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The Annual Report was adopted by Council on the 24<sup>th</sup> September 2008. No person's has the power to amend the financial statements after issue.

## REPORT FROM THE MAYOR AND CHIEF EXECUTIVE

This is the first Annual Report to be prepared by the new Council that was put in place following the October 2007 triennial elections.

Following the election, your new Council has been focussed on reviewing the overall vision, mission and strategic priorities that it has for the future development of the district and how it sees itself contributing to these over the next three years.

The vision that we have for the district embraces the notion of the district working together as one. It acknowledges the pressures that growth will bring and the role communities play in guiding development. It also seeks to maintain the Peninsula's spirit and physical beauty as the district grows. While growth has its benefits, it also brings financial challenges as Council looks to find a way to fund the infrastructure needed to meet the additional demand created by growth.

You will learn more about Council's priorities and have the opportunity to comment on them when the draft 2009-2019 Long-term Council Community Plan (Ten-year Plan) is released for consultation in January 2009.

The Ten-year Plan is an important strategic document that outlines the overall direction of Council and the priorities that we have for the future of this district. In developing the 2009 plan we have been conscious of the need to get input from the community at an early stage. To this end, over the last twelve months we have sought input through a number of different mechanisms including community surveys, focus groups and targeted consultation on draft policies to be included in the Plan.

### Eastern Seaboard Wastewater

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Over the last twelve months Council has made significant progress with the Eastern Seaboard Wastewater Project (ES3). The new wastewater treatment plant at Tairua/Pauanui was commissioned during the year and is now fully operational. The treatment plant at Whitianga is in the final stages of completion. Good progress is also being made with construction of the Whangamata plant which is due to be completed in March 2009.

Progress is also being made with the upgrading of the disposal systems associated with these plants. A contract has now been let for the construction of new disposal systems in Pauanui that will allow for the irrigation of local reserves with the highly treated wastewater. The Pauanui Club is also to seek consent to allow the treated wastewater to be spray irrigated onto its Pines Golf Course. This beneficial reuse of the treated wastewater is in keeping with modern sustainability principles and will ensure that the community gets additional benefits from the significant investment that has been made in these new facilities.

The development of these new treatment plants and their associated disposal facilities was needed if Council is to meet modern environmental standards and cater for the growth that is occurring in these communities. The wastewater going through these plants gets treated to amongst the highest standards in New Zealand which is appropriate given the importance of protecting the stunning environment we all enjoy on the Coromandel.

The construction of the new plants is, however, coming at a cost. During the year we spent some \$34.2 million. In total Council will spend some \$62 million in building the treatment plants alone. These costs have led to a sizeable increase in the district wastewater rate, which increased to \$938 for the 2008/09 financial year. While

these increases are in line with those forecast through the 2006 Ten-year Plan, Council is conscious of the impact that these increases have on the affordability of rates for many in our community.

## **Financial Sustainability**

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During the year the independent panel established to undertake the Local Government Rates Inquiry completed their work and reported to central Government. While Government is still to make decisions on a number of the recommendations made, it has already indicated that it does not see a case for providing additional funding to assist with the development of local government infrastructure. This means that Council itself will need to continue to grapple with the challenges associated with funding the infrastructure our communities need.

The findings from the Rates Inquiry have been used to inform our own Financial Sustainability Review. As part of this review Council has considered two comprehensive reports on the range of financial challenges that it faces and options for managing these during the year.

The review has highlighted the challenges that come as a result of the level of growth that the district faces, the need to meet modern environmental standards and the infrastructure 'backlog' that Council has to grapple with. Together these challenges mean that Council will continue to have a significant capital works programme over coming years. In addition to the ES3 project Council has, for example, to progress upgrading of the Tairua and Pauanui water supplies; it has to make decisions about the future development of the wastewater systems in Matarangi and Coromandel; and it also needs to progress a number of the community facilities projects (e.g. Mercury Bay multi-sports complex) that the community are demanding.

While Council is looking to recover the "growth" component of these projects from new development, via its development contributions regime, it is also important to recognise that many projects deliver significant benefits to existing ratepayers. These benefits are appropriately recovered through rates.

To ensure that rates remain affordable Council will be looking to reprioritise and delay a number of its proposed capital works projects so the costs of developing them can be spread out over a number of years. This may mean that projects that are considered high priority by some sections of the community will be delayed or not funded at all.

It is important to recognise that the financial challenges that this Council faces are not unique. Councils grappling with significant growth pressures all have to address challenges that are similar to our own.

The decisions that Council has made from the Financial Sustainability Review are being reflected in the financial policies and other decisions that it is making in its draft 2009 Ten-year Plan.

## **Coromandel Blueprint**

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The stunning natural environment on the Coromandel attracts thousands of tourists and holiday-makers each year. During the peak summer season our population increases from the normal 26,000 to some 140,000 as people pour into the district for a summer break.

Over the past fifteen years, the Peninsula has seen a period of sustained growth. The number of dwellings has increased significantly and we expect this growth to continue in the future.

To ensure that it can plan for and manage the impacts of the projected future growth Council is working with Environment Waikato, Hauraki Whaanui and the Department of Conservation to progress the Coromandel

Blueprint Project. Through this project we want to develop a clear picture of how the community would like to see the district grow over the next 50 years.

During the year the agencies involved undertook an extensive consultation process to get feedback on your aspirations for the future and how you would like to see the district develop. Over 2,000 submissions were received, indicating that there has been a high level of buy-in to the project and the issues that it is trying to address. We were also heartened by the number and quality of the submissions received from our children and teenagers. It is encouraging to see our young people taking an interest in the future of their district.

The feedback that has been received will be used to develop a 'preferred future' for the district. Once finalised, this preferred future will then provide a context for the next stage of the project which is to develop Local Area Plans for each of the district's communities. These plans will then feed into the statutory planning documents (e.g. District Plan, Regional Plan and Long-term Council Community Plans) that each of the agencies produce.

### **Building Control**

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Over the last twelve months Council completed the work required to enable it to become an Accredited Building Control Authority under the Building Act 2004. Achievement of this milestone provides independent assurance that Council has sound practices in place in its Building Control function. This is important given the range of challenges (e.g. leaky buildings) facing the building industry.

The changes being implemented under the Building Act 2004 not only affect Council. They will have ongoing implications for all of those involved in the industry. While improving the quality of the service being received, the changes will inevitably come with increases in costs for both Council and the other professionals involved in the industry. The increased costs that Council faces will need to be recovered via increased building consent and inspection fees. There will be further consultation on these changes as part of the draft 2009 Ten-year plan.

### **Financial Overview**

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Total revenue received was \$67.13m (2007: 58.53m) (excluding vested assets and other gains), which included rates of \$47.63m (2007: \$40.83m). Capital expenditure for the year totalled \$56.92m (2007: \$45.53m).

Capital works projects progressed during the year have included:

- Completion of the new Tairua Library;
- Completion and near completion of the Tairua/Pauanui and Whitianga wastewater treatment plants respectively;
- Construction of the Whangamata wastewater treatment plant;
- Upgrading of the Thames wastewater treatment plant;
- Completion of the final stage of the Whangamata Town Centre upgrade;
- Tairua and Pauanui water supply upgrades;
- Construction of the new Mercury Bay Service Centre.

In addition to the ES3 project, completion of the final stage of the Whangamata Town Centre upgrade and development of the new Tairua Library have been important milestones this year. In addition to the core infrastructure such as water and wastewater, it is important that Council also progress important community facility projects like these which help develop the unique spirit and personality of our communities.

Over the last two years the level of development contributions that Council has been able to collect via its development contributions regime has been somewhat less than originally forecast. This has placed a number of financial pressures on Council and lead to an increase in the level of debt relative to that originally forecast in the 2006 Ten-year Plan.

To reduce the effects of this on current ratepayers Council made a decision during the current financial year to reprioritise and delay a number of capital works projects. Council will be making decisions on how these projects might be progressed in the future as part of its 2009 Ten-year Plan.

During the year Council moved into a net external borrowing position. At 30 June Council had total external debt of \$35.8 million. In addition Council had internal borrowings of \$58.8 million to give a total debt of \$94.6 million. The internal borrowings are funded from the Power NZ share reserve and other surplus cash holdings.

### **Conclusion**

Over the last year your new Council has settled into its role and has grappled with a number of the important strategic issues facing the district.

The feedback that we have received through the Coromandel Blueprint consultation process has been excellent and will ensure that we can paint a future pathway for development of the district that is in keeping with your vision for the Coromandel.

We have also continued to make real progress with the Eastern Seaboard Wastewater Project. The completion of these plants will ensure that we can meet the needs of the growth occurring within the district while also treating the wastewater to a very high standard.

We look forward to working with you in the year ahead, particular as we move through the process of completing our 2009 Ten-year Plan.



Philippa Barriball  
DISTRICT MAYOR



Steve Ruru  
CHIEF EXECUTIVE

## ROLE OF THE ANNUAL REPORT

### Purpose of the Annual Report

The purpose of the Annual Report is to look at what we have accomplished in the last financial year, from 1 July 2007 to 30 June 2008. The Annual Report compares Council's actual performance over the past financial year with the goals and targets forecast in the 2007/2008 Annual Plan. Consequently, the Annual Report is a key public accountability document.

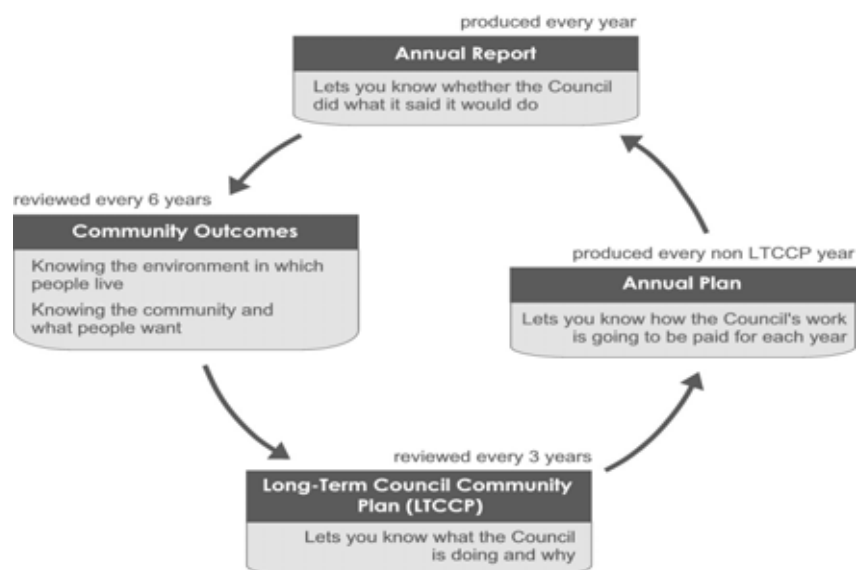
The financial information contained within the Annual Report is required to be prepared in accordance with generally accepted accounting practice and International Financial Reporting Standards under section 111 and audited under section 99 of the Local Government Act 2002. The non-financial information is required to be prepared in accordance with section 98 of the Local Government Act 2002. Schedule 10 of the Local Government Act 2002 requires Council to also identify any effects its activities have had on community wellbeing and any monitoring it has done of progress towards the achievement of the District Community Outcomes, in relation to each group of activities.

### Relationship to Other Key Documents

The Long-term Council Community Plan outlines the Council's contribution to the District Community Outcomes and subsequent plans for the next ten years including levels of service to be provided and the subsequent budgetary implications. In the years between adopting a Long-term Council Community Plan, an Annual Plan is required. The Annual Plan covers one financial year and should reflect the levels of service and associated budgets as shown for that year in the adopted Long-term Council Community Plan.

The Annual Report is the document for reporting back on the Council's achievements against the Annual Plan and Long-term Council Community Plan.

The diagram below shows the planning framework and specifically identifies the role of this Annual Report within that framework.



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## Wellbeing and Community Outcomes

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Under the Local Government Act 2002, the Council has a role in promoting the social, economic, environmental and cultural wellbeing of its communities. For the Council, wellbeing involves working towards achieving the vision that the District's communities have identified for their future. To contribute to wellbeing, six Community Outcomes were developed in 2006 to reflect the District's aspirations:

- Our communities recognise and value the natural environment;
- The natural values of our coast and beaches are respected and enhanced;
- Our communities are healthy, cohesive, caring and supportive;
- The diversity and character of our communities and the uniqueness of the Peninsula is a valued part of our lifestyle;
- The Peninsula's long and rich history is valued and preserved;
- Our local economies reflect the spirit of the Peninsula.

The Council's policies and activities all give consideration to the four facets of community wellbeing. In Section Three, the Council identifies the effects of each activity (where applicable) which have contributed towards the wellbeing of the District's communities.

Section Three then identifies the results of any measurement undertaken by the Council demonstrating progress towards the achievement of the District's Community Outcomes. This is a one year snapshot and is in addition to the three yearly wider Community Outcomes report next due in June 2009.

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### How to Use the Annual Report

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**SECTION ONE** Provides an introduction from the Mayor and Chief Executive.

**SECTION TWO** Includes highlights of the year, commentaries on our achievements over the past year, an overview of Council structures, the organisation and District, an introduction to members of Council and the Management Team and the results of the community survey that reviewed Council performance.

**SECTION THREE** Reports on the six Council Groups:

- Community Leadership;
- Community Facilities;
- Managing the Environment;
- Community Safety and Welfare;
- Roading; and
- Water and Waste.

It highlights the community outcomes to which these activity groups primarily contributed and reports on the results of any measurement which demonstrate progress towards the achievement of those community outcomes. It also identifies any effect that each activity has had on community wellbeing.

In addition to the above, section three compares the actual level of service provision (what we delivered) with the intended level (what we said we would deliver) for each activity group. Reasons for any significant difference are then stated within each comparison table.



We also prepare a Cost of Service Statement for each activity group that shows the revenue that is directly attributed to the activity, and the expenditure of the activity. The actual financial results for this year are compared to last year's actual results, and the estimated figures published in the 2007/2008 Annual Plan. Explanations for any significant variances are explained for each Council activity in pages 48 to 122 and in the notes to the financial statements on pages 131 to 189.

Specifically reports on the results of measurements that demonstrate progress towards the achievement of the District's Community Outcomes.

*For further information on Council Activities refer to pages 48 to 122.*

**SECTION FOUR** Includes information on the following financial statements:

- The Statement of Financial Performance, also known as the profit and loss account,
- The Statement of Changes Movements in Equity,
- The Statement of Financial Position, also known as the balance sheet,
- The Statement of Cash Flows , and
- Associated accounting policies and notes to the financial statements.

*For further information on these financial statements refer to pages 123 to 191.*

**SECTION FIVE** Development of Maori Capacity to Participate in Council Decision-Making  
Equal Employment Opportunities Policy

## THE VISION AND MISSION

### The Vision

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The Vision adopted by Council is:

***“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.”***

The Vision statement contains two key components. The first part of the Vision acknowledges the desired end state or goal that Council wishes to achieve by 2016, while the second half outlines the key strategies or programmes that Council will follow to achieve the desired end point. There is also a linkage between the elements in the first and second parts of the vision.

The ‘desired end state’ part of the Vision can be seen as containing the following key elements:

- The district working together as a ‘whole’. The intent behind this notion is consistent with the “One Peninsula” concept or strategic intent;
- The district continuing to grow. This section of the vision acknowledges that growth is inevitable and that the challenge for Council is to guide that growth in a way that ensures that the district retains its special attributes;
- Council working with its communities to guide the development of the district;
- The spirit and physical beauty of the Peninsula being maintained as the district grows.

The second ‘strategy’ part of the Vision statement has the following key elements:

- The acknowledgement of diversity;
- The nurturing of the district’s ecology; and
- Valuing the identity of the district and its different communities.

### The Mission

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The Mission adopted by is:

***“To ensure the enhancement of the special nature of the Coromandel.”***

A mission statement should describe the role or purpose of an organisation (i.e. why does it exist). In the above Mission statement, Council is indicating that it sees its role as acting as a ‘guardian’ of the Coromandel Peninsula so that residents and visitors are able to experience the ‘magic’ or special nature of the Coromandel. This ‘magic’ is seen as including, for example, the district’s natural environment, the character or spirit of its different communities that help create a strong Peninsula identity, and the different community needs.

## Principles

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The principles are a set of core values that support Council's Vision for the District as a whole. These represent the way in which Council wishes to work with the community and underline the key policies. Council has adopted as its core principles:

### 1. One Peninsula

The Council will act in ways that:

- Support and nurture a sense of community,
- Acknowledge the stewardship of our special environment,
- Respect the need for fairness and equity while recognising diversity.

### 2. Sustainability

The Council will act in ways that:

- Accepts responsibility for our future generations,
- Promotes environmental, social, economic and cultural sustainability,
- Are financially sustainable long-term.

### 3. Inclusive

The Council will act in ways that:

- Engage our community in setting the overall direction for the development of the Peninsula,
- Ensure that those affected by our actions have the opportunity to contribute to Council decision-making,
- Ensure our communities are well informed,
- Respect the different perspectives that we each have.

### 4. Leadership

The Council will work with our communities to:

- Develop a clear vision for the future of the Coromandel Peninsula and the individual communities that together create the District as a whole,
- Work with our communities to achieve their visions,
- Acknowledge responsibility for future generations.

### 5. Striving for Excellence

The Council is committed to:

- Committed to providing an environment that promotes excellence,
- Committed to improving the way we carry out business,
- Committed to encouraging innovative solutions to the challenges we face.

## THE COUNCIL

### Governance and Structure

The community elects individuals who make judgements on behalf of the community that will promote community well-being. The Council is responsible and accountable to the ratepayers of the District. Council provides an important governance role for the Thames-Coromandel District. The Council has overall responsibility and accountability for the proper direction and control of the District's activities.

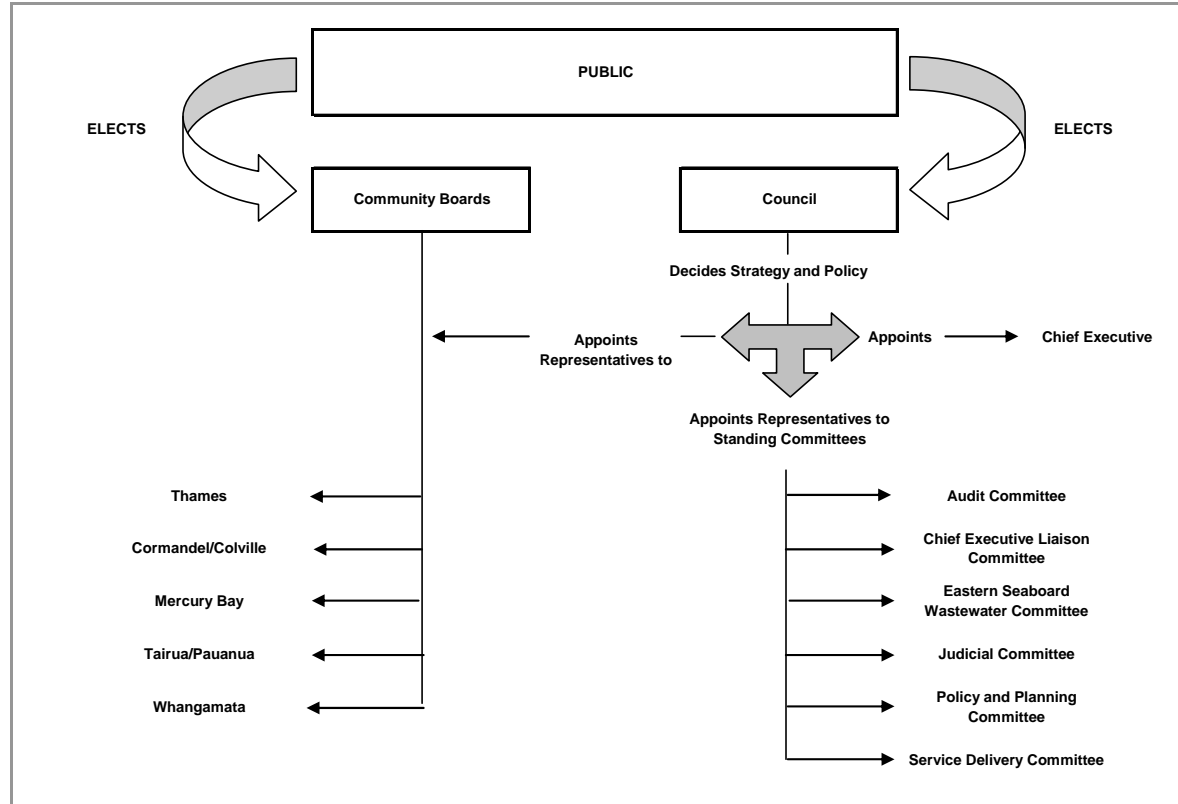
Under section 10 of the Local Government Act 2002, the purpose of Council is to:

1. Enable democratic local decision making and action by, and on behalf of, communities, and
2. Promote the present and future social, economic, environmental and cultural well-being of the District.

