prices. Council intends to hold the forestry long-term and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18 - JOINT VENTURE

The Council has a 40% interest in the Thames Valley Emergency Operating Area. This is a committee run as a joint venture with the Matamata-Piako and Hauraki District Councils, who each have a 34% and 26% interest in the venture, respectively. The Council is the administering body of the joint venture.

The joint venture shares a common balance date with the Council, but the financial statements have not been audited. The Council's share of the surplus/deficit has been included in "share of joint venue surplus/ (deficit) in the statement of comprehensive income. The Council's share of equity has been recorded in other financial assets (note 11) in the statement of financial position.

Movements in the carrying amount of the investment in the joint venture:

2011		2012	
Actual		Actual	
\$000's		\$000's	
56	Opening balance		51
(5)	Share of surplus/(deficit)		13
51	CLOSING BALANCE		64

Council's interest in the joint venture is disclosed in the financial statements of the joint venture under the classifications shown below:

36	Current assets		41
39	Non-current assets		33
(24)	Current liabilities		(10)
51	NET ASSETS		64
209	Share of income		209
(214)	Share of expenses		(195)
(5)	SHARE OF SURPLUS/(LOSS)		14

Details of any commitments and contingent liabilities arising from the Council's involvement in the joint venture are disclosed separately in notes 28 and 29.

Details of any related party transactions with the joint venture are disclosed separately in note 26.

NOTE 19 - CREDITORS AND OTHER PAYABLES

2011		2012	
Actual		Actual	
\$000's		\$000's	
10,945	Trade payables		12,073
1,365	Deposits and bonds		1,154
1,220	Contract retentions		1,055
342	Accrued expenses		607
799	Revenue in advance		681
14,671	TOTAL CREDITORS AND OTHER PAYABLES		15,570

Fair value

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, excluding contract retentions, therefore the carrying value of creditors and other payables approximates their fair value.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20 - EMPLOYEE ENTITLEMENTS

2011		2012
Actual		Actual
\$000's		\$000's
1,675	Current	1,172
306	Non-current	348
1,981	TOTAL EMPLOYEE ENTITLEMENTS	1,520

Employee entitlements are comprised of:

CURRENT PORTION		
421	Accrued salaries and wages	6
1,139	Annual leave	1,069
79	Retirement and long service leave	63
36	Sick leave	34
1,675	Total current portion	1,172
NON-CURRENT PORTION		
306	Retirement and long service leave	348
306	Total non-current portion	348
1,981	TOTAL EMPLOYEE ENTITLEMENTS	1,520

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 21 - PROVISIONS

2011		2012	
Actual		Actual	
\$000's		\$000's	
400	Current		812
4,691	Non-current		6,195
5,091	TOTAL PROVISIONS		7,007

Movements for each class of the provision are as follows:

CURRENT PORTION		
187	Landfill aftercare	582
213	Weathertight homes	150
0	Reserve contribution credits	80
400	Total current provisions	812
NON-CURRENT PORTION		
2,098	Landfill aftercare	1,660
641	Weathertight homes	1,064
1,952	Reserve contribution credits	3,471
4,691	Total non-current provisions	6,195
5,091	TOTAL PROVISIONS	7,007

Landfill aftercare liability		
2,177	Opening balance	2,285
(4)	Additional/(reduced) provision made during the year	(23)
(78)	Amounts used during the year	(91)
190	Discount unwinding	71
2,285	Closing balance	2,242

Weathertight homes		
982	Opening balance	854
222	Additional/(reduced) provision made during the year	379
(350)	Amounts used during the year	(20)
854	Closing balance	1,214

Reserve contribution credits		
80	Opening balance	1,952
1,872	Additional/(reduced) provision made during the year	1,599
0	Amounts used during the year	0
1,952	CLOSING BALANCE	3,551

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 21 - PROVISIONS (CONTINUED)

Movements for each class of the provision are as follows:

Landfill aftercare

As the owner of various closed landfills around the District, the Council has a legal obligation to ensure these sites are rehabilitated to a standard that minimises any negative impact on the environment. The Council has obtained resource consents for the closure of the following landfills:

- Mercury Bay landfill - granted until 30 June 2037;
- Coromandel landfill - granted until 1 January 2035;
- Thames landfill - granted until 30 September 2044.

The Council has a responsibility under the resource consent to provide long-term maintenance and monitoring until such time that Waikato Regional Council is satisfied that the leachate quality has improved to a level that does not have a negative impact on the environment.

The Council has contracted AECOM to determine whether Council requires resource consent for the closure of other major landfills in the District. The full conditions of the consent are unknown until the consent is granted. However it is probable that the Council will be responsible for the provision of ongoing maintenance and monitoring of the landfill after the site is closed. The expected term of the maintenance and monitoring services that will be required is 25 to 35 years.

In the interim, Waikato Regional Council has approved a 'Monitoring and Management Plan' for all closed landfills located around the peninsula. These plans are intended to formalise Council's current sampling regimes and help with the preparation of the 'remediation and aftercare plan' for each site. These plans will be based on the results from the samples taken.

Expenditure on rehabilitation works will be funded by an internal loan which is serviced by the general rate. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The provision has been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$4,106,124 (2011: \$4,460,198).

The following major assumptions have been made in calculating the provision:

- The discount rate used to arrive at the present value is 7.95% (2011: 7.85%).
- The aftercare has been estimated to continue until 2044. The annual inflation factor applied to the estimated aftercare costs for 2011/2012 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 (2011: 2.61%).
- Estimates of the life and future expenditure are based on the 2009-2019 Long-term Council Community Plan budgets and the 2011/2012 Annual Plan.

Provision for Weathertight homes

This provision is based on the Council's most likely exposure to notified claims. As at 30 June 2012, Council was aware of 17 unsettled notified claims (2011:11).

Also see Note 28 *Contingent liabilities* for further disclosure and comment.

Reserve contribution credits

Council has negotiated with a Developer to purchase 10 hectares of land situated in Whitianga for the development of a Multi-Sports Complex Centre. As part of this purchase agreement, Council entered into a Development Contributions Deed with the Developer which outlined when Development and Reserve Contributions Credits would be considered payable to Council. It also outlined the staged arrangement in which Council would purchase the land from the Developer.

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.

Accordingly, on 30 April 2011 Council billed the first instalment of contribution credits for \$3,273,742 and Council subsequently purchased Lot 1 of DP 440527 for \$3,273,742. On 30 September 2011 Council billed the second instalment of contribution credits for \$1,599,125 and subsequently purchased Lot 2 of DP 440527 for \$1,599,125.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 21 - PROVISIONS (CONTINUED)

As at 30 June 2012 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 \$3,471,116 was recognised within Council's balance sheet reflecting that at balance date these Contribution Credits were effectively revenue received in advance by Council. As further development contributions credits fall due, the provision will be used to offset any further liability established by the developer.

In addition to the above, two further provisions of \$13,691 and \$66,309 have been recognised for historic reserve contribution credits as a result of subdivision's vesting of reserves prior to the introduction of the development contribution policy in October 2004. Applications to recognise these historic reserve credits under the Local Government Act 2002 (LGA) are being addressed by Council on a case-by-case basis.

In the past, a reserve contribution credit has been provided to certain developers for additional reserves land vested in Council that was over and above the requirement under the Resource Management Act 1991. The reserve contribution requirement under the transitional provisions of the Resource Management Act 1991 was 130m2. The credit was then available for developers to apply against reserve contributions required in the future on subsequent subdivisions. The development contributions policy, under the Local Government Act 2002 requires a market valuation to be obtained and the development contributions payable by the developer are then calculated on the average market value of 15m2 for each additional allotment. 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 representing economic benefits. 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.

