



Thames-Coromandel District Council

Annual Report

2009 / 2010





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REPORT FROM THE MAYOR AND CHIEF EXECUTIVE

With the triennial elections looming in October, this 2009/2010 Annual Report is the last to be prepared by the current Council.

Over the last 12 months the economic recession has continued to have an effect on the local economy. While there are early signs of recovery, it is clear that the effects of the recession will continue to be felt for some time. The Council has recognised these effects and made the decision to reduce its expenditure levels, where prudent, so as to reduce rating pressures.

Economic Development

The effects of the economic recession also highlight the need for the District to take full advantage of economic development opportunities when they present. During the year, the Council has allocated additional resource to allow for the District to take full advantage of the Rugby World Cup in 2011 and to supporting development of the Aquaculture industry. The Council has also worked with the Hauraki District Council to progress a Feasibility Study looking at development of the proposed Hauraki Plains Cycleway from Kaiaua to Thames, Paeroa and Waihi. This project has the potential to deliver significant economic benefits to the local communities surrounding the cycleway.

Aquaculture is an industry with significant growth potential. Over the next few years the production of mussels is expected to increase from the current 22,000 tonnes per annum to approximately 60,000 tonnes. There are also opportunities for diversification into fin fish farming. If the industry is to realise its full potential, it is important that the infrastructure, industrial land and workforce etc that it needs to grow is available. Through the Hauraki Coromandel Economic Development Group the Council has employed a dedicated resource to work with the industry and facilitate the development of the infrastructure and other requirements.

As part of its commitment to the Aquaculture industry, the Council has completed a process during the last year to facilitate the transfer of the Coromandel wharf fuel facility from Chevron to the Council and CRT Fuels. This transfer ensures the continuation of a service that is vital to the Aquaculture industry and wider boating community.

Planning for the Future

In the 2009-2019 Ten Year Plan, we highlighted the importance of the Council continuing to plan for the future development of the Coromandel Peninsula. While growth has slowed in recent years, as a result of the economic recession it is important that we have a clear expression of the future that we desire.

During the 2009/2010 financial year, the Council adopted the District-wide Framework for our Future. This represents completion of the first phase of the Coromandel Blueprint project and provides a clear expression of how you the community would like to see the District grow over the next 50 years.





Considerable work has also been progressed on the Local Area Blueprints (LABs) during the last year. The LABs provide an expression of how each of our main communities would like to grow within the District-wide vision. The LABs are now being progressed as part of a single integrated process over the 2010 calendar year rather than over a three year period as originally envisaged in the 2009-2019 Ten Year Plan. The approach being followed means that they can be completed more quickly and efficiently.

During the year, the Council signed off on the strategy for completing a comprehensive review of the District Plan. The current Plan was originally notified in 1996 and so needs to be updated to ensure that it reflects current thinking and community views on how we would like to see the Peninsula develop. The review of the Plan will build on the outputs from the Coromandel Blueprint Project and the significant technical and monitoring analysis work on land use planning issues that the Council has completed in recent years.

By linking the Coromandel Blueprint and District Plan projects together, the Council has been able to speed up both processes and make real efficiency gains which reduce the costs involved in both processes.

Infrastructure

Over the last financial year, the Council has continued to progress the works associated with the Eastern Seaboard Wastewater Project (ES3) project. During the year, we spent some \$4.1 million on this project.

The new wastewater treatment plants at Tairua/Pauanui, Whitianga and Whangamata are all fully operational and have operated smoothly with some 'fine tuning' of the plants continuing to occur as part of the two year operational period provided for in the contract with Downer EDI, the head contractor.

During the year, the work was completed on upgrading of the disposal system at Pauanui and the Council has also applied for the resource consents needed to construct a new disposal system at Whitianga. It is expected that a hearing for the Whitianga application will be held in the near future.

During the year, the Council applied for and was granted, a variation to the resource consent for the Whangamata disposal system. The variation allows for deletion of the denitrification beds that were originally proposed and an increase to the area of spray irrigation rather than construction of an additional retention pond. The variation is made possible as the new treatment plant is consistently producing effluent with nitrate levels much lower than those allowed under the original resource consent. The new approach will produce significant capital expenditure savings for the Council. Construction of new spray irrigation disposal areas in what is called Zone 5 of the Tairua forest has also been progressed during the year as has the logging of the trees in Zone 1.

The new wastewater treatment plants and associated disposal facilities serving these communities are now producing treated wastewater that meets some of the highest disposal standards in New Zealand. The processes that are being put in place around them are also very much in keeping with sustainability principles. The quality of the work that has been completed in building the new wastewater treatment systems continues to receive recognition at a national level, having received a number of Awards. The Council is satisfied that the very high standard being delivered is consistent with the community's wishes, and is appropriate given the importance of protecting the stunning environment we all enjoy on the Coromandel.

During the year, the Council considered and approved a business case for the upgrading and progressive expansion of the Tairua and Pauanui water supplies. The approach that has been approved is based around a staged development of new sources of supply in a way that will allow for increased supply to be bought on stream as growth occurs in these communities. The preferred approach is also dependant upon the community being able to achieve a 5% reduction in the current demand levels for water. The Council will be looking to work with these communities to implement demand management strategies that will enable achievement of this objective.



Financial Overview

Total revenue received was \$76.3 million, which included rates of \$57.8 million. Capital expenditure for the year totalled \$17.2 million.

The level of capital expenditure completed during the year was reduced following a decision by the Council in November 2009 to delay a number of projects to reduce rating pressures in the 2010/2011 financial year. A number of savings were also made in operational expenditure budgets during the year. As a result, the Council ended the financial year with a surplus of \$3.3 million. This surplus has been reduced by storm damage works that were \$0.78 million higher than the original budget.

Capital works projects progressed during the year have included:

- Upgrading of the Whangamata spray irrigation system;
- Legalisation and construction of the Lee Street to Hannan Road, Whitianga Service Lane;
- Upgrading of the Tairua and Pauanui water supplies;
- Upgrading of the Rings Beach, Kuaotunu stormwater system; and
- Matarangi Boat Ramp upgrade.

At 30 June, the Council had total external debt of \$49.2 million. In addition the Council had internal borrowings of \$61.0 million to give a total debt of \$110.2 million. The internal borrowings are funded from the Power New Zealand Reserve and other surplus cash holdings.

Despite originally projecting that the Council would breach its borrowing levels during the year, the Council ended the year with a debt level that was consistent with the debt limits set through its Liability Management Policy.

Conclusion

The Coromandel is a special place. It is a place in which there will always be a diversity of opinions and ideas amongst the different communities and people who come here. While growth has slowed during the economic recession, it can be expected that the pressures that come from growth and change will emerge again in the future. Through the Coromandel Blueprint and projects such as the District Plan review, the Council is working hard to ensure that the District is well positioned to meet the challenges that will inevitably arise in the future.

We look forward to working with you in the year ahead.

Philippa Barriball

DISTRICT MAYOR

Steve Ruru

CHIEF EXECUTIVE



SECTION ONE INTRODUCTION



Te Kouma; Coromandel

- Our Purpose
- Our Work
- Our Council
- Overview of Performance
- Looking Forward
- Statement of Compliance and Responsibility
- Audit Report

The Annual Report was adopted by the Council on 29 September 2010.
No persons has the power to amend the financial statements after issue.



OUR PURPOSE

The Thames-Coromandel District Council is tasked with working with and on behalf of Thames-Coromandel communities to enhance social, economic, environmental and cultural wellbeing both now and for the future. This includes managing issues and services that affect local communities, having regard to local needs and priorities.

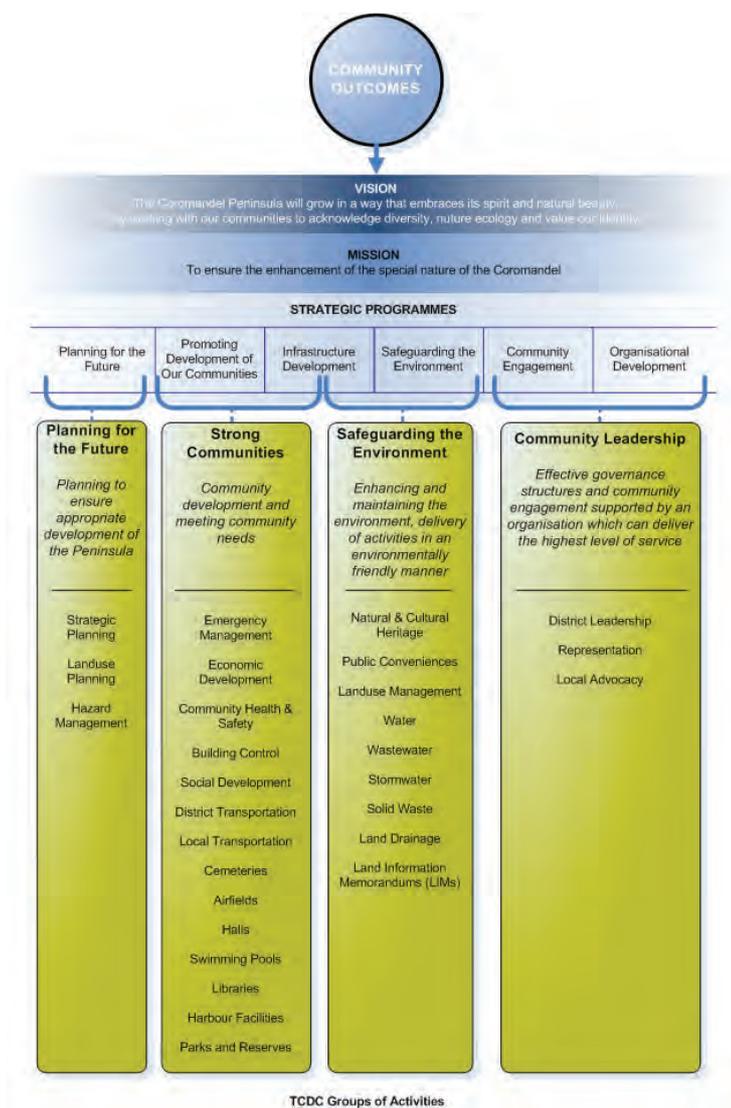
Choosing Futures: Thames-Coromandel identifies our communities' aspirations for our District (Community Outcomes). This Annual Report describes what these aspirations are and what progress has been made to date (Section Two).

The services that the Council delivers contribute to achieving the Choosing Futures: Thames-Coromandel aspirations. Our own contribution to and vision for the Thames-Coromandel District is that:

The Coromandel Peninsula will grow in a way that embraces its spirit and natural beauty, by working with our communities to acknowledge diversity, nurture ecology and value our identity.

Our work is organised into four activity groups to achieve this.

Council Vision at a Glance



The Council's performance in delivering these activities is also reported in this Annual Report (Sections Three and Four).



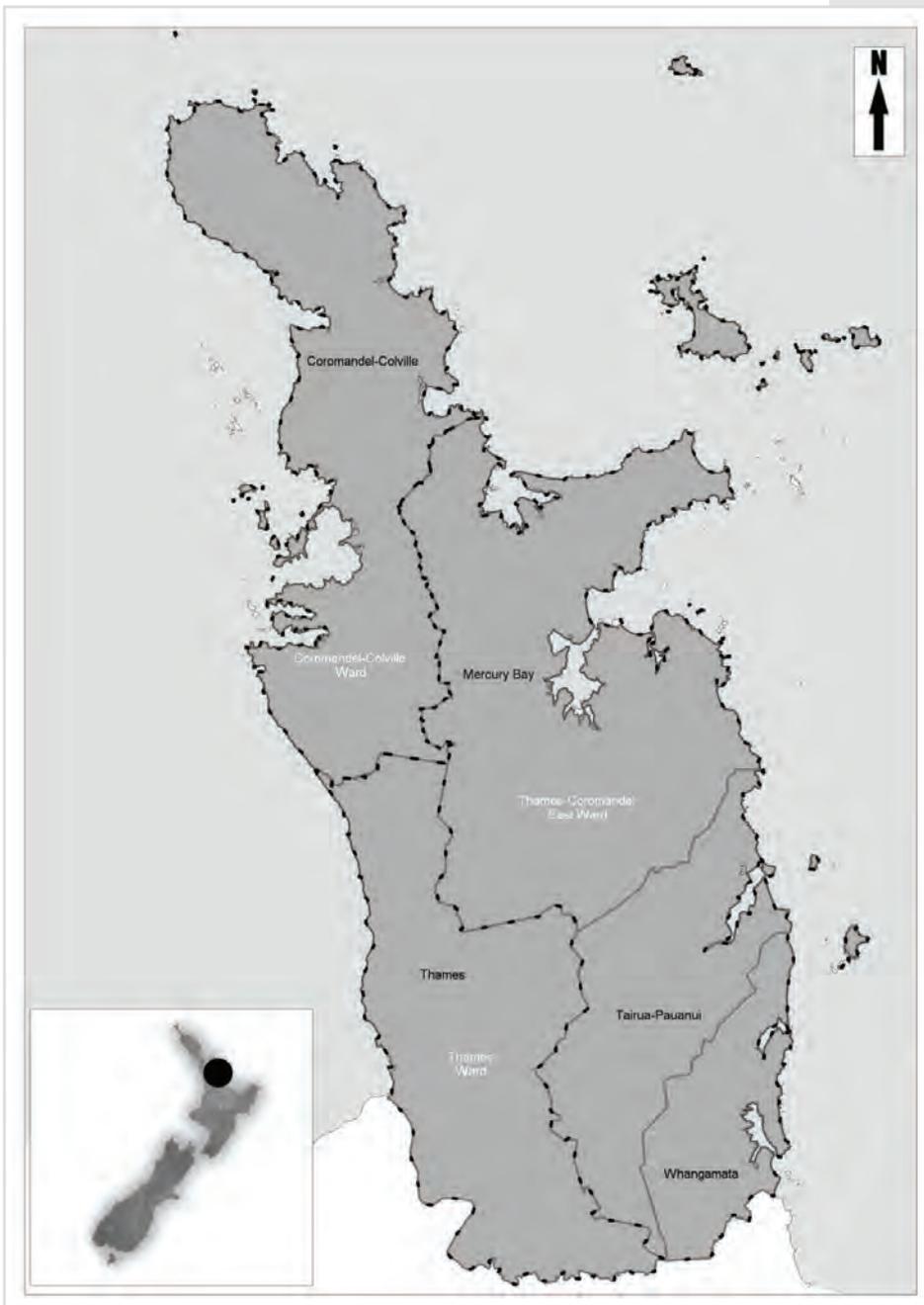
A Changing District

The District consists of some 50 communities spread over a land area of 258,000 hectares. None of these communities has a current population of more than 6 to 7,000 people. The District will experience continued growth in population, dwellings and visitors but even with that growth, none of these communities is expected to have a resident population of more than 10,000 in the foreseeable future.

This raises concerns about how sustainable our communities are in the longer term is likely to reshape the way many services are delivered. We will never know exactly what the future will bring, but we do know that the Thames-Coromandel District faces some potentially challenging issues ahead. The Council continues to consider what its role should be in this changing world and what it will, can and should take responsibility for.

Did you know...

- Our population is expected to increase to 30,203 people by 2029.
- Approximately half of our houses are holiday homes? By 2041, the proportion of non-resident homeowners is projected to reach 59%.

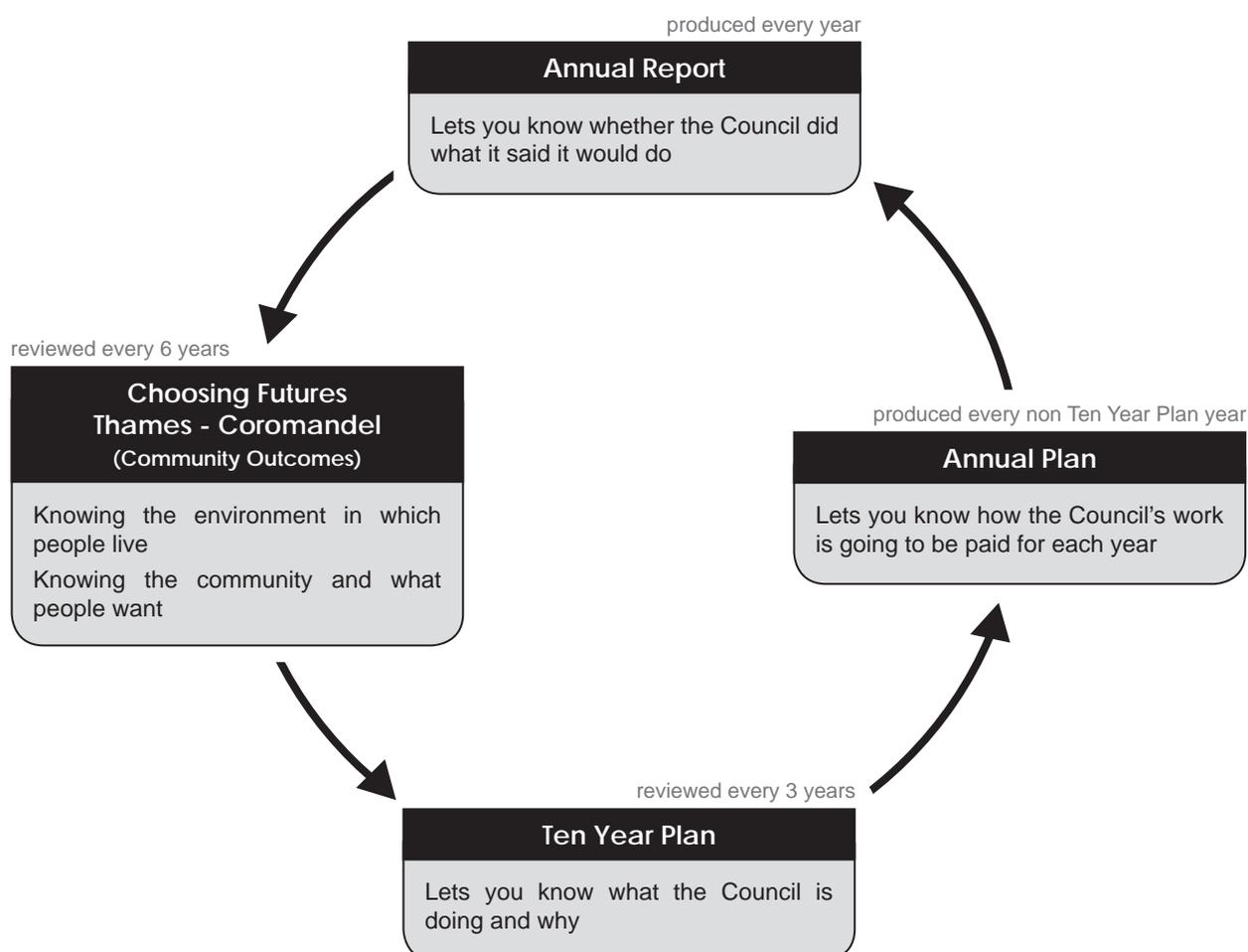




REPORTING ON OUR WORK

In June 2009, the Council adopted its Ten Year Plan for the period 1 July 2009 to 30 June 2019. The Ten Year Plan sets the Council's direction for the next ten years, including the services it plans to deliver.

This Annual Report explains how we've delivered on year one of that Plan. For every activity we explain exactly what we did compared to what we said we'd do, what it cost and how we performed against budget.





OUR COUNCIL

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



*Back Row (from left to right): Strat Peters, Noel Hewlett, Deputy Mayor Adrian Catran, John Morrissey, and Dirk Sieling
Front Row (from left to right): Jan Bartley, Bill Barclay, Her Worship the Mayor Philippa Barriball, Steve Ruru (Chief Executive), and Dal Minogue*

They are supported in their governance role by five community boards who advocate for particular communities in the District.

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



OVERVIEW OF PERFORMANCE

Services Overview

The business of the Council is large - we are involved in 28 activities. As a Council, our mission is.....

to ensure the enhancement of the special nature of the Coromandel

This means delivering a number of services on the Coromandel Peninsula. This annual report presents the first results of our new performance monitoring framework. We gathered our performance information from a number of sources including our annual independent customer satisfaction survey and our own internal and customer contact records.

Over the past year, we've continued with a strong focus on **safeguarding our environment**, by continuing with major wastewater upgrades, planning for improved water supplies, supporting biodiversity and heritage efforts, removing rubbish and encouraging recycling and processing land-use consents to provide for appropriate development.

We've contributed to **building strong communities** by providing important community facilities - libraries, parks, sports fields, halls, swimming pools, cemeteries - and enabling people to get around via roads, footpaths and other transport initiatives. We've continued to invest in keeping our communities safe through inspecting food premises, processing building consents and regulating dog, noise and alcohol activities. We've also increased investment into economic development, especially aquaculture and tourism ahead of the Rugby World Cup, to ensure our communities are viable.

Planning for the future has been a top priority. Our Coromandel Peninsula Blueprint project reached the end of its first stage, with our Framework for the Future now completed. This is a significant milestone in shaping land and water use in our District over the years ahead. We've also commenced a District Plan review to ensure appropriate regulations are in place to help us achieve the vision reflected in the Blueprint.

Not everything that impacts the Coromandel falls within the Council's jurisdiction, therefore advocating for our District through strong **community leadership** continues to be important. We made submissions to regional and central government on matters important to the Coromandel and began implementing the first year of our 2009-2019 Ten Year Plan.

The Council has also been very mindful of the impact of the economic recession and the need to ensure that rates remain affordable. As a result we decided to reduce expenditure in the short term. This meant reprioritising and delaying a number of capital works projects that were originally proposed for the 2009/2010 financial year (although these deferrals did not widely affect the forecasted levels of service). A number of these projects will be progressed in 2010/2011 and beyond. The Council also took steps to reduce operational expenditure in a number of areas. The savings generated will provide funding that can be used to manage financial risks and reduce rating pressures in the future. Consequently, a number of our performance and project targets were not met. The Council has also identified some areas for improvement so that we can continue to improve the services that we deliver to our community.

Major Achievements

- Reviewing and reconfirming 'Choosing Futures Thames-Coromandel' which sets out the Coromandel's aspirations for the future;
- The adoption of the Coromandel Peninsula Blueprint: Framework for our Future and the commencement of the Local Area Blueprints (LABs). The LABs provide an expression of how each of our main communities would like to grow within the District-wide vision. Development of the LABs will be completed by the end of the 2010 calendar year rather than being spread over the next three years as originally signalled in the 2009 Ten Year Plan. The approach being followed means that they can be completed more quickly and efficiently;
- The District's key land use regulation document - the District Plan - was made fully operative. The Council also signed off on a strategy for completing a comprehensive review of the District Plan. The current Plan was originally notified in 1996 and so needs to be updated to ensure that it reflects current thinking and community views on how we would like to see the Peninsula develop. The review of the Plan will build on the outputs from the Coromandel Blueprint Project and the significant technical and monitoring analysis work on land use planning issues that the Council has completed in recent years;



- Further work in the area of economic development, including looking at options for providing the infrastructure that will be needed by the aquaculture industry as it grows in the next few years. The annual production of mussels is expected to increase from 22,000 tonnes to 60,000 tonnes in the next few years as Zone B at Wilson's Bay is brought into production. There is also the potential for the industry to diversify into fin fish farming in the next few years.

During the year the Council also allocated funding to Tourism Coromandel to ensure that the District can take full advantage of the opportunities to promote the District and tourism generally with the Rugby World Cup.

- The Council made submissions to central Government on their review of Schedule 4 of the Crown Minerals Act to allow for mining in areas of the conservation estate. Mining on the Coromandel has always been an issue of intense interest in the local community. Through its submission the Council highlighted the significant conservation values associated with the areas that were proposed to be removed from Schedule 4 protection so that the Government could make an informed decision on any changes.
- At the time that the Schedule 4 review was taking place the Government also undertook consultation on the review of the Foreshore and Seabed Act 2004. The changes proposed to the Act are of considerable importance given the significance of the coastal environment to this community. The Government has recently announced the changes that are to be made to the Act. The Council will look to review the draft legislation once it becomes available and potentially lodge a submission detailing its views on the proposed changes.
- Investigation of further development of the Mercury Bay Cemetery and approval of a Business Case for development of the Mercury Bay multi-sports complex.
- Completion of a heritage assessment.
- Approval of the Business Case for development of the Tairua and Pauanui water supplies. The Council will be undertaking further investigations to confirm the long term viability of the staged local sources option that has been approved. Under this option the Council will look to progressively develop new sources of water as demand increases;
- Continued work on the Eastern Seaboard Wastewater Project. The three new treatment plants are fully operational and the focus over the last year has been on upgrading of the disposal systems in Whangamata and completion of the Pauanui disposal system. The Council has also lodged a resource consent application for development of a new disposal system in Whitianga.
- The Pauanui Wastewater Disposal project was accepted as a finalist in the Ingenium Excellence Awards (>\$2 million category).
- Continued increase in recyclables diverted from rubbish for the fifth year running
- During the year the Council has continued to work with the main stakeholders involved with the Waikawau Reserve to see whether it can get agreement on the proposed transfer of this reserve to the successors of the original owners. The reserve is situated on land that was originally part of two larger blocks of land and was incorrectly vested in the Crown in the 1870s instead of being vested in the then owners who were seeking title to these blocks. Since this time the land has developed into a popular coastal reserve that is used by a large number of people including boat owners that wish to use the ramp owned by the Waikawau Boat Ramp Society. It also provides access to the tramcars on the adjoining private land owned by Waikawau Properties Limited.
- In seeking to facilitate a successful outcome the Council is very much aware of the high level of public use of the reserve and the desire of a number of groups to ensure that there is ongoing public access. The Council sees it as important that there continues to be dialogue between all of the parties associated with the reserve. Through dialogue and the expression of goodwill from all parties, the Council believes that it should be possible to reach an agreement that recognises the aspirations of all of the main parties involved.



Postponed Projects

Projects postponed in order to reduce expenditure (but not services) in the short-term due to the impacts of the economic climate included:

- Cemetery land purchase in Mercury Bay
- Hall noise control in Whangamata and renovation works in Coromandel
- Part of the Matarangi boat ramp upgrade
- Tairua Cory Park Domain development
- Square Kauri Bridge replacement
- A number of water services works, upgrades and replacements
- Stormwater discharge consents for Tairua, Pauanui and Whangamata
- New rubbish moloks
- Council building, furniture and vehicle costs

This Annual Report provides you with a comprehensive overview of how we've gone in delivering our 28 activities. Section 3 sets out what we delivered, whether we met our performance targets and whether we met our budget.



The Audit Committee has a governance responsibility for the oversight and review of the Council's financial statements.

Financial Overview

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

This section provides an overview of our financial performance for the year to 30 June 2010.

Council's income and expenditure - three year trends (\$M)



We recorded a net surplus from operations of \$3.3 million for the year compared to a budgeted surplus from operations of \$5.86 million

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

This surplus is made up of revenue received for capital projects from development contributions and New Zealand Transport Agency subsidies (this revenue can not be used to fund operating expenditure) less unfunded depreciation expenditure, as Council, in adopting the 2009-2019 Long-term Council Community Plan, resolved that they would not seek to fund the depreciation expense in relation to:

- The subsidised portion of roading works, as the Council expects to continue receiving central government funding, from the NZ Transport Agency, at the time these assets are due to be replaced; and
- The additional capacity component of the Eastern Seaboard Wastewater Plants that have recently been constructed in Tairua-Pauanui, Whitianga, and Whangamata.

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

The primary reasons for the difference are:

- Vested Assets Revenue (\$4.1m): the Council received fewer assets than budgeted (such as roading, water and wastewater infrastructure constructed by developers; including the Matarangi water plant).
- Depreciation and Amortisation \$1.6m: In developing its 2010/2011 Annual Plan the Council sought to reduce the forecast rates increase due to rates affordability concerns. As part of that initiative the Council deferred a significant amount of the budgeted capital expenditure for the current year, reducing the level of depreciation to be applied. The Council asset revaluation movement for the year is also significantly down on that budgeted.
- Personnel Costs (\$1.5m): The budget for employee costs was incorrectly stated in the 2009-2019 Long term Council Community Plan at \$10.99 million and should have been shown as budget 2010 \$12.9 million with the compensating adjustment in the budget for "Other Direct Operating Expenses." Actual Personnel costs were \$12.5 million.
- Other Direct Operating Expenses \$4.7m: the Council has sought to reduce expenditure against budget wherever possible.
- Other Losses (\$4.1m): the Council's infrastructural assets are often disposed of for minimal or nil value when replaced. The impact of this in 2010 was (\$2.8m). The other significant figure in this category was the revaluation impact (\$1.3m) of the Council's derivative instruments. These are non cash items.



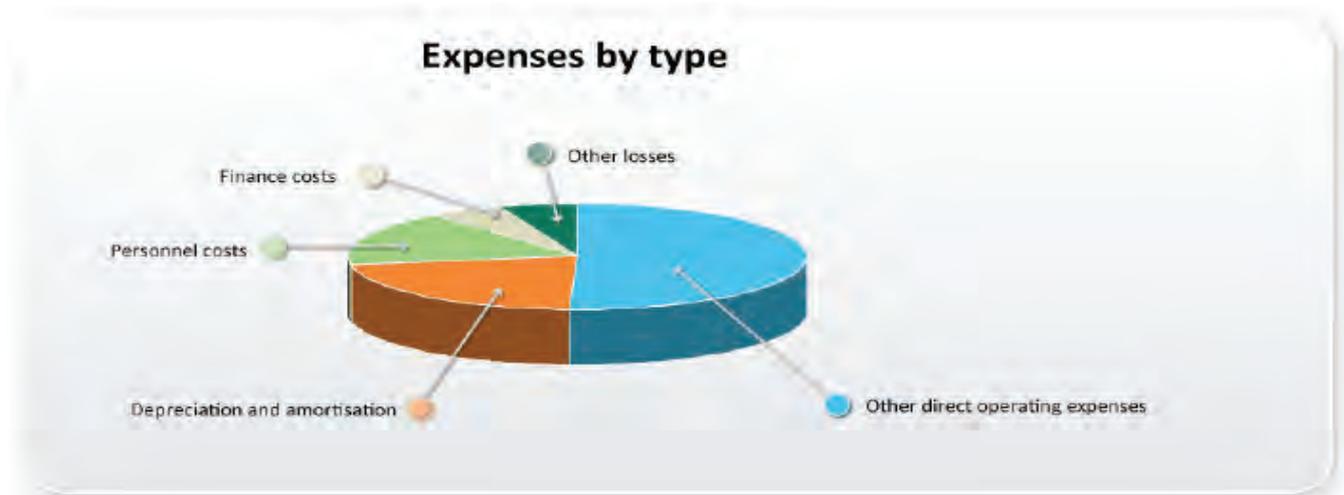
We source our revenue from a variety of places....

The following graph shows the various sources of the Council's \$76 million revenue during 2009/2010. The largest contribution continues to be provided from rates. The breakdown is as follows:



...and we spend it on a variety of services

The following graph shows the allocation of our \$73 million of expenditure by type:



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





Expenses by Activity

The charts below provide a breakdown of the cost of 'services' for each of our activities. Each chart shows the budgeted cost; the actual cost; the actual cost by ratepayer - the cost per ratepayer per day.

We group our activities around four activity groups, they guide the delivery of our services. The other-side of the equation being work toward service levels in 'Section 3 our activities' that drives this expenditure.

Leadership

	Budgeted Cost (GST Excl)	Actual Cost (GST Excl)	Cost per Rateable property (GST Incl)	Cost per rateable property (GST Incl)
	\$000's	\$000's	\$per Annum	\$per Day
District Leadership	3,147	2,766	117.98	0.32
Local Advocacy	1,394	1,265	53.96	0.15
Total Cost of Service	4,541	4,031	171.94	0.47

Planning

	Budgeted Cost (GST Excl)	Actual Cost (GST Excl)	Cost per Rateable property (GST Incl)	Cost per rateable property (GST Incl)
	\$000's	\$000's	\$per Annum	\$per Day
Strategic Planning	1,714	1,333	56.86	0.16
Landuse Planning	1,197	1,036	44.19	0.12
Hazard Management	286	271	11.56	0.03
Total Cost of Service	3,197	2,640	112.61	0.31

Strong Communities

	Budgeted Cost (GST Excl)	Actual Cost (GST Excl)	Cost per Rateable property (GST Incl)	Cost per rateable property (GST Incl)
	\$000's	\$000's	\$per Annum	\$per Day
Emergency Management	472	457	19.49	0.05
Economic Development	1,196	1,138	48.54	0.13
Community Health and Safety	1,665	1,678	71.57	0.20
Building Control	3,421	3,665	156.33	0.43
Social Development	1,113	1,048	44.70	0.12
District Transportation	11,264	11,181	476.91	1.31
Local Transportation	1,621	1,336	56.99	0.16
Cemeteries	437	424	18.09	0.05
Airfields	168	144	6.14	0.02
Halls	672	717	30.58	0.08
Swimming Pools	317	427	18.21	0.05
Libraries	1,265	1,297	55.32	0.15
Harbour Facilities	775	713	30.41	0.08
Parks and Reserves	3,938	4,026	171.73	0.47
Total Cost of Service	28,324	28,251	1,205.02	3.30



Safeguarding the Environment	Budgeted Cost (GST Excl)	Actual Cost (GST Excl)	Cost per Rateable property (GST Incl)	Cost per rateable property (GST Incl)
	\$000's	\$000's	\$per Annum	\$per Day
Natural and Cultural Heritage	120	142	6.06	0.02
Public Conveniences	881	842	35.91	0.10
Landuse Management	3,488	3,380	144.17	0.39
Water	6,702	6,832	291.41	0.80
Wastewater	17,366	14,574	621.64	1.70
Stormwater	3,296	2,581	110.09	0.30
Solid Waste	5,887	5,270	224.79	0.62
Land Drainage	49	55	2.35	0.01
Land Information Memoranda	215	131	5.59	0.02
Total Cost of Service	38,004	33,807	1,442.00	3.95

Note the above tables are a guide only. Actual individual rateable property impact will depend upon the funding structure of each activity as determined by the Council's Revenue and Financing Policy. For example wastewater is assessed only on those properties connected, or able to connect, to the Council provided wastewater systems.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

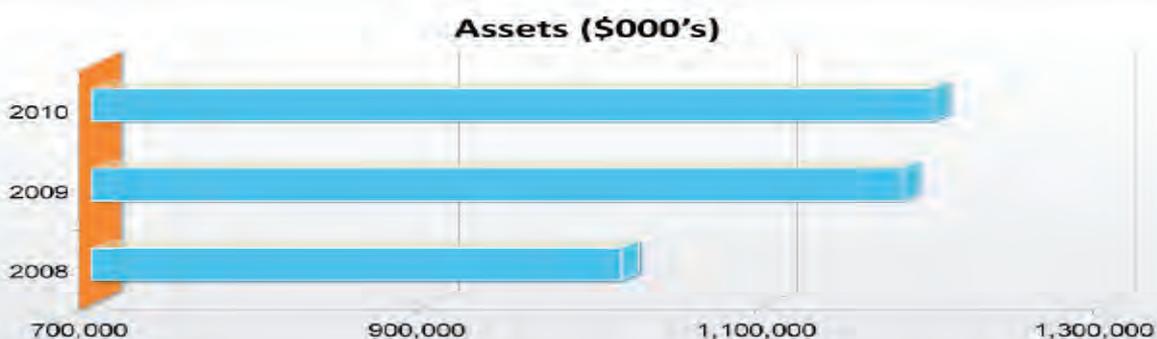
We calculate our net worth to be \$1.128 billion.