The key to the efficient running of the Thames-Coromandel District Council is the clear division between the roles of elected Councillors and the Management Team. Council concentrates on setting policy, strategy, and monitoring outcomes. The Management Team is concerned with implementing and monitoring these strategies, policies and decisions.

Council holds regular meetings to ensure that its business is conducted in accordance with its legislative mandate and objectives.

### Council Structure



## Elected Representatives

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Your Council is governed by a Mayor and eight Councillors. Your Council was elected in October 2007 for a term of three years. The Mayor is elected at large across the whole District. The Councillors are elected from three wards (Coromandel/Colville, Coromandel Peninsula East and Thames) and are also members of various Community Boards and Council Committees.



Back Row (from left to right): *Strat Peters, Noel Hewlett, 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, and Dal Minogue*

The overall role of the Mayor and Councillors is to advocate on behalf of their communities and the District as a whole.



**Her Worship the Mayor  
Philippa Barriball**

Phone: 07 868 0200  
Mobile: 027 474 2320  
1

Council Committee, other Committees  
and Representation

1, 2(C), 6(C), 9, 11, 12, 15



**Deputy Mayor  
Adrian Catran**

Phone: 07 868 6003

[Adrian@twentymans.co.nz](mailto:Adrian@twentymans.co.nz)

Council Committee, other Committees  
and Representation

**Key to Council Committees**

1. Audit Committee
2. Chief Executive Liaison Committee
3. Judicial Committee
4. Policy and Planning Committee
5. Service Delivery Committee
6. Eastern Seaboard Wastewater Committee

**Standing representatives on other Organisations and Committees**

7. Coromandel Liaison Subcommittee
8. Hauraki Development Group
9. Hauraki Gulf Forum
10. Rates Postponement Project Join Committee
11. Regional Land Transport Committee
12. Thames Valley Combined Civil Defence Emergency Management Committee
13. Tourism Coromandel
14. Waihou-Piako Liaison Subcommittee
15. Waikato Civil Defence Emergency Management Group

(C) = Chairperson

Her Worship the Mayor is an ex-officio member of all committees



**Coromandel-Colville Ward**



**Councillor: John Morrissey**

Phone: 07 866 1190  
[john.morrissey@police.govt.nz](mailto:john.morrissey@police.govt.nz)  
Council Committee, other Committees  
and Representation  
2, 3, 4(C)



**Coromandel-Peninsula East Ward**



**Councillor: Jan Bartley**

Phone: 07 865 8832  
[hdb@whangamata.co.nz](mailto:hdb@whangamata.co.nz)  
Council Committee, other Committees  
and Representation  
4, 6, 8, 10, 13



**Councillor: Dal Minogue**

Phone: 07 866 2204  
[dalandesley@nettel.net.nz](mailto:dalandesley@nettel.net.nz)  
Council Committee, other Committees  
and Representation



**Councillor: Noel Hewlett**

Phone: 07 866 5115  
[hewletts@xtra.co.nz](mailto:hewletts@xtra.co.nz)  
Council Committee, other Committees  
and Representation  
5(C), 6, 14



**Councillor: Dirk Sieling**

Phone: 07 866 5167  
[dirksieling@xtra.co.nz](mailto:dirksieling@xtra.co.nz)  
Council Committee, other Committees  
and Representation  
4, 5, 6, 7



**Thames Ward**



**Councillor: Strat Peters**

Phone: 07 868 9975  
[stratsam@xtra.co.nz](mailto:stratsam@xtra.co.nz)  
Council Committee, other Committees  
and Representation  
1(C), 3, 4, 13



**Councillor: Bill Barclay**

Phone: 07 868 8138  
[billbarc@ihug.co.nz](mailto:billbarc@ihug.co.nz)  
Council Committee, other Committees  
and Representation  
1, 5, 10



**Councillor: Adrian Catran**

Phone: 07 868 6003  
[Adrian@twentymans.co.nz](mailto:Adrian@twentymans.co.nz)  
Council Committee, other Committees  
and Representation  
2, 3(C), 5, 6, 8, 11, 12, 15

## Standing Committees and their Functions

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The Council reviews its committee structures after each triennial election. The Council established the following standing committees for the 2007/2010 electoral term:

### Audit Committee

#### Purpose:

To ensure that Council has appropriate risk management and internal control systems in place that provide:

1. Effective management of potential opportunities and adverse effects; and
2. Reasonable assurance as to the integrity and reliability of the financial reporting of Council.

#### Membership:

Councillor Strat Peters; Chairperson  
Mayor Philippa Barriball JP

Mr Graham Naylor; Chartered Accountant  
Councillor Bill Barclay

### Chief Executive Liaison Committee

#### Purpose:

To consider and recommend to Council all matters pertaining to the Chief Executive's performance and contract, in accordance with the Local Government Act 2002; Schedule 7 and Council's Governance Policies.

#### Membership:

Mayor Philippa Barriball JP; Chairperson  
Councillor John Morrissey

Deputy Mayor Adrian Catran JP

### Eastern Seaboard Wastewater Committee

#### Purpose:

To perform the role of governance oversight of the Eastern Seaboard Wastewater Projects for the upgrading of wastewater treatment and disposal for the communities of Whitianga, Tairua/Pauanui and Whangamata.

#### Membership:

Mayor Philippa Barriball JP; Chairperson

Service Delivery Committee Chairperson Councillor  
Noel Hewlett

Mercury Bay Community Board Chairperson Murray  
McLean

Coromandel Peninsula East Councillor Jan Bartley

Whangamata Community Board Chairperson Peter  
Kerr

Coromandel Peninsula East Councillor Dirk Sieling

Tairua/Pauanui Community Board Member Margaret  
McDougall alternating with Community Board Member  
Chris New

Western Seaboard Representative Deputy Mayor  
Adrian Catran JP

### **Judicial Committee**

#### **Purpose:**

1. To conduct hearings under the Resource Management Act 1991 and consider regulatory and statutory matters.
2. To undertake any functions as requested by Council from time to time so long as such functions conform to the Local Government Act 2002; Section 39(c)

#### **Membership:**

Deputy Mayor Adrian Catran JP; Chairperson                      Councillor Strat Peters  
Councillor John Morrissey

#### ***Reserve Members (when the Judicial Committee is meeting as a Hearings Committee):***

Councillor Bill Barclay    Councillor Dirk Sieling  
Councillor Jan Bartley

### **Policy and Planning Committee**

#### **Purpose:**

1. To assist Council with the development of an appropriate strategic policy framework that is based on a comprehensive knowledge of the community and its requirements.
2. To exercise the Council's powers, duties and discretions under the Resource Management Act 1991 in terms of the District Plan with respect to policy issues except;  
(i) The power to approve the District Plan or a change to the District Plan; and  
(ii) The conduct of hearings of resource consent applications.

#### **Membership:**

Councillor John Morrissey; Chairperson                              Councillor Jan Bartley  
Councillor Strat Peters    Councillor Dirk Sieling

### **Service Delivery Committee**

#### **Purpose:**

1. To assist Council with ensuring that its services are delivered in an effective and efficient manner that meets the needs of its communities.
2. To ensure that Council protects its investment in its infrastructural assets in accordance with accepted professional standards.

#### **Membership:**

Councillor Noel Hewlett JP; Chairperson                              Deputy Mayor Adrian Catran JP  
Councillor Bill Barclay    Councillor Dirk Sieling

Committees meet monthly, six weekly, quarterly or less frequently based on need. For more information regarding committee membership or a schedule of programmed dates refer to Council's website [www.tcdc.govt.nz](http://www.tcdc.govt.nz).

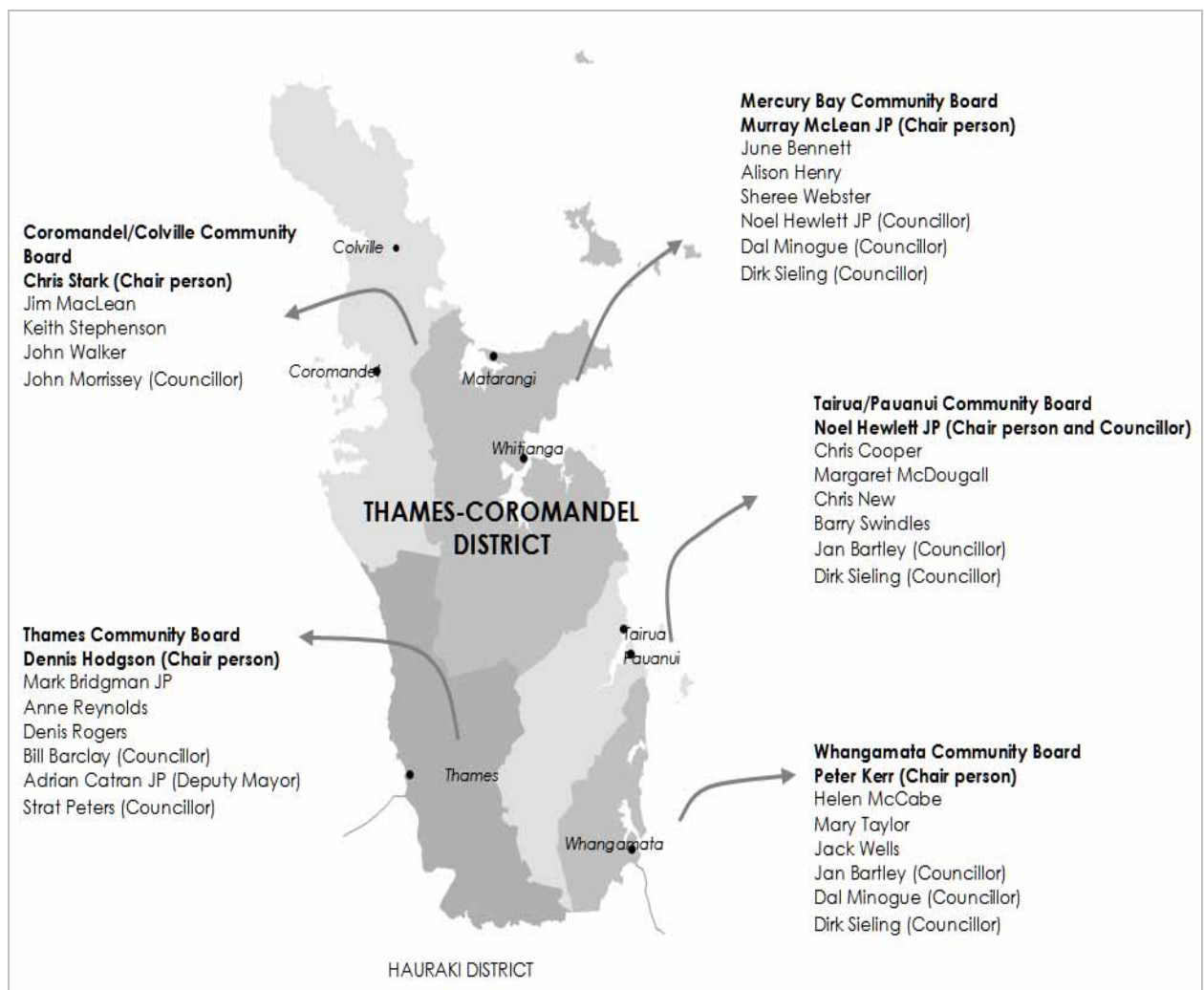


## The Community Boards

In addition to the elected Council and its Committees, the District has five Community Boards (Coromandel/Colville, Mercury Bay, Tairua/Pauanui, Thames and Whangamata). The overall role of the Community Boards is to represent and act as an advocate for the interests of their communities. In effect, the Community Boards fulfil a role linking local communities and the Council. The Councillors are also members of the various community boards.

There are five community board areas in the Thames-Coromandel District, as illustrated in the map below.

## Members of Community Boards at a Glance



## Elected Members' Role and Conduct

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Council's elected members are members of the community who have been elected by the community and given responsibility for the overall governance of the district. This includes identifying the long-term direction for the district and ensuring that Council acts in the best interests of its community.

Council's elected members are responsible for:

- Law-making (bylaws) and ensuring compliance with the relevant Acts of Parliament (e.g., the Local Government Act 2002);
- Developing and approving Council policy;
- Determining the expenditure and funding requirements of Council through the Long-term Council Community Plan (LTCCP) and Annual Plan processes;
- Monitoring the performance of Council against its stated objectives and policies (in particular through the Annual Report);
- Representing the interests of the Thames-Coromandel District (upon election, all members must make a declaration that they will perform their duties faithfully and impartially, and according to their best skill, judgment and in the best interest of the community); and
- Employing the Chief Executive (under the Local Government Act 2002 the local authority employs the Chief Executive, who in turn employs all other staff on its behalf).

Council may borrow money, purchase assets, dispose of assets for the purpose of performing its role in terms of the Local Government Act 2002 (and other statutes) and may delegate activities to a committee or subordinate decision-making body, member or officer of the local authority.

## 2007-2010 Elected Members Governance Structure

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### Mayor

The Mayor is elected by the community as a whole and, as one of the elected members, shares the same responsibilities as other members of Council. In addition, the Mayor has the following roles:

- Presiding member at the full Council meetings. The Mayor is responsible for ensuring the orderly conduct during meetings, as determined in Council's Standing Orders. The Mayor is an ex-officio member of all Council committees. He/She is specifically appointed to the Chief Executive Liaison Committee as chairperson and is a member of several other committees;
- Advocating on behalf of the community. This role may involve promoting the community and representing its interest. Such advocacy will be most effective where it is carried out with the knowledge and support of Council;
- Ceremonial head of Council; and
- Providing leadership and feedback to other elected members about teamwork and chairing committees.

### Deputy Mayor

The Deputy Mayor is elected by the members of Council at the first meeting of the full Council following the triennial election. The Deputy Mayor exercises the same role as other elected members. In addition, if the Mayor is absent or incapacitated or if the office of the Mayor is vacant, the Deputy Mayor must perform all of the Mayor's responsibilities and duties and may exercise the powers of the Mayor (as summarised above).

The Deputy Mayor may be removed from office by resolution of Council.

## Elected Members' Legal Obligations

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Elected members have specific obligations for their conduct as outlined in the following legislation:

- Schedule 7 of the Local Government Act 2002 includes obligations for Council to act as a good employer in respect of the Chief Executive, and to abide by the current code of conduct and standing orders;
- The Local Authorities (Members' Interests) Act 1968 regulates the conduct of elected members in situations where there is, or could be, a conflict of interest between their duties as an elected member and their financial interest (either direct or indirect);
- The Secret Commissions Act 1910 prohibits elected members from accepting gifts or rewards, which could be seen to sway them to perform their duties in a particular way; and
- The Crimes Act 1961 relates to the acceptance of gifts for acting in a certain way and the use of official information for private profit.

## Code of Conduct

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All elected members are required to adhere to a code of conduct. All councils must adopt a code of conduct as a requirement of the Local Government Act 2002. The Thames-Coromandel District Council adopted its current code of conduct in October 2005.

The code of conduct sets out Council's understanding and expectations of how the Mayor and Councillors will relate to one another, to staff, to the media and to the general public in the course of their duties. It also covers disclosure of information that is received by, or is in the possession of, elected members and contains details on the sanctions that Council may impose if an individual breaches the code.

Once adopted, the code can only be amended by a 75 per cent or more vote of Council.

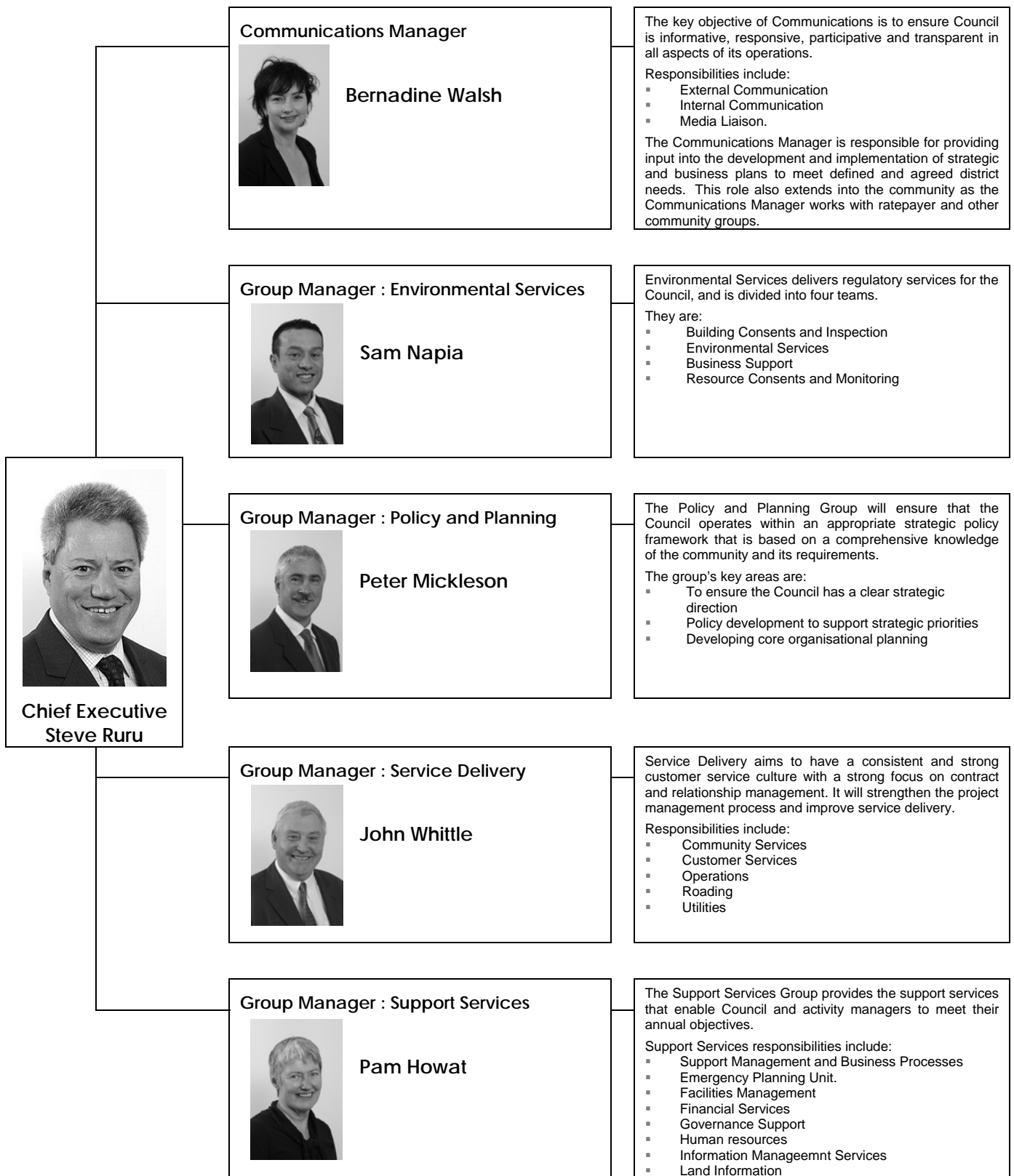
## COUNCIL'S MANAGEMENT STRUCTURE

The Chief Executive and five Group Managers make up the Management Team. This team considers organisation-wide issues and provides the link between elected members and staff.



From left to right: *Sam Napia, Pam Howat, John Whittle, Steve Ruru (Chief Executive), Peter Mickleson, Bernadine Walsh*

The Management Team



## CONTACT DETAILS

### Area Managers

Area Managers	
Thames and Coromandel/Colville	Mike Martin
Mercury Bay	Lesley McCormick
Tairua/Pauanui and Whangamata	Sam Marshall

### Council Service Centres

Thames District Office	
Address:	515 Mackay Street Private Bag Thames
Telephone:	(07) 868 0200
Facsimile:	(07) 868 0234
Hours:	Monday, Tuesday, Thursday, Friday: 8.00 a.m. to 5.00 p.m. Wednesday: 8.00 a.m. to 4.30 p.m.
Website:	<a href="http://www.tcdc.govt.nz">www.tcdc.govt.nz</a>
Email:	<a href="mailto:customer.services@tcdc.govt.nz">customer.services@tcdc.govt.nz</a>

Coromandel Service Centre	
Address:	355 Kapanga Road Coromandel
Telephone:	(07) 866 1001
Facsimile:	(07) 866 1003
Hours:	Monday - Friday: 8.30 a.m. to 4.00 p.m.

Mercury Bay Service Centre	
Address:	10 Monk Street Whitianga
Telephone:	(07) 867 2010
Facsimile:	(07) 867 2026
Hours:	Monday - Friday: 8.30 a.m. to 4.00 p.m.

Whangamata Service Centre	
Address:	620 Port Road Whangamata
Telephone:	(07) 865 0060
Facsimile:	(07) 865 0074
Hours:	Monday - Friday: 8.30 a.m. to 4.00 p.m.