Also see *Note 28 Contingent Liabilities* for further disclosure and comment.

Financial Guarantees

For further details refer to Note 28.

NOTE 22 - BORROWINGS

2011	2012	
Actual	Actual	
\$000's	\$000's	
91	Current	30,956
45,449	Non-current	16,493
45,540	TOTAL BORROWINGS	47,449

Borrowings are comprised of:

CURRENT BORROWINGS		
41	Finance leases	6
50	Term loans	30,950
91	Total current borrowings	30,956
NON-CURRENT BORROWINGS		
11	Finance leases	5
0	Hire purchase	0
45,438	Term loans	16,488
45,449	Total non-current borrowings	16,493
45,540	TOTAL BORROWINGS	47,449

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22 - BORROWINGS (CONTINUED)

The following is a maturity analysis of Council's borrowings including finance leases and hire purchase contracts.

2011		2012
Actual		Actual
\$000's		\$000's
ANALYSIS OF FINANCE LEASES		
41	Current	6
11	Non-current	5
52	TOTAL FINANCE LEASES	11
Total minimum finance lease payments are payable:		
43	Not later than one year	7
13	Later than one year and not later than five years	6
0	Later than five years	0
56	Total minimum lease payments	13
(4)	Future finance charges	(2)
52	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	11
Present value of minimum finance lease payments are payable:		
41	Not later than one year	6
11	Later than one year and not later than five years	5
0	Later than five years	0
52	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	11

Term loans

2011		2012
Actual		Actual
\$000's		\$000's
ANALYSIS OF LOANS		
50	Current	30,950
45,438	Non-current	16,488
45,488	TOTAL LOANS	47,438
Total minimum loan payments payable:		
50	Not later than one year	30,950
45,438	Later than one year and not later than five years	16,488
0	Later than five years	0
45,488	TOTAL LOANS	47,438

Current borrowings represent the amount expected to be settled within 12 months of balance date.

The bank two and four year multi-option facilities of \$20 million and \$32 million dollars respectively are issued at floating rates of interest. The floating interest rate is reset quarterly based on the 90 day bill rate plus a bank margin for credit risk. These \$20 million and \$32 million dollar facilities are due to expire on 20 January 2013 and 20 January 2015, respectively.

The bank term loan and committed money market line facility of \$5 million (2011: \$5 million) is issued at floating rates of interest. The interest is reset quarterly at the 90 day bill rate plus a bank margin for credit risk.

The stock issuance debenture of \$10 million (2011: \$10 million) is issued at a floating rate of interest. The interest is set quarterly at the 90 day bill rate plus a margin of 0.15% for credit risk.

The bank fixed rate term loan of \$10 million (2011: \$10 million) is set with an interest rate of 6.45%. This loan is due to expire on 24 July 2013.

The stock issuance debenture is due to be repaid in October 2012, at which time the terms and conditions will be renegotiated. If the Council decides to refinance this loan it anticipates that the terms and conditions will be similar to the current arrangement. The only likely change to the current arrangement will be a higher margin for credit risk.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22 - BORROWINGS (CONTINUED)

2011			2012	
Facilities Held	Drawings on Facilities		Facilities Held	Drawings on Facilities
\$000's	\$000's		\$000's	\$000's
250	0	Overdraft facility	250	0
5,000	0	Bank term loan and committed money market line facility	5,000	900
0	0	Bank three-year rolling flexible rate term loan facility	20,000	20,000
0	0	Bank three-year rolling flexible rate term loan facility	32,000	6,400
10,000	10,000	Bank fixed rate term loan facility	10,000	10,000
45	0	Indemnity/performance bond facility	0	0
400	0	Clean credit facility	0	0
188	188	Energy Efficiency and Conservation Authority (EECA)	250	137
20,000	20,000	Bank two-year multi-option credit facility	0	0
32,000	5,300	Bank four-year multi-option credit facility	0	0
10,000	10,000	Stock Issuance Facility	10,000	10,000
77,883	45,488	TOTAL LIMITS	77,500	47,438

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$250,000 (2011: \$250,000). There are no restrictions on the use of this facility.

The Council's loans are secured through a debenture which grants security to the lender by way of a charge over the Council's general rates and rates revenue. This security is held for all monies advanced in connection with the facilities detailed below, that have a total nominal amount of \$77 million (2011: \$77 million).

- Bank term loans and committed money market line facility \$5,000,000
- Bank two year multi-option credit facility \$20,000,000
- Bank four year multi-option credit facility \$32,000,000
- Bank fixed rate term loan \$10,000,000
- The stock issuance facility \$10,000,000

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Loan to finance interest expense

Included in borrowings for the year under review is the amount of \$2,704,891 (2011: \$393,010) which was raised to fund the interest on additional capacity loans that was not met by developer's contributions. This is in accordance with the Council's Development Contributions Policy.

Secured loan covenants

The Council is required to ensure that the following covenants for secured loans are achieved during the year:

- Compliance with the Local Government Act 2002 with respect to the keeping and filing of reports, accounts and statements and registration of charges including the debenture trust deed;
- Ensure that the financial statements and other records of the Council are audited and retained for a period of at least seven years after the date on which they are made or the date of completion of the transaction to which they relate in accordance with statutory requirements;
- Give notice in writing to the trustee of any matter which would cause any current stock issuance certificate to be materially defective;
- Compliance with the Securities Act applicable to the issuance of stock, prior to the issue of any prospectus or investment statement and forward a draft copy to the trustee;
- Provide details of the amount owing in respect of security stock to the trustee within ten business days whenever requested;

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22 - BORROWINGS (CONTINUED)

- Notify the trustee immediately in writing of the occurrence of any enforcement event giving full details of any action that has been taken as a result;
- Refund the trustee for all expenditure plus interest if deemed necessary or expedient by reason of any default on the part of the Council in performing any of covenants; and
- To provide the trustee with a copy of the following reports:
 - Ten Year Plan, Annual Plan, Annual Report and Liability Management Policy within one month of adoption.
 - Interim financial information prepared for external distribution;
 - Material amendments to any Ten Year Plan or Liability Management Policy that have been approved and adopted by the Council;
 - Reporting certificate completed and signed at the same time that the Annual Report and interim financial information is furnished and within 21 days of a written request by the trustee;
 - Any information requested by the trustee with respect to matters relating to the financial statements.

Fair value

The fair value of finance leases are \$11,230 (2011: \$52,212). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date ranging from 8% to 9.7% (2011: 8% and 9.7%).

The carrying amounts of secured loans approximate their fair value because interest rates reset to a market rate each quarter.

Description of leasing arrangements

Finance leases have been entered into for photocopiers. The net carrying amount of the leased items within property, plant and equipment is included in *Note 15: Property, plant and equipment*.

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

The Council is not permitted to pledge the leased assets as security nor can it sublease the leased equipment without the permission of the lessor.

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

Compliance

The Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of the Council's 2009-2019 Long-term Council Community Plan.