The statement of Financial Position (See page 104) shows what we own (our assets), what we owe (our liabilities) and our net worth (represented by net assets or equity).

(\$000's)	Actual 2008	Actual 2009	Actual 2010
Total Assets	1,013,914	1,179,831	1,197,523
less Total Liabilities	61,106	75,999	69,751
Net Assets/ equity at end of year	952,808	1,103,832	1,127,772

The major components within our assets include:

Property, Plant and Equipment (including land, buildings, roading and other infrastructural assets such as wastewater and water etc see page 134 for further details.)



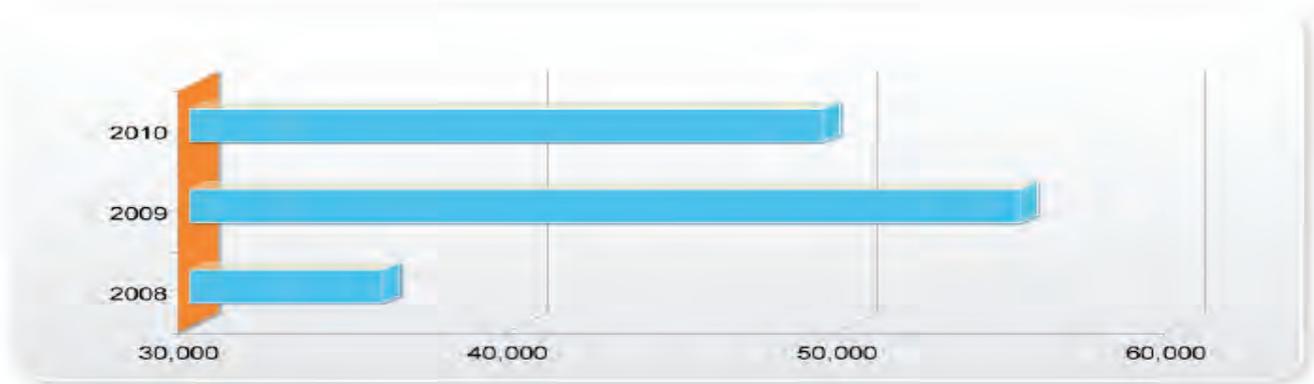


REVIEWING OUR LIABILITIES - WHAT WE OWE

The Council's external borrowings have fallen by \$6 million (or 11%) to \$49.2 million as at 30 June 2010.

The Council borrows to fund the purchase of new assets that Councillors have approved through the Annual Plan and Long-term Council Community Plan process.

EXTERNAL BORROWING POSITION - THREE YEAR TREND (\$000'S)



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

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

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

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

Type/Funding Source	Depreciation Reserves	Debt	Development Contributions
Renewals	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Increased Level of Service	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Additional Capacity for Growth		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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

As such it is prudent for the Council to ensure that it maintains a suitable level of available debt facilities so that its capital expenditure programmes and operational activities are not placed at risk.

After the consultation phase of the 2009-2019 Long-term Council Community Plan the Council reassessed the potential impact of the then developing economic recession on forecast development contributions revenue throughout 2009/2010 and beyond. This resulted in a substantial reduction in development contributions revenue. In order to deliver the capital projects signalled in the plan the Council made a conscious decision to breach its internally set borrowing limits for 2009/2010.

Subsequent to this in November 2009, a decision was made by the Council to defer a number of capital projects to reduce rates in 2010/2011. This decision has had a favourable impact on the Council's external borrowing requirements. As at 30 June 2010 the Council has not breached its internally set borrowing limit of 150% of revenue as previously envisaged.

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



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

Period	Minimum	Maximum	Position 30 June 2010
0 to 3 years	20%	60%	89%
3 to 5 years	20%	60%	11%
5 years plus	10%	60%	0%

Any exception from these policy parameters have been reported to the Council each month as part of the financial report. Due to cost implications and the previous absence of investors willing to invest in the five year plus bracket, the Council has prudently managed its upcoming funding requirements through the use of bank borrowing facilities.

Over the last two and a half years, some councils have issued loan stock with funding margins significantly higher than those experienced prior to September 2007. This Council's strategy has been to fund through the less costly and more flexible bank three year funding facilities. However, to take advantage of these advantageous rates Council has had to allow these facilities to mature naturally and they are now due to mature in January 2011. This is reflected in the borrowings recorded under current liabilities on page 104

The funding and interest rate strategy paper presented to the Audit Committee in June 2010 identified the opportunity to address the debt maturity profile issue over the next six months as work progresses in replacing the current three year rolling bank facilities providing it is economic to do so.

This financing will still be at margins significantly higher than that enjoyed by the Council over the past three years through the current bank borrowing facilities.

Financial Risk

The Council has a number of financial risks to manage. The nature of these risks has been reinforced by the world financial crisis and economic recession.

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

The Council has developed and adopted a financial sustainability strategy. The strategy will help the Council manage conflicting demands of increased services, cost of rates and financial risks. The Council has a risk management framework to assist it in identifying key areas of financial risk.



LOOKING FORWARD

In the year ahead, the Council looks to continue working towards the directions signalled its 2009-2019 Ten Year Plan. This Plan includes information on where the Council will focus its efforts over the next ten years.

Planning for the Future

The Council will be looking to make significant progress with the completion of Local Area Blueprints that will define how each community will grow within the district-wide vision set in the Coromandel Peninsula Blueprint. By linking this work and the District Plan review, the Council will make real efficiency gains by speeding up the work involved and reduce the costs of both projects.

Major Projects Ahead

The Council will be progressing a number of capital works, many in the water, wastewater and stormwater activities. Total capital expenditure for the year ahead is forecast at \$32.9 million and includes:

- Upgrading of the Tairua and Pauanui water supplies;
- Mercury Bay cemetery land purchase;
- Development of the Mercury Bay multi-sports complex;
- Thames, Matarangi and Whangamata stormwater improvements;
- Matarangi wastewater improvements;
- Thames water supply improvements.

Governance

Council elections will take place in October 2010. At the same time, local government legislation reviews are being undertaken by central government. Despite the potential changes underway, the Council will be continuing to deliver the large number of services to the District.

Economic Development

The Council will be progressing development of an Economic Development Strategy to define the role that it sees itself playing in the economic development area. It will also continue its work with the Aquaculture industry to explore how it can best provide an environment within which the industry can flourish. This includes looking at the provision of the infrastructure needed.



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

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

Responsibility

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

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

In the Council and Management's opinion, these financial statements and statement of service performance fairly reflect the financial position, performance and operations of the Thames-Coromandel District Council for the year ended 30 June 2010.

Philippa Barriball JP

DISTRICT MAYOR

Steve Ruru

CHIEF EXECUTIVE

Date: 29 September 2010

Date: 29 September 2010





AUDIT REPORT

To the readers of Thames Coromandel District Council's financial statements and statement of service performance for the year ended 30 June 2010

The Auditor General is the auditor of Thames Coromandel District Council (the District Council). The Auditor General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements, the statement of service performance and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the District Council on pages 103 to 167:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2010; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the District Council on pages 33 to 97:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service performance for the year ended 30 June 2010, including:
 - the levels of service performance as measured against the intended levels of service performance adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service performance and the expected service performance.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council's financial statements and statement of service performance.

The audit was completed on 29 September 2010, and is the date at which our opinion is expressed.

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



Basis of opinion

We carried out the audit in accordance with the Auditor General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, the statement of service performance and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, the statement of service performance and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, the statement of service provision information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported financial and service performance data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service performance information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the statement of service performance and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, the statement of service performance and the other requirements. We obtained all the information and explanations we required to support our opinion above.



Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council as at 30 June 2010. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect the District Council's levels of service performance for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, the statement of service performance and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

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

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

David Walker

Audit New Zealand

On behalf of the Auditor General

Auckland, New Zealand



SECTION TWO CHOOSING FUTURES THAMES-COROMANDEL



Pinnacles, Kuaeranga Valley
Photograph courtesy of Tony Lilliby



CHOOSING FUTURES - THAMES-COROMANDEL

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



Our communities are healthy, cohesive, caring and supportive.



Our local economies reflect the spirit of the Peninsula.



Our communities recognise and value the natural environment.



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



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



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



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

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

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

Monitoring Our Success

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



SNAPSHOT 2009

monitoring progress towards community outcomes

Snapshot2009 was completed last year, and reports the progress made towards the District's community outcomes to help ensure we are on the right track. We will know we are succeeding when these trends are moving in a positive direction - towards the future that the Thames-Coromandel District has chosen.

Snapshot2009 is available to view on the Council's website (www.tcdc.govt.nz) or on request. A summary on the level of progress made to date is provided below.

The outcome sought

Some ways we monitor our progress

Samples of movement to date include



Our communities are healthy, cohesive, caring and supportive.

- We measure...
- How safe our communities feel
 - Reported crime levels
 - Health and exercise
 - Housing affordability
 - Voter turnout
 - Work-life balance

- Reported crime in the Waikato East Police area is decreasing overall, however reported domestic violence has increased.
- While communities feel that they are generally supported, some are unsure of what support is available from community organisations.
- While many factors influence housing affordability, housing in general appears to be unaffordable in the District.



Our local economies reflect the spirit of the Peninsula.

- We measure...
- Employment and unemployment
 - Business numbers and types
 - Tourism and events
 - Business and 'the environment'

- Unemployment decreased however this is between the years 2001 and 2006.
- The number of businesses in the District has increased, with a corresponding increase in employees.
- 98% of residents agree that economic growth and environmental protection can go 'hand-in-hand'.
- The number of Kiwi Green accredited members has doubled.



Our communities recognise and value the natural environment.

- We measure...
- Levels of satisfaction with environmental protection
 - Air quality
 - Water quality
 - Community initiatives in place
 - Amount of land under covenant

- People are moderately satisfied with the level of protection given to the Peninsula's special landscape features.
- People are concerned that our ecosystems are not being enhanced.
- Our air quality is good.



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

- We measure...
- Levels of satisfaction with quality of life
 - Satisfaction with town's character
 - Whether the community sees the District as a place for the young to build a life
 - Culture, diversity and community involvement as an active part of the District

- 81% of residents believe their community values the uniqueness of the Peninsula.
- 87% of residents are happy with their quality of life.
- Only 47% of residents think the young can imagine building a life on the Peninsula.
- The youth population is also declining.



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

We measure...

- Satisfaction with essential services
- Demographic trends
- Emergency management
- Community input into Council planning

- The number of road closures has decreased over the two years monitored, however the number of crashes has increased.
- Increased number of submissions to the 2009-2019 Ten Year Plan.
- Only 55% of households believe they are prepared for a civil defence emergency.
- The 2007/2008 peak population was over five times the usual resident population.



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

We measure...

- The number of recognised buildings and sites of historic value
- Satisfaction with the protection of assets with historical significance
- Both Council and community involvement in the preservation of historical assets

- There are 174 historic places and historic areas identified in the Council's District Plan.
- Council added a new Natural and Cultural Heritage activity to its 2009-2019 Ten Year Plan.
- 65% of residents think that the District does protect and value the history of the area.



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

We measure...

- Coastal water quality for contact recreation
- The protection and preservation of the coastal environment
- Management of development on the coast

- Only 45% of people believe that development is managed and minimised appropriately.
- 89% of people are concerned with the loss of natural character through development.
- Dune protection and remodelling projects are undertaken as necessary, in particular at Pauanui and Whangapoua.

The Council has also started measuring its own contribution to achieving our community outcomes. The results are reported against activity group in section three of this Annual Report.



SECTION THREE OUR ACTIVITIES



Whitianga Harbour

- Introduction
- Community Leadership
- Planning for the Future
- Strong Communities
- Safeguarding the Environment



INTRODUCTION

Council Activities

Our activities set out what the Thames-Coromandel District Council does. It's important that these activities help take us in the direction that the District wants to go - we've described this direction in the 'Choosing Futures: Thames-Coromandel' section. The Council sees its role as contributing to the future of the District by focusing on:

- Showing Community Leadership
- Planning for the Future
- Developing Strong Communities
- Safeguarding the Environment.

This Annual Report sets out what we intended to do in each of these areas, why, and how we've performed against our targets.

The Annual Report might look a little different this time. The Council has regrouped its activities to better demonstrate what it is trying to achieve. More details of this can be found in its 2009-2019 Ten Year Plan.

Customer Satisfaction Survey

A number of performance results are measured through the Council's annual customer satisfaction survey carried out by the National Research Bureau, including customer satisfaction with services. In some cases, some of the people surveyed may not directly use, receive or have a view on the services being asked about. In these cases the actual survey results have been adjusted to exclude 'dont know' responses to a question.



How to Read This Section

In order to help navigate this section, a snapshot view is given of what information is included and what it tells you.

PLANNING FOR THE FUTURE

What We Do

The Coromandel Peninsula is constantly changing. Over recent years the Peninsula has experienced rapid growth in housing, shifts in the social makeup of our communities and continued extreme weather events impacting on our people and natural environment.

The Coromandel Peninsula community has told us that planning for the future is important. This is in part so we can meet the needs of our local and visitor communities ahead of change but also so that we can retain the diversity, character and natural values that they believe make the Peninsula special.

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

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

Planning for the Future Activities

- Strategic Planning
- Landuse Planning
- Hazard Management

Contribution to Choosing Futures

The Ten Year Plan identifies how we'll assess the contribution we made to progressing our community outcomes.

53% of residents and non-resident ratepayers are aware of the vision for the District of those 67% are satisfied that the Council is working towards achieving this goal. This compares with 65% being satisfied in 2009. (Decreased Result)
(2010 and 2009 Thames-Coromandel District Council Communitrak Survey)

The actual performance result of 53% is measured from the survey results adjusted to exclude 'dont know' responses (a 51% result if the 'dont knows' responses are included)

61% of residents and non-resident ratepayers have some level of confidence that the plans the Council makes for the future are in the best interest of the District. In 2009, the level of confidence was 68%. (Decreased Result)
(2010 and 2009 Thames-Coromandel District Council Communitrak Survey)

The actual performance result is measured from the survey results adjusted to exclude 'dont know' responses (a 60% result if the 'dont knows' responses are included)

Footnote: for the above measure, result is derived from the categories: "complete confidence", "a lot of confidence" and "some confidence"

Note: Not all results are available annually and consequently some information is unavailable at this time.

Key: Achieved Not Achieved N/A Not Measured

Snapshot of Planning for the Future Performance

2009/2010 Planning for the Future Highlights

- The Coromandel Peninsula Blueprint project was further progressed with subsequent consultation and workshops with agencies and the public across the Peninsula.
- Work continued on the full review and the restructure of the Council District Plan. The District Plan was made Operative on 30 April 2010.
- The Council participated in a review of the Regional Policy Statement for the Waikato to address concerns about content and its implications for the Thames-Coromandel District.
- Work began on the development of the 2012-2022 Ten Year Plan.
- The Council endorsed the "Choosing Futures Thames-Coromandel" community outcomes.

Activity Group
 ← The name of the activity group.

What the activity is and why we provide it.
 ←

This group includes the following activities
 ← The individual activities that make up this group.

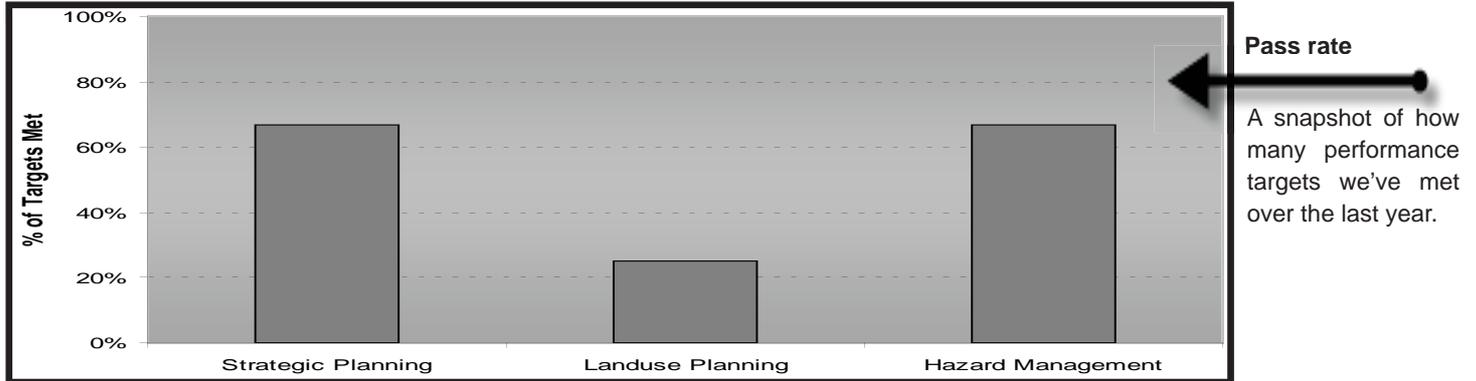
Contribution to Choosing Futures
 ← Measuring our progress in contributing to achieving Choosing Futures.

Snapshot of performance
 ← Highlights of performance for each group of activities.



How to Read This Section Continued

Planning for the Future Achievement



Strategic Planning

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

The Service We Provide: Communities are helped to identify local and District visions

What We Aimed For	How We Did
Community Outcomes reviewed to identify the District community vision.	Achieved The Council endorsed retaining the current 'Choosing Futures Thames-Coromandel' community outcomes at its 30 June 2010 meeting. This followed a review process which included consideration of public feedback.

The Service We Provide: Customers can expect the Council to identify potential issues before they become problems

What We Aimed For	How We Did
Initiatives completed to provide current information on issues and trends	Not Applicable No update was planned for 2009/2010.

The Service We Provide: Plans are in place to manage growth and change in the District

What We Aimed For	How We Did
Two Blueprint local area plans complete.	Not Achieved Since the performance target was set in the 2009-2019 Ten Year Plan, the Blueprint partner agencies decided to undertake all the local area plans (LABs) in one process over two financial years at a reduced cost, rather than individually over three years. The agencies are halfway through the LAB development process and are on track with the project scope. The impact of this change will be a more cost and time efficient completion of the project.

Other Projects and Programmes

- The Coromandel Peninsula Blueprint will be completed**
 The Coromandel Peninsula Blueprint: Framework for our Future was completed and adopted by the Council in December 2009. The second phase of the project - the local area blueprints are currently being completed (refer target above).
- A peak population study will be completed**
 Reported to the Council at its 30 June 2010 meeting.
- A Sustainable Development Strategy will be developed**
 Since the performance target was set in the 2009-2019 Ten Year Plan, the Council further scoped the sustainable development project and considered it more appropriate to establish a staff sustainability forum to progress initiatives rather than developing a new strategy at this point. A sustainable development framework has already been adopted as part of the 2009-2019 Ten Year Plan performance management framework. The sustainability forum has since been established and is progressing a number of sustainability initiatives. An action plan is in the process of being drafted.

Activity

The name of the activity and its purpose.

The services we provide

Our performance in delivering services to our community.

Other projects and programmes

Other specific workstreams and Projects we've achieved.



How to Read This Section Continued

Performance Against Budget

Planning for the Future

For the year ended 30 June 2010

2009		2010			
Actual \$000's		Budget \$000's	Actual \$000's	Variance \$000's	Notes
Revenue					
52	Activity Revenue	23	120	97	1
0	Contributions Revenue	0	0	0	
2,158	General Funds	3,267	3,373	106	2
0	Subsidies Revenue	0	0	0	
2,210	Total Operating Revenue	3,290	3,493	203	
Cost of Services					
804	Strategic Planning	1,714	1,333	381	3
1,074	Landuse Planning	1,197	1,036	161	4
261	Hazard Management	286	271	15	
2,139	Total Cost of Services	3,197	2,640	557	
71	OPERATING SURPLUS/(DEFICIT)	94	853	760	

Performance against budget

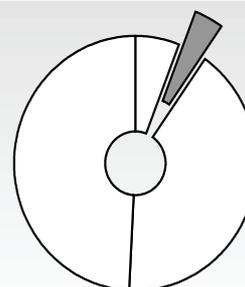
The cost of delivering the group of activities and the revenue received to fund it.

What did it Cost?

Actual expenditure incurred for 2009/10 financial year (\$000s) 2,640

Planned expenditure for 2009/10 financial year (\$000s) 3,196

Variance (\$000s) 557



Total cost of services was **\$2.6m** against a plan of \$3.2m

The graph portrays this particular activity groups portion of expenditure in relation to the other activity groups.

Notes

- Activity Revenue is showing a favourable variance as:
 - Additional recoveries of Blueprint costs charged to Environment Waikato. These projects have been included in the 2010/2011 Annual Plan.
- General Funds is showing a favourable variance as:
 - Rates revenue is showing a favourable variance as shifts in the rating database in the time between finalising the budget figures of the Long-term Council Community Plan and actually assessing the rates at the end of closing off of the District Valuation Roll on 30 June 2009 varied.



How to Read This Section Continued

PLANNING FOR THE FUTURE - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
PLANNING FOR THE FUTURE				
Computer Software	432	331	102	1
Computer Hardware	818	563	255	1
Furniture & Fittings	55	35	20	1
Plant & Vehicles	612	296	316	1
Total Planning for the Future Capital Works Projects	1,918	1,226	692	
Percentage Capital Works Projects completed	100%	64%		

Capital works projects

← A summary of how many capital works projects were completed and their costs.

Notes

- 1 Projects are showing favourable variances as:
- A decision was made by the Council in November 2009 to defer a number of projects to reduce rates in 2010/2011. These projects have been included in the 2010/2011 Annual Plan.



COMMUNITY LEADERSHIP

What We Do

Through this group of activities, the elected Council and Community Boards help the Peninsula's communities contribute to Council plans and processes and then make decisions on the communities' behalf. These decisions help ensure that the Council is contributing towards improving the social, cultural, economic and environmental wellbeing of the District's communities.

The Council sees itself as having a proactive role in providing leadership to the community through the development of the District and community. This approach is seen as being consistent with the purpose of local government as defined in section 10 of the Local Government Act.

Community Leadership Activities

- District Leadership
- Local Advocacy

Contribution to Choosing Futures

The Ten Year Plan identifies how we'll assess the contribution we made to progressing our community outcomes.

- 34% of residents and non-resident ratepayers are satisfied with the way the Council involves the public in the decisions it makes. In comparison, in 2009 41% were satisfied. (Decreased Result)
(2010 and 2009 Thames-Coromandel District Council Communitrak Survey)
The actual performance result of 34% is measured from the survey results adjusted to exclude 'dont know' responses (a 32% result if the 'dont knows' responses are included)
- 32% of residents agree that they have confidence that the Council makes decisions that are in the best interests of the District. This compares with 41% in 2007. (Decreased Result)
(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District)
The actual performance result is measured from the survey results adjusted to exclude 'dont know' responses (a 31% result if the 'dont knows' responses are included)
- 81% of residents and non-resident ratepayers felt they knew how to contact a Councillor and would go ahead and do so if the situation arose where they wanted to put a viewpoint, problem or issue to a Councillor. In comparison, in 2009, 84% of respondents said they would contact a Councillor. (Decreased Result)
(2010 and 2009 Thames-Coromandel District Council Communitrak Survey)
The actual performance result of 81% is measured from the survey results adjusted to exclude 'dont know' responses (a 80% result if the 'dont knows' responses are included)

Note: Not all results are available annually and consequently some information is unavailable at this time.

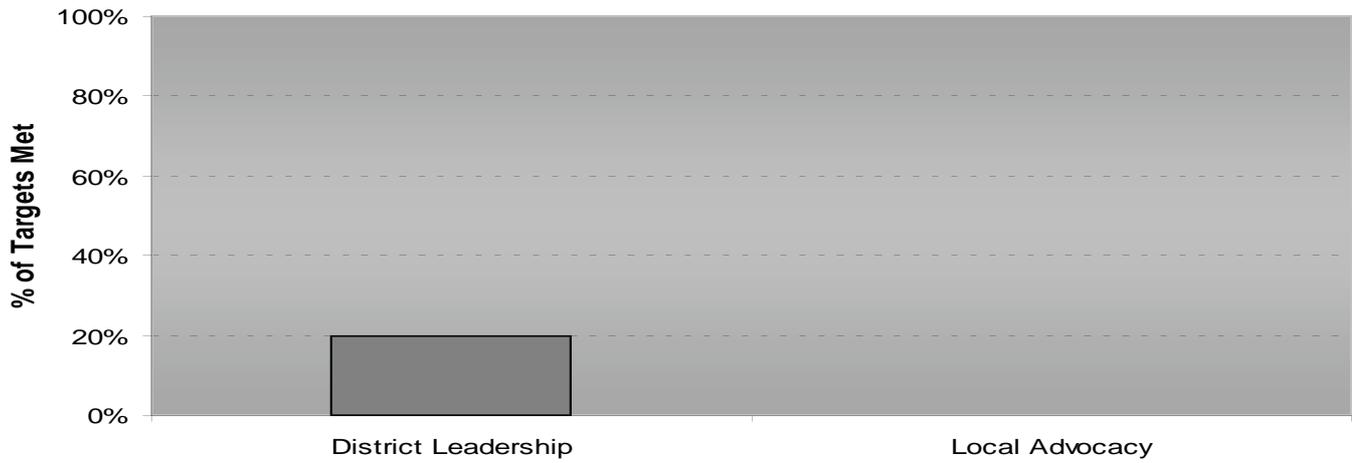
Snapshot of Community Leadership Performance

2009/10 Community Leadership Highlights

- The 2010 electoral process commenced.
- The Council made an amendment to the 2009-2019 Ten Year Plan.
- The 2010/2011 Annual Plan was adopted.
- The Council made submissions on:
 - "Maximising our potential" (stocktake of schedule four of the Crown Minerals Act and Beyond),
 - Environment Waikato Annual Plan and Long Term Plan amendments and;
 - Foreshore and Seabed Act review.



Community Leadership Achievement



The Council did not achieve a number of its customer satisfaction targets for this activity group. The Council has put together a comprehensive induction programme for the newly elected Council to ensure elected members have a clear understanding of their vote and customer expectations. The Council is also currently reviewing its Communications Strategy to improve ratepayer understanding of Council decisions, and the logic behind those decisions.



District Leadership

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

The Service We Provide: An avenue is provided through which the community can have its views heard

What We Aimed For	How We Did	
82% of residents and non-resident ratepayers feel they can contact a Council member to raise an issue or problem.	Achieved	The actual performance result of 90% is measured from the survey results adjusted to exclude 'dont know' responses (a 88% result if the total response is inclusive of 'dont know' answers).
28% of residents and non-resident ratepayers feel that the Mayor and Councillors give a fair hearing to their views (the target is the peer group average).	Not Achieved	<p>19.5% of residents and non-resident ratepayers feel that their elected representatives give a fair and open-minded hearing when dealing with local community issues (25% in 2009), while 30% believe they give a defensive and one-sided hearing (23% in 2009). 36% feel the answer lies somewhere between the two (39% in 2009).</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 16% result if the total response is inclusive of 'dont know' answers).</p> <p>This drop in satisfaction may reflect a number of controversial issues arising over the 2009/2010 year, including the 1080 debate, the proposed removal of protections to Schedule 4 lands for mining purposes and the introduction of boat ramp/trailer parking charges (implemented during the 2009/2010 peak season).</p>

The Service We Provide: Direction is set to determine what activities the Council should engage in

What We Aimed For	How We Did	
39% of residents and non-resident ratepayers are satisfied with the Council's decisions and actions (the target is the peer group average).	Not Achieved	<p>The actual result was 33% which was down 5% on 2009.</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 31% result if the total response is inclusive of 'dont know' answers). Survey respondents were not asked for reasons for satisfaction ratings. The Council will consider whether this will be included in the next survey.</p>
70% of residents and non-resident ratepayers are satisfied with how the Council allocates funds / rates to be spent on the services and facilities provided (the target is the peer group average).	Not Achieved	<p>The actual performance result of 57% (56% in 2009) is measured from the survey results adjusted to exclude 'don't know' responses (a 52% result if the total response is inclusive of 'don't know' answers).</p> <p>The main reasons residents and non-resident ratepayers are not very satisfied with the way rates are spent are noted as:</p> <ul style="list-style-type: none"> • High rates for services received; not value for money; rates increases, • Waste money; spent in wrong areas; spent unwisely and excessively, • Rates spent elsewhere; unfair allocation; not spent in our area, • Rubbish collection; disposal issues.



The Service We Provide: The Council will keep and maintain accurate property records

What We Aimed For	How We Did
25% of property records stored electronically in accordance with the Public Records Act 2005.	Not Achieved The first six months of this project were dedicated to project planning and testing with the project going live in February 2010. On a monthly percentage the target for scanning in documents would be 10.4%, close to the actual achieved.



Local Advocacy

Ensuring that the Council appreciates and understands local views.

The Service We Provide: Community boards offer local representation

What We Aimed For	How We Did	
71% of residents and non-resident ratepayers know how to contact a community board member.	Not Achieved	<p>While the annual target of 71% was not met, the 62% actual result is a 7% improvement from 2009 on people knowing how to contact their community board members. Anecdotal information collected quotes respondents as saying that community board members are not visible in their communities and that they don't take proactive opportunities to get out and talk to the people.</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 60% result if the total response is inclusive of 'don't know' answers).</p>

The Service We Provide: Community boards make decisions that consider local issues

What We Aimed For	How We Did	
92% of community board decision-making reports on local issues include community plan information.	Not Achieved	<p>The actual result of 25% is based on references made to community plans in decision-making reports. The annual results indicate that there is a need to increase report writer awareness of community plans. The last quarter results are the highest for the year, which would suggest that more authors are increasingly complying with this target.</p>

The Service We Provide: Opportunities are available to raise local issues and understand what will happen as a result

What We Aimed For	How We Did	
51% of residents and non-resident ratepayers are satisfied with the way the Council involves the public in the decisions it makes.	Not Achieved	<p>The actual performance result of 34% is measured from the survey results adjusted to exclude 'don't know' responses (a 32% result if the total response is inclusive of 'don't know' answers). Survey respondents were not asked for reasons for satisfaction ratings. The Council will consider whether this will be included in the next survey.</p>

Other Projects and Programmes

- **Community boards will assign portfolios to members**
Portfolios were assigned to community board members at their inaugural meetings in November 2007.
- **Community boards will submit an annual work programme to the Council for endorsement**
Community boards annual work programme endorsed by the Council on 7 April 2010.
- **Regular feedback will be provided to community boards and community on progress with actions contained in community plans**
Community Plan monitoring reported to Tairua-Pauanui Community Board annually. Two forums per year are held to report to the community on the Whangamata Community Plan.
- **A process will be developed to ensure community board members are available to the community**
A draft process to ensure community board members are available to the community has been developed. It will be finalised following the Local Authority elections in October 2010.
- **An appropriate code of conduct will be developed for community boards**
The community boards' adopted a Code of Conduct at the beginning of their term.



Performance Against Budget

Community Leadership

For the year ended 30 June 2010

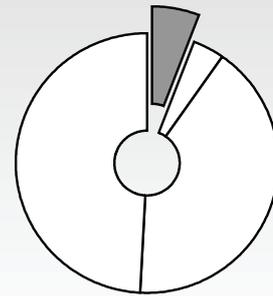
2009		2010			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
Revenue					
0	Activity Revenue	0	0	0	
0	Contributions Revenue	11	15	4	
2,975	General Funds	2,773	2,938	165	1
0	Subsidies Revenue	0	0	0	
2,975	Total Operating Revenue	2,784	2,953	169	
Cost of Services					
2,339	District Leadership	3,147	2,766	381	2
1,666	Local Advocacy	1,394	1,265	129	3
4,006	Total Cost of Services	4,541	4,031	510	
(1,031)	OPERATING SURPLUS/(DEFICIT)	(1,757)	(1,078)	680	

What did it Cost?

Actual expenditure incurred for 2009/10 financial year (\$000s) 4,031

Planned expenditure for 2009/10 financial year (\$000s) 4,541

Variance (\$000s) 510



Total cost of services was **\$4.0m** against a plan of \$4.5m

The graph portrays this particular activity groups portion of expenditure in relation to the other activity groups.

Notes

- General Funds is showing a favourable variance as:
 - Rates revenue is showing a favourable variance as shifts in the rating database in the time between finalising the budget figures of the Long-term Council Community Plan and actually assessing the rates at the end of closing off of the District Valuation Roll on 30 June 2009 varied.
- District Leadership is showing a favourable variance as:
 - Council administration expenses were reduced over all activities resulting in a favorable variance of \$315,000. Council public relations was under budget by \$89,000. These were partially offset by an over expenditure of \$23,000 in election expenses.
- Local Advocacy is showing a favourable variance as:
 - Expenses are under budget by \$129,000 in the Community Boards again reflecting reductions in costs in Council activities as well as general operating costs within each Board such as advertising, contract labour and staff costs



COMMUNITY LEADERSHIP - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
COMMUNITY LEADERSHIP				
Thames Administration Building	31	0	31	1
Thames Administration Building - Roof	207	0	207	1
Thames County Building	114	0	114	1
Total Community Leadership Capital Works Projects	352	0	352	
Percentage Capital Works Projects completed	100%	0%		

Notes

- 1 Projects are showing favourable variances as:
 - A decision was made by the Council in November 2009 to defer a number of projects to reduce rates in 2010/2011. These projects have been included in the 2010/2011 Annual Plan.



PLANNING FOR THE FUTURE

What We Do

The Coromandel Peninsula is constantly changing. Over recent years the Peninsula has experienced rapid growth in housing, shifts in the social makeup of our communities and continued extreme weather events impacting on our people and natural environment.

The Coromandel Peninsula community has told us that planning for the future is important. This is in part so we can meet the needs of our local and visitor communities ahead of change but also so that we can retain the diversity, character and natural values that they believe make the Peninsula special.

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

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

Planning for the Future Activities

- Strategic Planning
- Landuse Planning
- Hazard Management

Contribution to Choosing Futures

The Ten Year Plan identifies how we'll assess the contribution we made to progressing our community outcomes.

- ☒ 53% of residents and non-resident ratepayers are aware of the vision for the District of those 67% are satisfied that the Council is working towards achieving this goal. This compares with 65% being satisfied in 2009. (Decreased Result)

(2010 and 2009 Thames-Coromandel District Council Communitrak Survey)

The actual performance result of 53% is measured from the survey results adjusted to exclude 'dont know' responses (a 51% result if the 'dont knows' responses are included)

- ☒ 61% of residents and non-resident ratepayers have some level of confidence that the plans the Council makes for the future are in the best interest of the District. In 2009, the level of confidence was 68%. (Decreased Result)

(2010 and 2009 Thames-Coromandel District Council Communitrak Survey)

The actual performance result is measured from the survey results adjusted to exclude 'dont know' responses (a 60% result if the 'dont knows' responses are included)

Footnote: for the above measure, result is derived from the categories: "complete confidence", "a lot of confidence" and "some confidence"

Note: Not all results are available annually and consequently some information is unavailable at this time.

