



ANNUAL REPORT

2016/17



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

An Annual Report provides a snapshot of what Council has been delivering during the year. 2016/17 has been a busy year. We have delivered on 84% of our capital works programme - a significant positive improvement on previous years. The total Council operational spend this year was \$80 million, which was in line with our budgets for the 2016/17 Annual Plan and had us in a strong enough financial position to respond to some big costs from serious weather and fire events. We are proud of being an organisation that is reasonably resilient in response to emergency events.

Our coastal infrastructure has seen some upgrading with the Tairua Wharf and boat ramp development completed. With 400km of coastline, our District enjoys the benefits and challenges of having an array of coastal communities, and coastal infrastructure. More work needs to be done on our boat ramps and marine facilities as funding allows. We also need to contemplate what effect climatic changes may have on our coastal communities. For this reason we have been working on a range of strategies relating to coastal management and coastal hazards. We look forward to receiving community feedback on these in October/November 2017.

Council completed the upgrade to the Thames water supply and brought forward the other upgrades for the district to ensure we comply with the NZ Drinking Water Standards. Our investment in core infrastructure is timely as local stormwater and wastewater systems have been put under pressure by the weather events of the last six months and the nationwide focus on safe drinking water has renewed community interest in our water networks. We continue to engage with the challenge of providing infrastructure (whether it be water, wastewater or solid waste) that provides a level of service that meets the expectations of our resident and peak season visitor populations - and the demands of central government.

There has been a focus on our community and recreational facilities across the district, with the development of walkways that provide an improved amenity and leisure option for residents and visitors alike. The second stage of the Mercury Bay Cemetery continues; and preparations for the Mercury Bay town centre upgrade are well underway for commencement in 2018.

The Thames Skate Park, Pepe Loop Track and Thames Indoor Sports Facility are an example of what can be achieved when Council works with interested groups and stakeholders. We were successful in receiving a government grant for upgrading the Hot Water Beach toilets. Formation of meaningful partnerships and pursuing user pays options are all ways we will look to ensure the "best bang for our buck" - and reducing the burden on our ratepayers.

In 2017 Rob, our Chief Executive, took some time to evaluate how the organisation is actually responding to the needs of our communities. This culminated in a change in organisational structure which we are confident will ensure we deliver the best service to you, our customers.

Our staff and elected members are currently working together to develop a 2018-2028 Long Term Plan proposal. This sets out the types of projects we propose to undertake during this time period, and how these are prioritised and funded. Your knowledge and understanding of this district is important to us, and we wholeheartedly encourage you to read, engage with, and contribute feedback, to this document in March/April 2018.



Sandra Goudie
Mayor



Rob Williams
Chief Executive

Introduction | Whakataki

What is the Annual Report?

In June 2015 the Council adopted its 2015-2025 Long Term Plan. This second annual report of that Long Term Plan focuses on the new performance measures and levels set as part of the new Long Term Plan and reflects an update in Council's mission and vision.

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

- to ensure consistent decisions and actions are made across our business
- to show the public what we've achieved, what we haven't achieved and to provide transparency on our decision-making processes to the public
- to be efficient in the way we work – one well thought-out decision in the form of a policy can be applied to many cases, and staff working within the business have a framework to help them get on with the job
- to meet legal requirements.

On 27 June 2017 we adopted the Annual Plan for 2017/2018. While this does not impact on our reporting for the 2016/2017 year or change any of our performance targets or levels of service, it is an important document for understanding our programme for this year. You can check it out on our website by going to <http://www.tcdc.govt.nz/ap2017>

Council's vision, values and outcomes

Council's vision

We will be a leading District Council in New Zealand through the provision of quality services and facilities, which are affordable, and delivered with a high standard of customer service. We will earn respect, both as a good community citizen and through our support of community organisations, economic development and the protection of the environment. Through our actions, the Coromandel will be the most desirable area of New Zealand in which to live, work and visit.

Council's values

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

Council outcomes

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

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

All of our groups of activities contribute to these outcomes apart from the protection of people and the environment group of activity which contributes to a liveable district, and a clean and green district only.

Independent Auditor's Report

To the readers of Thames-Coromandel District Council's annual report for the year ended 30 June 2017

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

We are also required to report on:

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

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

We completed our work on 31 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 55 to 113:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2017;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 114, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the Statement of service performance on pages 16 to 54:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;

- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 19 to 54, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Annual plan; and
- the funding impact statement for each group of activities on pages 115 to 124, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan and Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 11 to 15, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

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

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

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 3, 8 to 10, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

Independence

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

In addition to the audit and our report on the disclosure requirements, we have carried out an assurance engagement on the District Council's debenture trust deed and have started work on the Council's 2018 to 2028 Long Term Plan. These assurance engagements are compatible with those independence requirements.

Other than the audit, our report on the disclosure requirements and the assurance engagement, we have no relationship with or interests in the District Council.



Athol Graham
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Highlights

We did a lot in the 2016/17 year. We've had some great highlights, along with a few challenges. These are shared below for each of our activities.

Coromandel-Colville community spaces and development

The Coromandel Town Centre Guidelines which had been developed over several years, including the formation of a stakeholder working group and public consultation, were adopted. All departments, agencies and the local business association will receive a copy to guide any future developments.

We worked with the Coromandel Area School on a joint project to resurface the multi-purpose courts. These look great and have improved the playing surface for the use of school students and the wider community.

Various other projects are underway and will inform the 2018-2028 Long Term Plan in the 2017/18 year. These include progress on the Hauraki Road Bike Park, Jack Point Boat Ramp, Hauraki House land swap, and the Huaroa Street and Whangarahi Walkways.

Mercury Bay community spaces and development

With the lifespan of the Ferry Landing Cemetery coming to an end, work has begun on building a new cemetery in Mercury Bay. The new cemetery is in its second stage with the sealing of the main access road, and development of a circular car park, an entrance way, and berms for a section of burial plots. This work will be continued in 2017/18 year.

A draft parking strategy and action plan was developed to provide better planning and infrastructure for public parking, along with transport and tourist information within the Mercury Bay South area. The draft strategy was based on feedback from key stakeholders and our Coromandel Walk project partners, DOC, Ngati Hei and an independent traffic report.

The Whitianga town centre upgrade was consulted on as part of the 2017/18 Annual Plan with work on stage one intended to begin in early 2018.

Tairua-Pauanui community spaces and development

Tairua wharf and boat ramp development began in March 2017 and includes demolition of the old wharf, construction of a new wharf and re-attachment of the existing wharf pontoon and pedestrian bridge. The existing boat ramp will be widened and extended to improve boat launching at low tide, along with the addition of two new floating pontoons off the boat ramp. The opening of the new wharf and boat ramp is planned for September 2017.

A 21m pedestrian bridge has been added to the Pepe Loop Track in Tairua which is part of a larger project to add on to the existing walkway. This is a project is a collaboration between Council and the Walks Tairua Society.

Thames community spaces and development

We completed and opened the new Thames Skate Park. This was a collaborative project between Council, Powerco and Thames Revolution Crew. The Thames Revolution Crew are a group of young local people who began work with the Council to replace the old skate park when it became apparent the old site could no longer be used. The work on Porritt Park is all part of an upgrade that has also seen a new toilet block and new playground equipment.

We have also almost completed the Indoor Sports Facility at Thames High School. For many years, sports clubs and the high school have been constrained by the limited facilities available in the Thames area for indoor sports. High school teams and community sports clubs have been competing for the limited space and time available and this situation has not allowed for programme growth. The \$5.5 million facility is a joint project between Council, Thames High School and the Thames Sport and Education Community Trust.

Whangamata community spaces and development

Work was undertaken to complete the Williamson Park upgrade. This included construction of a boardwalk along the beachfront, toilet refurbishment, road realignment, and formalisation of the car park. In addition, many of the old pine trees that were reaching the end of their life span and dropping branches were removed. In their place, native trees suited to the coastal environment were planted to provide shade.

Unfortunately in Whangamata (and across the district), we have had attacks on Pohutukawa trees on the beach reserves. We have been working with the community to raise awareness of how to communicate with Council to resolve tree related issues without taking matters into their own hands.

Roads and footpaths

We completed the Pukorokoro/Miranda to Thames leg of the Hauraki Rail Trail. This will be officially opened in the 2017/18 year. This project included funding from NZ Transport Agency for a clip-on cycle lane attached to the downstream side of the Piako Bridge. This spans the Piako River on State Highway 25, providing a safe crossing for trail users and road cyclist.

In 2016 Council made the decision to close the section of Bluff Road indefinitely pending the identification of any cost-effective options that would allow the road to be made safe to reopen for public use. Unfortunately there have been issues with safety fences being cut and warning signs being vandalised. Therefore we have been reinforcing to the public this road is closed for public safety and should not be accessed.

We also worked alongside Brake, a national road safety charity to promote the Global Road Safety Week which ran from 8 -14th May 2017. The focus was on speed and what could be done to address key risk factors for road traffic deaths and injuries.

Stormwater

We had several large scale weather events during the year which tested our stormwater systems. As the majority of calls during weather events go straight to Emergency Services or Civil Defence it is difficult for us to understand the overall impact of flooding to habitable flooring during these events.

Wastewater

With the large scale weather events we experienced this year it also placed pressure on our wastewater systems with an increase in system faults and blockages.

Water supply

A new water supply was successfully established to provide safe and drinkable water for the Colville village. The water supply users contribute towards the cost of infrastructure and will pay an annual levy for filter cleaning, system inspection and general maintenance.

With the recent nationwide focus on safe drinking water, concern was raised at the quality of Coromandel's drinking water. After testing it was found that these concerns were unfounded and there was no risk to the health and safety of residents. Council has completed the upgrade to the Thames water supply and brought forward all the other upgrades to the 2017/18 financial year to comply with the NZ Drinking Water Standards.

Solid waste (rubbish and recycling)

The joint Waste Management and Minimisation Plan (WMMP) was adopted by Council in June 2017. This was undertaken in collaboration with Hauraki and Matamata-Piako District Council's. Our WMMP sets the priorities and strategic framework for managing waste. Actions set out in the Plan will be carried forward into the three councils' long term and annual plans to ensure resourcing is available to deliver the plan's goals and objectives.

The Seagull Centre in Thames received additional grant funding this year which allowed further site development. The Centre which opened in 2008 with a grant of \$50,000 from Council and a lease of Council land at the entrance of the refuse transfer station now has a turnover of \$250,000 annually and employs a staff of 12 who work alongside a team of volunteers.

Representation

The 2016 Local Government Elections saw the election of 29 representatives from our communities. This saw the election of our new Mayor, Sandra Goudie who had previously held roles as a Thames Coromandel District Councillor and as a Member of Parliament. Voter turnout for the district was up slightly at 53% from the previous election in 2013.

A youth / Council partnership group was established to explore how our Council could facilitate an initiative that would not only accommodate a youth voice, but would also encourage it. We have developed, with the help of the Coromandel Youth Collective, a Youth Voice model as an avenue for the districts youth to discuss their ideas and highlight issues and opportunities that are important to them.

Grants and remissions

The Community Boards allocated \$70,000 in Local Economic Development Grants and discretionary funds to community-based organisation with projects aimed at developing visitor facilities. Some of these included grants to set up a functioning steam engine in time for the 150th anniversary of the proclamation of the Thames Goldfields, signage in the Tairua Forest for the Whangamata Mountain Bike Park and production of promotional material for the walkways and cycle ways in the northern part of the peninsula.

Strategic planning

We consulted on five bylaws this year relating to the Activities in Public Places, Property Maintenance and Nuisances, Advertising and Signage, Fires in the Open and Traffic Control. Easter Sunday Trading Policy. Three of those were adopted with the Advertising and Signage Bylaw adopted in September of 2017.

We also developed an Easter Trading Policy which received significant support during public consultation. Submitters highlighted the benefits of the new policy as including greater financial security for business owners and operators, and meeting the needs of both locals and visitors. Submitters also noted their support for exempting employees from working on Easter Sunday in line with the exemptions provided for in the Shop Trading Hours Act 1990.

District plan

The Proposed District Plan was made available on our website. The Appeals version shows which parts of the Plan are subject to an appeal to the Environment Court. These areas are highlighted. Guidance is provided on the implementation of the plan. There were 72 appeal received to the Proposed District Plan and as of at the end of June 2017, 33 of the appellants had partial or full resolution, 27 were resolved in full (with 3 withdrawn) and 24 consent orders or determinations of the court.

Resource consents

We saw a further increase in resource consent applications over the financial year with 395 consents lodged over the past 12 months compared to 386 lodged over the previous financial year. Even with the increase we have seen an improvement in our overall processing times.

Building control

We introduced pre-lodgement interviews to help people submit building consent applications. Pre-lodgement interviews are an opportunity to meet with a technical officer of the Building Control Unit to go over your paperwork before the application is lodged to prevent delays due to missing information.

A number of building and planning roadshows were also held over February 2017. These focused on how to improve the quality of resource and building consent applications to reduce the number of rejections and requests for further information. We also used this as an opportunity to share with stakeholder recent changes to the recent Building (Pools) Amendment Act 2016.

We joined the Waikato Building Consenting Group. The eight member councils work collaboratively to ensure consistent administration of building consents across all eight councils.

Community health and safety

The new Dog Control Bylaw came into effect. In response, we provided a summary of each area of the bylaw on our website. This was to help people to adjust to the new rules.

Council also partnered with selected camper van rental hire companies to target unpaid freedom camping fines. This will make it more difficult for tourists attempting to leave the country without paying their fines.

Emergency management

Following a large scrub fire that broke out on Comers Road south of Whitianga, the Thames Valley Civil Defence Operating Centre was activated and assisted with the evacuation of residents and provision of a welfare centre. We set up a Mayoral fund to help those affected by the fire which came to just over \$15,000 with contributions from people and organisations all over the district.

Coastal and hazard management

Work has progressed on the development of a district wide Coastal Management Strategy. Community engagement will occur in the 2017/18 year and include a series workshops around the peninsula and engagement with iwi. The new strategy will inform the 2018-2028 Long term Plan work programme.

Economic development

We were successful in our application to the Government for its extension of the Ultra-Fast Broadband programme. Six of our communities were included in 151 areas chosen. These include Thames, Te Puru, Coromandel Town, Whitianga, Whangamata and Tairua-Pauanui. Thames is one of the first areas to have this installed with the others following over the next seven years.

Funding was provided for a stall at the Auckland Food show where five artisan food businesses paid to sell their wares. The stand was designed and dressed as a "Coromandel Bach" and each exhibitor had their own space to showcase their products with tastings and sales. More than 30,000 foodies flocked to the show this year. Attendance at the show helps to promote the 2017 Coromandel Food Trail Guide which aims to attract tourists to the array of cafes, restaurants and artisans food producers on offer around peninsula.

We also opened a newly built track as part of our Coromandel Walks project which branches off the existing Cathedral Cove Walk and provides a loop return, with a viewing platform about halfway down the track.

Overview of our financial performance

Local Government (Financial Reporting and Prudence) Regulations 2014

Our Ten Year Plan sets out our financial strategy, which includes a set of self-imposed financial parameters that guides what we deliver and how we make decisions on funding and expenditure. For further detail about the financial strategy, please refer to our 2015-2025 Long-Term Plan. The Local Government (Financial Reporting and Prudence) Regulations 2014 came into force on 1 May 2014. Part 2 of the regulations requires us to disclose in our Annual Report our financial performance in relation to various benchmarks. This section details our performance against the financial parameters that we have set, which includes our performance against the Local Government (Financial Reporting and Prudence) Regulations 2014 prescribed benchmarks.

Annual Report disclosure statement for the year ended 30 June 2017

What is the purpose of this statement?

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

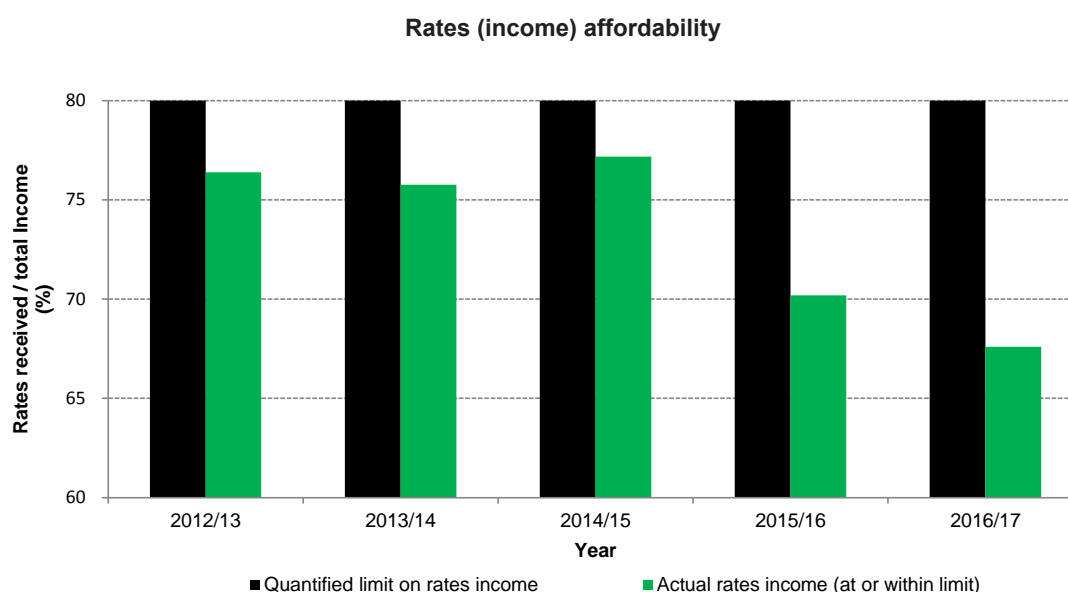
Rates affordability benchmark

The Council meets the rates affordability benchmark if;

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

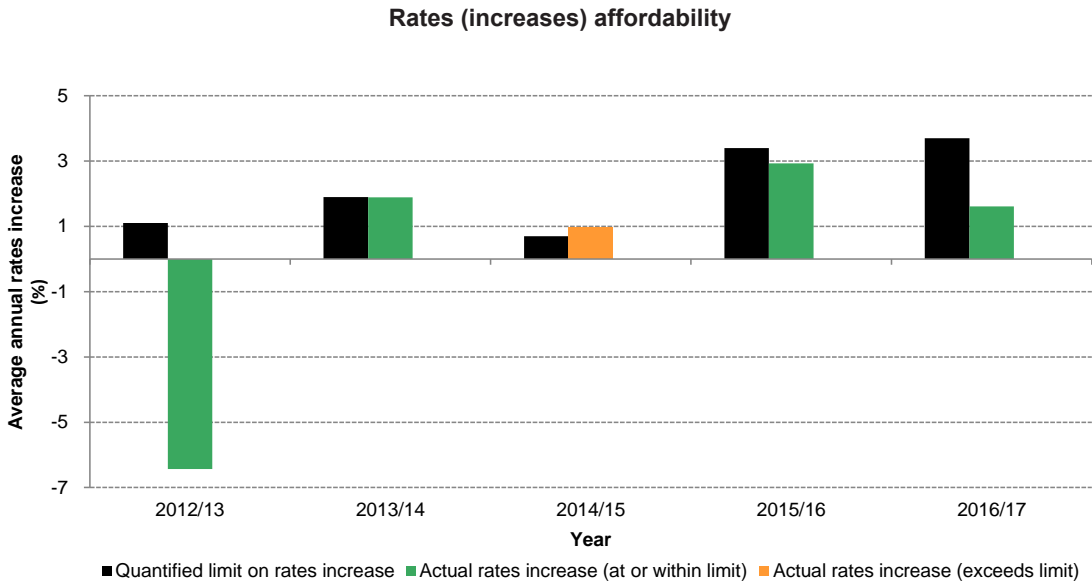
Rates (income) affordability

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



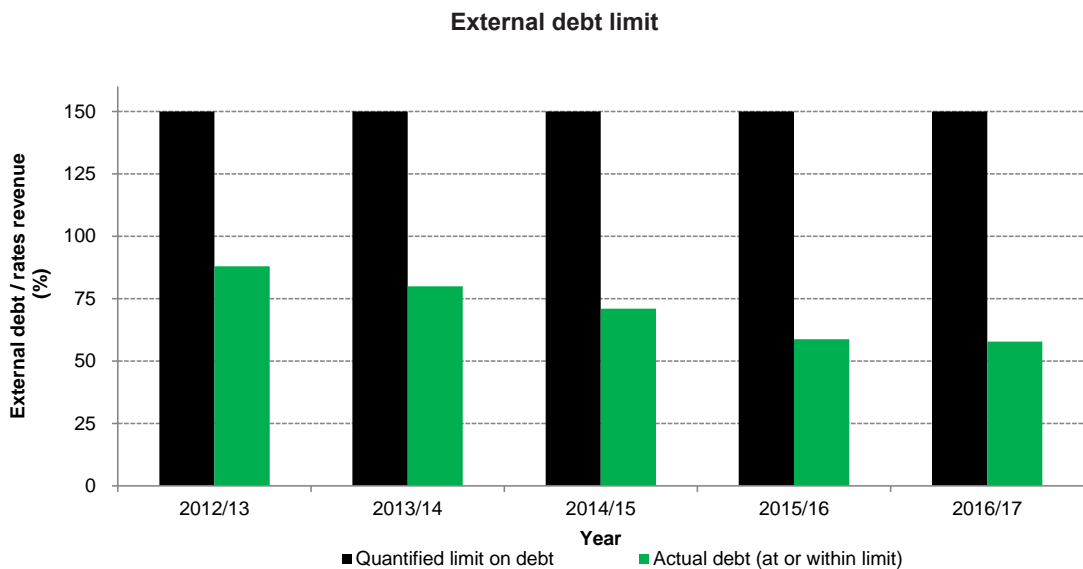
Rates (increases) affordability

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

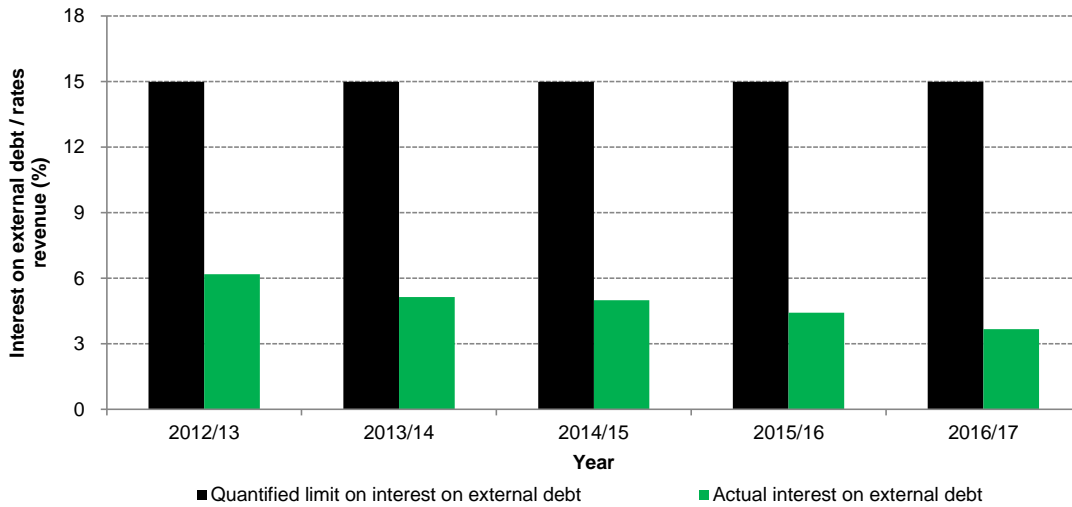


Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graphs compare the Council's actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the Council's Long-Term Plan. The quantified limits are that debt will remain within 150% of rates revenue, and that interest on external debt will be greater than or equal to 15% of rates revenue. The Council's borrowing is within these quantified limits.