There have been no significant amendments to or departures from the investment policy during the year ended 30 June 2012 (2011: nil).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 23 - RECONCILIATION OF NET SURPLUS (DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

2011		2012
Actual		Actual
\$000's		\$000's
6,749	Reported operating surplus	344
(2,700)	Vested assets	(846)
427	Amortisation	545
16,067	Depreciation	16,471
(488)	(Gains)/losses in fair value of forestry assets	74
0	Net (gains)/losses on foreign exchange	0
943	Net (gains)/losses on interest rate swaps	2,017
(128)	Movement in weathertight buildings provision	359
1,872	Movement in reserve contribution credits	1,599
(82)	Movement in landfill aftercare provision	(114)
220	Impairment of receivables	45
36	Impairment of spare parts	176
190	Interest unwind on landfill aftercare	71
16,356	Add/(less) non-cash items	20,397
(1,544)	Increase/(decrease) in accounts payable	531
80	Increase/(decrease) in employee benefits	(460)
(205)	(Increase)/decrease in accounts receivable	(1,059)
(1,669)	Add/(less) movements in working capital items	(988)
2,176	Net losses on sale of property, plant and equipment	1,618
6	Share of joint venture loss/(Gain)	(14)
2,182	Add/(less) items classified as investing activities	1,604
23,618	NET CASH INFLOW FROM OPERATING ACTIVITIES	21,357

NOTE 24 - SEVERANCE AGREEMENTS

Under clause 33(i)(a) of schedule 10 of the Local Government Act 2002, the Council is required to disclose:

1. The amount of any severance payments made to any Chief Executive who vacated office in the year,
2. The number of employees to whom severance payments were made in the year, and
3. The amount of every such severance payment.

For the year ended 30 June 2012, the Council made 0 (2011: 2) severance payments to employees totalling \$0 (2011: \$45,000).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 25 - REMUNERATION

Elected representatives received the following remuneration:

2011		2012
Actual		Actual
\$000's		\$000's
Elective Representatives		
Previous Council (July-October 2010)		
28	Mayor Philippa Barriball JP	0
12	Deputy Mayor Adrian Catran JP	0
9	Councillor Bill Barclay	0
9	Councillor Jan Bartley	0
9	Councillor Noel Hewlett JP	0
9	Councillor Dal Minogue	0
9	Councillor John Morrissey	0
9	Councillor Strat Peters	0
10	Councillor Dirk Sieling	0
Present Council (from October 2010)		
70	Mayor Glenn Leach	103
24	Deputy Mayor Peter French	37
19	Councillor Tony Brijevich	31
20	Councillor Diane Connors	28
22	Councillor Tony Fox	35
24	Councillor Wyn Hoadley QSO	36
22	Councillor Murray McLean JP	33
19	Councillor Jack Wells	28
20	Councillor Jan Bartley	28
344	TOTAL ELECTED REPRESENTATIVES' REMUNERATION	359
Chief Executive		
Chief Executive (July 2011 to December 2011)		
287	Salary	122
17	Vehicle (market value plus FBT)	9
1	Telephone	0
1	Professional fees	0
6	Medical insurance (market value plus FBT)	2
Chief Executive (January 2012 to 30 June 2012)		
0	Salary	108
0	Vehicle (market value plus FBT)	9
0	Telephone	0
0	Professional fees	0
0	Medical insurance (market value plus FBT)	0
312	TOTAL CHIEF EXECUTIVE'S REMUNERATION	250

For the year ended 30 June 2012, the total annual cost (including fringe benefit tax) to Council with regards to the remuneration package being received by the Chief Executive was calculated to be \$250,031 (2011 \$311,997).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 26 - RELATED PARTY TRANSACTIONS

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc.).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties during the year ending 30 June 2012 (2011: nil). No related party debts have been written off or forgiven during the period (2011: nil).

The following transactions were carried out with related parties:

- Peter Mickleson is a former employee of the Council and was a member of the Strategy team as well as a director of Sandpiper Three Limited. This company provided consultancy services to the Council to the value of \$17,187.50 plus GST (2011: \$21,187.50).
- Naomi Harsant is a library assistant employed by the Council and is the wife of Arthur Harsant who undertakes various handyman type tasks for Council. Amounts paid to Arthur Harsant for the year under review amounted to \$29.60 plus GST (2011: \$153.86).
- Margaret Harrison is a staff member at the Coromandel office and is a trustee of the Coromandel Independent Living Trust. Payments made to the trust for the year under review amounted to \$19,739.00 plus GST (2011: \$42,276.37).
- Hunsa Newland is a librarian employed by the Council whose partner owns Thames Hire Centre. Amounts paid to the Thames Hire Centre for the year under review amounted to \$0 (2011: \$67.56).
- Christine Towgood is employed by the Council as a casual library assistant at the Whitianga library. She also undertakes cleaning services under contract for the Council. Amounts paid to her for cleaning services for the year under review amounted to \$1,359.00 plus GST (2011: \$16,337.54).
- Diane Connors is a member of Council and an employee of the Thames Information Centre. Amounts paid to the Thames Information Centre for the year under review amounted to \$54,644.58 plus GST (2011: \$24,363.71).
- Katherine Davies is a former senior planner employed by the Council. Her partner is a director and shareholder of KTB Planning Consultants Limited who provide planning services to the Council. Amounts paid to KTB Planning Consultants Limited for the year under review amounted to \$102,823.05 plus GST (2011: \$102,450.04)
- Dirk Sieling was a member of Council until 15 October 2010 and leases a property at 90 Moewai Road, Whitianga. For the year under review, lease rental received by the Council amounted to \$20,000.03 plus GST (2011: 13,939.61).
- Strat Peters was a member of Council until 15 October 2010 and is Chairman of the Thames Community Board from 15 October 2010. Strat Peters is also a shareholder and director of Shaun Richards Electrical and during the period under review the Council paid Shaun Richards Electrical \$10,311.17 plus GST (2011:\$19,400.93).

Key Management Personnel

Key Management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

2011		2012
Actual		Actual
\$000's		\$000's
1,526	Salaries and other short term employee benefits	1,633
1,526	TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	1,633

Thames Valley Emergency Operating Area

The Thames Valley Emergency Operating Area (TVEOA) is a joint venture of the Council that provides rural fire and emergency services.

2011		2012
Actual		Actual
\$000's		\$000's
207	Grants and levies paid by Council	207
55	Council reimbursements to TVEOA for items bought on behalf of Council	55
23	Administration services provided by Council including rent and rates	26
2	Insurance and ACC levies reimbursed to Council as paid on behalf of TVEOA	3
24	Other reimbursements to Council paid on behalf of TVEOA	1
191	Gross salaries reimbursed to Council as paid on behalf of TVEOA	241
502	TOTAL PAID TO THAMES VALLEY EMERGENCY OPERATING AREA	533

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 26 - RELATED PARTY TRANSACTIONS (CONTINUED)

Local Authority Shared Services Limited

2011		2012
Actual		Actual
\$000's		\$000's
49	Services provided to Council	62
49	TOTAL PAID TO LOCAL AUTHORITY SHARED SERVICES LIMITED	62

The Council has an interest in the above company which was established to provide a shared service to local authorities within the Waikato Region, in particular a shared valuation database service.

Destination Coromandel

During the course of the year the Council provided to Destination Coromandel Trust (formerly Tourism Coromandel Inc.) a sum of \$483,793.00 plus GST (2011: \$472,118). Destination Coromandel Trust is a charitable trust with a purpose of promoting tourism and travel for the benefit of the people in the communities in the Coromandel and Hauraki regions.

Prior year figures have been changed to exclude GST to be consistent with this year's figures.

NOTE 27 - EVENTS AFTER BALANCE DATE

No post balance date events occurred up to the date of the report adoption that is known to have a material affect on the financial statements and notes to the financial statements of the Council.