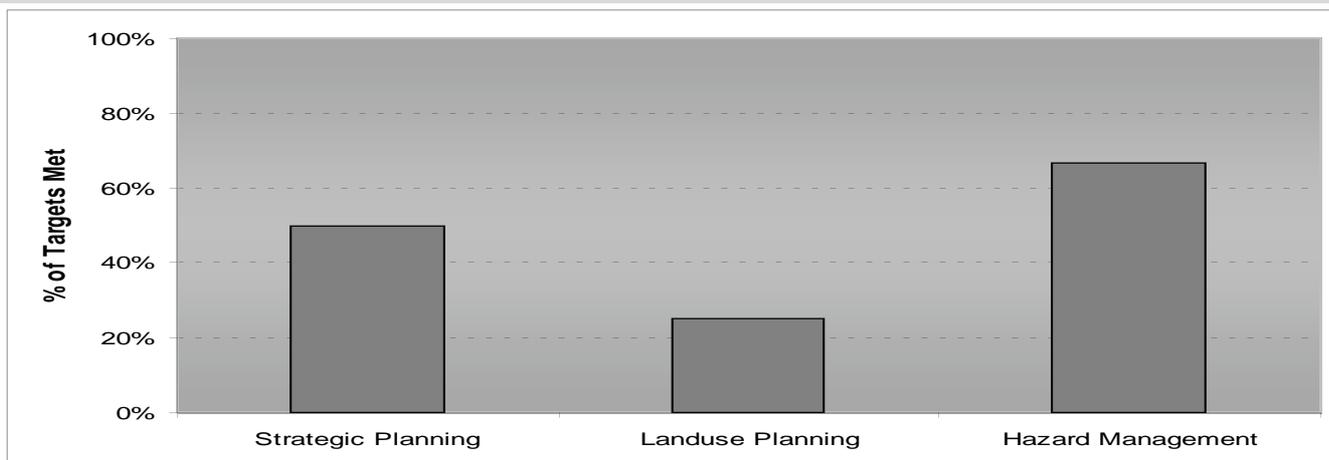
Snapshot of Planning for the Future Performance

2009/2010 Planning for the Future Highlights

- The Coromandel Peninsula Blueprint project was further progressed with subsequent consultation and workshops with agencies and the public across the Peninsula.
- Work continued on the full review and the restructure of the Council District Plan. The District Plan was made Operative on 30 April 2010.
- The Council participated in a review of the Regional Policy Statement for the Waikato to address concerns about content and its implications for the Thames-Coromandel District.
- Work began on the development of the 2012-2022 Ten Year Plan.
- The Council endorsed the "Choosing Futures Thames-Coromandel" community outcomes.



Planning for the Future Achievement





Strategic Planning

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

The Service We Provide: Communities are helped to identify local and District visions

What We Aimed For	How We Did
Community Outcomes reviewed to identify the District community vision.	Achieved The Council endorsed retaining the current 'Choosing Futures Thames-Coromandel' community outcomes at its 30 June 2010 meeting. This followed a review process which included consideration of public feedback.

The Service We Provide: Customers can expect the Council to identify potential issues before they become problems

What We Aimed For	How We Did
Initiatives completed to provide current information on issues and trends.	Not Measured No update was planned for 2009/2010.

The Service We Provide: Plans are in place to manage growth and change in the District

What We Aimed For	How We Did
Two Blueprint local area plans complete.	Not Achieved Since the performance target was set in the 2009-2019 Ten Year Plan, the Blueprint partner agencies decided to undertake all the local area plans (LABs) in one process over two financial years at a reduced cost, rather than individually over three years. The agencies are halfway through the LAB development process and are on track with the project scope. The impact of this change will be a more cost and time efficient completion of the project.

Other Projects and Programmes

- **The Coromandel Peninsula Blueprint will be completed**

The Coromandel Peninsula Blueprint: Framework for our Future was completed and adopted by the Council in December 2009. The second phase of the project - the local area blueprints are currently being completed (refer target above).

- **A peak population study will be completed**

Reported to the Council at its 30 June 2010 meeting.

- **A Sustainable Development Strategy will be developed**

Since the performance target was set in the 2009-2019 Ten Year Plan, the Council further scoped the sustainable development project and considered it more appropriate to establish a staff sustainability forum to progress initiatives rather than developing a new strategy at this point. A sustainable development framework has already been adopted as part of the 2009-2019 Ten Year Plan performance management framework. The sustainability forum has since been established and is progressing a number of sustainability initiatives. An action plan is in the process of being drafted.



Landuse Planning

Identifying and managing the resource management issues facing the District.

The Service We Provide: The Council has a District Plan that is relevant and robust

What We Aimed For	How We Did
<p>100% of the annual work programme (set through annual District Plan business plan) completed.</p>	<p>Not Achieved</p> <p>Actual result is 90%. All appeals to the District Plan (as either 'proposed', 'varied' or 'changed') have been dealt with and the District Plan was made 'Operative' on 30 April 2010. The Plan was annotated, reprinted and distributed at the end of June 2010.</p> <p>A significant amount of work was undertaken to complete collation of information on natural character values, significant natural areas, historic heritage, soils and coastal development setbacks. Also completed were the Otama Camping Ground plan change and the Administrative plan changes (General and Subdivision).</p> <p>Good progress was also made to further advance the natural hazards (flooding) plan change, the Kopu Structure Plan and the Te Karo Bay/Sailors Grave plan change.</p> <p>Further work on the District landscape assessment and urban form, density and design was put 'on hold' to enable integration with the Coromandel Blueprint and Local Area Blueprint projects. The delays with further progressing these projects and some unplanned work (eg. input on the Draft Regional Policy Statement) led to the performance target not being met.</p>

The Service We Provide: The Council has a District Plan that provides certainty of land use/ environmental outcomes at the local and District levels

What We Aimed For	How We Did
<p>43% of residents and non-resident ratepayers satisfied with the District as a "better" place to live.</p>	<p>Not Achieved</p> <p>The annual customer satisfaction survey recorded that 26% of survey respondents thought the Thames-Coromandel District was a "better" place to live than three years ago (compared to 32% in 2009). This measure is likely to be open to influence from a number of other factors (eg economic recession).</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'dont know' responses (a 24% result if the 'dont knows' responses are included)</p>
<p>90% of residents and non-resident ratepayers satisfied with the image of the closest town centre shown as "satisfied".</p>	<p>Not Achieved</p> <p>The annual customer satisfaction survey recorded that 89% of survey respondents were satisfied with the image of the closest town centre (compared to 87% in 2009). The Council has scheduled a Whitianga town centre upgrade in future which should increase this result.</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 88% result if the 'don't knows' responses are included)</p> <p>The main reasons residents and non-resident ratepayers are not very satisfied with the image of their closest town centre are noted as:</p> <ul style="list-style-type: none"> ■ Unattractive/dull/boring/lacks character/needs beautifying ■ Needs better facilities/activities ■ Needs upgrading/improving/tidying up.



The Service We Provide: **The Council has a monitoring programme that provides information on the outcomes of the District Plan at the local and District level**

What We Aimed For	Achieved	How We Did
One resource issue is monitored and reported on each year.	Achieved	A “District Plan Monitoring and Evaluation Plan” was reported to the Policy and Planning Committee in November 2009 with a plan effectiveness monitoring report on historic heritage reported to the Committee in February 2010.

Other Projects and Programmes

■ Comprehensive review of the District Plan

On 16 December 2009 the Council approved a “full review and restructure” of the District Plan. In the lead up to this, and since this time, a significant amount of work was undertaken to develop and finalise a project plan to review and restructure the Plan. A project team has subsequently been established and three monthly project update reports are provided.

■ Private plan changes considered and, if accepted for processing, processed in accordance with statutory requirements

Five private plan change applications continued to be considered and assessed in accordance with standard operating procedures and requirements of the Resource Management Act 1991. A decision was released on the Wharekaho Beach Development Ltd private plan change, which is now operative, and a decision is pending on the Satoma Ltd private plan change application. Work is continuing to further progress the remaining private plan changes.

■ Organisational Support

A considerable amount of staff time was committed to the development of the Coromandel Peninsula Blueprint and Local Area Blueprint projects.

■ Environmental Advocacy

The Council is heavily involved in reviewing and commenting upon the Draft Waikato Regional Policy Statement. A Council submission on the Government’s proposal to remove areas of conservation land from Schedule 4 of the Crown Minerals Act 1991 was developed and submitted to government.



Hazard Management

Protecting life and property from natural hazards.

The Service We Provide: The Council will work with other agencies to manage the effects of natural hazards

What We Aimed For	How We Did	
58% of residents and non-resident ratepayers who read and hear about joint agency initiatives in media and through word of mouth networks.	Not Achieved	<p>The result was 33%.</p> <p>There was little feedback from the annual customer satisfaction survey to explain the reason why the intended levels of awareness amongst residents and non-resident ratepayers was not met.</p> <p>The Regional Civil Defence Emergency Management Group has had an internal review completed which has highlighted areas for improvement. Implementation of resulting actions should improve this result in future.</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 32% result if the 'don't knows' responses are included)</p>

The Service We Provide: The community is able to adapt to the threat of natural disasters

What We Aimed For	How We Did	
58% of residents and non-resident ratepayers who feel safe in their homes and for their livelihoods when a natural disaster strikes.	Achieved	<p>61% result.</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 60% result if the 'don't knows' responses are included)</p>
58% of residents and non-resident ratepayers who are aware of whether their community is susceptible to a natural hazard.	Achieved	<p>90% result.</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 88% result if the 'don't knows' responses are included)</p>

Other Projects and Programmes

- **Flood risk profiling work will continue for the flood prone communities of Thames, Te Puru, Waiomu, Tapu, Coromandel and Tairua townships**

Initial flood risk profiling complete. Peninsula Project mitigation works being implemented depending on community acceptance and funding. Additional Environment Waikato (EW) flood risk profiling programmed once protection works in place.
- **The Council's policy for coastal protection works on Council-owned land will be reviewed**

The Council policy in place was adopted in 2007. It is anticipated the policy will be reviewed within the term of the next Council.
- **Existing wind shear data will be reviewed as a result of an apparent increase in extreme storm events**

The National Institute of Water and Atmospheric Research (NIWA) advise that, given state of wind flow modelling methodologies, the Council should in the short-term continue to use existing wind zone maps and the appropriate building standard. It should be noted that NIWA are conducting a Foundation for Research, Science and Technology (FoRST) funded wind modelling project that may assist Territorial Local Authorities in the future. Results to be advised in early 2011.
- **The Council will investigate the effects of significant tsunami on the Peninsula with Environment Waikato**

The project is scheduled over several financial years. Final Geological and Nuclear Sciences (GNS) Whitianga modelling report with EW. Economic Impact Assessment completed. Community engagement proposed for the 2010/2011 financial year.
- **The Council will participate in a government funded coastal adaption to climate change project**

Three year project scheduled for completion by September 2011.



Performance Against Budget

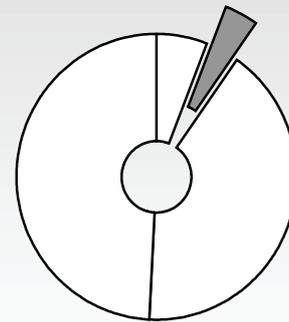
Planning for the Future

For the year ended 30 June 2010

2009		2010			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
Revenue					
52	Activity Revenue	23	120	97	1
0	Contributions Revenue	0	0	0	
2,158	General Funds	3,267	3,373	106	2
0	Subsidies Revenue	0	0	0	
2,210	Total Operating Revenue	3,290	3,493	203	
Cost of Services					
804	Strategic Planning	1,714	1,333	381	3
1,074	Landuse Planning	1,197	1,036	161	4
261	Hazard Management	286	271	15	
2,139	Total Cost of Services	3,197	2,640	557	
71	OPERATING SURPLUS/(DEFICIT)	94	853	760	

What did it Cost?

Actual expenditure incurred for 2009/10 financial year (\$000s)	2,640
Planned expenditure for 2009/10 financial year (\$000s)	3,196
Variance (\$000s)	557



Total cost of services was **\$2.6m** against a plan of **\$3.2m**

The graph portrays this particular activity groups portion of expenditure in relation to the other activity groups.

Notes

- 1 Activity Revenue is showing a favourable variance as:
 - Additional recoveries of Blueprint costs charged to Environment Waikato.
- 2 General Funds is showing a favourable variance as:
 - Rates revenue is showing a favourable variance as shifts in the rating database in the time between finalising the budget figures of the Long-term Council Community Plan and actually assessing the rates at the end of closing off of the District Valuation Roll on 30 June 2009 varied.



Notes

- 3 Strategic Planning is showing a favourable variance as:
- District monitoring costs and the District growth/Blueprint project costs are under budget by \$49,000. This includes costs on preparing the growth projections.
 - LGA implementation costs being under budget by \$88,000. The programmed work has not taken place due to other project work taking precedence.
 - Community aspiration project costs are \$39,000 less than that originally expected this year. The project scope was reduced during the year and therefore less expenditure was incurred.
 - Community plan and engagement costs are under budget by \$127,000. The budget allowed for the Community Boards to contribute to the blueprint costs, but this was not required.
- 4 Landuse Planning is showing a favourable variance as:
- With the resolution of all appeals on the District Plan there was a savings in legal expenses of \$49,000 against the budgeted expenditure. In addition the internal secondment of a policy planning role and savings on the District Plan review meant that the planned level of expenditure on external consultants saved a further \$145,000.



PLANNING FOR THE FUTURE - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
PLANNING FOR THE FUTURE				
Computer Software	432	331	102	1
Computer Hardware	818	563	255	1
Furniture & Fittings	55	35	20	1
Plant & Vehicles	612	296	316	1
Total Planning for the Future Capital Works Projects	1,918	1,226	692	
Percentage Capital Works Projects completed	100%	64%		

Notes

- 1 Projects are showing favourable variances as:
- A decision was made by the Council in November 2009 to defer a number of projects to reduce rates in 2010/2011. These projects have been included in the 2010/2011 Annual Plan.



STRONG COMMUNITIES

What We Do

The Strong Communities group of activities involves promoting the development of our communities to ensure they have a good quality of life. The Council's focus over the next ten years is ensuring that services and facilities are in place to enable communities to function. It will also consider the social issues facing the District and review its role in social development.

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

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

Strong Communities Activities

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

Contribution to Choosing Futures

The Ten Year Plan identifies how we'll assess the contribution we made to progressing our community outcomes.

- In 2010 45% of residents agree that their community is a place where young people can imagine building a life. In 2007, 49% agreed that their community is a place young people can build a life. (Decreased Result)
(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District)
The actual performance result is measured from the survey results adjusted to exclude 'dont know' responses (a 44% result if the 'dont knows' responses are included)
- 100% of residents perceive that their community is safe during the daytime and 85% perceive that their community is safe after dark. By comparison in 2007, 98% and 84% (respectively) perceived safety in their community. (Increased Result)
(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District)
Note: There were no 'dont know' responses to these questions in 2010.
- In 2010, 96% of residents were happy with their overall quality of life. This compares with 87% in 2007. (Increased Result)
(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District)
The actual performance result is measured from the survey results adjusted to exclude 'dont know' responses (a 95% result if the 'dont knows' responses are included)

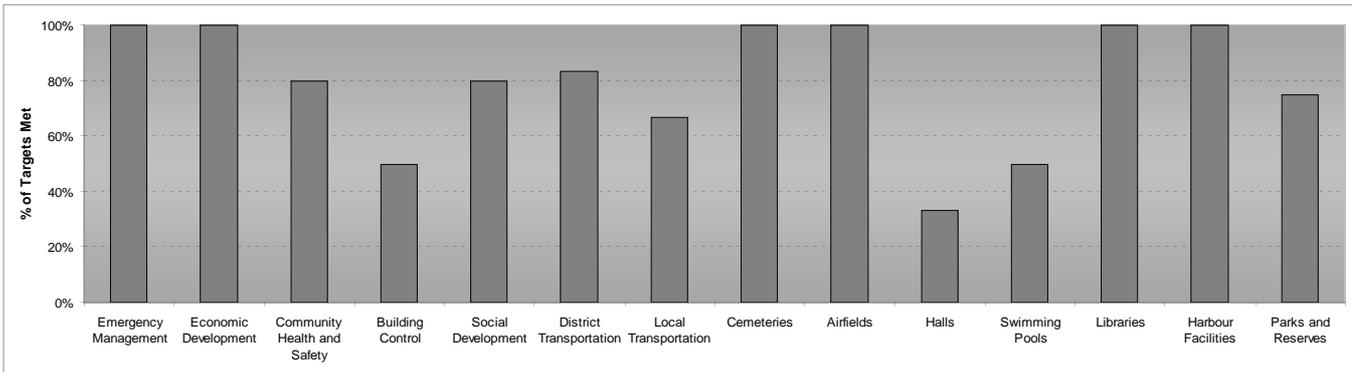


Snapshot of Strong Communities Performance

2009/2010 Strong Communities Highlights

- Further work progressed on scoping the requirements of the aquaculture industry in anticipation of the significant increase in production.
- Pauanui airfield management was brought 'in-house' following the relinquishment of the contract by the previous contractor. This is now being tendered.
- A new wood fired pool heating system has been installed at the Thames Centennial Pool.
- The dust seal prioritisation criteria were approved.
- The Council cut back on expenditure by deferring a number of projects to the 2010/2011 financial year (outlined in the individual activities).
- Business cases were approved to investigate the further development of Mercury Bay Cemetery and Mercury Bay multi-sports complex.
- The Council approved expenditure to support marketing of the Thames-Coromandel District for the forthcoming Rugby World Cup.

Strong Communities Achievement





Emergency Management

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

The Service We Provide: People are prepared for a civil defence emergency

What We Aimed For		How We Did
52% of residents and non-resident ratepayers prepared for an emergency.	Achieved	<p>The result of 59% follows an increasing level of preparedness over the past few years and an increase of 3% on 2009.</p> <p>The actual performance result is measured from the survey results adjusted to exclude 'dont know' responses (a 58% result if the 'dont knows' responses are included)</p>

The Service We Provide: People know what to do in an emergency

What We Aimed For		How We Did
Four emergency plans available for urban communities with over 100 properties.	Achieved	<p>Tsunami Action Plans are in place for Whangamata, Tairua, Pauanui, Whitianga/Wharekaho, Matarangi, Cooks Beach/Ferry Landing, Hahei, Hot Water Beach, Coromandel, Kuaotunu and Whangapoua. The measure refers to the number of urban communities who each have an emergency plan.</p> <p>Community support for action plans has exceeded expectations with minimal staff input and cost required from the Council.</p>

The Service We Provide: Community support is available to recover from an emergency

What We Aimed For		How We Did
Recovery teams (made up of agencies with the capacity to assist with welfare, property, business and rural area recovery) are established, trained and meet annually.	Achieved	<p>The Thames Valley Welfare Advisory Group, including representation from the rural sector, met four times during the year. Thames Valley welfare training courses were held on 23-24 and 26-28 November 2009.</p> <p>Emergency Management Committees, whose roles include response and recovery, met in Whangamata, Tairua, Pauanui, Whitianga/Wharekaho, Matarangi, Cooks Beach/Ferry Landing, Hahei, Hot Water Beach, Coromandel, Kuaotunu and Whangapoua.</p>

The Service We Provide: Surf life saving services are provided over peak summer periods

What We Aimed For		How We Did										
Five high risk eastern seaboard beaches that have professional surf life saving guards available: 26 December - 16 January Hot Water Beach, Tairua, and Onemana 26 December - 9 January Pauanui and Whangamata.	Achieved	<p>The Regional Lifeguard Service operates during the week with weekends covered by volunteer surf lifesaving clubs. As 26,27 December were weekend dates the confirmed dates for service by Surf Lifesaving New Zealand as follows:</p> <table border="0"> <tr> <td>Hot Water Beach</td> <td>21 December - 5 February</td> </tr> <tr> <td>Tairua</td> <td>28 December - 29 January</td> </tr> <tr> <td>Pauanui</td> <td>28 December - 29 January</td> </tr> <tr> <td>Onemana</td> <td>28 December - 22 January</td> </tr> <tr> <td>Whangamata</td> <td>21 December - 5 February</td> </tr> </table> <p>The number of lifeguards and time of supply was adjusted, within approved budget, to meet operational needs.</p>	Hot Water Beach	21 December - 5 February	Tairua	28 December - 29 January	Pauanui	28 December - 29 January	Onemana	28 December - 22 January	Whangamata	21 December - 5 February
Hot Water Beach	21 December - 5 February											
Tairua	28 December - 29 January											
Pauanui	28 December - 29 January											
Onemana	28 December - 22 January											
Whangamata	21 December - 5 February											



Other Projects and Programmes

■ An annual public awareness campaign for residents and visitors will be run

Two thousand 'Get Ready Get Thru' recycle bags were distributed. National Public Awareness Week ran from 12-16 October 2009. Media programme associated with Samoan and Chilean tsunami events.

■ An emergency programme will be available in primary schools

'What's the Plan Stan' education programme delivered to every school (68) in the Thames Valley Combined Civil Defence and Emergency Management District.

■ Annual funding will be provided to surf lifesaving

Annual Budget \$95,894

Expenditure \$95,894

■ Appropriate warning systems will be investigated and installed

Annual Budget \$40,962

Revised Budget \$20,962

Expenditure \$17,775

Procurement and installation of tsunami signage discussed and agreed with local emergency management committees.

■ Rural fire equipment will be provided

Annual Budget \$22,079

Expenditure \$26,662

Scheduled replacement of emergency management handheld and base set VHF radios. Aligned with national rural fire authority subsidised programme.

■ Emergency scenarios will be tested every five years

Tsunami action plans tested in response to the 30 September 2009 (Samoa) and 27 February 2010 (Chile) tsunami events. Two welfare evacuation exercises held in conjunction with Thames Valley welfare training course, November 2009.



Economic Development

Increasing the wealth of the people and the viability of the businesses on the Peninsula.

The Service We Provide: The Council will identify where the community should focus its resources in order to gain the greatest economic benefit

What We Aimed For		How We Did
Council resources are focused on the priority areas identified in the Regional Economic Development Strategy.	Achieved	The Council has focused resources on priority areas identified in the Regional Economic Development Strategy (e.g. aquaculture and tourism).

The Service We Provide: To increase the number of guest nights that visitors spend in the District

What We Aimed For		How We Did
Number of visitor guest nights increased by 5% from 2008/2009.	Achieved	The total for the year ending 30 June 2009 was 576,169. The total for the year ending 30 June 2010 was 624,797. Therefore there is an increase of 8.4% (rounded).

Other Projects and Programmes

- **The Council will get involved in regional interagency forums**

The Council was involved with the Labour Market Forum and the Kaimai to Coromandel Tourism and Economic Development workshops.

- **Ongoing funding for tourism (including event coordination) will be provided with a reduction in funding for Information Centres**

The 2009/2010 funding to Tourism Coromandel, including event promotion, was paid. Funding to all Information Centres has been paid at the levels of previous years.



Community Health and Safety

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

The Service We Provide: Food services used by the public are healthy and safe

What We Aimed For	How We Did	
100% of premises failing to comply with Food Hygiene regulations are reinspected within a three-month period.	Achieved	100% result.

The Service We Provide: The supply of liquor is controlled to prevent bad behaviour

What We Aimed For	How We Did	
100% of premises that sell liquor that are checked to make sure they are following the rules.	Achieved	100% result. This forms part of the annual report to the Liquor Licensing Authority.

The Service We Provide: Dogs don't wander freely in the street

What We Aimed For	How We Did	
Less than 5% of dogs impounded.	Not Achieved	7% result. This indicates that more dogs were impounded than anticipated and shows that Dog Rangers are patrolling regularly and impounding dogs as a result.
100% of complaints about roaming dogs are responded to.	Achieved	100% result.

The Service We Provide: The Council will respond when I need some help with noise issues

What We Aimed For	How We Did	
100% of calls received by Council regarding noise control that have been responded to.	Achieved	100% result.

Other Projects and Programmes

■ The Council will undertake monitoring and enforcement programmes

Health premises have been inspected according to the schedule and a monitoring programme was run which saw all camping ground water supplies tested to ensure that there was a potable supply.

■ Bylaws and policies will continue to be reviewed, including inviting and hearings submissions

A Bylaw review commenced in July 2009 and was completed in September 2009. This saw not only the consolidated Bylaw reviewed but also a number of its parts.



Building Control

Protecting people and communities by ensuring buildings are safe.

The Service We Provide: The Council processes, inspects and certifies building work in my District

What We Aimed For	How We Did	
Thames-Coromandel District Council maintains its processes so that it meets (BCA) accreditation every two years.	Achieved	The Council's BCA was accredited in May 2010 for a further two years.

The Service We Provide: Building consent applications are processed within a reasonable timeframe

What We Aimed For	How We Did	
100% of Code of Compliance Certificate applications are processed within 20 working days.	Not Achieved	The actual result was 80%. However compliance levels have continued to improve throughout the year, and the Council expects the result to be higher in the next year.

The Service We Provide: Building consent applications can be tracked on the Thames-Coromandel District Council website

What We Aimed For	How We Did	
99% of time that applicants can track the progress of their building consent on the Council web site.	Achieved	The actual result was 99.9%. The Council website went off line for four out of 8,760 hours.

The Service We Provide: All reported cases of illegal building work are investigated

What We Aimed For	How We Did	
100% of illegal projects have been issued with a notice or works have stopped.	Not Achieved	The actual result is 58%. This figure is likely to be underestimated due to the reliance on public reporting but cannot be quantified any further with current reporting systems. Staff are looking at improving the current monitoring system.

Other Projects and Programmes

■ Building compliance will continue to be monitored

The Council is responding to compliance issues that it becomes aware of. Options for developing a more proactive approach are being considered.



Social Development

Promoting the social wellbeing of our communities.

The Service We Provide: **Information can be accessed on the social issues faced by our communities**

What We Aimed For	How We Did	
People can find out how the Council is addressing the social issues faced by this District.	No Action	No action was planned for the 2009/2010 year, and is pending the development of a social impact assessment and social wellbeing strategy scheduled for 2012 and beyond.

The Service We Provide: **Programmes that aim to improve the health and safety of our communities can be accessed**

What We Aimed For	How We Did	
Funding is provided to organisations and agencies to help them deliver their programmes and services to their communities.	Achieved	<p>All organisations receiving funding for the delivery of programmes and services that improve the health and safety of our communities must agree to all terms of their contract for service, including reporting requirements and signing a contract prior to receiving their funding.</p> <ul style="list-style-type: none"> • Community Waikato (Waikato Social Services) - all conditions met and funding has been paid in full (\$20,874). • Sport Waikato - all conditions met and funding paid monthly (\$6,891.93 per month). • Life Education Trust - all conditions met and funding has been paid in full (\$10,915).
Eight physical activity programmes are run throughout the year.	Achieved	Through a Service Level Agreement with Sport Waikato, a District Coordinator was provided whose focus was to increase participation and physical activity. Sport Waikato provided an annual report to the Council outlining activities and programmes they have implemented.
Health programmes are delivered to primary school children on an annual basis.	Achieved	A Service Level Agreement for 2009-2010 was established with Thames-Coromandel Hauraki-Waihi Life Education Trust to deliver health education programmes to students five-thirteen years in the Thames-Coromandel District.



The Service We Provide: The Council provides some funding to local organisations whose main function and/or activity is of a community, or charitable nature (via community boards)

What We Aimed For	How We Did
<p>100% of Council local grant funding is distributed to local organisations for specific projects or for the maintenance of a facility, which is of benefit to the community.</p>	<p>Not Achieved</p> <p>Coromandel/Colville Community Board achieved 84% as not all applications received met the criteria or they were not considered to be of a large enough benefit to the community to receive the requested funding.</p> <p>Whangamata Community Board achieved 97% as approximately \$1,000 was allocated to groups but not collected or paid out.</p> <p>Thames, Mercury Bay and Tairua/Pauanui Community Boards all achieved 100%.</p>

Other Projects and Programmes

- Whilst funded through the Social Development activity, the Council will continue to provide money to non-Council pools in Whitianga and Whangamata

The Whangamata Pool received funding of \$31,705. The Whitianga Pool received funding of \$15,592.



District Transportation

Providing safe, reliable and accessible roads around the District with consideration for the environment.

The Service We Provide: Road closures or blockages are minimised and cleared in a timely manner

What We Aimed For		How We Did
Roads are available 99% of the time.	Achieved	Four storm events during 2009/2010 resulted in 18 roads being affected by road closures.

The Service We Provide: The design, management and maintenance of District roads ensures that roads are reliable

What We Aimed For		How We Did
No fatal accidents due to road factors.	Achieved	One road fatality occurred on Council roads during 2009/2010; however investigations suggest road factors were unlikely to have caused or contributed towards this crash.

The Service We Provide: The design, management and maintenance of District roads ensures that they are safe and comfortable to travel on

What We Aimed For		How We Did
91% of potholes and corrugations on unsealed roads are repaired within five working days.	Not Achieved	Council does not currently have the ability to measure results based on sealed or unsealed roads. Whilst the result for all roads was 50% completed within five working days, contractually the requirement is to carry out continual cyclic maintenance. At times the cycles have been greater than five working days. Contractors have repaired 78.1% of potholes and corrugations within contractual timeframes. The Council intends to reconsider the validity of this performance measure and target through the next ten year planning process. Council will define these within the measurement system for future reporting
80% of vehicles exposed to smooth sealed roads (with roughness lower than 150 NAASRA counts).	Achieved	84.6% of vehicles were exposed to smooth sealed roads.
80% of residents and ratepayers are fairly/very satisfied with the roads.	Achieved	87% result (an increase from 84% in 2009). There were no 'don't know' responses in the 2010 and 2009 Customer Satisfaction Surveys.

The Service We Provide: The design, management and maintenance of District roads ensures the environment is considered when maintenance and improvement works are carried out

What We Aimed For		How We Did
No infringements against environmental legislation.	Achieved	Consultant and contractors continue to work closely with Environment Waikato, property owners, and other stake holders to ensure that all aspects of environmental legislation are adhered to.



Other Projects and Programmes

- **Road maintenance, renewal and construction activities will continue including: reseals, pavement rehabilitation, seal widening, drainage renewal and improvement projects, pavement maintenance, bridge maintenance, safety improvements, street cleaning, traffic signs and markings and carriageway lighting**

All programmed District maintenance, renewal and capital roading projects completed by 30 June 2010.

- **A forward works programme will be developed for unsealed roads**

Programme completed and to be loaded into Road Assessment and Maintenance Management (RAMM). Annual updates will continue.

- **Traction seals and dust sealing proposals will be prioritised in accordance with the District Transportation strategy**

All programmed traction seals completed by 30 June 2010. All programmed dust sealing was completed, with the exception of a treatment length on Laycock Road deferred to 2010/2011 due to property development adjoining the site. Treatment lengths on Adlor Hill and Port Charles Roads have been prepared, with sealing deferred due to inclement weather.

- **Square Kauri bridge will be replaced**

Project deferred until 2011/2012 as a result of the Councils November 2009 capex budget review and a higher priority project identified for 2010/2011 as part of 2009/2010 bridge inspections. Square Kauri design completed prior to 30 June 2010.



Local Transportation

Creating and maintaining safe and attractive towns with good facilities for pedestrians and cyclists.

The Service We Provide: Footpaths can be used to get around town

What We Aimed For	How We Did	
70% of residents and non-resident ratepayers who are satisfied with footpaths in the District.	Achieved	The actual performance result of 77% is measured from the survey results adjusted to exclude 'don't know' responses (a 75% result if the total response is inclusive of 'don't know' answers).

The Service We Provide: Street lighting is provided in urban areas and major intersections

What We Aimed For	How We Did	
90% of street lighting outages which are repaired within agreed response times (10 days)	Not Measured	The actual result is 77%. Energy network faults outside the streetlighting contractor's responsibility were incorrectly included in the Council's performance measurement to the end of March 2010, thereby indicating a lower than actual level of performance. The performance measurement issue was resolved following the third quarterly report, however true measurement against target will not be reflected until the October 2010 quarterly report.

The Service We Provide: People can access a pleasant town centre

What We Aimed For	How We Did	
88% of residents and non-resident ratepayers satisfaction with image of closest town (centres).	Achieved	An 89% result (increased from 87% in 2009) The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 88% result if the 'don't knows' responses are included)

The Service We Provide: Vegetation on Council owned land is mowed regularly (excluding private berms)

What We Aimed For	How We Did	
89% of requests for service received on vegetation control responded to within 10 days.	Not Achieved	While 64.5% of requests were responded to within ten days, the performance targets set within the Ten Year Plan do not align with contractual requirements. The contractual requirement is for vegetation control to be programmed on a monthly cycle. 81% of requests were responded to within contractor timeframes. The Council intends to reconsider the validity of this performance measure and target through the next ten year planning process.

Other Projects and Programmes

- **Footpath construction, maintenance and rehabilitation will continue in various communities**
All programmed tasks completed.
- **Lighting improvements and replacements will continue in various communities**
All programmed tasks completed.
- **Construction of the Tairua Service Lane/Car Park will commence**
Deferred until 2010/2011 as a result of the Councils November 2009 capital expenditure review.



Cemeteries

Providing interment facilities that meet the needs of the community.

The Service We Provide: People can be buried in a cemetery in each community board area

What We Aimed For	Achieved	How We Did
Five community board areas with open cemeteries.	Achieved	Five community board areas have open cemeteries.

The Service We Provide: The cemetery is well maintained

What We Aimed For	Achieved	How We Did
86% of residents and non-resident ratepayers satisfied with cemeteries.	Achieved	<p>The Council's annual customer satisfaction survey indicates 93% were satisfied.</p> <p>The actual performance result of 93% is measured from the survey results adjusted to exclude 'don't know' responses (a 52% result if the total response is inclusive of 'dont know' answers).</p>

Other Projects and Programmes

- **Community demand for alternative interment like eco-burial, family ash plots, garden plot areas will be assessed**

The Cemetery Management Plan has been delayed until the second quarter 2010/2011 financial year due to budget deferrals and resource issues.
- **Land will be purchased for a new cemetery in Mercury Bay**

The land has been surveyed and a survey plan is now being produced. A business case is also being prepared for the purchase of the new cemetery.



Airfields

Providing access to the District by air.