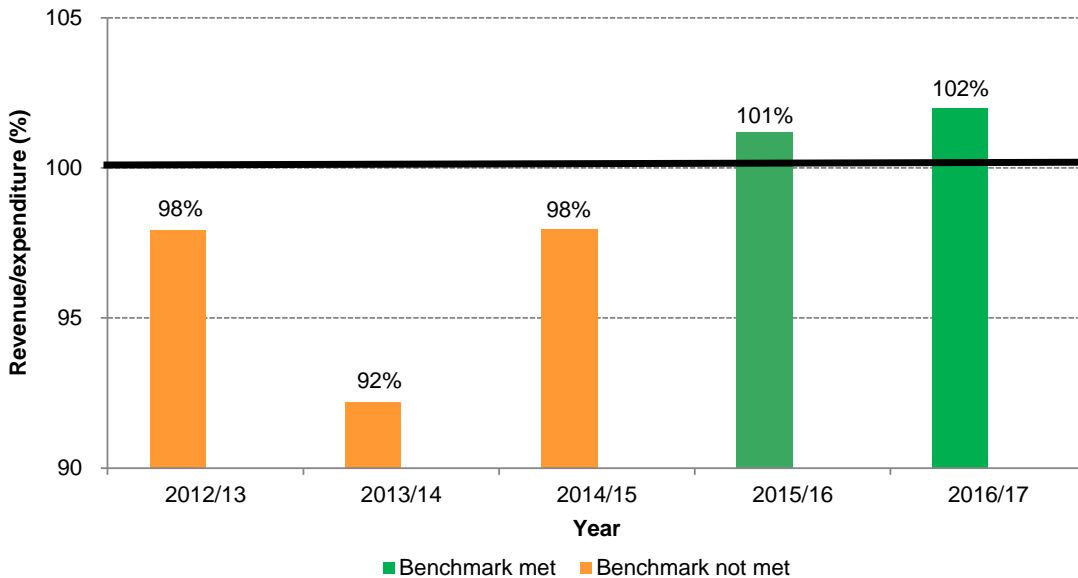
Interest on external debt



Balanced budget benchmark

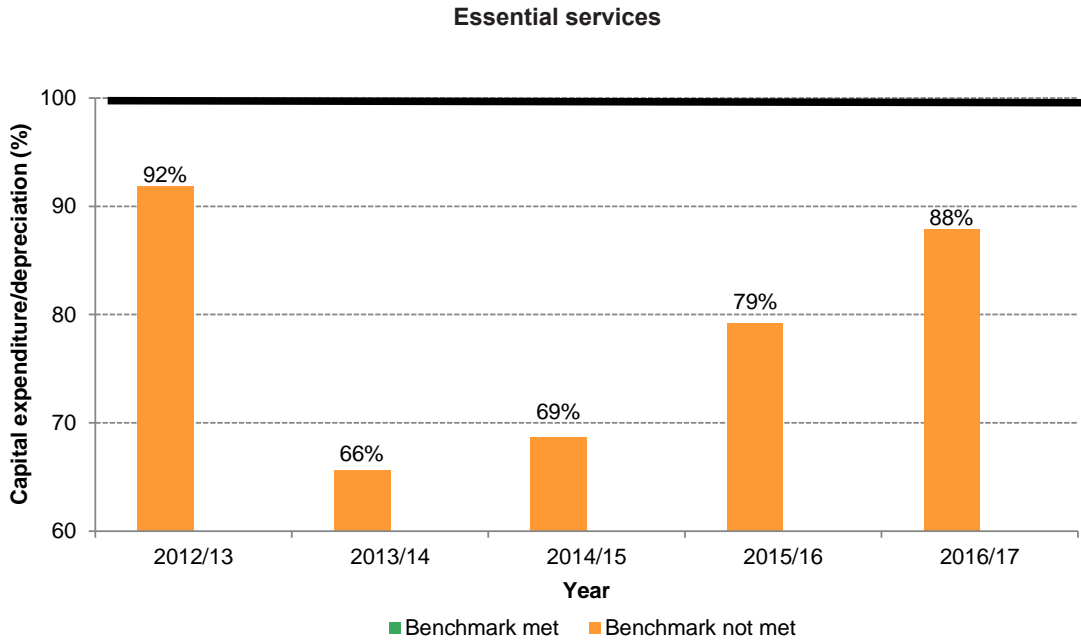
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses. The Council did not meet this benchmark for the 2012/13, 2013/14 and 2014/15 years. This is partly due to the loss on disposal of assets and the fact that we intended not to fully fund from rates the depreciation on the additional capacity component of the Eastern Seaboard wastewater plants constructed in Tairua-Pauanui, Whitianga, and Whangamata and the subsidised portion of roading for these years. This decision was based on the premise that it would not be equitable for the existing ratepayer to fund the depreciation on the portion of these wastewater plants that were constructed for the benefit of future ratepayers, or on roading that has already been subsidised.

Balanced budget



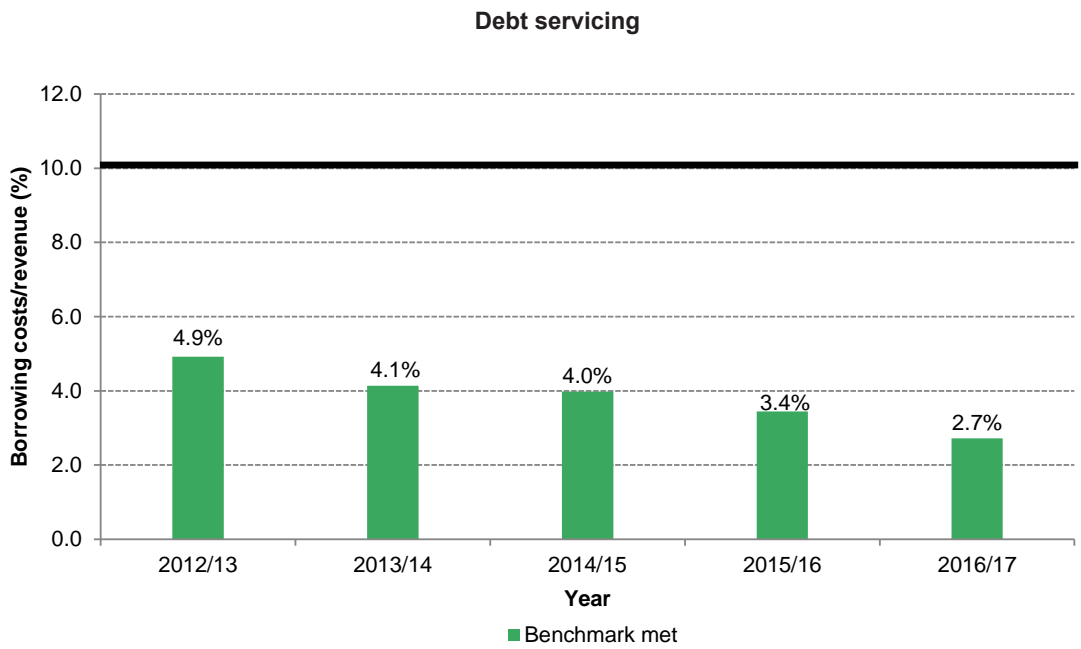
Essential services benchmark

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



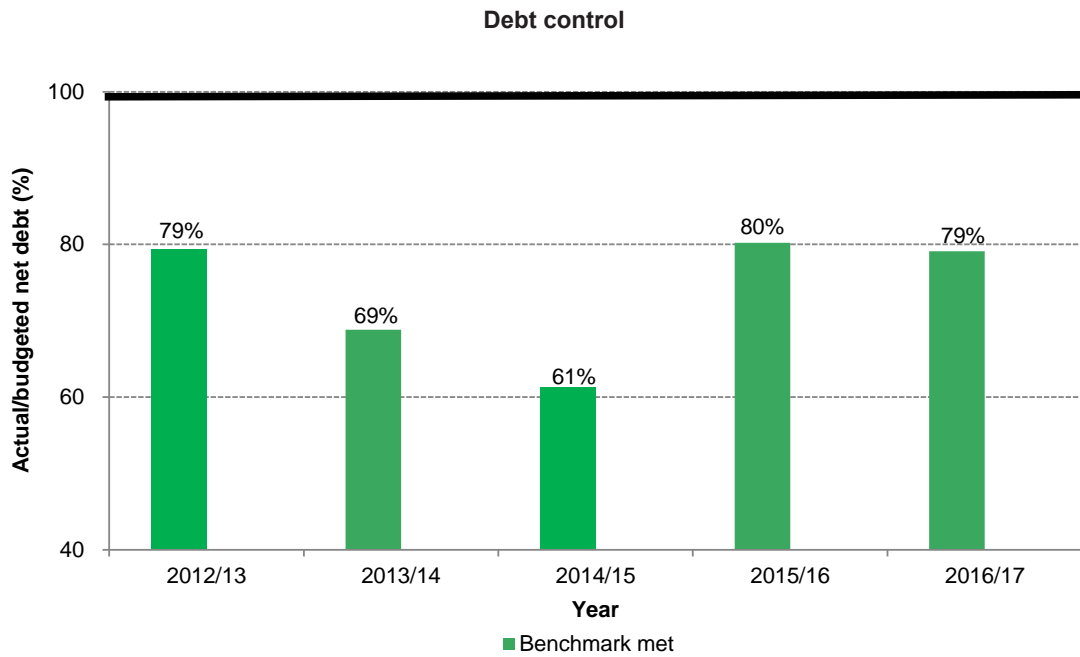
Debt servicing benchmark

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



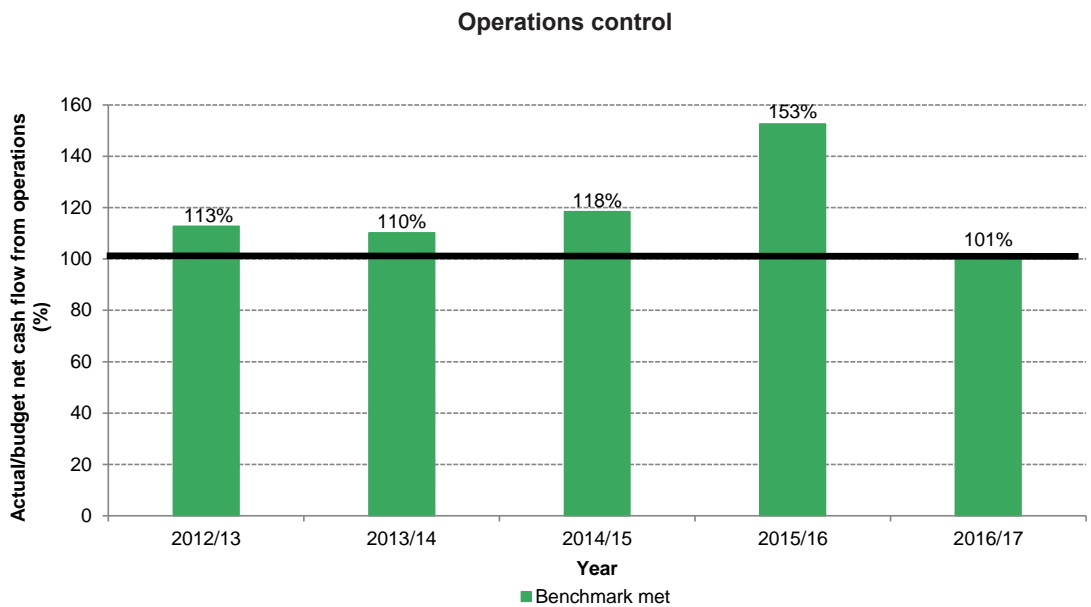
Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. The Council's borrowing was well within the limit set.



Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. The Council's cash flows met the benchmark.



Statement of service performance | Ngā Tauakī Whaingā

Introduction

For the purpose of our 2015-2025 Long Term Plan, Council arranged its services into the following activity groups and activities:

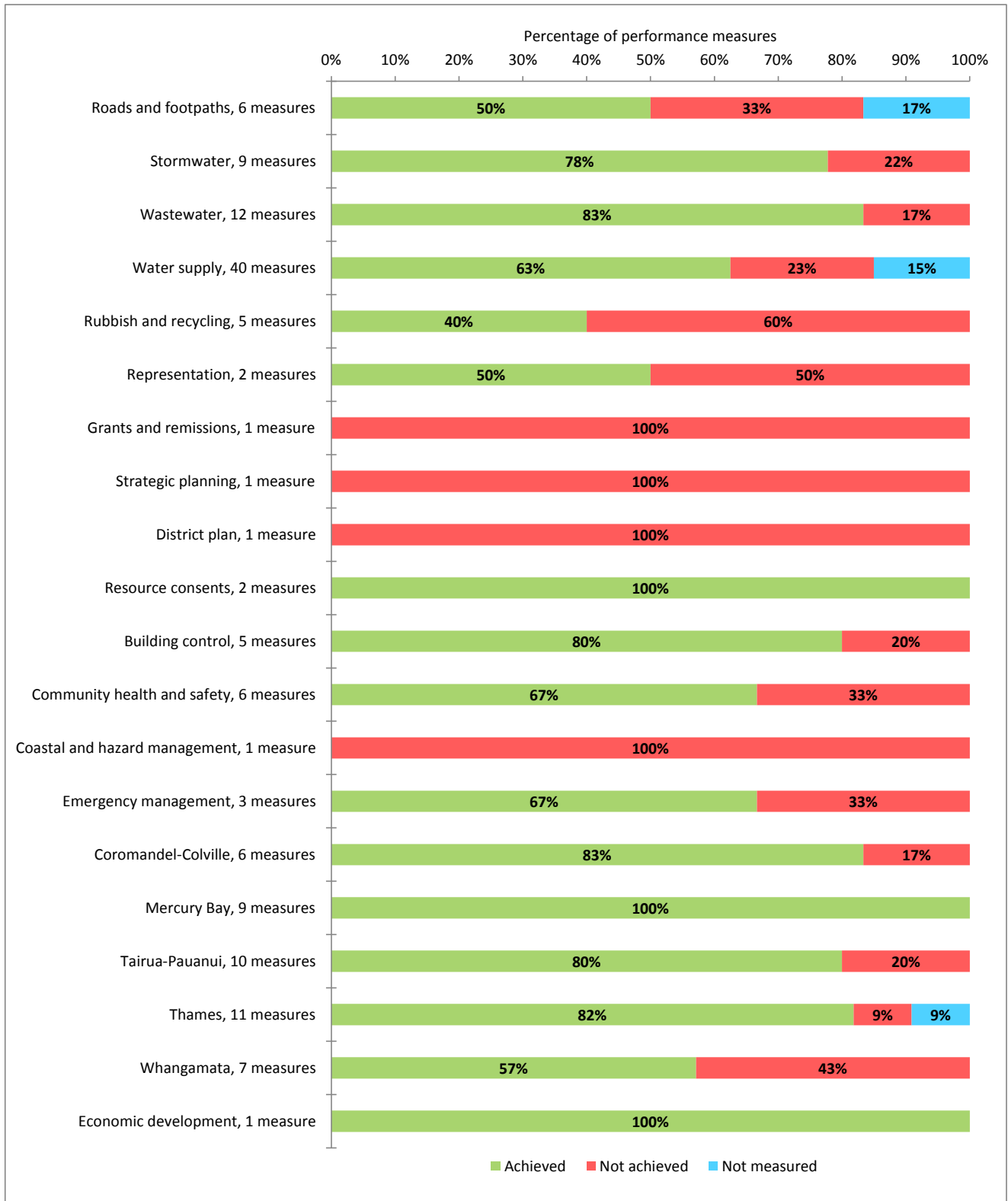
Activity Groups	Activities
Roads and footpaths	Roads and footpaths
Stormwater	Stormwater
Wastewater	Wastewater
Water supply	Water supply
Solid waste	Rubbish and recycling
Representation	Representation Grants and remissions
Planning and regulation	Strategic planning District plan Resource consents Building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

In this statement of service performance section we report against what we planned to do in year two (2016/17) of our Long Term Plan, for each of our activities (ordered by group of activities). At the start of each group of activities section there's a brief description to explain what it's about, and an overview of performance against our non-financial performance measures within the group.

By activity, we've set out the performance measures we determined as part of our service delivery planning (they're in our 2015-2025 Long Term Plan). We've reported what we said we'd do and what we actually did (how well we performed). Where we've got comparative performance data for previous years we've provided that as well.

Summary of statement of service performance

Below is a summary of performance presented by each Council activity. Specific information on the results for each performance measure, including commentary from staff on why these measures may or may not have been met, can be found on the group of activity and activities pages.



Roads and footpaths activity group

The roads and footpaths activity group includes our roads and footpath activity. Through this activity group we provide planning, provision, development, operations and maintenance of a district land transportation network; as well as local facilities including town centre facilities, footpaths, service lanes, street lighting, bridges and car parks (this excludes the state highway loop). The activity includes:

- A safe and resilient transport network
- Comfortable and fit for purpose roads
- Footpaths, walkways and cycleways that enable active modes
- Street lighting in urban centres
- Local public transport
- Town centre upgrades

Roads and footpaths - 2016/17 performance results

Performance measure	Year	Target	Result	Comments	
Level of service: The Council will ensure its roads are safe					
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network (expressed as a number)	2016/17	Less than or equal to the previous year which was 8	Achieved	2	Result is 2 serious injury crashes between 1 July and 30 June 2017.
	2015/16	≤12	Achieved	8	
Level of service: The design, maintenance and management of roads and footpaths ensures they are in good condition and fit for purpose					
Percentage of the sealed local road network that is resurfaced	2016/17	The annual programmed area of resurfacing* *78,960m² excluding second coat seals	Not achieved	68,973m²	The programmed area of resurfacing was not achieved as the area of resurfacing used to calculate the target area included sites that shouldn't have been used, namely second coat sealing and reserve carpark sites. Although these sites were resurfaced we have not included these areas in the 'actual' quantity as the measure relates to road resurfacing only (which excludes 2nd coat road seals or any other resurfacing of off-road areas such as reserve, water services and solid waste activity access roads and car parks).
	2015/16	The annual programmed area of resurfacing* *227,405m ² excluding second coat seals, 6.9% of the sealed local network	Not achieved	203,420m ² excluding second coat seals, 6.2% of the sealed local network	
The average quality of ride on a sealed local road network, measured by smooth travel exposure	2016/17	≥90%	Not measured	Not measured	Road roughness is only measured for the full sealed road network every second year. Therefore a result for smooth travel exposure cannot be determined in 2016/17.
	2015/16	≥90%	Not achieved	89%	
	2014/15	≥80%	Not measured		
	2013/14	≥80%	Achieved	90%	

Performance measure	Year	Target	Result		Comments
Percentage of footpaths meeting condition rating one to three	2016/17	≥95%	Achieved	96%	TCDC's triennial footpath condition rating survey was completed in April 2017.
	2015/16	≥95%	Not measured		
Percentage of unsealed road complying with quality requirements	2016/17	≥90%	Achieved	94%	Monthly cyclic inspections demonstrate the level of compliance with unsealed road levels of service are being met.
	2015/16	≥90%	Not achieved	80%	

Level of service: The Council provides a responsive maintenance service to address identified faults and repairs

Percentage of customer service requests relating to roads and footpaths** to which Council responds within the Long Term Plan timeframe	2016/17	≥85%	Not achieved	84%	There were 14 out of 16 footpath issues and 18 out of 22 potholes being completed within timeframe. Improvements in reporting from TCDC's RFS system has enabled improved contractor response times for footpath trip hazards. A significant improvement is noted compared to that achieved in 2015/16.
	2015/16	≥85%	Not achieved	75%	

** Footpath and road defects with their applicable timeframes:

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

Financially significant projects identified in the 2016/2017 Annual Plan

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Hauraki Rail Trail	944	1,095	The extension of the cycleway from Kopu to Miranda was almost completed by year end. The remaining budget has been carried forward to the 2017/2018 financial year to fund Thames-Coromandel District Council's contribution to complete the project.
Whitianga Town Centre Upgrade	351	913	This is a multi-year project to upgrade the Whitianga Town Centre. Stage One is from Albert Street to Taylors Mistake. Consultation design have been completed and the tender awarded. Construction of stage one is planned to commence in March 2018. The remaining budget has been carried forward to the 2017/2018 financial year.

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Whangamata curb and channel	720	843	Severe weather events experienced in the latter part of the financial year delayed completion of this project. The remaining budget has been carried forward for completion in the 2017/2018 financial year.

Stormwater activity group

The stormwater activity group includes our stormwater and land drainage activity. Stormwater is the result of heavy or sustained rainfall resulting in the need to manage the disposal of surface water. We have a number of stormwater systems throughout our district to manage run-off and reduce surface water ponding (which can lead to risks to public health and safety and damage to property) and to avoid dangerous road conditions. Our stormwater systems includes around 200 kilometres of stormwater pipes, more than 3,000 manholes and four pump stations.

Stormwater - 2016/17 performance results

Performance measure	Year	Year end target	Result	Comments
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Level of service: The Council's stormwater services protect habitable areas from flooding

Number of flooding events	2016/17	0	Not achieved	2	The TCDC area suffered from several large scale weather events this year. Many calls during the weather events went straight to Emergency Services/ Civil Defence to deal with and didn't come through Councils 'Request for Service' system. 1 habitable floor level flooding was reported during these events.
	2015/16	0	Not achieved	1	
For each flooding event the number of habitable floors affected (per 1,000 connected properties)	2016/17	≤1	Achieved	1	
	2015/16	≤1	Achieved	0.04	
	2014/15	<25	Achieved	0	
2013/14	<22	Achieved	0		

Level of service: The Council minimises the environmental impact of protecting habitable areas from flooding

Number of operational resource consent conditions not complied with throughout the year:

Total for all enforcement actions	2016/17	0	Achieved	0	Waikato Regional Council issues and monitors our resource consents for our stormwater activity. No enforcement action was taken against Thames-Coromandel District Council during the year by the Waikato Regional Council.
	2015/16	0	Achieved	0	
Number of abatement notices	2016/17	0	Achieved	0	
	2015/16	0	Achieved	0	
Number of infringement notices	2016/17	0	Achieved	0	
	2015/16	0	Achieved	0	
Number of enforcement orders	2016/17	0	Achieved	0	
	2015/16	0	Achieved	0	
Number of successful prosecutions	2016/17	0	Achieved	0	
	2015/16	0	Achieved	0	

Level of service: The Council provides a responsive stormwater request service

The median response time to attend a flooding event, measured from the time Council receives notification to the time that service personnel reach the site	2016/17	≤3 hours	Achieved	27 minutes	There was an average of 27 minutes response time to attend flooding events over the reporting year.
	2015/16	≤3 hours	Achieved	22 minutes	

Performance measure	Year	Year end target	Result		Comments
Number of complaints received about the performance of the stormwater system (per 1,000 connected properties)	2016/17	≤5	Not achieved	5.34	77 complaints were received during the last period due to the large storm events. 128 complaints were received in total for the year.
	2015/16	≤5	Achieved	2.21	

Financially significant projects identified in the 2016/2017 Annual Plan

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Kopu stormwater land purchase	59	505	The budget for this project was revised down to \$74,210 during the year because part of the land that was originally budgeted for was deemed unnecessary to acquire.
Whitianga Sarah Avenue	162	739	This project is for the design and construction of stormwater improvements to increase stormwater capacity and reduce flood inundation risk for properties around Sarah Avenue in Whitianga. Construction of the improvements has been delayed to the 2017/2018 financial year due to adverse weather conditions and a protracted tender process. The remaining budget has been carried forward with an estimated completion date of the end of October 2017.

Wastewater activity group

Our wastewater activity group includes our wastewater activity and covers the collection, treatment and safe disposal of wastewater (sewage) from households and businesses within currently serviced urban communities. Delivering these services help to protect the environment and public health. We operate 10 wastewater systems (in Cooks Beach, Coromandel, Hahei, Matarangi, Oamaru Bay, Onemana, Tairua-Pauanui, Thames, Whangamata and Whitianga). Assets for this activity include piped networks, pumping stations, manholes and treatment plants.