## DISTRICT OVERVIEW

### Our District

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The Thames-Coromandel District is a magical and unique area of New Zealand. The District features stunning beaches and coastline, dramatic landscapes, abundant bush and wildlife. It is home to diverse settlements and communities, and within close proximity to three major cities – Auckland, Hamilton and Tauranga.

There are a number of main settlements on the Peninsula – Thames, Coromandel, Matarangi, Whitianga, Tairua, Pauanui, Whangamata and Cooks Beach. In addition, there are many smaller settlements like Hahei, Whangapoua, Port Charles, Te Puru, Tapu and Hikutaia.

Peak summer holiday demand, which coincides with seasonal low water flows, is placing increasing demands on water supplies. Community wastewater schemes service the main urban settlements and a few of the smaller settlements. The remaining settlements (and population) rely on septic tanks or other on-site disposal systems. A network of refuse transfer stations handles the recycling and the disposal of solid waste.

Approximately half of the houses on the Coromandel are owned by people who usually live elsewhere. The District's peak population, experienced over the Christmas/New Year period, not only puts strain on Council services, but also on infrastructure, public works, network utilities and the environment.

In recent years, housing demand has become a significant issue for the future planning of the Thames-Coromandel District. Managing this growth is a major challenge for the Council.

Two new wastewater treatment plants have been constructed. The Tairua/Pauanui Wastewater plant is fully operational and the Whitianga Wastewater Treatment plant is yet to be commissioned, but it is expected to become fully operational at the start of the next financial year. The Whangamata wastewater treatment plant is currently under construction and is expected to be completed in March 2009. Investment in water and waste projects is a major priority to ensure the District has the infrastructure in place to meet current and future needs.

Other long term integrated and strategic planning work is under way to maintain and enhance the special qualities of the Peninsula.

Our Place, Our People



**Coromandel/Colville** – Rich in historical, environmental and cultural values, the area also has some of the district's most isolated and secluded settlements.



**Thames** – The Thames Coast is the western gateway to the Coromandel Peninsula. The township of Thames is the district's largest and has many historic buildings.



**Mercury Bay** – With its stunning harbours and beaches, this area is the fastest growing in the district.



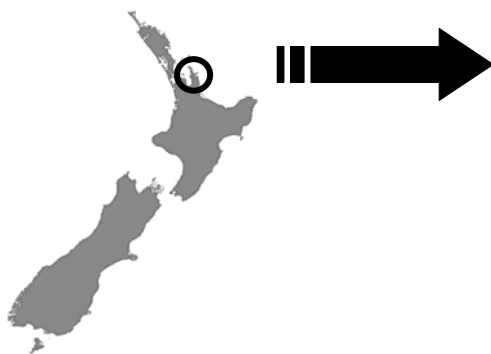
**Tairua/Pauanui** – Its attractive bush setting and coastal lifestyle makes this area a desirable place to work and play.



**Tairua**  
**Pauanui**

**Whangamata**

**Whangamata** – Known as a surfing mecca, its coastal atmosphere and scenic bush attracts residents and holidaymakers alike.



<i>Resident Population (2006)</i>	25,941
<i>Projected Population (2041)</i>	31,315
<i>Number of Households (2006)</i>	11,547
<i>Number of Unoccupied Dwellings (2006)</i>	10,920
<i>Total Number of Dwellings (2006)</i>	22,704
<i>Median Personal Income (2006)</i>	\$20,700
<i>Absentee owners/Part-time residents (2006)</i>	48%
<i>Political Representatives (Council &amp; Community Boards)</i>	29
<i>Staff (including casuals)</i>	196
<i>Communities</i>	50+
<i>Number of rating units assessed (2007)</i>	25,458

Photographs courtesy of Tourism Coromandel and Thames-Coromandel District Council.  
Statistical information from Statistics NZ and Thames-Coromandel District Council.

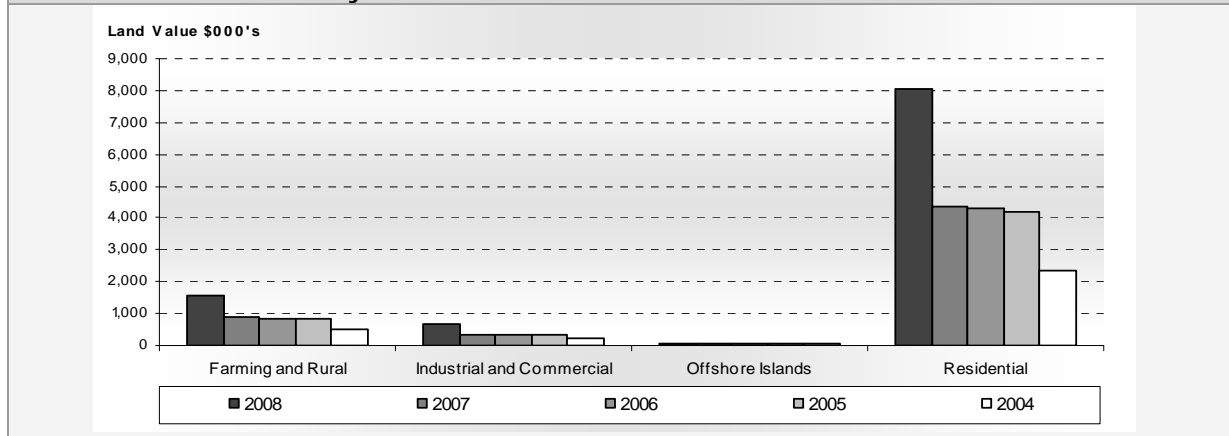


## FINANCIAL TRENDS

## Rateable Land Value

Rateable Land Value	2008 (\$000's)	2007 (\$000's)	2006 (\$000's)	2005 (\$000's)	2004 (\$000's)	2003 (\$000's)
Farming and Rural	1,586,307	868,898	850,011	835,990	509,065	507,130
Industrial and Commercial	670,195	357,830	337,915	318,876	224,673	225,837
Offshore Islands	79,996	44,924	43,824	43,824	29,697	29,697
Residential	8,060,082	4,376,876	4,308,833	4,219,459	2,364,721	2,306,421
<b>Total Rateable Land Value</b>	<b>10,396,580</b>	<b>5,648,528</b>	<b>5,540,583</b>	<b>5,418,149</b>	<b>3,128,156</b>	<b>3,069,085</b>

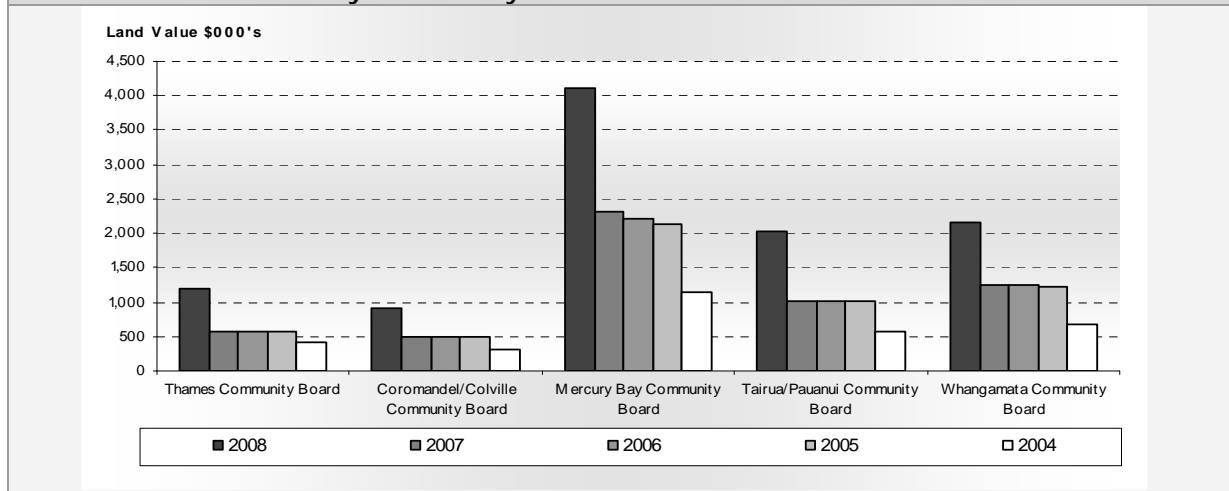
## Rateable Land Values – By Land Use



## Rateable Land Value of District by Area

Rateable Land Value of District by Area	2008 (\$000's)	2007 (\$000's)	2006 (\$000's)	2005 (\$000's)	2004 (\$000's)	2003 (\$000's)
Thames Community Board	1,194,444	567,616	565,967	563,293	418,154	417,117
Coromandel/Colville Community Board	904,500	499,588	492,106	491,683	299,871	296,535
Mercury Bay Community Board	4,108,330	2,310,013	2,223,175	2,122,035	1,148,078	1,113,117
Tairua/Pauanui Community Board	2,031,092	1,023,179	1,015,831	1,006,905	579,888	558,846
Whangamata Community Board	2,158,214	1,248,132	1,243,504	1,234,233	682,165	683,470
<b>Total Rateable Land Value by Area</b>	<b>10,396,580</b>	<b>5,648,528</b>	<b>5,540,583</b>	<b>5,418,149</b>	<b>3,128,156</b>	<b>3,069,085</b>

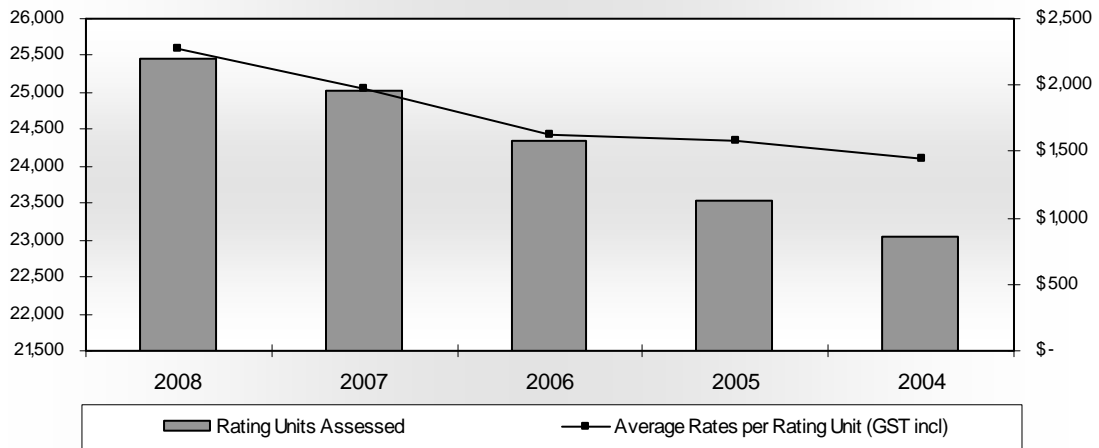
## Rateable Land Values – By Community Board



### Average Rates per Rating Unit

	2008	2007	2006	2005	2004	2003
Rates Assessed (excl. water by volume)	51,548	43,957	35,099	32,477	29,753	28,357
Rating Units Assessed	25,458	25,031	24,357	23,534	23,058	22,238
<b>Average Rates per Rating Unit (GST incl)</b>	<b>\$ 2,278</b>	<b>\$ 1,976</b>	<b>\$ 1,621</b>	<b>\$ 1,586</b>	<b>\$ 1,452</b>	<b>\$ 1,434</b>

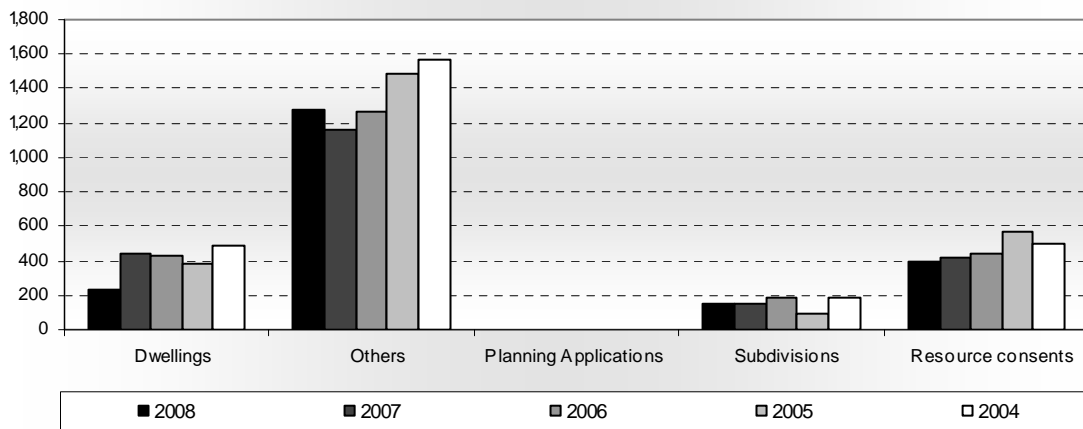
### Average Rates per Rating Unit



### Consents Issued

	2008	2007	2006	2005	2004	2003
<b>Building Consents Issued</b>						
Dwellings	231	441	431	382	486	441
Others	1277	1156	1265	1488	1,562	1,719
<b>Planning Applications</b>						
Subdivisions	153	154	187	94	187	174
Resource consents	396	415	438	564	503	496

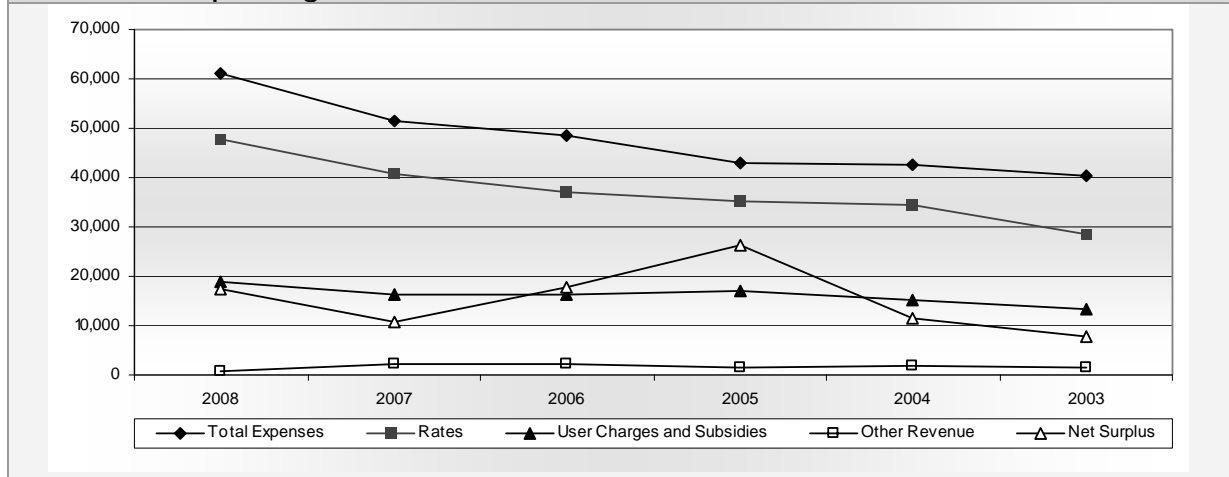
### Consents Issued



## Summary of Financial Information

Financial	2008 \$000's	2007 \$000's	2006 \$000's	2005 \$000's	2004 \$000's	2003 \$000's
<b>Statement of Financial Performance</b>						
Total Expenses	61,570	51,395	48,595	43,048	42,422	40,530
Rates	47,634	40,828	37,025	35,028	34,496	28,357
User Charges and Subsidies	19,022	16,232	16,142	16,966	15,175	13,159
Other Revenue	826	2,072	2,117	1,374	1,842	1,631
Net Surplus	16,701	10,574	17,845	26,292	11,501	7,647
<b>Statement of Financial Position</b>						
Capital expenditure	56,922	45,526	19,232	19,338	12,737	12,446
Net Cash (liquid) assets	469	131	18,784	20,139	16,262	9,910
Loans (excluding finance leases and hire purchases)	35,800	-	-	-	-	5,500
Fixed assets (including PP&E and Intangible assets)	1,002,788	814,022	777,587	489,833	443,906	436,646
<b>Statistics</b>						
Working capital ratio	0.3	0.4	2.3	2.7	1.6	1.7
Loans per rateable property	1,406.24	0	0	0	0	247.32
Proportion of rates to total revenue	60.9%	65.9%	55.7%	50.5%	64.8%	58.9%

## Summarised Operating Results



## CUSTOMER SATISFACTION SURVEY WITH OVERALL COUNCIL PERFORMANCE

Each year the Council seeks to gauge customer satisfaction with Council performance and commissions the National Research Bureau (NRB) to undertake a customer survey of permanent and part-time residents. This section provides an overview of customer satisfaction with the Council's overall performance. Satisfaction with specific services is addressed through section three of the Annual Report.

### Method

The National Research Bureau surveyed a total of 404 people including residents from each Community Board area and ratepayers. The interviews were conducted by telephone between 11 April 2008 and 20 April 2008.

The significant difference refers to the boundary, above and below a result, whereby one may conclude that the difference is significant, given a 95 percent level of confidence. Thus the significant difference, for the same question, between two separate surveys of 400 residents, is plus or minus 6.9%, given a 95 percent level of confidence, where the midpoint of the two results is 50%.

The margin of error refers to the accuracy of a result in a survey, given a 95 percent level of confidence. A 95 percent level of confidence implies that if 100 samples were taken, we would expect the margin of error to contain the true value in all but five samples. The survey has a margin of error of plus or minus 4.9%.

Residents (by location)	Number surveyed
Thames	72
Coromandel/Colville	39
Mercury Bay	29
Tairua/Pauanui	31
Whangamata	30
<b>Total</b>	<b>201</b>

Absentee ratepayers (by location)	Number surveyed
Auckland	122
Hamilton/Waikato	56
Elsewhere in New Zealand	25
<b>Total</b>	<b>203</b>

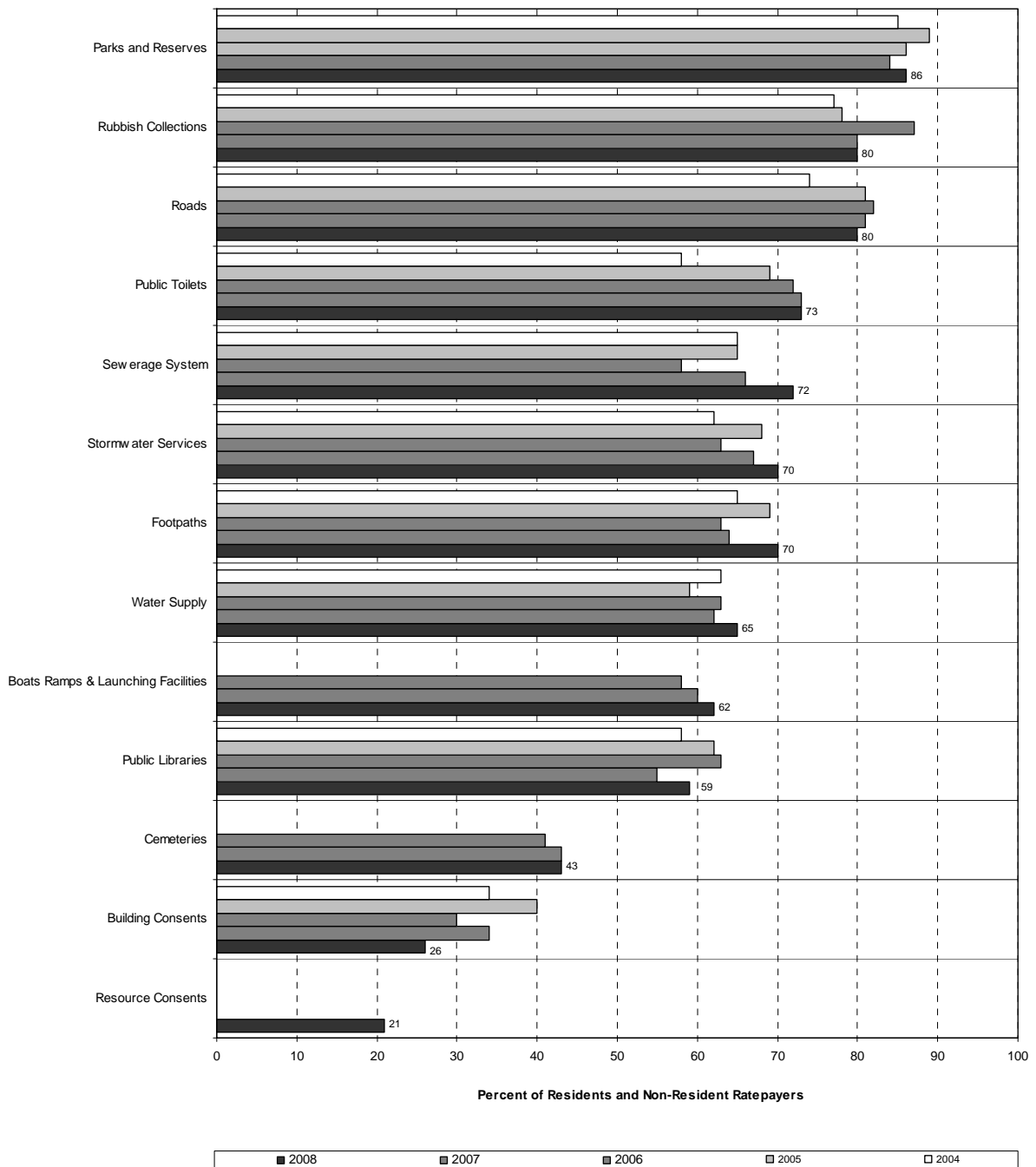
## Satisfaction with Council Services and Facilities

Respondents were asked to rate their satisfaction with Council services and facilities.