The Service We Provide: Light aircraft can be landed safely at airfields in Thames or Pauanui

What We Aimed For	Achieved	How We Did
The airfields meet the requirements of the three yearly Civil Aviation Authority inspections.	Achieved	<p>The Civil Aviation Authority (CAA) safety inspection was conducted in November 2009 on both Thames and Pauanui airfields.</p> <p>A small hedge has been erected along the western end of the Pauanui runway to provide a barrier between the bike park and the aerodrome. The hedge will be maintained to ensure that it remains below the level of the associated approach/take-off fan.</p>

The Service We Provide: Land for airfield facilities is available in Thames and Pauanui

What We Aimed For	Achieved	How We Did
The Council owns airfields at Thames and Pauanui.	Achieved	At the end of the financial year, the Council still owns the Thames and Pauanui Airfields.

Other Projects and Programmes

- **The management of Pauanui airfield will continue to be contracted out**

The airfield was managed via the management agreement up until 25 May 2010 when the current operator terminated the agreement. The management agreement is being reviewed with the view to advertising for a new operator in the next financial year to continue contracting out the management of Pauanui airfield.

- **Thames airfield will be maintained**

Regular mowing and maintenance undertaken. Thames Airfield user group established. Road re-directed to address safety issue.



Halls

Providing facilities for social, cultural, recreation and educational activities.

The Service We Provide: People have access to a hall either in a local community or in one of the main centres in the District (Thames, Whitianga, and Whangamata)

What We Aimed For	How We Did	
Ten community halls available for hire.	Not Achieved	In April 2010, Whenuakite Hall was closed and during the 2010/2011 financial year will be removed. This is in line with the longer Ten Year Plan strategy and will enable the Council to meet the target for the 2010/2011 financial year.
Three towns with major halls available for use.	Achieved	Thames, Whitianga and Whangamata all have major halls available for use.

The Service We Provide: The halls are available when people want to book them

What We Aimed For	How We Did	
35% of available hall hours used - Thames.	Not Achieved	The actual result was 32%. All premium weekday space is booked out by regular users. A new booking process has been implemented to improve this hall service.
45% of available hall hours used - Whangamata.	Not Achieved	Some restrictions were placed on the hireage of the hall as part of the noise related issues. There was some user reluctance to hire the hall due to continued noise complaints; however this should now be addressed as the noise works have been completed.
37% of available hall hours used - Whitianga.	Achieved	37% of available hall hours were used.

The Service We Provide: The halls are well maintained

What We Aimed For	How We Did	
80% of users and non-users satisfied with the halls (measured every three years).	Not Achieved	<p>The Council customer satisfaction survey carried out in 2010 indicates that 88% of residents and non-resident ratepayers are satisfied with the halls.</p> <p>Whilst above target, 33% of people responded 'don't know' when asked about satisfaction. If those who responded 'don't know' are included in the result, the satisfaction would be only 59%.</p> <p>As above, measures are being undertaken to improve hall services, particularly in Thames and Whangamata.</p>

Other Projects and Programmes

- **Land will be purchased for the Pauanui Community Centre**

Land was purchased next to the Pauanui Town Centre for a future community facility to house the Library, Information Centre, Community Office and meeting room. However, funding for this facility is currently outside the Ten Year Plan.

- **Coromandel building will be upgraded**

Investigating the establishment of an incorporated society to further funding and restoration project.

- **Noise control works will be completed at Whangamata Memorial Hall**

Building related noise control works completed, however the Council decided to defer the last stage of work to the 2010/2011 financial year.



Swimming Pools

Providing Council owned pools to promote community wellbeing.

The Service We Provide: **A clean safe public swimming pool can be accessed in the District**

What We Aimed For	How We Did	
100% of Council pools comply with New Zealand swimming pool water standards.	Not Achieved	The result of 89% reflected a fault preventing adequate chlorination levels. The fault has since been fixed.
Less than three health and safety incidents per year at the Council pool.	Achieved	Only one of the two reported incidents was a significant matter.

Other Projects and Programmes

- **Customised programmes tailored to the needs of individual patrons at the Thames Centennial Pool will be provided**
Learn to Swim classes provided.
- **Whilst funded through the Social Development activity, the Council will provide money to non-Council pools in Whitianga and Whangamata**
Funds (\$31,705) paid out through Service Level Agreement to the Whangamata Community Pool in 2009/2010 financial year.

Funds (\$15,952) paid through Service Level agreement as an annual grant to the school to keep the pool open over the summer period and up until the end of Easter weekend.



Libraries

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

The Service We Provide: **There is a wide range of library stock including up to date material**

What We Aimed For		How We Did
100% of the Thames library collection meets 3.5 items per local resident.	Achieved	The actual result of 100% was achieved, being 3.5 collection items per local resident per library.
85% of the Mercury Bay library collection meets 3.5 items per local resident.	Achieved	The actual result of 122% was achieved without exceeding budget.
100% of the Tairua library collection meets 3.5 items per local resident.	Achieved	The actual result of 150% was achieved without exceeding budget.
4-8 newspaper and periodical titles are held in each library per 1,000 local residents.	Achieved	<p>The actual results are achieved based on the number of local residents in Thames, Mercury Bay and Tairua.</p> <p>The populations served by libraries are:</p> <ul style="list-style-type: none"> ■ Thames 10,437 ■ Mercury Bay 4,500 ■ Tairua 1,296 <p>Based on these figures the targets of 4-8 newspaper and library periodicals for each library are as follows:</p> <ul style="list-style-type: none"> ■ Thames 41-83 actual 47 ■ Mercury Bay 18-36 actual 29 ■ Tairua 5-10 actual 15
70% of ratepayers satisfied with Council libraries.	Achieved	The actual performance result of 96% is measured from the survey results adjusted to exclude 'don't know' responses (a 64% result if the total response is inclusive of 'don't know' answers).

Other Projects and Programmes

■ Annual grants will be provided to Coromandel, Ferry Landing, Hahei, Pauanui and Whangamata

Service level funding agreements have been signed off for Pauanui and Whangamata Libraries and funding paid. An additional one-off grant was paid to Pauanui Community Library as a contribution towards the purchase of new books. Grant funding paid to Coromandel, Ferry Landing and Hahei Libraries.



Harbour Facilities

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

The Service We Provide: Boat ramps can be easily accessed in our communities at any time

What We Aimed For	How We Did	
62% of residents and non-resident ratepayers interviewed were satisfied with the harbour facilities provided.	Achieved	The actual performance result of 72% is measured from the survey results adjusted to exclude 'don't know' responses (a 62% result if the total response is inclusive of 'don't know' answers).
Five community board areas with access to an "all tide" boat ramp.	Achieved	All five community board areas have access to at least one "all tide" ramp.

The Service We Provide: Wharves are accessible in most major harbours

What We Aimed For	How We Did	
7 Major harbours with wharfage facilities: <ul style="list-style-type: none"> ■ Thames Kouaeranga River Mouth ■ Coromandel Harbour ■ Port Charles Harbour ■ Whangapoua Harbour ■ Tairua Harbour ■ Whangamata Harbour ■ Mercury Bay 	Achieved	100% have wharfage facilities.

Other Projects and Programmes

- **Opportunities for creating partnerships to improve wharfage facilities will be explored**
Coromandel area has ongoing partnering work with the marine farmers and with fuel suppliers.
- **Matarangi Boat Ramp will be upgraded**
Works are currently being completed and will be achieved by August 2010.



Parks and Reserves

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

The Service We Provide: Every house will have access to parks and reserves for casual and community use

What We Aimed For	How We Did	
No less than 95m ² of neighbourhood reserves per property (District average).	Achieved	The current District average, as at June 2010, is 95m ² as per the Heufener and Land Information New Zealand (LINZ) databases.

The Service We Provide: Adequate access to multiple code sports facilities will be provided for in larger communities

What We Aimed For	How We Did	
One (Whitianga) sports field used for more than ten hours a week for formal sport.	Achieved	Only Lyon Park averaged more than ten hours per week formal activity during the year, other sports fields were within ten hour maximum usage per week.

The Service We Provide: The parks and reserves enhance our communities' quality of life

What We Aimed For	How We Did	
85% of residents and non-resident ratepayers satisfied with parks and reserves.	Achieved	The actual performance result of 89% is measured from the survey results adjusted to exclude 'don't know' responses (an 87% result if the total response is inclusive of 'don't know' answers).
100% of urgent requests responded to within one day.	Not Achieved	11 urgent requests were responded to outside of timeframes.

Other Projects and Programmes

- **Project lists, resulting from the reserve management plans will be devised, prioritised, costed and set out as either part of a renewals programme or as a separate capital works programme**
Included in the asset management plans endorsed by the Council this year.
- **Coromandel Long Bay Camping Ground Shoreline will be stabilised**
Achieved. The Coromandel Long Bay Camping Ground shoreline was stabilised in accordance with the Environment Waikato coastal permit.
- **Taylor's Mistake will be beautified**
Project and budget deferred by the Council in November 2009 to be undertaken in 2011/2012.
- **Tairua Youth Zone, Cory Park planning and consent process will commence**
Achieved. The planning and consent process commenced in March 2010.
- **Whangamata Moana Anu Anu Harbour Walkway will be developed**
Achieved. The first stage to develop a concept plan was achieved in accordance with the 2009-2019 Ten Year Plan timetable.
- **Whangamata Beach Road Reserve will be enhanced**
Project and budget deferred by the Council in November 2009 to commence in 2012.
- **New Playgrounds will continue to be built**
No new playgrounds were scheduled for the first year of the Ten Year Plan.



Performance Against Budget

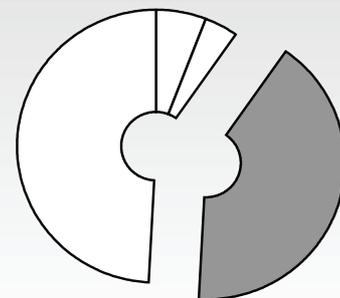
Strong Communities

For the year ended 30 June 2010

2009		2010			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
Revenue					
3,776	Activity Revenue	4,670	5,479	809	1
587	Contributions Revenue	916	616	(300)	2
17,773	General Funds	18,136	18,184	48	
6,126	Subsidies Revenue	5,728	5,383	(345)	3
28,262	Total Operating Revenue	29,450	29,662	213	
Cost of Services					
447	Emergency Management	472	457	15	
1,280	Economic Development	1,196	1,138	58	
1,523	Community Health and Safety	1,665	1,678	(13)	
4,691	Building Control	3,421	3,665	(244)	4
1,114	Social Development	1,113	1,048	65	
10,913	District Transportation	11,264	11,181	83	
1,281	Local Transportation	1,621	1,336	285	5
363	Cemeteries	437	424	13	
66	Airfields	168	144	24	6
539	Halls	672	717	(45)	
338	Swimming Pools	317	427	(110)	7
1,153	Libraries	1,265	1,297	(32)	
704	Harbour Facilities	775	713	62	
4,248	Parks and Reserves	3,938	4,026	(88)	
28,660	Total Cost of Services	28,324	28,251	73	
(398)	OPERATING SURPLUS/(DEFICIT)	1,126	1,411	285	

What did it Cost?

Actual expenditure incurred for 2009/10 financial year (\$000s)	28,251
Planned expenditure for 2009/10 financial year (\$000s)	28,324
Variance (\$000s)	73



Total cost of services was **\$28.3m** against a plan of \$28.3m

The graph portrays this particular activity groups portion of expenditure in relation to the other activity groups.



Notes

- | | |
|---|---|
| 1 | <p>Activity Revenue is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Building consent fees are higher than the original budget by \$232,000. For the year the number of consents applied for is slightly higher than originally anticipated. Included in this is revenue for work relating to the Kopu Bridge consent. ■ Building control monitoring revenue is higher than budgeted by \$49,000 due to collection of court fines and other fees. ■ Rental income from commercial land and buildings is higher than budgeted by \$75,000 reflecting rentals charged at market values. ■ Rental income from Council's endowment farms is higher than that originally budgeted for by \$288,000. These leases have recently been renewed and the rental income was adjusted to reflect the current market values of the properties concerned. ■ Revenue from community parking and registration is higher than budget by \$91,000 due to additional patrolling as a result of boat parking. ■ Revenue from the recoveries of the costs for the joint road safety officer was \$49,000. |
| 2 | <p>Contributions Revenue:</p> <ul style="list-style-type: none"> ■ Has been affected by the economic recession. |
| 3 | <p>Subsidies Revenue is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ In general, funding assistance is provided by the New Zealand Transport Agency (NZTA) for planning, operating, maintaining and developing the land transport system. This budgeted funding is based on budgeted work to be completed throughout the financial year. Funding assistance provided by NZTA in most cases is less than 100% of the total cost of the activity or combination of activities. Actual Council expenditure which attracted NZTA subsidy was less than that budgeted for the year. As such, subsidy revenue received was less than that budgeted. |
| 4 | <p>Building Control expenditure is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ The building control consents and inspections budgets are overspent in line with higher number of consents processed and additional revenue that was collected as a result. These costs include work undertaken on processing of consents for the new Kopu Bridge. ■ Legal expenses were higher than budget by \$40,000 relating to defending weathertight home claims. |
| 5 | <p>Local Transportation is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Work on car park maintenance fell behind schedule at the beginning of the year resulting in expenditure being under budget by \$80,000 for the year. ■ Costs in maintaining footpaths within the District were under budget by \$53,000 and depreciation costs for local transportation were \$102,000 under budget. |
| 6 | <p>Airfields is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Deferral of the development of the future strategic approach at the Thames airfield including making the airfield more economically viable. |
| 7 | <p>Swimming Pools are showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ Unbudgeted catch-up energy costs of \$105,000 have been incurred for the Thames swimming pool due to meter reading errors. |



STRONG COMMUNITIES - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
STRONG COMMUNITIES				
Emergency Management				
Plant	22	27	(5)	1
Warning Systems	41	18	23	2
Economic Development				
Land Purchase Whangamata	0	176	(176)	
District Transportation				
Area-wide Pavement Treatment	2,615	2,573	43	
Unsealed Road Metalling	1,053	1,172	(120)	3
Major Drainage Control	386	426	(40)	4
Maintenance Chip Seals	1,826	1,150	676	5
Thin AC Surfacing	418	483	(65)	6
Seal Widening	128	58	71	7
Square Kauri Bridge	213	7	207	2
Koputauaki Bridge	0	5	(5)	
Darkies Stream Bridge	0	4	(4)	
Rauparoa Culvert	0	7	(7)	
Joint Development Projects	115	72	43	8
Minor Safety Projects	747	628	119	9
Traffic Services	129	196	(67)	10
Dust Sealing	107	115	(8)	
Preventative Maintenance	133	118	16	11
Land Legalisation	92	128	(36)	12
Local Transportation				
Thames				
Footpath Rehabilitation	22	16	6	9
Footpath Construction	53	3	51	9
Street Lighting	16	14	2	
Coromandel				
Footpath Rehabilitation	6	4	1	
Footpath Construction	34	14	20	9
Street Lighting	16	16	0	
Kapanga Road Bus Shelter	0	13	(13)	13
Mercury Bay				
Footpath Rehabilitation	22	21	1	
Footpath Construction	192	93	99	9
Street Lighting	34	36	(1)	
Mercury Bay Service Lanes Legalisation	213	319	(105)	14
Tairua/Pauanui				
Footpath Rehabilitation	34	30	3	
Footpath Construction	138	7	131	9



CAPITAL WORKS PROJECTS	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
Street Lighting	11	13	(1)	
Tairua Service Lane/Carpark	287	25	262	2
Whangamata				
Footpath Rehabilitation	6	3	3	
Footpath Construction	115	32	83	9
Street Lighting	22	22	(0)	
Cemeteries				
Renewals	12	12	0	
Mercury Bay Land Purchase	441	5	436	15
Halls				
Thames Memorial Hall Furniture & Fittings	2	0	2	16
Thames RSA Roof	0	14	(14)	17
Coromandel Hall Improvements	31	3	28	18
Pauanui Community Centre Land	519	321	197	9
Whangamata Memorial Hall Noise Control	163	60	102	15
Swimming Pools				
Thames Plant Replacement	0	294	(294)	19
Libraries				
Thames - Library Books	105	71	34	9
Thames - Furniture & Fittings	94	95	(1)	
Mercury Bay - Library Books	67	44	23	9
Mercury Bay - Furniture & Fittings	5	5	0	
Tairua - Library Books	4	5	(1)	
Tairua - Furniture & Fittings	5	5	0	
Harbour Facilities				
Matarangi Boat Ramp	197	129	68	15
Whitianga Ramp Carpark Seal	34	0	34	20
Whangamata Launching Approach	0	3	(3)	
Parks & Reserves				
Thames				
Renewals	37	23	14	9
Signage	3	4	(1)	
Minor Structures	28	0	28	9
Minor Tracks & Walks	2	0	2	
Coromandel				
Renewals	30	20	10	21
Signage	11	0	11	9
Minor Structures	6	0	6	9
Minor Roads & Carparks	7	7	(0)	
Coromandel Sportsville	0	12	(12)	22
Long Bay Campground Shoreline	141	51	90	9
Mercury Bay				
Renewals	84	58	26	9



CAPITAL WORKS PROJECTS	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
Signage	9	25	(16)	23
Minor Structures	24	0	24	9
Minor Tracks & Walks	17	0	17	9
Whitianga Sports Ground	0	15	(15)	24
Whitianga Esplanade Landscape	0	1	(1)	
Whitianga Taylors Mistake/Esplanade	41	13	28	20
Buffalo Beach Foreshore	0	1	(1)	
Tairua/Pauanui				
Renewals	93	62	31	9
Signage	9	20	(12)	25
Minor Structures	2	0	2	9
Cory Park Domain	147	5	142	2
Whangamata				
Renewals	68	47	21	9
Signage	2	0	2	16
Beach Road Reserve Development	12	0	12	16
Irrigation Consent	28	22	6	26
Moana Anu Anu Development	8	3	5	27
Whangamata Boat Ramp	0	23	(23)	
Total Strong Communities Capital Works Projects	11,736	9,521	2,216	
Percentage Capital Works Projects completed	100%	81%		

Notes

- 1 Plant is showing an unfavourable variance as:
 - Purchase of additional radio equipment.
- 2 Projects are showing favourable variances as:
 - A decision was made by the Council in November 2009 to defer a number of projects to reduce rates in 2010/2011. These projects have been included in the 2010/2011 Annual Plan.
- 3 Unsealed Road Metalling is showing an unfavourable variance as:
 - Greater need for unsealed road metalling completed than budgeted for in order to meet the level of service.
- 4 Major Drainage Control is showing an unfavourable variance as:
 - Additional drainage renewal work completed to ensure effective road drainage.
- 5 Maintenance Chip Seals is showing a favourable variance as:
 - Chip sealing expenditure less than budgeted due to favourable tender rates and greater need for thin asphaltic concrete surfacing.
- 6 Thin AC Surfacing is showing an unfavourable variance as:
 - Greater need for AC surfacing than budgeted, balanced by less need for chip sealing.
- 7 Seal Widening is showing a favourable variance as:
 - Seal widening is undertaken at the same time as area wide treatment projects and in the year under review, only one project (Victoria Street, Coromandel) required widening. This was less than had been anticipated at the time of setting budgets.



Notes	
8	<p>Joint Development Projects is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ This budget is provided to enable the Council to make a contribution towards development projects undertaken by developers themselves (as distinct from infrastructure constructed by the Council) when it is to Council's advantage to do so. At time of setting budgets, it is generally not known if, and when, these might arise, and what magnitude of contribution it may be prudent to make. So there will nearly always be a variance within this category although every effort is made to ensure it is favourable.
9	<p>Projects are showing favourable variances as:</p> <ul style="list-style-type: none"> ■ At its November 2009 meeting, the Council agreed to reduce the amount of expenditure for the year under this category to relieve pressure on the requirement for rates revenue. Any deferred projects will be rescheduled for completion in later years.
10	<p>Traffic Services is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ More new and replacement road signage completed to ensure compliance with signage requirements.
11	<p>Preventative Maintenance is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Kauaeranga river protection completed for less than budgeted.
12	<p>Land Legalisation is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ The Council approved increased expenditure to complete urgent projects during 2009/2010.
13	<p>Kapanga Road Bus Shelter is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ Unbudgeted expenditure approved by the Council.
14	<p>Mercury Bay Service Lanes Legalisation is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ The Council approved additional expenditure to complete the Service Lane and Albert Street land acquisition.
15	<p>Projects are showing favourable variances as:</p> <ul style="list-style-type: none"> ■ Deferred the portion of budget to 2010/2011 due to rates affordability as agreed by the Council at its November 2009 meeting. These projects are now scheduled for completion by June 2011.
16	<p>Projects are showing favourable variances as:</p> <ul style="list-style-type: none"> ■ Deferred budget due to rates affordability as agreed by the Council at its November 2009 meeting. These projects are now scheduled for completion by June 2011.
17	<p>Thames RSA Roof is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ Total expenditure on roof replacement of \$107,000, with costs in 2009/2010 of \$14,000 to complete the project. More structural costs incurred than anticipated.
18	<p>Coromandel Hall Improvements is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Expenditure deferred due to rates affordability as agreed by the Council at its November 2009 meeting. This project has been included in the 2010/2011 Annual Plan.
19	<p>Thames Plant Replacement is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ Approval for expenditure granted in December 2009 to replace the pool heating system.
20	<p>Projects are showing favourable variances as:</p> <ul style="list-style-type: none"> ■ Expenditure deferred to 2010/2011 due to rates affordability as agreed by the Council at its November 2009 meeting. This project has not been included in the 2010/2011 Annual Plan but will be reconsidered for inclusion in a subsequent year.
21	<p>Renewals is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Reduced expenditure in order to save costs in line with the Council's objective for financial prudence.
22	<p>Coromandel Sportsville is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ The initial budget for this project has been approved by the Council with most of the expenditure occurring in the 2008/2009 year. The amount of \$12,000 (the variance) was carried over to the 2009/2010 year but was not included in the budgets for that year because it did not become evident that a carry over was necessary until after the 2009/2010 year budgets were finalised.



Notes

- | | |
|----|---|
| 23 | Signage is showing an unfavourable variance as: <ul style="list-style-type: none">■ The Council approved an increase in expenditure to provide for boat launching signage for the introduction of fees. |
| 24 | Whitianga Sports Ground is showing an unfavourable variance as: <ul style="list-style-type: none">■ Initial costs incurred, with the project deferred until 2010/2011. |
| 25 | Signage is showing an unfavourable variance as: <ul style="list-style-type: none">■ The Council approved an increase in expenditure to provide for boat launching signage for the introduction of fees. |
| 26 | Irrigation Consent is showing a favourable variance as: <ul style="list-style-type: none">■ Completed under budget. |
| 27 | Moana Anu Anu Development is showing a favourable variance as: <ul style="list-style-type: none">■ Community working through route and design options which is delaying the consent process. |



SAFEGUARDING THE ENVIRONMENT

What We Do

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

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

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

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

In a 2008 ratepayers survey, four of the activities within this group made up the top five priorities for our residents (drinking water, wastewater (sewage), stormwater and rubbish collection and recycling).

Local communities have told us that protecting the environment is important in their community plans.

Safeguarding the Environment Activities	
■ Natural and Cultural Heritage	■ Stormwater
■ Public Conveniences	■ Solid Waste
■ Landuse Management	■ Land Drainage
■ Water Services	■ Land Information Memoranda
■ Wastewater	

Contribution to Choosing Futures

The Ten Year Plan identifies how we'll assess the contribution we made to progressing our community outcomes.

- 54% of residents in 2010 are satisfied that the impact from development on the coastline is adequately managed and minimised. This compares with 49% being satisfied in 2007. (Increased Result)
(2010 and 2007, Waikato Perception Survey - Thames-Coromandel District).
The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 51% result if the 'don't knows' responses are included)
- N/A Level of concern with water pollution from town and farmland areas - Result not updated this year.
(2006, Environmental Awareness, Attitudes and Actions Survey).
- N/A Percentage of samples meeting our guidelines for excellent, satisfactory or unsatisfactory coastal water quality for contact recreation - Result not updated this year.
(Environment Waikato, Environmental Indicators, Coastal Water Quality, 2007/2008).

Note: Not all results are available annually and consequently information on two of the measures above is unavailable at this time.

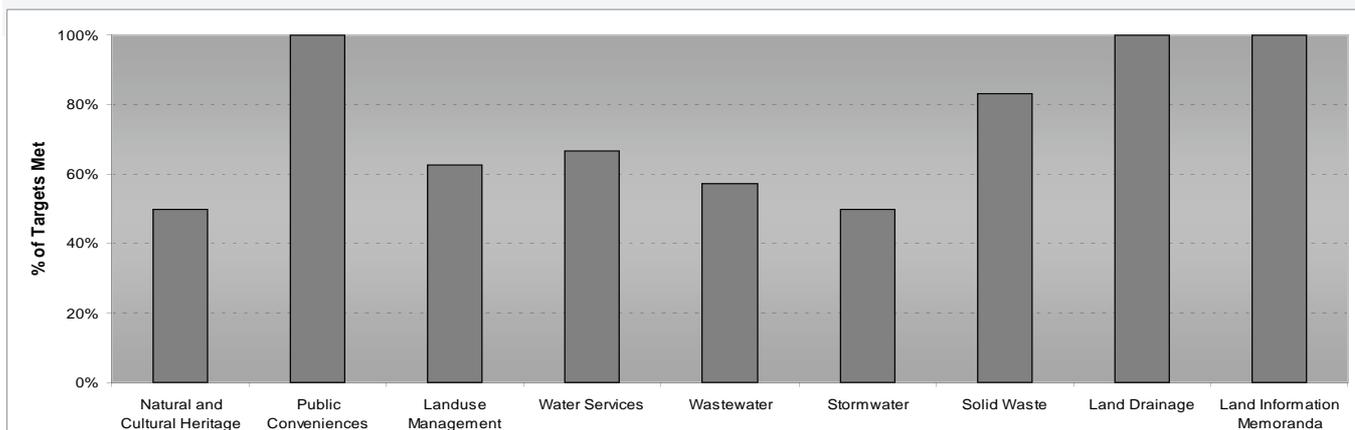


Snapshot of Safeguarding the Environment Performance

2009/2010 Safeguarding the Environment Highlights

- Thematic Heritage Assessment was completed with the relevant information feeding into the District Plan review.
- The Council's strategy of rationalising the locality and quality of public conveniences continued.
- The Council progressed the District Water Strategy including a draft strategy and implementation plan.
- The business case for the Tairua/Pauanui water supply was approved and initial scoping has been completed.
- Work on the Eastern Seaboard Wastewater Plants continued and is largely completed with some consents yet to be processed and commissioning work to be done.
- The Pauanui Wastewater Disposal Project was accepted as a finalist in the Ingenium Excellence Awards (>\$2 million category) and was a finalist in the Ministry for the Environment Green Ribbon Awards.
- Stage two of the biosolid trial began. Despite being a finalist in the Ingenium Excellence Awards (<\$2 million category) the Council was unsuccessful in its application for a waste minimisation grant from the Ministry for the Environment.
- For the fifth year running the organisation has seen an increase in recyclables diverted per year with a corresponding decline in total waste disposed to landfill.

Safeguarding the Environment Achievement





Natural and Cultural Heritage

Promoting the protection and enhancement of the natural and cultural heritage of the Coromandel Peninsula.

The Service We Provide: The Council works with others to protect natural and cultural icons in the District

What We Aimed For	How We Did	
174 heritage items on the District Plan Register.	Not Achieved	The actual result was 170. Four items on the District Plan Heritage Register have been removed, relocated or demolished over the past 11 years. No new items have been added, but the Heritage Review Project (2009/2010) has identified approximately 50 new items to be considered for scheduling on the District Plan Heritage Register through the District Plan Review.

The Service We Provide: The Council promotes landowner awareness and enhancement of the District's unique biodiversity

What We Aimed For	How We Did	
An increase of 1% in land owner commitment being assessed to be "good" in recent monitoring of conservation covenants.	Unable to be Measured	"Landowner Commitment" was not measured through monitoring this year as it was found that an assessment of commitment was increasingly difficult to make, when many covenant owners are absent when the monitoring officer visited. It has been suggested that "overall [covenant] condition" would be a more appropriate measure. For 2009/2010, 61% of covenants monitored were assessed as being in "Good" condition. As a point of comparison, in the January 2008 update report, 65% of covenants monitored were assessed as being in "Good" condition.

The Service We Provide: The Council will assist the community by providing funding initiatives for heritage and biodiversity conservation and enhancement

What We Aimed For	How We Did	
None of the funding initiatives outlined in the Biodiversity Strategy are developed, implemented or promoted in a way that means 100% of funds available are distributed.	Achieved	The target was that no initiatives were achieved in 2009/2010. Due to no budget provision in 2009/2010 the target was achieved.



Other Projects and Programmes

- **The state of the biodiversity on the Peninsula will be monitored and a plan developed to identify, conserve and enhance ecologically valuable areas**

Significant natural areas and areas of ecological natural character have been identified and this information will inform the District Plan Review and a review of the Biodiversity Strategy.

- **The heritage strategy actions will be adopted and implemented through the District Plan heritage review**

Actions achieved through the Heritage Review Project include identification of new items to be considered for inclusion on the heritage register, update of the heritage register to reflect the New Zealand Historic Places Trust Register, monitoring and review of the heritage provisions of the District Plan.

- **Natural and Cultural heritage opportunities will be identified through landuse planning, protection, promotion and tourism**

Ongoing work on the District Plan Review and Local Area Blueprints has identified opportunities for the protection of natural and cultural heritage with continuing involvement from Environment Waikato, Department of Conservation and Hauraki Whaanui. These will be implemented via the draft District Plan in 2011.



Public Conveniences

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

The Service We Provide: **Public toilets are convenient and safe**

What We Aimed For		How We Did
74% of residents and non-resident ratepayers satisfied with the public conveniences provided.	Achieved	A resident and non-resident satisfaction survey indicated 83% of those interviewed were satisfied. The actual performance result is measured from the survey results adjusted to exclude 'dont know' responses (a 74% result if the total response is inclusive of 'dont know' answers). However, the annual 'Parkcheck' survey that is based on user satisfaction indicates a higher level of satisfaction.

Other Projects and Programmes

- **All toilet facilities with a low quality grading (2 or 3) will be targeted for refurbishment (from a set refurbishment budget)**

The budget was reduced by the Council at its November 2009 meeting, but works have been completed or started at Te Puru, Tapu, Opoutere and Long Bay.
- **A process for rationalising the number of public toilets provided by the Council will be identified**

The rationalisation has been deferred until the second quarter of 2010/2011 because of resource issues and budget reductions.



Landuse Management

Managing development to achieve agreed environmental outcomes.

The Service We Provide: All resource consents will be processed efficiently

What We Aimed For		How We Did
90% of consent applications completed within statutory timeframes. *	Achieved	The actual result of 94.2% reflects the concentration of resources and preparation for introduction of section 36AA (introducing a discount policy for consent administration charges).
100% of 223's issued within five working days.	Not Achieved	99% result achieved. The result is due to one 223c taking 11 days to complete due to inconsistencies in the area of final covenant on the survey plan.
85% of 224's issued within 15 working days.	Not Achieved	84% of 224's were issued within 15 working days. The result is due to constraints with the engineering sign off procedure which has now been addressed.
100% of planning checks on PIMS processed within ten working days.	Not Achieved	98% result achieved. The result is due to a slight increase in PIMs requiring plan check and process changes that resulted from building department procedures.

* Whilst recognising that the statutory requirements are 100%, this is not always achievable due to the complexity of some applications and the frequency of legal challenges.

The Service We Provide: Good, prompt advice will be delivered to help people understand the District Plan rules

What We Aimed For		How We Did
Duty Planner in attendance during 'Duty Planner' hours (three hours per day by email, phone and/or person).	Achieved	Duty planner service is available at the required times.
No complaints about poor or slow advice.	Achieved	The actual result of 100% is due to no complaints being received about poor or slow advice. Duty planner service is available at the required times. Also followed up with stakeholder meetings.

The Service We Provide: Our environment is being cared for

What We Aimed For		How We Did
100% of complaints and enquiries in regard to resource consent are responded to in five working days.	Achieved	100% of complaints responded to within five working days.
100% of decisions peer reviewed prior to release.	Achieved	The actual result of 100% was achieved as peer review of decisions prior to release is a requirement of our processes.

Other Projects and Programmes

- **Processes will be continually reviewed, managed and improvements implemented in line with best practice and statute**

A Resource Management (Simplifying and Streamlining) Amendment Act 2009 working group was set up to work through the changes to the Act.

This group has ensured that the Council is in compliance with the new regulations, that our stakeholders are aware of any changes to Council procedures and that staff and elected members are adequately trained in the changes.

Recent work has been around the new section 36AA which will introduces discount regulations on non-compliance with statutory time frames. Effective from 3 August 2010.



Water Services

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

The Service We Provide: The Council provides reliable drinking water supplies

What We Aimed For		How We Did
18,309 connections available for water supply across the District.	Not Achieved	Actual result was 18,237. Due to financial constraints, large water supply projects have been deferred to later in the Ten Year Plan.
100% compliance with resource consent conditions/water permit conditions.	Not Achieved	Actual result was 99.5%. Events include; over abstraction in Matatoki, Whangamata and Pauanui over summer. Issues were managed with Environment Waikato. A new water supply is planned for Pauanui and an upgrade project for Matatoki. The Council considers that the over abstraction of water in Whangamata was a one-off and will continue to promote water conservation to the public.
Potable water is available for household and business use (not irrigation) in urban areas.	Achieved	Potable water supplies exist in all urban areas and are available for household and business connection by application.
Water restrictions are imposed when there are water supply shortages to manage demand.	Achieved	In order to conserve water supplies, maintain supply continuity and meet resource consent conditions, water restrictions were applied to all areas during the December 2009 and January 2010 holiday period.

The Service We Provide: The water provided is safe to drink

What We Aimed For		How We Did
95% of water supply systems complying with Drinking Water Standards guidelines.	Achieved	The actual result was 99.6% of water supply systems complying with Drinking Water Standards guidelines. Events include one E-coli transgression at Hahei and a small number of elevated turbidities in Matarangi and Pauanui.
75% of residents and non-resident ratepayers satisfied with the level of service.	Achieved	Of ratepayers connected to Council water supply systems, 85% are satisfied with the level of service. The actual performance result is measured from the survey results adjusted to exclude 'don't know' responses (a 84% result if the 'don't knows' responses are included)
90% of urgent ¹ requests for service responded to within one day.	Achieved	The actual result is 97% due to 531 of 548 Requests for Service (RFS) for water related issues attended to within the one day timeframes. The RFS do not have the ability to measure if the requests relate to the water being either dirty, cloudy, smelly or bad tasting, or not water at all.

¹ Dirty, cloudy, smelly or bad tasting water or no water at all.



The Service We Provide: There is adequate water for fire fighting

What We Aimed For	How We Did	
80% of fire hydrants tested annually that meet New Zealand Fire Service Code of Practice.	Achieved	90% of fire hydrants have been inspected for operation, marked and painted. The Geographical Information System (GIS) co-ordinates have been recorded and cat's eyes replaced in all areas except Hahei which is scheduled for the first quarter of the new financial year.
Assessment completed on 1% of residential areas in compliance with New Zealand Fire Service Firefighting Standard Implementation Plan (currently two hydrants within a 270m radius) completed.	Not Achieved	Assessments and investigations are currently underway to establish compliance with the Code of Practice. Once compliance or non-compliance is established then appropriate action can be taken. It is anticipated that this project will be completed during the second quarter of the new financial year.