NOTE 28 - CONTINGENT LIABILITIES

The Council is aware of the following contingent liabilities as at 30 June 2012:

2011		2012
Actual		Actual
\$000's		\$000's
455	Miscellaneous non-insured claims	750
8,500	Weather tight homes	8,835
1,896	Council guarantees	1,896
10,851	TOTAL CONTINGENT LIABILITIES	11,481

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.

In the 2010 Budget, the Government announced its intention to set up a new financial assistance package to help homeowners repair their leaky homes faster. The package will see the Government meet 25% of homeowners' agreed repair costs, local authorities contribute 25%, and homeowners fund the remaining 50%.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 28 - CONTINGENT LIABILITIES (CONTINUED)

To help quantify the cost of this assistance package to both Central and local Government, Price Waterhouse Cooper (PWC) was contracted in 2009 by the Government to carry out research, analysis and modeling to provide an estimate of the size and cost of the leaky homes problem across the country. The report concluded there is a wide range of the possible number of homes affected, from a low of 22,000 to a high of 89,000. The wide range reflects a high level of uncertainty about the number of homes affected that prevents an exact and accurate estimate. Nevertheless, the report estimated it is most likely approximately 42,000 homes have been affected.

According to the report, of the leaky homes covered by the estimate approximately 3,500 have already been repaired; 9,000 are likely to be outside the 10-year limitation period for legal liability. There are therefore likely up to around 29,500 dwellings that have already failed, but have not been repaired, or will fail in the future throughout the Country (within the 10-year limitation period for legal proceedings).

Based on the report issued by PWC and future TCDC modeling, it is estimated that Council could face around 68 future claims. The estimated total cost of Council's contribution towards settlement of these claims ranged between \$5.6 million and \$8.5 million.

38 Claims have been lodged to date with the Weathertight Homes Resolution Service (WHRS) for buildings located within the District (2011: 33). Of these, 16 claims were registered on the WHRS website as active as at 30 June 2012 (2011: 11 claims). Council was aware of one further claim at balance date, but this was yet to be registered with the WHRS at 30 June 2012. The amounts sought by the claimants of these unsettled claims total to \$2,379,000 including eight for unknown amounts (2011: \$1,651,000 including three for unknown amounts). Claims are dealt with on a case-by-case basis. It is not yet certain whether these claims are valid and who will be liable for the claimed building defects, therefore Council is unable to assess its exposure to the claims lodged with WHRS.

We note that a provision for \$1,213,815 has been recognised for accounting purposes for the potential settlement of claims that have been notified to Council at balance date (for further information see Note 21 *Provisions*) (2011: \$854,000). However, based on the information obtained during this financial year and taking into consideration the report produced by PWC during the 2010 financial year, Council has estimated that it may face a further \$8.835 million in emergent claims (2011: \$8.5 million). Unreported claims are treated as a contingency owing to the inherent uncertainties in quantifying the number and quantum of unreported claims.

Hauraki Rail Trail

The Council, along with Hauraki District Council (HDC) and Matamata-Piako District Council (MPDC) are party to a trust deed which has formed the Hauraki Rail Trail Charitable Trust (the Trust). The deed, signed on 2 March 2012, allows the Trust to own, operate, maintain, repair, develop and facilitate the use and enjoyment of a cycleway within the region.

Upon formation of The Trust, it also entered into a "Management Agreement" to manage the cycleway. As part of that agreement, the Trust is required to obtain income from the cycleway to provide funding for its 'management obligations'. If the Trust is unable to obtain sufficient income from the Cycleway to meet its management obligations, the Council, HDC and MPDC have agreed to contribute additional funding to the Trust (as set out in the management agreement).

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.
- \$41,600 for establishment costs; or
- \$31,600 for the year ended 30 June 2012 ; or
- \$45,700 for the year ended 30 June 2013; or
- \$55,800 for the year ended 30 June 2014; or
- \$57,500 for the year ended 30 June 2015; or
- \$60,000 for the year ended 30 June 2016.

Reserve contribution credits

Reserve Contribution Credits result from historical vesting of reserve land which was over and above the required reserve area for the particular subdivision. Applications to recognise any potential historic reserve credits will be assessed on a case-by-case basis when and if a further Resource Consent is granted for the property to which the credits relate. However estimating the value of these credits is uncertain because it relies on factors such as the future development potential of any residual land, future land values, the value of the land when vested, the zoning of the land and any other district plan mechanism such as structure plans and the reasons for the land being vested at the time.

Council has recognised that there are three developers that have reserve contribution credits available to them as at 30 June 2012 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 recognising these reserve contribution credits.

Council Guarantees

The Council is listed as a guarantor to a number of sporting and community organisation bank loans. The 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 28 - CONTINGENT LIABILITIES (CONTINUED)

The terms and conditions of the guarantee require:

- The organisation to provide the 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 the Council that transfer's ownership of the assets to the Council in the event of the guarantee being called up.

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

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

The following loan guarantees have been given by the Council:

2012				
Year of Guarantee	Term in Years		Amount of Original Guarantee	Current Level of Guarantee Outstanding
			000's	000's
Feb-2001	25	Thames Tennis Club	58	0
Jul-2002	15	Thames Pensioner Housing Trust	510	179
Jan-2009	25	Housing New Zealand	1,283	296
Jan-2008	NA	Land Information New Zealand*	45	45
			1,896	520

2011				
Year of Guarantee	Term in Years		Amount of Original Guarantee	Current Level of Guarantee Outstanding
			000's	000's
Feb-2001	25	Thames Tennis Club	58	0
Jul-2002	15	Thames Pensioner Housing Trust	510	179
Jan-2009	25	Housing New Zealand	1,283	296
Jan-2008	NA	Land Information New Zealand*	45	45
			1,896	520

*The Council has entered into a performance bond with Land Information New Zealand to provide the Crown with security in the form of a bond that ensures that the Council's obligations under the Crown Forest Licence are fulfilled.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 28 - CONTINGENT LIABILITIES (CONTINUED)

Employer contributions to defined contribution plans

The Council is a participating employer in the DBP Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme.

If the other participating employers ceased to participate in the scheme, the Council could be responsible for any deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Council could be responsible for an increased share of any deficit.

As at 31 March 2012, the scheme had an estimated past service surplus of \$43.145 million (exclusive of employer superannuation contribution tax). This surplus was calculated using a discount rate equal to the expected return on net assets, but otherwise the assumptions and methodology were consistent with requirements of NZIAS 19. The actuary of the scheme recommended that the employer's contributions were to be suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

Joint venture contingent liabilities

There are no contingent liabilities associated with the joint venture, Thames Valley Emergency Operating Area, as at 30 June 2012 (2011: \$nil).

Contingent Assets

The Council has no contingent assets (2011: \$nil).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 29 - COMMITMENTS

Operating Leases as Lessee

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

2011		2012
Actual		Actual
\$000's		\$000's
Non-cancellable operating lease commitments		
9	Not later than one year	19
0	Later than one year, not later than two years	9
0	Later than two years, not later than five years	0
0	Later than five years	0
9	Total non-cancellable operating lease commitments	28
Non-cancellable contracts for operation of water, stormwater, wastewater, roading, solid waste collection and disposal, and community facilities		
17,581	Not later than one year	21,894
9,638	Later than one year, not later than two years	4,551
5,076	Later than two years, not later than five years	0
0	Later than five years	0
32,295	Total non-cancellable contracts	26,445
1,525	Other contracts for miscellaneous operating functions	3,272
33,829	TOTAL NON-CANCELLABLE OPERATING LEASES AND CONTRACTS	29,745

Joint venture operating lease commitments

There are no operating lease commitments associated with the joint venture, Thames Valley Emergency Operating Area, as at 30 June 2012 (2011: \$nil).