	2008	2007	2006	2005	2004
<b>Parks and Reserves</b>					
Very/fairly satisfied %	86	84	86	89	85
Not very satisfied %	10	12	10	9	11
<b>Cemeteries</b>					
Very/fairly satisfied %	43	43	41	N/A	N/A
Not very satisfied %	2	3	3	N/A	N/A
<b>Boats Ramps &amp; Launching Facilities</b>					
Very/fairly satisfied %	62	60	58	N/A	N/A
Not very satisfied %	15	18	21	N/A	N/A
<b>Public Toilets</b>					
Very/fairly satisfied %	73	73	72	69	68
Not very satisfied %	15	14	14	19	20
<b>Public Libraries</b>					
Very/fairly satisfied %	59	55	63	62	58
Not very satisfied %	4	4	5	7	6
<b>Building Consents</b>					
Very/fairly satisfied %	26	34	30	40	34
Not very satisfied %	32	31	32	27	28
<b>Resource Consents</b>					
Very/fairly satisfied %	21	N/A	N/A	N/A	N/A
Not very satisfied %	27	N/A	N/A	N/A	N/A
<b>Footpaths</b>					
Very/fairly satisfied %	70	64	63	69	65
Not very satisfied %	21	29	33	26	31
<b>Roads</b>					
Very/fairly satisfied %	80	81	82	81	74
Not very satisfied %	19	18	18	19	25
<b>Water Supply</b>					
Very/fairly satisfied %	65	62	63	59	63
Not very satisfied %	15	18	16	20	17
<b>Stormwater Services</b>					
Very/fairly satisfied %	70	67	63	68	62
Not very satisfied %	20	23	60	22	26
<b>Rubbish Collections</b>					
Very/fairly satisfied %	80	80	87	78	77
Not very satisfied %	17	14	10	19	16
<b>Sewerage System</b>					
Very/fairly satisfied %	72	66	58	65	65
Not very satisfied %	11	16	22	15	16

NB: the balance where figures don't add to 100% is a "don't know" response. Further, a question about resource consents was asked separately for the first time in 2008.

The Percentage of Ratepayers Satisfied with Council Services and Facilities



The above graph shows the satisfaction of residents and non-resident ratepayers and with the services and facilities provided by the Council.

A high percentage of “don’t know” responses were received for resource consents, building consents, cemeteries and public libraries. As such, this has had an overall impact on satisfaction levels for each service or facility. Of the people who had an opinion, 96% were satisfied with cemeteries, 94% with libraries, 45% with building consents and 44% were satisfied with resource consents.

## Council Policy and Direction

It is important for the Council to understand where public sentiment presently lies in terms of the Council's policy and direction. Respondents were asked whether there was any recent Council action or decision that they liked/approved of or disliked/disapproved of.

33% had a Council action/decision in mind which they approved/liked in 2008 (2007:32%) and 36% had a Council action/decision in mind which they disapproved/disliked in 2008 (2007:40%).

Level of Approval	2008	2007	2006	2005	2004
Approve of action %	33	32	30	31	36
Disapprove of action %	36	40	39	32	44

The main Council actions/decisions/management gaining respondent's approval are:

- 5% - improvements/beautification area well maintained (general);
- 4% - sewerage/waste water upgrade;
- 4% - good consultation/communication/keeping the public informed;
- 3% - improved roading;
- 3% - improvements/beautification of main street Whangamata;
- 2% - recreational facilities;
- 2% - improved parking facilities;
- 2% - doing a good job/good management/service/mayor is good;

Disapproval focused on:

- 7% - lack of consultation/information/don't listen;
- 6% - poor performance by council;
- 5% - spending/wasting money;
- 4% - rating system/increases;
- 3% - roading/footpath issues;
- 3% - sewerage/wastewater issues;
- 3% - marina Controversy

## Contact with Council

Respondents were asked if they were satisfied with the service received when they have contacted Council offices in the last twelve months.

Overall 49% of respondents have contacted the Council offices in the last twelve months (53% in 2007). 74% of these people were either very satisfied or fairly satisfied with the service they received (2007: 77%).

Level of Satisfaction	2008	2007	2006	2005	2004
Very satisfied %	30	28	39	35	38
Fairly satisfied %	44	49	41	50	38
Not very satisfied %	24	20	20	15	23
Don't know %	2	3	0	0	1

## Information about Council

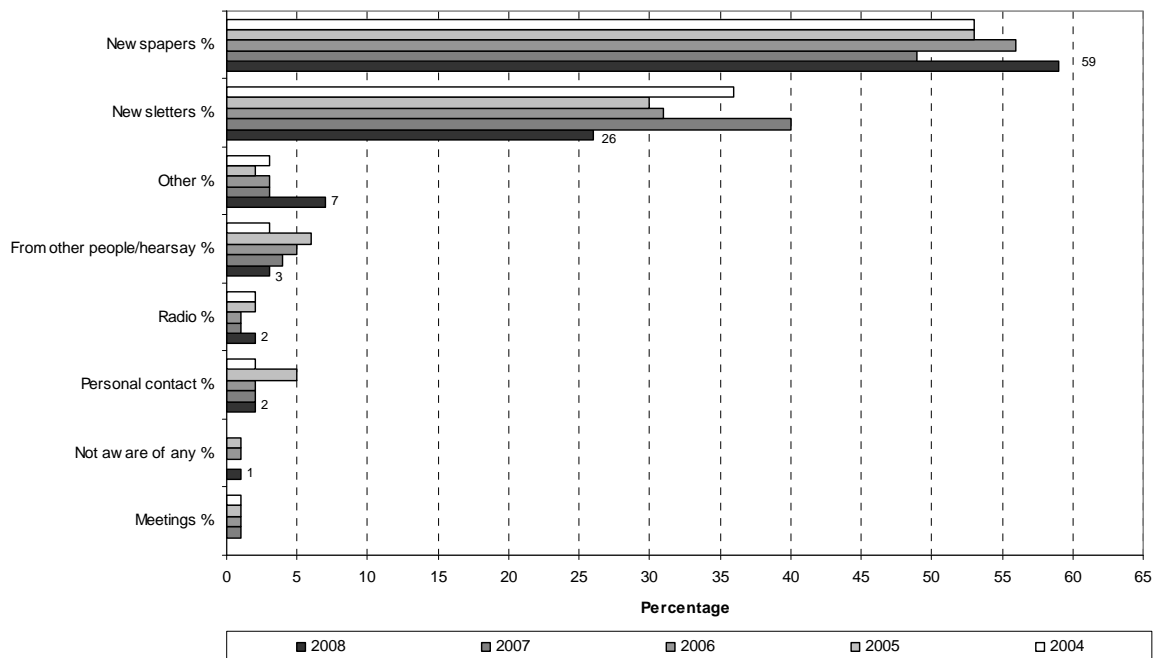
Respondents were asked if there was sufficient information supplied by Council.

83% of residents say they have seen or read information published by the Council (specifically for the community) in the last twelve months (2007: 84%), and 71% (2007: 74%) feel they received more than enough or enough information. Newspapers and newsletters feature as the top two sources of information from the Council.

Level of Information	2008	2007	2006	2005	2004
More than enough/enough%	71	74	68	69	69
Not enough/nowhere near enough %	22	18	22	25	24
Don't know/not sure %	7	8	10	6	7

Source of Information	2008	2007	2006	2005	2004
Newspapers %	59	49	56	53	53
Newsletters %	26	40	31	30	36
Personal contact %	2	2	2	5	2
From other people/hearsay %	3	4	5	6	3
Not aware of any %	1	0	1	1	0
Meetings %	0	1	1	1	1
Radio %	2	1	1	2	2
Other %	7	3	3	2	3

## Main Source of Information About Council





## Council's Performance

Respondents were asked if they were satisfied with Councils overall performance.

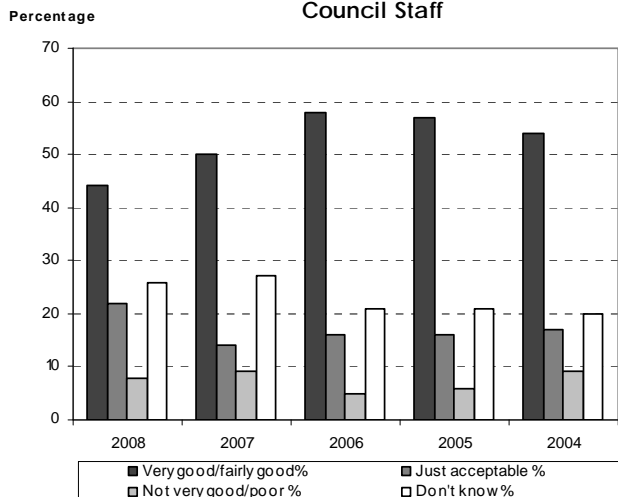
7% of respondents (10% in 2007) think the overall performance of Thames-Coromandel District Council is very good, with 33% saying it is fairly good (36% in 2007) and 40% perceiving it as just acceptable (38% in 2007). 10% of residents (8% in 2007) rate the Council's performance as not very good, with 5% saying it is poor (2007:2%). 5% of respondents (6% in 2007) are unable to comment. 44% of respondents rate staff performance as very good/fairly good (2007: 50%), 42% of respondents rate Councillors' performance as very good/fairly good (2007: 43%) and 32% rate the Community Boards' performance as very good/fairly good (32%).

Overall Performance of the Council	2008	2007	2006	2005	2004
Very good/fairly good%	40	46	55	56	49
Just acceptable %	40	38	32	33	37
Not very good/poor %	15	10	9	6	11
Don't know %	5	6	4	5	3

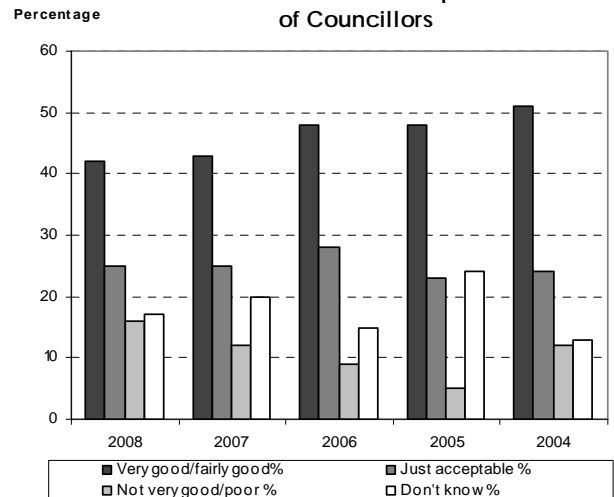
Staff	2008	2007	2006	2005	2004
Very good/fairly good%	44	50	58	57	54
Just acceptable %	22	14	16	16	17
Not very good/poor %	8	9	5	6	9
Don't know %	26	27	21	21	20

Councillors	2008	2007	2006	2005	2004
Very good/fairly good%	42	43	48	48	51
Just acceptable %	25	25	28	23	24
Not very good/poor %	16	12	9	5	12
Don't know %	17	20	15	24	13

Satisfaction with the overall performance of Council Staff



Satisfaction with the overall performance of Councillors



## MANAGEMENT FINANCIAL REPORT

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

The Council is a Public Benefit Entity (PBE) for the purposes of NZ IFRS and is entitled to take advantage of the PBE exemptions within the individual NZ IFRS. In principle, the Council complied with the requirements applicable to all reporting entities in New Zealand and has taken advantage of the PBE exemptions only where it is practicable and was necessary to do so.

### Overview of Council Financial Results

#### Summary of financial performance

The financial surplus shown in the Statement of Financial Performance was \$16.70m (including assets vested in Council), \$5.08m less than budget.

The primary reasons for these results were:

- Development contributions received are lower than estimated by \$7.74m, totalling \$6.69m compared to a budget of \$14.42m,
- Assets worth \$10.79m have been vested in Council during the year, which is \$6.39m higher than expected,
- Finance costs were \$1.21m compared to a budget of \$2.88m, being \$1.67m lower than estimated,
- Other losses were \$2.87m higher than planned due mainly to losses on disposal of property, plant and equipment.

Please refer to the Financial Statements, Note 35; *Explanations of major variances against budget*

#### Borrowings

As detailed on page 38, Council has had an extensive capital expenditure program over the past year, and it is envisaged that this will continue for the foreseeable future, based on the 2008/2009 Annual Plan. This capital expenditure is required to meet the levels of service demanded of Council from its ratepayers both now and into the future.

This capital expenditure can be classified as one or more of the following:

1. Renewals
2. Increased Level of Service
3. Additional Capacity for Growth

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

<i>Type/Funding Source</i>	<i>Depreciation Reserves</i>	<i>Debt</i>	<i>Development Contributions</i>
<b>Renewals</b>	☑	☑	
<b>Increased Level of Service</b>	☑	☑	
<b>Additional Capacity for Growth</b>		☑	☑

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

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

During the year Council has been successful in placing \$10 million worth of debt into private placement market at favourable margins, however with the disruptions in the international and NZ funding markets, in part resulting from the USA sub-primal market, the local authority private placement market has been disrupted since September 2007. As such, there has not been the heightened level of institutional investor interest in longer dated local authority and corporate bonds.

Investors have tended to limit their investment terms to less than 2 years and invest in bank securities only. The First Quarter 2008 loan stock survey shows that there has been limited issuance of volume and at much higher funding margins compared to pre-September 2007.

Over recent months, some Council's have issued loan stock with funding margins significantly higher than usual. With these funding margins being unreasonably high, Council's strategy has been to fund through the less costly and more flexible bank funding market. However, the bank funding market presently offers revolving term facilities out to three years only.

With the disruptions in the funding markets continuing, even to the point of banks rationing their funding, Council has prudently managed its upcoming funding requirements by increasing its bank funding facilities from \$30 million to \$75 million. This is in addition to the \$10 million placed in the private placement debt market.

With facility terms being limited to 3 years, this approach has concentrated the funding maturity profile into the 0-3 year maturity band. This concentration of risk is mitigated somewhat by the revolving nature of the facilities in that, on the next anniversary of the facility, subject to the banks approval, these facilities can be extended out to their original term (i.e. with two years remaining on the facility it can be extended back out to 3 years). If the facility were not extended, the facility would then only have 2 years to run.

Over the short to medium term, Council will continue to spread its maturity profile, as it is economic to do so. A retail initiative put forward by Council's Treasury Advisors will offer a new funding market to Council, and it is anticipated that longer terms and more favourable pricing will be offered from that currently available.

### **Financial Sustainability project**

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 function and be capable of serving its purpose for communities.

Council determined as part of its 2006 Ten-year Plan decision-making process, that it would undertake a financial sustainability review leading into the 2009 Ten-year Plan. The overall aim of the financial sustainability review is to ensure that Council manages its financial risks and has in place a financial strategy that recognises the financial challenges it faces.

In its broadest sense, sustainability relates to understanding the impacts and effects of decisions *over time*. One of the key elements is the consideration of policy and decision- making effects on future generations.

To determine the financial sustainability of Council, staff employed the model developed by the Independent Inquiry into the financial sustainability of New South Wales Local Government of Australia (known as the Allen Report<sup>1</sup>). Effectively, a financial sustainability assessment involves a comparison of a Council's long-term 'financial requirements' with its long-term 'financial capacity'. To be financially sustainable these must be in balance over time.

This can be shown pictorially as:



TIME

"Financial Requirements" are defined as:

*"A council's 'Financial Requirements' means the sum total of the spending (both operating and capital) that is necessary by a council to meet both present statutory obligations and any expected additional functions, spending pressures and financial shocks."*

"Financial Capacity" is defined as:

*"A council's 'Financial Capacity' means the sum total of the financial resources (both operating and capital) that a council can mobilise through its (present and prospective) revenue-raising and financing policies."*

Over the past year the following two papers have been produced and presented to Council

1. The Financial Sustainability Issues Paper – This paper considered the financial soundness of Council; and the affordability of rates and as such sought to essentially identify the issues.
2. The Financial Assessment Options Paper - This report discussed possible options for addressing the key issues identified in the first paper. It provided a discussion and background for each key issue, sought to flesh out the key question(s) relating to each, and produced a list of possible options thereon for consideration and discussion.

Work completed by the central government review of local authority funding led to the establishment of an independent rating inquiry (known as the Shand Inquiry). This inquiry reported back to parliament in August 2007. The second paper above incorporated the Shand Inquiry's findings into the discussion, options, and recommendations, thereby providing a wider New Zealand flavour for Council's consideration.

While these reports did not explicitly seek to calculate what is or is not an appropriate level of rating in terms of affordability for the district, they did convey some indicators Council may wish to utilise in determining whether or not affordability issues may exist within the district.

<sup>1</sup> Independent Inquiry into the Financial Sustainability of NSW Government, May 2006, *Are Councils Sustainable?* Final Report Findings and Recommendations page 284.

### Forestry purchase

In January 2008, Thames-Coromandel District Council purchased a further 169.3 hectares of Tairua Forest; Zones 2, 3 and 5 to meet the need for wastewater disposal both as demand increases and to facilitate the harvesting process of mature trees planned next year.

### Cash flows

The cash balance at the end of the year was \$0.47m compared to a budget of \$12.56m. The budgeted cash balance reported in Councils Statement of Financial Position is based upon compliance with section 7.10 of the Council's Liability Management Policy which stipulates:

*"That Council's liquidity ratio will not fall below 1:1"*

That is current liabilities would not exceed current assets in Council's Statement of Financial Position. In order to achieve this ratio, Council would need to increase its cash on hand to a level at which current assets would equal current liabilities.

A positive liquidity ratio reassures the reader that Council has the ability to settle its short term liabilities as and when they fall due. As stated above, in order to comply with this section Council would need to maintain a cash on hand balance to a level which would ensure that current assets would be at least equal to its current liabilities. To achieve this Council would need to borrow long term and invest funds short term to achieve the required cash on hand balance at which current assets would equal current liabilities, thereby increasing both cash on hand and Council borrowings.

In a debt environment, prudent treasury management requires that surplus cash is used to repay debt. Borrowings need to be kept to a minimum due to the margin between the deposit and lending rates.

As such, maintaining large cash balances required to adhere to the liquidity ratio stipulated in Councils Liability Management Policy was not considered to be in the best interests of Council and its ratepayers due to the cost involved.

Following advice from their treasury advisors and the Audit Committee, Council resolved that the most appropriate mechanism to ensure liquidity is maintained would be by way of appropriate spare capacity within its bank funding facilities, as opposed to the liquidity ratio as stipulated in section 7.10 of Council's Liability Management Policy.

Accordingly, Council now has access to significant borrowing facilities that it is yet to draw upon thereby achieving its liquidity requirements. Refer to the security disclosure note 23; *Borrowings*.

As a result of this strategy as Council seeks to keep cash on hand to a minimum directly contributing to the difference between actual and budgeted cash on hand reported in Council's Statement of Financial Position. This strategy also impacts upon Councils actual loan balance compared to that budgeted in the Statement of Financial Position. However it is not the sole reason for lower than budgeted borrowings as the lower than budgeted capital expenditure and this also contributed to lower actual borrowings.

### Investments

Council continues to hold shares in New Zealand Local Government Insurance Corporation (Civic Assurance) and Local Authority Shared Service Limited. Council acquired 2,250 service shares in Waikato Regional Transport Model during the year.

### Property, plant and equipment

The total book value of all of the Council's operational and infrastructural assets is \$1,004.67m (including intangible, property, plant and equipment and forestry assets) compared to \$814.79m last year. The total amount of amortisation and depreciation charged on these assets for the year was \$11.99m (2007: \$10.32m). These depreciation funds are used to fund capital works including renewals and increased levels of service or held to meet future requirements.