Other Projects and Programmes

■ **Water supplies will be re-graded**

To date three supplies have been graded (Coromandel, Tairua and Thames). It is expected that the Whitianga supply is the next to be scheduled by the Ministry of Health.

■ **Conservation and demand management initiatives will be implemented**

Water restrictions were in place in the lead up to and during the peak period to help conserve water.

■ **Thames Urban water treatment will be upgraded**

Occupational health requirements were addressed on the Thames treatment plant electrical panel during the second quarter. The electrical panel and selected on line quality measurement equipment due for replacement during the fourth quarter has been completed.



Wastewater

Appropriately collecting, treating, and disposing of wastewater ensuring public and environmental health.

The Service We Provide: The Council provides wastewater services that effectively collect and dispose of wastewater

What We Aimed For	How We Did	
12 blockages per 1,000 connections.	Achieved	There were a total of 71 blockages around the District during the last year. This equated to four blockages per 1,000 connections.
90% of urgent ² requests responded to within one day.	Achieved	A total of 168 Requests for Service (RFS) from 176 were attended to within the required one day timeframe.
75% of ratepayers satisfied with wastewater services.	Achieved	The actual performance result of 91% is measured from the survey results adjusted to exclude 'don't know' responses (a 77% result if the total response is inclusive of 'don't know' answers).
23,214 rating units the Council provides wastewater facilities to.	Not Achieved	Result of actual connections (compared to available connections) was 22,529. Eastern Seaboard Waste Water Treatment Plants (WWTP) have been completed and capacity is available. The rate of growth has slowed in the District with less new connections being applied for than anticipated.

² Emergency overflows, loss of service or strong odour complaints

The Service We Provide: Wastewater disposal does not create any smells, spills or health issues and causes minimal impact on the natural environment

What We Aimed For	How We Did	
100% of resource consent conditions complied with.	Not Achieved	Actual result was 99.8%. Events include over disposal at the Onemana and Whitianga WWTP during heavy rain events. Events were managed with Environment Waikato (EW). A new resource consent application has been lodged for Whitianga, to increase the disposal rate. Staff are currently investigating high flows at Onemana to assist with the management of high volumes from the wastewater treatment plant.
27 odour related requests for services/complaints.	Not Achieved	Actual result was 51. Eight requests for service were received during the fourth quarter and 30 of the requests relate to the third quarter. Of the third quarter requests 75% relate to the Whitianga WWTP. Staff continue to investigate remedial action for the plant with the plant designers.
Less than seven spills into water bodies (average per township).	Achieved	Four overflows went to a water body during the year. Number extracted from operations event notices.

Other Projects and Programmes

- **The Eastern Seaboard wastewater upgrade programme will continue: Whitianga disposal upgrade and Whangamata effluent disposal**

The Whitianga disposal method is yet to be finalised and is reliant in part on attaining a new resource consent.

The Whangamata effluent disposal works are underway with irrigation fields being established in the forest and these works will continue during the new financial year. Remaining works include upgrades to the irrigation pumpstation, installation of the disposal booster pumpstation and continued irrigation works in zone two and five disposal areas.

- **The wastewater sludge (bio solids) strategy and related infrastructure will be implemented**

The Bio-solids trial is still being undertaken. The project is in the six month compost ground application quality proving stage.



Stormwater

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

The Service We Provide: In light to moderate rain, stormwater is diverted from properties. In heavier rainfall, habitable areas are not flooded

What We Aimed For	How We Did	
1% of dwellings in urban areas of the District (except the Thames flats ³) susceptible to inundation by a one-in-five year rain event.	Not Measured	Currently there is not adequate data to substantiate an assessment for this performance measure. Investigations have commenced in determining flood risk to this level of detail, but further work quantifying the risk is ongoing.
Less than 5% of dwellings in urban areas of the Thames flats susceptible to inundation by a one-in-20 year rain event.	Not Measured	Currently there is not adequate data to substantiate an assessment for this performance measure. Investigations have commenced in determining flood risk to this level of detail, but further work quantifying the risk is ongoing.
100% of resource consent conditions met throughout the year.	Not Measured	This is not currently part of the United Water International (UWI) contract and as a result there is no monitoring data. Stormwater resource consent reporting will be included as part of the new United Water contract once the Council has applied for, and received, a number of comprehensive stormwater discharge consents to include in United Water's contract.

Based on Council's Request for Service system no major inundations were reported. Over the past 12 months Council's stormwater modelling programme has been progressed, along with the lodgement of applications for resource consent on a set of comprehensive stormwater discharges across the district.

³ Subject to a large scale and specific set of geographical circumstances that is untenable to fix at this time. Council is working on developing a mitigation strategy for this area.

The Service We Provide: Stormwater systems are well operated and maintained by the Council

What We Aimed For	How We Did	
70% of residents and non-resident ratepayers satisfied with stormwater systems.	Achieved	The actual performance result of 78% is measured from the survey results adjusted to exclude 'dont know' responses (a 72% result if the total response is inclusive of 'dont know' answers).
90% Percentage of urgent ⁴ requests for service responded to within one day.	Not Achieved	Out of 85 Requests for Service (RFS), 16 tasks were not completed within the allocated timeframe. The Council's contractor is currently reviewing its process.

⁴ Any blockage causing extensive flooding of buildings or other serious flooding

Other Projects and Programmes

- **Business as usual improvements will be made to stormwater systems in relation to comprehensive discharge consent requirements in Thames, Thames Coast, Tairua, Pauanui, Matarangi, Coromandel, Onemana, Whangamata and Mercury Bay**

A number of improvements have been undertaken on the Stormwater systems during the later part of the year with further works planned for the new financial year.

- **Stormwater investigations will be undertaken in order to determine flood risks, appropriate levels of service and capital investment requirements**

Stormwater investigations are an ongoing activity with a number of townships being progressed at any one time. The latest Whitianga township stormwater investigations have been completed at this time with Whangamata close to completion. Thames, Coromandel, Matarangi, Tairua and Pauanui are also being progressed.



Solid Waste

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

The Service We Provide: Refuse transfer stations (RTS) are accessible and maintained

What We Aimed For	How We Did	
90% of urgent ⁵ requests responded to in one day.	Not Achieved	There was one refuse transfer station request for service that was not responded to in one day.
Seven communities with RTS.	Achieved	Seven communities have RTS.

⁵ Rubbish bags not collected or whole streets not collected in error

The Service We Provide: Refuse and recycling collection services are provided and recycling actively promoted

What We Aimed For	How We Did	
Volume of waste per rating unit being disposed of at the landfill decreased by 5%.	Achieved	The target has decreased by 5% from the 2008/2009 year target. The annual target was 606kg and the actual result was 573kg.
Percentage of rubbish that is recycled compared to being disposed of at the landfill increased by 1%.	Achieved	The target has increased by 1% from the 2008/2009 year target. The target percentage was 21% and the actual result was 31%.
90% of urgent requests for service and complaints responded to within one day.	Achieved	91% result.
80% of residents and non-resident ratepayers satisfied with the level of (collection) service.	Achieved	81% result.

Other Projects and Programmes

■ New moloks will be provided

The new molok installation has been delayed to tie into the review of collection methods currently in progress.

■ Resource consent quality standards and conditions for closed landfills will be monitored and reported

Closed landfill monitoring is ongoing in conjunction with obtaining resource consents from Environment Waikato for the remaining closed landfills in the District.



Land Drainage

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

The Service We Provide: Land Drainage Schemes are cost effective and efficiently managed

What We Aimed For	How We Did	
No floods caused by drains being unable to cope with flood events.	Achieved	The actual result was zero floods caused by drains being unable to cope with flood events.

Land Information Memoranda

Providing timely and accurate information about property or land in the District.

The Service We Provide: It is easy to purchase information on any property in the District

What We Aimed For	How We Did	
All LIMs contain accurate information (no proven claims).	Achieved	Nil proven claims.
100% non-urgent requests are processed quickly (within ten days).	Achieved	100% non urgent requests were processed within ten days.

The Service We Provide: A faster service is available when my LIM enquiry is urgent

What We Aimed For	How We Did	
100% of urgent LIMs are delivered within 48 hours.	Achieved	100% of urgent LIMs were delivered within 48 hours.

The Service We Provide: Customers can understand and have confidence in the content of their LIMs

What We Aimed For	How We Did	
The percentage of users satisfied with the content of LIMs increased (reported every three years).	Not Applicable	The last survey was conducted in 2008 with 64% of users more than satisfied. 36% thought the service was average.

Other Projects and Programmes

- **The current 'check' system for District and local level LIMs will be maintained**
 Achieved. The current 'check' system is subject to a six monthly review.
- **Policies, processes, quality of information and delivery of services to customers will be continually reviewed and improved**
 Achieved. Policies, processes, quality of information and delivery of services are reviewed six monthly and in response to customer feedback.



Performance Against Budget

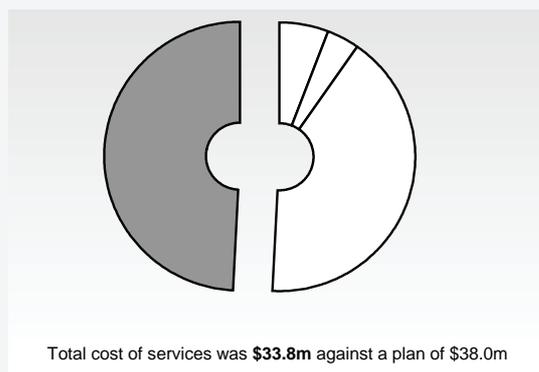
Safeguarding the Environment

For the year ended 30 June 2010

2009		2010			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
Revenue					
5,464	Activity Revenue	4,003	3,540	(463)	1
503	Contributions Revenue	922	1,239	317	2
31,389	General Funds	33,222	33,375	153	3
0	Subsidies Revenue	0	0	0	
37,356	Total Operating Revenue	38,147	38,154	7	
Cost of Services					
35	Natural and Cultural Heritage	120	142	(22)	4
822	Public Conveniences	881	842	39	
3,360	Landuse Management	3,488	3,380	108	5
6,455	Water	6,702	6,832	(130)	6
12,327	Wastewater	17,366	14,574	2,792	7
2,596	Stormwater	3,296	2,581	715	8
5,131	Solid Waste	5,887	5,270	617	9
24	Land Drainage	49	55	(6)	
96	Land Information Memoranda	215	131	84	10
30,846	Total Cost of Services	38,004	33,807	4,197	
6,510	OPERATING SURPLUS/(DEFICIT)	143	4,347	4,204	

What did it Cost?

Actual expenditure incurred for 2009/10 financial year (\$000s)	33,807
Planned expenditure for 2009/10 financial year (\$000s)	38,004
Variance (\$000s)	4,197



The graph portrays this particular activity groups portion of expenditure in relation to the other activity groups.



Notes

- 1 Activity Revenue is showing an unfavourable variance as:
- Solid waste transfer fees being under budget by \$311,000 and solid waste collection fees under budget by \$51,000. This is reflective of the lower level of economic activity as a result of the recession.
 - Resource control consent fees and engineering recovery costs are under budget by \$319,000 and \$91,000 respectively. This is in line with the fall in the number of consent applications.
 - Natural and Cultural Heritage grant revenue is \$179,000 higher than anticipated. A contribution from a New Zealand Lottery grant was received in February 2010 to help fund the Carnegie Library building project. In April the Coromandel Heritage Trust was invoiced \$79,000 for the Carnegie fit out costs.
 - Land information memoranda revenue is under budget by \$72,000, reflecting the lower level of activity.
 - Unbudgeted revenue from forestry harvested at Whangamata was \$150,000.
- 2 Contributions Revenue is showing a favourable variance as:
- Unbudgeted financial contributions received for consents issued prior to 2004 under the Resource Management Act and prior to the Development Contributions Policy of 2004, \$636,000. Other contributions revenue was under budget by \$319,000 due to the decline in development activity as a result of the recession.
- 3 General Funds is showing a favourable variance as:
- Rates revenue is showing a favourable variance as shifts in the rating database between finalising the budget figures of the Annual Plan and actually assessing the rates at the end of closing off of the District Valuation Roll on 30 June 2009 varied.
- 4 Natural and Cultural Heritage is showing an unfavourable variance as:
- Contract other costs incurred of \$12,000, to facilitate the return of the Boer war rifles to Council ownership.
- 5 Landuse Management is showing a favourable variance as:
- Resource control consent costs, monitoring costs and resource control RMA appeals are under budget by \$108,000. As the number of resource consents and appeals received this year is less than that originally anticipated, this has reduced the need for external consultants and other direct operating expenditure in relation to these consents.
- 6 Water is showing an unfavourable variance as:
- Non-routine maintenance expenditure is over budget by \$336,000, with \$45,000 costs associated with the Tararu Bridge and a further \$31,000 costs for additional storage and storm damage due to a rising main at the Pauanui reservoir. Other expenditure associated with faults and maintenance repairs, is under budget by \$369,000
 - Depreciation charge is over budget by \$188,000
- 7 Wastewater is showing a favourable variance as:
- Contract desludging costs are less than anticipated this year by \$504,000. Within the District all plants were affected by delays associated with obtaining resource consents from Environment Waikato and adverse weather conditions on the revised scheduled dates. The contract costs associated with faults and maintenance repairs are under budget by \$462,000
 - Energy costs are less than that originally budgeted for this year by \$184,000. Energy expenditure is directly related to demands placed on the plants processing requirements which is affected by such things as weather conditions.
 - Chemical costs at all three eastern seaboard wastewater plants are under budget by \$546,000. Chemical usage is based on plant performance and load, it is not linear. Downer EDI are contracted to reduce chemicals usage. Energy costs at the eastern seaboard wastewater plants are under budget by \$101,000.
 - Asset management planning costs are under budget by \$151,000 as a result of other work having a higher priority.
 - Depreciation charge is under budget by \$950,000 due to anticipated capital works projects being deferred.
- 8 Stormwater is showing a favourable variance as:
- Non-routine maintenance expenditure being less than that originally forecasted this year by \$61,000. This is reflective of the need to reduce expenditure. Other contract expenditure associated with faults and maintenance repairs are under budget by \$99,000.
 - Management plan fees are less than those originally anticipated this year to date by \$41,000. There were delays in obtaining resource consents which delayed the planning process.
 - Investigation fee expenditure is less than that budgeted by \$133,000. This is linked to delays in resource consent processing.
 - Depreciation charge is under budget by \$415,000. Expenditure on resource consents is under budget by \$26,000.



Notes

- 9 Solid Waste is showing a favourable variance as:
- Contract collection costs are under budget by \$87,000 reflecting the lower level of activity.
 - Contract regular costs are less than those originally anticipated this year to date by \$90,000 due to lower demand placed on the facilities. Contract costs associated with faults and maintenance repairs are under budget by \$23,000.
 - Disposal fees are under budget by \$39,000.
 - Adjustment to the provision for landfill aftercare has released \$303,000.
-
- 10 Land Information Memoranda is showing a favourable variance as:
- Expenditure is under budget by \$63,000 with LIM applications 30% down on the anticipated levels.
 - Settlements expenditure budgeted at \$21,000 was not required.



SAFEGUARDING THE ENVIRONMENT - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
SAFEGUARDING THE ENVIRONMENT				
Natural & Cultural Heritage				
Thames Carnegie Building Restoration	0	89	(89)	1
Public Conveniences				
Renewals	156	31	125	2
Water				
Thames Valley				
Renewals	13	19	(6)	3
New Supply	0	21	(21)	4
Matatoki				
Renewals	13	17	(4)	5
New Supply	0	19	(19)	6
Thames Urban				
Renewals	635	233	401	7
Reticulation	377	102	276	8
Kauaeranga Consent	22	4	18	9
Treatment Upgrade	944	68	877	10
Reservoir Replacements	339	0	339	11
Coromandel				
Renewals	79	48	30	10
System Improvements	101	0	101	13
Pump Station Upgrade	105	48	57	10
Matarangi				
Renewals	28	0	28	12
Whitianga				
Renewals	56	40	16	7
System Improvements	44	28	16	13
Whitianga Additional Storage	0	1	(1)	
Hahei				
Renewals	28	3	25	7
System Improvements	28	17	11	14
Tairua				
Renewals	56	30	26	7
Treatment Plant Upgrade	330	0	330	10
Consent	435	20	415	15
Pauanui				
Renewals	56	38	18	7
Oturu Intake	103	0	103	10
Consent	435	11	424	16



CAPITAL WORKS PROJECTS	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
Onemana				
Renewals	28	6	22	7
System Improvements	27	0	27	7
Whangamata				
Renewals	165	118	47	7
Wastewater				
Thames				
Thames Renewals	181	38	143	7
Thames Inflow & Infiltration	121	15	106	17
Treatment Plant Upgrades	110	46	65	10
Consent Renewals	110	1	109	18
Pump Station Upgrades	150	76	74	10
Telemetry Upgrades	43	0	43	19
Reticulation Upgrades	62	0	62	10
Coromandel				
Coromandel Renewals	39	31	9	7
Coromandel Inflow & Infiltration	81	10	71	20
Consent Renewals	110	51	59	21
Pump Station Upgrade	75	12	63	10
Treatment Plant Improvements	0	15	(15)	22
Oamaru Bay				
Consent Renewal	28	9	18	23
Oamaru Bay Renewals	8	3	5	24
Oamaru Bay Effluent Disposal	22	19	3	25
Matarangi				
Matarangi Renewals	20	0	20	7
Consent Renewals	67	38	29	26
Pumpstation Upgrade	30	29	1	
Whitianga				
Treatment Plant Upgrade	220	184	36	27
Consent Renewal	557	430	127	28
Whitianga Renewals	59	0	59	7
Whitianga Inflow & Infiltration	121	24	97	29
Telemetry Upgrades	26	0	26	30
Disposal Upgrade	275	0	275	31
Cooks Beach				
Cooks Beach Renewals	28	21	7	7
Pumpstation Upgrade	56	16	40	10
Additional Effluent Disposal	165	0	165	32
Hahei				
Hahei Renewals	20	7	13	7
Hahei Inflow & Infiltration	117	0	117	10
Tairua/Pauanui				



	2010			Notes
	Budget \$000's	Actual \$000's	Variance \$000's	
CAPITAL WORKS PROJECTS				
Effluent Disposal	116	685	(570)	33
Biosolid Infrastructure	134	242	(108)	34
Tairua/Pauanui Treatment & Disposal Improvements	551	197	354	10
Tairua Renewals	30	15	14	7
Pauanui Renewals	30	11	19	7
Tairua Inflow & Infiltration	106	11	95	35
Pauanui Inflow & Infiltration	70	13	56	36
Onemana				
Onemana Renewals	20	13	6	10
Whangamata				
Whangamata Renewals	59	36	23	7
Inflow/Infiltration	260	18	242	37
Pumpstation Upgrade	450	5	445	10
Treatment Plant Upgrade	444	471	(27)	38
Effluent Disposal	4,944	2,086	2,858	39
Stormwater				
Thames				
Renewals	524	61	463	10
Thames Coast Renewals	57	4	53	7
Albert Street Upgrade	0	15	(15)	40
Coromandel				
Renewals	57	0	56	7
Improvements	92	29	63	10
Discharge Consent	47	9	38	41
Mercury Bay				
Renewals	78	8	70	7
Renewals Whitianga	78	23	54	7
Kuaotunu - Rings Beach Improvements	75	83	(8)	42
Matarangi Improvements	44	5	39	43
Tairua				
Renewals	57	0	57	7
Discharge Consent	62	2	60	44
Outfall upgrades	55	18	37	45
Pauanui				
Renewals	79	33	45	7
Pauanui Improvements	44	0	44	10
Discharge Consent	62	2	60	46
Whangamata				
Renewals - Onemana	28	0	28	7
Renewals - Whangamata	72	0	72	7
Improvements - Whangamata	126	16	110	10
Discharge Consent - Onemana	33	1	31	47
Discharge Consent - Whangamata	101	2	99	48



Solid Waste				
Compactor Replacements	84	20	64	49
Transfer Station Miscellaneous Improvements	141	162	(20)	50
Transfer Stations Renewals	92	48	44	10
Moloks Replacements	28	6	22	51
Community Litter Bin Replacements	23	13	10	52
Transfer Station Transporter Bins	37	16	21	53
New Moloks	40	0	40	54
Total Safeguarding the Environment Capital Works Projects	16,933	6,468	10,465	

Percentage Capital Works Projects completed	100%	38%		
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Notes	
1	<p>Thames Carnegie Building Restoration is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> Expenditure on the Carnegie building was approved by the Council with the majority being spent in the 2008/2009 year. The \$89,000 for the year under review is the unexpended portion from the previous year which was not included in the budget for the 2009/2010 year.
2	<p>Renewals is showing a favourable variance as:</p> <ul style="list-style-type: none"> The Council agreed at its November 2009 meeting to defer the majority of expenditure for this project until the following 2010/2011 year. No additional budget was included in the 2010/2011 Annual Plan and the deferred work will be considered as part of the revision of asset management plans.
3	<p>Renewals is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> Unbudgeted expenditure on bulk meter replacements.
4	<p>New Supply is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> Resource consent process running ahead of schedule as driven by Environment Waikato.
5	<p>Renewals is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> Resource consent process running ahead of schedule as driven by Environment Waikato.
6	<p>New Supply is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> Unbudgeted expenditure on bulk meter replacements.
7	<p>Projects are showing favourable variances as:</p> <ul style="list-style-type: none"> Approval for reduced expenditure on these projects was given by the Council at its November 2009 meeting because of rates affordability issues. Only essential work was undertaken. No additional budget was included in the 2010/2011 Annual Plan and a variation report will be considered at its September 2010 meeting to re-consider the reinstatement of these budgets.
8	<p>Reticulation is showing a favourable variance as:</p> <ul style="list-style-type: none"> Under-spending as a result of deferred non-essential works. No additional budget was included in the 2010/2011 Annual Plan and a variation report will be considered at its September 2010 meeting to re-consider the reinstatement of these budgets.
9	<p>Kauaeranga Consent is showing a favourable variance as:</p> <ul style="list-style-type: none"> The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which, together with the strain on resources of both Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.



Notes

10	<p>Projects are showing favourable variances as:</p> <ul style="list-style-type: none"> ■ Deferred portion of the budget to 2010/2011 due to rates affordability as agreed by the Council at its November 2009 meeting. This project has been included in the 2010/2011 Annual Plan.
11	<p>Reservoir Replacements is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Deferred budget to 2010/2011 due to rates affordability as agreed by the Council at its November 2009 meeting. This project has been included in the 2010/2011 Annual Plan.
12	<p>Renewals is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ This budget is provided for reactive renewals. If there are no systems failures then the budget is under spent as has happened in the year under review.
13	<p>System Improvements is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Not all systems improvements are essential and because of the need to limit expenditure to keep rates increases to the lowest level possible, only essential improvements were completed during the year.
14	<p>System Improvements is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Not all systems improvements are essential and because of the need to limit expenditure to keep rates increases to the lowest level possible, only essential improvements were completed during the year.
15	<p>Tairua Consent is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, all which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
16	<p>Pauanui Consent is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
17	<p>Thames Inflow and Infiltration is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Contractor resource capabilities unable to meet demand required during the latter part of the year due to competing priorities.
18	<p>Consent Renewals is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Work completed in the 2008/2009 financial year.
19	<p>Telemetry Upgrades is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ After an engineering review of the current telemetry functionality, upgrades were considered to be unnecessary in the current year. The need for upgrades will be re-assessed on a regular basis.
20	<p>Coromandel Inflow and Infiltration is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Contractor resource capabilities unable to meet demand required during the latter part of the year due to competing priorities
21	<p>Consent Renewals is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
22	<p>Treatment Plant Improvements is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ Slower progress than anticipated due to this project being linked to the resource consent renewal as well as wet weather delaying construction work during the fourth quarter of the financial year.



Notes	
23	<p>Consent Renewal is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
24	<p>Oamaru Bay Renewals is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
25	<p>Oamaru Bay Effluent Disposal is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ The project was completed slightly under budget by \$3,000.
26	<p>Consent Renewals is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
27	<p>Treatment Plant Upgrade is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Project not quite completed by year end with decommissioning work still in progress. This will be completed early in the 2010/2011 year.
28	<p>Consent Renewal is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
29	<p>Whitianga Inflow and Infiltration is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ Contractor resource capabilities unable to meet demand required during the later part of the year due to competing priorities.
30	<p>Telemetry Upgrades is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ After an engineering review of the current telemetry functionality, upgrades were considered to be unnecessary in the current year. The need for upgrades will be re-assessed on a regular basis.
31	<p>Disposal Upgrade is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ On hold pending resource consent.
32	<p>Additional Effluent Disposal is showing a favourable variance as:</p> <ul style="list-style-type: none"> ■ This budget was for the acquisition of land for the next stage of the effluent disposal. A number of issues surround this purchase of land and while negotiations have been proceeding, the finalisation of a contract for purchase has not yet eventuated. It is expected to be completed in the 2010/2011 year.
33	<p>Effluent Disposal is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ Works carried over from 2008/2009 financial year.
34	<p>Biosolid Infrastructure is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> ■ The Council approved additional expenditure of \$116,000 at its February 2010 meeting for this project to complete the composting trial, concept design and waste minimisation funding application.



Notes	
35	<p>Tairua Inflow and Infiltration is showing a favourable variance as:</p> <ul style="list-style-type: none"> Contractor resource capabilities unable to meet demand required during the later part of the year due to competing priorities.
36	<p>Pauanui Inflow and Infiltration is showing a favourable variance as:</p> <ul style="list-style-type: none"> Contractor resource capabilities unable to meet demand required during the later part of the year due to competing priorities.
37	<p>Inflow/Infiltration is showing a favourable variance as:</p> <ul style="list-style-type: none"> Contractor resource capabilities unable to meet demand required during the later part of the year due to competing priorities
38	<p>Treatment Plant Upgrade is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> Works carried over from 2008/2009 financial year.
39	<p>Effluent Disposal is showing a favourable variance as:</p> <ul style="list-style-type: none"> Parts of this project have been delayed due to the Council appealing the resource consent conditions in an endeavour to reduce the total cost of the project. Agreement was reached for the final design after the end of the financial year and the project will now proceed and should be completed in the 2010/2011 year. The deferred portion of the budget has been carried forward into the 2010/2011 Annual Plan.
40	<p>Albert Street Upgrade is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> Resource consent hearing has been held. Further information has been provided with just the final details to be worked through. These additional costs were not anticipated when budgets were set.
41	<p>Discharge Consent is showing a favourable variance as:</p> <ul style="list-style-type: none"> The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
42	<p>Kuaotunu - Rings Beach Improvements is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> Construction completed. A number of issues are requiring more attention than initially planned.
43	<p>Matarangi Improvements is showing a favourable variance as:</p> <ul style="list-style-type: none"> While expected expenditure was not achieved due to resourcing issues, survey work and design reviews were completed. Work is planned for 2010/2011.
44	<p>Discharge Consent is showing a favourable variance as:</p> <ul style="list-style-type: none"> The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
45	<p>Outfall upgrades is showing a favourable variance as:</p> <ul style="list-style-type: none"> Protracted discussions between the Council and Environment Waikato on how to progress with the estuary outflows at Tairua have delayed this project resulting in under expenditure.
46	<p>Discharge Consent is showing a favourable variance as:</p> <ul style="list-style-type: none"> The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.



Notes

47	<p>Discharge Consent - Onemana is showing a favourable variance as:</p> <ul style="list-style-type: none">■ The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
48	<p>Discharge Consent - Whangamata is showing a favourable variance as:</p> <ul style="list-style-type: none">■ The Council is currently managing a very large number of consent renewals over the water, wastewater and stormwater activities, which are in various stages of completion. Sometimes the process is held up because of objections and/or appeals which together with the strain on resources of both the Council and Environment Waikato to complete various stages of the process, is causing delays. Hence most budgets for consent renewals have been under spent in the year under review. The Council and Environment Waikato staff meet regularly to review progress and re-prioritise where necessary.
49	<p>Compactor Replacements is showing a favourable variance as:</p> <ul style="list-style-type: none">■ Standby hydraulic power pack purchased rather than purchasing a full compactor.
50	<p>Transfer Station Miscellaneous Improvements is showing an unfavourable variance as:</p> <ul style="list-style-type: none">■ The unfavourable variance in this project is compensated for by the favourable variance in transfer station transporter bins (see note 53). This was due to the incorrect classification of expenditure.
51	<p>Moloks Replacements is showing a favourable variance as:</p> <ul style="list-style-type: none">■ This budget is set to deal with reactive work on Moloks such as removal of graffiti which often occurs over the holiday period. There was less requirement for reactive work during the year than estimated when budgets were set.
52	<p>Community Litter Bin Replacements is showing a favourable variance as:</p> <ul style="list-style-type: none">■ Litter bin replacements undertaken as and when required throughout the year in an effort to minimise expenditure.
53	<p>Transfer Station Transporter Bins is showing a favourable variance as:</p> <ul style="list-style-type: none">■ The favourable variance in this project is compensated for by the unfavourable variance in transfer station miscellaneous improvements (see note 50). This was due to the incorrect classification of expenditure.
54	<p>New Moloks is showing a favourable variance as:</p> <ul style="list-style-type: none">■ Deferred portion of budget to 2011/2012 due to rates affordability as agreed by the Council at its November 2009 meeting.



SECTION FOUR FINANCIAL STATEMENTS



Tairua/Pauanui taken from Paku Hill

Contents:

- Guide to Financial Statements
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Financial Position
- Statement of Cash Flows
- Accounting Policies
- Notes to the Accounts
- Council Controlled Organisations



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GUIDE TO FINANCIAL STATEMENTS

Introduction

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

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

Presentation of Financial Statements

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.

Refer to pages 106 to 119.

Statement of Comprehensive Income

The Statement of **Comprehensive Income** shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2010. 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 the surplus or deficit is arrived at. The net surplus or deficit recorded in the Statement of **Comprehensive Income** is added or subtracted from the Council's equity as shown in the Statement of Changes in Equity.

Refer to page 103

Statement of Changes in Equity

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

Refer to page 103

Statement of Financial Position

The Statement of Financial Position shows the assets and liabilities of the Council as at 30 June 2010. 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 represents money owed by the Council that does not have to be paid within the next 12 months.

Refer to page 104.



Statement of Cash Flows

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

Refer to page 105.

Notes to the Accounts

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.

Refer to pages 106 to 167.



Statement of Comprehensive Income

For the year ended 30 June 2010

2009		Notes	2010	
Actual			Budget	Actual
\$000's			\$000's	\$000's
REVENUE				
9,293	Activity revenue	3	8,696	9,140
1,090	Contributions revenue	3	1,849	1,871
53	Investment revenue	3	15	28
54,241	Rates revenue	3	57,384	57,842
6,126	Subsidies revenue	3	5,728	5,383
152	Gains	3	665	592
3,144	Property vested	3	5,590	1,467
74,100	TOTAL REVENUE		79,928	76,323
EXPENDITURE				
14,138	Depreciation and amortisation	4	17,795	16,177
12,002	Personnel costs	4	10,988	12,472
3,237	Finance costs	4	3,859	3,526
36,363	Other direct operating expenses	4	41,423	36,703
4,632	Other losses	4	0	4,116
70,372	TOTAL EXPENDITURE		74,065	72,994
3,727	SURPLUS FROM OPERATIONS		5,862	3,329
0	Share of joint venture surplus/(deficit)	18	0	(12)
3,727	NET SURPLUS FOR THE YEAR		5,862	3,317
OTHER COMPREHENSIVE INCOME				
147,294	Gain on property revaluation	7	59,055	20,556
0	Financial assets at fair value through other comprehensive income	18	0	67
147,294	TOTAL OTHER COMPREHENSIVE INCOME		59,055	20,623
151,021	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		64,917	23,940

Statement of Changes in Equity

For the year ended 30 June 2010

2009		Notes	2010	
Actual			Budget	Actual
\$000's			\$000's	\$000's
952,811	Balance at 1 July		1,039,327	1,103,832
151,021	Total comprehensive income	7	64,917	23,940
151,021	Total comprehensive income		64,917	23,940
1,103,832	BALANCE AT 30 JUNE	7	1,104,244	1,127,772



Statement of Financial Position

As at 30 June 2010

2009		Notes	2010	
Actual			Budget	Actual
\$000's			\$000's	\$000's
ASSETS				
Current Assets				
66	Cash and cash equivalents	8	800	260
8,602	Debtors and other receivables	9	7,566	6,353
78	Other financial assets	11	0	81
239	Inventories	12	108	431
220	Non-current assets held for sale	13	0	0
9,205	Total Current Assets		8,474	7,125
Non-current Assets				
152	Postponed rates	14	410	174
145	Other financial assets	11	288	208
3,031	Intangible assets	16	4,692	3,545
1,581	Forestry assets	17	2,032	1,948
1,165,717	Property, plant and equipment	15	1,179,944	1,184,523
1,170,626	Total Non-current Assets		1,187,365	1,190,398
1,179,831	TOTAL ASSETS		1,195,838	1,197,523
LIABILITIES				
Current Liabilities				
14,779	Creditors and other payables	20	19,219	13,537
452	Derivative financial instruments	10	102	756
1,562	Employee entitlements	21	1,386	1,634
351	Provisions	22	773	425
249	Borrowings	23	5,844	29,003
17,393	Total Current Liabilities		27,325	45,355
Non-current Liabilities				
103	Employee entitlements	21	93	266
3,450	Provisions	22	2,109	2,814
69	Derivative financial instruments	10	806	1,085
54,984	Borrowings	23	61,262	20,231
58,606	Total Non-current Liabilities		64,270	24,396
75,999	TOTAL LIABILITIES		91,594	69,751
1,103,832	NET ASSETS		1,104,244	1,127,772
EQUITY				
438,658	Accumulated funds	7	96,038	444,063
18,993	Restricted reserves	7	316,632	19,950
(8,516)	Council-created reserves	7	44,143	(9,048)
654,697	Property revaluation reserves	7a	647,431	672,807
1,103,832	TOTAL EQUITY		1,104,244	1,127,772

The accompanying notes form part of these financial statements.

Philippa Barribal

Philippa Barribal JP
District Mayor

Steve Ruru

Steve Ruru
Chief Executive



Statement of Cash Flows

For the year ended 30 June 2010

2009	Notes	2010	
Actual \$000's		Budget \$000's	Actual \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
52,709		57,220	56,930
1		0	1
15,201		16,273	18,446
52		15	27
315		0	558
68,278		73,508	75,962
Cash was applied to:			
47,591		52,630	47,393
3,853		3,859	3,532
51,444		56,489	50,925
16,834	24	17,019	25,037
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
161		5	5
95		392	832
0		0	220
256		397	1,057
Cash was applied to:			
11		0	0
36,454		28,986	18,979
293		1,953	904
36,758		30,939	19,883
(36,502)		(30,542)	(18,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
62,093		14,125	54,250
62,093		14,125	54,250
Cash was applied to:			
73		0	4
105		0	50
42,650		1,550	60,213
42,828		1,550	60,267
19,265		12,575	(6,017)
(403)		(947)	194
469		1,747	66
66	8	800	260

The accompanying notes form part of these financial statements.