Wastewater - 2016/17 performance results

Performance measure	Year	Year end target	Result	Comments
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Level of service: Adequate wastewater services for household and business use will be provided in currently serviced urban communities

Number of dry weather sewerage overflows from the territorial authority's sewerage system (per 1000 connections to that sewerage system)	2016/17	≤1	Achieved	0.6	Veolia's information suggested 23 overflows but once checked against rain fall data the total was reduced. 11 in total dry weather over flows this year.
	2015/16	≤1	Achieved	0.8	

Level of service: Council will respond as required to faults and complaints received from its customers

The total number of complaints about wastewater per 1,000 connected properties:

Odour	2016/17	≤1	Achieved	0.44	8 complaints were received for the year.
	2015/16	≤1	Not achieved	1.14 per 1,000 connected properties	
System faults	2016/17	≤2	Not achieved	6.5	119 complaints were received in total for the year. A large number of these are as direct result of the storm events this year.
	2015/16	≤2	Not achieved	2.50 per 1,000 connected properties	
Blockages	2016/17	≤2	Not achieved	8.2	66 blockages were reported due to the storm events - 150 in total for the year. Veolia's code for "blockages attended" has been used as "blockages reported" via the call centre. This is often miscoded depending on the customers description.
	2015/16	≤2	Not achieved	3.24 per 1,000 connected properties	
Response to issues with the wastewater system	2016/17	≤2	Achieved	0.11	2 issues were reported in total for the year.
	2015/16	≤2	Achieved	0	

Level of service: Council will respond as required to faults and complaints received from its customers

Median response time for attendance from the time that Council receives notification of a fault or blockage to the time that service personnel reach the site	2016/17	≤2 hours	Achieved	34 minutes	34 minute average over 207 requests for service.
	2015/16	≤2 hours	Achieved	40 minutes	

Performance measure	Year	Year end target	Result		Comments
Median response time for a resolution from the time Council receives notification to the time that service personnel confirm resolution of the blockage or other fault	2016/17	≤24 hours	Achieved	10hrs, 17 minutes	10.28 hrs was the response time for quarter four. The average for all quarters was 10hrs and 17 mins over the 207 requests for service.
	2015/16	≤24 hours	Achieved	5 hours, 17 minutes	

Level of service: Council will respond as required to faults and complaints received from its customers

Number of operational resource consent conditions not complied with throughout the year:

Total for all enforcement actions	2016/17	0	Achieved	0	No enforcement action was taken against Thames-Coromandel District Council during the quarter by the Waikato Regional Council.
	2015/16	0	Achieved	0	
Number of abatement notices	2016/17	0	Achieved	0	
	2015/16	0	Achieved	0	
Number of infringement notices	2016/17	0	Achieved	0	
	2015/16	0	Achieved	0	
Number of enforcement orders	2016/17	0	Achieved	0	
	2015/16	0	Achieved	0	
Number of successful prosecutions	2016/17	0	Achieved	0	
	2015/16	0	Achieved	0	

Water supply activity group

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

Water supply - 2016/17 performance results

Performance measure	Year	Year end target	Result	Comments
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Level of service: The Council provides safe and reliable water for household and business use in urban areas

Compliance with drinking water standards (bacteria, part 4 of the standards):

Performance measure	Year	Year end target	Result	Comments
Thames South	2016/17	Not compliant	Achieved	There is a project in the current year to upgrade the Thames water treatment plant to meet the NZ Drinking Water Standards, 2005 (2008). This means that compliance with the standards will not be until the following year of operation. While still to be approved as part of the Annual Plan, the remaining treatment plants have been identified for the required upgrades in the 2017/18 financial year.
	2015/16	Not compliant	Achieved	
Thames	2016/17	Compliant	Achieved	
	2015/16	Not compliant	Achieved	
Coromandel	2016/17	Not compliant	Achieved	
	2015/16	Not compliant	Not achieved	
Matarangi	2016/17	Not compliant	Not achieved	
	2015/16	Not compliant	Not achieved	
Whitianga	2016/17	Not compliant	Not achieved	
	2015/16	Not compliant	Achieved	
Hahei	2016/17	Not compliant	Not achieved	
	2015/16	Not compliant	Not achieved	
Tairua	2016/17	Not compliant	Not achieved	
	2015/16	Not compliant	Achieved	
Pauanui	2016/17	Not compliant	Not achieved	
	2015/16	Not compliant	Achieved	
Onemana	2016/17	Not compliant	Achieved	
	2015/16	Not compliant	Achieved	
Whangamata	2016/17	Not compliant	Achieved	
	2015/16	Not compliant	Achieved	

Compliance with drinking water standards (protozoal, part 5 of the standards):

Performance measure	Year	Year end target	Result	Comments
Thames South	2016/17	Not compliant	Achieved	There is a project in the current year to upgrade the Thames water treatment plant to meet the NZ Drinking Water Standards, 2005 (2008). This means that compliance with the
	2015/16	Not compliant	Achieved	
Thames	2016/17	Not compliant	Achieved	
	2015/16	Not compliant	Not achieved	

Performance measure	Year	Year end target	Result		Comments
Coromandel	2016/17	Compliant	Not achieved	Not compliant	standards will not be until the following year of operation. While still to be approved as part of the Annual Plan, the remaining treatment plants have been identified for the required upgrades in the 2017/18 financial year. There was an error made when the targets were set. Thames, due to the upgrades being undertaken during the 2016/17 year was anticipated to be compliant, not the Coromandel system.
	2015/16	Not compliant	Achieved	Not compliant	
Matarangi	2016/17	Not compliant	Achieved	Not compliant	
	2015/16	Not compliant	Not achieved	Compliant***	
Whitianga	2016/17	Not compliant	Achieved	Not compliant	
	2015/16	Not compliant	Achieved	Not compliant	
Hahei	2016/17	Not compliant	Achieved	Not compliant	
	2015/16	Not compliant	Achieved	Not compliant	
Tairua	2016/17	Not compliant	Achieved	Not compliant	
	2015/16	Not compliant	Achieved	Not compliant	
Pauanui	2016/17	Not compliant	Achieved	Not compliant	
	2015/16	Not compliant	Achieved	Not compliant	
Onemana	2016/17	Not compliant	Achieved	Not compliant	
	2015/16	Not compliant	Achieved	Not compliant	
Whangamata	2016/17	Not compliant	Achieved	Not compliant	
	2015/16	Not compliant	Achieved	Not compliant	

Level of service: The Council promotes the efficient and sustainable use of water

Percentage of real water loss from the local authority's networked reticulation system (medium schemes 2,500 to 10,000 connections, small schemes <2,500 connections):					Water loss figures for the other water supplies are not available at this time. Work is programmed in the current year and first year of the 2018-28 Long Term Plan to install outlet metering on all reservoirs to accurately measure and monitor via SCADA the volumes of water entering the networks. This will also allow greater monitoring of night flows which will enable better information on leakage to be gathered. This is particularly relevant for the townships without residential metering. Following the reservoir metering works being completed; additional zone meters will be installed. These will provide even greater versatility for interrogating
Thames (medium)*	2016/17	≤39%	Not achieved	44%	
	2015/16	≤39%	Achieved	36%	
Coromandel (small)*	2016/17	≤37%	Not achieved	42%	
	2015/16	≤37%	Achieved	28%	
Pauanui (small)*	2016/17	≤13%	Not achieved	14%	
	2015/16	≤13%	Not achieved	30%	
Thames South (small)**	2016/17	≤40%	Not measured	Not available	
	2015/16	≤40%	Not achieved	Not available	
Matarangi (small)**	2016/17	≤45%	Not measured	Not available	
	2015/16	≤45%	Not achieved	61%	
Whitianga (medium)**	2016/17	≤25%	Not measured	Not available	
	2015/16	≤25%	Achieved	13%	
Hahei (small)**	2016/17	≤50%	Not measured	Not available	

Performance measure	Year	Year end target	Result		Comments
Tairua (small)**	2015/16	≤50%	Achieved	39%	the networks and targeting water loss in a prioritised way.
	2016/17	≤40%	Not measured	Not available	
	2015/16	≤40%	Achieved	38%	
Onemana (small)**	2016/17	≤60%	Not measured	Not available	
	2015/16	≤60%	Achieved	23%	
The average consumption of drinking water per day per resident (currently based on normally resident population)	2016/17	≤650 litres per resident per day	Achieved	443 litres per resident per day	
	2015/16	≤650 litres per resident per day	Not achieved	737 litres per resident per day	

Level of service: The Council provides a responsive call-out service to attend to customers issues with their water supply

Median response time for attendance for urgent call-outs from the time that the local authority receives notification to the time that service personnel reach the site	2016/17	≤2 hours	Achieved	18 minutes	Response times have remained steady over all quarters.
	2015/16	≤2 hours	Achieved	13 minutes	
Median response time for resolution for urgent call-outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	2016/17	≤24 hours	Achieved	1hr 47 mins	
	2015/16	≤24 hours	Achieved	2 hours and 5 minutes	
Median response time for attendance for non-urgent call-outs from the time that the local authority receives notification to the time that service personnel reach the site	2016/17	≤5 days	Achieved	37 minutes	
	2015/16	≤5 days	Achieved	37 minutes	
Median response time for resolution for non-urgent call-outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	2016/17	≤5 days	Achieved	3hrs 15 minutes	
	2015/16	≤5 days	Achieved	3 hours and 35 minutes	

Performance measure	Year	Year end target	Result		Comments
Number of complaints - The total number of complaints received per 1,000 connections:					12 Clarity complaints were received for the year (1 in Quarter 4) No complaints for Taste & Odour were received for Quarter 4 6 pressure complaints were received in Quarter 4 (33 for the year) 29 complaints about continuity of supply were received in Quarter 4 (total of 86 for the year)
Clarity	2016/17	≤2	Achieved	0.68	
	2015/16	≤2	Achieved	0.57	
Taste	2016/17	≤2	Achieved	0.5	
	2015/16	≤2	Achieved	0.23	
Odour	2016/17	≤2	Achieved	0.23	
	2015/16	≤2	Achieved	0.17	
Pressure	2016/17	≤5	Achieved	1.87	
	2015/16	≤5	Achieved	0.4	
Continuity of supply	2016/17	≤5	Achieved	4.87	
	2015/16	≤5	Not achieved	6.18	
Response to above	2016/17	≤3	Achieved	0.17	
	2015/16	≤3	Achieved	0.06	

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

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

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

Financially significant projects identified in the 2016/2017 Annual Plan

Project	2017	2017	Comment
	Actual (\$000)	AP budget (\$000)	
Thames South water	1,232	897	This is a multi-year project to improve the Thames South water supplies in Matatoki, Puriri and Omahu. The budget was revised up to \$1,207,869 during the year to include the unspent budget from the prior year. The work packages planned for 2016/2017 were completed on time. Costs went over budget because we were able to start part of the work planned for 2017/2018. Total costs over the past three financial years on this project are \$1,786,015.
Drinking Water Standards upgrade	143	429	The costs to upgrade the UV filters at the Thames water treatment plant came in well under budget. Council made a decision in February 2017 to bring forward future work planned for other water treatment plants in the District to the 2017/2018 financial year.

Solid waste activity group

The solid waste activity group includes our rubbish and recycling activity. We provide ways for rubbish to be properly disposed of to protect public health and the environment. We also promote recycling, reuse and resource recovery with the objectives of reducing the amount of waste going to landfill and practising responsible resource efficiency. In addition to a weekly kerbside refuse and fortnightly recyclables collection service, the Council manages closed landfill sites and operates transfer stations where waste and recycling can be dropped off. While we are not obliged to provide waste management services directly, we are required to ensure that services are provided within our district. We are also required to promote effective and efficient waste management and minimisation within our district.

Rubbish and recycling - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
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Level of service: Rubbish and recycling kerbside pickup services are provided to solid waste rated residential properties in all urban and most rural areas

Number of missed properties or whole streets where collections did not happen	2016/17	≤36 streets and ≤156 properties p.a.	Achieved	5 streets and 91 properties	There was a continued focus on improvement in this area with the contractor.
	2015/16	≤36 streets and ≤156 properties p.a.	Achieved	9 streets and 69 properties	
Missed household refuse service requests responded to by the next day (on validation)	2016/17	≥92%	Not achieved	71%	The solid waste contractor has failed to respond within the required timeframe. Continued work will be done with the contractor in this area.
	2015/16	≥90%	Not achieved	80%	

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

Kilograms of Council controlled waste per rating unit being disposed of to landfill (per rating unit)	2016/17	≤474kg per rating unit	Not achieved	553kg	Waste to landfill is up 11% (56kg per rating unit) compared to 2015/16. The increased building activity in the district, and the disposal of flood damaged items are thought to have contributed to the increase.
	2015/16	≤474kg per rating unit	Not achieved	497kg	
	2014/15	≤474kg per rating unit	Achieved	467kg	
	2013/14	≤474kg per rating unit	Achieved	463kg	
Kilograms of recycling material diverted from landfill (per rating unit)	2016/17	≥438kg per rating unit	Not achieved	398kg per	Recycled material quantity has decreased relative to 2015/16. This has been attributed to misreporting of tonages by the contractor prior to 2017.
	2015/16	≥433kg per rating unit	Achieved	444kg per rating unit	

Level of service: The Council maintains closed landfill sites

Number of formal warnings issued by the Waikato Regional Council for non-compliance with resource consent(s)	2016/17	0	Achieved	0	No formal warnings were received.
	2015/16	0	Achieved	0	
	2014/15	0	Not achieved	1	

Representation activity group

This activity group includes our representation and grants and remissions activities.

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

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

Representation - 2016/17 performance results

Performance measure	Year	Year end target	Result	Comments
Level of service: Councillors and Community Board members can demonstrate to ratepayers their commitment to the democratic process				
Attendance rate at Council and Community Board meetings	2016/17	≥80%	Achieved	Cumulative result shown Q1 = 86% Q2 = 100% Q3 = 95% Q4 = 87%
	2015/16	≥80%	Achieved	
Level of service: Council is committed to transparent decision-making				
The proportion of agenda items which are publicly excluded	2016/17	≤10%	Not achieved	A larger proportion of agenda items than projected required public excluded decision making due to the circumstances.
	2015/16	≤10%	Not achieved	

Grants and remissions

Performance measure	Year	Year end target	Result	Comments
Level of service: The Council promotes community empowerment through supporting community-driven initiatives				
Percentage of funds distributed that comply with the Council's community grant criteria	2016/17	100%	Not achieved	The Tairua-Pauanui Community Board made a grant outside the criteria - they noted it was a way that they can support the Hikuai community by contributing to costs associated with the fund raising event for the school.
	2015/16	100%	Not achieved	
	2014/15	100%	Achieved	
	2013/14	100%	Achieved	

Planning and regulation activity group

This group of activities is made up of the following activities: strategic planning, district plan, resource consents, building control.

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

Strategic planning: This activity is about planning for a sustainable future through informed decision-making, which balances varied community aspirations with legal and practical requirements. Associated with this activity is preparation of a long term plan, an annual plan (in the years when a long term plan is not required) and an annual report (like this one) to monitor performance.

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

Resource consents: This activity is principally about processing resource consent applications and ensuring that all developments and activities are consistent with the District Plan and the Resource Management Act 1991 (RMA).

Building control: This activity involves implementing a regulatory process to ensure buildings are safe, have the attributes that contribute to health and physical independence and to do so in a manner that promotes sustainable development. There are two distinct components to our building control activity:

- Building consenting for processing, inspecting and certifying building work
- Building enforcement to ensure compliance with legislation and related requirements

Our building control activity incorporates Land Information Memoranda (LIMs) which are reports issued by the Council, on request, about a particular property or piece of land. LIMs help protect buyers of property and provide important information for building development project planning.

Strategic planning - 2016/17 performance results

Performance measure	Year	Year end target	Result	Comments
<i>Level of service:</i>				
Proportion of work programme milestones completed (strategies, policies, bylaws, research projects e.g. peak population study)	2016/17	Strategic Planning work programme milestones as defined in 2016/17 Annual Plan*	Not achieved	1 of 3 milestones completed. The Revenue and Financing Policy and Rating Policy had been signalled but early workshops did not confirm that consultation was necessary.
	2015/16	Strategic Planning work programme milestones for 2015/16 as ratified by Council**	Achieved	All three milestones completed.

***Strategic Planning work programme milestones as defined in the 2016/17 Annual Plan:**

- Undertake a review of Council's Revenue and Financing Policy to be ready for public consultation, in conjunction with finance staff.
- Undertake a review of Council's Rating Policy to be ready for public consultation, in conjunction with finance staff.
- Complete a review of the Council's strategic direction with the new council following the 2016 local body election.

****Strategic Planning work programme milestones for 2015/16 as ratified by Council:**

- A binding referendum on the addition of fluoride in the Thames Community Board area water supply takes place in 2015, followed by a declaration/public notice of the result.
- The Dog Control Bylaw is developed and reviewed following consultations, hearings, and deliberations prior to Council adopting the new bylaw.
- An organisation wide Strategy Framework document is approved by Council.

District plan - 2016/17 performance results

Performance measure	Year	Year end target	Result	Comments	
Level of service:					
Proportion of work programme progressed to complete and implement District Plan	2016/17	District plan work programme as defined in 2016/17 Annual Plan*	Not achieved	Two out of three milestones complete	Two of the three milestones were completed. The Line of Enquiry was established and operational (for testing by Customer Services) by 31 March 2017 and but was not available via Council's website until 1 May 2017.
	2015/16	District Plan work programme milestones for 2015/16 as ratified by Judicial Committee**	Achieved	All six milestones completed	
	2014/15	Hearing of submissions completed	Achieved	Completed	
	2013/14	Proposed Plan notified for submission	Achieved	Completed	

***District plan work programme as defined in the 2016/17 Annual Plan:**

- Report to the 28 September 2016 Council meeting on the number and complexity of appeals to the Environment Court.
- An 'Appeals Version' of the Proposed District Plan available by 1 October 2016.
- Line of Enquiry established and operational by 31 March 2017.

****District Plan work programme milestones for 2015/16 were ratified by Council (rather than Judicial Committee due to a timing issue) on:**

- A 'natural character' and 'coastal environment line' variation to the Proposed District Plan publicly notified by October 2015.
- 'Draft' Proposed Plan decisions available from the District Plan Hearings Panel by October 2015.
- 'Draft' amended Proposed Plan prepared by staff and available by end December 2015.
- A 'recommended decisions' version of the Proposed District Plan available for Council approval by March 2016.
- All submitters and further submitters responded to with Council approved 'decisions' and 'reasons' by April 2016.
- The 'decisions version' of the Proposed Plan available via the Council's website by April 2016.

Resource consents - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
<i>Level of service: The Council ensures that resource and other consent applications are processed within the statutory timeframe</i>					
Percentage of accepted resource consent applications are processed within statutory timeframes	2016/17	≥98%	Achieved	99.5%	There were 395 consents lodged over the past 12 months compared to 386 consents lodged over the previous financial year. A total of 393 consents were processed within statutory timeframes.
	2015/16	≥98%	Achieved	99.7%	
	2014/15	100%	Not achieved	99.4%	
	2013/14	100%	Not achieved	98.7%	
Percentage of 224 certificates of compliance issued within 20 working days (provided all the correct information is provided)	2016/17	≥90%	Achieved	94%	A total of 65 certificates were issued over this period of which 4 went over the 20 day timeframe.
	2015/16	≥85%	Achieved	92%	
	2014/15	100%	Not achieved	88%	
	2013/14	100%	Not achieved	85%	

Building control - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
<i>Level of service: The Council processes, inspects and certifies building work applications</i>					
Percentage of accepted building consent applications are processed ≤20 working days	2016/17	≥98%	Not achieved	89%	New dwelling applications are up 18% over the year. This increase along with staffing resourcing issues has created this non-achievement. Extensive recruitment campaigns failed to attract suitable candidates with only one appointment of an experienced processing officer being made in January 2017. As at 30 June 2017 there are 4 processing vacancies including the Team Leader position. Current staff are achieving results by contracting out processing work and by working overtime. Contractors have at times also struggled to meet statutory timeframes and have caused overruns for TCDC. The average working days to consent decision has reduced from 19 in September 2016 to 14 at 30 June 2017. Of the 1205
	2015/16	≥98%	Achieved	98%	
	2014/15	≥98%	Achieved	99%	
	2013/14	≥98%	Achieved	98%	

Performance measure	Year	Year end target	Result		Comments
					applications with decisions, 1072 were processed within the statutory timeframes and 133 were over time.
Percentage of Code of Compliance Certificates processed ≤20 working days	2016/17	≥98%	Achieved	99.61%	Of the 776 application decisions over the year, 773 were processed within the statutory timeframe.
	2015/16	≥98%	Not achieved	97%	

Level of service: Commercial buildings containing specified systems will be managed to ensure they comply with the NZ Building Code

Proportion of Building Warrant of Fitnesses audited annually	2016/17	≥10%	Achieved	11.80%	Over the year 41 premises have been audited, from a total of 348 on Council's register at 30 June 2017.
	2015/16	≥10%	Achieved	12%	

Level of service: Swimming pools comply with the Fencing of Swimming Pools Act

Percentage of pools on our register are compliant with or working towards the requirements under the Fencing of Swimming Pools Act	2016/17	≥85%	Achieved	97.47%	From 1 January 2017 Fencing of Swimming Pools Act is repealed and compliance requirements are now under Building (Pools) Amendment Act 2016. Over the year 177 premises were inspected, of which all passed or are working towards compliance.
	2015/16	≥80%	Not achieved	60%	
	2014/15	100%	Not achieved	76%	
	2013/14	100%	Not achieved	76%	

Level of service: Customers can purchase a LIM they have confidence in, in a timely manner

Percentage of standard LIMs processed within 10 days	2016/17	100%	Achieved	100%	Over the year 1490 applications were processed within the statutory timeframe.
	2015/16	100%	Achieved	100%	
	2014/15	100%	Achieved	100%	
	2013/14	100%	Achieved	100%	

Protection of people and the environment activity group

This activity group includes the following activities: community health and safety, emergency management, coastal and hazard management.

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

Community health and safety: This activity provides a range of services to ensure our communities are clean, safe and healthy places to live. This includes minimising public nuisances and offensive behaviour, as well as helping ensure public places are safe. Key services include animal control, liquor control, health licensing and bylaws.

Emergency management: This activity focuses on communities being ready for, responding to, and recovering from emergencies when they happen. Work is undertaken through the Emergency Operating Centre.

Coastal and hazard management: This activity plans for avoidance and management of the impact from natural hazards across the whole of the Coromandel Peninsula, with a particular focus on coastal settlements. Studies have been undertaken that help to inform communities and plan for hazards.

Community health and safety - 2016/17 performance results

Performance measure	Year	Year end target	Result	Comments
Level of service: Food premises are monitored to ensure they are producing safe food				
Percentage of food premises inspected	2016/17	100%	Not achieved	The team has been focussing on educating business owners around the transition to the new food act which has had a slight impact on resources and the ability to inspect all premises in the year. We have inspected 313 of 344 premises.
	2015/16	100%	Not achieved	
	2014/15	100%	Achieved	
	2013/14	100%	Achieved	
Level of service: Parking and freedom camping restrictions are monitored and managed/enforced				
Responsiveness to requests for service	2016/17	≥90%	Achieved	The team has met the target for responding to customer requests for service for parking and freedom camping.
	2015/16	≥90%	Achieved	
Level of service: Regulate the sale and supply of alcohol				
Percentage of non-objected applications are assessed and prepared for the District Licensing Committee to make decisions in ≤20 days	2016/17	≥99%	Not achieved	This measure has been difficult to meet for the second year in a row. The reason being that the window for Police, the Medical Officer of Health and the public to object to an application is 15 working days which leaves us with 5 working days to complete our inquiries and report on applications. We reported on 382 of 499 applications within 20 working days.
	2015/16	≥99%	Not achieved	
Level of service: The Council provides animal control services to avoid dog attacks and nuisances				

Performance measure	Year	Year end target	Result		Comments
Percentage of annual inspections on properties with dogs classified as dangerous or menacing	2016/17	100%	Achieved	100%	All 53 properties with classified dogs were inspected in the year.
	2015/16	100%	Achieved	100%	
	2014/15	100%	Achieved	100%	
	2013/14	100%	Achieved	100%	
Percentage of urgent animal control issues responded to ≤2 hours	2016/17	≥98%	Achieved	100%	The compliance staff report response times to urgent animal control issues. All issues were reported as being responded to within 2 hours.
	2015/16	≥98%	Achieved	100%	
	2014/15	100%	Achieved	100%	
	2013/14	100%	Achieved	100%	

Level of service: We will respond to noise issues to minimise the impact on others

Percentage of noise requests for service that are responded to ≤2 hours	2016/17	≥98%	Achieved	98.05%	Noise contractors report on the number of jobs that they attend and how many are responded to within 2 hours. We have met the measure and the score is consistent across the previous 3 years.
	2015/16	≥98%	Achieved	99.8%	
	2014/15	≥98%	Achieved	100%	
	2013/14	≥98%	Achieved	98%	

Coastal and hazard management - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
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Level of service: The Council will work with other agencies to manage the effects of natural hazards

Work programmes progressed with other agencies to manage the effects of natural hazards	2016/17	Completion of a coastal management strategy which informs the district wide work programme in responding to coastal hazards	Not achieved	In progress to be completed in 2017/18 year	This work is planned to be completed in the 2017/18 year.
	2015/16	Target not set	Not measured	Work programme was not put to Council so performance could not be measured	

Emergency management - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
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Level of service: The Council will support its communities in enabling them to be resilient and able to respond to, and recover from emergencies

Community response plans are developed in consultation with local communities and agencies at a settlement level	2016/17	Plans completed: Thames Te Puru Kuaotunu* Opotere/ Onemana* Plans under development: Cooks Beach Tapu Thames Coast Port Charles* Colville*	Not achieved	Not achieved	These plans are still under development All new Community Response Plans (CRP) will be further developed pending the outcome of the service delivery review with TVEOA. Onemana and Opotere have completed their community response plans.
	2015/16	Plans completed: Whangamata Pauanui/Hikuai Tairua Plans under development: Thames Te Puru Kuaotunu* Opotere/ Onemana*	Not Achieved	Hikuai is to have a separate plan developed in 2016/17	

Level of service: The Council will be prepared for and able to respond to emergencies

Accept responsibility for rural fire incidents within one hour of notification	2016/17	100%	Achieved	100%	TCDC Fire forces attended 93 incidents in 16/17 year all within an hour of the notification.
	2015/16	100%	Achieved	100%	
Number of civil defence training exercises conducted per annum	2016/17	≥3	Achieved	4	4 separate training exercises as part of National Civil Defence Tangaroa 2016.
	2015/16	≥3	Achieved	6	
	2014/15	1	Achieved	6	
	2013/14	1	Achieved	3	

* These communities have volunteer rural fire parties and the Principal Rural Fire Officer will work with them to formulate their plans using a template.

Financially significant projects identified in the 2016/2017 Annual Plan

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Buffalo Beach coastal erosion	0	549	This project was originally for the construction of a third stage of the Buffalo Beach rock wall. Following construction of the second stage of the rock wall, the Mercury Bay Community Board adopted a soft structure approach (planting and sand dune work) to erosion management in the Mercury Bay coastal erosion programme. The implementation of planting and sand dune system work will be delivered following adoption of the Coastal Erosion Strategy.

Community spaces and development activity group

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

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

Through our area office network, each area delivers or supports local communities to provide a variety of indoor and outdoor spaces and facilities. These services are all governed by the local Community Board. This approach is based on the Council's recognition that there is a diverse range of needs and wants across the district which are better addressed at a local level to enhance residents and visitors experience of the Coromandel, and range from basic essentials to leisure and recreational pursuits.

These activities have a combination of the following services:

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

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

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

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

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

Parks and reserves: This service is provided to ensure there is access to a variety of parks, reserves and playgrounds which (for the most part) can be used for recreation and leisure.