Harbours, roading, land including reserves land and buildings were revalued on 1 July 2007, increasing the value of those classes of property, plant and equipment as follows:

- Roothing assets were revalued to \$515.62m on 1 July 2007, a significant increase in value of \$106.27m. A further \$9.42m of roading assets were acquired through capital expenditure and vested assets. This increase in the total value of roading assets held by Council has given rise to increased roading depreciation of \$1.17m.
- The revaluation of operational land increased the land value by \$12.80m to \$56.17m.
- The revaluation of reserves land increased the value of the land by \$12.91m to \$73.75m.
- The revaluation of buildings increased the value of the buildings to \$19.16m.
- The harbours revaluation had no significant impact on the value of this class of property, plant and equipment.

For explanations of significant variances, refer to the Financial Statements, Note 35; *Explanations of Major Variances against Budget*. Explanations of significant variances by activity group are reported in Section Three; *Council Activities*.

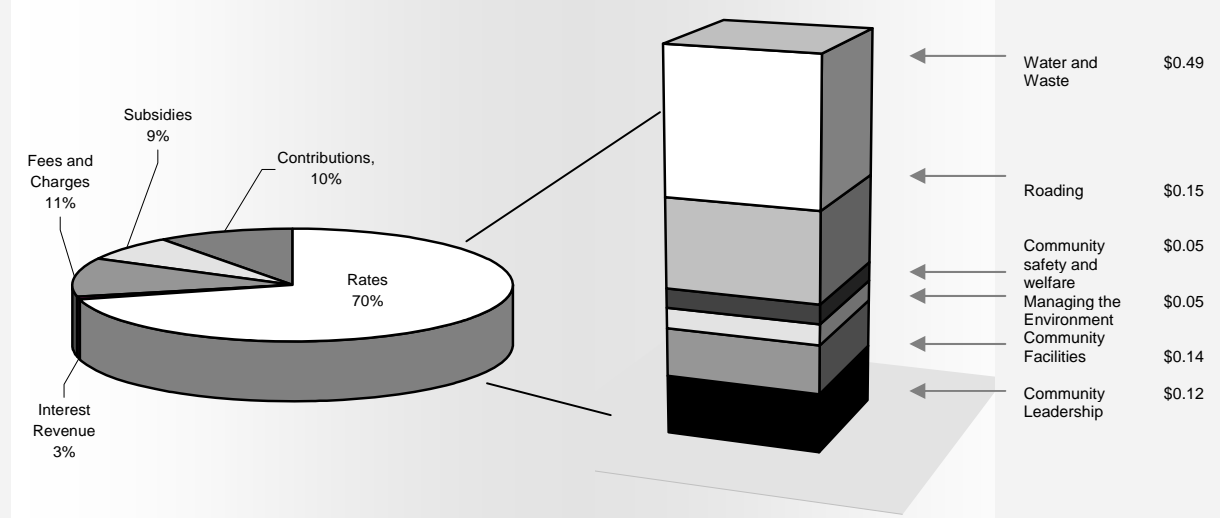
### Capital Expenditure

Capital expenditure totalled \$56.92m (2007: \$45.53m). This was less than the budget by \$22.91m (2007: \$66.04m). Refer to the Financial Statements, Note 32; *Capital Works Programme*.

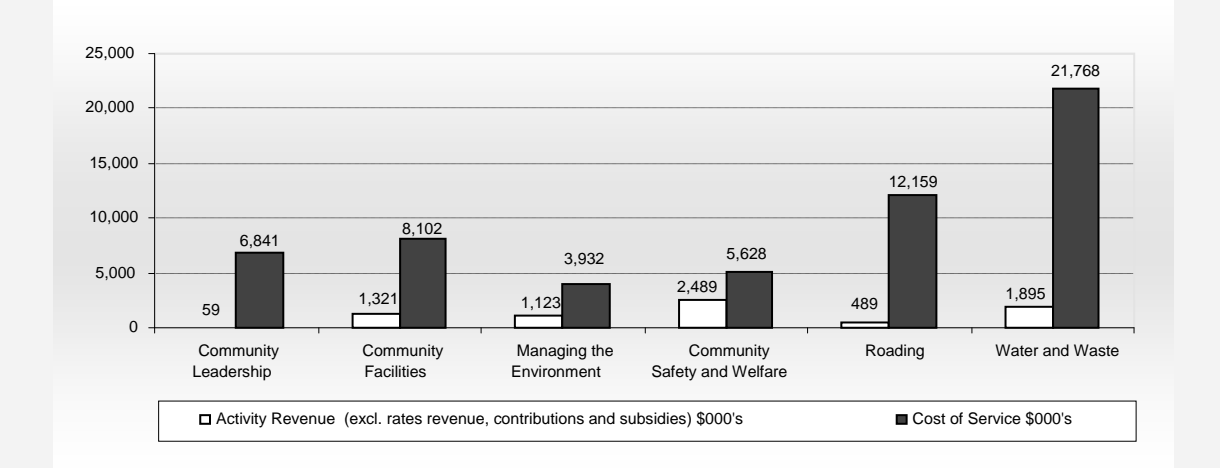
Capital expenditure on wastewater during the current financial year totalled \$38.96m, representing 68% of the Council's total capital expenditure programme.

- Capital expenditure on the Thames Pond Sludge Removal project totalling \$4.96m has been carried forward within work in progress as the construction programme is expected to continue over a number of years.
- Whitianga wastewater treatment plant has been completed to the testing stage. Capital expenditure to date has been \$14.89m, and this expenditure remains in work in progress until completion of the asset. The Whitianga Trunk Main project has been completed this financial year and the asset cost of \$2.26m has been recognised as a wastewater asset in property, plant and equipment. Refer to Note 15; *Property, plant and equipment*.
- The Tairua/Pauanui wastewater treatment plant was operational from February 2008. The total cost of the plant of \$21.46m was recognised as a wastewater asset in property, plant and equipment this financial year. A further \$1.25m of capital expenditure has been carried forward in work in progress. Refer to Note 15; *Property, plant and equipment*.
- Whangamata wastewater treatment plant is under construction and due for completion March 2009. Capital expenditure to date has been \$17.19m. Capital expenditure of \$15.67m has been carried forward within work in progress until the asset is completed, and \$1.52m has been recognised as a wastewater asset in property, plant and equipment this financial year. Refer to Note 15; *Property, plant and equipment*.

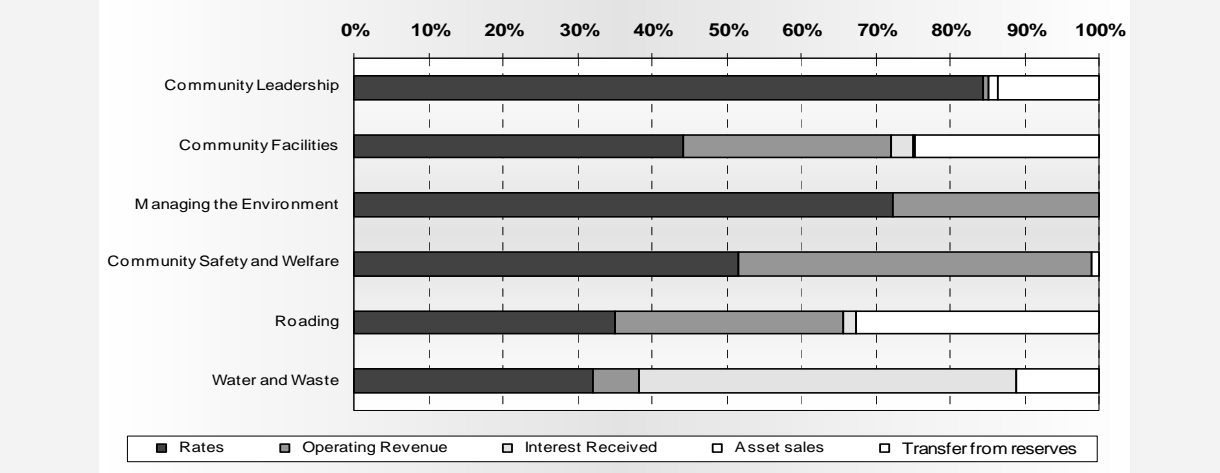
How your Rates Dollar was used for the year ended 30 June 2008



A comparison between activity revenue and the cost of service for each activity group for the year ended 30 June 2008



Funding of Council Activities for the year ended 30 June 2008



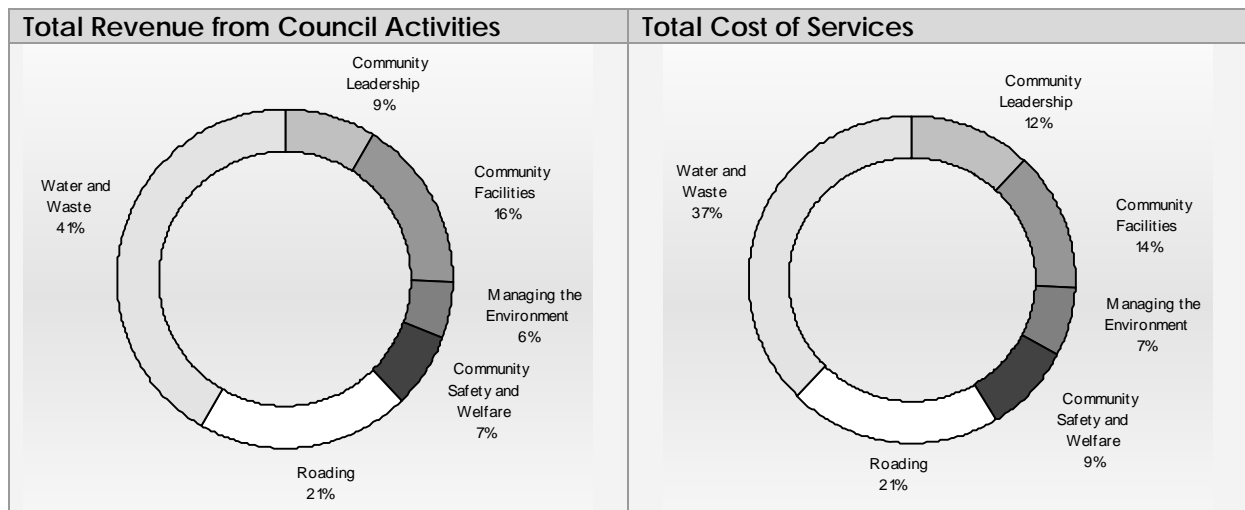
**FINANCIAL SUMMARIES**

**Summary of Cost of Services**

For the year ended 30 June 2008

2007		Notes to Accounts	2008	
Parent Actual \$000's			Parent Budget \$000's	Parent Actual \$000's
<b>REVENUE</b>				
<b>Council Activities</b>				
5,811	Community Leadership	2	6,041	5,988
9,548	Community Facilities	2	12,885	10,819
3,852	Managing the Environment	2	3,888	3,681
3,925	Community Safety and Welfare	2	4,647	4,744
12,781	Roading	2	14,001	13,698
22,611	Water and Waste	2	33,447	27,881
<b>58,526</b>	<b>Total Revenue from Council Activities</b>		<b>74,908</b>	<b>66,811</b>
2,837	Assets Vested and Introduced	2	4,398	10,789
0	Investment Revenue	2	0	317
606	Other Gains	2	0	353
<b>61,969</b>	<b>TOTAL REVENUE</b>		<b>79,306</b>	<b>78,271</b>
<b>EXPENDITURE</b>				
<b>Council Activities</b>				
5,714	Community Leadership	2	6,609	6,841
7,141	Community Facilities	2	7,921	8,102
3,431	Managing the Environment	2	4,220	3,932
4,909	Community Safety and Welfare	2	4,723	5,628
10,789	Roading	2	11,196	12,159
17,833	Water and Waste	2	22,828	21,768
<b>49,817</b>	<b>Total cost of services</b>		<b>57,496</b>	<b>58,429</b>
97	Impairment on Property Intended for Sale		0	240
1,481	Other Losses	2	25	2,901
<b>51,395</b>	<b>TOTAL EXPENDITURE</b>		<b>57,521</b>	<b>61,570</b>
<b>10,574</b>	<b>NET SURPLUS</b>		<b>21,785</b>	<b>16,701</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements





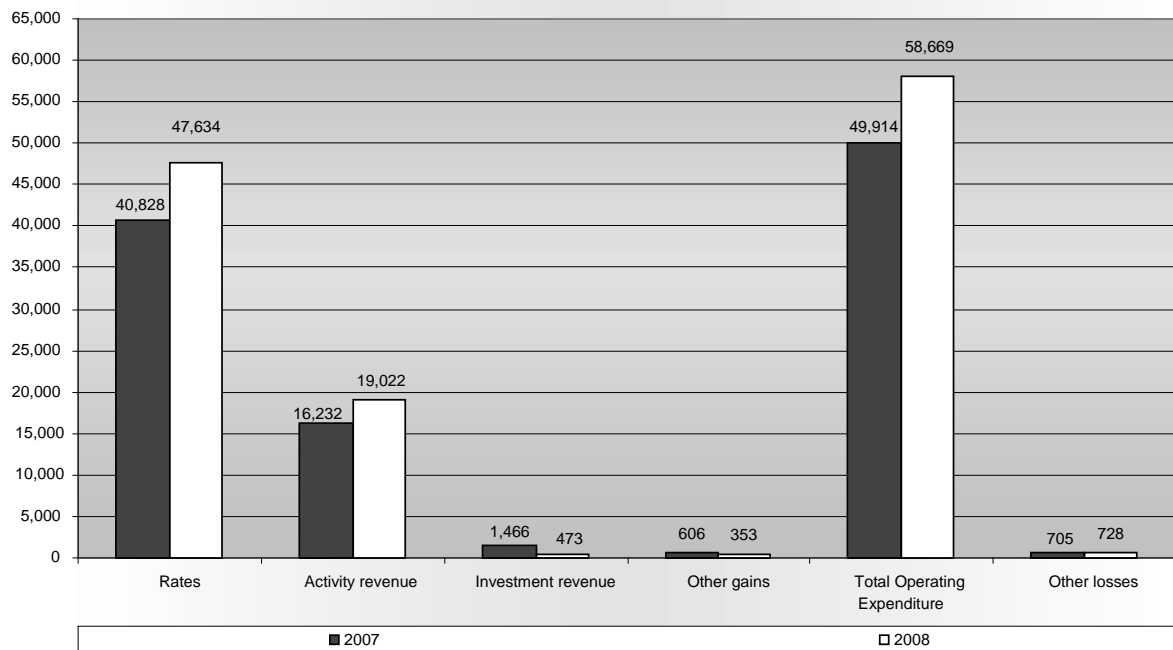
## Summary Consolidated Statement of Financial Performance

For the year ended 30 June 2008

2007			Notes to Accounts	2008		
Parent Actual \$000's	Group Actual \$000's			Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>REVENUE</b>						
40,828	40,771	Rates	2	47,669	47,634	47,564
16,232	16,469	Activity revenue	2	26,664	19,022	19,195
1,466	1,466	Investment revenue	2	575	473	473
606	606	Other gains	2	0	353	353
<b>59,132</b>	<b>59,312</b>	<b>Total Revenue</b>		<b>74,908</b>	<b>67,482</b>	<b>67,585</b>
<b>EXPENDITURE</b>						
49,914	50,006	Total Operating Expenditure	3	57,497	58,669	58,762
705	705	Other losses	3	25	728	728
<b>50,619</b>	<b>50,711</b>	<b>Total Expenditure</b>		<b>57,522</b>	<b>59,397</b>	<b>59,490</b>
<b>8,513</b>	<b>8,601</b>	<b>OPERATING SURPLUS</b>		<b>17,387</b>	<b>8,085</b>	<b>8,095</b>
<b>ASSET DEVELOPMENT</b>						
2,837	2,837	Vested assets	2	4,398	10,789	10,789
776	776	Net Loss on disposal of property, plant & equipment	4	0	2,173	2,173
<b>2,061</b>	<b>2,061</b>	<b>Total Asset Development Revenue</b>		<b>4,398</b>	<b>8,616</b>	<b>8,616</b>
<b>10,574</b>	<b>10,663</b>	<b>NET SURPLUS</b>		<b>21,785</b>	<b>16,701</b>	<b>16,710</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

## Consolidated Statement of Financial Performance – Comparison to 2007



## Summary Consolidated Statement of Financial Position

As at 30 June 2008

2007			Notes to Accounts	2008		
Parent Actual \$000's	Group Actual \$000's			Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
7,729	7,846	Total Current Assets	6-10	17,757	8,657	8,796
815,475	815,960	Total Non Current Assets	8, 11-14	893,949	1,005,257	1,005,734
<b>823,204</b>	<b>823,805</b>	<b>Total Assets</b>		<b>911,706</b>	<b>1,013,914</b>	<b>1,014,531</b>
21,076	21,131	Total Current Liabilities	9, 17-20	10,440	28,411	28,491
2,720	3,020	Total Non Current Liabilities	18-20	78,282	32,696	32,979
<b>23,796</b>	<b>24,151</b>	<b>Total Liabilities</b>		<b>88,722</b>	<b>61,106</b>	<b>61,469</b>
<b>799,408</b>	<b>799,655</b>	<b>NET ASSETS</b>		<b>822,984</b>	<b>952,808</b>	<b>953,062</b>
799,408	799,655	TOTAL EQUITY	5	822,984	952,808	953,062
<b>Total equity consists of:</b>						
371,879	372,062	Accumulated Funds		365,516	369,159	369,350
66,723	66,723	Restricted Reserves		40,183	86,627	86,627
(12,906)	(12,843)	Council-created Reserves		42,593	(12,440)	(12,377)
373,712	373,712	Asset Revaluation Reserves		374,692	509,462	509,462
<b>799,408</b>	<b>799,655</b>	<b>TOTAL PUBLIC EQUITY</b>	5	<b>822,984</b>	<b>952,808</b>	<b>953,062</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

## Summary Consolidated Statement of Cash Flows

For the year ended 30 June 2008

2007			Notes to Accounts	2008		
Parent Actual \$000's	Group Actual \$000's			Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>(18,653)</b>	<b>(18,577)</b>	<b>Net Increase (Decrease) in Cash Held</b>		<b>(2,036)</b>	<b>338</b>	<b>374</b>
18,784	18,802	Add Cash at Start of the Year		14,598	131	225
131	225	BALANCE OF CASH AT YEAR END		12,562	469	599
<b>THE CHANGE IN THE CASH BALANCE IS DUE TO:</b>						
17,911	18,010	Net cash flows from operating activities		28,094	24,137	24,227
(36,470)	(36,484)	Net cash flows from investing activities		(79,664)	(59,326)	(59,354)
(94)	(103)	Net cash flows from financing activities		49,535	35,527	35,501
<b>(18,653)</b>	<b>(18,577)</b>	<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(2,036)</b>	<b>338</b>	<b>374</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

**CAPITAL EXPENDITURE SUMMARIES**

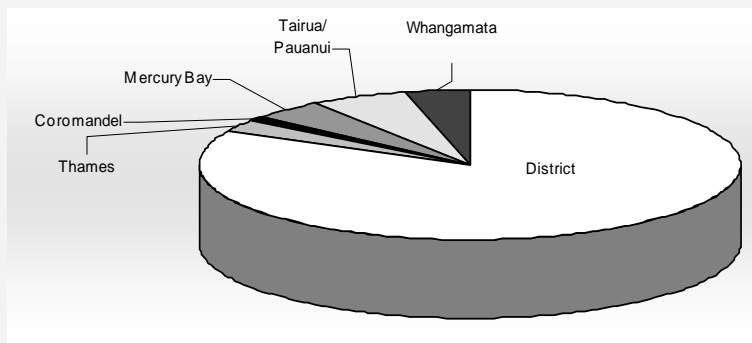
**Summary of Capital Projects by Area**

For the year ended 30 June 2008

2007			Notes to Accounts	2008		
Parent Actual \$000's	Group Actual \$000's	Area		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
33,845	33,845	District		54,675	47,090	47,090
1,031	1,031	Thames		2,147	1,296	1,296
1,342	1,342	Coromandel		1,198	747	747
5,079	5,079	Mercury Bay		6,953	2,340	2,340
1,067	1,067	Tairua/Pauanui		11,363	3,328	3,328
3,162	3,162	Whangamata		3,499	2,121	2,121
<b>45,526</b>	<b>45,526</b>	<b>TOTAL VALUE OF CAPITAL PROJECTS BY AREA</b>	<b>32</b>	<b>79,835</b>	<b>56,922</b>	<b>56,922</b>

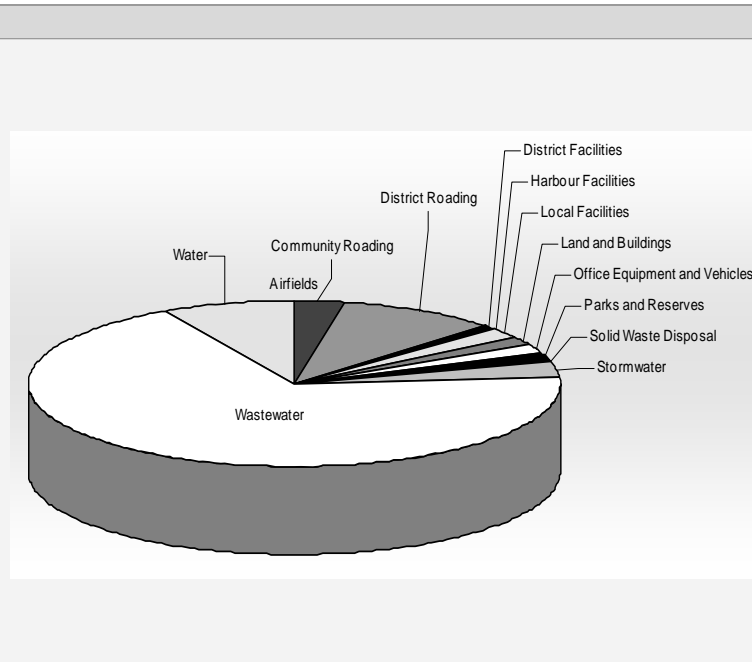
**Capital Expenditure by Area**

Area	\$000's
District	\$47,090
Thames	\$1,296
Coromandel	\$747
Mercury Bay	\$2,340
Tairua/Pauanui	\$3,328
Whangamata	\$2,121
<b>Total</b>	<b>\$56,922</b>



**Capital Expenditure by Activity**

Activity	\$000's
Airfields	\$0
Community Roding	\$1,765
District Roding	\$5,435
District Facilities	\$451
Harbour Facilities	\$53
Local Facilities	\$1,090
Land and Buildings	\$947
Office Equipment and Vehicles	\$995
Parks and Reserves	\$706
Solid Waste Disposal	\$307
Stormwater	\$1,592
Wastewater	\$38,955
Water	\$4,625
<b>Total</b>	<b>\$56,922</b>



## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

### Compliance

The Council and Management of the Thames-Coromandel District Council confirm that all 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 of the Thames-Coromandel District Council accept responsibility for the preparation of the annual Financial Statements and the judgement used in them.