Notes to the Financial Statements

For the year ended 30 June 2010

Note 1 – Statement of accounting policies

REPORTING ENTITY

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

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

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

The financial statements of the Council are for the year ended 30 June 2010 and were authorised for issue by the Council on 29 September 2010.

BASIS OF PREPARATION

Statement of compliance

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)*. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Council has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Those items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.



- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Council has elected to disclose comparative information.
- NZ IAS 24 *Related Party Disclosures (Revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (Issued 2004)*. The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Council has elected to early adopt the revised standard and its effect has been to disclose further information about commitments between related parties.

Change in reporting format from prior year

In previous years, the Council has produced consolidated financial statements that incorporated the Thames Pensioner Housing Trust and the Thames Valley Combined Civil Defence Committee joint venture. In May 2010, the Office of the Auditor General re-evaluated the status of the trust in relation to the Council and determined that the trust was not established by the Council, the trust is not controlled by the Council, and is not therefore a controlled entity under the Public Audit Act. This decision removed the requirement for the Council to consolidate the trust's financial statements into consolidated group financial statements. The Council's share of the joint venture entity is now accounted for using the equity method outlined in NZ IAS 31 *Interests in Joint Ventures*.

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

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

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Council has not yet assessed the impact of the new standard and expects it will not be early adopted.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

Rates revenue

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

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

Government grants

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



Vested assets

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

Vested assets also include assets in which the ownership has been transferred to the Council from land developers through the subdivision process. The value of the assets transferred to the Council is the developers' cost to construct or purchase the assets, apart from roading and reserves land. Roading land is valued based on fair value of adjacent land at 1 July 2005 by Jordan and Associates, Registered Valuers, Thames. Reserves land is recognised at the rateable value. Assets include reserve land, roading land and infrastructural assets.

Sale of goods

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

Parking infringements

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

Interest and dividends

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

Dividends are recognised when received.

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.

In cases where contributions are collected in advance to fund a service that is not actually provided in a particular area, the contributions are initially recognised as revenue in advance.

Donated services

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

Borrowing costs

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

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

Grant expenditure

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

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 a successful applicant has been notified of the Council's decision and payment has been made.

Income tax

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



Leases

Finance leases

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

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

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

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

Operating leases

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

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

Cash and cash equivalents

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

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Derivative financial instruments and hedge accounting

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit. The Council has elected not to apply hedge accounting.

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

Other financial assets

Financial assets and liabilities are initially measured 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.

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

Financial assets are classified into the following categories for the purposes of measurement:

- Fair value through surplus or deficit;
- Loans and receivables; and
- Fair value through other comprehensive income.

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



Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or is part of a portfolio that are managed together and for which there is evidence of short-term profit-taking.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

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

Loans and receivables

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

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

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

Fair value through other comprehensive income

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

The Council includes in this category:

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

After initial recognition these investments are measured at their fair value, with gains and losses recognised directly in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gains or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Joint Venture

The Council recognises its interest in its jointly controlled entity, Thames Valley Combined Civil Defence Committee, using the equity method. This investment has initially been recognised at cost as at 1 July 2009, and the carrying amount is increased or decreased to recognise the Council's share of the surplus or deficit of the jointly controlled entity after the date of recognition. The Council's share of the surplus or deficit of the jointly controlled entity is recognised in the statement of comprehensive income. The carrying amount of the investment is shown in other financial assets (note 11) in the statement of financial position. This is a change in the method of disclosure because up until 30 June 2009, the Council prepared consolidated financial statements but is no longer required to do so. (See changes in reporting format from prior year on page 107).

Impairment of financial assets

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



Loans and receivables

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

Financial assets at fair value through other comprehensive income

For equity instruments, classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost, adjusted when applicable, for any loss of service potential.

Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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

Non-current assets held for sale

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

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

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

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

Property, plant and equipment

Property, plant and equipment consist of :

Operational assets

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



Restricted assets

Restricted assets is reserves land owned by the Council, which provides a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructural assets

Infrastructural 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 all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and sewer pump stations.

Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation and impairment losses. 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 no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition there is a very limited market for sale to the surrounding or adjacent property owner, and value cannot be measured reliably because of the small individual area of many paper roads, and the high cost of disposal.

Revaluation

Land, buildings, swimming pools, refuse processing and disposal, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually by independent valuers to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Property, plant, and equipment revaluation movements are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to a property revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the property revaluation reserve, this balance is not recognised in other comprehensive income 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 income.

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.

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 property revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.



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

Operational Assets	Useful Life	Depreciation rate
Buildings	10-70 years	1.4%-10.0%
Computer Hardware	3 years	33.3%
Furniture and Fittings	3-25 years	4.0%-33.3%
Library Collections	10 years	10.0%
Plant and Machinery	3-10 years	10.0%-33.0%
Refuse Processing and Disposal	10-100 years	1.0%-10.0%
Swimming Pool	10 years	10.0%
Infrastructural Asset		
Reserves Improvements		
▪ Cemeteries	10-80 years	1.3%-10.0%
▪ Equipment	10-25 years	4.0%-10.0%
▪ Fencing	20-75 years	1.3%-5.0%
▪ Furniture	10-50 years	2.0%-10.0%
▪ Pavement	10-90 years	1.1%-10.0%
▪ Playground	8-65 years	1.5%-12.5%
▪ Signs	10-23 years	4.3%-10.0%
▪ Structures	10-80 years	1.3%-10.0%
Bridges and Culverts	60-100 years	1.0%-1.7%
Footpaths	5-50 years	2.0%-20.0%
Harbour Facilities		
▪ Wharves and Jetties	10-95 years	1.2%-10.0%
▪ Pontoons	10-95 years	1.2%-10.0%
Roads		
▪ Railing	15-20 years	5.0%-6.7%
▪ Drainage	60 years	1.7%
▪ Signs	15 years	6.7%
▪ Lights	10-50 years	2.0%-10.0%
▪ Poles	25-50 years	2.0%-4.0%
▪ Brackets	50 years	2.0%
▪ Minor Structures	99 years	1.0%
▪ Surface Water Channels	15-50 years	2.0%-6.7%
▪ Surface	3-15 years	6.7%-33.3%
▪ Basecourse	40-60 years	1.7%-2.5%
▪ Sub-base	60-70 years (with 100% residual value)	0.0%
▪ Formation	Infinite	Not depreciated



Water		
▪ Plant	10-100 years	1.0%-10.0%
▪ Hydrants/valves	20-80 years	1.3%-5.0%
▪ Mains	60-100 years	1.0%-1.7%
▪ Connections	40-60 years	1.7%-2.5%
Stormwater		
▪ Pits	80 years	1.3%
▪ Drains	80-100 years	1.0%-1.3%
▪ Manholes	80 years	1.3%
▪ Plant	10-100 years	1.0%-10.0%
Wastewater		
▪ Pipes	60-100 years	1.0%-1.7%
▪ Manholes	80 years	1.3%
▪ Plant	10-100 years	1.0%-10.0%
▪ Connections	80 years	1.3%

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

Intangible assets

Software acquisition and development

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Preliminary staff training costs for new software 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 by the Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Easements

Easements are not cash generating in nature, instead they give the 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 NZ IAS 38 *Intangibles*. The work required identifying and developing a central register to record easements 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. There is no active market in existence and there is no recognised valuation methodology.

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



Resource consents

In the past, the cost of resource consents has been recognised as property, plant and equipment rather than as an intangible asset as recommended under NZ IAS 38 *Intangibles*. The result is that, the costs of these consents are being depreciated over the useful life of the project rather than being amortised over the consent life.

A complete listing of resource consents held by the Council has been obtained. However, the difficulty is to measure the value of the consents due to their specialised nature and because there is no active market in existence. Consequently, registered valuers would have difficulty determining a fair value.

For these reasons, the Council intends to recognise consent renewals as intangible assets in the future when they arise and can be treated as an intangible asset as recommended under NZ IAS 38 *Intangibles*.

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 de-recognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Intangible Asset	Useful Life	Amortisation rate
Computer software	5 years	20%
Resource consents	7-30 years	3.3%-14.3%

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment that asset's recoverable amount is estimated. 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.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that same class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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

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

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



Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated point of sale costs for harvesting, transport, roading and management for one growth cycle. Fair value is determined based on the present value of expected net cash flows that would arise if the asset was 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 recognised in the surplus or deficit when incurred.

Creditors and other payables

Creditors and other payables are initially measured at fair value.

Borrowings

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

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of the balance date.

Employee entitlements

Short-term employee entitlements

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

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

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

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

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of 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 entitlements, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

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

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 the balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.



Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

The Council belongs 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 accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 30.

Provisions

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

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

Landfill post-closure costs

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 financial statements. 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.

Weathertight homes

In the Council's view, the definition of a provision has been met as a result of the legal precedent that Councils are liable for a share of affected home's repair costs. A provision for estimated settlement costs is recognised as a liability in the financial statements. The provision is measured based on the present value of future cash outflows expected to be incurred. The provision includes all expected settlement costs. When there is a high level of uncertainty a contingent liability is recognised.

Reserve contribution credits

A provision has been established in the financial statements 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.

Financial guarantee contracts

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

Financial guarantee contracts have not been recognised at fair value in the financial statements 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. Financial guarantees are disclosed as a contingent liability because it is not probable that a present obligation exists.



Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses the Council makes of its accumulated surpluses. Reserves are a component of equity and represent a particular use to which parts of equity have been assigned.

The components of equity are:

- Accumulated funds;
- Restricted reserves;
- Property revaluation reserves; and
- Fair value through other comprehensive income reserve.

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 are 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 a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Restricted reserves are comprised of:

- Reserves land (restrictions imposed by title);
- Endowment farms trust property (restrictions imposed by statute); and

Council created reserves

The 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.

These consist of specifically named reserves into which funds are put for specific purposes, and unspent revenue from one year which the Council deems appropriate to be expended in the following year, usually to finish incomplete budgeted work. The Council created reserves also include reserves for depreciation which have been funded but not yet utilised.

Property revaluation reserves

The property revaluation reserve represents increases in the value of certain classes of property, plant and equipment.

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.



Statement of Cash Flows

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

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

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

Budget figures

The budget figures are those approved by the Council for the 2009/2010 financial year in the 2009-2019 Long-term Council Community Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of these financial statements.

Cost allocation

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

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

Critical accounting estimates and assumptions

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

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

Infrastructural assets

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

Landfill aftercare provision

Note 22 provides information about the estimates and assumptions surrounding the landfill aftercare provision.



Notes to the Financial Statements

For the year ended 30 June 2010

Note 2: Summary cost of services

2009		2010	
Actual \$000's	NOTE 2 - Summary cost of services	Budget \$000's	Actual \$000's
REVENUE			
Council activities			
2,975	Community leadership	2,784	2,953
2,210	Planning for the future	3,290	3,493
28,262	Strong communities	29,450	29,663
37,356	Safeguarding the environment	38,147	38,155
70,803	Total revenue from Council activities	73,672	74,264
3,144	Assets vested and introduced	5,590	1,467
152	Other gains	665	592
74,100	TOTAL REVENUE	79,928	76,323
EXPENDITURE			
Council activities			
4,006	Community leadership	4,541	4,031
2,139	Planning for the future	3,197	2,640
28,660	Strong communities	28,324	28,252
30,846	Safeguarding the environment	38,004	33,808
65,651	Total cost of services	74,065	68,731
90	Impairment on property intended for sale	0	147
4,632	Other losses	0	4,116
70,372	TOTAL EXPENSES	74,065	72,994
3,727	SURPLUS FROM OPERATIONS	5,862	3,329



Note 3: Revenue

2009		2010
Actual \$000's	Note 3 - Revenue	Actual \$000's
RATES REVENUE		
3,280	General rates	8,248
10,051	Uniform annual general charge	7,853
38,882	Targeted rates	39,581
1,416	Water by volume	1,255
2	Lump sum options	204
610	Penalties	701
54,241	Total Rates Revenue	57,842
ACTIVITY REVENUE		
8,590	User fees and charges	8,363
244	Infringements and fines	289
459	Petrol tax	488
9,293	Total operating revenue	9,140
INVESTMENT REVENUE		
1	Dividend revenue	1
52	Interest received	27
53	Total investment revenue	28
GAINS		
0	Gains on changes in fair value of biological assets	367
0	Gain on disposal of property, plant and equipment	213
2	Gains on changes in financial assets at fair value through profit and loss	12
150	Gains on changes in fair value of foreign exchange	0
152	Total other gains	592
ASSETS VESTED		
4	Plant and equipment	26
0	Land	25
802	Reserves land	302
23	Reserves improvements	24
1,422	Roads and footpaths	633
59	Wastewater	111
66	Water	97
766	Stormwater	249
3,143	Total assets vested in Council	1,467
OTHER REVENUE		
1,090	Contributions	1,871
6,126	New Zealand Transport Agency subsidies*	5,383
74,100	TOTAL REVENUE	76,323

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



Non-Rateable Land

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

Assets Vested

Gifted Assets

The following assets were gifted to the Council during the 2009-2010 financial year:

- Interpretation panels for the Waiomu Foreshore Reserve. These were partly funded by the Waiomu Reserves Committee. The Committee provided \$3,700 towards the design and manufacturing costs of the signs. The Council ensured that these were properly installed and met all other costs in relation to these signs.
- Artwork at Pepe Reserve in Tairua. This artwork is valued at \$20,000 and was created by a local artist. It was kindly donated to the Council in October 2009.
- Library computer and software equipment at the Thames, Mercury Bay and Tairua libraries. This equipment was kindly donated by APN to each of the three libraries as part of the internet access partnership. The total value of the equipment provided was \$17,266.
- An inflatable assault course worth \$8,770. This course was donated to the Thames Centennial Pool by the Lions Club in January 2010.

Vested Assets

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



Note 4: Expenditure

2009		2010
Actual \$000's	Note 4 - Expenditure	Actual \$000's
PERSONNEL COSTS		
11,793	Salaries and wages	12,212
16	Employer contributions to multi-employer defined benefit plans ¹	15
7	Employer contributions to defined contribution plans	10
186	Increase/(decrease) in employee benefit liabilities	235
12,002	Total personnel costs	12,472
AMORTISATION		
44	Resource Consents	98
387	Computer software	292
431	Total amortisation expense	390
DEPRECIATION		
546	Buildings	721
367	Computer hardware	441
167	Furniture and fittings	175
97	Library collections	120
297	Plant, machinery and vehicles	278
233	Solid Waste	265
265	Bridges and culverts	285
568	Footpaths	649
109	Harbour facilities	101
660	Reserves improvements	722
3,823	Roads	4,212
1,067	Stormwater	1,114
3,338	Wastewater	4,388
2,170	Water	2,316
13,708	Total depreciation expense	15,787
14,138	Total depreciation and amortisation expense	16,177
FINANCE COSTS		
Interest expense		
3,252	Interest on bank borrowings	3,523
7	Interest on hire purchase	0
5	Interest on finance leases	9
(26)	Discount unwinding: refer Note 22 <i>Provisions</i>	(6)
3,237	Total finance costs	3,526

¹ Employer contributions to defined contribution plans include contributions to Kiwisaver and the Defined Benefit Plan Contributors Scheme



Actual \$000's	Note 4 (continued)	Actual \$000's
OTHER EXPENSES		
Audit fees		
110	Fees for annual report audit	106
2	Fees for assurance services ²	9
0	Fees for the audit of a Long-term Council Community Plan amendment	9
137	Fees for 2009-2019 Long-term Council Community Plan audit	0
1,267	Grants provided	1,262
376	Impairment of receivables: Refer to Note 9 <i>Debtors and other receivables</i>	301
90	Impairment of property intended for sale: Refer Note 13 <i>Non-current assets held for sale</i>	147
15	Operating leases	17
608	Rates remissions: Refer to Note 5 <i>Rates remissions</i>	430
33,759	Other operating expenses	34,422
36,363	Total other expenses	36,703
OTHER LOSSES		
3,477	Losses on disposal of property, plant and equipment: Refer to Note 6 <i>Gains/losses on disposal</i>	2,796
305	Losses on changes in fair value of forestry assets	0
850	Losses on changes in fair value of interest rates swaps	1,320
4,632	Total other losses	4,116
70,373	TOTAL EXPENDITURE	72,994

²Audit related fees for assurance services were for the audit of the Debenture Trust Deed requirements and for Special Assurance Services (SAS) work on Council's Asset Management Plans.



Note 5: Rates remissions

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

2009		2010
Actual \$000's	Note 5 - Rates remissions	Actual \$000's
Rates remissions are comprised of:		
7	Land held for conservation or preservation purposes	13
12	Community sporting and non-profit organisations	21
126	Maori freehold land	137
2	Land affected by a natural calamity	4
19	Rating units occupied/owned in common (includes residential and rural)	19
55	Wastewater charges for schools	61
146	Rating units containing two separately habitable units (second dwelling)	171
237	New residential subdivisions	0
5	Unusable land	4
608	TOTAL REMISSIONS	430

Note 6: Losses on disposal of property, plant and equipment

2009		2010
Actual \$000's	Note 6 - Losses on disposal of property, plant and equipment	Actual \$000's
Losses on disposal include:		
269	Bridges and culverts	0
5	Computer hardware	0
16	Footpaths	43
0	Harbour facilities	12
5	Land and buildings	661
22	Plant and machinery	24
125	Reserves improvements	19
763	Reserves land	175
480	Roading	1,500
7	Solid waste disposal	35
5	Stormwater	43
1,694	Wastewater	271
86	Water	13
3,477	TOTAL LOSSES ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	2,796



Note 7: Equity

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.

The Council created reserves consist of:

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

The accumulated balance and the Council created reserves are comprised of:

2009		2010
Actual \$000's	Note 7 - Equity	Actual \$000's
ACCUMULATED FUNDS		
436,821	Opening balance	438,658
0	Introduction of joint venture equity in place of previous consolidation	67
(26)	Net movement in restricted reserves	(957)
(3,923)	Net movement in Council created reserves	532
0	Transfers from property revaluation reserves on impairment	103
2,059	Transfers from property revaluation reserves on disposal	2,343
3,727	Net surplus for the year	3,317
438,658	Total consolidated accumulated funds	444,063
RESTRICTED RESERVES		
Reserves land (restrictions imposed by title)		
17,439	Opening balance	17,465
26	Net movement in reserves land	957
17,465	Closing balance	18,422
Endowment farms trust property (restrictions imposed by statute)		
1,528	Opening balance	1,528
0	Net movement in endowment farms trust property reserve	0
1,528	Closing balance	1,528
18,993	Total restricted reserves	19,950
COUNCIL CREATED RESERVES		
Specifically named reserves available to fund activities		
(20,191)	Opening balance	(16,269)
3,922	Net movement in specifically named reserves	(6,413)
(16,269)	Closing balance	(22,682)
Retained revenue reserves available to fund activities		
5,249	Opening balance	4,194
(1,055)	Net movement in retained revenue reserves	3,778
4,194	Closing balance	7,972
Funded depreciation reserves to fund capital items		
828	Opening balance	1,999
1,171	Net movement in funded depreciation reserves	1,801
1,999	Closing balance	3,800
Special LGAC reserves to fund capital items		
1,674	Opening balance	1,559
(115)	Net movement in special LGAC reserves	303
1,559	Closing balance	1,862
(8,516)	Total council created reserves	(9,048)
PROPERTY REVALUATION RESERVES		
509,462	Opening revaluation reserves	654,697
147,294	Net revaluation gains	20,556
0	Gains/(losses) taken to equity for impairments of land	(103)
(2,059)	Transfer to accumulated funds on disposal of property	(2,343)
654,697	Closing property revaluation reserves	672,807
1,103,832	TOTAL EQUITY	1,127,772

¹Council Created reserves are reserves created at Council discretion. The debit balance within Council Created Reserves has come about as a result of Councils internal funding allocation (An internal loan reserve is created from which internal loans are drawn down). If not disclosed through Council Created Reserves this internal funding allocation would be consolidated into Accumulated Funds.



Note 7a: Property revaluation reserves

2009		2010
Actual \$000's	7a - Property revaluation reserves consists of:	Actual \$000's
9,334	Buildings	10,400
5,203	Footpaths	6,531
1,422	Harbour facilities	2,056
45,861	Land	44,585
181,175	Restricted land	180,961
3,828	Reserves Improvements	4,240
267,712	Roads, bridges and culverts	269,773
1,439	Refuse processing and disposal	1,756
33,574	Stormwater	33,779
53,109	Wastewater	62,394
52,039	Water	56,332
654,697	TOTAL PROPERTY REVALUATION RESERVES	672,807

Restricted reserves have been disclosed at cost rather than at revaluation. Comparatives for 2009 have been realigned to also reflect this 2010 disclosure.

Note 8: Cash and cash equivalents

2009		2010
Actual \$000's	Note 8 - Cash and cash equivalents	Actual \$000's
66	Cash at bank and in hand	260
66	TOTAL CASH AND CASH EQUIVALENTS	260

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

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

3	Cash on hand	3
37	Council current account	241
27	Domain committee current accounts	16
0	Short-term deposits maturing three months or less from date of acquisition	0
66	TOTAL CASH AND CASH EQUIVALENTS	260

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

The Council has \$336,813 of cash and cash equivalents and other short term deposits with the ANZ National Bank, Bank of New Zealand and Westpac New Zealand. These financial institutions have opted into the New Zealand Retail Deposit Guarantee Scheme. The scheme provides a guarantee of deposits held to a maximum limit of NZ\$1,000,000 per investor and per guaranteed institution until 12 October 2010. The total value of these bank deposits held by the Council is therefore covered by the guarantee.



Note 9: Debtors and other receivables

2009		2010
Actual \$000's	Note 9 - Debtors and other receivables	Actual \$000's
3,255	Rates	3,600
120	Building consents	146
1	Licensing	2
214	Resource consents	198
152	Water	226
199	Water by volume	187
239	Contributions	1,112
3,335	Other trade receivables	667
1,275	GST	822
0	Interest receivable	0
1,044	New Zealand Transport Agency subsidies	610
72	Petrol Tax	75
129	Other receivables	253
10,034	Gross debtors and other receivables	7,898
(1,051)	Less provision for impairment of rates receivables: Refer Note 9b <i>Movements in provision</i>	(1,128)
(229)	Less provision for impairment of other receivables: Refer Note 9b <i>Movements in provision</i>	(243)
8,754	TOTAL DEBTORS AND OTHER RECEIVABLES	6,527
	Less non-current portion:	
152	Postponed rates: Refer Note 14 <i>Postponed rates</i>	174
152	Total non-current portion	174
8,602	CURRENT PORTION DEBTORS AND OTHER RECEIVABLES	6,353

Fair Value

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

Impairment

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

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

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

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$360,407 (2009: \$352,529). For further details refer to Note 9c; Arrangements to pay.



Note 9a: Aging of receivables

The status of receivables as at 30 June 2009 and 2010 are detailed below:

2009				2010		
Gross \$000's	Impairment \$000's	Net \$000's	9a - Aging of Receivables	Gross \$000's	Impairment \$000's	Net \$000's
3,110	0	3,110	Not past due	3,250	0	3,250
244	7	237	Past due 1 to 60 days	245	1	244
5,399	474	4,925	Past due 61 days to 1 year	2,527	352	2,175
1,130	800	330	Past due >1year	1,702	1,018	684
9,883	1,281	8,602	TOTAL CURRENT PORTION	7,724	1,371	6,353

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

Note 9b: Movements in provision for impairment

2009		2010
Actual \$000's	9b - Movements in provision for impairment	Actual \$000's
1,028	Opening impairment provision	1,280
376	Additional provisions made during the year	301
(124)	Receivables written off during the year	(210)
1,280	CLOSING IMPAIRMENT PROVISION	1,371

Note 9c : Arrangements to pay

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

2009	9c - Arrangements to pay	2010
268	0-12 months	303
84	> 12 months	57
353	TOTAL CARRYING AMOUNT OF ARRANGEMENTS TO PAY	360

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



Note 10 : Derivative financial instruments

2009		2010
Actual \$000's	Note 10 - Derivative financial instruments	Actual \$000's
CURRENT LIABILITY PORTION		
452	Interest rate swaps	756
452	Total current liability portion	756
NON-CURRENT LIABILITY PORTION		
69	Interest rate swaps	1,085
69	Total non-current liability portion	1,085
521	TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	1,841

Fair Value

Interest rate swaps

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

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$71.5 million (2009 \$59 million)

Of this notional amount:

- \$14.5 million is due to expire prior to the 30 September 2010;
- While \$6 million to expire in October 2010;
- \$5 million has a forward start date commencing before 30 August 2010;
- While \$17.5 million has a forward start date of 30 June 2011;

The Council's variable interest rate borrowings which these interest rates cover was \$38.9 million at 30 June 2010 (2009 \$54.9 million).

At 30 June 2010, the fixed interest rates of the interest rate swaps varied from 3.45% to 6.845% (2009 4.92% to 6.85%).



Note 11 : Other financial assets

2009		2010
Actual \$000's	Note 11 - Other financial assets	Actual \$000's
78	Current	81
145	Non-current	208
223	TOTAL OTHER FINANCIAL ASSETS	289
Other financial assets are comprised of:		
CURRENT PORTION		
<i>Loans and receivables</i>		
73	Short-term deposits with maturities of 4-12 months	77
5	Royal New Zealand Plunket Society Thames Branch Incorporated	4
78	Total current portion	81
NON-CURRENT PORTION		
<i>Investments</i>		
11	Unlisted shares: New Zealand Local Government Insurance Corporation Limited	21
0	Unlisted shares: Local Authority Shared Services Limited	0
108	Unlisted shares: Shared Valuation Data Service	108
23	Unlisted shares: Waikato Regional Transport Model	23
0	Interest in: Thames Valley Combined Civil Defence Committee	56
<i>Loans and receivables</i>		
3	Royal New Zealand Plunket Society Thames Branch Incorporated	0
145	Total non-current portion	208
223	TOTAL OTHER FINANCIAL ASSETS	290

Term Deposits

The carrying amount of term deposits approximates their fair value.

Unlisted Shares

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

New Zealand Local Government Insurance Corporation Limited (Civic Assurance)

Civic Assurance is the trading name of New Zealand Local Government Insurance Corporation Limited. Civic Assurance provides insurance products and other financial services principally to New Zealand local government. The Council holds 7,120 fully paid shares of \$1.00 in this entity. The value of these shares reflects the asset backing of \$3.05 per share according to the financial statements of the company as at 31 December 2009.

Local Authority Shared Services Limited

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

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

The Council also holds:

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

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

For further details refer Council Controlled Organisations on Page 168.



Joint Venture

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

Loans and Receivables

Royal New Zealand Plunket Society Thames Branch Incorporated

The face value of the interest free community loan to the Royal New Zealand Plunket Society Thames Branch Incorporated is \$3,933.69 (2009: \$9,178.05). This balance is payable within 12 months of balance date and has therefore not been discounted.

The term of the advance is for four years and is interest free. The Council holds a second mortgage over the buildings of the Society.

Impairment

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

Maturity Analysis and Effective Interest Rates

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

2009		2010
Actual \$000's	Maturity Analysis	Actual \$000's
Fair value:		
78	Other investments maturing within 1 year or less:	81
3	Investments maturing after 1 year but less than 2 years	0
0	Investments maturing after 2 year but less than 3 years	0
0	Investments maturing after 3 year but less than 5 years	0
0	Investments maturing after 4 year but less than 5 years	0
141	More than five years	208
223	FAIR VALUE OF FINANCIAL ASSETS	289
Carrying value:		
78	Other investments maturing within 1 year or less:	81
4	Investments maturing after 1 year but less than 2 years	0
0	Investments maturing after 2 year but less than 3 years	0
0	Investments maturing after 3 year but less than 5 years	0
0	Investments maturing after 4 year but less than 5 years	0
141	More than five years	208
223	CARRYING VALUE OF FINANCIAL ASSETS	289



Note 12 : Inventory

2009		2010
Actual \$000's	Note 12 - Inventory	Actual \$000's
Held for distribution or consumption:		
239	Wastewater spare parts	431
239	TOTAL INVENTORY	431

Inventory held for distribution

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

The carrying amount of inventory held for distribution is measured at current replacement cost, and adjusted when applicable for any loss of service potential. The loss in service potential of inventory held for distribution is determined on the basis of obsolescence.

The write-down of inventories held for distribution because of a loss in service potential amounted to nil (2009: \$nil). There have been no reversals of write-downs (2009 \$nil).

Note 13 : Non-current assets held for sale

2009		2010
Actual \$000's	Note 13 - Non-current assets held for sale	Actual \$000's
Non-current assets held for sale are:		
220	Land and buildings	0
220	TOTAL NON-CURRENT ASSETS HELD FOR SALE	0

Land and Buildings

The Council owned assets previously classed as 'held-for-sale' were sold during the 2009-2010 financial year. The property had previously been written down to fair value less costs to sell just prior to the sale taking place in July 2009 (\$220,000). No gain was made on the sale of these assets.

At its June 2010 meeting, the Council approved the demolition of the Whenuakite hall which is to be undertaken during the ensuing financial year. The land on which the hall stands is to be sold back to the original owners for \$1.00 which was the purchase price the Council paid at the time of acquisition. The building has been written down to a fair value of nil and the land to a fair value of \$1.00. The impairment loss has been accounted for in the operating surplus. Refer to Note 4: Expenditure.

Note 14 : Postponed rates

2009		2010
Actual \$000's	Note 14 - Postponed rates	Actual \$000's
152	Postponed rates	174
152	TOTAL POSTPONED RATES	174

The face value of postponed rates is \$174,473 (2009: \$151,989). Fair value has not been determined by using discounted cash flows.

Interest was charged at a rate of 7.75% on postponed rates for the 2009/2010 year (2009: 7.75%). Future interest rates are notified annually in the Long-term Council Community Plan or Annual Plan.

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

Note 15 : Property, plant and equipment

For the year ended 30 June 2010

Note 15 - Property, plant and equipment 2010	1 July 2009				30 June 2010				30 June 2010					
	Cost / Revaluation	Accum. dep and impairment charges	Carrying amount		Current year revaluation	Accum. Depn reversed on revaluation	Current year additions/ reclassified for sale	Current yr trfs to PPE intended for sale	Current year disposals	Current year disposals depn	Current year impairment charges	Net Book Value	Cost impairment charges	Accum. Depn and impairment charges
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
	21,493	1,254	20,239	(242)	1,250	1,266	0	256	28	0	721	21,564	22,261	697
Buildings														
Computer hardware	1,721	946	775	0	0	570	0	81	81	0	441	904	2,210	1,306
Furniture and fittings	1,767	633	1,134	0	0	140	0	0	0	0	175	1,099	1,907	808
Land	57,898	0	57,898	0	0	532	0	1,135	0	0	0	57,295	57,295	0
Library collections	1,003	330	673	0	0	119	0	0	0	0	120	672	1,122	450
Plant and machinery	2,199	991	1,208	0	0	368	0	368	280	0	278	1,210	2,199	989
Refuse processing and disposal	4,015	231	3,784	104	231	265	0	39	4	0	265	4,084	4,345	261
Total Operational Assets	90,096	4,385	85,711	(138)	1,481	3,260	0	1,879	393	0	2,000	86,828	91,339	4,511
INFRASTRUCTURAL ASSETS														
Bridges and culverts	14,168	259	13,908	768	259	169	0	0	0	0	285	14,819	15,105	285
Footpaths	16,378	567	15,811	776	567	422	0	45	2	0	649	16,884	17,531	647
Harbour facilities ¹	5,570	218	5,352	474	202	(102)	0	13	1	0	101	5,813	5,929	116
Reserves improvements	10,267	650	9,617	(234)	650	438	0	20	1	0	722	9,730	10,451	721
Roads	500,280	3,704	496,576	(1,902)	3,704	8,072	0	1,631	131	0	4,212	500,738	504,819	4,081
Stormwater	66,704	1,067	65,637	(859)	1,067	525	0	25	0	0	1,114	65,231	66,345	1,114
Wastewater	140,801	3,284	137,517	6,198	3,240	24,475	0	482	31	0	4,388	166,632	170,992	4,360
Water	98,701	2,165	96,536	2,136	2,165	13	0	14	0	0	2,316	98,520	100,836	2,316
Total Infrastructural Assets	852,869	11,914	840,955	7,357	11,854	34,012	0	2,230	166	0	13,787	878,368	892,008	13,640
Assets														
Restricted Assets:														
Reserves land	198,642	0	198,642	0	0	1,093	0	175	0	0	0	199,560	199,560	0
Capital work in progress ²	40,411	0	40,411	0	0	(20,613)	0	30	0	0	0	19,768	19,768	0
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,182,018	16,299	1,165,719	7,219	13,335	17,752	0	4,314	559	0	15,787	1,184,523	1,202,675	18,151

1. Current year additions (\$102,000) are comprised of a transfer of harbour assets to buildings of (\$125,000), offset by actual additions amounting to \$23,000.

2. Current year additions (\$20,613,000) are comprised of transfers to fixed assets of (\$37,829,000) offset by actual additions to work in progress of \$17,216,000.

For the year ended 30 June 2009

Note 15 - Property, plant and equipment 2009	1 July 2008				30 June 2009				30 June 2009					
	Cost / Revaluation	Accum. dep and impairment charges	Carrying amount	\$000's	Current year revaluation	Accum. Depn reversed on revaluation	Current year additions	Current yr trfs to PPE intended for sale	Current year disposals	Current year impairment charges	Current year depn	Net Book Value	Cost	Accum. Depn and impairment charges
OPERATIONAL ASSETS														
Buildings	21,050	708	20,342	0	0	443	0	0	0	0	546	20,239	21,493	1,254
Computer hardware	1,666	896	770	0	0	377	0	322	317	0	367	775	1,721	946
Furniture and fittings	1,663	466	1,197	0	0	104	0	0	0	0	167	1,134	1,767	633
Land	56,034	5,396	50,638	1,364	5,396	500	0	0	0	0	0	57,898	57,898	0
Library collections	842	233	609	0	0	161	0	0	0	0	97	673	1,003	330
Plant and machinery	1,948	780	1,168	0	0	394	0	143	86	0	297	1,208	2,199	991
Refuse processing and disposal	3,655	566	3,089	261	566	108	0	9	2	0	233	3,784	4,015	231
Total Operational Assets	86,858	9,045	77,813	1,625	5,962	2,086	0	474	405	0	1,708	85,711	90,096	4,385
INFRASTRUCTURAL ASSETS														
Bridges and culverts	13,139	249	12,890	569	249	734	0	274	6	0	265	13,908	14,168	259
Footpaths	16,754	565	16,189	(1,698)	565	1,339	0	17	1	0	568	15,811	16,378	567
Harbour facilities	5,526	109	5,417	0	0	44	0	0	0	0	109	5,352	5,570	218
Reserves improvements	8,480	1,231	7,249	1,262	1,231	642	0	117	10	0	660	9,617	10,267	650
Roads	526,445	3,419	523,026	(34,242)	3,419	8,708	0	631	119	0	3,823	496,574	500,280	3,704
Stormwater	63,198	2,979	60,219	1,324	2,979	2,188	0	6	0	0	1,067	65,637	66,704	1,067
Wastewater	118,628	6,777	111,851	3,003	6,777	20,990	0	1,820	54	0	3,338	137,517	140,801	3,284
Water	70,545	4,226	66,319	24,543	4,226	3,694	0	81	5	0	2,170	96,536	98,701	2,165
Total Infrastructural Assets	822,715	19,555	803,160	(5,239)	19,446	38,338	0	2,946	194	0	12,000	840,953	852,869	11,914
Restricted Assets:														
Reserves land	73,361	240	73,121	124,532	240	789	0	40	0	0	0	198,642	198,642	0
Capital Work in Progress ¹	45,955	0	45,955	0	0	(5,610)	0	(66)	0	0	0	40,411	40,411	0
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,028,889	28,840	1,000,049	120,918	25,648	35,603	0	3,393	599	0	13,708	1,165,716	1,182,018	16,299

1. Current year additions (\$5,610,000) are comprised of transfers to fixed assets of (\$39,267,000) offset by actual additions to work in progress of \$33,657,000.