Public conveniences: Public toilets, changing facilities and showers are provided in high demand areas throughout the district, for the convenience and public health of visitors and residents.

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

Coromandel-Colville community spaces and development

Coromandel-Colville community spaces and development - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
Level of service: Council provides cemeteries that are tidy and well maintained spaces					
Percentage of cemeteries maintained to mowing and litter standards	2016/17	≥85%	Not achieved	80%	Buffalo Cemetery audited 8 times with 2 litter fails and Colville Cemetery was audited twice with no fails.
	2015/16	≥85%	Achieved	92%	
Percentage of cemetery interment requests responded to ≤1 day	2016/17	≥90%	Achieved	100%	Ten requests received
	2015/16	≥90%	Achieved	100%	
	2014/15	100%	Achieved	100%	
	2013/14	100%	Achieved	100%	
Level of service: The Council's public toilets are clean and safe					
Percentage of urgent customer enquiries resolved within 48 hours	2016/17	≥85%	Achieved	86%	Six out of seven requests resolved within timeframe
	2015/16	≥85%*	Achieved	100%	
Level of service: Council provides harbour facilities in Coromandel and Port Charles that are safe to use					
Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)	2016/17	≥85%	Achieved	100%	Coromandel wharf - 3 Hannafords - 2 Port Charles - 3 Sugarloaf - 3 **
	2015/16	≥85%	Achieved	100%	
Level of service: To provide parks and reserves that are tidy and well maintained spaces					
Percentage of parks and reserves related customer urgent enquiries resolved within 24 hours	2016/17	≥85%	Achieved	95%	23 out of 24 enquiries were resolved within 24 hours
	2015/16	≥85%*	Not achieved	75%	
Level of service: To provide playgrounds which are fit for purpose and safe					
Percentage of playground assets complying with safety standards	2016/17	≥85%	Achieved	100%	48 audits were undertaken (5 playgrounds audited once a month). All achieved safety standards.
	2015/16	≥85%	Achieved	100%	

*Previously reported district-wide

** The scale is as follows: 1 - Excellent, 2 - Good, 3 - Average, 4 - Poor 5 - Very poor.

To successfully meet the target Council must have no assets at a grade of 4 or 5

Financially significant projects identified in the 2016/2017 Annual Plan

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Coromandel Sportsville	110	473	Stage one of this project to resurface existing multipurpose courts at the Coromandel Area School has been completed. Stage two to construct a new court on Coromandel Area School land adjacent to the school has been deferred and will be considered as part of the 2018/2019 work programme.

Mercury Bay community spaces and development

Mercury Bay community spaces and development - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
Level of service: Council provides cemeteries that are tidy and well maintained spaces					
Percentage of cemeteries maintained to mowing and litter standards	2016/17	≥85%	Achieved	86%	Ferry Landing Cemetery was audited 12 times with 2 fails for mowing. The new cemetery was audited twice with no fails.
	2015/16	≥85%	Achieved	100%	
Percentage of cemetery interment requests responded to ≤1 day	2016/17	≥90%	Achieved	100%	16 requests were responded to within timeframe.
	2015/16	≥90%	Not achieved	89%	
	2014/15	100%*	Achieved	100%	
	2013/14	100%*	Achieved	100%	
Level of service: Whitianga community centre is available and utilised for community activities					
Percentage of actual hours community centres are used compared to total available time	2016/17	≥40%	Achieved	48%	The Community centres were available for 4,586 hours and booked for 2,221 hours.
	2015/16	≥40%	Not achieved	33%	
	2014/15	≥36%	Achieved	42%	
	2013/14	≥36%	Achieved	42%	
Level of service: The Council's public toilets are clean and safe					
Percentage of urgent customer enquiries resolved within 48 hours	2016/17	≥85%	Achieved	95%	23 out of 24 urgent requests were resolved within timeframe
	2015/16	≥85%	Achieved	94%	
Level of service: Council provides harbour facilities that are safe to use					
Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)	2016/17	Achieved	Achieved	Achieved	The Whitianga Wharf structure is assessed as being in grade 2/3 condition, the pontoon has been assessed as being in grade 3 condition. Ferry Landing is in grade 1 condition **
	2015/16	Achieved	Not achieved	Not achieved	
Level of service: A choice of new materials and current information is available throughout the year					
Number of new items per 1,000 local residents	2016/17	≥300 items per 1,000 local residents	Achieved	337 items per 1,000 local residents	The population used for Mercury Bay was 4,368, being the urban population of Whitianga. Total items added to collection 1,484.
	2015/16	≥300 items per 1,000 local residents	Not achieved	270 items per 1,000 local residents	
	2014/15	300 to 330	Achieved	365	
	2013/14	300 to 330	Achieved	448	

Performance measure	Year	Year end target	Result		Comments
The number of active library users	2016/17	Maintain or increase 2013/14 baseline (3,988 users)	Achieved	4,823	Library membership represents 67% of the Mercury Bay Community Board area.
	2015/16	Maintain or increase 2013/14 baseline (3,988 users)	Achieved	4,651	

Level of service: To provide parks and reserves that are tidy and well maintained spaces

Percentage of parks and reserves related customer urgent enquiries resolved within 24 hours	2016/17	≥85%	Achieved	90%	38 out of 42 enquiries were resolved within 24 hours
	2015/16	≥85%	Not achieved	79%	

Level of service: To provide playgrounds which are fit for purpose and safe

Percentage of playground assets complying with safety standards	2016/17	≥85%	Achieved	98%	There are 13 playgrounds in Mercury Bay and they are inspected each month - so 13 playgrounds inspected 12 times a year with three fails.
	2015/16	≥85%	Achieved	100%	

*Previously reported district-wide

** The scale is as follows: 1 - Excellent, 2 - Good, 3 - Average, 4 - Poor 5 - Very poor.

To successfully meet the target Council must have no assets at a grade of 4 or 5

Financially significant projects identified in the 2016/2017 Annual Plan

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Mercury Bay cemetery stage 2	395	407	Stage two construction was 95% complete by year end. The budget was revised up to \$484,885 during the year to include the remaining unspent budget from the previous year. This year's unspent budget has been carried forward to complete the entranceway gate, fences and signage in the 2017/2018 financial year. Total costs over the past two financial years on this project are \$452,948.
Whitianga boat ramps	39	635	This project was initiated in the 2014/2015 financial year. Work has not progressed as planned due to delays in planning and consultation work. The remaining budget has been carried forward to the 2017/2018 financial year. Total costs over the past three financial years on this project are \$191,547.
Hot Water Beach toilet upgrade	679	618	The budget for this project was revised to \$716,131 to include the remaining unspent budget from the previous financial year and additional budget for exterior artworks. The start date for construction was delayed to accommodate the extended tourist season. The project was 90% complete at year end and the

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
			remaining budget has been carried forward to the 2017/2018 financial year to complete. Total costs over the past two financial years on this project are \$697,411.
Hahei village car park (formerly Hahei park and ride)	559	414	Budget for this project was bought forward from the 2020/2021 financial year revising the 2016/2017 budget to \$571,607 to enable the immediate provision of 194 car parks. Project work was 98% complete at year end with a total project cost over the past two financial years of \$604,625.

Tairua-Pauanui community spaces and development

Tairua-Pauanui community spaces and development - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
Level of service: Pauanui airfield is safe for small aircraft					
Civil Aviation Authority (CAA) safety requirements are achieved	2016/17	Achieved	Achieved	100%	The CAA inspection cycle of non-certificated aerodromes at Pauanui Beach (NZUN) is set at between 18 months and 36 months. The CAA accreditation was achieved on 3 March 2016. This inspection cycle is in line with other non-certificated aerodromes in New Zealand. Bi-monthly visual inspections for the intervening months between the 3-yearly CAA inspection are carried out and any issues identified in the inspection reports have either been remedied, mitigated or are currently under action.
	2015/16	Achieved	Achieved	100%	
	2014/15	100% compliance	Not measured	Not available	
	2013/14	100% compliance	Achieved	100%	
Level of service: Council provides cemeteries that are tidy and well maintained spaces					
Percentage of cemeteries maintained to mowing and litter standards	2016/17	≥85%	Achieved	100%	1 Cemetery audited 12 times no fails.
	2015/16	≥85%	Achieved	100%	
Percentage of cemetery interment requests responded to ≤1 day	2016/17	≥90%	Achieved	100%	Four requests were received.
	2015/16	≥90%	Not achieved	80%	
	2014/15	100%	Achieved*	100%	
	2013/14	100%	Achieved*	100%	
Level of service: To provide or support community centres and halls in proportionate/suitable for the communities they serve					
Percentage of actual hours community centres are used compared to total available time	2016/17	≥40%	Not achieved	6%	Pauanui Hub is still new. An increase in usage is anticipated in the next financial year.
	2015/16	≥40%	Not achieved	14%	
Level of service: The Council's public toilets are clean and safe					
Percentage of urgent customer enquiries resolved within 48 hours	2016/17	≥85%	Achieved	100%	6 'Requests for Service' were raised and all resolved within 48 hours.
	2015/16	≥85%	Not achieved	85%	
Level of service: Council provides harbour facilities that are safe to use					
Wharves are assessed in satisfactory condition	2016/17	Achieved	Achieved	Achieved	Paku Jetty - 2 Pauanui Jetty - 2**

Performance measure	Year	Year end target	Result		Comments
(condition grades 1, 2 or 3)	2015/16	Achieved	Achieved	Achieved	
Level of service: A choice of new materials and current information is available throughout the year					
Number of new items per 1,000 local residents	2016/17	≥300 items per 1,000 local residents	Achieved	1078 items per 1,000 local residents	A good range of new material has been added while remaining within budget.
	2015/16	≥300 items per 1,000 local residents	Achieved	303 items per 1,000 local residents	
	2014/15	300 to 330	Achieved	328	
	2013/14	300 to 330	Achieved	432	
The number of active library users	2016/17	Maintain or increase 2013/14 baseline (1,373 users)	Achieved	1,589	Following removal of inactive users (those who have not used their library card in 2 years) membership has decreased from last year but is still almost 70% of the Tairua/Pauanui Community Board area.
	2015/16	Maintain or increase 2013/14 baseline (1,373 users)	Achieved	1,684	
Level of service: To provide parks and reserves that are tidy and well maintained spaces					
Percentage of parks and reserves related customer urgent enquiries resolved within 24 hours	2016/17	≥85%	Not achieved	70%	26 out of 37 urgent enquiries resolved within 24 hours
	2015/16	≥85%	Not achieved	67%	
Level of service: To provide playgrounds which are fit for purpose and safe					
Percentage of playground assets complying with safety standards	2016/17	≥85%	Achieved	98%	There are 12 playgrounds in Pauanui and 5 in Tairua that get assessed monthly - so 17 playgrounds assessed 12 times per year. Total of 120 audits with 3 failed results.
	2015/16	≥85%	Achieved	100%	

*Previously reported district-wide

** The scale is as follows: 1 - Excellent, 2 - Good, 3 - Average, 4 - Poor 5 - Very poor.

To successfully meet the target Council must have no assets at a grade of 4 or 5

Financially significant projects identified in the 2016/2018 Annual Plan

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Tairua Mary Beach wharf and boat ramp	1,169	1,266	The project to enhance the Mary Beach wharf and boat ramp in Tairua was 97% complete at year end. The remaining budget was carried forward into the 2017/2018 year to complete the project. The total cost for this project over the past two financial years is \$1,355,570.

Thames community spaces and development

Thames community spaces and development - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
Level of service: Thames airfield is safe for small aircraft					
Civil Aviation Authority (CAA) safety requirements are achieved	2016/17	Achieved	Not measured	Not available	The Civil Aviation Authority (CAA) inspects the Thames airfield every three years. The last CAA inspection was undertaken on 13 March 2016. Monthly inspections are conducted by Council staff in the intervening months and any identified issues are rectified at the time.
	2015/16	Achieved	Achieved	Achieved	
	2014/15	100% compliance with CAA safety requirements	Not measured	Not available	
	2013/14	100% compliance with CAA safety requirements	Achieved	100%	
Level of service: Council provides cemeteries that are tidy and well maintained spaces					
Percentage of cemeteries maintained to mowing and litter standards	2016/17	≥85%	Achieved	100%	20 audits were undertaken. No failed results.
	2015/16	≥85%	Achieved	92%	
Percentage of cemetery interment requests responded to ≤1 day	2016/17	≥90%	Achieved	97%	86 total interment requests were received with 84 responded to within one day.
	2015/16	≥90%	Achieved	94%	
	2014/15	100%	Achieved*	100%	
	2013/14	100%	Achieved*	100%	
Level of service: Thames Civic Centre is available and utilised for community activities					
Percentage of actual hours community centres are used compared to total available time	2016/17	40%	Achieved	48%	It is expected that once the new management and promotion contract is in place, with KPI's around the promotion of the venue, that the actual hours booked percentage will increase.
	2015/16	40%	Achieved	45%	
	2014/15	37%	Not achieved	35%	
	2013/14	37%	Achieved	51%	
Level of service: The Council's public toilets are clean and safe					
Percentage of urgent customer enquiries resolved within 48 hours	2016/17	≥85%	Achieved	95%	36 out of 38 requests were completed within timeframe.
	2015/16	≥85%	Achieved	96%	
Level of service: Council provides harbour facilities that are safe to use					
Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)	2016/17	Achieved	Not achieved	Thames wharf Grade 4**	Condition assessments were carried out in March 2017 that identified that structural maintenance is required.
	2015/16	Achieved	Achieved	Achieved	
Level of service: A choice of new materials and current information is available throughout the year					

Performance measure	Year	Year end target	Result		Comments
Number of new items per 1,000 local residents	2016/17	≥300 items per 1,000 local residents	Achieved	314 items per 1,000 residents	The population used for Thames Library was 10,044. Total items added to collection 3,159.
	2015/16	≥300 items per 1,000 local residents	Achieved	300 items per 1,000 residents	
	2014/15	300 to 330	Achieved	320	
	2013/14	300 to 330	Achieved	349	
The number of active library users	2016/17	Maintain or increase 2013/14 baseline (6,193 users)	Achieved	6,746	The 2015/16 result included inactive users that had not been removed before year end. This review will happen monthly from now on. Membership is around 89% of the Thames urban area and 67% of the Community Board area.
	2015/16	Maintain or increase 2013/14 baseline (6,193 users)	Achieved	7,189	

Level of service: To provide parks and reserves that are tidy and well maintained spaces

Percentage of parks and reserves related customer urgent enquiries resolved within 24 hours	2016/17	≥85%	Achieved	87%	57 out of 65 urgent enquiries were resolved within 24 hours.
	2015/16	≥85%	Not achieved	66%	

Level of service: To provide playgrounds which are fit for purpose and safe

Percentage of playground assets complying with safety standards	2016/17	≥85%	Achieved	92%	There are 7 playgrounds that get assessed each month - so 7 playgrounds inspected 12 times a year with 7 fail results.
	2015/16	≥85%	Achieved	100%	

Level of service: Council provides a safe year round swimming pool

Thames Pool meets PoolSafe accreditation standards	2016/17	Achieved	Achieved	Achieved	The Thames Centennial Pool has achieved Poolsafe accreditation in April 2017 with the current certification expiring in April 2018. The facility has consistently met the accreditation standards since 2011.
	2015/16	Achieved	Achieved	Achieved	
	2014/15	Achieved	Achieved	Achieved	
	2013/14	Achieved	Achieved	Achieved	

*Previously reported district-wide

** The scale is as follows: 1 - Excellent, 2 - Good, 3 - Average, 4 - Poor 5 - Very poor.

To successfully meet the target Council must have no assets at a grade of 4 or 5

Financially significant projects identified in the 2016/2017 Annual Plan

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Thames indoor sports facility	4,405	3,893	This is a multi-year project to construct a community indoor sports facility at Thames High School. The budget was revised during the year to \$4,847,563 to cover contract variations and additional costs associated with geotechnical and foundation work. The remaining budget has been carried forward into the 2017/2018 financial year to complete the project. The project is expected to be completed by the end of this calendar year.

Whangamata community spaces and development

Whangamata community spaces and development - 2016/17 performance results

Performance measure	Year	Year end target	Result		Comments
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Level of service: Council provides cemeteries that are tidy and well maintained spaces

Percentage of cemeteries maintained to mowing and litter standards	2016/17	≥85%	Achieved	100%	Whangamata cemetery audited 12 times. Old cemetery audited once - no fails.
	2015/16	≥85%	Achieved	100%	
Percentage of cemetery interment requests responded to ≤1 day	2016/17	≥90%	Achieved	100%	14 requests were responded to within timeframe.
	2015/16	≥90%	Achieved	86%	
	2014/15	100%	Achieved*	100%	
	2013/14	100%	Achieved*	100%	

Level of service: To provide or support community centres and halls in proportionate/suitable for the communities they serve

Percentage of actual hours community centres are used compared to total available time	2016/17	≥40%	Achieved	41%	Booked for 2,116 hours out of 5,110 hours available
	2015/16	≥40%	Achieved	45%	
	2014/15	≥47%	Not achieved	45%	
	2013/14	≥47%	Achieved	53%	

Level of service: The Council's public toilets are clean and safe

Percentage of urgent customer enquiries resolved within 48 hours	2016/17	≥85%	Not achieved	81%	17 out of 21 requests were resolved within timeframe.
	2015/16	≥85%	Achieved	86%	

Level of service: Council provides harbour facilities that are safe to use

Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)	2016/17	Achieved	Not achieved	Not Achieved	Whangamata Wharf Access deck and 'old' portion of the main deck are in poor condition - grade 4. The balance of the main wharf deck built in 1995 is in good condition - grade 2. New aluminium ramp to the pontoon installed in 2010 is in good condition - grade 2. The concrete pontoon is in average condition - grade 3. Whangamata Boat Ramp and Jetty are recently installed so in excellent condition - grade 1.
	2015/16	Achieved	Achieved	Achieved	

Level of service: To provide parks and reserves that are tidy and well maintained spaces

Percentage of parks and reserves related customer urgent	2016/17	≥85%	Not achieved	76%	42 out of 55 urgent enquiries were resolved within 24 hours. There will be a review of the
	2015/16	≥85%	Not achieved	77%	

Performance measure	Year	Year end target	Result		Comments
enquiries resolved within 24 hours					escalation process to ensure the timeframes are met in future.
Level of service: To provide playgrounds which are fit for purpose and safe					
Percentage of playground assets complying with safety standards	2016/17	≥85%	Achieved	98%	There are 2 in Onemana and 8 in Whangamat that get assessed each month. 10 playgrounds inspected 12 times a year with 1 failed audit.
	2015/16	≥85%	Achieved	100%	

**Previously reported district-wide*

*** The scale is as follows: 1 - Excellent, 2 - Good, 3 - Average, 4 - Poor 5 - Very poor.*

To successfully meet the target Council must have no assets at a grade of 4 or 5

Economic development activity group

This activity group includes our economic development activity. Through the implementation of the Council's events and economic development strategies our economic development activity provides:

- Advocacy for a business friendly environment for existing business on the Coromandel
- Sector and business growth and development
- Investment attraction and facilitation
- Tourism destination management, marketing and visitor services
- Attraction and sponsorship of major events
- Development of key economic development related infrastructure
- A compelling economic and investment brand for the Thames-Coromandel

Our Economic development activity is responsible for bringing a consistent and integrated district-wide approach to economic development, tourism and major events. This is to help improve the Coromandel's economic performance and to support and enhance the ability of the district to compete nationally.

Economic development - 2016/17 performance results

Performance measure	Year	Year end target	Result	Comments	
Level of service: Implement strategies and programmes to support and facilitate sustainable economic growth on the Coromandel					
Proportion of Priority One Economic Development Strategy Work Programme achieved (expressed as a number or percentage dependent on scale and detail of programme)	2016/17	75% of the economic development 2016/17 work programme* achieved	Achieved	75%	*Continued work with ED Manager and Partners progressing well. *New ED Strategy developing with focus on joining the dots and being a business friendly council.
	2015/16	To meet 75% of the 2015/16 Economic Development Activity work programme**	Achieved	79%	

***Economic development 2016/17 work programme (% achieved for the quarter)**

- Contract management of Destination Coromandel and ISITE service level agreements - 100%
- Deliver the 2016/17 major event sponsorship funding programme - 100%
- Contract management of major events fund and work with event managers to develop sustainable events - 100%
- Establish permanent event development function via Destination Coromandel - 100%
- Establish major exporter and employers forum - 10%
- Work with aquaculture, forestry and manufacturing industries on boosting export potentials - 60%
- Partnership programme for better broadband - 100%
- Facilitate electric vehicle charging stations - 80%
- Work with Auckland Tourism, Events and Economic Development (ATEED) on food trail programme - 100%
- Deliver the 2016/17 Summertime magazine and marketing programme - 100%
- Facilitate business friendly initiatives at Thames-Coromandel District Council - 75%
- Establish permanent business broker role - 100%
- Deliver a "Blue Highway Programme" to promote Auckland - Coromandel ferry - 25%
- Invest in Infometrics economic data profile - 100%
- Deliver 2016/17 Project Kopu work programme - 50 %
- Develop strategic relationship with Callaghan Institute/Waikato Innovation Park - 100%
- Review the Economic Development and Events Strategies - 30%
- Work with the creative industries sector on a Coromandel arts trail - 50%
- Deliver 2016/17 Sugarloaf project milestones - 55%

- Deliver 2016-17 Coromandel Walks milestones - 55%
- Deliver stage 2 of the Hauraki Rail Trail - Kopu to Kaiarau (K2K) - 80%
- Deliver 2015/16 WW1 Forest Programme - stage 2 - 100%

****The 2015/16 target is to meet 75% of the following work programme:**

- Contract management of Destination Coromandel and ISITE SLAs
- Deliver the 2015/16 Major Event Sponsorship Funding Programme
- Deliver the 2015/16 Summertime Magazine and marketing programme
- Deliver joint venture food marketing programme with ATEED
- Deliver 2015/16 WW1 Forest programme
- Deliver 2015/16 Project Kopu work programme
- Invest in improving Broadband services on the Coromandel and compete for Government funding
- Formalise the business broker services at TCDC
- Establish a property development investment package/incentive programme
- Develop a Better Business Case (Treasury model) to identify potential investment opportunities with Goldfields mall owners
- Implement a youth employment initiative
- Deliver a Coromandel Arts Strategy
- Deliver a heritage park concept and action plan
- Adopt a Coromandel Harbour Strategy
- Deliver stage 1 of the Coromandel Walks
- Deliver stage 2 of the HRT (K2K)
- Deliver a project definition and business case for improved medical services in Whitianga
- Deliver 2015/16 Sugarloaf project milestones

Financially significant projects identified in the 2016/2017 Annual Plan

Project	2017 Actual (\$000)	2017 AP budget (\$000)	Comment
Lees Road seal extension and carpark	272	1,356	This multi-year project was initiated in the 2015/2016 financial year to construct parking and roading infrastructure associated with the Coromandel Walks. Work is being progressed with the land owner, local residents and consenting requirements. Construction is expected to begin in April 2018, with an estimated completion date of June 2018. This will depend on the timing of the consenting requirements.

Financial statements | Ngā Tauakī Pūtea

Guide to financial statements

Introduction

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

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

Statement of accounting policies

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

Statement of comprehensive revenue and expense

The statement of revenue and expense shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2017. Revenue includes income received from rates and other income such as investment income, rent and fees while expenses paid includes costs such as operating costs, interest payments and depreciation.

This statement shows how total comprehensive revenue and expense is derived. Total comprehensive revenue and expense is then added or subtracted from Council's equity as shown in the statement of changes in equity.

Statement of changes in equity

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

Statement of financial position

The statement of financial position shows the assets and liabilities of the Council as at 30 June 2017.

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

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

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

Statement of cash flows

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

Funding impact statement

The funding impact statements ("FIS") have been prepared in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, which came into effect 17 March 2014. This is a reporting requirement unique to Local Government.