The Council and Management of the Thames-Coromandel District Council accept 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 opinion of the Council and Management of the Thames-Coromandel District Council, the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations of the Thames-Coromandel District Council.



Philippa Barriball JP  
DISTRICT MAYOR

Date: 24th September 2008



Steve Ruru  
CHIEF EXECUTIVE

Date: 24th September 2008

## AUDIT REPORT

### TO THE READERS OF THAMES COROMANDEL DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Thames Coromandel District Council (the District Council) and group. The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2008, including the financial statements.

#### Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 127 to 189:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect :
    - the District Council and group's financial position as at 30 June 2008; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 52 to 122 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 24 September 2008, 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, performance information 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, performance information 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, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management 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 data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information 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 in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of

Schedule 10 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, performance information 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 Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out assignments in the areas of probity assurance over the roading professional services contract which is compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the District Council or any of its subsidiaries.



John Scott  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

## INTRODUCTION

The Council produces an Annual Report each year to show what it has delivered to the Thames-Coromandel District communities and the progress it is making to help achieve the outcomes the district is seeking.

This reporting focuses on two areas:

### What We Achieved (or Service Performance)

This area focuses on the services that the Council provides. The services are grouped into activities. Information is provided about what each activity involves and how it contributes to community wellbeing. More detailed information on performance targets and actual achievements both financial and non-financial is also provided.

### Financial Performance

The Annual Report also outlines the Council's overall financial performance – accounting for its spending as funded by various people and organisations, including ratepayers. This information includes the 'Statement of Financial Performance', the 'Statement of Financial Position', the 'Statement of Changes in Equity', 'Statement of Cash Flows' and the accompanying accounting policies and notes to the accounts. This information must be prepared according to generally accepted accounting practice and internationally recognised accounting standards.

### How to Read This Section

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This section of the Annual Report focuses on the services which the Council delivers.<sup>2</sup>

The Council's activities are categorised into six groups:

- Community Leadership;
- Community Facilities;
- Managing the Environment;
- Community Safety and Welfare;
- Roads; and
- Water and Waste.

### What We Report On

This table outlines the information we have reported on (as required by the Local Government Act 2002) and explains how we have presented the information.

What information is reported on?	How is this presented in the Annual Report?
The Council's individual and groups of activities.	A list of the activities in each group of activities is presented in the introduction to the group.
The community outcomes to which these activity groups primarily contribute. More information on community outcomes is provided below.	Most groups of activities help achieve our community outcomes in some way. The relevant community outcomes are identified in this section.

<sup>2</sup> This is required by clause 15 of Schedule 10 of the Local Government Act 2002 (LGA 02).



What information is reported on?	How is this presented in the Annual Report?
The results of any measurement which demonstrates progress towards the achievement of those community outcomes.	For each group of activities, actions or initiatives taken over the past year which have contributed towards the relevant outcomes are described.
Any identified effects that an activity has on the social, economic, environmental or cultural wellbeing of the community.	As our communities identified outcomes that reflect the way they view community wellbeing, any contribution towards the community outcomes is deemed to have helped achieve community wellbeing.
A comparison between the actual levels of service provision (what we actually delivered) and the intended levels (what we said we would deliver), together with reasons for any significant difference.	This information is provided for each activity.  Where performance has been measured by surveying resident and ratepayer satisfaction with Council services and facilities there is a margin of error of 4.9%. This means that results that were under or over target by less than 4.9% have been interpreted as meeting the target.
A statement of the costs of each activity, showing a comparison between what was budgeted and what was spent in both the current and previous financial year.	A "cost of service statement" is provided for each group of activities.
A description of any significant acquisitions or replacements of assets and the reasons for the acquisition/replacement.  The reasons for any significant variation between projected acquisitions and replacement of assets and actual acquisitions and replacements.	This information is provided in the capital expenditure tables reported for each group of activities.

## Community Wellbeing

One of the main purposes of local government is to promote the social, economic, environmental and cultural wellbeing of communities, both now and for the future. Together, these four facets of wellbeing make up what is called community wellbeing. This is shown in the diagram below.



Everything the Council does is aimed at achieving community wellbeing.

## Community Outcomes

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Achieving community wellbeing is a very broad goal or purpose for the Council to contribute to. In 2006, the district communities identified their aspirations for the future of the Coromandel Peninsula and expressed what the concept of community wellbeing means to them – these are called **Community Outcomes**. The community outcomes provide a local perspective of what community wellbeing means to our district. They tell us what is of most importance to our district when thinking about the future of the Coromandel. These statements give guidance to the many agencies and people who live and work on the Coromandel Peninsula on what community wellbeing (cultural, economic, environmental and social wellbeing) means to our communities. This of course includes the Council which has a large role to play. The Council's contribution is outlined in its 2006-2016 Long-term Council Community Plan (Ten Year Plan) and Annual Plans.

The Thames-Coromandel District's communities have identified the following outcomes as being important to them:



### **Our communities recognise and value the natural environment.**

*The natural environment of the Peninsula is of such importance it must be protected for future generations. The pressures of growth and development need to be carefully managed so its unique values and qualities are not lost.*



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

*Our communities want the natural beauty and the clean beach environment of the Peninsula retained, and want to see these resources respected. Increased use of our beaches and coastal environment creates pressures that can have negative impacts unless carefully managed and everybody must take individual and collective responsibility.*



### **Our communities are healthy, cohesive, caring and supportive.**

*A strong, caring and healthy community benefits everyone. People need to feel they belong and can contribute. We must continuously respond to the changing needs of our communities.*



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

*There are over 50 communities and settlements on the Peninsula. Each has its own distinctive character and diversity as a result of the history, the environment, landscape and the people that live there. By embracing this diversity we can build on the strength and pride each community contributes to the character of the Peninsula.*



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

*Our long and rich history is an important part of the identity of the Peninsula. We must have a co-ordinated approach to the preservation of our history so that it remains for future generations.*

**Our local economies reflect the spirit of the Peninsula.**

*Our communities refer to the 'Spirit of the Peninsula' to mean many things, especially the strong links to the natural environment and the local community atmosphere. The majority of businesses on the Peninsula are small to medium in size and predominantly in the primary and service industries. Many are linked to the natural environment. Opportunities exist for value added enterprises that create sustainable employment.*

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

*The proximity of the Peninsula to large cities has resulted in rapid growth and associated pressures which are expected to continue. It is recognised that sound planning across all sectors of our communities is essential to meet the needs of both local and visitor populations.*

In the following sections, you can find out what the Thames-Coromandel District Council has done over the 2007/08 year to help contribute to these aspirations.

## COMMUNITY LEADERSHIP GROUP

### What Community Leadership Delivers

The Community Leadership activity helps communities set goals and provides direction on what their priorities are and the best way to achieve them. Through this activity, 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 will help ensure that the Council is contributing towards the community wellbeing of the district's communities.

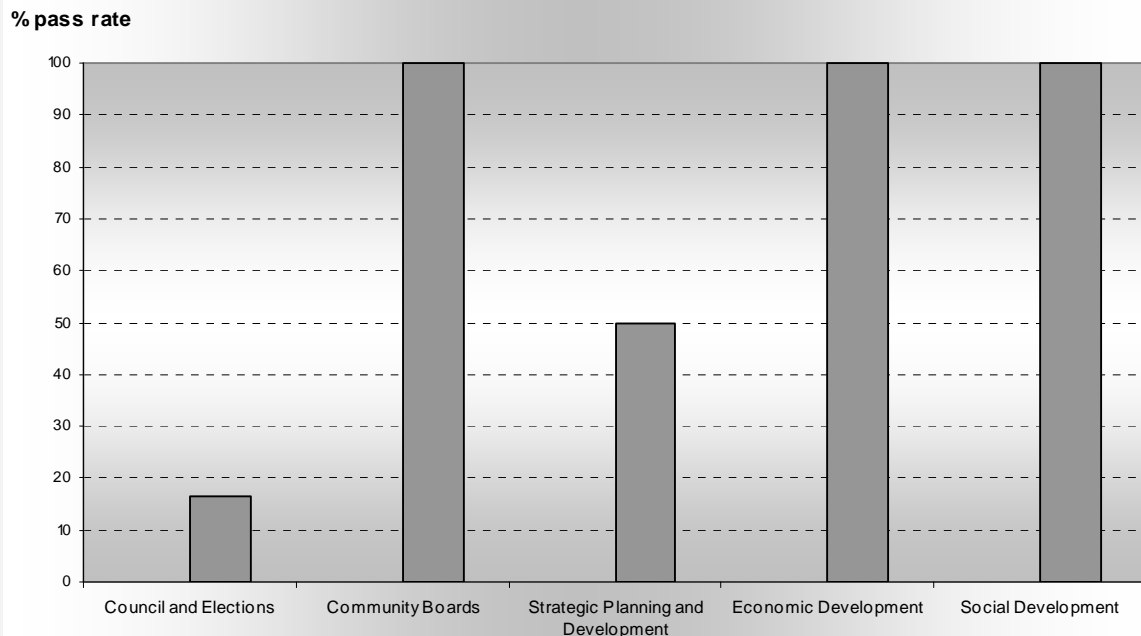
This activity is key to ensuring that the principles and obligations of the Local Government Act 2002 are met.

#### Community Leadership Activities

- Council and Elections
- Community Boards
- Strategic Planning and Development
- Economic Development
- Social Development

The following graph shows the overall performance of each activity in the Community Leadership group of activities in relation to its performance targets for the 2007/08 year.

#### Community Leadership Performance Measures – Pass or Fail



## Community Wellbeing and Community Outcomes

In delivering its Community Leadership activities, the Council contributes to four community outcomes in particular. This contribution towards the outcomes and therefore to community wellbeing is explained below.



### **Our communities are healthy, cohesive, caring and supportive.**

- Having informed communities is important in creating healthy, cohesive, caring and supportive communities. The Council contributed to achieving this outcome by keeping communities informed about important district and council issues such as promoting upcoming consultation opportunities. The Council's success in keeping communities informed can be measured by looking at customer satisfaction levels. The recent Customer Satisfaction Survey (2008) reported that 71% of residents and non-resident ratepayers are satisfied with the sufficiency of information supplied by the Council.
- The active and informed engagement of communities in events that have an important impact on their future works towards achieving this community outcome. The Council provided an opportunity for communities to shape their future through local government elections. At the local government election in October 2007 voter turnout was 53%. This can be compared to voter turnout statistics from neighbouring local government bodies – voter turnout was 42% for both Matamata-Piako District Council and Hauraki District Council.
- The satisfaction of Thames-Coromandel District residents and ratepayers with the overall performance of the Council illustrates how the Council is building a cohesive and supportive district through effective leadership. As 80% of residents and ratepayers are satisfied with the overall performance of the Council, this shows that the Council is meeting the needs of its communities and working to achieve this outcome (Customer Satisfaction Survey 2008).
- Supporting volunteers helps ensure that our communities are healthy, cohesive, caring and supportive. The Council is involved in recognising community volunteers for their input into the community by running annual Community Service Awards. 19 nominations were received for the 2007 Community Service Awards.



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

- The number of people who have been involved in a public meeting or a community action gives an indication of our communities' desire to effectively shape and / or retain the diversity, character and uniqueness of the district. The Council provided the opportunity for communities to advocate via forums such as meetings and hearings so that communities' have their say as to how the Peninsula is treated both now and in the future. 32% of Thames-Coromandel District residents say they have been involved in some kind of public action, meeting, official hearing or consent process in the past year. This is higher than in other districts in the Waikato Region.
- The level of confidence the community has in the decisions made by its leaders shows whether communities believe that the diversity and character of the Peninsula is valued, therefore whether these aspects of the district will be taken into account throughout the decision-making processes of the Council. 48% of respondents have confidence that the Council makes decisions in the best interests of the district and 56% say they understand how the Council makes decisions (Community Outcomes Perception Survey 2007).



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

- The level of engagement that our communities have with the Council's efforts to plan for their future can be gauged through the number of submissions received to important planning documents. Nearly 500 people submitted to the 2008/2009 Annual Plan and over 2,000 submitted to the Coromandel Peninsula Blueprint Project.



**Our local economies reflect the spirit of the Peninsula.**

- The main contribution of the Council towards economic development is through support of Tourism Coromandel. The affect of this contribution can be seen through statistics on the amount visitors spend in the district. In the last year the average spend of visitors to the Coromandel was 71% (2007: 65.6%) of the national average.

## Council and Elections

This activity provides democratic processes and administrative support to enable the Mayor and Councillors to carry out their roles. It also enables decision-making by, and on behalf of, the Thames-Coromandel District communities.

### 2007/08 Achievement Highlights

- Triennial local authority elections of Council and Community Boards held in October 2007.
- Completion of the elected member induction programme following the triennial election.
- Commencement of the 2010 Electoral Review project.
- Commencement of the six-weekly Council meeting cycle.

**Our Service:** We will act as the collective voice for the community

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with the overall performance of the Council.	85%	<b>80%</b>	<p>80% of survey respondents thought that the overall performance of the Council was "very good", "fairly good" or "just acceptable". 5% of respondents answered "don't know". Of the 15% rating the Council as "not very good" or "poor" the main reasons given were high rates, poor performance and lack of consultation.</p> <p>In 2006/07 there was 84% satisfaction with the Council's overall performance.</p>
% of residents and ratepayers satisfied with how the Council allocates funds / rates to be spent on the services and facilities provided.	70%	<b>61%</b>	<p>Survey respondents indicated that satisfaction with the allocation of funds and rates was under target due to the high cost of rates and the public perception of an unfair allocation of funding. 8% of respondents answered "don't know", 31% were "not very satisfied", 54% were "satisfied" and 7% were "very satisfied".</p> <p>In 2006/07 there was 58% satisfaction with the allocation of funds and rates.</p>

**Our Service: We will operate in an open and transparent manner**

Measure	Target	Result	Comments
% of Council agenda items which are public excluded.	10%	<b>15%</b>	Two thirds of the Council's public excluded items were made up of matters that were of a commercially sensitive nature or public excluded minutes. The remaining items were matters of a legally privileged nature or items that, if made public, would impinge on a person's privacy.  The result for this performance measure in 2006/07 was 14.5%.
% of residents and ratepayers who feel that their elected representatives give a fair and open-minded hearing.	32%	<b>26%</b>	26% of respondents feel that their elected representatives give a fair and open minded hearing; 17% believe they give a defensive and one-sided hearing; and 34% feel the answer lies somewhere between the two. 23% of respondents answered "don't know".  The result for this performance measure in 2006/07 was 28%.
% of residents and ratepayers satisfied with the sufficiency information supplied by the Council.	70%	<b>71%</b>	71% of respondents feel that there is more than enough or enough information supplied by the Council. 7% of respondents answered "don't know".  The result for this performance measure in 2006/07 was 74%.

**Our Service: We will engage the public effectively in our decision-making processes**

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with the way the Council involves the public in decision-making.	55%	<b>50%</b>	50% of respondents were satisfied with the way the Council involves the public in decision making. Residents are more likely to be dissatisfied with the level of involvement than non-resident ratepayers. 8% of respondents answered "don't know" and 22% answered "neither satisfied nor dissatisfied".  The result for this performance measure in 2006/07 was 47%.



## Community Boards

The role of Community Boards is to represent and advocate for the interests of their communities. This includes facilitating local consultation and contributing to the Council's plans and proposals.

The Thames-Coromandel District has five community boards – Thames, Coromandel/Colville, Mercury Bay, Tairua/Pauanui and Whangamata.

Legislative change over the past few years has placed an increasing emphasis on seeking and giving consideration to community views. The Council relies on community boards to be proactive in seeking these views and providing feedback to the Council, through their leadership, advocacy and facilitation roles.

### 2007/08 Achievement Highlights

- Continued distribution of Treasure Chest community grants funding.
- New reserve management plans completed and adopted for Tairua / Pauanui and Whangamata.

**Our Service:**      **The Community Boards will represent and advocate for the interests of their communities**

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with the overall performance of Community Boards.	60%	<b>60%</b>	60% of survey respondents thought that the overall performance of Community Boards was "very good", "fairly good" or "just acceptable". 32% of respondents answered "don't know".  In 2006/07 there was 57% satisfaction with the Council's overall performance.
Community Plans endorsed by the relevant Community Board for each community.	No Community Plans endorsed.	<b>Target achieved.</b>	No Community Plans were due to be endorsed for the 2007/08 year.

**Our Service:**      **The Community Boards will operate in an open and transparent manner**

Measure	Target	Result	Comments
% of Community Board agenda items which are public excluded.	3%	<b>2.8%</b>	The result for this performance measure in 2006/07 was 1.6%.

## Strategic Planning and Development

Strategic Planning and Development involves identifying the future that our communities want and how the Council will help the district get there. With the district facing continued growth and the resulting pressures, the development of strategy and policy helps to direct this growth in a way which achieves the outcomes the district wants.

### 2007/08 Achievement Highlights

- Feedback gained on possible futures for the Coromandel Peninsula Blueprint project.
- Adoption of the 2008/2009 Annual Plan.
- Review of Development Contributions Policy underway.
- Review of service levels for the Council's activities (what we will deliver) and performance measures (how we will know we are delivering) completed to be included in the draft 2009-2019 Ten Year Plan.

**Our Service:** We will help identify the future our communities want

Measure	Target	Result	Comments
The review of community outcomes is facilitated at least every six years.	No review.	<b>Target achieved.</b>	No review was scheduled for the 2007/08 year.

**Our Service:** We will have strategies and policies which direct growth and development in an appropriate manner

Measure	Target	Result	Comments
Strategic Planning & Development work programme completed.	Following projects completed: <ul style="list-style-type: none"> <li>▪ Annual Plan</li> <li>▪ Annual monitoring report completed</li> <li>▪ Service level review</li> </ul>	<b>Target achieved.</b>	<p>The 2008/2009 Annual Plan was adopted by the Council on 23 June 2008.</p> <p>The 2006/07 Annual Report was adopted by the Council on 26 September 2007.</p> <p>The service level review took place as part of the review of activity plans and was endorsed by the Council in May 2008 for inclusion in the draft 2009-2019 Long-term Council Community Plan (Ten Year Plan).</p>
Coromandel Peninsula Blueprint Project completed.	Implementation of Blueprint – Structure Plan Programme	<b>Under target.</b>	Community consultation has been completed and all submissions are now being collated with a view to informing the 'Preferred Future'. The Blueprint structure plan programme is in the process of being developed and will likely commence in 2009.

Our Service: We will co-ordinate our efforts and advocate for the interests of the district

Measure	Target	Result	Comments
Community Outcomes are promoted and advocated for.	Annual Progress report provided to the Council.	<b>Under target.</b>	A scoping report has been prepared for the Council's consideration but has been delayed due to staff resourcing issues.

## Economic Development

A sustainable economy is key to the wellbeing of communities in the Thames-Coromandel District. The Council supports the development of the tourism sector as a key component of our economy and funds Tourism Coromandel to carry out tourism destination marketing, management and event co-ordination.