Capital commitments

2011		2012
Actual		Actual
\$000's		\$000's
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment		
2,108	Not later than one year	3,117
1,613	Later than one year, not later than two years	0
0	Later than two years, not later than five years	0
0	Later than five years	0
3,721	Total contractual capital commitments	3,117
30,941	In addition to these commitments above, Council has authorised additional capital works for 2012/13 in the 2012/22 Ten Year Plan	30,963
34,662	TOTAL CAPITAL WORKS COMMITTED TO FROM 2012/2013 ONWARDS	34,080

There are no capital commitments in relation to the Council's interest in the joint venture, Thames Valley Combined Civil Defence Emergency Planning Committee, as at 30 June 2012 (2011: \$nil).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 29 - COMMITMENTS (CONTINUED)

Operating Leases as Lessor

The Council leases some properties held for future strategic purposes under operating leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

2011		2012
Actual		Actual
\$000's		\$000's
897	Not later than one year	841
2,910	Later than one year, not later than five years	2,506
5,131	Later than five years	4,128
8,938	TOTAL NON-CANCELLABLE LEASES OPERATING LEASES AS LESSOR	7,475

No contingent rents have been recognised in the statement of comprehensive income during the period.

For further details on properties leased by the Council to related parties, refer Note 26 Related party transactions.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 30 - CAPITAL WORKS PROGRAMME

2011		2012			
Total Expended		Completed Work	Work in Progress	Total Expended	Budget
\$000's		\$000's	\$000's	\$000's	\$000's
DISTRICT					
165	Public Conveniences	164	0	164	166
0	Leadership	4	0	4	355
990	Strategic Planning	561	445	1,006	1,586
46	Emergency Management	26	1	26	67
41	Cemeteries	352	0	352	4
6,442	District Transportation	6,464	83	6,547	8,383
281	Solid Waste Disposal	199	0	199	275
4,280	Wastewater	1,446	1,289	2,735	5,821
12,245	Total District	9,215	1,818	11,033	16,656
THAMES					
64	Local Transportation	489	0	489	128
0	Halls	0	0	0	2
99	Libraries	125	0	125	161
36	Swimming Pools	5	0	5	5
181	Parks and Reserves	261	0	261	287
451	Stormwater	897	1	898	986
706	Water	987	263	1,250	2,597
1,537	Total Thames	2,764	264	3,028	4,166
COROMANDEL					
39	Local Transportation	49	12	61	114
5	Halls	0	36	36	91
0	Harbours	0	212	212	1,100
23	Parks and Reserves	31	0	31	74
15	Stormwater	102	7	109	103
159	Water	48	0	48	155
241	Total Coromandel	230	267	497	1,637
MERCURY BAY					
342	Local Transportation	562	163	725	464
1	Halls	282	193	475	167
45	Libraries	51	1	52	57
64	Harbours	46	0	46	50
5,976	Parks and Reserves	2,072	2,343	4,415	4,056
334	Stormwater	573	127	700	732
141	Water	121	0	121	556
6,903	Total Mercury Bay	3,707	2,827	6,534	6,082

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 30 - CAPITAL WORKS PROGRAMME (CONTINUED)

TAIRUA/PAUANUI					
368	Local Transportation	197	0	197	139
17	Libraries	19	0	19	22
82	Parks and Reserves	303	23	326	485
150	Stormwater	36	13	49	298
555	Water	144	287	431	1,567
1,172	Total Tairua/Pauanui	699	323	1,022	2,511
WHANGAMATA					
165	Local Transportation	41	21	62	97
21	Halls	37	2	39	70
0	Harbours	82	0	82	80
64	Parks and Reserves	301	46	347	812
101	Stormwater	321	0	321	628
542	Water	99	98	197	311
893	Total Whangamata	881	167	1,048	1,998
22,991	TOTAL FOR THE DISTRICT	17,496	5,666	23,161	33,050

2011		2012			
Total		Completed	Work in	Total	Budget
Expended		Work	Progress	Expended	
\$000's		\$000's	\$000's	\$000's	\$000's
978	Local Transportation	1,338	196	1,534	942
6,442	District Transportation	6,464	83	6,547	8,383
165	Public Conveniences	164	0	164	166
0	Leadership	4	0	4	355
990	Strategic Planning	561	445	1,006	1,586
46	Emergency Management	26	1	26	67
41	Cemeteries	352	0	352	4
27	Halls	319	231	550	330
160	Libraries	195	1	196	240
64	Harbour Facilities	128	212	340	1,230
36	Swimming Pools	5	0	5	5
6,326	Parks and Reserves	2,968	2,412	5,380	5,714
281	Solid Waste Disposal	199	0	199	275
1,052	Stormwater	1,929	148	2,077	2,747
4,280	Wastewater	1,446	1,289	2,735	5,821
2,104	Water	1,399	648	2,047	5,186
22,991	TOTAL PER ACTIVITY	17,496	5,666	23,161	33,050

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 31 - FINANCIAL INSTRUMENT CATEGORIES

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

2011		2012
Actual		Actual
\$000's		\$000's
Financial Assets		
Loans and receivables		
57	Cash and cash equivalents	823
2,734	Debtors and other receivables	2,993
210	Rates postponement receivables	315
Other financial assets		
78	Term deposits	82
3,079	Total loans and receivables	4,213
Fair value through other comprehensive income		
198	Unlisted shares	206
198	Total fair value through other comprehensive income	206
Financial liabilities		
Fair value through surplus or deficit-held for trading		
2,780	Derivative financial instrument liabilities	4,790
2,780	Total fair value through surplus or deficit - held for trading	4,790
Financial liabilities at amortised cost		
12,862	Creditors and other payables	14,182
Borrowings		
52	Finance Lease liabilities	11
45,488	Term loans	47,438
58,402	Total financial liabilities at amortised cost	61,631

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 32 - FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value on the statement of financial position, fair values are determined according to the following hierarchy:

- **Quoted market price** – Financial instruments with quoted prices for identical instruments in active markets.
- **Valuation technique using observable inputs** – 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** – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position:

	Valuation technique			
	Total	Quoted market price	Observable inputs	Non- observable inputs
	\$000's	\$000's	\$000's	\$000's
2012				
Financial assets				
Shares	206	0	0	206
Financial liabilities				
Derivatives	4,790	0	4,790	0
2011				
Financial assets				
Shares	198	0	0	198
Financial liabilities				
Derivatives	2,780	0	2,780	0

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 33 - FINANCIAL INSTRUMENT RISKS

The Council is party to financial instruments as part of its normal operations. The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure arising from its treasury activities. The 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.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Council is not exposed to equities securities price risk on its investments.

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 the Council to fair value interest rate risk.

The Council's liability management policy outlines the level of borrowing that is considered acceptable using fixed rate instruments. In the normal course of business, any long-term debt is at floating interest rates. Short-term borrowing and investments are subject to normal market fluctuations.

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 the Council to fair value interest rate risk.

The interest rates on the Council's investments are disclosed in Note 10 *Derivative Financial Instruments* and on Council's borrowings in Note 22 *Borrowings*.

The Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

Generally, the Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Council causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits which give rise to credit risk. Financial instruments which potentially subject the Council to credit risk principally consist of cash and on-call deposits, accounts receivable, investments in company shares and interest rate swaps.

The Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. The Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk.

Credit risk is minimised as a result of several key controls:

- Maintaining maximum limits for the amount of credit exposure with any one institution,
- Limiting investments to registered banks and strongly rated state owned enterprises and corporations,
- Controlling the level and spread of accounts receivable outstanding.

As a result of these controls there are no significant concentrations of credit risk. The maximum exposure to credit risk at 30 June 2012 is the fair value of these instruments as stated in the statement of financial position.

The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 33 - FINANCIAL INSTRUMENT RISKS (CONTINUED)

Maximum exposure to credit risk

The Councils maximum credit risk exposure for each class of financial instrument is as follows:

2011		2012
Actual		Actual
000's		000's
135	Cash at bank and term deposits	905
2,734	Debtors and other receivables	2,993
210	Rates postponement receivables	315
520	Financial guarantees	520
3,599	TOTAL CREDIT RISK	4,733

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:

2011		2012
Actual		Actual
000's		000's
Counterparties with credit ratings		
Cash at bank and term deposits		
135	AA	905
135	Total cash at bank and term deposits	905

Debtors and other receivables mainly arise from the Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has only one significant concentration of credit risk in relation to debtors (New Zealand Transport Agency).

This concentration of risk and reliance on Government is not considered to be a matter of concern because of the New Zealand Government's strong credit rating.

The Council has \$819,438 cash and cash equivalents held in deposit accounts with ANZ National Bank Limited, Bank of New Zealand and Westpac New Zealand.

As it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers, there is no other significant risk.

Provision of additional capacity infrastructure for growth and the associated development contributions risk

The provision of additional capacity for growth within the Council's infrastructural assets is a key driver of a significant portion of the Council's capital works programme.

To date the Council has had a policy of providing the infrastructure required to meet the needs of both existing and new development in the serviced settlements. This policy has included expanding that infrastructure to meet the needs of forecast growth that is allowed for through the district plan. The provision of this spare capacity is developed based upon the Council's growth projections.

The Council funds this additional capacity capital expenditure through debt which is then repaid through development contributions received from developers.

It is important to recognise that development is a business decision made by individual developers, not by the Council. Ultimately it is the developer who will determine if, when, and where they develop land. Developers can often be motivated by market forces as well as the viability of their proposed development.

There is a risk that given that the Council currently provides the infrastructure for growth, and if the growth does not materialise as projected then the Council may need to fund the shortfall until the growth crystallises. As such, any deferment in growth may require the Council to raise additional debt to cover the shortfall in development contributions not collected resulting from such a slow down.

In managing this risk, the Council has closely monitored projected and actual growth within the District. In cases where envisaged growth has not eventuated the Council has, where considered prudent to do so, sought to defer the provision of the associated additional capacity infrastructure.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 33 - FINANCIAL INSTRUMENT RISKS (CONTINUED)

Liquidity Risk

The management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of the Council's Ten Year Plan.

The Council has a maximum amount that can be drawn down against its overdraft facility of \$250,000 (2011: \$250,000). There are no restrictions on the use of this facility. For a summary of the facilities held by the Council refer to Note 22 *Borrowings*.

maturity profiles of financial assets and liabilities.

Contractual Maturity Analysis of Financial Liabilities

The maturity profiles of the Council's interest bearing investments and borrowings are disclosed in Note 10 *Derivative Financial Instruments* and Note 22 *Borrowings*, respectively.

The following table analyses financial liabilities (excluding derivatives) 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.

	2012				
	Carrying	Contractual	Less than	1-5 years	More than
	amount	cash flows	1 year		5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Creditors and other payables	14,182	14,182	14,182	0	0
Not settled derivative liabilities	4,790	4,790	934	3,142	714
Secured loans	47,438	47,438	30,950	16,488	0
Finance leases	11	13	7	6	0
Financial guarantees	520	520	520	0	0
Total	66,941	66,943	46,593	19,636	714

	2011				
	Carrying	Contractual	Less than	2-5 years	More than
	amount	cash flows	1 year		5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Creditors and other payables	12,862	12,862	14,671	0	0
Not settled derivative liabilities	2,780	2,780	655	1,691	434
Secured loans	45,488	45,488	50	45,438	0
Finance leases	52	56	43	13	0
Financial guarantees	520	520	520	0	0
Total	61,702	61,706	15,939	47,142	434

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 33 - FINANCIAL INSTRUMENT RISKS (CONTINUED)

The table below analyses derivative financial instrument assets into those that are settled net and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	2012				
	Carrying	Contractual	Less than	1-5 years	More than
	amount	cash flows	1 year		5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	823	823	823	0	0
Debtors and other receivables	2,993	2,993	312	2,681	0
Rates postponement receivables	315	315	0	0	315
Other financial assets:					
Term deposits	82	82	82	0	0
Unlisted shares	142	142	0	0	142
Total	4,355	4,355	1,217	2,681	457

	2011				
	Carrying	Contractual	Less than	1-5 years	More than
	amount	cash flows	1 year		5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	57	57	57	0	0
Debtors and other receivables	2,734	2,734	344	2,390	0
Rates postponement receivables	210	210	0	0	210
Other financial assets:					
Term deposits	78	78	78	0	0
Unlisted shares	147	147	0	0	147
Total	3,226	3,226	479	2,390	357

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.

	2012			
	Surplus	-100bps	Surplus	+100bps
		Other Equity		Other Equity
	\$000's	\$000's	\$000's	\$000's
Financial liabilities				
Derivatives - held for trading	(2,254)	0	2,141	0
Total sensitivity to interest rate risk	(2,254)	0	2,141	0

	2011			
	Surplus	-100bps	Surplus	+100bps
		Other Equity		Other Equity
	\$000's	\$000's	\$000's	\$000's
Financial liabilities				
Derivatives - held for trading	(1,953)	0	1,791	0
Total sensitivity to interest rate risk	(1,953)	0	1,791	0

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 33 - FINANCIAL INSTRUMENT RISKS (CONTINUED)

Derivatives

Comparatives have been presented to enable a meaningful comparison to the current year.

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 (2011: -100bps/+100bps).

NOTE 34 - CAPITAL MANAGEMENT

The 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 the 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 the Council.

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

The Act requires the 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 the Council's Ten Year Plan.

The 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 (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 35 - EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from the Council's budget in the 2011-12 Annual Plan are as follows:

Statement of Comprehensive Income

The Councils operating surplus of \$0.33 million compares with a budgeted surplus of \$4.32 million. This is due to the net effect of the following variances in revenue and expenditure detailed further below.

Revenue was \$76.19 million (including assets vested in the Council) compared to the budgeted revenue of \$82.11 million.

Expenditure was \$75.86 million compared to the plan of \$77.79 million.

Revenue

Refer to Note 3 *Revenue*.

→ **Activity Revenue**

Activity revenue variances are reported in detail by significant activity in the cost of service statements in section three: Council Activities. Planning for the Future variance \$447,000 (page 36), Strong Communities variance \$88,000 (page 46) and Safeguarding the Environment variance (\$425,000 (page 82).

→ **Rates revenue**

Rates are showing an decrease from the planned figure of \$59.29 million to \$59.25 million, a difference \$0.04 million which is due to shifts in the rating database numbers between the time the budget for the 2009-19 Ten Year Plan is finalised and the actual assessment of rates is conducted at the close of the District valuation roll.