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

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

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

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

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

Notes to the financial statements

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

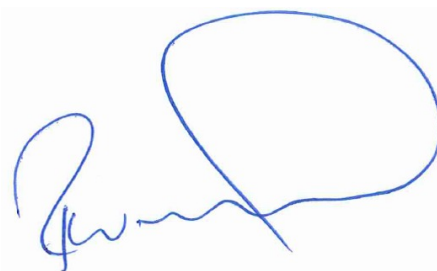
Statement of compliance

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



Mayor

31 October 2017



Chief Executive

31 October 2017

Statement of comprehensive revenue and expense

For the year ended 30 June 2017

	Notes	2017 Budget \$000's	2017 Actual \$000's	2016 Actual \$000's
Revenue				
Rates revenue	3	61,434	60,906	59,533
Fees and charges	3	10,061	11,191	10,341
Development and financial contributions		1,667	2,132	2,331
Subsidies and grants	3	8,639	8,733	5,986
Interest revenue	3	12	156	77
Other revenue	3	3,772	6,999	6,546
Total revenue		85,584	90,117	84,816
Expenses				
Personnel costs	4	16,737	16,013	15,384
Depreciation and amortisation expense	18	19,007	18,523	18,621
Finance costs	5	2,636	2,242	2,642
Other expenses	6	42,318	44,066	41,402
Total expenses		80,699	80,845	78,050
Share of joint venture surplus/(deficit)	15	0	9	25
Surplus/(deficit) before tax		4,886	9,281	6,790
Income tax expense	7	0	0	0
Surplus/(deficit) after tax		4,886	9,281	6,790
Other comprehensive revenue and expense				
Gain on property, plant and equipment revaluations		27,842	97,513	17,652
Gain/(loss) on financial assets revaluations		0	2	13
Total other comprehensive revenue and expense		27,842	97,514	17,665
Total comprehensive revenue and expense		32,727	106,795	24,455

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

Statement of financial position

As at 30 June 2017

	Notes	2017 Budget \$000's	2017 Actual \$000's	2016 Actual \$000's
Assets				
Current assets				
Cash and cash equivalents	8	474	95	1,009
Receivables	9	7,514	8,717	6,740
Other financial assets	13	0	99	86
Inventory	10	180	102	125
Total current assets		8,168	9,013	7,960
Non-current assets				
Postponed rates	9	450	370	413
Investments in joint ventures	15	0	127	118
<i>Other financial assets:</i>				
Investments in CCOs and similar entities	13	0	791	791
Investments in other entities	13	998	60	58
Total other financial assets		998	850	849
Intangible assets	17	7,478	5,837	5,965
Forestry assets	19	2,931	2,523	2,749
Property, plant and equipment	16	1,369,962	1,432,395	1,325,653
Total non-current assets		1,381,819	1,442,102	1,335,746
Total assets		1,389,987	1,451,115	1,343,706
Liabilities				
Current liabilities				
Payables and deferred revenue	20	14,018	17,252	13,746
Derivative financial instruments	12	16	1,303	1,269
Employee entitlements	22	1,553	1,723	1,644
Provisions	23	2,688	626	1,307
Borrowings	21	0	12,200	0
Total current liabilities		18,274	33,105	17,966
Non-current liabilities				
Derivative financial instruments	12	2,298	3,265	5,138
Employee entitlements	22	185	190	200
Provisions	23	5,730	5,262	5,903
Borrowings	21	47,700	23,000	35,000
Total non-current liabilities		55,912	31,717	46,242
Total liabilities		74,186	64,822	64,208
Net assets (assets minus liabilities)		1,315,800	1,386,293	1,279,498
Equity				
Accumulated funds	26	391,293	388,686	377,048
Reserves	26	924,507	997,607	902,450
Total equity		1,315,800	1,386,293	1,279,498

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

Statement of changes in equity

For the year ended 30 June 2017

	Notes	2017 Budget \$000's	2017 Actual \$000's	2016 Actual \$000's
Balance at 1 July		1,283,073	1,279,498	1,255,043
Total comprehensive revenue and expense for the year		32,727	106,795	24,455
Balance at 30 June	26	1,315,800	1,386,293	1,279,498

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

Statement of cash flows

For the year ended 30 June 2017

	2017 Budget \$000's	2017 Actual \$000's	2016 Actual \$000's
Cash flows from operating activities			
Receipts from rates revenue	61,396	58,358	57,811
Receipts from other revenue	21,069	23,313	20,757
Interest received	12	156	77
Dividends received	0	6	6
GST (net)	0	(203)	424
Payments to suppliers and employees	(59,073)	(58,614)	(50,604)
Interest paid	(2,636)	(2,202)	(2,482)
Net cash flow from operating activities	20,768	20,814	25,989
Cash flows from investing activities			
Advance payments received	0	0	0
Receipts from sale of property, plant and equipment	156	117	742
Advance payments made	0	(13)	(22)
Purchase of property, plant and equipment	(29,821)	(21,513)	(19,003)
Purchase of intangible assets	(614)	(519)	(692)
Net cash flow from investing activities	(30,279)	(21,928)	(18,975)
Cash flows from financing activities			
Proceeds from borrowings	11,528	8,500	25,000
Repayment of finance lease liabilities	0	0	0
Repayment of borrowings	(2,134)	(8,300)	(31,100)
Net cash flow from financing activities	9,394	200	(6,100)
Net increase/(decrease) in cash and cash equivalents	(118)	(914)	914
Cash and cash equivalents at the start of the year	591	1,009	95
Cash and cash equivalents at the end of the year	474	95	1,009

Statement of cash flows for the year ended 30 June 2017

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

	2017 Actual \$000's	2016 Actual \$000's
Surplus/(deficit) after tax	9,281	6,790
Add/(less) non-cash items		
Vested assets	(3,682)	(5,717)
Amortisation	647	692
Depreciation	17,876	17,929
(Gains)/losses in fair value of forestry assets	226	182
Net (gains)/losses on interest rate swaps	(1,839)	2,188
Impairment of spare parts	23	55
Total non-cash items	13,251	15,329
Add/(less) movements in working capital items		
Increase/(decrease) in payables	80	1,685
Increase/(decrease) in provisions	(1,181)	(1,228)
Increase/(decrease) in employee entitlements	69	107
(Increase)/decrease in receivables	(2,074)	864
Net movement in working capital items	(3,106)	1,428
Add/(less) items classified as investing activities		
(Gains)/losses on sale of property, plant and equipment	1,397	2,467
Share of joint venture's surplus	(9)	(25)
Total items classified as investing activities	1,388	2,442
Net cash inflow/(outflow) from operating activities	20,814	25,989

Notes to the financial statements

Note 1 - Statement of accounting policies

REPORTING ENTITY

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

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

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

The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 31 October 2017.

BASIS OF PREPARATION

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

Statement of compliance

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

The financial statements have been prepared in accordance with and comply with PBE standards.

Presentation currency and rounding

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

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

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

Impairment of Revalued Assets

In April 2017, the XRB issued *Impairment of Revalued Assets*, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards.

The Council has early adopted this amendment in preparing its 30 June 2017 financial statements. From the 30 June 2017 year onwards, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class-of-asset to which the asset belongs.

Other changes in accounting policies

There have been no other changes in accounting policies.

Standards issued and not yet effective, and not early adopted

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

2016 Omnibus Amendments - Service concession assets

In January 2017, the External Reporting Board (XRB) issued the 2016 Omnibus Amendments to PBE Standards, which incorporates a range of amendments to the PBE Standards. A relevant amendment for the Council is to PBE IPSAS 32 Service Concession Arrangements: Grantor. This amendment requires that service concession assets be grouped with similar property, plant and equipment assets for the purpose of subsequent measurement and disclosure under PBE IPSAS 17 Property, Plant and Equipment.

2016 Omnibus Amendments to PBE Standards, issued in January 2017, requires that the amendment be applied for annual financial statements covering periods beginning on or after 1 January 2017.

Interests in other entities

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

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

Financial instruments

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by Council in its 2016/17 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.

Critical accounting estimates and assumptions

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

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

Critical judgements in applying accounting policies

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

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

Note 2 - Summary revenue and expenditure for group of activities

Accounting Policy

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

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

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

Breakdown of summary revenue and expenditure for group of activities

	2017 Budget \$000s	2017 Actual \$000's	2016 Actual \$000's
Revenue			
Representation	5,095	4,355	4,396
Planning and regulation	8,044	8,813	7,791
Protection of people and the environment	3,345	3,719	3,213
Roads and footpaths	14,419	15,141	13,691
Community spaces and development	14,330	14,600	12,520
Economic development	2,865	2,382	2,157
Water	8,997	9,099	9,225
Wastewater	16,625	16,209	17,272
Stormwater	3,168	3,200	3,445
Solidwaste	6,283	7,502	6,586
Activity revenue	83,172	85,022	80,296
Revenue not directly attributable to an activity			
Revenue from vested assets	1,165	3,682	5,717
Gain on revaluation of interest rate swaps	1,905	1,839	0
Gain on disposal of assets	0	0	74
Other revenue	0	232	0
<i>Less internal revenue</i>	<i>(658)</i>	<i>(659)</i>	<i>(1,271)</i>
Total revenue	85,584	90,117	84,816
Expenditure			
Representation	6,279	5,139	5,930
Planning and regulation	9,681	9,776	7,627
Protection of people and the environment	3,151	3,263	3,002
Roads and footpaths	15,655	15,273	13,412
Community spaces and development	11,611	11,079	10,756
Economic development	4,200	2,212	2,628
Water	8,710	8,622	8,538
Wastewater	13,115	15,018	13,280
Stormwater	3,006	3,015	2,882
Solidwaste	5,947	6,446	6,051
Activity expenditure	81,357	79,842	74,105
Expenditure not directly attributable to an activity			
Loss on revaluation of forestry	0	226	182
Loss on revaluation of interest rate swaps	0	0	2,188
Impairment of inventory	0	23	55
Loss on disposal of assets	0	1,397	2,541
Other expenditure	0	0	250
<i>Less internal expenditure</i>	<i>(658)</i>	<i>(659)</i>	<i>(1,271)</i>
Total expenditure	80,699	80,829	78,050

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

Note 3 - Revenue

Accounting policy

Revenue is measured at fair value.

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

Rates Revenue

The following policies for rates have been applied:

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

Development and financial contributions

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

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

New Zealand Transport Agency roading subsidies

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

Other grants received

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

Building and resource consent revenue

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

Entrance fees

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

Landfill fees

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

Provision of commercially based services

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

Sale of goods

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

Infringement fees and fines

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

Accounting policy (continued)

Vested or donated physical assets

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

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on the unit rate for each specific component vested.

These unit rates are calculated by Council and peer reviewed on an annual basis by a suitably qualified external valuer on an annual basis. Should no unit rate exist for a specific type of asset at the time Council obtains control of the asset, then the value is determined by using the construction price information provided by the property developer.

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

Donated and bequeathed financial assets

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

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

Interest and dividends

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

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

Critical judgements in applying accounting policies

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

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

(i) Breakdown of rates and further information

	2017 Actual \$000's	2016 Actual \$000's
General rates	5,274	4,874
Uniform annual general charge	10,082	9,135
Targeted rates attributable to activities:		
- Targeted rates for metered water supply	1,452	1,473
- Other targeted rates	43,877	43,890
Rates penalties	898	769
Rates remissions	(676)	(607)
Total rates	60,906	59,533

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

As at 30 June	2016
Number of rating units	27,032
Total capital values of rating units	14,769,628,750
Total land value of rating units	9,491,501,400

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of Council for the year ended 30 June 2017 for the purposes of the LGFA Guarantee and Indemnity Deed is shown below.

	2017 Actual \$000's	2016 Actual \$000's
Rates	61,582	60,141
Total gross annual rates income	61,582	60,141

(ii) Breakdown of subsidies and grants

	2017 Actual \$000's	2016 Actual \$000's
New Zealand Transport Agency roading subsidies	6,502	5,207
New Zealand Defence Force cemetery subsidies	6	6
Other subsidies	0	39
Other grants	2,224	735
Total subsidies and grants	8,733	5,986

(iii) Breakdown of fees and charges

	2017 Actual \$000's	2016 Actual \$000's
Building and resource consent charges	4,678	4,073
Solid waste revenue	3,005	2,687
Land information memoranda sales	383	416
Other fees and charges	3,125	3,165
Total fees and charges	11,191	10,341

(iv) Breakdown of interest revenue

	2017 Actual \$000's	2016 Actual \$000's
Interest revenue		
Term deposits	156	77
Discount unwind on provisions	0	0
Total interest revenue	156	77

(v) Breakdown of other revenue

	2017 Actual \$000's	2016 Actual \$000's
Petrol tax	428	405
Traffic and parking infringements	203	286
Court fees and fines	43	54
Vested land and infrastructure from property development	3,682	5,717
Gain on changes in fair value of derivative financial instruments	1,839	0
Property, plant and equipment gains on disposal	0	74
Dividend revenue	6	6
Other	798	4
Total other revenue	6,999	6,546

Operating leases as a lessor

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

	2017 Actual \$000's	2016 Actual \$000's
Operating leases as lessor		
Not later than one year	732	685
Later than one year and not later than five years	1,692	1,902
Later than five years	2,085	2,366
Total non-cancellable operating leases	4,510	4,953

No contingent rents have been recognised during the year.

Note 4 - Personnel costs

Accounting policy

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

Breakdown of personnel costs and further information

	2017 Actual \$000's	2016 Actual \$000's
Salaries and wages	15,548	14,902
Employer contributions to defined contribution plans	396	375
Increase/(decrease) in employee entitlements	69	107
Total personnel costs	16,013	15,384

Chief Executive remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$345,004 (2016: \$351,659).

Council employee remuneration by band

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

	2017 Actual \$000's	2016 Actual \$000's
Total annual remuneration by band for employees as at 30 June 2017		
< \$60,000	94	100
\$60,000-\$79,999	58	56
\$80,000-\$99,999	35	34
\$100,000-\$119,999	13	12
\$120,000-\$139,999	6	6
\$140,000-\$179,999	6	6
\$180,000-\$359,999	7	6
Total employees	219	220

At balance date, the Council employed 172 (2016: 166) full-time employees, with the balance of staff representing 27 (2016: 32) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Elected representatives' remuneration

Elected representatives received the following remuneration:

	2017 Actual \$000's	2016 Actual \$000's
Elected representatives received the following remuneration:		
Previous Council		
Mayor Glenn Leach	35	116
Deputy Mayor Peter French	18	44
Councillor Tony Brljevic	12	37
Councillor Diane Connors	9	30
Councillor Tony Fox	16	39
Councillor Sandra Goudie	9	30
Councillor Murray McLean JP	12	37
Councillor Jack Wells	9	30
Councillor Jan Bartley	9	30
Present Council		
Mayor Sandra Goudie	77	0
Deputy Mayor Tony Brljevic	33	0
Councillor Tony Fox	32	0
Councillor Murray McLean JP	29	0
Councillor Jan Bartley	22	0
Councillor Rex Simpson	25	0
Councillor Sally Christie	25	0
Councillor Strat Peters	25	0
Councillor Terry Walker	29	0
Total elected representatives remuneration	426	393

Severance payments

For the year ended 30 June 2017, the Council made 1 (2016: nil) severance payment to an employee totalling \$5,000 (2016: \$nil).

Note 5 - Finance costs

Accounting policy

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

Breakdown of finance costs

	2017 Actual \$000's	2016 Actual \$000's
Interest expense		
Interest on borrowings	2,202	2,482
Discount unwind on provisions	40	160
Net finance costs	2,242	2,642

Note 6 - Other expenses

Accounting policy

Grant expenditure

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

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

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

Operating leases

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

Breakdown of other expenses and further information

	2017 Actual \$000's	2016 Actual \$000's
Fees to auditors:		
fees to Audit New Zealand for audit of financial statements	141	137
- fees to Audit New Zealand for other services	4	0
General grants	319	403
Operating lease expense	49	48
Impairment of receivables	469	453
Impairment of property intended for sale	0	0
Impairment of spare parts for obsolescence	23	55
Property, plant and equipment and intangible assets losses on disposal	1,397	2,541
Derivative financial instruments revaluation losses	0	2,188
Forestry asset revaluation losses	226	182
Other operating expenses	41,438	35,395
Total other expenses	44,066	41,402

Operating leases as lessee

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

	2017 Actual \$000's	2016 Actual \$000's
Not later than one year	6	6
Later than one year and not later than five years	19	21
Later than five years	12	16
Total non-cancellable operating leases	37	42

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2016: \$nil). The Council cannot assign or sublet the property without prior written consent of the lessor.

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

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

Note 7 - Tax

Accounting policy

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

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

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

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

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

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

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

Breakdown of taxes and further information

	2017 Actual \$000's	2016 Actual \$000's
Components of tax expense		
Current tax expense	0	0
Deferred tax expense	0	0
Tax expense	0	0
Relationship between tax expense and accounting surplus		
Net surplus /(deficit) before tax	9,281	6,790
Tax at 28%	2,599	1,901
Plus /(less) tax effect of:		
Non-taxable revenue	(2,415)	(2,024)
Deferred tax adjustment	(184)	123
Tax expense	0	0

	PPE \$000's	Employee entitlements \$000's	Other provisions \$000's	Tax losses \$000's	Total \$000's
Deferred tax asset (liability)					
Balance at 30 June 2015	(252)	0	0	252	0
Charged to surplus or deficit	(121)	0	0	121	0
Charged to other comprehensive revenue and expense	(2)	0	0	2	0
Balance at 30 June 2016	(375)	0	0	375	0
Charged to surplus or deficit	257	0	0	(257)	0
Charged to other comprehensive revenue and expense	(73)	0	0	73	0
Balance at 30 June 2017	(191)	0	0	191	0

Other tax-related disclosures

A deferred tax asset has not been recognised in relation to tax losses of \$4,224,759 (2016: \$3,263,240). Based on the extent to which it is probable that taxable profits will be available against which to deduct tax losses.

Note 8 - Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Breakdown of cash and cash equivalents and further information

	2017 Actual \$000's	2016 Actual \$000's
Cash at bank and on hand	77	991
Domain committee current accounts	18	18
Total cash and cash equivalents	95	1,009

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

Note 9 - Receivables

Accounting policy

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

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

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

Breakdown of receivables and further information

	2017 Actual \$000's	2016 Actual \$000's
Rates receivables	6,355	5,800
Other receivables:		
Related party receivables	0	0
Other	5,215	3,695
Receivables prior to impairment	11,570	9,496
Less provision for impairment	(2,483)	(2,342)
Total receivables	9,087	7,153
Less non-current portion		
Postponed rates	(370)	(413)
Total non-current portion	(370)	(413)
Current portion receivables	8,717	6,740
Total receivables comprise:		
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	8,990	6,817
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	97	336

Fair value

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

The face value of postponed rates is \$370,084 (2016: \$413,104). Fair value has not been determined by using discounted cash flows.

Interest was charged at a rate of 6.71% on postponed rates for the 2016/2017 year (2016: 7.75%). Future interest rates are notified annually in the Long-Term Plan or Annual Plan.

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

Impairment

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

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

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

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been renegotiated is \$3,281 (2016: \$9,019).

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

	2017			2016		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
Not past due	4,320	0	4,320	3,299	0	3,299
Past due 1-30 days	604	0	604	76	0	76
Past due 31-60 days	34	0	34	48	0	48
Past due >61 days	6,243	(2,483)	3,760	5,659	(2,342)	3,316
Total current portion	11,200	(2,483)	8,717	9,082	(2,342)	6,740

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

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

	2017 Actual \$000's	2016 Actual \$000's
Individual impairment	2,483	2,342
Total provision for impairment	2,483	2,342

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

	2017 Actual \$000's	2016 Actual \$000's
Past due >61 days	2,483	2,342
Total individual impairment	2,483	2,342

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

	2017 Actual \$000's	2016 Actual \$000's
At 1 July	2,342	2,258
Additional provisions made during the year	469	458
Receivables written off during the period	(329)	(374)
At 30 June	2,483	2,342

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

Note 10 - Inventory

Accounting policy

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), and adjusted, when applicable, for any loss of service potential. Inventories acquired through non-exchange transactions are measured at fair value at the current replacement cost at the date of acquisition.

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

Breakdown of inventory and further information

	2017 Actual \$000's	2016 Actual \$000's
Held for distribution inventory:		
Water and sewerage reticulation spare parts	102	125
Total inventory	102	125

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

The write-down of inventory during the year was \$22,723 (2016: \$54,966). There have been no reversals of write-downs (2016: Nil).

No inventory is pledged as security for liabilities (2016: Nil).

Note 11 - Non-current assets held for sale

Accounting policy

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

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

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

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

At balance date Council held no assets held for sale (2016: Nil).

Note 12 - Derivative financial instruments

Accounting policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

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

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

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

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

Breakdown of derivative financial instruments and further information

	2017 Actual \$000's	2016 Actual \$000's
Liabilities		
Current liability portion		
Interest rate swaps	1,303	1,269
Total current liability portion	1,303	1,269
Non-current liability portion		
Interest rate swaps	3,265	5,138
Total current liabilities portion	3,265	5,138
Total derivative financial instrument liabilities	4,568	6,407

Fair value of interest rate swaps

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

Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$50.5 million (2016: \$50.5 million). \$10 million of these interest rate swaps have start dates after year-end and are in line with forecasted borrowing requirements. At 30 June 2017, the fixed interest rates of the outstanding interest rate swaps varied from 4.17% to 6.10% (2016: 4.17% to 6.10%).

Note 13 - Other financial assets

Accounting policy

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

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

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

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

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

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

Listed and unlisted shares

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

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

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

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

Breakdown of other financial assets and further information

	2017 Actual \$000's	2016 Actual \$000's
Current portion		
Short-term deposits with maturities of 4-12 months	99	86
Total current portion	99	86
Non-current portion		
Investment in CCOs and similar entities:		
Local Government Funding Agency	660	660
Local Authority Shared Services Limited	131	131
Total investment in CCOs and similar entities	791	791
Investment in other entities:		
New Zealand Local Government Insurance Corporation Limited	41	40
Cooks Beach Wall Limited	18	18
Total investment in other entities	60	58
Total non-current portion	850	849
Total other financial assets	950	935

Term deposits

The carrying amount of term deposits approximates their fair value.

Unlisted shares

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

The fair value of the Council's investment in NZ Local Government Insurance Corporation (trading as Civic Assurance) is \$41,494 (2016: \$39,595). This is based on the Council's share, currently 0.24% (2016: 0.24%), of the assets less liabilities of the company.

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

Impairment

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

Note 14 - Investment in associate

Accounting policy

An associate is an entity, over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are recognised under the equity method of accounting as prescribed in PBE IPSAS 7 Investments in Associates whereby the investment in the associate is recognised at cost with the carrying amount adjusted to reflect the ownership interest in the associate.

Council has elected to recognise its interests in both the Hauraki Rail Charitable Trust and Destination Coromandel Trust as associates of Council. However, given that Council does not have an ownership interest in either trust and that no share of the profit or loss is made to Council, it is impractical for Council to recognise its relationship with both trusts through this method of accounting. Nevertheless, the relationship is recognised as a related party with the appropriate disclosures made in accordance with PBE IPSAS 20 Related Party Disclosures.

Note 15 - Investment in joint venture

Accounting policy

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

Council has a 40% interest in a jointly controlled entity called the Thames Valley Emergency Operating Area (TVEOA). Council is the administering authority of this entity and accounts for its interest in this entity under the equity-method of accounting using the alternative disclosure of PBE IPSAS 7.

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

	2017 Actual \$000's	2016 Actual \$000's
Current assets	114	107
Non-current assets	33	41
Current liabilities	(19)	(30)
Non-current liabilities	0	0
Net assets	127	118
Revenue	205	263
Expenses	196	238
Share of surplus/(deficit)	9	25

Note 16 - Property, plant and equipment

Accounting policy

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

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

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

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

Recognition and measurement

Land (operation and restricted) is measured at fair value, and buildings, refuse processing and disposal and all infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Unformed or paper roads

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

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

Revaluations

Land (excluding land under roads) is revalued bi-annually, buildings and infrastructural assets are revalued annually to ensure that their carrying amount does not differ materially from fair value. Land under roads was revalued in July 2011 by Jordan Valuers. Subsequent land values reported have used the 2011 Jordan Valuers' valuation as a base and have had the NZ Transport Agency's (NZTA) land valuation index values applied. The 2015 reported land values have been indexed to 2016 values using the NZTA index based on the increase for urban and rural state highway land within each ward of the Council network.

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

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

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

Additions

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

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

Property, plant, and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals

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

Subsequent costs

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

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

Accounting policy (continued)

Depreciation

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

Operational assets

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

Infrastructural assets

Reserve improvements	5-80 years	1.3%-20.0%
Bridges	60-100 years	1.0%-1.7%
Footpaths	20-50 years	2.0%-5.0%
Harbour facilities	5-100 years	1.0%-20.0%
Water	5-100 years	1.0%-20.0%
Wastewater	2-100 years	1.0%-50.0%
Stormwater	5-100 years	1.0%-20.0%
Roads	10-99 years	1.0%-10.0%

Impairment

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

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

Assets under construction

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

Critical accounting estimates and assumptions

Land (operational, restricted, and infrastructural)

The most recent valuation of land was performed by an independent registered valuer, QV Valuations, Hamilton. The valuation is effective as at 1 July 2016.

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

Buildings (operational and restricted)

The most recent valuation of buildings was performed by an independent registered valuer, Curnow Tizard Limited, Hamilton. The valuation is effective as at 1 July 2016.

Critical accounting estimates and assumptions (continued)

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

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

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- Where buildings are not readily tradable, such as public toilets, the valuer has assessed their value within the context of fair value being the price that they would expect the Council to pay for such a facility, if that situation had arisen.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

Infrastructural asset classes

Wastewater, water, stormwater, harbours, solid waste, parks and roads, footpaths and bridges are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

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

AECOM of Hamilton was commissioned by Council to carry out an independent review of the methodology used to complete Council's infrastructure asset valuation as at 1 July 2016.

Opus International Consultants Limited of Paeroa performed the most recent valuation for all roading assets (including footpaths, bridges and land under roads), and the valuation is effective as at 1 July 2016.