### 2007/08 Achievement Highlights

- Continued funding of Tourism Coromandel and Visitor Information Centres.
- Implementation of the Regional Economic Development Strategy in conjunction with the Hauraki District Council.

**Our Service:** We will increase tourism activity on the Peninsula

Measure	Target	Result	Comments
Increased number of visitors to the Coromandel Tourism Region (based on calendar year): <ul style="list-style-type: none"> <li>▪ Domestic</li> <li>▪ International</li> </ul>	Meet forecasted visitor numbers at minimum: <ul style="list-style-type: none"> <li>▪ 1.90 million</li> <li>▪ 402,000</li> </ul>	<b>No result available</b>	Due to delays at the Ministry of Tourism these results are not yet available.
Increased average visitor spend in the Coromandel Region in relation to the national average (based on calendar year).	Average visitor spend in the Coromandel equates to 65% of the national average.	<b>Target achieved.</b>	Average visitor spend in the Coromandel equated to 71% of the national average.

**Our Service:** We will support the ongoing development of the Visitor Information Centre network

Measure	Target	Result	Comments
Funding support provided to visitor information centers.	Funding provided to Thames, Whitianga, Tairua, Pauanui, Coromandel & Whangamata.	<b>Target achieved.</b>	

## Social Development

Our district has told us that healthy, cohesive, caring and supportive communities are important. The Social Development activity involves contributing to, and advocating for, the social wellbeing of the district's communities. The Council contributes by distributing community grants through:

- Service level agreements at the district level.
- Community Board 'Treasure Chest Funding' at the local level.
- The Creative Community Scheme for community arts grants.

### 2007/08 Achievement Highlights

- Funding allocated to community groups and organisations including sport, health and social services.

**Our Service:** We will distribute grants to specific community groups promoting the wellbeing of the district

Measure	Target	Result	Comments
Ongoing financial support provided to nominated groups to reflect a range of activities including physical activity, health and education.	Funding provided to Sport Waikato, Life Education Trust, Social Services Waikato.	<b>Target achieved.</b>	Funding was distributed in accordance with the 2007/08 Annual Plan

**Our Service:** We will co-ordinate funding distribution from Creative NZ for arts in our district

Measure	Target	Result	Comments
Scheme administered according to Creative NZ Agreement.	Requirements met and reported on annually to Creative NZ.	<b>Target achieved.</b>	Applications for funding were received and processed. Approved grants have been distributed and all reporting requirements to Creative NZ have been met.

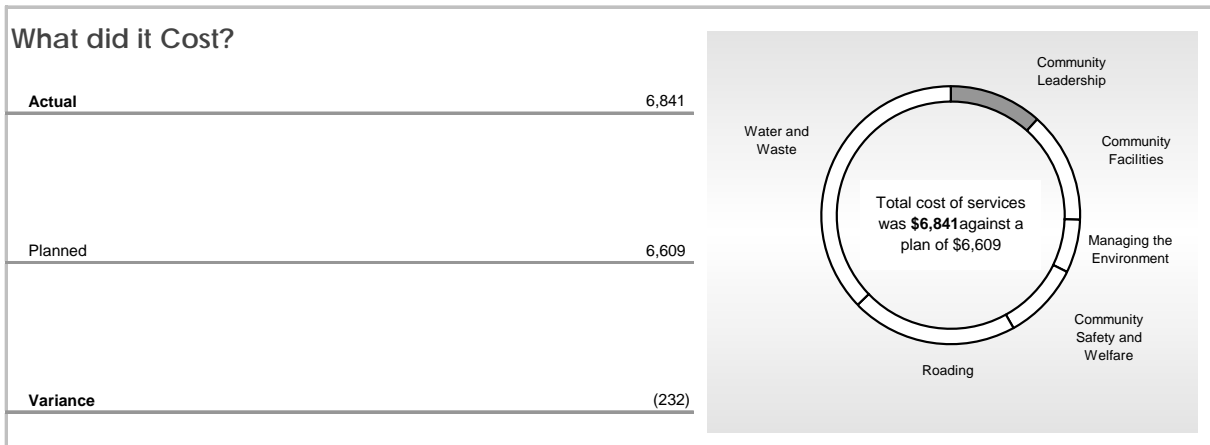
## Cost of Services Statement -

### Community Leadership

For the year ended 30 June 2008

2007		2008		Variance \$000's	Notes
Actual \$000's		Budget \$000's	Actual \$000's		
<b>Revenue</b>					
34	Activity Revenue	0	59	59	1
0	Contributions Revenue	0	0	0	
5,777	Rates Revenue	6,041	5,929	(112)	2
0	Subsidies Revenue	0	0	0	
5,811	<b>Total Operating Revenue</b>	<b>6,041</b>	<b>5,988</b>	<b>(53)</b>	
<b>Cost of Services</b>					
1,500	Community Boards	1,584	1,619	(35)	
1,830	Council	2,169	2,249	(80)	3
613	Economic Development	793	716	77	4
51	Elections	112	112	0	
869	Social Development	779	1,097	(318)	5
851	Strategic Planning and Development	1,172	1,048	124	6
5,714	<b>Total Cost of Services</b>	<b>6,609</b>	<b>6,841</b>	<b>(232)</b>	
<b>97 NET COST OF SERVICES</b>		<b>(568)</b>	<b>(853)</b>	<b>(284)</b>	

The Development Contributions Policy (DCP) is a policy adopted by the Council under the Local Government Act 2002. Development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can not be used to fund operating expenditure.



Notes	
1	Activity Revenue is showing favourable variance as 50% of the Blueprint project costs were reimbursed to Council by Environment Waikato. This previously was an unbudgeted item.
2	Rates Revenue is showing an unfavourable variance as shifts in the rating database in the time between finalising the budget figures of the annual plan and actually assessing the rate at the end of closing off of the District Valuation Roll on 30 June 2007 varied. In addition, Council also received numerous objections with respect to the General Valuation. This would have also reduced the number of rates revenue received should the property have been revalued downwards after the objection was heard.
3	Council expenditure is showing an unfavourable variance as overhead expenditure is overspent by \$80,000.
4	Economic Development is showing a favourable variance as the Council is awaiting further information from Tourism Coromandel before it is able to proceed further on the Information Centre Pilot Project.
5	<p>Social Development is showing an unfavourable variance due to:</p> <ul style="list-style-type: none"> <li>▪ An unbudgeted grant having been provided to the Coromandel Heritage Trust for \$100,000. This project was funded by Council from the Special Projects Reserve;</li> <li>▪ Two grants having been provided to the Coromandel Independent Living Trust for \$84,000 and \$54,000 on both respective occasions. We note that the grants were approved in principle by the previous Council. The larger of the two payments was funded from the Special Projects Reserve and the smaller payment was funded by the local community board. Both these payments are for the development of a walkway in Coromandel;</li> <li>▪ Rates Remissions being higher than previously forecasted by \$108,000. Developers have taken advantage of remissions on new residential subdivisions.</li> </ul> <p>These unfavourable variances have been partially offset by grant funding not fully utilised during the year of \$24,000. This is due to fewer grant applications being received by Council than that previously forecasted.</p>
6	<p>Strategic Planning and Development is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Community planning and engagement costs were less than anticipated by \$81,000. As all the plans were completed during the year, the remaining funds were used to maintain and action the plans currently in place.</li> <li>▪ The costs relating to the Natural Heritage Partnership were less than anticipated by \$41,000. No new sites were identified by Council and no further work was carried out on the current site.</li> </ul>

	2008		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>CAPITAL WORKS PROJECTS</b>				
<b>COMMUNITY LEADERSHIP</b>				
Computer Hardware	441	281	160	1
Computer Software	394	262	132	2
Furniture and fittings	186	147	39	
Plant and vehicles	351	305	46	3
<b>Total Community Leadership Capital Works Projects</b>	<b>1,373</b>	<b>995</b>	<b>377</b>	
<b>Percentage of Community Leadership Capital Works Projects completed</b>	<b>100%</b>	<b>72%</b>		

Notes	
1	Costs in relation to computer hardware were less than anticipated as staff vacancies during the course of the year meant that work was unable to be progressed due to lack of available personnel.
2	Costs in relation to computer software were less than anticipated as staff vacancies during the course of the year meant that work was unable to be progressed due to lack of available personnel.
3	The cost of the vehicles purchased by Council was less than originally anticipated. The tender process enabled Council to obtain competitive quotes from local dealerships.

## COMMUNITY FACILITIES GROUP

### What Community Facilities Delivers

The Council provides a range of community facilities to meet the recreational, social, cultural and public amenity needs of residents and visitors to the district.

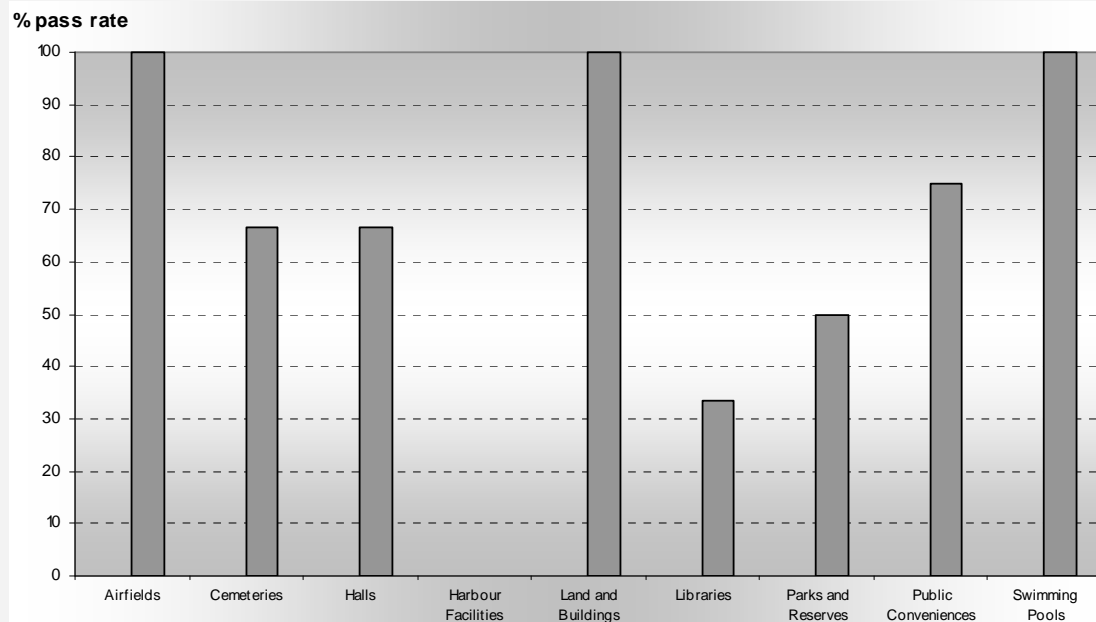
For some activities, such as cemeteries and public toilets, there are specific statutory provisions requiring Council involvement. For others, such as halls, airfields and swimming pools, the Council is involved to maintain and improve the general wellbeing of its communities. As community demographics continue to change, the Council will need to consider the best way of providing these facilities.

#### Community Facilities Activities

- Airfields
- Cemeteries
- Halls
- Harbour Facilities
- Land and Buildings
- Libraries
- Parks and Reserves
- Public Conveniences
- Swimming Pools

The following graph shows the overall performance of each activity in the Community Facilities group of activities in relation to its performance targets for the 2007/08 year.

#### Community Facilities Performance Measures – Pass or Fail





## Community Wellbeing and Community Outcomes

In delivering its Community Facilities activities, the Council contributes to three community outcomes in particular. This contribution towards the outcomes and therefore to community wellbeing is explained below.



### **Our communities are healthy, cohesive, caring and supportive.**

- The number of sports clubs in the district helps to indicate how healthy, cohesive and active our communities are and how important the community facilities activities are to this outcome. At present supporting sports clubs is not an area of focus for the Council, but the number of sports clubs does give an indication of what is happening in the community. There are currently around 170 sports clubs in the district. The Council has actively contributed to achieving healthy, cohesive and supportive communities through the provision of community facilities such as recreational facilities and public conveniences. For example, a new skate ramp half pipe was recently constructed in Whitianga.
- Culturally enriched and informed communities help to achieve a healthy, caring and supportive district. Libraries help to enrich and inform community members and the Council has worked towards this community outcome with the provision of three libraries in the district – Thames, Whitianga and Tairua. Of the residents and ratepayers who have an opinion on libraries, 94% are satisfied (59% of total respondents, including 'don't know' responses – Customer Satisfaction Survey 2008).
- Noise issues arising from the Whangamata hall have been publicised over recent months. This has been considered to have had a negative effect on the community by some.



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

- The provision of Council facilities ahead of growth can be achieved through sound planning in advance of built development. The current efficient and effective provision of these facilities can be measured by the satisfaction of those who use them. This can help to indicate whether these facilities are coping with current demand and whether they have the capability, in the opinion of the public (measured through their satisfaction), to cater for increased usage. 83% of respondents to the Customer Satisfaction Survey (2008) are satisfied with public toilets in the district (73% of total respondents including 'don't know' responses); 96% are satisfied with cemeteries (43% of total respondents); 94% are satisfied with libraries (59% of total respondents); and 90% are satisfied with parks and reserves (86% of total respondents).



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

- Respecting and enhancing the natural value of our beaches is important to the wellbeing of our communities. The parks and reserves and harbour facilities activities contribute to this outcome by providing appropriate beach access and harbour facilities, hence ensuring that beaches and the surrounding natural environment is respected. For example, the Council has constructed a new beach access at Grays Beach, Kuaotunu the use of which will protect the surrounding areas from foot traffic and hence enable the natural values of the beach to be respected and enhanced.

## Airfields

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Airfields are provided to enable recreational and transportation opportunities for residents and visitors to the district. The Council owns two airfields, one at Thames and one at Pauanui, but some of the buildings and facilities on them are privately owned.

### 2007/08 Achievement Highlights

- Completion of a Management Plan for the Thames airfield.
- Thames Airfield structure plan for inclusion in the District Plan under development.
- Replacement of airfield signage in Pauanui.

**Our Service:** We will provide safe airfields in Thames and Pauanui (while leasing their management to external parties)

Measure	Target	Result	Comments
Airfields comply with Civil Aviation Authority standards:			
▪ Thames	100%	<b>100%</b>	
▪ Pauanui	100%	<b>100%</b>	

## Cemeteries

Cemeteries provide a safe and suitable burial/interment place for the public, and also provide a memorial for those wishing to remember people that have passed on. This activity involves providing the burial and interment facilities. The maintenance and availability of adequate records is also an important aspect of this activity.

### 2007/08 Achievement Highlights

- Whangamata cemetery developed to allow for future burials.
- Additional burial section opened at Totara cemetery.

**Our Service:** We will provide safe and suitable burial / interment facilities to cater for projected mortalities

Measure	Target	Result	Comments
Burial/interment capacity is available to cope with projected mortality.	No additional land required.	<b>No additional land required.</b>	

**Our Service:** We will ensure that cemeteries are well maintained

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with cemeteries provided.	70%	<b>43%</b>	The large proportion of "don't know" responses (55%) means the overall satisfaction rate appears low. Only 2% of respondents were not very satisfied with cemeteries provided.  The result for this performance measure in 2006/07 was 43%.
Maintenance carried out in accordance with minimum contract standards (Pass/Fail).	Pass	<b>Pass</b>	

## Halls

The Council is involved in the provision of community halls at 14 locations around the district. The Council owns and manages three major hall facilities in the district: the Thames War Memorial Civic Centre, the Whitianga Hall, and the Whangamata Memorial Hall.

The extent of the Council's involvement in the provision of other halls ranges from direct management through to the provision of grants to other hall owners to assist with operational and maintenance costs associated with the actual hall building.

### 2007/08 Achievement Highlights

- Continued operation of halls in Thames, Whangamata and Whitianga.

**Our Service:** The Council will manage halls to provide a venue for community activities

Measure	Target	Result	Comments
% of available hall hours used:			
▪ Thames	34%	<b>35%</b>	
▪ Whangamata	46%	<b>49%</b>	Noise complaint issues are currently being worked through.
▪ Whitianga	32%	<b>28%</b>	

## Harbour Facilities

The Council is responsible for the management and control of a variety of harbour facilities around the district including 23 boat ramps, six jetties, seven pontoons and six wharves.

Harbour facilities provide for a range of recreational and commercial uses including:

- Recreational boat launching;
- Scenic and charter boats; and
- Commercial fishing/harvesting, etc.

### 2007/08 Achievement Highlights

- Structure engineering inspections carried out to check safety of all facilities – issues identified and responded to.

**Our Service:** We will provide safe and tidy harbour facilities

Measure	Target	Result	Comments
Harbour facilities work programme completed.	Boat ramp improvements in central Whitianga completed.	<b>Design and scoping work around Whitianga boat ramps not completed.</b>	The Mercury Bay Community Board is yet to provide any definite recommendations for the provision of future boat ramps.
% of residents and ratepayers satisfied with boat ramps and launching facilities provided.	75%	<b>62%</b>	<p>The large proportion of "don't know" responses (23%) means the overall satisfaction rate appears low. 15% of respondents were not very satisfied with harbour facilities provided.</p> <p>The main reasons for dissatisfaction with harbour facilities were that facilities need to be better maintained and that they become too crowded at holiday times.</p> <p>The result for this performance measure in 2006/07 was 60%.</p>

## Land and Buildings

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The Council owns and manages a range of land and buildings to provide for business and community needs. Council administration buildings and depot sites, land and buildings used for commercial and community activities (including land purchased for future community needs), as well as the Council land on which pensioner housing is provided by other community groups are all included within this activity. The activity does not include land used for parks and reserves, or associated buildings (refer to the Parks and Reserves activity).

### 2007/08 Achievement Highlights

- New Mercury Bay Service Centre in Whitianga completed and opened.
- Coromandel pensioner housing buildings sold to the Coromandel Living Trust.

**Our Service:** We will provide land through lease to assist community groups in addressing local social needs

Measure	Target	Result	Comments
Full occupancy of pensioner housing on Council-owned land.	100%	<b>100%</b>	

## Libraries

The Council owns and manages library buildings and services in Thames, Whitianga and Tairua. Core services provided are books of fiction and non-fiction for adults and children, magazines, periodicals, newspapers, talking books, archives, genealogical and historical information, videos, compact discs and internet facilities, including access to a range of electronic databases.

### 2007/08 Achievement Highlights

- Library book stock increased in Thames and Whitianga.
- New Tairua library completed and open for business.

**Our Service:** We will provide quality library services and facilities

Measure	Target	Result	Comments
Number of Council-owned libraries operated in accordance with LIANZA standards.	3	2	The Thames and Whitianga libraries met 9 out of the 13 LIANZA standards during the 2007/08 year. The Tairua library was only completed in June 2008.
% of residents and ratepayers satisfied with library facilities.	70%	59%	The large proportion of "don't know" responses (37%) means the overall satisfaction rate appears low. Only 4% of respondents were not very satisfied with library facilities provided.  55% of respondents were satisfied with library facilities in 2006/07.
Increase in number of issues:			
▪ Thames	181,900	173,649	Thames – a fault with the library management system resulted in the number of issues recorded being significantly inflated resulting in unrealistic targets being set in the 2006-16 Long-term Council Community Plan. This issue will be addressed in the 2009-2019 Long-term Council Community Plan.
▪ Whitianga	43,911	76,164	Whitianga – targets were created for this performance measure before the library was running at full capacity. Hence, the targets set in the 2006-16 Long-term Council Community Plan are unrealistically low.
▪ Tairua	10,100	8,006	Tairua – The new Tairua library was completed later than expected. Now that it has been completed and membership is increasing, the number of book issues is expected to increase.
New libraries constructed.	No new libraries to be constructed.	Tairua library constructed.	The construction of the new Tairua Library was behind target and it was officially opened on 11 June 2008.

Our Service:      **Our communities will be able to access library facilities**

Measure	Target	Result	Comments
Number of communities with access to a Council-operated library.	3	3	Only two communities had access to a Council-operated library for the majority of the 2007/08 year. The target was made under the presumption that the new Tairua Library would be operational by December 2006. However, all three libraries were open by the end of the 2007/08 year.
Ongoing financial support provided to nominated groups.	Funding provided to Coromandel, Hahei, Pauanui and Whangamata libraries.	<b>Target achieved.</b>	



## Parks and Reserves

The Council is responsible for acquiring, developing and maintaining parks and reserves within the district. These include recreation reserve areas and community and local reserves which, in many places, provide access to important recreation attractions such as beaches and harbours.

The Council owns approximately 2,170 hectares of open space. Of this, approximately 600 hectares are in the form of recreational reserve (public parks, sports fields) and the remaining area consists of other Council-managed land (road berms, cemeteries etc).