→ **Subsidies revenue**

The subsidies revenue received from New Zealand Transport Agency was \$0.75 million lower than budget, largely due to delays in maintenance work, pavement rehabilitation and sealed road . Subsidies are directly linked to the amount of money the Council spends in the roading activity, whether capital expenditure or operating expenditure. For further details refer to roading cost of service statement within section three of this report.

→ **Vested assets**

Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed during the year. Assets worth \$0.85 million have been vested in the Council which is below budget due to reduced subdivision activity in the present economic climate.

Expenditure

Refer to Note 4 *Expenditure*.

→ **Depreciation and amortisation**

Depreciation is less than budgeted due to lower than budgeted asset revaluations and therefore a lower depreciation charge. Also deferral of the completion date for large wastewater, stormwater and water projects again resulted in a lower depreciation charge.

→ **Personnel costs**

Personnel costs are \$0.20 million less than the budget of \$13.58 million. The reason for this saving is due to reduction in headcount .

→ **Finance costs**

Finance costs are lower than budget (by \$1.00 million) due to less capital expenditure than budgeted occurring and therefore less borrowing was required as well as lower funding required due to the reduction in operating expenditure.

→ **Other direct operating costs**

Operating expenditure was lower than budget by (\$3.32 million). Variances are reported in detail by significant activity in the cost of service statements in section three: Council Activities.

→ **Other losses**

During the replacement process of the Council's infrastructural assets, existing assets are often disposed of for minimal or nil value resulting in a loss on disposal which is reflected in the statement of comprehensive income. During the 2011/2012 financial year these losses amounted to (\$1.62 million) (see Note 6). Other losses also include a loss on the revaluation of derivative instruments (interest rate swaps) which are taken out to protect the Council's budgeted interest expense against fluctuations in the market totaling (\$2.0 million).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 35 - EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET (CONTINUED)

Other Comprehensive Income

→ **Gain on property revaluation**

Under the revised NZ IAS 1 Council is required to disclose items in the statement of comprehensive income. The gain on property revaluation is \$16.82 million. (2011 \$44.05 million). The accumulated property revaluations are disclosed in Note 7a. The revaluation gain of \$16.82 million compares to the budgeted revaluations gain of \$31.63 million. The major variation is the negative valuation in wastewater of (\$19.09 million) principally for the Eastern Seaboard plants, where design costs have been written off in the valuation process and the oxidation ponds in Coromandel, Thames & Cooks Beach.

In addition other movements consist of the decommissioning or disposing of old assets over a number of years that were previously unidentified in the old fixed asset register. This is particularly the case with Harbour and wastewater assets.

Statement of Changes in Equity

Equity is showing an increase of \$17.16 million for the year made up of the operating surplus of \$0.33 million plus other comprehensive income of \$16.82 million which has been explained in the previous two paragraphs.

This compares to the budgeted increase of \$35.9 million. The major reasons are revenue lower than budget by (\$5.9 million, partially offset by expenses being \$1.9 million under budget. Property revaluations were less than that budgeted by (\$14.8 million). Refer above for more detailed explanations.

Statement of Financial Position

Assets

→ **Property Plant and Equipment**

Property Plant and Equipment increased by \$19.85 million net of depreciation during the year. \$16.82 million relates to property revaluations. The increase in Property Plant and equipment is lower than budgeted by (\$38.2 million) due to fewer assets vested as a result of the lower number of subdivisions and the deferral of some large capital works projects to future years. Also revaluation of Property Plant and equipment was lower than that budgeted. Refer to section 3; capital works variance notes for details of these projects. For more detail refer to *Note 15 Property, plant and equipment* and *Note 16 Intangible assets*.

Liabilities

- Total borrowings increased by a minimal amount of \$1.9 million during the year to fund council's activities but still remain at a conservative level of 4% of net assets. Borrowing are \$21.1 million lower than that budgeted principally due to the lower capitalisation of Property Plant and Equipment (see above) and savings in operating expenses.
- Provisions have increased by \$1.92 million with the provision for reserve contributions increasing by \$1.6 million and an increase in the provision for weather tight homes of \$0.36 million. Refer to comments with *Note 21 Provisions*. Compared to budget provisions have increased by \$4.0 million. Again this related to the increased provision required for weather tight homes and reserve contributions.
- Derivative financial instruments are higher than anticipated due to market fluctuations in the interest rate swap market. Refer to *Note 10 Derivative financial instruments*. This has required the provision to be increased to \$4.8 million (budget \$1.8 million)

Council Controlled Organisations

Council-controlled organisations or CCO's are organisations in which one or more councils control 50% or more of the voting rights, or have the right to appoint half or more of the directors. Council-controlled trading organisations (CCTO) are council-controlled organisations that trade to make a profit.

The Thames Valley Combined Civil Defence Emergency Management Committee is not disclosed as a CCO because Thames-Coromandel District Council has resolved to exempt this organisation in accordance with the Local Government Act 2002, under section 7.

Thames-Coromandel District Council has an interest in one CCO in 2011/2012, the Local Authority Shared Services Ltd (LASS).

Local Authority Shared Services Limited (LASS)

The Council has a one-twelfth ordinary shareholding (one share at \$1,000) in LASS. The remaining shares are owned by Waikato Regional Council, Hamilton City Council, Waikato, Waipa, Hauraki, Matamata-Piako, Otorohanga, Waitomo, South Waikato, Taupo and Rotorua District Councils.

The Council also holds service shares in the Waikato Region Aerial Photography Service (WRAPS) (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). As at 30 June 2012, both WRAPS and LASS shares remained uncalled. These service shareholdings give no rights to a share in the distribution of surplus assets, nor do they provide voting rights.

Introduction

The LASS CCO was incorporated in December 2005.

LASS was developed as a joint initiative between the 13 Councils of the Waikato region. Its evolution can be traced from a range of projects that were implemented between local councils. These projects highlighted the benefits of a jointly owned governance structure to provide an opportunity for collaborative management and development. Central government devolution, closer working relationships between councils and a desire to benefit from cost saving opportunities offered by jointly progressing shared initiatives have fostered more efficient services.

LASS provide an effective structure that can promote such developments to the benefit of those councils that choose to be actively involved in a particular joint service. Each council owns an equal number of shares in LASS and as such has an equal say in its development.

The LASS governance structure enables the directors appointed by the shareholders to decide on the future direction of those services that will be promoted under its auspices. Any such services will be operated as a stand alone business unit with an advisory group appointed by the shareholders participating in that service to provide direction but answerable to the directors.

The shared valuation database service (SVDS) has been developed to enable the construction of a database service that is available online with updated valuation data. The short-term aim is to incorporate all property data for the whole of the Waikato region in this single database to enable competition and improvements in the valuation service provider market.