Total Council property, plant and equipment

	2017	2016
	Actual	Actual
	\$000's	\$000's
Cost - opening balance	1,350,522	1,330,338
Accumulated depreciation and impairment	(24,869)	(23,860)
Total - opening balance	1,325,653	1,306,478
Current year additions	28,620	22,626
Current year disposals	(3,372)	(3,517)
Current year disposals depreciation	1,858	428
Current year depreciation charge	(17,876)	(17,929)
Reversed on revaluation - Cost	(16,979)	(16,492)
Reversed on revaluation - Accumulated depreciation	16,979	16,492
Revaluation surplus	97,513	17,567
Total - closing balance	1,432,395	1,325,653
At cost - closing balance	1,456,303	1,350,522
Accumulated depreciation and impairment	(23,909)	(24,869)
Total Council property, plant and equipment - closing balance	1,432,395	1,325,653

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

Buildings

	2017	2016
	Actual	Actual
	\$000's	\$000's
Buildings - at cost - opening balance	27,440	26,515
Accumulated depreciation and impairment	(982)	(934)
Total buildings - opening balance	26,458	25,582
Current year additions	459	738
Current year disposals	0	(40)
Current year disposals depreciation	0	2
Current year depreciation charge	(1,068)	(983)
Reversed on revaluation - Cost	(982)	(934)
Reversed on revaluation - Accumulated depreciation	982	934
Revaluation surplus	1,925	1,160
Total buildings - closing balance	27,774	26,458
Buildings - at cost - closing balance	28,842	27,440
Accumulated depreciation and impairment	(1,068)	(982)
Total buildings - closing balance	27,774	26,458

Computer hardware

	2017	2016
	Actual	Actual
	\$000's	\$000's
Computer hardware - at cost - opening balance	3,719	3,273
Accumulated depreciation and impairment	(3,127)	(2,967)
Total computer hardware - opening balance	592	306
Current year additions	449	474
Current year disposals	(147)	(28)
Current year disposals depreciation	145	28
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(246)	(188)
Total computer hardware - closing balance	794	592
Computer hardware - at cost - closing balance	4,021	3,719
Accumulated depreciation and impairment	(3,228)	(3,127)
Total computer hardware - closing balance	794	592

Furniture and fittings

	2017	2016
	Actual	Actual
	\$000's	\$000's
Furniture and fittings - at cost - opening balance	2,176	2,106
Accumulated depreciation and impairment	(1,632)	(1,531)
Total furniture and fittings - opening balance	544	574
Current year additions	57	116
Current year disposals	(725)	(46)
Current year disposals depreciation	725	41
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(131)	(141)
Total furniture and fittings - closing balance	471	544
Furniture and fittings - at cost - closing balance	1,508	2,176
Accumulated depreciation and impairment	(1,037)	(1,632)
Total furniture and fittings - closing balance	471	544

Operational land

	2017 Actual \$000's	2016 Actual \$000's
Operational land - at cost - opening balance	67,445	68,065
Accumulated depreciation and impairment	0	0
Total operational land - opening balance	67,445	68,065
Current year additions	0	0
Current year disposals	(57)	(620)
Current year disposals depreciation	0	0
Current year depreciation charge	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Revaluation surplus	13,658	0
Total operational land - closing balance	81,046	67,445
Operational land - at cost - closing balance	81,046	67,445
Accumulated depreciation and impairment	0	0
Total operational land - closing balance	81,046	67,445

Library collections

	2017 Actual \$000's	2016 Actual \$000's
Library collections - at cost - opening balance	1,953	1,843
Accumulated depreciation and impairment	(1,262)	(1,121)
Total library collections - opening balance	691	722
Current year additions	116	110
Current year disposals	0	0
Current year disposals depreciation	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(141)	(141)
Total library collections - closing balance	666	691
Library collections - at cost - closing balance	2,069	1,953
Accumulated depreciation and impairment	(1,403)	(1,262)
Total library collections - closing balance	666	691

Plant and machinery

	2017 Actual \$000's	2016 Actual \$000's
Plant and machinery - at cost - opening balance	3,286	3,160
Accumulated depreciation and impairment	(1,869)	(1,749)
Total plant and machinery - opening balance	1,417	1,411
Current year additions	365	335
Current year disposals	(1,005)	(210)
Current year disposals depreciation	810	162
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(285)	(282)
Total plant and machinery - closing balance	1,303	1,417
Plant and machinery - at cost - closing balance	2,646	3,286
Accumulated depreciation and impairment	(1,344)	(1,869)
Total plant and machinery - closing balance	1,303	1,417

Solid waste

	2017 Actual \$000's	2016 Actual \$000's
Solid waste - at cost - opening balance	4,458	4,479
Accumulated depreciation and impairment	(206)	(198)
Total solid waste - opening balance	4,252	4,281
Current year additions	369	98
Current year disposals	(1)	(4)
Current year disposals depreciation	0	1
Current year depreciation charge	(216)	(207)
Reversed on revaluation - Cost	(206)	(198)
Reversed on revaluation - Accumulated depreciation	206	198
Revaluation surplus	90	84
Total solid waste - closing balance	4,495	4,252
Solid waste - at cost - closing balance	4,710	4,458
Accumulated depreciation and impairment	(215)	(206)
Total solid waste - closing balance	4,495	4,252

Bridges

	2017 Actual \$000's	2016 Actual \$000's
Bridges - at cost - opening balance	18,001	16,423
Accumulated depreciation and impairment	(363)	(341)
Total bridges - opening balance	17,639	16,082
Current year additions	0	1,029
Current year disposals	0	(70)
Current year disposals depreciation	0	2
Current year depreciation charge	(358)	(365)
Reversed on revaluation - Cost	(363)	(341)
Reversed on revaluation - Accumulated depreciation	363	341
Revaluation surplus	(269)	960
Total bridges - closing balance	17,012	17,639
Bridges - at cost - closing balance	17,369	18,001
Accumulated depreciation and impairment	(358)	(363)
Total bridges - closing balance	17,012	17,639

Footpaths

	2017 Actual \$000's	2016 Actual \$000's
Footpaths - at cost - opening balance	16,444	18,245
Accumulated depreciation and impairment	(714)	(756)
Total footpaths - opening balance	15,730	17,489
Current year additions	775	478
Current year disposals	(22)	(9)
Current year disposals depreciation	1	1
Current year depreciation charge	(731)	(715)
Reversed on revaluation - Cost	(714)	(756)
Reversed on revaluation - Accumulated depreciation	714	756
Revaluation surplus	505	(1,514)
Total footpaths - closing balance	16,258	15,730
Footpaths - at cost - closing balance	16,988	16,444
Accumulated depreciation and impairment	(730)	(714)
Total footpaths - closing balance	16,258	15,730

Harbour facilities

	2017 Actual \$000's	2016 Actual \$000's
Harbour facilities - at cost - opening balance	7,517	7,231
Accumulated depreciation and impairment	(195)	(178)
Total harbour facilities - opening balance	7,323	7,053
Current year additions	548	599
Current year disposals	(0)	0
Current year disposals depreciation	0	0
Current year depreciation charge	(193)	(195)
Reversed on revaluation - Cost	(195)	(178)
Reversed on revaluation - Accumulated depreciation	195	178
Revaluation surplus	(478)	(134)
Total harbour facilities - closing balance	7,199	7,323
Harbour facilities - at cost - closing balance	7,392	7,517
Accumulated depreciation and impairment	(193)	(195)
Total harbour facilities - closing balance	7,199	7,323

Reserve improvements

	2017 Actual \$000's	2016 Actual \$000's
Reserve improvements - at cost - opening balance	15,046	14,471
Accumulated depreciation and impairment	(1,051)	(967)
Total reserve improvements - opening balance	13,995	13,504
Current year additions	4,587	1,408
Current year disposals	(68)	(68)
Current year disposals depreciation	12	12
Current year depreciation charge	(1,127)	(1,063)
Reversed on revaluation - Cost	(1,051)	(967)
Reversed on revaluation - Accumulated depreciation	1,051	967
Revaluation surplus	1,230	202
Total reserve improvements - closing balance	18,628	13,995
Reserve improvements - at cost - closing balance	19,743	15,046
Accumulated depreciation and impairment	(1,116)	(1,051)
Total reserve improvements - closing balance	18,628	13,995

Roads

	2017 Actual \$000's	2016 Actual \$000's
Roads - at cost - opening balance	611,980	598,628
Accumulated depreciation and impairment	(4,573)	(4,455)
Total roads - opening balance	607,407	594,172
Current year additions	8,459	9,283
Current year disposals	(1,172)	(1,289)
Current year disposals depreciation	155	166
Current year depreciation charge	(4,243)	(4,738)
Reversed on revaluation - Cost	(4,573)	(4,455)
Reversed on revaluation - Accumulated depreciation	4,573	4,455
Revaluation surplus	32,920	9,814
Total roads - closing balance	643,526	607,407
Roads - at cost - closing balance	647,615	611,980
Accumulated depreciation and impairment	(4,089)	(4,573)
Total roads - closing balance	643,526	607,407

Stormwater

	2017 Actual \$000's	2016 Actual \$000's
Stormwater - at cost - opening balance	98,625	96,488
Accumulated depreciation and impairment	(1,412)	(1,375)
Total stormwater - opening balance	97,213	95,113
Current year additions	1,197	1,426
Current year disposals	(2)	(75)
Current year disposals depreciation	0	1
Current year depreciation charge	(1,446)	(1,413)
Reversed on revaluation - Cost	(1,412)	(1,375)
Reversed on revaluation - Accumulated depreciation	1,412	1,375
Revaluation surplus	1,215	2,160
Total stormwater - closing balance	98,177	97,213
Stormwater - at cost - closing balance	99,623	98,625
Accumulated depreciation and impairment	(1,446)	(1,412)
Total stormwater - closing balance	98,177	97,213

Wastewater

	2017 Actual \$000's	2016 Actual \$000's
Wastewater - at cost - opening balance	159,527	157,401
Accumulated depreciation and impairment	(4,702)	(4,567)
Total wastewater - opening balance	154,825	152,833
Current year additions	1,583	3,606
Current year disposals	(74)	(98)
Current year disposals depreciation	8	5
Current year depreciation charge	(4,792)	(4,708)
Reversed on revaluation - Cost	(4,702)	(4,567)
Reversed on revaluation - Accumulated depreciation	4,702	4,567
Revaluation surplus	719	3,187
Total wastewater - closing balance	152,269	154,825
Wastewater - at cost - closing balance	157,053	159,527
Accumulated depreciation and impairment	(4,784)	(4,702)
Total wastewater - closing balance	152,269	154,825

Water

	2017 Actual \$000's	2016 Actual \$000's
Water - at cost - opening balance	105,113	104,605
Accumulated depreciation and impairment	(2,782)	(2,719)
Total water - opening balance	102,331	101,885
Current year additions	2,833	1,758
Current year disposals	(37)	(178)
Current year disposals depreciation	2	8
Current year depreciation charge	(2,899)	(2,790)
Reversed on revaluation - Cost	(2,782)	(2,719)
Reversed on revaluation - Accumulated depreciation	2,782	2,719
Revaluation surplus	1,928	1,648
Total water - closing balance	104,158	102,331
Water - at cost - closing balance	107,055	105,113
Accumulated depreciation and impairment	(2,898)	(2,782)
Total water - closing balance	104,158	102,331

Reserves land

	2017 Actual \$000's	2016 Actual \$000's
Reserves land - at cost - opening balance	204,399	204,456
Accumulated depreciation and impairment	0	0
Total reserves land - opening balance	204,399	204,456
Current year additions	937	643
Current year disposals	0	(700)
Current year disposals depreciation	0	0
Current year depreciation charge	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Revaluation surplus	44,070	0
Total reserves land - closing balance	249,406	204,399
Reserves land - at cost - closing balance	249,406	204,399
Accumulated depreciation and impairment	0	0
Total reserves land - closing balance	249,406	204,399

Tangible work in progress

	2017 Actual \$000's	2016 Actual \$000's
Work in progress - at cost - opening balance	3,392	2,951
Accumulated depreciation and impairment	0	0
Total work in progress - opening balance	3,392	2,951
Current year additions	5,886	523
Current year disposals	(63)	(83)
Total work in progress - closing balance	9,215	3,392
Work in progress - at cost - closing balance	9,215	3,392
Accumulated depreciation and impairment	0	0
Total work in progress - closing balance	9,215	3,392

Work in progress

	2017 Actual \$000's	2016 Actual \$000's
Airfields	0	1
Buildings	10	0
Harbours	1,521	0
Cemetries	0	69
Coastal & Hazard Management	125	125
Harbours	0	719
Libraries	0	12
Parks & Reserves	4,965	1,929
Public Conveniences	926	19
Representation	0	2
Roading	911	164
Solid Waste	17	0
Stormwater	177	9
Wastewater	0	7
Water	563	337
Total work in progress	9,215	3,392

Disposals

The carrying book value of the amount disposed was \$1.51 million.

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

Impairment

There have been no impairment losses recognised for plant and equipment (2016: nil).

Security

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

Restrictions

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

Capital commitments

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

	2017 Actual \$000's	2016 Actual \$000's
Capital commitments		
Buildings	27	0
Bridges	286	0
Roads and footpaths	661	507
Wastewater	451	0
Stormwater	583	0
Water	869	497
Harbour facilities	30	1,177
Reserve improvements	173	520
Total capital commitments	3,081	2,701

Additional disclosures

Core infrastructure asset disclosures

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

	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets
	\$000's	\$000's	\$000's	\$000's
2017				
Water				
treatment plants and facilities	21,047	1,685	0	35,644
other assets (such as reticulation system)	83,111	793	354	135,336
Wastewater				
treatment plants and facilities	76,998	74	0	107,987
other assets (such as reticulation system)	75,271	1,101	408	127,909
Stormwater				
treatment plants and facilities	2,470	47	0	3,442
other assets (such as reticulation system)	95,707	423	727	140,540
Roads and footpaths				
Roads and footpath assets	676,796	7,535	1,700	774,100
2016				
Water				
treatment plants and facilities	20,256	407	0	35,035
other assets (such as reticulation system)	82,075	953	398	132,039
Wastewater				
treatment plants and facilities	79,443	2,362	518	105,446
other assets (such as reticulation system)	75,382	19	707	125,566
Stormwater				
treatment plants and facilities	2,760	28	282	3,400
other assets (such as reticulation system)	94,453	348	768	137,644
Roads and footpaths				
Roads and footpath assets	640,776	8,312	2,478	735,950

Insurance of Council assets

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

	2017 Actual \$000's	2016 Actual \$000's
The total value of all Council assets covered by insurance contracts	503,628	482,859
The maximum amount to which insured assets are insured	248,277	223,330
The total value of all Council assets covered by financial risk sharing arrangements	501,395	480,512
Maximum amount available to the Council under financial risk sharing arrangements	216,000	215,000
Total value of assets that are self-assured	0	0
The value of funds maintained for self-insurance	0	0

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

Note 17 - Intangible assets

Accounting Policy

Software acquisition and development

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

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

Staff training costs are recognised in the surplus or deficit when incurred.

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

Costs associated with the development and maintenance of the Council's website are recognised as an expense when incurred.

Easements

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

The Council has not valued and recognised easements as an intangible asset under PBE IPSAS 31 Intangibles. The work required identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. The Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, and having no active market for this particular asset type. There is also no recognised valuation methodology.

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

Resource consents

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

Amortisation

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

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

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

Impairment of property, plant and equipment and intangible assets

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

Breakdown of intangible assets and further information

	2017 Actual \$000's	2016 Actual \$000's
Cost - opening balance	11,506	11,418
Accumulated amortisation and impairment	(5,540)	(5,342)
Total - opening balance	5,965	6,076
Current year additions	518	701
Current year disposals	(372)	(614)
Disposal accumulated amortisation	372	494
Amortisation charge	(647)	(692)
Total - closing balance	5,837	5,965
At cost - closing balance	11,652	11,506
Accumulated amortisation and impairment	(5,815)	(5,540)
Total Council intangible assets - closing balance	5,837	5,965

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

Computer software

	2017 Actual \$000's	2016 Actual \$000's
Computer software - at cost - opening balance	3,897	4,215
Accumulated amortisation and impairment	(3,084)	(3,254)
Total computer software - opening balance	813	961
Current year additions	482	285
Current year disposals	(373)	(603)
Disposal accumulated amortisation	372	494
Amortisation charge	(336)	(324)
Total computer software - closing balance	958	813
Computer software - at cost - closing balance	4,006	3,897
Accumulated amortisation and impairment	(3,048)	(3,084)
Total computer software - closing balance	958	813

Aerial photography

	2017 Actual \$000's	2016 Actual \$000's
Aerial photography - at cost - opening balance	443	443
Accumulated amortisation and impairment	(443)	(443)
Total aerial photography - opening balance	0	0
Current year additions	0	0
Current year disposals	0	0
Disposal accumulated amortisation	0	0
Amortisation charge	0	0
Total aerial photography - closing balance	0	0
Aerial photography - at cost - closing balance	443	443
Accumulated amortisation and impairment	(443)	(443)
Total aerial photography - closing balance	0	0

Resource consents

	2017 Actual \$000's	2016 Actual \$000's
Resource consents - at cost - opening balance	6,781	5,999
Accumulated amortisation and impairment	(2,014)	(1,646)
Total resource consents - opening balance	4,767	4,353
Current year additions	210	782
Current year disposals	0	0
Disposal accumulated amortisation	0	0
Amortisation charge	(311)	(368)
Total resource consents - closing balance	4,665	4,767
Resource consents - at cost - closing balance	6,991	6,781
Accumulated amortisation and impairment	(2,326)	(2,014)
Total resource consents - closing balance	4,665	4,767

Work in progress

	2017 Actual \$000's	2016 Actual \$000's
Work in progress - at cost - opening balance	385	761
Accumulated amortisation and impairment	0	0
Total work in progress - opening balance	385	761
Current year additions	(173)	(364)
Current year disposals	0	(11)
Disposal accumulated amortisation	0	0
Amortisation charge	0	0
Total work in progress - closing balance	212	385
Work in progress - at cost - closing balance	212	385
Accumulated amortisation and impairment	0	0
Total work in progress - closing balance	212	385

Work in progress

The total amount of intangible assets in the course of construction is \$0.2 million (2016: \$0.4 million). The negative movement of \$0.2 million is WIP disposed and/or capitalised.

Restrictions

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

Capital commitments

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

	2017 Actual \$000's	2016 Actual \$000's
Capital commitments		
Intangible assets	71	194
Total capital commitments	71	194

Note 18 - Depreciation and amortisation expense by group of activity

Directly attributable depreciation and amortisation by group of activity

	2017 Actual \$000's	2016 Actual \$000's
Representation	6	6
Planning & regulation	0	0
Managing the environment	49	44
Protection of people & the environment	32	30
Roading	5,322	5,822
Community spaces	2,307	2,191
Economic development	102	84
Stormwater	1,451	1,418
Wastewater	5,040	4,990
Land use	0	0
Water supply	2,964	2,879
Solid waste	216	207
Total directly attributable depreciation and amortisation by group of activity	17,491	17,672
Depreciation and amortisation not directly related to a group of activities	1,032	950
Total depreciation and amortisation expense	18,523	18,621

Note 19 - Forestry

Accounting policy

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

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

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

Breakdown of forestry assets and further information

	2017 Actual \$000's	2016 Actual \$000's
Balance at 1 July	2,749	2,931
Increases due to purchases	0	0
Gains / (losses) arising from changes attributable to physical changes	232	182
Gains / (losses) arising from changes attributable to price changes	(109)	163
Decreases due to harvest	(349)	(527)
Balance at 30 June	2,523	2,749

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

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

A licence fee is payable in respect of the Tairua forest and is based on the market value of the land. The Council has provided a guarantee to the Crown for the amount of \$45,000 to cover the part of the Tairua Crown Forest subject to a Crown Forest Licence. The Council guarantee is noted as a contingent liability.

42.2 hectares of trees were harvested in May and June 2016 (2016: 25.2 hectares).

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

Valuation assumptions

Independent registered valuers, Hammond Resource Management Ltd have valued the forestry assets as at 30 June 2017. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The forestry has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis.
- No allowance for inflation has been provided.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.
- Log prices are based on a 3-year historical rolling average.
- The value is of standing timber only, exclusive of the value of the underlying land.
- A compound interest rate of 3% (2016: 3%) has been adopted as an appropriate compounding rate.
- A discount rate of 6% (2016: 6%) has been used in discounting the present value of expected cash flows.

The Council has not incurred any deforestation obligations (as defined in the New Zealand Emissions Trading Scheme (ETS)) as at 30 June 2017.

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

Financial risk management strategies

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

Treaty settlement

The land the trees currently occupy is likely to be transferred to iwi as part of a Treaty Settlement.

While this has not yet occurred, it is likely in the near term (1-3 years). It has been suggested that such a transfer may impact on the Council's ability to dispose of wastewater to land. Should this occur, Council's only other option is for the disposal of treated effluent to water.

It should be noted however, that discussions to date indicate that it is more than likely that Council will retain the ability to discharge the treated effluent to land should the transfer of land ownership occur.

Note 20 - Payables and deferred revenue

Accounting Policy

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

Breakdown of payables and other information

	2017 Actual \$000's	2016 Actual \$000's
Payables and deferred revenue under exchange transactions		
Trade payables and accrued expenses	14,806	10,814
Amounts due to associates and joint venture	0	0
Total payables and deferred revenue under exchange transactions	14,806	10,814
Payables and deferred revenue under non-exchange transactions		
Revenue in advance	2,430	2,238
Income tax payable	0	0
Other tax payable (e.g. GST and FBT)	16	29
Grants payable	0	0
Other grants and bequests received subject to substantive conditions not yet met	0	664
Total payables and deferred revenue under non-exchange transactions	2,446	2,932
Total payables and deferred revenue	17,252	13,746

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

Note 21 - Borrowings

Accounting Policy

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

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

Financial guarantee contracts

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

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

Breakdown of borrowings and other financial liabilities and further information

	2017 Actual \$000's	2016 Actual \$000's
Current portion		
Finance leases	0	0
Secured loans	12,200	0
Total current portion	12,200	0
Non-current portion		
Finance leases	0	0
Secured loans	23,000	35,000
Total non-current portion	23,000	35,000
Total borrowings and other financial liabilities	35,200	35,000

Interest terms for secured loans

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

Security

Council no longer holds an overdraft facility (2016: \$250,000).

Council's term loans are secured through a debenture, which grants security to the lender by way of a charge over the Council's general rates and rates revenue.

Description of leasing arrangements

The Council does not have any current finance leases.

Internal borrowings disclosure

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

	Balance at 1 July \$000's	Borrowings \$000's	Repayments \$000's	Balance at 30 June \$000's	Interest paid \$000's
Year ended 30 June 2017					
Representation	1,344	60	(72)	1,332	124
Planning and regulation	66	3	(4)	66	6
Protection of people & the environment	611	27	(33)	606	62
Roads & footpaths	4,339	194	(232)	4,301	232
Community spaces	4,812	215	(258)	4,770	461
Economic development	374	17	(20)	371	41
Stormwater	4,593	205	(246)	4,553	133
Wastewater	45,150	2,018	(2,416)	44,752	2,685
Water	8,467	378	(453)	8,393	419
Solid waste	2,144	96	(115)	2,125	173
Total	71,902	3,214	(3,847)	71,268	4,334

	Balance at 1 July \$000's	Borrowings \$000's	Repayments \$000's	Balance at 30 June \$000's	Interest paid \$000's
Year ended 30 June 2016					
Representation	1,327	272	(255)	1,344	121
Planning and regulation	66	13	(13)	66	6
Protection of people & the environment	603	124	(116)	611	59
Roads & footpaths	4,282	879	(822)	4,339	239
Community spaces	4,749	975	(912)	4,812	459
Economic development	369	76	(71)	374	34
Stormwater	4,533	931	(870)	4,593	266
Wastewater	44,554	9,150	(8,555)	45,150	2,947
Water	8,356	1,716	(1,604)	8,467	430
Solid waste	2,116	435	(406)	2,144	182
Total	70,954	14,571	(13,624)	71,902	4,742

Loan to finance interest expense

Included in internal borrowings for the year under review is the amount of \$1,454,321 (2016: \$2,065,989) which was raised to fund the interest on additional capacity loans which were not met by developer's contributions. This is in accordance with the Council's Development Contributions Policy.

Fair values

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

Note 22 - Employee entitlements

Accounting Policy

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

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

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

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

Key assumptions in measuring retirement and long service leave obligations

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

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. An average discount rate of 3.37% (2016: 3.37%) and a salary inflation factor of 3.00% (2016: 3.00%) were used.

Breakdown of employee entitlements and further information

	2017 Actual \$000's	2016 Actual \$000's
Current portion		
Accrued pay	332	237
Annual leave	1,222	1,255
Retirement and long service leave	125	117
Sick leave	44	36
Total current portion	1,723	1,644
Non-current portion		
Retirement and long service leave	190	200
Total non-current portion	190	200
Total employee entitlements	1,913	1,844

Note 23 - Provisions

Accounting Policy

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

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

Breakdown of provisions and further information

	2017 Actual \$000's	2016 Actual \$000's
Current portion		
Landfill aftercare	83	67
Weathertightness claims	294	946
Reserve contribution credits	0	44
Other sundry provisions	250	250
Total current provisions	626	1,307
Non-current portion		
Landfill aftercare	691	725
Weathertightness claims	56	80
Reserve contribution credits	4,515	5,098
Total non-current portion	5,262	5,903
Total provisions	5,889	7,211

Movements of each class of provision are as follows:

Landfill aftercare costs

	2017 Actual \$000's	2016 Actual \$000's
Opening balance as at 1 July	792	801
Additional provisions made	4	0
Amounts used	(63)	(116)
Unused amounts reversed	0	(54)
Discount unwind	40	160
Closing balance as at 30 June	774	792

Provision for weathertightness claims

	2017 Actual \$000's	2016 Actual \$000's
Opening balance as at 1 July	1,026	2,581
Additional provisions made	0	0
Amounts used	0	(1,293)
Unused amounts reversed	(676)	(262)
Closing balance as at 30 June	350	1,026

Reserve contribution credits

	2017 Actual \$000's	2016 Actual \$000's
Opening balance as at 1 July	5,142	5,142
Additional provisions made	0	0
Amounts used	(627)	0
Unused amounts reversed	0	0
Closing balance as at 30 June	4,515	5,142

Other sundry provisions

	2017 Actual \$000's	2016 Actual \$000's
Opening balance as at 1 July	250	0
Additional provisions made	0	250
Amounts used	0	0
Unused amounts reversed	0	0
Closing balance as at 30 June	250	250

Landfill aftercare 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. All landfills within the Thames-Coromandel district are now closed and no longer accept waste for disposal.