Significant Acquisitions or Replacements of Assets for 2009/2010

The Local Government Act 2002 requires councils to provide information regarding any significant assets acquired or replaced during the year. The Council's significance policy deems amounts to be significant if:

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

No projects with budgeted expenditure of \$5,000,000 were undertaken during the year under review.

One project exceeded budget by more than \$500,000. This was the Tairua/Pauanui effluent disposal which had a budget of \$115,606. The amount actually expended was \$685,499, a difference of \$569,843. This was due to a portion of the project being deferred from the 2007/2008 year due to post resource consent consultation issues but the budget was not carried forward to 2009/2010.

Valuation

Operational assets

Furniture and fittings are held at deemed cost as determined by an independent market valuation as at 1 July 2004. Furniture and fittings additions since that date are recorded at cost, less accumulated depreciation and any accumulated impairment losses.

Library collections are held at deemed cost as determined by an estimated depreciated replacement value as at 1 July 2005. Library collections are recorded at cost, less accumulated depreciation and any accumulated impairment losses.

Plant and equipment and motor vehicles are recorded at cost, less accumulated depreciation and any accumulated impairment losses.

Buildings (e.g. residential buildings) are valued at fair value less accumulated depreciation with subsequent additions recorded at cost. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable and willing parties in an arms length transaction. The most recent valuation of buildings was performed by an independent valuer, Curnow Tizard Limited (Registered Valuers) Hamilton, and the valuation is effective as at 1 July 2009.

Land is valued at fair value using market based evidence based on a highest and best use scenario. The most recent valuation of land was performed by a registered independent valuer, Quotable Value Limited, Te Aroha and the valuation is effective as at 30 June 2008. Any subsequent additions from this date have been recorded at cost.

Refuse processing and disposal assets have been valued at depreciated replacement cost as at 1 July 2009 by MWH New Zealand Limited (Consulting Engineers), Christchurch. The significant assumptions used when determining depreciated replacement cost are covered below under 'infrastructural assets'. Any subsequent additions from this date have been recorded at cost.

Infrastructural assets

Infrastructural assets such as roads, footpaths, underground utilities (e.g. water, wastewater, storm water and site drainage) have been independently valued at depreciated replacement cost. The valuations have been performed in accordance with the New Zealand Valuation and Depreciation Guidelines issued by the NAMS Group.

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

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over design or surplus capacity.
- Replacement cost is the cost of building the asset "today". In arriving at the value, it is assumed that modern construction techniques and modern equivalent materials are used but that the physical result replaces the asset as it exists.
- Estimating the remaining useful life of assets.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

The Council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets fair values. If there is a material difference, then the asset class is revalued. The most recent valuations of the Council's infrastructural assets were performed by independent valuers, as detailed below:

- Harbour facilities have been valued at depreciated replacement cost as at 1 July 2009 by MWH New Zealand Limited (Consulting Engineers), Christchurch, with subsequent additions recorded at cost.
- Reserves improvements have been valued at depreciated replacement cost as at 1 July 2009 by MWH New Zealand Limited (Consulting Engineers), Christchurch. Subsequent additions are recorded at cost.
- Roads, Bridges and Footpaths, have been valued at depreciated replacement cost at 1 July 2009 by Opus International Consultants Limited (Consulting Engineers), Paeroa. Subsequent additions are recorded at cost.
- Water, Wastewater and Stormwater have been valued at depreciated replacement cost as at 1 July 2009 by MWH New Zealand Limited (Consulting Engineers), Christchurch. Subsequent additions are recorded at cost.



Restricted assets

Reserves Land has been valued at fair value using market based evidence based on a highest and best use scenario. However, where there is a designation held against the land or the land has a restricted or impaired use, appropriate adjustments and discounts have been made to reflect those factors. The most recent valuation of land was performed by a registered independent valuer, Quotable Value Limited, Te Aroha and the valuation is effective as at 1 July 2008. Any subsequent additions from this date have been recorded at cost.

Total fair value of property, plant and equipment valued by each valuer is as follows:

2009		2010
Actual		Actual
\$000's		\$000's
255,291	Quotable Value Limited	0
296,164	MWH New Zealand Limited	332,928
520,966	Opus International Consultants Limited	525,756
0	Curnow Tizard Limited	21,212

Impairment

No impairment losses have been recorded during the 2010 financial year in relation to property, plant and equipment (2009: \$nil).

Work in progress

The total amount of property, plant and equipment in the course of construction is \$19.77 million (2009: \$40.41 million).

Leasing

The net carrying amount of photocopiers held under finance leases is \$104,862 (2009: \$147,712).

Security

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

Note 16 : Intangible assets

For the year ended 30 June 2010

Note 16 - Intangible assets 2010	1 July 2009				30 June 2010				30 June 2010				
	Cost \$000's	Accum amortisation Impairment charges \$000's	Opening carrying amount \$000's	Current year re-valuation \$000's	Accum Depn reversed on revaluation \$000's	Current year additions \$000's	Current year disposals \$000's	Current year amortisation \$000's	Amortisation Charge \$000's	Closing Carrying Amount \$000's	Cost \$000's	Accum amortisation and impairment charges \$000's	Carrying Amount \$000's
Computer software	2,502	1,886	616	0	0	342	0	0	242	716	2,844	2,128	716
Aerial photography	244	155	89	0	0	0	0	0	50	39	244	205	39
Resource consents	1,542	88	1,454	0	0	373	0	0	98	1,729	1,915	186	1,729
Capital work in progress	872	0	872	0	0	189	0	0	0	1,061	1,061	0	1,061
TOTAL INTANGIBLE ASSETS	5,160	2,129	3,031	0	0	904	0	0	390	3,545	6,064	2,519	3,545
Note 16 - Intangible assets 2009	1 July 2008				30 June 2009				30 June 2009				
	Cost \$000's	Accum amortisation Impairment charges \$000's	Opening carrying amount \$000's	Current year re-valuation \$000's	Accum Depn reversed on revaluation \$000's	Current year additions \$000's	Current year disposals \$000's	Current year amortisation \$000's	Amortisation Charge \$000's	Closing Carrying Amount \$000's	Cost \$000's	Accum amortisation and impairment charges \$000's	Carrying Amount \$000's
Computer software	2,234	1,548	686	0	0	266	0	0	338	614	2,502	1,886	616
Aerial photography	244	106	138	0	0	0	0	0	49	89	244	155	89
Resource consents	1,308	44	1,264	0	0	234	0	0	44	1,454	1,542	88	1,454
Capital work in progress	650	0	650	0	0	222	0	0	0	872	872	0	872
TOTAL INTANGIBLE ASSETS	4,436	1,698	2,738	0	0	722	0	0	431	3,029	5,160	2,129	3,031



Computer software assets

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

Resource Consents

Resource consents are carried at cost less accumulated amortisation and accumulated impairment losses.

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

Note 17 : Forestry assets

2009		2010	
Actual	\$000's	Actual	\$000's
Note 17 - Forestry assets			
1,886	Balance at 1 July		1,581
0	Increases due to purchases		0
89	Gains(Losses) arising from changes attributable to physical changes		233
(394)	Gains(Losses) arising from changes attributable to price changes		263
0	Decrease due to harvest		(129)
1,581	BALANCE AT 30 JUNE		1,948

5.7 hectares of Zone 1 have been harvested in the year ending 30 June 2010 (2009: nil).

Zone 1:

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

The land is owned by the Crown as State Forest and is now leased by Rayonier (Matariki Forests) under a Crown Forests License. In turn, the Council purchased the trees standing on that parcel of land, known as Zone 1, described further below. The land continues to be Crown owned until such time as the Crown disposes of it.

The total area of the stand was 52 hectares with 37.4 hectares being stocked productive forest, consisting of mature radiata pine. However, in mid 2005 an area of 4.4 hectares was damaged by wind and has subsequently been the subject of an insurance claim. Only the remaining 33 hectares held has been included in the valuation by Hammond Resource Management Ltd. A recent visual inspection of the forest indicates that there has been no further loss of standing trees above the usual level to be expected from any forest stand like this.

The stand is currently in the process of being harvested. 5.7 hectares were harvested in the year ending 30 June 2010, with the remaining 27.3 hectares scheduled for harvesting before 30 June 2011.

Zone 2, 3 and 5:

In January 2008, the Council purchased a further area of Tairua Forest; known as Zones 2, 3 and 5. The purpose of this second purchase was to have additional area of forest available to meet the need for wastewater disposal both as demand increases and as some areas of the forest are taken out of service to facilitate harvesting of mature trees. The total area of the stand is 169.3 hectares of forest consisting of a mixture of both mature radiata pine and younger stands of radiata, along with small areas of other species.

The land is owned by the Crown as State Forest and is now held by Rayonier (Matariki Forests) under a Crown Forest License. In turn, the Council purchased the trees standing on that parcel of land. The Council has been assigned a Tairua Forest Crown Licence from Matariki Forests Limited. The current license fee payable in respect of Tairua Forest 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 has been included in Note 30: Contingent liabilities; Council Guarantees.



Valuation

The Council revalues its forestry assets annually and adopts that value. Independent registered valuers, Hammond Resource Management Ltd conducted a valuation of the forestry assets as at 30 June 2010.

The liquidation value has been used to determine the current value of the remaining unharvested area of Zone 1. The liquidation value refers to what the unharvested trees would realise if they were harvested today. This is the value of the trees after deducting harvesting, transport, roading and management costs from the sale price of the wood (also known as stumpage value) which is usually the value delivered to the mill gate or wharf. For the purposes of the valuation of Zone 2, 3 and 5, the following assumptions have been made:

- The clear fell age upon which to base calculations has been assumed as 28 years for radiata pine. The trees may in reality be held for more than 28 years or may be harvested earlier if this suits the owner.
- To derive the current stand values it is necessary to discount back the future value to the present value and to discount back the costs that have to be incurred in achieving that future value. The valuation model is highly sensitive to the discount rate and consequently to the final value achieved. A pre-tax discount rate of 6.0% has been applied (2009: 6.0%).
- The impact of spray irrigation on tree growth and both external and internal quality, is unknown and therefore at this time there is insufficient data available to incorporate any allowance for the effect that spray irrigation might have on the value of the tree crop, most likely expressed through changes in wood quality including density.

The Council is exposed to financial risks arising from changes in timber prices. The Council intends to hold the forestry long-term and therefore has not taken any measures to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.



Note 18 : Joint Venture

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

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

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

2009		2010
Actual \$000's	Note 18 - Joint Venture	Actual \$000's
	Opening balance	68
	Share of surplus/(deficit)	(12)
	CLOSING BALANCE	56
Council's interest in the joint venture is disclosed in the financial statements of the joint venture under the classifications shown below:		
32	Current assets*	42
50	Non-current assets*	30
(14)	Current liabilities	(16)
68	NET ASSETS	56
184	Share of income	215
(179)	Share of expenses	(227)
5	SHARE OF SURPLUS/(LOSS)	(12)

*Prior year assets have been restated to reflect adjustments made to joint venture accounts.

Details of any commitments and contingent liabilities arising from the Council's involvement in the joint venture are disclosed separately in notes 29 and 30.

Details of any related party transactions with the joint venture are disclosed separately in note 28.

Note 19 : Subsidiary

Thames Pensioner Housing Trust

From the 2003/2004 financial year, the Council consolidated the financial statements of the Thames Pensioner Housing Trust and presented group accounts. This was on the understanding that the trust was controlled by the Council. In May 2010, the Office of the Auditor General re-evaluated the status of the trust in relation to the Council and determined that "the Trust was not established by the Council, the Trust is not controlled by the Council, and is not therefore a controlled entity under the Public Audit Act". This decision removes the requirement for the Council to consolidate the Trust's financial statements into consolidated group financial statements and all references to the Trust in this Annual Report have been removed, except for this note.



Note 20 : Creditors and other payables

2009		2010
Actual \$000's	Note 20 - Creditors and other payables	Actual \$000's
9,982	Trade payables	9,507
1,746	Deposits and bonds	1,465
2,181	Contract retentions	1,544
165	Accrued expenses	139
705	Revenue in advance	882
14,779	TOTAL CREDITORS AND OTHER PAYABLES	13,537

Fair value

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

Note 21 : Employee entitlements

2009		2010
Actual \$000's	Note 21 - Employee entitlements	Actual \$000's
1,562	Current	1,634
103	Non-current	266
1,665	TOTAL EMPLOYEE ENTITLEMENTS	1,900

Employee entitlements are comprised of:

CURRENT PORTION

316	Accrued salaries and wages	384
1,042	Annual leave	1,125
67	Retirement and long service leave*	87
21	Sick leave	38
1,447	Total current portion	1,634

NON-CURRENT PORTION

218	Retirement and long service leave*	266
218	Total non-current portion	266
1,665	TOTAL EMPLOYEE ENTITLEMENTS	1,900

*Prior year split between current and non-current for retirement and long service was incorrect and has been re-stated.



Note 22 : Provisions

2009		2010
Actual \$000's	Note 22 - Provisions	Actual \$000's
351	Current	425
3,450	Non-current	2,814
3,801	TOTAL PROVISIONS	3,239
CURRENT PORTION		
223	Landfill aftercare	170
48	Weathertight homes	176
80	Reserve contribution credits	80
351	Total current provisions	426
NON-CURRENT PORTION		
2,262	Landfill aftercare liability	2,007
1,188	Weather tight homes	806
3,450	Total non-current provisions	2,813
3,801	TOTAL PROVISIONS	3,239
Movements for each class of the provision are as follows:		
Landfill aftercare liability		
3,022	Opening balance	2,485
(380)	Additional/(reduced) provision made during the year	(89)
(132)	Amounts used during the year	(213)
(26)	Discount unwinding	(6)
2,485	Closing balance	2,177
Weathertight homes		
745	Opening balance	1,236
1,148	Additional/(reduced) provision made during the year	(254)
(657)	Amounts used during the year	0
1,236	Closing balance	982
Reserve contribution credits		
150	Opening balance	80
0	Additional/(reduced) provision made during the year	0
(70)	Amounts used during the year	0
80	CLOSING BALANCE	80



Landfill aftercare

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

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

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

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

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

The provision has been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$5,155,599 (2009: \$5,306,609).

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

- The discount rate used to arrive at the present value is 7.71% (2009: 7.13%).
- The aftercare has been estimated to continue until 2044. The annual inflation factor applied to the estimated aftercare costs for 2009/2010 to 2018/2019 are the March 2009 Berl forecast used in the 2009-2019 Long-term Council Community Plan and an annual inflation rate of 2.50% has been applied to years 2019/2020 to 2036/2044 (2009: 2.5%).
- Estimates of the life and future expenditure are based on the 2009-2019 Long-term Council Community Plan budgets and the 2010/2011 Annual Plan.

Provision for Weathertight homes

This provision is based on the Council's most likely exposure to notified claims. As at 30 June 2010 the number of unsettled notified claims was ten (2009: 6).

Also see Note 30; Contingent liabilities for further disclosure and comment.

Reserve contribution credits

A provision 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 the Council on a case-by case basis.

In the past, a reserve contribution credit has been provided to certain developers for additional reserves land vested in 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 in the future on subsequent subdivisions. The development contributions policy, under the Local Government Act 2002 requires a market valuation to be obtained and the development contributions payable by the developer are then calculated on the average market value of 15m² for each additional allotment. For this reason, the conversion of these historic reserve credits issued under the Resource Management Act 1991 are difficult to measure and quantify under the Local Government Act 2002.

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

Also see Note 30; Contingent liabilities for further disclosure and comment.

Financial Guarantees

The Council is listed as sole guarantor to a number of community organisation's bank loans. The Council is obligated under the guarantee to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the organisations, which may vary over time.

Financial guarantees have not been recognised at fair value in the statement of financial position. Financial guarantees are disclosed as a contingent liability. For further details refer Note 30; Contingent liabilities.



Note 23 : Borrowings

2009		2010
Actual \$000's	Note 23 - Borrowings	Actual \$000's
249	Current	29,003
54,984	Non-current	20,231
55,233	TOTAL BORROWINGS	49,234
Borrowings were comprised of:		
CURRENT BORROWINGS		
49	Finance leases	53
200	Term loans	28,950
249	Total current borrowings	29,003
NON-CURRENT BORROWINGS		
84	Finance leases	44
0	Hire purchase	0
54,900	Term loans	20,187
54,984	Total non-current borrowings	20,231
55,233	TOTAL BORROWINGS	49,234

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

2009		2010
Actual \$000's	Maturity Analysis	Actual \$000's
ANALYSIS OF FINANCE LEASES		
49	Current	53
84	Non-current	44
133	TOTAL FINANCE LEASES	97
Total minimum finance lease payments are payable:		
58	Not later than one year	59
90	Later than one year and not later than five years	46
0	Later than five years	0
148	Total minimum lease payments	105
(15)	Future finance charges	(8)
133	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	97
Present value of minimum finance lease payments are payable:		
49	Not later than one year	53
84	Later than one year and not later than five years	44
0	Later than five years	0
133	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	97
ANALYSIS OF LOANS		
200	Current	28,950
54,900	Non-current	20,187
55,100	TOTAL LOANS	49,137
<i>Total minimum loan payments payable:</i>		
200	Not later than one year	28,950
54,900	Later than one year and not later than five years	20,187
0	Later than five years	0
55,100	TOTAL LOANS	49,137



Term loans

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

The bank three year rolling flexible rate term loan facilities of \$65,000,000 (2009: \$65,000,000) are issued at floating rates of interest. The interest rate is reset quarterly based on the 90 day bill rate plus a bank margin for credit risk. These facilities are due to expire on 20 January 2011. However this date may be extended, by agreement, in January of each year.

The bank term loan and committed money market line facility of \$5,000,000 (2009: \$10,000,000) is issued at floating rates of interest. The interest is reset quarterly at the 90 day bill rate plus a bank margin for credit risk.

The stock issuance debenture of \$10,000,000 (2009: \$10,000,000) is issued at a floating rate of interest. The interest is set quarterly at the 90 day bill rate plus a margin of 0.15% for credit risk.

The bank fixed rate term loan of \$10,000,000 (2009: nil) is set with an interest rate of 6.45%. This loan is due to expire on 24 July 2013.

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

2009			2010	
Facilities Held	Drawings on Facilities		Facilities Held	Drawings on Facilities
\$000's	\$000's		\$000's	\$000's
250	0	Overdraft facility	250	0
10,000	200	Bank term loan and committed money market line facility	5,000	0
20,000	20,000	Bank three-year rolling flexible rate term loan facility	20,000	20,000
15,000	14,900	Bank three-year rolling flexible rate term loan facility	15,000	8,900
30,000	10,000	Bank three-year rolling flexible rate term loan facility	30,000	0
0	0	Bank fixed rate term loan facility	10,000	10,000
45	0	Indemnity/performance bond facility	45	0
400	0	Clean credit facility	400	0
0	0	Energy Efficiency and Conservation Authority (EECA)	237	237
10,000	10,000	Stock Issuance Facility	10,000	10,000
85,695	55,100	TOTAL LIMITS	90,932	49,137

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$250,000 (2009: \$250,000). There are no restrictions on the use of this facility.

The Council's loans are secured through a debenture which grants security to the lender by way of a charge over the Council's general rates and rates revenue. This security is held for all monies advanced in connection with the facilities detailed below, that have a total nominal amount of \$90,000,000 (2009: \$85,000,000).

Bank term loans and committed money market line facility	\$ 5,000,000
Bank three year rolling flexible rate term loan facilities; and	\$65,000,000
Bank fixed rate term loan	\$10,000,000
The stock issuance facility	\$10,000,000
Energy Efficiency Conservation Authority (EECA)	\$237,500

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

Loan to finance interest express

Included in borrowings for the year under review is the amount of \$1,411,875 which was raised to fund the interest on additional capacity loans that was not met by developer's contributions. This is in accordance with the Council's Development Contributions Policy.



Secured loan covenants

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

- Compliance with the Local Government Act 2002 with respect to the keeping and filing of reports, accounts and statements and registration of charges including the debenture trust deed;
- Ensure that the financial statements and other records of the Council are audited and retained for a period of at least seven years after the date on which they are made or the date of completion of the transaction to which they relate in accordance with statutory requirements;
- Give notice in writing to the trustee of any matter which would cause any current stock issuance certificate to be materially defective;
- Compliance with the Securities Act applicable to the issuance of stock, prior to the issue of any prospectus or investment statement and forward a draft copy to the trustee;
- Provide details of the amount owing in respect of security stock to the trustee within ten business days whenever requested;
- Notify the trustee immediately in writing of the occurrence of any enforcement event giving full details of any action that has been taken as a result;
- Refund the trustee for all expenditure plus interest if deemed necessary or expedient by reason of any default on the part of the Council in performing any of covenants; and
- To provide the trustee with a copy of the following reports:
 1. Long-term Council Community Plan, Annual Plan, Annual Report and Liability Management Policy within one month of adoption.
 2. Interim financial information prepared for external distribution;
 3. Material amendments to any Long-term Council Community Plan or Liability Management Policy that have been approved and adopted by the Council;
 4. Reporting certificate completed and signed at the same time that the Annual Report and interim financial information is furnished and within 21 days of a written request by the trustee;
 5. Any information requested by the trustee with respect to matters relating to the financial statements.

Fair value

The fair value of finance leases is \$104,862 (2009: \$147,712). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date ranging from 8% and 9% (2009: 8% and 9%).

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

Description of leasing arrangements

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

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

The Council is not permitted to pledge the leased assets as security nor can it sublease the leased equipment without the permission of the lessor. There are no other restrictions placed on the Council by any of the finance leasing arrangements.

Compliance

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

There have been no significant amendments to or departures from the investment policy during the year ended 30 June 2010 (2009: nil).



Note 24 : Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities

2009		2010
Actual \$000's	Note 24 - Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities	Actual \$000's
3,727	Reported operating surplus	3,317
	Add(less) non-cash items	
(3,144)	Vested assets	(1,467)
431	Amortisation	390
13,708	Depreciation	15,787
305	(Gains)/losses in fair value of forestry assets	(367)
(150)	Net (gains)/losses on foreign exchange	0
850	Net (gains)/losses on interest rate swaps	1,320
491	Movement in weathertight buildings provision	(253)
(70)	Movement in reserve contribution credits	0
252	Movement in doubtful debt provision	91
90	Impairment of property intended for sale	147
(537)	Interest unwind on landfill aftercare	(309)
12,226		15,339
	Add(less) movements in working capital items	
(1,431)	Increase/(decrease) in accounts payable	1,179
186	Increase/(decrease) in employee benefits	235
(1,351)	(Increase)/decrease in accounts receivable	2,385
(2,596)		3,799
	Add(less) items classified as investing activities	
3,477	Net losses on sale of property, plant and equipment	2,582
16,834	NET CASH INFLOW FROM OPERATING ACTIVITIES	25,037

Note 25 - Segmental reporting

The Council provides local authority services to ratepayers and other residents of the Coromandel Peninsula.

Note 26 - Severance agreements

Under clause 19(i) a of schedule 10 of the Local Government Act 2002, the Council is required to disclose:

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

There have been no severance payments to former employees during the year ending 30 June 2010 (2009: nil).



Note 27 - Remuneration

Elected representatives received the following remuneration:

2009		2010
Actual \$000's	Note 27 - Remuneration	Actual \$000's
Elective Representatives		
93	Mayor Philippa Barriball JP	97
37	Deputy Mayor Adrian Catran JP	43
28	Councillor Bill Barclay	30
27	Councillor Jan Bartley	28
31	Councillor Noel Hewlett JP	33
27	Councillor Dal Minogue	28
33	Councillor John Morrissey	37
34	Councillor Strat Peters	37
27	Councillor Dirk Sieling	29
337	TOTAL ELECTED REPRESENTATIVES' REMUNERATION	362

The Chief Executive received the following remuneration:

2009	Chief Executive	2010
273	Salary	279
19	Vehicle (market value plus FBT)	17
1	Telephone	1
1	Professional fees	1
5	Medical insurance (market value plus FBT)	5
298	TOTAL CHIEF EXECUTIVE'S REMUNERATION	303

For the year ended 30 June 2010, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$302,670 (2009 \$298,231).



Note 28 - Related party transactions

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

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties during the year ending 30 June 2010 (2009: nil). No related party debts have been written off or forgiven during the period (2009: nil).

The following transactions were carried out with related parties:

1. Greg de Laborde, who was a member of staff up until 26 February 2010, is a director/shareholder of Twentyfour Oceans Limited. This company provides ongoing management and consulting and software services to the Council that includes software maintenance, training and support. These services from 1 July 2009 to 26 February 2010 amounted to \$18,237.77 plus GST. (2009 \$57,000).
2. Naomi Harsant is a library assistant employed by the Council and is the wife of Arthur Harsant who undertakes various handyman type tasks for the Council. Amounts paid to Arthur Harsant for the year under review amounted to \$328.79.
3. Margaret Harrison is a staff member at the Coromandel office and is a trustee of the Coromandel Independent Living Trust. Payments made to the trust for the year under review amounted to \$1,292.00.
4. Hunsa Newland is a librarian employed by the Council whose partner owns Thames Hire Centre. Amounts paid to the Thames Hire Centre for the year under review amounted to \$180.44 plus GST.
5. Christine Toogood is employed by the Council as a casual library assistant at the Whitianga library. She also undertakes cleaning services under contract for the Council. Amounts paid to her for cleaning services for the year under review amounted to \$14,999.00.
6. Katherine Davies is a senior policy planner employed by the Council. Her partner is a director/shareholder of KTB Planning Consultants Limited who provide planning services to the Council. Amounts paid to KTB Planning Consultants Limited for the year under review amounted to \$81,897.50 plus GST.
7. Dirk Sieling is a member of the Council and leases a property at 90 Moewai Road, Whitianga. For the year under review lease rental received by the Council amounted to \$19,000.00 plus GST. An additional invoice for rent issued in June 2010 for \$8,062.00 plus GST was not actually paid by balance date. (2009 \$90,000).
8. John Morrissey is a member of the Council and is a director/shareholder of Morrissey Automotive Services Limited of Coromandel. Amounts paid to Morrissey Automotive Services Ltd for the year under review amounted to \$171.00.

Key Management Personnel

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

2009		2010
Actual \$000's	Note 28 - Related party transactions	Actual \$000's
KEY MANAGEMENT PERSONNEL		
1,460	Salaries and other short term employee benefits	1,462
0	Post employment benefits	0
0	Other long term benefits	0
0	Termination benefits	0

Thames Valley Combined Civil Defence Committee

The Thames Valley Combined Civil Defence Committee is a joint venture of the Council, that provides rural fire and emergency services.

THAMES VALLEY COMBINED CIVIL DEFENCE COMMITTEE		
178	Grants and levies paid by Council	197
40	Council reimbursements to EPU for items bought on behalf of Council	43
25	Council reimbursements to EPU for assets purchased on behalf of Council	0
1	Administration services provided by Council including rent and rates	20
0	Insurance and ACC levies reimbursed to Council as paid on behalf of EPU	28
0	Other reimbursements to Council paid on behalf of EPU	53
181	Gross salaries reimbursed to Council as paid on behalf of EPU	211



Local Authority Shared Services Limited

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

LOCAL AUTHORITY SHARED SERVICES LIMITED		
54	Services provided to Council	51
0	Accounts receivable from Council	0
0	Shareholding in Local Authority Shared Services Ltd provided to Council	0
108	Shareholding in Shared Valuation Database Service provided to Council	0
23	Shareholding in Waikato Regional Transport Model provided to Council	0

Note 29 - Events after balance date

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

Note 30 - Contingent Liabilities

The Council is aware of the following contingent liabilities as at 30 June 2010:

2009		2010
Actual \$000's	Note 30 - Contingent liabilities	Actual \$000's
	Pending litigation: The maximum possible amounts are stated in all cases	
567	Miscellaneous non-insured claims	822
470	Wastewater biosolids infrastructure	0
5,666	Weather tight homes	7,092
2,056	Council guarantees	1,986
8,759	TOTAL CONTINGENT LIABILITIES	9,900

Native lands agreement

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

In 1999, the Council reviewed the background to this issue and agreed to enter into discussions with iwi to explore ways of settling the grievance issues that they have with the Council in relation to this matter. These discussions are continuing and may lead to the need to refund some rates previously assessed.



Weathertight homes

28 claims have been lodged to date with the Weathertight Homes Resolution Service (WHRS) for buildings located within the District (2009: 21). Of these, ten claims were registered on the WHRS website as active as at 30 June 2010 (2009: 8 claims). The amounts sought by the claimants of these unsettled claims total to \$6,225,000 including two for unknown amounts (2009: 6 claims totalled \$4,921,000 including four for unknown amounts). Claims are dealt with on a case by case basis.

It is not yet certain whether these claims are valid and whom will be liable for the claimed building defects, therefore the Council is unable to assess its exposure to the claims lodged with Weather Tight Home Resolution Service.

The Council may have a potential liability for settlement of claims arising in relation to the Weather Tight Homes Resolution Services Act 2006. These claims relate to weather tightness issues on homes in the Thames-Coromandel area where the Council is named as one of the defendants. The events which gave rise to the Council's exposure for any building weather-tightness generally occurred prior to 2004.

The Council therefore has a residual claims exposure for any building weather-tightness claims which may be brought prior to 2013 (the legislative timeframe within which claimants can lodge claims for events which occurred prior to 2004). The Council have an unquantified contingent liability in relation to potential future claims which have not yet been advised and therefore are unable to be recognised as a potential liability at this stage. However, the Council has included \$1,340,000 in this contingency as an estimation of possible emergent claims (2009: \$1,742,000). Unreported claims are treated as a contingency owing to the inherent uncertainties in quantifying the number and quantum of unreported claims.

A provision has been recognised for accounting purposes for the potential settlement of claims that have been notified to the Council at balance date in Note 22; Provisions. The provision has recognised \$982,500 as a liability in the statement of financial position (2009: \$1,235,500). A decrease in expenditure has been recognised in the statement of financial performance reflecting the the reduction in the provision of \$253,000 (2009: \$491,000 increase in provision and expenditure). Refer to Note 22; Provisions.

Reserve contribution credits

At balance date, land being vested in the Council for the purpose of the Whitianga sportsfield project is under consideration. Development contributions are payable by the developer if the Council resolves to utilise alternative land for the Whitianga sportsground project. Alternatively, if the Council decides to accept the land proposal, the land vested would then be recognised as an asset in the statement of financial position, development contributions would be recognised as revenue in the statement of financial performance and a related reserve contribution credit liability would crystallise that could be used to offset future neighbourhood reserve contributions payable by this developer.

Council Guarantees

The Council is listed as a guarantor to a number of sporting and community organisation bank loans. The Council is obligated under the guarantee to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time.

The terms and conditions of the guarantee require:

- The organisation to provide the Council with a copy of their annual report and proposed budget to enable the financial stability to be assessed on an annual basis, and
- An indemnity to the Council that 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 considered minimal.

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



The following loan guarantees have been given by the Council:

2010				
Year of Guarantee	Term in Years		Amount of Original Guarantee 000's	Current Level of Guarantee Outstanding 000's
Aug-1997	15	Thames Squash Rackets Club Inc	50	9
Feb-2001	25	Thames Tennis Club	98	37
Jul-2002	15	Thames Pensioner Housing Trust	510	235
Jan-2009	25	Housing New Zealand	1,283	246
Jan-2008	Not applicable	Land Information New Zealand*	45	45
			1,986	572

2009				
Year of Guarantee	Term in Years		Amount of Original Guarantee 000's	Current Level of Guarantee Outstanding 000's
Feb-2001	10	Thames Coast Bowling Club	70	0
Aug-1997	15	Thames Squash Rackets Club Inc	50	2
Feb-2001	25	Thames Tennis Club	98	38
Jul-2002	15	Thames Pensioner Housing Trust	510	276
Jan-2009	25	Housing New Zealand	1,283	246
Jan-2008	Not applicable	Land Information New Zealand*	45	45
			2,056	607

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

Employer contributions to defined contribution plans

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

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

As at 31 March 2010, the scheme had a past service surplus of \$30.462 million (exclusive of employer superannuation contribution tax). This surplus was calculated using a discount rate equal to the expected return on net assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19.41 The actuary of the scheme has recommended the employer contribution remain at 1.0 times contributor's contributions.

Joint venture contingent liabilities

There are no contingent liabilities associated with the joint venture, Thames Valley Combined Civil Defence Committee, as at 30 June 2010 (2009: nil).

Contingent Assets

The Council has no contingent assets (2009: \$nil).



Note 31 - Commitments

Operating Leases as Lessee

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

2009		2010
Actual \$000's	Note 31 - Commitments	Actual \$000's
Non-cancellable operating leases as lessee		
Non-cancellable operating lease commitments		
20	Not later than one year	19
19	Later than one year, not later than two years	9
9	Later than two years, not later than five years	0
0	Later than five years	0
48		28
Non-cancellable contracts for operation of water, stormwater, wastewater, roading, solid waste collection and disposal, and community facilities		
13,006	Not later than one year	15,753
10,214	Later than one year, not later than two years	12,908
11,514	Later than two years, not later than five years	10,675
0		0
34,734		39,336
3,833	Other contracts for miscellaneous operating functions	2,678
38,615	TOTAL NON-CANCELLABLE OPERATING LEASES AND CONTRACTS	42,042

Joint venture operating lease commitments

There are no operating lease commitments associated with the joint venture, Thames Valley Combined Civil Defence Committee, as at 31 March 2010 (2009: nil).