Objectives

The objective of the company is to provide Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

Performance Measures

The following performance measures were incorporated into the statement of intent for the 2011/2012 financial year:

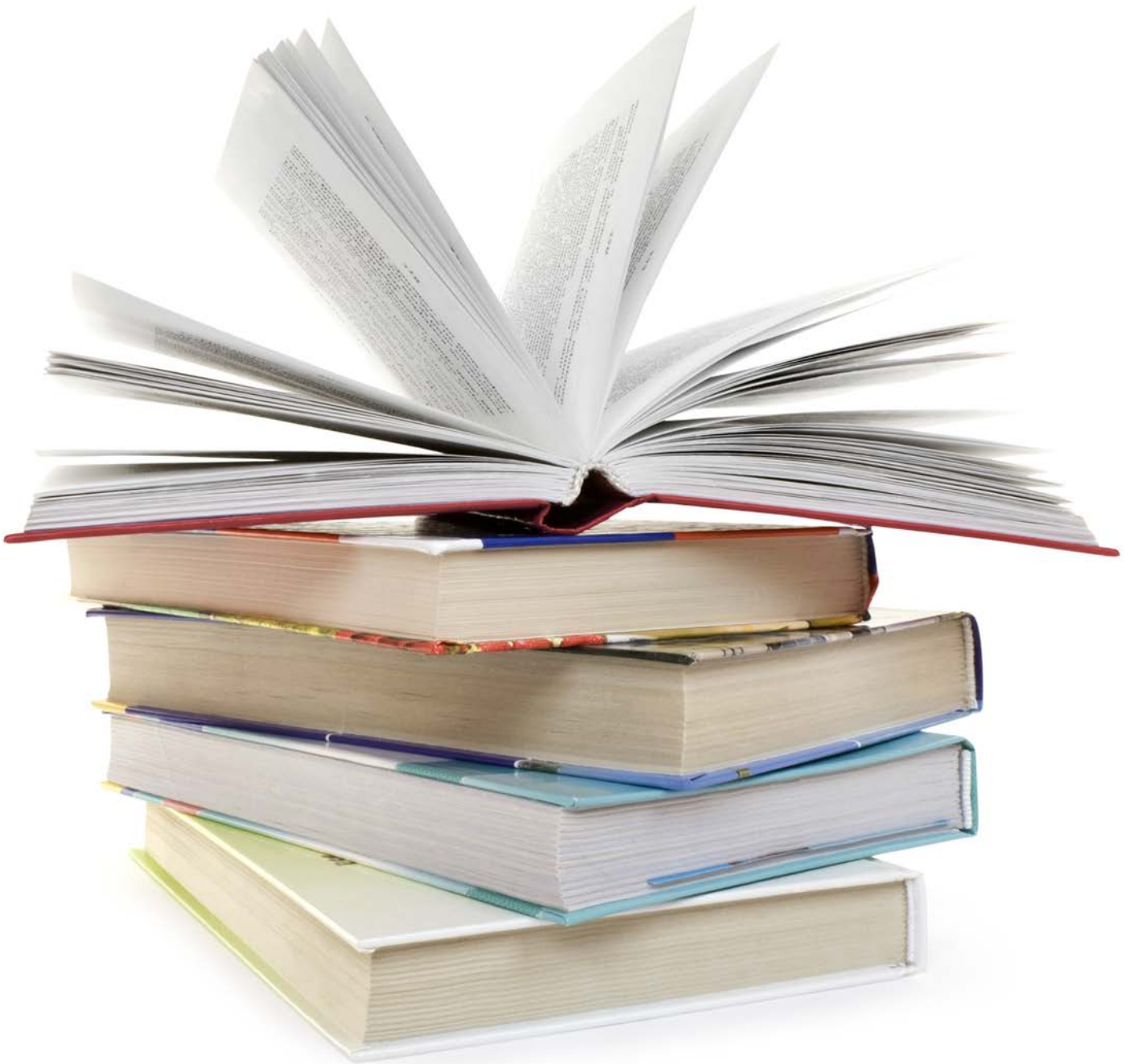
Performance Measure	Actual Outcome
The company will carry out an annual survey of shareholders to assist Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the service provided.	Annual survey of shareholders was completed in July with all of the shareholder Councils replying. Eleven councils replied that the concept of LASS was still delivering benefits to their Council. Five Councils replied that LASS was fulfilling the expectations of shareholders and seven replied "fairly satisfied". Those who responded "fairly satisfied" were generally satisfied with the existing services but considered more could be achieved through other shared service opportunities.
Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$13,642 favourable to budget.
The company maintains an overall positive cash flow position	Achieved. Cash, cash equivalents and bank accounts at end of year were \$283,692.
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.	Reported to the August Board meeting.

Council Controlled Organisations (CONTINUED)

Performance Measure	Actual Outcome
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 99.93% of working hours.
That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	100% of Sales and Property files were supplied to Terralink/ Property IQ on time.
That over 50% of the Intergen support hours are spent on major development work.	35% of Intergen Support hours were spent on major development work as result of much higher Bug Fix and Admin time. This has been the subject of discussions with Intergen management and a new model for controlling this is in place.
That all required modelling reports are actioned within the required timeframe.	Achieved
That a full report on progress of the model be provided to the LASS Board twice each year.	Achieved

Conclusion

The Council's own significant policies and objectives as set out in the 2009-2019 Ten Year Plan have been met during the year.



COUNCIL POLICIES - Section Five

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"> 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. 2. That those persons who have identified themselves as Maori are specifically targeted for consultation when Council decides that it wishes to consult. Where specific legislation requires specific consultation with Maori or tangata whenua, then the requirements of that specific legislation will over-ride this policy. 3. Council will identify key issues of particular interest to Maori. 4. Council will gather information on Maori perspectives about Council activities. 5. Council will consciously build on the good quality relationships that have already been established. Examples include the development of further Memorandums of Understanding and relationships developed through other processes such as the Resource Management Act, Coromandel Peninsula Blueprint project and Council's strategic work programme. 6. Council will identify a work programme to progress items 1-5 above. 7. Council will progress the above work programme as staff time and funding allows. 	<ol style="list-style-type: none"> 1. In anticipation of the settlement of the Treaty of Waitangi claims for Hauraki Iwi, and in recognition of the importance that the settlement will have across all of the four well-beings that Council is charged with promoting, local government agencies within the rohe of Hauraki Iwi are, at the invitation of the Crown, participating in the settlement negotiations process. This participation includes: <ul style="list-style-type: none"> • Governance level meetings with the Chief Crown Negotiator and the Hauraki Iwi Collective; • Participation at officer level in the Crown Technical Working Group in developing governance and operational processes including: <ul style="list-style-type: none"> ○ Co-governance arrangement for the Waihou and Piako river catchments and for the Coromandel Peninsula; 2. A contact list for consultation purposes is held by Council and updated in July of each year. 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. 4. Those persons who have identified themselves as Maori for the purposes of the Local Government Act 2002 have been added to the Council contact list. 5. Iwi authorities for Ngati Hei and Ngati Maru have been afforded greater participation and interaction with Council under agreed protocols relating to input into resource consent decisions. The Iwi have access to a consent tracking database that alerts them to every application received in the District. Iwi then alert Council planning officers to any issues that are considered to be relevant. 6. Broadband access has been supplied to Ngati Hei to allow greater participation and interaction with Council under the Memorandum of Understanding. 7. Staff are available to attend Ngati Hei's monthly meeting for liaison purposes. 8. Blueprint Project: Two technical officers from Hauraki Whaanui are members of the Coromandel Blueprint Project Political Steering Group and Technical Working Group. These members have assisted Council in the development of the Blueprint Framework for the Future and the scoping for the Local Area Blueprints. 9. Appointment of Mr David Taipari to the District Plan Review Committee in his individual capacity as a person knowledgeable of the resource management issues significant to the Iwi of Hauraki. 10. 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. 11. Council will scope further the work programme for policies 1-5 once the Deed of Settlement between the Crown and Hauraki Iwi is signed - possibly by early 2013 - to ensure alignment with the new environment that this will create. The draft work programme will estimate timing and costs.