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

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

The provision has been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$1.32 million (2016: \$1.39 million). The following major assumptions have been made in calculating the provision:

- The discount rate used to arrive at the present value is 5.76% (2016: 5.80%).
- The aftercare has been estimated to continue until 2044. The annual inflation factor applied to the estimated aftercare costs for 2018/2019 to 2023/2024 is the September 2014 Local Government price level change forecast. An annual inflation rate of 3.23% has been applied to years 2025/2026 to 2043/2044 (2016: an annual inflation rate of 3.23% was applied to years 2025/2026 to 2043/2044).
- Estimates of the life and future expenditure are based on the 2015-2025 Long-term Plan.

Provision for weathertightness claims

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

This provision is based on the Council's most likely exposure to notified claims. As at 30 June 2017, Council was aware of eight unsettled notified claims (2016:9).

See Note 25 contingent liabilities for further disclosure and comment.

Reserve contribution credits

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

Council has negotiated with a developer to purchase 10 hectares of land situated in Whitianga for the development of a Multi-Sports Complex Centre. As part of this purchase agreement, Council entered into a development contributions deed with the developer, which outlined when development and reserve contributions credits would be considered payable to the Council. It also outlined the staged arrangement in which the Council would purchase the land from the developer.

The agreement stated that Council would purchase the three individual parcels of land (totalling \$6.5 million) on the following dates:

- Lot 1 DP 440527 on 30 April 2011
- Lot 2 DP 440527 on 30 September 2011; and
- Lot 3 DP 440527 on 30 September 2012.

The agreement also stated that the developer would be invoiced for:

- 314 development/reserve contribution credits on 30 April 2011
- 155 development contribution credits on 30 September 2011; and
- A further 155 development contributions on 30 September 2012.

As at 30 June 2017, all parcels of land had been purchased from the developer and all corresponding development and reserve contributions had been invoiced. However, as at 30 June 2017 only \$2,029,067 of the reserve contribution credits have been applied and therefore recognised within Council's accounts as revenue. As such, a provision of \$4,470,875 was recognised within Council's balance sheet reflecting that at balance date these contribution credits were effectively revenue received in advance by Council. As further development contributions credits fall due, the provision will be used to offset any further liability established by the developer.

In addition to the above, a further provision of \$44,058 has been recognised for historic reserve contribution credits as a result of subdivision's vesting of reserves prior to the introduction of the development contribution policy in October 2004. Applications to recognise these historic reserve credits under the Local Government Act 2002 (LGA) are being addressed by Council on a case-by-case basis.

In the past, a reserve contribution credit has been provided to a number of developers for additional reserves land vested in the Council that was over and above the requirement under the Resource Management Act 1991. The reserve contribution requirement under the transitional provisions of the Resource Management Act 1991 was 130m². The credit was then available for developers to apply against reserve contributions required on any subsequent subdivisions. In order to ascertain the development contributions payable, the Local Government Act 2002 and our Development Contributions Policy, require Council to calculate the average market value of each 15m² additional allotment. Usually this is done by way of an external valuation. For this reason, the conversion of these historic reserve credits issued under the Resource Management Act 1991 are difficult to measure and quantify under the Local Government Act 2002.

The provision recognises that these credits will result in an outflow of resources embodying economic benefits to Council. However, estimating the value of these credits is uncertain because it relies on factors such as the future development potential of any residual land, future land values, the value of the land when vested, the zoning of the land and any other district plan mechanism (such as structure plans) and the reasons for the land being vested at the time.

See Note 25 contingent Liabilities for further disclosure and comment.

Other sundry provisions

As at 30 June 2017, Council anticipates that the following payments will be made:

- A one off payment of \$100,000 will be made to the affected parties of the 1877 Native Lands Agreement as part of a final settlement agreement negotiated by Waikato Regional Council, affected ratepayers and Council.
- A one off disturbance payment of \$100,000 and a one off instalment payment of \$50,000 for a kiosk/reception facility as per an agreement reached for the use of the land at Mercury Bay for a carpark facility.

See Note 25 contingent liabilities for further disclosure and comment.

Note 24 - Construction contracts

Accounting Policy

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

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

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

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

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

During the financial year ended 30 June 2017, Council did not enter into any deemed construction contracts for the purposes of PBE IPSAS 11.

Note 25 - Contingencies

Breakdown of contingent liabilities and further information

	2017 Actual \$000's	2016 Actual \$000's
Miscellaneous non-insured claims	0	800
Community pledges	256	390
Weather tightness claims	4,585	3,612
Council guarantees	1,143	1,328
Total contingent liabilities	5,984	6,130

Weather-tightness claims

The weather tightness problem, commonly known as "leaky homes/buildings" refers to those buildings where water has penetrated the building envelope or cladding system and is not able to drain or dry for some time, thus damaging the building.

The term "leaky homes claims" refers to claims against the Council for damages relating to a leaky building. Where the Council has failed to discharge its duty of care when providing building control services and loss has been suffered as a result, the Council may be found negligent. This is the basis for claims for damages against the Council.

The term "leaky homes claims" has also been extended to include cases where owners have opted for the Government's financial assistance package scheme. The Government has established a financial assistance package (FAP) for owners of leaky homes to get their homes fixed outside of the weather tightness tribunal or courts processes. Under the FAP, central government meets 25% of eligible homeowners' agreed repair costs, with local authorities contributing 25% and homeowners funding the remaining 50%, with a loan guarantee underwritten by the Crown, provided applicants can meet bank lending criteria.

Homeowners who participate in the scheme would forgo the right to sue the Council or the Crown. Ultimately, it is the choice of homeowners to sue or otherwise participate in the financial assistance package. Where claimants elect to sue, the Council must accordingly defend whilst maintaining a preference, where possible, to settle claims without the need for a hearing and a protracted litigation suit.

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

There are 12 current claims; 8 of these are part of the FAP scheme. Only 8 claims were registered on the Ministry of Business, Innovation and Employment website as active as at 30 June 2017 (2016: 12 claims) The amounts sought by the claimants of these unsettled claims total to \$4,893,410 including two unknown amounts (2016: \$4,638,410 including two unknown amounts).

A provision for \$350,162 has been recognised for accounting purposes for the potential settlement of claims that have been notified to Council at balance date (for further information see Note 23 Provisions) (2016: \$1,026,352). However, based on the information obtained during this financial year (and that of previous years), the Council has estimated that it may be liable for a further \$4,584,558 in settlement costs (2016: \$3,612,058).

Council guarantees

The Council is listed as a guarantor to two organisations. The Council is obligated under the guarantee to make loan payments in the event that any of these organisations default on a loan arrangement.

The terms and conditions of the guarantee require:

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

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

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

Native lands agreement

In 1877 the Thames Borough Council entered an agreement with local iwi for the purchase of land required for the Paeroa-Thames highway. As part of the agreement the Council agreed that any land owned by iwi would be exempt from rates indefinitely. The Maori Land Court subsequently ruled that the agreement was ultra vires Council's statutory powers. The Council has assessed rates on properties affected by the agreement for a number of years.

In 1999, the Council reviewed the background to this issue and agreed to enter into discussions with iwi to explore ways of settling the grievance issues that they have with the Council in relation to this matter. These discussions are now nearing a conclusion and a settlement agreement has now been drafted but not yet finalised.

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

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

Lees Road carpark

Due to the significant popularity of Cathedral Cove as a national and international tourism destination, the community of Hahei has long suffered from major vehicle congestion. The Coromandel Walks programme has been designed to alleviate existing and future vehicle congestion issues in the surrounding Hahei area with the construction of a revenue generating car park at Lees Road (thereby removing vehicles parking in the village itself).

After a number of significant investigations, a parcel of land was identified as the best location for a new car park due to the location, access and close proximity to the Cathedral Cove walkway. After two years of negotiations with the owners of the block of land, Council reached an agreement with the owners in May 2016. Part of this agreement requires council to pay the following:

- A disturbance payment of \$100,000; and
- A one-off payment of \$50,000 for the construction of a kiosk/reception facility on site.

Both these items have been recognised as a provision (see Note 23 provisions). In addition to these two one-off payments, Council will also be liable for an annual easement fee based on the number of cars parked at the site per annum. However, as Council can not reliably estimate the amount of the obligation this amount has been recognised as a contingent liability accordingly.

Thames Indoor Sports Facility - Roof

The Thames Indoor Sports Facility (TISF) project was approved in 2014 by the Thames Community Board and Council. It is part of the Active Thames trilogy of projects - the other two being the skate park and Rhodes Park grandstand/club rooms.

The TISF project is a partnership with the Ministry of Education and Thames High School with the facility located on the school grounds and encompasses an existing school structure. The new building comprises a two-court court space, foyer, administration, changing rooms, multi-purpose room, spectator seating and storage spaces. External works included roading and carparking, site services, paving and landscaping.

The total project budget stands at \$5.5 million including the contingency outlined below. This budget includes an estimated \$1.5 million in external funding made up of contributions from the school (\$440,000), community fundraising (\$332,000 of which \$76,000 has already been received) and public grants (\$725,000). As at 30 June 2017, \$4.7 million had been spent to date.

Prior to the intended opening of the facility, it was found that the building itself had suffered from moisture damage. Specifically, the design of the building made insufficient provision for ventilation. As a result, condensation had built up on the underside of the roof surface and had made its way through the building paper and insulation (in the roof cavity) and had dripped onto the playing surface in the gym. The moisture had damaged approximately 200 ceiling tiles and the roof itself requires a redesign in order to circumvent the problem. Initial estimates to fix the roof have been quoted as being in the vicinity of \$350,000-\$450,000. Council is currently pursuing the matter via the professional services contract it has with the designer which required professional indemnity insurance.

The contractor is also claiming an additional \$177,000 for additional works relating to an extension of time and additional physical works, however these are yet to be verified by the engineer to the contract.

Until both matters are settled, Council is unable to measure its liability with sufficient reliability and as such both obligations have been noted as contingent liabilities.

Thames Indoor Sports Facility - Community pledges

As part of the risk mitigation strategy regarding non-receipt of community pledges a report was presented to the Thames Community Board (29 February 2016) and Council (6 April 2016) to acknowledge the risks related to Community pledges and Council accepted the underwriting risk associated with recovering pledges after construction costs had been paid. As at 30 June 2017, \$256,000 of community pledges remained outstanding (2016: \$390,000).

New Zealand Local Government Funding Agency

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

The Council is one of 30 local authority shareholders and 14 local authority guarantors of the LGFA. In that regard it has uncalled capital of \$0.1 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2017, LGFA had borrowings totalling \$7.9 billion (2016: \$6.5 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Reserve contribution credits

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

Council has recognised that there are two developers that have reserve contribution credits available to them as at 30 June 2017 should they proceed with any further development at a later date. However, at the time of writing this report, there were no current land-use consents utilising these reserve contribution credits.

Employer contributions to defined contribution plans

Council is a participating employer in the DBP Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, the Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Council could be responsible for an increased share of any deficit.

As at 31 March 2017, the scheme had a past service surplus of \$8.0 million (exclusive of Employer Superannuation Contribution Tax (2016: \$11.7 million)). 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 PBE IPSAS 25. The actuary of the scheme recommended that the employer's contributions remain suspended.

Note 26 - Equity

Accounting Policy

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

Accumulated funds

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

Restricted reserves

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

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

Property revaluation reserves

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

Council created reserves

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

Breakdown of equity and further information

	2017 Actual \$000's	2016 Actual \$000's
Accumulated funds		
Balance at 1 July	377,046	371,083
Net movement in restricted reserves	(383)	0
Net movement in Council created reserves	2,047	(2,781)
Transfers from property revaluation reserves on disposal	696	1,954
Surplus/(deficit) for the year	9,281	6,790
Balance at 30 June	388,686	377,046
Restricted reserves		
Balance at 1 July	33,357	33,357
Transfers to accumulated funds	682	0
Transfers from accumulated funds	(299)	0
Balance at 30 June	33,740	33,357
Council created reserves		
Balance at 1 July	59,661	56,880
Transfers to accumulated funds	23,883	24,602
Transfers from accumulated funds	(25,930)	(21,821)
Balance at 30 June	57,614	59,661
Property revaluation reserves		
Balance at 1 July	809,427	793,730
Net revaluation gains	97,513	17,652
Transfer to accumulated funds on disposal of property	(696)	(1,954)
Balance at 30 June	906,244	809,427
Fair value through other comprehensive revenue and expense reserve		
Balance at 1 July	8	(5)
Net revaluation gains/(losses)	2	13
Balance at 30 June	10	8
Total equity	1,386,293	1,279,498

Restricted reserves

Purpose of restricted reserves and the activity it relates to

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

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2017				
Reserve land				
Restricted by title	31,616	0	(299)	31,317
Endowment farms				
Endowment farms trust property - restricted imposed by statute	1,741	682	0	2,423
Total restricted reserves	33,357	682	(299)	33,740
2016				
Reserve land				
Restricted by title	31,616	0	0	31,616
Endowment farms				
Endowment farms trust property - restricted imposed by statute	1,741	0	0	1,741
Total restricted reserves	33,357	0	0	33,357

Council created reserves

Purpose of council created reserves and the activity it relates to

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

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

Council created reserves consist of:

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

Depreciation reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2017				
District	8,604	13,652	(13,716)	8,541
Thames	1,919	824	(2,011)	732
Coromandel	189	233	(146)	276
Mercury Bay	0	1,017	(1,017)	0
Tairua/Pauanui	620	513	(1,132)	0
Whangamata	0	452	(452)	0
Total depreciation reserves	11,332	16,691	(18,473)	9,549
2016				
District	9,102	14,134	(14,632)	8,604
Thames	2,264	773	(1,118)	1,919
Coromandel	126	218	(155)	189
Mercury Bay	160	990	(1,150)	0
Tairua/Pauanui	350	504	(234)	620
Whangamata	59	421	(480)	0
Total depreciation reserves	12,061	17,040	(17,769)	11,332

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

Local Government Act contribution reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2017				
District	(73)	1,068	(838)	158
Thames	243	26	(20)	249
Coromandel	21	123	(37)	106
Mercury Bay	444	839	(290)	992
Tairua/Pauanui	(4)	35	(8)	23
Whangamata	1,030	75	(403)	702
Total special LGA contribution reserves	1,661	2,165	(1,595)	2,230
2016				
District	(268)	1,495	(1,300)	(73)
Thames	222	67	(46)	243
Coromandel	316	80	(375)	21
Mercury Bay	261	634	(451)	444
Tairua/Pauanui	(33)	66	(37)	(4)
Whangamata	1,371	(14)	(327)	1,030
Total special LGA contribution reserves	1,869	2,328	(2,536)	1,661

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

Retained revenue reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2017				
District	7,667	1,432	(1,050)	8,049
Thames	366	137	(29)	475
Coromandel	135	78	(35)	178
Mercury Bay	1,937	631	(291)	2,277
Tairua/Pauanui	725	202	(129)	798
Whangamata	565	186	(159)	593
Total retained revenue reserves	11,395	2,666	(1,692)	12,369
2016				
District	6,278	1,896	(507)	7,667
Thames	257	123	(14)	366
Coromandel	105	46	(16)	135
Mercury Bay	1,356	582	(1)	1,937
Tairua/Pauanui	714	99	(88)	725
Whangamata	463	188	(86)	565
Total retained revenue reserves	9,173	2,934	(712)	11,395

These reserves contain unspent revenue from a previous year that was raised through rates or fees and charges to fund the Council activities. Under our fiduciary duty, we have an obligation to account for the funds collected and spent for each of these activities. At the end of the year, we reconcile what we received against what we spent. The shortfall or surplus either comes out of or goes into the retained earnings for the relevant activity. Retained revenue reserves relate to representation, solid waste, wastewater, water, stormwater, harbour and all Council activities not separately rated.

Special reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2017				
Power New Zealand reserve	23,928	0	0	23,928
Disaster reserve	1,528	700	(1,706)	522
General purpose	206	0	0	206
Property	1,466	0	0	1,466
Insurance excess	1,716	961	(9)	2,668
Special projects	0	0	0	0
Wastewater headworks	29	31	0	60
Solid waste levy refunds	210	105	(66)	250
Rates postponement	14	0	0	14
Roading subdivision	13	42	0	55
Ohuka park development contributions payment plan	0	24	(24)	0
Thames water headworks	9	0	0	9
Coromandel - water headworks	203	0	0	203
Coromandel - water unused loan	9	0	0	9
Whangamata - water headworks	307	0	0	307
Thames general purpose	2,325	320	(2,145)	500
Land subdivision	3,049	0	0	3,049
Off street parking	111	0	(8)	103
Hot Water Beach parking	66	145	(211)	(0)
Whitianga Harbours	84	33	0	117
Total - special reserves	35,273	2,362	(4,169)	33,465
2016				
Power New Zealand reserve	23,928	0	0	23,928
Disaster reserve	1,280	500	(252)	1,528
General purpose	206	0	0	206
Property	787	679	0	1,466
Insurance excess	1,077	639	0	1,716
Special projects	0	0	0	0
Wastewater headworks	29	0	0	29
Solid waste levy refunds	145	100	(35)	210
Rates postponement	13	1	0	14
Roading subdivision	13	0	0	13
Thames water headworks	9	0	0	9
Coromandel - water headworks	203	0	0	203
Coromandel - water unused loan	9	0	0	9
Whangamata - water headworks	307	0	0	307
Thames general purpose	2,308	321	(304)	2,325
Land subdivision	3,220	29	(200)	3,049
Off street parking	111	0	0	111
Hot Water Beach parking	79	0	(13)	66
Whitianga Harbours	53	31	0	84
Total - special reserves	33,776	2,300	(804)	35,273

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

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

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

Total council created reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
For the period ending 30 June 2017	59,661	23,883	(25,930)	57,614
For the period ending 30 June 2016	56,880	24,602	(21,821)	59,661

Property revaluation reserves

	2017 Actual \$000's	2016 Actual \$000's
Property revaluation reserves for each asset class consist of		
Buildings	16,914	14,989
Footpaths	6,197	5,700
Harbour facilities	2,380	2,859
Land	288,039	230,359
Reserve improvements	6,859	5,657
Bridges	7,138	7,407
Roads	392,703	360,315
Solid waste	2,205	2,116
Stormwater	66,142	64,929
Wastewater	51,760	51,050
Water	65,907	64,047
Closing property revaluation reserves	906,244	809,427

Additional disclosure

Capital management

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

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

The LGA requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council-created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

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

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

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

Note 27 - Related party transactions

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

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

	2017 Actual \$000's	2016 Actual \$000's
Key management personnel compensation		
Councillors		
Remuneration	426	409
Full-time equivalent members	9	9
Senior Management Team, including the Chief Executive		
Remuneration	2,082	2,003
Full-time equivalent members	10	10
Total key management personnel remuneration	2,508	2,412
Total full-time equivalent personnel	19	19

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

Related party transactions required to be disclosed

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

	2017 Actual \$000's	2016 Actual \$000's
Payments to associates		
Destination Coromandel:		
Contribution for services provided by Destination Coromandel	572	567
Hauraki Rail Trail Charitable Trust:		
Contribution for services provided by Hauraki Rail Trail Charitable Trust	30	66
Total payments made to associates	602	633

Note 28 - Events after balance date

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

Note 29 - Financial instruments

Financial instrument categories

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

	2017 Actual \$000's	2016 Actual \$000's
Financial assets		
Loans and receivables		
Cash and cash equivalents	95	1,009
Receivables	8,717	6,740
<i>Other financial assets</i>		
Borrower notes from Local Government Funding Agency	560	560
Term deposits	99	86
Total loans and receivables	9,471	8,395
Fair value through other comprehensive revenue and expense		
<i>Other financial assets</i>		
Unlisted shares	272	271
Total fair value through other comprehensive revenue and expense	272	271

	2017 Actual \$000's	2016 Actual \$000's
Financial liabilities		
Fair value through surplus or deficit - held for trading		
Derivative financial instrument liabilities	4,568	6,407
Total fair value through surplus or deficit - held for trading	4,568	6,407
Financial liabilities at amortised cost		
Payables	15,912	12,537
<i>Borrowings</i>		
Finance lease liabilities	0	0
Secured loans	35,200	35,000
Total financial liabilities at amortised cost	51,112	47,537

Fair value hierarchy disclosures

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

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

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

	Total \$000's	Valuation technique		
		Quoted market price \$000's	Observable inputs \$000's	Non-observable inputs \$000's
2017				
Financial assets				
Shares	272	0	0	272
Financial liabilities				
Derivatives	4,568	0	4,568	0
2016				
Financial assets				
Shares	270	0	0	270
Financial liabilities				
Derivatives	6,407	0	6,407	0

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2017 Actual \$000's	2016 Actual \$000's
Balance at 1 July	270	257
Gains and losses recognised in the surplus or deficit	0	0
Gains and losses recognised in other comprehensive revenue and expense	2	13
Purchases	0	0
Sales	0	0
Transfers into level 3	0	0
Transfers out of level 3	0	0
Balance at 30 June	272	270

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

Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council-approved liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

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

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council may purchase plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is the Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$100,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means the Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The Council's liability management policy outlines the level of borrowing that is considered acceptable using fixed rate instruments. In the normal course of business, any long-term debt is at floating interest rates. Short-term borrowing and investments are subject to normal market fluctuations.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

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

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits which give rise to credit risk. The Council also provides financial guarantees, which gives risk to credit risk.

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

Maximum exposure to credit risk

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

	2017 Actual \$000's	2016 Actual \$000's
Cash at bank and term deposits	194	1,095
Receivables	8,717	6,740
Financial guarantees	1,188	1,250
Total maximum exposure to credit risk	10,099	9,085

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

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired have been assessed by reference to Standard and Poor's credit rating's (if available) or to historical information about counterparty default rates:

	2017 Actual \$000's	2016 Actual \$000's
Cash at bank and term deposits		
AA-	194	1,095
Total cash at bank and term deposits	194	1,095

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

Liquidity risk

Management of liquidity risk

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

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

Contractual maturity analysis of financial liabilities, excluding derivatives

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

	Carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
2017					
Payables	14,806	14,806	14,806	0	0
Secured loans	41,767	41,767	12,834	28,933	0
Finance leases	0	0	0	0	0
Financial guarantees	1,188	1,188	1,188	0	0
Total	57,761	57,761	28,828	28,933	0
2016					
Payables	12,895	12,895	12,895	0	0
Secured loans	41,100	41,100	3,000	30,100	8,000
Finance leases	0	0	0	0	0
Financial guarantees	1,250	1,250	1,250	0	0
Total	55,245	55,245	17,145	30,100	8,000

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 25 contingent liabilities.

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses the Council's derivative financial instrument liabilities that are settled on a net basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$000's	Asset carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
2017						
Nett settled derivative liabilities	4,568	0	4,568	1,303	2,647	618
Total	4,568	0	4,568	1,303	2,647	618
2016						
Nett settled derivative liabilities	6,407	0	6,407	1,269	3,823	1,315
Total	6,407	0	6,407	1,269	3,823	1,315

Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, and include interest receipts.

	Carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
2017					
Cash and cash equivalents	95	95	95	0	0
Receivables	8,717	8,717	8,717	0	0
<i>Other financial assets</i>					
Term deposits	99	99	99	0	0
Total	8,911	8,911	8,911	0	0
2016					
Cash and cash equivalents	1,009	1,009	1,009	0	0
Receivables	6,740	6,740	6,740	0	0
<i>Other financial assets</i>					
Term deposits	86	86	86	0	0
Total	7,835	7,835	7,692	0	0

Sensitivity analysis

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

	-100bps		+100bps	
	Surplus \$000's	Other equity \$000's	Surplus \$000's	Other equity \$000's
Interest rate risk				
2017				
Financial assets				
Cash and cash equivalents	(1)	0	1	0
Term deposits	(1)	0	1	0
Financial liabilities				
Derivatives - held for trading	(1,933)	0	1,805	0
Total sensitivity	(1,935)	0	1,807	0
2016				
Financial assets				
Cash and cash equivalents	(1)	0	2	0
Term deposits	(1)	0	1	0
Financial liabilities				
Derivatives - held for trading	(2,322)	0	2,249	0
Total sensitivity	(2,324)	0	2,252	0

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2016: -100bps/+100bps).