Capital Commitments

Capital commitments

8,902	Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	6,584
47,517	TOTAL COMMITMENTS	48,626
22,038	In addition to these commitments above, Council has authorised additional capital works for 2010/11 in the 2010/11 annual plan	22,915
30,940	TOTAL CAPITAL WORKS FOR 2010/11 YEAR	29,499

Joint venture commitments

There are no capital commitments in relation to the Council's interest in the joint venture, Thames Valley Combined Civil Defence Committee, as at 30 June 2010 (2009: nil).



Operating Leases as Lessor

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

OPERATING LEASES AS LESSOR

Non-cancellable operating leases as lessor

Non-cancellable operating lease commitments

781	Not later than one year	820
1,599	Later than one year, not later than five years	2,364
3,310	Later than five years	5,310
5,690	TOTAL NON-CANCELLABLE LEASES OPERATING LEASES AS LESSOR	8,494

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

For further details on properties leased by the Council to related parties, refer Note 28; Related party transactions.



Note 32 - Capital works programme

		2010			
2009					
Total	Note 32 - Capital works programme --	Completed	Work in	Total	
Expended	activity by catchment area	Work	Progress	Expended	Budget
\$000's		\$000's	\$000's	\$000's	\$000's
DISTRICT					
251	Public Conveniences	31	0	31	156
11	Leadership	0	0	0	352
0	Economic Development	176	0	176	0
929	Strategic Planning	1,215	11	1,226	1,918
21	Emergency Management	44	0	44	63
81	Cemeteries	12	5	17	453
0	Harbours	3	0	3	0
1,022	Natural Cultural and Heritage	89	0	89	0
7,239	District Transportation	7,064	79	7,143	7,963
108	Solid Waste Disposal	265	0	265	445
18,582	Wastewater	778	4,102	4,880	10,115
28,243		9,676	4,197	13,873	21,464
THAMES					
65	Local Transportation	31	3	33	92
6	Halls	14	0	14	2
104	Libraries	166	0	166	199
0	Harbours	0	0	0	0
14	Swimming Pools	5	289	294	0
344	Parks and Reserves	27	0	27	70
12	Stormwater	47	34	81	581
125	Water	137	345	482	2,342
670		426	670	1,096	3,286
COROMANDEL					
45	Local Transportation	47	0	47	56
11	Halls	0	3	3	31
0	Libraries	0	0	0	0
0	Harbours	0	0	0	0
0	Plant and Equipment	0	0	0	0
250	Parks and Reserves	91	0	91	195
60	Stormwater	0	38	38	195
55	Water	96	0	96	285
421		234	41	276	762
MERCURY BAY					
500	Local Transportation	150	319	468	462
9	Halls	0	0	0	0
84	Libraries	49	0	49	72
35	Harbours	0	129	129	231
674	Parks and Reserves	84	29	113	176
17	Stormwater	114	5	119	275
512	Water	88	1	89	185
1,832		485	482	967	1,401



2009		2010			
Total Expended \$000's	Note 32 - Capital works programme -- activity by catchment area	Completed Work \$000's	Work in Progress \$000's	Total Expended \$000's	Budget \$000's
TAIRUA/PAUANUI					
464	Local Transportation	43	32	75	470
10	Halls	321	0	321	519
13	Libraries	10	0	10	9
0	Harbours	0	0	0	0
161	Parks and Reserves	82	5	87	250
197	Stormwater	52	4	56	359
762	Water	68	31	99	1,416
1,608		577	72	649	3,023
WHANGAMATA					
353	Local Transportation	80	0	80	142
102	Halls	0	60	60	163
0	Libraries	0	0	0	0
0	Harbours	0	0	0	0
94	Parks and Reserves	69	3	72	119
268	Stormwater	16	3	19	359
66	Water	124	0	124	220
883		288	67	355	1,003
33,657	TOTAL FOR THE DISTRICT	11,686	5,530	17,216	30,940

2009		2010			
Total Expended \$000's	Note 32 - Capital Works Programme - Activity	Completed work \$000's	Work in progress \$000's	Total Expended \$000's	Budget \$000's
1,428	Local Transportation	350	353	703	1,222
7,239	District Transportation	7,064	79	7,143	7,963
251	Public Conveniences	31	0	31	156
11	Leadership	0	0	0	352
0	Economic Development	176	0	176	0
929	Strategic Planning	1,215	11	1,226	1,918
21	Emergency Management	44	0	44	63
81	Cemeteries	12	5	17	453
139	Halls	335	64	399	715
201	Libraries	224	0	224	279
1,022	Natural Cultural and Heritage	89	0	89	0
35	Harbour Facilities	3	129	131	231
14	Swimming Pools	5	289	294	0
1,525	Parks and Reserves	353	37	390	810
108	Solid Waste Disposal	265	0	265	445
552	Stormwater	229	85	313	1,770
18,582	Wastewater	778	4,102	4,880	10,115
1,520	Water	514	377	890	4,448
33,657	TOTAL PER ACTIVITY	11,686	5,530	17,216	30,940



Note 33 - Financial instrument categories

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

Note 33a- Financial instrument categories

2009	2010
Parent 000's	Parent 000's
Note 33a - Financial instrument categories	
Financial assets	
Fair value through surplus or deficit-held for trading	
0	0
Derivative financial instrument assets	
Loans and receivables	
66	260
8,602	6,353
152	174
Cash and cash equivalents	
Debtors and other receivables	
Rates postponement receivables	
Other financial assets	
73	77
0	0
8	4
Term deposits	
Other receivables	
Community loans	
8,901	6,868
Total loans and receivables	
Fair value through other comprehensive income	
Other financial assets	
141	208
Unlisted shares	
141	208
Total fair value through other comprehensive income	
Financial liabilities	
Fair value through surplus or deficit-held for trading	
521	1,841
Derivative financial instrument liabilities	
Financial liabilities at amortised cost	
14,779	13,537
Creditors and other payables	
Borrowings	
133	97
55,100	49,137
Finance Lease liabilities	
Term loans	
70,012	62,771
TOTAL FINANCIAL LIABILITIES AT AMORTISED COST	



Note 33b- Fair value hierarchy disclosures

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

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

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

	2010			
	Valuation technique			
	Total	Quoted	Observable	Non
		market price	inputs	observable
Note 33b - Fair value hierarchy disclosures				inputs
	\$000's	\$000's	\$000's	\$000's
Financial assets				
Derivatives	0		0	
Shares	208			208
Financial liabilities				
Derivatives	1,841		1,841	

	2009			
	Valuation technique			
	Total	Quoted	Observable	Non
		market price	inputs	observable
	\$000's	\$000's	\$000's	\$000's
Financial assets				
Derivatives	0		0	
Shares	141			141
Financial liabilities				
Derivatives	521		521	

Note 33c- Financial instrument risks

The Council is party to financial instruments as part of its normal operations. The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure arising from its treasury activities. The Council has a liability management policy and an investment policy that provides risk management for interest rates and the concentration of credit risk.

These policies do not allow any transactions that are speculative in nature to be entered into.

Price risk

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

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

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk.

The Council's liability management policy outlines the level of borrowing that is considered acceptable using fixed rate instruments. In the normal course of business, any long-term debt is at floating interest rates. Short-term borrowing and investments are subject to normal market fluctuations. Interest rate management instruments are used to manage floating wholesale market interest rate movements by converting floating rates to fixed rates. Consequently, investments at fixed rates expose the Council to fair value interest rate risk.



The interest rates on the Council's investments are disclosed in Note 10; *Derivative Financial Instruments* and on Council's borrowings in Note 23; *Borrowings*.

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

Cash flow rate risk

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

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

Credit Risk

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

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

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

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

As a result of these controls there are no significant concentrations of credit risk. The maximum exposure to credit risk at 30 June 2010 is the fair value of these instruments as stated in the statement of financial position.

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

Maximum exposure to credit risk

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

2009		2010
Actual 000's	Note 33c - Financial instrument risks	Actual 000's
139	Cash at bank and term deposits	337
8,602	Debtors and other receivables	6,353
152	Rates postponement receivables	174
8	Community loans	4
0	Derivative financial instrument assets	0
607	Financial guarantees	572
9,508	TOTAL CREDIT RISK	7,440



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:

2009	2010
Actual 000's	Actual 000's
Counterparties with credit ratings	
Cash at bank and term deposits	
139 AA	337
139 Total cash at bank and term deposits	337
Derivative financial instrument assets	
0 AA	0
0 TOTAL DERIVATIVE FINANCIAL FINANCIAL INSTRUMENT ASSETS	0
Counterparties without credit ratings	
Community loans	
8 Existing counterparty with no defaults in the past	4
Existing counterparty with defaults in the past	
8 TOTAL COMMUNITY LOANS	4

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

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

The Council has \$336,813 cash and cash equivalents held in deposit accounts with ANZ National Bank Limited, Bank of New Zealand and Westpac New Zealand. These financial institutions have opted into the New Zealand Retail Deposit Guarantee Scheme that provides a guarantee of deposits held to a maximum limit of \$1,000,000 NZD per investor and per guaranteed institution until 12 October 2010. The total value of bank deposits held by the Council with these banks is therefore covered by the guarantee.

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

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

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

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

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

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

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

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



Liquidity Risk

The management of liquidity risk

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

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

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

The Council has a maximum amount that can be drawn down against its overdraft facility of \$250,000 (2009: \$250,000). There are no restrictions on the use of this facility. For a summary of the facilities held by the Council refer to Note 23: *Borrowings*.

The Council seeks to manage liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

Contractual Maturity Analysis of Financial Liabilities

The maturity profiles of the Council's interest bearing investments and borrowings are disclosed in Note 10; Derivative Financial Instruments and Note 23; *Borrowings*.

The following table analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on the floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

Contractual maturity analysis: liabilities	2010				
	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Creditors and other payables	13,537	13,537	13,537	0	0
Not settled derivative liabilities	1,841	1,841	1,138	586	117
Secured loans	49,137	49,137	28,950	20,187	0
Finance leases	97	105	59	46	0
Financial guarantees	572	572	572	0	0
Total	65,184	65,192	44,256	20,819	117

Contractual maturity analysis: liabilities	2009				
	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Creditors and other payables	14,779	14,779	14,779	0	0
Not settled derivative liabilities	521	521	452	262	(193)
Secured loans	55,100	55,100	200	54,900	0
Finance leases	133	148	58	90	0
Financial guarantees	607	607	607	0	0
Total	71,140	71,155	16,096	55,252	(193)



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

Contractual maturity analysis: assets	2010				
	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	260	260	260	0	0
Debtors and other receivables	6,353	6,353	5,668	684	0
Rates postponement receivables	174	174	0	0	174
Not settled derivative assets	0	0	0	0	0
Other financial assets:					
Term deposits	77	77	77	0	0
Unlisted shares	0	0	0	0	152
Other receivables	0	0	0	0	0
Community loans	4	4	4	0	0
Total	6,868	6,868	6,009	684	326

Contractual maturity analysis: assets	2009				
	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	66	66	66	0	0
Debtors and other receivables	8,602	8,602	8,272	322	9
Rates postponement receivables	152	152	0	0	152
Not settled derivative assets	0	0	0	0	0
Other financial assets:					
Term deposits	73	73	73	0	0
Unlisted shares	141	141	0	0	141
Other receivables	0	0	0	0	0
Community loans	8	9	5	4	0
Total	9,043	9,044	8,416	326	302



Sensitivity Analysis

The table below illustrates the potential surplus or deficit and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on financial instrument exposures at the balance date.

Sensitivity analysis	2010			
	Surplus	-100bps Other Equity	Surplus	+100bps Other Equity
	\$000's	\$000's	\$000's	\$000's
INTEREST RATE RISK				
Financial assets				
Cash and cash equivalents	0	0	0	0
Derivatives -held for trading	0	0	0	0
Financial liabilities				
Derivatives -held for trading	(4,247)	0	1,406	0
Borrowings				
Bank overdraft	0	0	0	0
Term loans	0	0	0	0
Total sensitivity to interest rate risk	(4,247)	0	1,406	0

Sensitivity analysis	2009			
	Surplus	-100bps Other Equity	Surplus	+100bps Other Equity
	\$000's	\$000's	\$000's	\$000's
INTEREST RATE RISK				
Financial assets				
Cash and cash equivalents	(1)	0	1	0
Derivatives -held for trading	0	0	0	0
Other financial assets				
Financial liabilities				
Derivatives -held for trading	(3,677)	0	1,406	0
Borrowings				
Bank overdraft	0	0	0	0
Term loans	(16)	0	16	0
Total sensitivity to interest rate risk	(3,694)	0	1,423	0

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2009 -100bps/+100bps).



Note 34 - Capital management

The Council's capital is its equity (or ratepayers funds), which comprise retained earnings, asset revaluation reserves and fair value through comprehensive income reserves. Equity is represented by net assets.

The Local Government Act 2002 requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

The Act requires the Council to make adequate and effective provision in its Long-term Council Community Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. And the Act 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 Long-term Council Community Plan.

The Council has the following Council created reserves:

- Specifically named reserves available to fund activities
- Retained revenue reserves available to fund activities
- Funded depreciation reserves to fund capital items
- Special LGAC reserves to fund capital items

Note 35 - Explanation of major variances against budget

Explanations for major variances from the Council's budget in the 2009-19 Long-term Council Community Plan are as follows:

Statement of Comprehensive Income

The Councils operating surplus of \$3.32 million compares with a budgeted surplus of \$5.86 million. This is due to the net effect of the following variances in revenue and expenditure detailed further below.

Revenue was \$76.32 million (including assets vested in the Council) compared to the budgeted revenue of \$79.93 million.

Expenditure was \$72.99 million compared to the plan of \$74.07 million.

Revenue

Refer to Note 3: Revenue.

Activity Revenue

Activity revenue variances are reported in detail by significant activity in the cost of service statements in section three: Council Activities.

Rates revenue

Rates are showing an increase from the planned figure of \$57.38 million to \$57.84 million, a difference \$0.46 million which is due to shifts in the rating database numbers between the time of the budget for the 2009-19 Long-term Council Community Plan is finalised and the actual assessment of rates is conducted at the end of close of the District valuation roll.

Subsidies revenue

The subsidies revenue received from New Zealand Transport Agency was \$0.35 million lower than budget, largely due reduced expenditure by the Council. Subsidies are directly linked to the amount of money the Council spends in the roading activity, whether capital expenditure or operating expenditure.

For further details refer to roading cost of service statement within section three of this report.

Vested assets

Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed during the year. Assets worth \$1.47 million have been vested in the Council which is below the budget due to reduced subdivision activity in the present economic climate.



Expenditure

Refer to Note 4: Expenditure.

Depreciation and amortisation

Depreciation is less than budget because some large capital projects were not completed by the end of June 2009 which had been expected to attract a full year's depreciation, but did not do so. The major project in this category is the Whangamata wastewater treatment plant upgrade.

Personnel costs

Personnel costs show as \$1.48 million higher than the budget of \$10.99 million. The budget for employee costs was incorrectly stated in the 2009-19 Long-term Council Community Plan and should be shown as follows:

	Budget 2010	Actual 2010
	\$12.935m	\$12.472m

The understatement in the budget of \$1.947 is overstated in the category "other direct operating expenses".

Finance costs

Finance costs are lower than budget due to less capital expenditure than budgeted occurring, and therefore less borrowing was required.

Other direct operating costs

Operating expenditure variances are reported in detail by significant activity in the cost of service statements in section three: Council Activities.

Other losses

During the replacement process of the Council's infrastructural assets, existing assets are often disposed of for minimal or nil value resulting in a loss on disposal which is reflected in the statement of comprehensive income. During the 2009/2010 financial year these losses amounted to \$2.795 million (see Note 6). Other losses also includes a loss on the revaluation of derivative instruments (interest rate swaps) which are taken out to protect the Council's budgeted interest expense against fluctuations in the market.

Other Comprehensive Income

Gain on property revaluation

For the first time, under the revised NZ IAS 1 *Presentation of Financial Statements (revised 2007)*, the Council is required to disclose other comprehensive income in the newly named statement of comprehensive income. The first item is gains on property plant and equipment revaluations which show an actual amount of \$20.56 million compared with a budget of \$59.06 million. This large difference has come about because percentage increases budgeted in the 2009-2019 Long-term Council Community Plan were based on BERL estimates completed before the current recession hit New Zealand. The actual percentage increases in revalued assets has been considerably less.

Financial assets at fair value through other comprehensive income of \$0.067 million represents the introduction of the Council's share in the joint venture entity Thames Valley Combined Civil Defence Committee which was, in previous years, included in consolidated statements. Consolidated statements are no longer required of the Council.

Statement of Changes in Equity

Equity is showing an increase of \$23.94 million for the year made up of the operating surplus of \$3.32 plus other comprehensive income of \$20.62 million explained the previous two paragraphs.

Statement of Financial Position

Assets

Inventory

Spare parts from the decommissioning of the Whangamata wastewater treatment have been taken into inventory for future maintenance work.

Property Plant and Equipment

A number of variables all contribute to the variance in the final year end balance for property plant and equipment. Capital expenditure was reduced to well below budget, fewer assets were vested as a result of subdivision, revaluations returned less gain, all of which would provide



the expectation that the final result would be less than budget. However, the actual total value of this category at the end of June 2009, was considerably higher than originally budgeted which more than compensated for the higher than expected end of year result at June 2010.

For more detail refer to Note 15: Property, plant and equipment and Note 16: Intangible assets.

Liabilities

Total liabilities are considerably less than budget for several reasons. The main reason is that borrowing is some \$14 million less than budget due to reduced capital spending. The other major factor is a reduction in creditors at balance date of \$5.7 million.

The Council's liability for employee entitlements is higher than budget because of increased levels of untaken leave and also with more expenditure on employee costs the value of untaken leave also increases.

For more detail refer to Note 21: Employee entitlements.

Derivative financial instruments are higher than anticipated due to market fluctuations in the interest rate swap market.

Refer to Note 10: Derivative financial instruments.



COUNCIL CONTROLLED ORGANISATIONS

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

The Thames Valley Combined Civil Defence Committee are not disclosed as CCO's because Thames-Coromandel District Council has resolved to exempt these organisations in accordance with the Local Government Act 2002, under section 7.

Thames-Coromandel District Council has an interest in one CCO in 2009/2010, Local Authority Shared Services Ltd (LASS).

Local Authority Shared Services Limited (LASS)

The Council has a one-thirteenth ordinary shareholding (one share at \$1,000) in the Local Authority Shared Services Limited Company. The remaining shares are owned by Waikato Regional Council, Environment Waikato, Hamilton City Council, Franklin, Waipa, Hauraki, Matamata-Piako, Otorohanga, Waitomo, South Waikato, Taupo and Rotorua District Council.

The Council also holds service shares in the Waikato Region Aerial Photography Service (6,476 shares at \$1), the Shared Valuation Data Service (108,015 shares at \$1) and the Waikato Regional Transport Model (2,250 shares at \$8,750) activities of the company. These service shareholdings give no rights to a share in the distribution of surplus assets, nor do they provide voting rights.

Introduction

The Local Authority Shared Service Ltd (LASS) CCO was incorporated in December 2005.

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

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

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

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



Objectives

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

Performance measures

The following performance measures were incorporated into the statement of intent for the 2009/2010 financial year.

Performance Measures	Actual Outcome
<p>1. Positive cash flow will be maintained so that the equity ratio is maintained at a minimum of 40%</p>	<p>Positive cash flow has been maintained, and a positive bank balance at the end of each month has allowed LASS accounts to be paid on time.</p> <p>No amount is held at balance date.</p> <p>Equity ratio at 30 June 2010 is 98%</p>
<p>2. The company will carry an annual survey of shareholders to assist Directors in developing improvements on behalf of the shareholders, and to receive a majority approval on the service provided.</p>	<p>A shareholder survey was forwarded to all 13 shareholders, with a total of 9 survey forms being completed and returned.</p> <p>The results showed 100% satisfaction from the respondents with the LASS structure, reporting and service operations.</p> <p>Several shareholders requested that the LASS Directors be more proactive in pursuing possible further shared services</p>
<p>3. Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.</p>	<p>Total expenditure was under budget. All administration costs in the LASS were under budget, with savings being made in external audit fees.</p>
<p>4. The Directors will provide a written report on the business operations and financial position of the LASS as a minimum on a six monthly basis.</p>	<p>Six monthly reports were made.</p>

Conclusion

The Council's own significant policies and objectives as set out in the Long-term Council Community Plan have been met during the year.



SECTION FIVE COUNCIL POLICIES



Whangamata Harbour

- Development of Maori Capacity to Participate in Council Decision Making
- Equal Employment Opportunities



DEVELOPMENT OF MAORI CAPACITY TO PARTICIPATE IN COUNCIL DECISION-MAKING

Purpose

The Local Government Act 2002 requires Local Authorities to facilitate participation by Maori in the Council's decision making processes.

The Long-term Council Community Plan outlines how the Council might help Maori to participate in Council decision-making. The Council has adopted the following policy to assist Maori participation in such decision making:

Policy	Achievements
1. The Council will compile a database of those who wish to be considered Maori 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. contact	A contact list for consultation purposes is held by the Council and updated in July of each year.
2. That those persons who have identified themselves as Maori are specifically targeted for consultation when the Council decides that it wishes to consult. Where specific legislation requires specific consultation with Maori or tangata whenua, then the requirements of that specific legislation will over-ride this policy.	Those persons who have identified themselves as Maori for the purposes of the Local Government Act 2002 have been added to the Council contact list.
3. The Council will identify key issues of particular interest to Maori.	A Public Forum is being held at the beginning of each Council and Community Board meeting to enable participation in decision making.
4. The Council will gather information on Maori perspectives about Council activities.	Iwi authorities for Ngati Hei and Ngati Maru have been afforded greater participation and interaction with the Council under agreed protocols relating to input into resource consent decisions. The iwi have access to a consent tracking database that alerts them to every application received in the district. Iwi then alert the Council planning officers to any issues that are considered to be relevant.
5. 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 Council's strategic work programme.	Broadband access has been supplied to Ngati Hei to allow greater participation and interaction with the Council under the Memorandum of Understanding.
6. The Council will identify a work programme to progress items 1-5 above.	Staff are available to attend Ngati Hei's monthly meeting for liaison purposes.
7. The Council will progress the above work programme as staff time and funding allows.	<p>Blueprint Project: Two technical officers from Hauraki Whaanui are members of the Coromandel Blueprint Project Political Steering Group and Technical Working Group. These members have assisted the Council in the development of the Blueprint Framework for the Future and the scoping for the Local Area Blueprints.</p> <p>Heritage Strategy implementation and District Plan development: Feedback was sought and provided.</p> <p>The Council is currently scoping the work programme for policies 1-5. The draft work programme will estimate timing and costs.</p>



Statement on Contributions to Decision-making Processes by Maori

Contributions to decision making processes by Maori.

Background

Section 81 of the Local Government Act 2002 requires the Council to make provision for Maori to contribute to the decision-making processes of Council. In general, terms under the Act the Council must:

- Establish and maintain opportunities for Maori to contribute to decision making processes
- Ensure processes are in place for consulting with Maori
- Consider ways in which they can foster the development of Maori capacity to contribute to decision making processes
- Provide relevant information to Maori.

A Long-term Council Community Plan must set out any steps that the Council intends to take, having considered ways in which it might foster the development of Maori capacity to contribute to the decision making processes of the Local Authority over the period covered by the plan.

Issue

A number of practices have evolved over time that could be considered to give effect to the requirements in the Local Government Act 2002. The Council included a policy in its 2006-2016 Long-term Council Community Plan but has now reviewed that policy and determined that a number of changes were required. This policy clearly sets out how Council intends to meet its obligations in terms of Section 81 of the Local Government Act 2002.

Options

A large number and range of options are available to the Council in giving effect to Section 81 of the Act. The Council has the responsibility to make judgements as to which options it will consider and put in place to give effect to this part of the Act. Options considered included:

- Establish on an ongoing basis who the relevant Maori stakeholders are in its District
- Identify and understand the needs and expectations of these stakeholders with respect to short medium and long-term issues. Determine and understand the context in which Maori stakeholders in the District work
- Determine and understand the constraints, risks and capacity limitation facing key Maori stakeholders
- Establish and maintain a trust base and durable relationships with key Maori stakeholders in the District
- Establish and maintain durable as well as consistent communication processes between Maori and Council.

Strategic Alignment

This policy is consistent with and gives effect to the requirements contained in the Local Government Act 2002.

Implementation

This policy will be implemented for the period covered by the Long-term Council Community Plan 2009-2019.

Risks

The Council is given authority under the Act to exercise its judgement responsibly in developing policy under Section 81 under the Act, therefore the risk to the Council is considered low. However, Maori and other groups may consider that Council has not adopted options that they feel may give better effect to Section 81 of the Act. This risk will be managed to a degree through the submission process to the Councils Long-term Council Community Plan. As long as the Council acts reasonably, there is low risk to the Council.



Measurement and Review

Clause 21 of the Tenth Schedule of the Local Government Act 2002 requires the Annual Report to include a report on the activities that the Local Authority has undertaken during the year to establish and maintain processes to provide for opportunities for Maori to contribute to the decision-making processes of the Council.

Policy Statement

In order to comply with Section 81(1) of the Local Government Act 2002, Council has adopted the following policy:

1. Council will compile a database of those who wish to be considered Maori for the purposes of the Local Government Act 2002. Council will maintain a process to ensure this database is current and up to date.
2. That those persons who have identified themselves as Maori are specifically targeted for consultation when Council decides that it wishes to consult. Where specific legislation requires specific consultation with Maori or Tangata Whenua then the requirements of that specific legislation will override this policy.
3. Council will identify key issues of particular interest to Maori.
4. Council will gather information on Maori perspectives about Council activities.
5. Council will consciously build on the good quality relationships that have already been established. Examples include the development of further Memorandums of Understanding and relationships developed through other processes such as the Resource Management Act, Peninsula Blueprint project and Council's strategic work programme.
6. Council will identify a work programme to progress items 1-5 above
7. Council will progress the above work programme as staff time and funding allows.

Implementation

The Council has identified the following work programmes as operational mechanisms to allow it to fulfil its obligation in respect of the Section 81(1) policy and Clause 21 of the Tenth Schedule reporting commitments as outlined above:

In relation to Policy 1:

- Compilation and maintenance of a database of Maori contacts including the primary tangata whenua and Maori authorities within the Council's administrative boundaries.
- Additional tasks include compiling a register of the date of annual general meetings of relevant iwi authorities and marae committees to ensure that a current record of key contacts can be maintained.

In relation to Policy 2:

- The Council specifically targets those persons and organisations who have identified themselves as Maori and/or tangata whenua. This is achieved through maintenance by the Policy and Planning Group of databases including project specific databases associated with key Council work programmes such as the Coromandel Peninsula Blueprint and the District Plan Review projects.

In relation to Policy 3:

- Direct engagement with Maori through various Council processes and in particular, the Coromandel Peninsula Blueprint and District Plan Review projects utilising hui and waanaga and informal networks to ensure the Council is kept abreast of the key issues that are important to Hauraki Maori and iwi.

In relation to Policy 4:

- To gather information on Maori perspectives in relation to its activities the Council seeks active engagement with Maori and iwi authorities through key Council work programmes such as:
 - Long-term Council Community Plan and Annual Plan processes: the Council specifically targets Maori and iwi authorities in terms of notification of submission dates and attends hui to disseminate information, and to encourage and facilitate feedback;
 - Coromandel Peninsula Blueprint Project: Hauraki Iwi have been joined to the project as one of the four key partners and sit at both the governance and technical officers level of the project. Participation is resourced at both levels with additional resourcing allocated to the translation of key documents into Te Reo; utilisation of Maori media outlets, such as Nga Iwi.FM, to disseminate project information; and the funding of consultative hui and waanaga.
 - District Plan Review Project: Upon commencement Maori and Iwi authorities have been contacted regarding the project and seeking input into how Maori and tangata whenua wish to be consulted. Earlier work includes informal hui with key contacts to build relationships and check-in on key issues.



- Infrastructural and reserve management work programmes: Maori and Iwi are engaged through appointment of representatives to reserve committees, project specific memoranda of understanding and the commissioning of Maori values assessments to capture concerns and perspectives.

In relation to Policy 5:

- In addition to the projects named above the Council is also progressing projects to:
 - Identify tribal rohe boundaries to enable better targeting of consultation particularly in terms of the direct referral of resource consent applications to the relevant iwi authority. The Council is currently trialing this project with Ngati Hei;
 - Scope a land identification project with the Marutuahu collective of tribes to identify individual tribal interests in the original Maori Land Court blocks within Thames-Coromandel and Hauraki District Council areas and to establish and maintain a register of the current iwi/hapu point of contact. It is proposed this project include other agencies with regulatory and management roles within the project's area of interest and includes the Waikato Regional Council, and government agencies such as the Department of Conservation and the New Zealand Transport Agency;
 - Engage with Hauraki iwi on significant issues likely to affect the relationship of Hauraki Iwi with the Council with the three most pressing issues deemed to be:
 - Post-Treaty of Waitangi settlement matters focusing on Hauraki Maori as substantial land-owners with economic and social development aspirations within Council's administrative boundaries;
 - Consideration of the new regime likely to result from an amended Foreshore and Seabed Act;
 - Greater participation by Hauraki Iwi in Council affairs at governance and operational levels.



EQUAL EMPLOYMENT OPPORTUNITIES POLICY

Purpose

Council is committed to providing equal employment opportunities for current and future staff.

Policy	Achievements
<p>1. This commitment is reflected in that every employee or potential employee is treated fairly regardless of:</p> <ul style="list-style-type: none"> ■ Race ■ Ethnic or national origin ■ Religion ■ Family responsibilities ■ Disability ■ Colour ■ Sex ■ Marital status ■ Sexual orientation ■ Age <p>2. All current staff are encouraged to attend training for technical and/or personal development. Budget for training is provided for in all operating units of the Council. From an organisational view, a budget is provided in the support services operating unit for training that benefits the organisation as a whole.</p>	<p>The Council's human resource policies and procedures are reviewed on a regular two-yearly cycle and/or when changes in legislation dictate.</p> <p>General and technical needs for staff have been identified by:</p> <ul style="list-style-type: none"> ■ Capturing information from the Performance Development Programmes ■ Observation and requests for training information ■ Discussion with staff and managers ■ Organisational development work ■ Workforce planning processes <p>This information is used to produce a two year training programme.</p> <p>Staff can receive training from scheduled in-house training and/or external training courses and programmes. The in-house training is customised primarily for Council staff using reputable training providers.</p> <p>The general training that has been held in-house between July 2009 and June 2010 includes:</p> <ul style="list-style-type: none"> ■ New and upgraded computer software systems ■ The Microsoft Office suite of applications ■ Health and Safety Representatives ■ Performance Development ■ Legislation Updates including Local Government Official Information Meetings Act 1987, Privacy Act 1993. <p>The two year training programme also includes the continuation of:</p> <ul style="list-style-type: none"> ■ Treaty of Waitangi ■ Te Reo, and ■ Harassment training <p>Training opportunities are approved on the basis that it has direct relevance to the employee's current position, or has the potential to benefit both the Council and the employee in the foreseeable future and will enhance the employee's overall contribution to the Council.</p>



SECTION SIX GOVERNANCE AND LEADERSHIP



Photo © Kester Bradwell 2010

- Governance
- Leadership



GOVERNANCE AND LEADERSHIP

Governance

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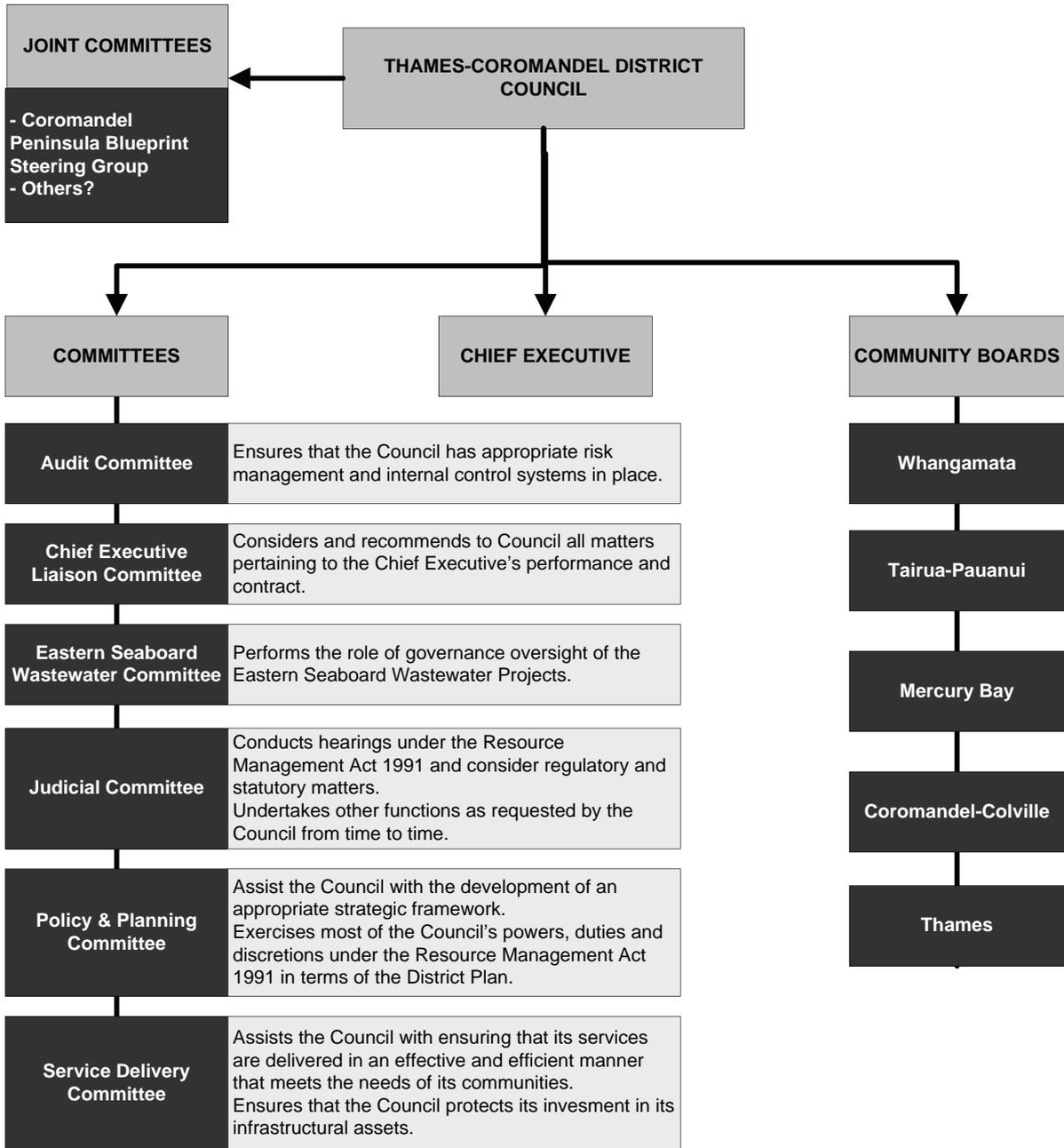


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Council Structure





Leadership

Organisational Structure