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

Note 30 - Explanations of major variances against budget

Statement of comprehensive revenue and expense

Revenue	
Other Revenue	There has been a substantial rise in the completion of subdivisions resulting in an unanticipated increase in vested asset of \$2.5 million. In addition to this Council has recovered approximately \$0.7 million in costs previously incurred. These costs were in relation to the corner's road fire, legal expenditure and local body elections.

Other comprehensive revenue and expense	
Gain on property, plant and equipment revaluations	We budgeted for a gain on revaluation but the actual asset revaluation movements were higher than budgeted. This is mainly attributable to the increase in land value across the district.

Statement of financial position

Assets	
Property, plant and equipment	Property, plant and equipment is \$63 million higher than budgeted. This is mainly attributable to the increase in land value across the district.

Liabilities	
Payables	The closing payables position is \$3.7 million higher than budgeted. One supplier experienced difficulties in preparing their invoices on time due to a software issue, as such \$3.3 million worth of invoices that related to the 2016-17 financial year were not received until year end.
Derivative financial instruments	Due to the inherent difficulties in prediction valuation derivatives, Council does not budget for the movement in derivative financial instruments.
Provisions	Provisions are \$2.5 million less than budgeted. This can mainly be attributed to a reduction in our weather tightness provision of \$2.3 million.
Borrowings	Our total debt is \$12.5 million less than budgeted. The difference is due to Council forecasting a higher opening debt position by \$3.2 million and under expenditure in Council's capital works programme of \$4.7 million. In addition to this Council also did not spend the budgeted expenditure of \$1.9 million on the Great Walks programme, which was anticipated to be loan funded. Council also received additional unbudgeted funds of \$2.2 million.

Funding impact statements disclosure

Introduction

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

Funding impact statements | Ngā Tauaki Whakaaweawe Pūtea

Whole of Council funding impact statement

For the year ended 30 June 2017

	2016 Annual plan \$000's	2016 Annual report \$000's	2017 Annual plan \$000's	2017 Actual \$000's
Source of operating funding				
General rates, uniform annual general charges, rates penalties	14,185	14,778	15,549	16,253
Targeted rates	44,375	43,890	45,827	43,851
Subsidies and grants for operating purposes	3,969	2,914	3,574	3,744
Fees and charges	9,969	11,818	10,061	12,643
Interest and dividends from investments	12	84	12	162
Local authorities fuel tax, fines, infringement fees and other receipts	718	745	759	1,240
Total operating funding (A)	73,228	74,228	75,783	77,893
Applications of operating funding				
Payments to staff and suppliers	58,856	52,339	59,073	59,134
Finance costs	3,179	2,482	2,636	2,202
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	62,035	54,820	61,709	61,336
Surplus(deficit) of operating funding (A - B)	11,193	19,408	14,074	16,557
Source of capital funding				
Subsidies and grants for capital expenditure	4,378	3,072	5,065	4,988
Development and financial contributions	1,497	2,331	1,667	2,132
Increase/(decrease) in debt	4,072	(6,100)	9,394	200
Gross proceeds from sale of assets	0	742	156	159
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	9,948	46	16,281	7,480
Application of capital funding				
Capital expenditure				
- to meet additional demand	949	1,086	1,194	1,378
- to improve the level of service	10,084	5,551	15,092	12,451
- to replace existing assets	9,997	10,974	14,149	11,629
Increase/(decrease) in reserves	111	1,843	(80)	(1,421)
Increase/(decrease) in investments	0	0	0	0
Total applications of capital funding (D)	21,141	19,454	30,355	24,037
Surplus(deficit) of capital funding (C - D)	(11,193)	(19,408)	(14,074)	(16,557)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0	0

Roads and footpaths funding impact statement

For the year ended 30 June 2017

		2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding				
General rates, uniform annual general charges, rates penalties	1	3,593	3,757	4,954
Targeted rates		3,825	3,980	3,556
Subsidies and grants for operating purposes		2,380	2,502	3,411
Fees and charges		88	90	158
Internal charges and overheads recovered		570	531	588
Local authorities fuel tax, fines, infringement fees and other receipts		402	411	428
Total operating funding (A)		10,858	11,271	13,095
Applications of operating funding				
Payments to staff and suppliers	2	7,717	6,884	8,887
Finance costs		185	263	118
Internal charges and overheads applied		1,154	1,236	1,162
Other operating funding applications		0	0	0
Total applications of operating funding (B)		9,055	8,382	10,167
Surplus(deficit) of operating funding (A - B)		1,803	2,889	2,928
Source of capital funding				
Subsidies and grants for capital expenditure		3,338	3,494	3,100
Development and financial contributions		303	335	271
Increase/(decrease) in debt	3	2,954	2,312	974
Gross proceeds from sale of assets		0	0	42
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total sources of capital funding (C)		6,596	6,142	4,387
Application of capital funding				
Capital expenditure				
- to meet additional demand		552	547	405
- to improve the level of service		3,055	2,171	2,331
- to replace existing assets	4	5,700	6,548	5,294
Increase/(decrease) in reserves		(908)	(236)	(715)
Increase/(decrease) in investments		0	0	0
Total applications of capital funding (D)		8,399	9,030	7,315
Surplus(deficit) of capital funding (C - D)		(1,803)	(2,889)	(2,928)
FUNDING BALANCE ((A - B) + (C - D))		0	0	0

Significant variances explained

- General rates for roading increased by \$1.2 million from the 2017 Long-Term Plan budget because we didn't spend what we planned on capital expenditure that was eligible for a subsidy.
- Payments to suppliers are higher than the 2017 Long-Term Plan budget but are in line with the 2017 Annual Plan budget. We budgeted for costs associated with storm damage, Hauraki cycleway and additional costs on area-wide pavement treatment that was not budgeted for in the Long-Term Plan.
- The increase in debt is less than budgeted in the Long-Term Plan meaning that we did not need to borrow as much as anticipated.
- We spent less than budgeted in the Long-Term Plan on area-wide pavement treatment.

Stormwater funding impact statement

For the year ended 30 June 2017

	2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	966	928	921
Targeted rates	2,262	2,176	2,108
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	3,228	3,104	3,029
Applications of operating funding			
Payments to staff and suppliers	732	765	799
Finance costs	176	105	67
Internal charges and overheads applied	836	736	732
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,744	1,606	1,598
Surplus(deficit) of operating funding (A - B)	1,484	1,498	1,431
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	54	57	75
Increase/(decrease) in debt	(2,731)	(437)	(1,110)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(2,677)	(380)	(1,035)
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	921	667	266
- to replace existing assets	425	451	340
Increase/(decrease) in reserves	(2,539)	0	(211)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	(1,193)	1,118	396
Surplus(deficit) of capital funding (C - D)	(1,484)	(1,498)	(1,431)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Wastewater funding impact statement

For the year ended 30 June 2017

	2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	15,751	15,865	15,231
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	413
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	31
Total operating funding (A)	15,751	15,865	15,675
Applications of operating funding			
Payments to staff and suppliers	6,240	6,531	7,525
Finance costs	1,929	1,861	1,364
Internal charges and overheads applied	3,304	2,974	3,400
Other operating funding applications	0	0	0
Total applications of operating funding (B)	11,473	11,366	12,289
Surplus(deficit) of operating funding (A - B)	4,278	4,499	3,386
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	420	465	415
Increase/(decrease) in debt	(3,779)	(4,020)	(3,991)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(3,359)	(3,555)	(3,576)
Application of capital funding			
Capital expenditure			
- to meet additional demand	101	63	148
- to improve the level of service	438	445	618
- to replace existing assets	560	602	521
Increase/(decrease) in reserves	1 (180)	(166)	(1,477)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	919	944	(190)
Surplus(deficit) of capital funding (C - D)	(4,278)	(4,499)	(3,386)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Significant variances explained

1. Our reserves decreased because we spent funds to repair our wastewater assets in Whangamata that were damaged by the April storm.

Water supply funding impact statement

For the year ended 30 June 2017

	2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	7,243	7,656	7,261
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,494	1,495	1,457
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	8,737	9,151	8,719
Applications of operating funding			
Payments to staff and suppliers	4,754	4,985	4,908
Finance costs	283	294	213
Internal charges and overheads applied	1,142	1,129	1,143
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,179	6,407	6,264
Surplus(deficit) of operating funding (A - B)	2,558	2,744	2,455
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	115	134	313
Increase/(decrease) in debt	225	107	64
Gross proceeds from sale of assets	0	0	9
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	340	241	386
Application of capital funding			
Capital expenditure			
- to meet additional demand	46	0	26
- to improve the level of service	805	828	1,086
- to replace existing assets	874	1,420	1,947
Increase/(decrease) in reserves	1,173	737	(218)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	2,898	2,985	2,841
Surplus(deficit) of capital funding (C - D)	(2,558)	(2,744)	(2,455)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Solid waste funding impact statement

For the year ended 30 June 2017

	2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	1,049	1,046	1,245
Targeted rates	2,810	2,954	2,976
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,037	2,084	3,005
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	5,896	6,084	7,226
Applications of operating funding			
Payments to staff and suppliers	4,635	4,754	5,458
Finance costs	122	144	88
Internal charges and overheads applied	806	825	858
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,563	5,723	6,404
Surplus(deficit) of operating funding (A - B)	333	361	822
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	178
Development and financial contributions	0	0	125
Increase/(decrease) in debt	1 (109)	1,525	(77)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(109)	1,525	226
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	103	498	357
- to replace existing assets	2 26	1,520	27
Increase/(decrease) in reserves	96	(132)	663
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	224	1,886	1,047
Surplus(deficit) of capital funding (C - D)	(333)	(361)	(822)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Significant variances explained

1. We spent less than budgeted on capital expenditure which meant that we didn't need to borrow as much as anticipated.
2. In the Long-Term Plan we budgeted to replace the Whitianga Transfer Station. However, the project was deferred until investigations into a suitable site have been completed.

Representation funding impact statement

For the year ended 30 June 2017

	2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	2,700	3,584	3,705
Targeted rates	1,555	946	827
Subsidies and grants for operating purposes	0	0	5
Fees and charges	0	0	1
Internal charges and overheads recovered	1,418	1,335	1,132
Local authorities fuel tax, fines, infringement fees and other receipts	56	56	62
Total operating funding (A)	5,730	5,921	5,732
Applications of operating funding			
Payments to staff and suppliers	2,492	2,631	2,438
Finance costs	78	79	63
Internal charges and overheads applied	3,165	3,201	3,352
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,735	5,911	5,853
Surplus(deficit) of operating funding (A - B)	(5)	10	(121)
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	11	13	15
Increase/(decrease) in debt	(1)	7	111
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	10	20	126
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	21	102	7
Increase/(decrease) in reserves	(16)	(72)	(2)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	5	30	5
Surplus(deficit) of capital funding (C - D)	5	(10)	121
Funding balance ((A - B) + (C - D))	0	0	0

Planning and regulation funding impact statement

For the year ended 30 June 2017

	2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	2,964	3,105	2,986
Targeted rates	304	304	379
Subsidies and grants for operating purposes	0	0	0
Fees and charges	4,144	4,190	5,061
Internal charges and overheads recovered	1,212	1,105	1,091
Local authorities fuel tax, fines, infringement fees and other receipts	20	20	87
Total operating funding (A)	8,644	8,724	9,605
Applications of operating funding			
Payments to staff and suppliers	5,336	5,412	5,836
Finance costs	8	17	3
Internal charges and overheads applied	3,404	3,460	3,893
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,747	8,888	9,732
Surplus(deficit) of operating funding (A - B)	(103)	(164)	(128)
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase/(decrease) in debt	282	347	1,115
Gross proceeds from sale of assets	0	0	109
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	282	347	1,224
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	7	16	117
- to replace existing assets	994	836	941
Increase/(decrease) in reserves	(822)	(669)	38
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	179	183	1,096
Surplus(deficit) of capital funding (C - D)	103	164	128
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Protection of people and the environment funding impact statement

For the year ended 30 June 2017

	2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	2,132	2,225	2,143
Targeted rates	67	64	31
Subsidies and grants for operating purposes	0	0	0
Fees and charges	532	542	697
Internal charges and overheads recovered	683	628	574
Local authorities fuel tax, fines, infringement fees and other receipts	239	243	612
Total operating funding (A)	3,653	3,702	4,057
Applications of operating funding			
Payments to staff and suppliers	838	791	1,227
Finance costs	45	58	31
Internal charges and overheads applied	2,190	2,245	2,034
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,073	3,094	3,292
Surplus(deficit) of operating funding (A - B)	580	608	765
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase/(decrease) in debt	430	471	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	430	471	0
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	426	583	46
- to replace existing assets	58	0	0
Increase/(decrease) in reserves	526	495	719
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	1,010	1,078	765
Surplus(deficit) of capital funding (C - D)	(580)	(608)	(765)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Community spaces and development funding impact statement

For the year ended 30 June 2017

		2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding				
General rates, uniform annual general charges, rates penalties		0	0	0
Targeted rates	1	9,959	10,396	9,018
Subsidies and grants for operating purposes		1,588	55	26
Fees, charges and targeted rates for water supply		1,364	1,474	1,477
Internal charges and overheads recovered		51	52	464
Local authorities fuel tax, fines, infringement fees and other receipts		0	0	19
Total operating funding (A)		12,962	11,977	11,004
Applications of operating funding				
Payments to staff and suppliers	1	8,747	6,616	5,130
Finance costs		317	361	234
Internal charges and overheads applied		3,366	3,422	3,615
Other operating funding applications		0	0	0
Total applications of operating funding (B)		12,430	10,399	8,979
Surplus(deficit) of operating funding (A - B)		533	1,578	2,025
Source of capital funding				
Subsidies and grants for capital expenditure	2	1,040	149	1,710
Development and financial contributions		593	663	918
Increase/(decrease) in debt	3	1,935	977	2,222
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total sources of capital funding (C)		3,568	1,788	4,850
Application of capital funding				
Capital expenditure				
- to meet additional demand		251	391	799
- to improve the level of service	4	4,329	2,117	7,629
- to replace existing assets		1,339	1,976	2,279
Increase/(decrease) in reserves	5	(1,818)	(1,119)	(3,832)
Increase/(decrease) in investments		0	0	0
Total applications of capital funding (D)		4,101	3,365	6,875
Surplus(deficit) of capital funding (C - D)		(533)	(1,578)	(2,025)
FUNDING BALANCE ((A-B) + (C-D))		0	0	0

Significant variances explained

1. The Thames Indoor Sports Centre project was budgeted for as operating expenditure in the Long-Term Plan. However, a new leasing agreement for the land meant that we could recognise the cost as capital expenditure thereby reducing the targeted rate requirement and operating expenditure.
2. We received grants for the Thames Skate Park and the Thames Indoor Sports Centre that were not budgeted for in the Long-Term Plan.
3. Debt increased because of the change in the way we funded the Thames Indoor Sports Centre project. Refer to explanation 1 above.
4. The capital expenditure programme was revised and adopted as part of the 2016/2017 Annual Plan. The Thames Indoor Sports Centre project budgeted for as operational expenditure in the Long-Term Plan was budgeted for as capital expenditure in the Annual Plan. Refer to explanation 1 above.
5. The revised capital expenditure programme was partly funded by reserves.

Economic development funding impact statement

For the year ended 30 June 2017

	2016 Long-term plan \$000's	2017 Long-term plan \$000's	2017 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	782	859	599
Targeted rates	612	611	645
Subsidies and grants for operating purposes	0	0	302
Fees and charges	309	716	306
Internal charges and overheads recovered	338	322	389
Local authorities fuel tax, fines, infringement fees and other receipts	1	1	0
Total operating funding (A)	2,042	2,509	2,241
Applications of operating funding			
Payments to staff and suppliers	2,597	1,874	1,440
Finance costs	37	106	21
Internal charges and overheads applied	663	743	664
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,297	2,723	2,125
Surplus(deficit) of operating funding (A - B)	(1,255)	(214)	115
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase/(decrease) in debt	1 1,325	3,428	259
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,325	3,428	259
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	2 0	1,043	0
- to replace existing assets	3 0	2,094	272
Increase/(decrease) in reserves	70	76	102
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	70	3,214	374
Surplus(deficit) of capital funding (C - D)	1,255	214	(115)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Significant variances explained

1. Debt didn't increase as much as planned in the Long-Term plan because the Great Walks, Coromandel Sugarloaf Wharf and Broadband project budgets were revised in the 2016/2017 Annual Plan.
2. The Great Walks - Lees Road Seal Extension project budgeted for in the Long-Term Plan was deferred to the 2017/2018 financial year as more time was needed for consultation.
3. The Coromandel Sugarloaf project budgeted for in the Long-Term Plan was deferred until work on the Coromandel Harbour Development Strategy has been completed.

Council Controlled Organisations | Ngā Kūao ā te Kaunihera

Information on Council Controlled Organisations

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

Council has an interest the following CCOs:

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

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

Outlined below are the significant policies and objectives, nature and scope of activities, key performance targets and outcomes for the 2016-17 year for each organisation.

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

Waikato Local Authority Shared Services Limited (WLASS)

Ownership

Council has a one-twelfth ordinary shareholding in WLASS (one share at \$1,000). The Council also holds service shares in the Waikato Region Aerial Photography Service (6,476 shares at \$1), the Shared Valuation Data Service (108,015 shares at \$1) and the Waikato Regional Transport Model (2,250 shares at \$10) activities of the company. These service shareholdings give no rights to a share in the distribution of surplus assets, nor do they provide voting rights. The balance of the remaining shares is owned by other Local Authorities.

Representation (total members)

1(12)

Significant policies and objectives

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

Gains have been realised by shareholders in the Shared Valuation Data Service (SVDS), the Waikato Regional Transport Model (WRTM) and through joint procurement contacts. Three new activities joined WLASS on 1 July 2016 - RATA, the Waikato Building Consent Group and Future Proof.

Nature and scope of activities

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

Key performance targets

Performance targets are specified in the WLASS SOI for 2016-2017 and are summarised with the actual results below:

Performance target	Actual outcome
Procurement Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Achieved
Collaborative projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	Achieved
Existing WLASS contracts Existing contracts are managed and renegotiated as required.	Achieved
Cash flow	Achieved

Performance target	Actual outcome
The company shall maintain a positive cash flow.	
Cost control Administration expenditure shall be managed and monitored.	Achieved
Reporting Six monthly reports provided to shareholders.	Achieved
Waikato Mayoral Forum The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.	Not applicable and partly achieved (i)
Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.	Achieved
Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with AON	Not applicable (ii)
RATA All stakeholders are kept informed about RATA's projects and achievements and sub-regional data collection contracts deliver good quality data on roading assets.	Achieved
Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.	Achieved
Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Not achieved (iii)
Future Proof All stakeholders are kept informed about Future Proof's projects and achievements.	Achieved
Shareholder survey Shareholders are satisfied with the performance of WLASS.	In progress (iv)
Review of benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	Achieved

- i. The WLASS CEO is no longer responsible for updating the Mayoral Forum on progress with projects. All approved invoices, except one, were paid by the due date.
- ii. Shareholders' survey is scheduled to be reported to the board on 26 August 2017.
- iii. Only seven of the eight audits scheduled were completed due to a lack of staff resources; and the audit and review of the QA systems was not achieved within 12 months from the last completion date.
- iv. Shareholders' survey has been completed and is scheduled to be reported to the board on 26 August 2017.

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

Local Government Funding Agency (LGFA)

Ownership

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

Representation (total members)

53 councils

Significant policies and objectives

LGFA operates with two primary objectives.

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

Nature and scope of activities

LGFA was established five and a half years ago to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector.

Three councils joined LGFA in the 12-month period to June 2017, bringing the total number of council members to 53. Councils can access flexible lending conditions by using the short-term lending and bespoke lending products. Councils can borrow for terms ranging from 30 days to 16 years at any time they wish to draw down. During the 12-month period to 30 June 2017 LGFA lent \$707 million on a bespoke basis to 29 councils. This was 49% of total term lending to its council members over that period. Short-term borrowing by councils as at 30 June 2017 was \$222 million comprising borrowing from 18 councils for terms between one and 12 months.

Key performance targets

Performance targets are specified in the LGFA Statement of Intent (SOI) for 2016-2017 and are summarised with the actual results below:

Performance targets	Actual outcome
Providing savings in annual interest costs for all participating local authorities.	Achieved
Making longer term borrowings available to participating local authorities.	Achieved
Enhancing the certainty of access to debt markets for participating local authorities, subject always to operating in accordance with sound business practice.	Achieved
Offering more flexible lending terms to participating local authorities.	Achieved
LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each participating local authority's financial position and the general issues confronting the Local Government sector.	Achieved
Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated dividend policy set out in section 6 of the SOI.	Achieved
Provide at least 50% of aggregate long term debt funding for participating local authorities.	Achieved
Issue a new long-dated LGFA bond.	Achieved
Ensure that its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4 of the SOI.	Achieved
Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015.	Achieved
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same rating agency.	Achieved
Achieve the financial forecasts set out in section 4 (excluding the impact of AIL) of the SOI.	Achieved
Meet or exceed the performance targets outlined in section 5 of the SOI.	Not achieved (i)
Comply with its treasury policy, as approved by the Board.	Achieved

Two of the five performance targets were not achieved. The two not achieved were

- LGFA's average cost of funds on debt issued relative to the average cost of funds for NZ Government Securities for the 12-month period. This is dependent on the term of borrowing by councils as longer terms require longer issuance at wider spreads than for shorter dated issuance. What is more relevant is the average margin to swap.
- The average margin above LGFA's cost of funds charged to the highest rated participating local authorities for the period. This is dependent on the term of borrowing by councils as LGFA on-lending margin reflects a term structure premium for longer borrowing.

A full copy of the LGFA annual report can be obtained from the LGFA website at www.lgfa.co.nz.

Council policies | Ngā Kaupapa Here ā Kaunihera

Contribution to decision-making by Māori

This section outlines the steps the Council intends to take to foster the development of Māori capacity to contribute to decision-making processes.

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

The Council is required by the Act to:

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

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

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

- the Council will compile a database of those who wish to be considered Māori for the purposes of the Local Government Act 2002. The Council will maintain a process to ensure this database is current and up to date.
- those persons who have identified themselves as Māori will be specifically targeted for consultation when the Council decides that it wishes to consult. Where specific legislation requires specific consultation with Māori or tangata whenua, then the requirements of that specific legislation will override this step.
- the Council will identify key issues of particular interest to Māori.
- the Council will gather information on Māori perspectives about Council activities.
- the 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 the Council's strategic work programme.
- the Council will identify a work programme to progress items 1-5 above.
- the Council will progress the above work programme as staff time and funding allows.

Hauraki Treaty Settlement

As part of their Treaty of Waitangi settlement process, the Hauraki Collective (the Collective) and the Crown signed a Framework Agreement (Agreement) at Wharekawa Marae, Kaiaua on 1 October 2010. Post-Treaty settlement arrangements within Hauraki have the potential to bring new challenges and opportunities to local government: opportunities to build and foster more enduring relationships with better resourced iwi within Hauraki; challenges in terms of new co-governance/co-management frameworks and strategies arising from post settlement legislation that will most likely draw on existing models and experience.

The Hauraki Collective deed of settlement was initialled in December 2016, as were several of the individual deeds of settlement for Hauraki iwi which include redress over areas in the Thames-Coromandel District. The clarity now provided by these deeds of settlement will allow Council to better engage with Hauraki iwi in the 2017/18 year and beyond. Council staff are now able to create a draft work programme which includes estimates of time required and costs for use in the 2018-2028 Long Term Plan.

Such arrangements will have a significant impact on iwi contribution to the Council's decision-making. The Council regards it as important that the Treaty settlement arrangements, once known, be acknowledged and reflected in its intended approach to fostering Māori capacity to contribute to its decision-making processes.

The Council intends to review this Statement once the Treaty settlement outcomes are known. The revised Statement is intended to be included in the Council's draft 2018-2028 Long Term Plan.

What we did in 2016/17 to follow this policy

1. In anticipation of the settlement of the Treaty of Waitangi claims for Hauraki iwi, local government agencies within the rôle of Hauraki iwi are, at the invitation of the Crown, participating in the settlement negotiations process. This participation includes:
 - Governance level meetings with the Minister for Treaty of Waitangi Negotiations, the Chief Crown Negotiator, staff from the Office of Treaty Settlements, and the Hauraki Iwi Collective;
 - Participation at officer level in the Crown Technical Working Group in developing governance and operational processes including: Co-governance arrangement for the Waihou and Piako river catchments and for the Coromandel Peninsula;

- Co-governance arrangements for key Crown reserves being transferred to individual Hauraki iwi as cultural redress;
 - Addressing TCDC specific matters arising through the Treaty settlement process.
2. A contact list for Resource Management Act consultation purposes is held by the Council and updated in July of each year. This has been used frequently as part of the District Plan review.
 3. Appointment of iwi sanctioned commissioners to agency resource consent hearing panels where development proposals have the potential to impact natural resources of significance to Hauraki iwi.
 4. Staff have provided advice of bylaw and strategy consultations directly to the iwi and hapū on Council's contacts list for Hauraki and will continue this direct contact into the future.
 5. Appeals by Hauraki iwi to the Proposed District Plan have been engaged with in good faith and on a without prejudice basis in an attempt to gain a better understanding of the relief sought and where possible reach agreement without court assistance.



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