### 2007/08 Achievement Highlights

- Reserve Management Plans adopted for Tairua/Pauanui, Whangamata, Mercury Bay South and Whitianga/Wharekaho.
- Continued upgrading of reserve signage district wide, including the introduction of more 'interpretive' signage.
- Completion of the first stage of a walking track to the top of Pumpkin Hill, Tairua.
- Completion of a skate ramp and minor upgrading of the skate area in Whitianga.
- Completion of a beach access structure at Gray's Beach, Kuaotunu.
- A district wide tree planting day at a number of sites with volunteer and school groups.

**Our Service:** We will ensure that parks and reserves are well maintained

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with parks and reserves provided.	80%	<b>86%</b>	4% of respondents answered "don't know". In the 2006/07 year 84% of residents and ratepayers were satisfied with parks and reserves provided.
Maintenance carried out in accordance with minimum contract standards (Pass/Fail).	Pass	<b>Pass</b>	

**Our Service:** We will identify the appropriate levels of provision of parks and reserve space in the district

Measure	Target	Result	Comments
Reserve policy work programme completed.	Parks and reserve categorisation completed. Reserves acquisition strategy	<b>Categorisation completed and endorsed by the Council. Acquisition strategy</b>	The final acquisition strategy is still to be produced for Council approval.

Measure	Target	Result	Comments
	completed.	<b>completed to first draft stage.</b>	
Number of sports fields exceeding an average of 7 hours of formal use per week.	0	1	The field which does not presently meet the standard is Lyon Park, Whitianga. This has been known for some time and will be resolved with the construction of new sports fields in the area. A business case is currently being prepared for the Council to determine the location of up to five additional sports fields. It is currently not possible to formally measure the number of hours use on sports fields as there is no booking system.

## Public Conveniences

The Council owns and maintains public conveniences (public toilets) at 80 locations around the Peninsula. The Council provides public conveniences in busy areas, such as beaches and town centres, as well as some remote areas where facilities may be few and far between.

### 2007/08 Achievement Highlights

- Demolition of old Waiomu toilet block and construction started on new, improved toilet block.

**Our Service:** We will provide safe and tidy public conveniences

Measure	Target	Result	Comments
New public conveniences work programme completed.	New public conveniences constructed at Shakespeare Reserve.	<b>No new public conveniences constructed.</b>	This target was included mistakenly in the 2007/08 Annual Plan. It should actually read "no works scheduled for this year".

**Our Service:** We will maintain and manage Council-owned public conveniences

Measure	Target	Result	Comments
% of requests for service responded to within contract timeframes.	100%	<b>92%</b>	Training issues were responsible for this below target performance and training has now been carried out to alleviate the problem. Another factor was that there were several issues associated with the high tech Exelooos which require specialised skills to repair and such skills were not available locally.  The result for this performance measure in 2006/07 was 90%.
% of residents and ratepayers satisfied with public convenience facilities provided.	75%	<b>73%</b>	12% of respondents answered "don't know".  The result for this performance measure in 2006/07 was also 73%.
Minimum contract performance standards for public conveniences are achieved (Pass/Fail).	Pass	<b>Pass</b>	

## Swimming Pools

The Council currently owns and operates a swimming pool in Thames (the Thames Centennial Pool) and contributes by way of grants to the provision of independently owned and operated pools in other towns around the Coromandel Peninsula.

### 2007/08 Achievement Highlights

- Successful operation of the Thames Centennial Pool including various sporting and training activities.

**Our Service:** Our customers will be satisfied with the provision of the Thames Centennial Pool

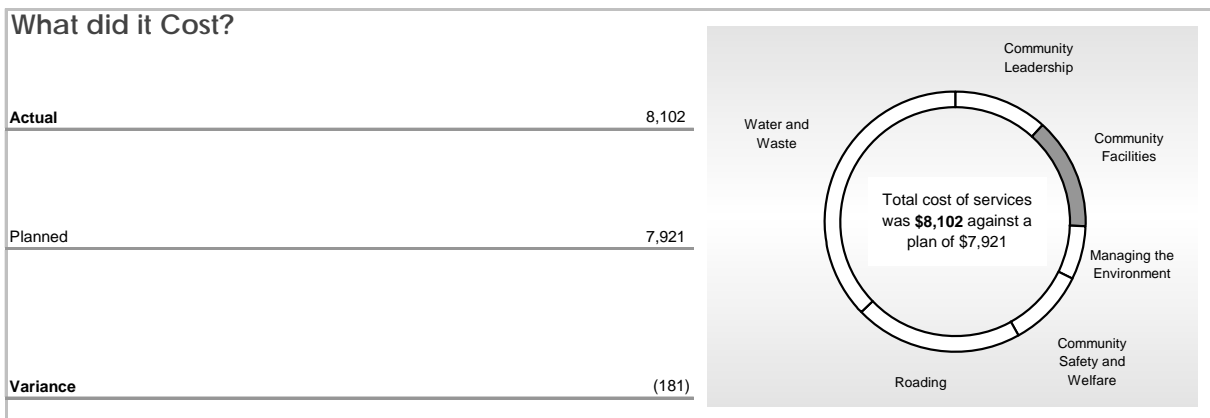
Measure	Target	Result	Comments
Patronage of Thames Centennial Pool.	35,000	<b>34,677</b>	The result for this performance measure in 2006/07 was 34,329. The result for 2007/08 was lower than anticipated as the pool complex was required to remain closed during part of July 2007 whilst the damage sustained to the pool dome (during the July 2007 storm event) was being repaired. Colder temperatures in June 2008 also resulted in reduced patronage during this time.
% of time when the Thames Centennial Pool is maintained in accordance with Pool Water Quality Standard (NZS5826: 2000).	100%	<b>100%</b>	

## Cost of Services Statement - Community Facilities

For the year ended 30 June 2008

2007		2008		Variance \$000's	Notes
Actual \$000's		Budget \$000's	Actual \$000's		
<b>Revenue</b>					
1,032	Activity Revenue	978	1,321	343	1
2,202	Contributions Revenue	5,261	2,843	(2,418)	2
6,314	Rates Revenue	6,644	6,655	11	
0	Subsidies Revenue	2	0	(2)	
<b>9,548</b>	<b>Total Operating Revenue</b>	<b>12,885</b>	<b>10,819</b>	<b>(2,066)</b>	
<b>Cost of Services</b>					
73	Airfields	109	115	(6)	
329	Cemeteries	330	334	(4)	
516	Halls	558	609	(51)	3
556	Harbour Facilities	694	668	26	
358	Land and Buildings	444	398	46	4
828	Libraries	1,016	996	20	
3,354	Parks and Reserves	3,630	3,818	(188)	5
764	Public Conveniences	821	813	8	
364	Swimming Pools	319	351	(32)	
<b>7,142</b>	<b>Total Cost of Services</b>	<b>7,921</b>	<b>8,102</b>	<b>(181)</b>	
<b>2,406</b>	<b>NET COST OF SERVICES</b>	<b>4,964</b>	<b>2,717</b>	<b>(2,247)</b>	

The Development Contributions Policy (DCP) is a policy adopted by the Council under the Local Government Act 2002. Development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can not be used to fund operating expenditure.



### Notes

- 1 Community Facilities Revenue is showing a favourable variance as:
- The rental income received by Council for commercial buildings and the endowment farm was higher than expected by \$288,000. Rent reviews during the financial year resulted in a higher rental income stream for Council once they took

## Notes

	<p>effect. The additional income received from the endowment farm (approximately \$204,000) can only be utilised by Council for ratepayers in the old Thames Borough;</p> <ul style="list-style-type: none"> <li>▪ The Tairua/Pauanui library received unbudgeted grant income of \$30,000 from a local community trust; and</li> <li>▪ Rental income from Elderly Housing was greater than expected as the complex was not sold by Council as quickly as previously anticipated.</li> </ul>
2	<p>Contributions revenue is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Developers have up to five years between a resource consent application being submitted to Council and when a 223 certificate that confirms the exact boundaries of the subdivision. As such, the nature of the consent process can result in significant delays in collecting contributions income; and</li> <li>▪ The actual level of growth in dwellings, show that although the growth across the whole District in the 2001-2006 census period was in line with Council's growth projections, the level from that period has been somewhat lower than projected and it has varied significantly across different catchment areas. This has impacted council were growth has occurred in areas with relatively lower development contributions and will result in less contributions being collected.</li> </ul>
3	<p>Halls is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Depreciation costs were over budget by \$36,000, largely due to the increased depreciation resulting from the buildings revaluation on 1 July 2007;</li> <li>▪ Maintenance on the Thames RSA Annexure was greater than anticipated by \$13,000; and</li> <li>▪ The War Memorial Hall/Civic Centre required both the exterior and interior of the property to be painted during the financial year. This cost was an unbudgeted item and resulted in additional expenditure of \$13,000.</li> </ul>
4	<p>Land and Buildings is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Depreciation costs were under budget by \$69,000;</li> <li>▪ Interest costs were under budget by \$31,000; and</li> <li>▪ Extraordinary maintenance expenditure was not as high as that anticipated at the beginning of the year by \$24,000.</li> </ul> <p>These favourable variances have been partially offset by greater than anticipated legal expenditure of \$60,000. This legal expenditure can mainly be attributed to legal representation required by Council in relation to Whangamata Marina and issues to do with obtaining title of certain pieces of property through section 355 of the RMA.</p>
5	<p>Parks and Reserves is showing an unfavourable variance as unbudgeted clean-up costs of \$179,000 were incurred by Council in relation to the July 2007 weather event.</p>

	2008		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		

### COMMUNITY FACILITIES

Cemeteries				
Asset Register Replacements	31	21	10	
Ferry Landing Modifications	130	13	117	1
Halls				
Thames Hall Furniture & Fittings	2	0	2	
Thames RSA Roof	0	9	(9)	
Coromandel Hall Improvements	10	9	1	
Pauanui Community Centre Land	500	0	500	2
Whitianga Hall Upgrade	10	9	1	
Harbours Facilities				
Matarangi Ramp & Jetty Upgrade	100	21	79	3
Mercury Bay Boat Ramps	103	21	82	4
Mercury Bay Dundas St Reclamation	65	0	65	5
Whitianga Wharf Pontoon Upgrade	0	11	(11)	

CAPITAL WORKS PROJECTS	2008		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>Land &amp; Buildings</b>				
Mercury Bay Administration Building	600	574	26	
Mercury Bay Refurbishment	54	141	(87)	6
Thames Administration Building	135	132	3	
Thames Carnegie Building	95	77	18	
Thames County Building	41	24	17	
<b>Libraries</b>				
Mercury Bay Library Books	51	49	2	
Mercury Bay Library Extension	45	46	(1)	
Mercury Bay Library Furniture & Fittings	6	20	(14)	
Tairua Library Building	588	854	(266)	7
Thames Library Books	94	89	5	
Thames Library Furniture & Fittings	11	6	5	
<b>Parks &amp; Reserves</b>				
Cooks Beach Central Reserve Turf Refurbishment	51	0	51	8
Coromandel Asset Register Replacements	15	11	4	
Coromandel Flood Protection Land Purchase	0	28	(28)	
Coromandel Neighbourhood Land Purchases	64	0	64	9
Coromandel Signage	10	9	1	
Coromandel Sportsville	180	83	97	10
Hot Water Beach Land Purchase	0	72	(72)	11
Mercury Bay Neighbourhood Land Purchases	1,679	0	1,679	12
Mercury Bay Asset Register Replacements	82	82	0	
Mercury Bay Other Development	10	0	10	
Mercury Bay General Play Equipment	14	0	14	
Mercury Bay Signage	10	11	(1)	
Pauanui Minor Works	10	0	10	
Tairua Campervan Waste Station	15	7	8	
Tairua Minor Works	7	7	0	
Tairua/Pauanui Asset Register Replacements	93	83	10	
Tairua/Pauanui Play Equipment	26	0	26	
Tairua/Pauanui Neighbourhood Land Purchases	563	0	563	13
Tairua/Pauanui Signage	10	11	(1)	
Thames Asset Register Renewals	51	37	14	
Thames Neighbourhood Land Purchases	80	0	80	14
Thames Signage	10	4	6	
Thames William Hall Improvements	21	27	(6)	
Whangamata Asset Register Replacements	82	85	(3)	
Whangamata Neighbourhood Reserves	428	0	428	15
Whangamata Signage	21	20	1	
Whitianga Buffalo Beach Foreshore	50	0	50	16
Whitianga Esplanade Landscaping	232	44	188	17
Whitianga Esplanade Parking	72	0	72	18
Whitianga Esplanade Play Equipment	72	7	65	19
Whitianga Skate Park	30	29	1	
Whitianga Sports Ground	440	49	391	20
<b>Public Conveniences</b>				
District Asset Register Replacements	244	181	63	21
Hot Water Beach Surf Beach Toilet	0	1	(1)	
Matarangi Central	127	134	(7)	
Thames Coast Toilet Refurbishments	154	22	132	22
Whangapoua River Mouth Toilet	20	2	18	
Whitianga Hilton Park Toilet	30	60	(30)	
<b>Swimming Pools</b>				
Thames Plant Replacement	0	0	0	
<b>Total Community Facilities Capital Works Projects</b>	<b>7,674</b>	<b>3,232</b>	<b>4,442</b>	
<b>Percentage of Community Facilities Capital Works Projects completed</b>	<b>100%</b>	<b>42%</b>		

Notes	
1	Cemetery Ferry Landing Modifications is showing a favourable variance due to work being delayed on this project. Bad weather has made work on the project impossible due to the area being water logged. Work is expected to continue during the course of the next financial year.
2	Pauanui Community Centre Land is showing a favourable variance as no suitable land was identified for purchase during the 2007-2008 financial year for the Pauanui Community Centre. The budget is to be carried forward to the next financial year.
3	Future Boat Ramps is showing a favourable variance as work on this project has been delayed due to delays in obtaining the necessary consents required. Work is expected to begin at the start of the 2009/2009 financial year.
4	Matarangi Boat Ramp is showing a favourable variance as work on this project has been deferred until the 2008/2009 financial year. Obtaining the necessary consents took longer than originally expected.
5	Bay Dundas St Reclamation is showing a favourable variance as work on this project has been deferred until the 2008/2009 financial year. The project specifications have yet to be approved by the community board.
6	Mercury Bay refurbishment is showing an unfavourable variance as the cost of the work ended up being higher than that budgeted due to a change in the scope of the work undertaken. The budget was increased during the year to reflect the change in the scope of work.
7	The Tairua Library Building is showing an unfavourable variance due to the building design not being finalised until October 2007. Prior to the building design being finalised, the original building plans were changed to increase the level of service able to be provided by the library. These changes resulted in increased costs.
8	Cooks Beach Central Reserve is showing a favourable variance as a special resolution was passed towards the end of the financial year to transfer this budget to Hilton Park for work required at this site. Work has yet to be progressed at Hilton Park due to unfavourable weather conditions of late. Work is expected to continue however during the 2008/2009 financial year.
9	Coromandel Neighbourhood Reserves is showing a favourable variance due to no land being purchased during the financial year. The budget is to be carried forward over to the next financial year.
10	Coromandel Sportsville is showing a favourable variance as work was delayed due to adverse weather. Work will continue on this project during the 2008/2009 financial year.
11	Hot Water Beach Land Purchase is showing an unfavourable variance as this land purchase was an unbudgeted item. Council passed a special resolution towards the start of the year to purchase this section.
12	Mercury Bay Neighbourhood Reserves is showing a favourable variance due to no land being purchased during the financial year. The budget is to be carried forward over to the next financial year.
13	Tairua Pauanui Neighbourhood Reserves is showing a favourable variance due to no land being purchased during the financial year. The budget is to be carried forward over to the next financial year.
14	Thames Neighbourhood Reserves is showing a favourable variance due to no land being purchased during the financial year. The budget is to be carried forward over to the next financial year.
15	Whangamata Neighbourhood Reserves is showing a favourable variance as no land was purchased during the financial year. The budget is to be carried forward over to the next financial year.
16	Buffalo Beach Foreshore Improvement is showing a favourable variance as work was not due to start until June 2008. Bad weather during this time then hampered the ability of Council to progress the project. Work is now due to start at the beginning of the 2008/2009 financial year.
17	Whitianga Esplanade Landscaping Project is showing a favourable variance as work on this project has been delayed until the scope of the project has been finalised.
18	Whitianga Esplanade Parking is showing a favourable variance as work on this project has been deferred until the 2008/2009 financial year. The project specifications have yet to be approved by the Community Board.
19	Whitianga Esplanade Play Equipment is showing a favourable variance as the resolution to build the play equipment was only passed by the community board during June 2008. Work is expected to begin at the start of the 2008/2009 financial year.
20	Whitianga Sports Ground is showing a favourable variance as work on this project only commenced towards the end of the financial



Notes	
	year. Work will continue into the next financial year.
21	District Toilets Asset Register Replacements is showing a favourable variance due to work being unable to be progressed due to delays in obtaining the necessary resource consents. Work had started before year end however, and is expected to continue at the beginning of the new financial year.
22	Thames Coast Toilets Refurbishment is showing a favourable variance due to work being delayed on this project. Bad weather along with a slow tendering process meant that work was unable to be completed on this project by year end. It is expected however that this project will be finished during the course of the next financial year.

## MANAGING THE ENVIRONMENT GROUP

### What Managing the Environment Delivers

A clean and green environment is important for the district's economy, particularly from a tourism and lifestyle point of view. The environment is also important for social and cultural reasons (recreation activities, food gathering) as well as for local and cultural identity (the preservation of wildlife, marine life and unspoiled landscapes).

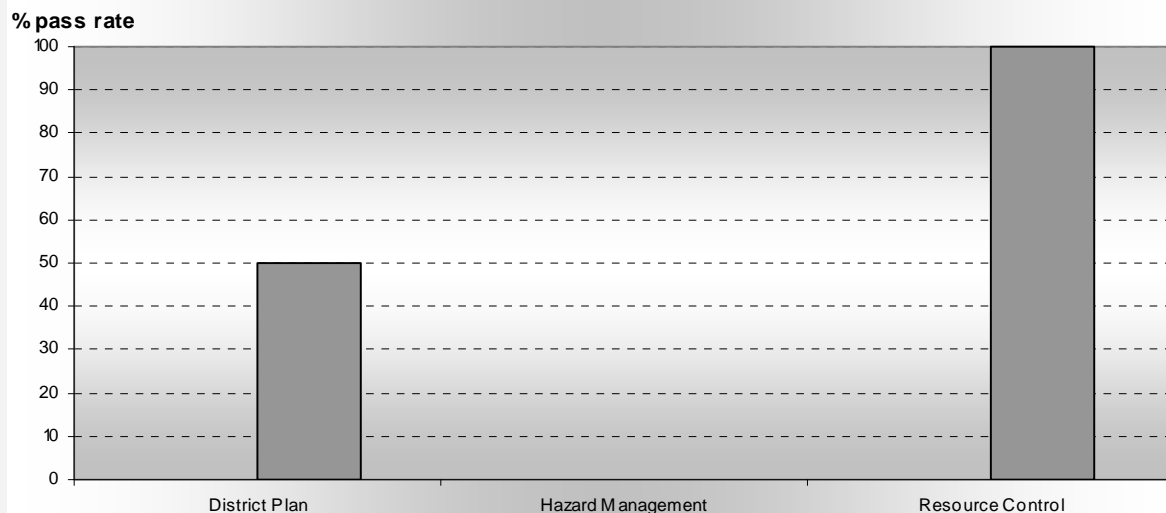
District Planning, Hazard Management and Resource Control are all activities that the Council is required to undertake under the Resource Management Act 1991, and are tools to help the Council maintain the environment that residents and visitors value. Under this Act, the Council is required to promote the sustainable management of natural and physical resources. The Council is also required to enable people and communities to provide for their social, economic and cultural wellbeing, as well as for their health and safety.

#### Managing the Environment Activities

- District Plan
- Hazard Management
- Resource Control

The following graph shows the overall performance of each activity in the Managing the Environment group of activities in relation to its performance targets for the 2007/08 year.

#### Managing the Environment Performance Measures – Pass or Fail



## Community Wellbeing and Community Outcomes

In delivering its Managing the Environment activities, the Council contributes to four community outcomes in particular. This contribution towards the outcomes and therefore to community wellbeing is explained below.



### **Our communities are healthy, cohesive, caring and supportive.**

- The Council ensures that communities are healthy, supported and protected through managing environmental hazards. The management of hazards also endeavours to ensure that communities are prepared for emergencies. The contribution of the Council towards achieving healthy communities through emergency preparations is illustrated in that the Thames-Coromandel District currently has two flood management plans in place, at Thames and Te Puru. These management plans are considered by the land information memoranda and consents teams when issuing resource and building consents, and hence have the effect of mitigating risk by modifying development and building behaviour on the Peninsula.



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

- Planning ahead of growth and development ensures the environment is best managed to cater for the needs of communities. The provisions of the Thames-Coromandel District Plan (Operative in Part – August 2007), a document dedicated to the management of land use and development within the district, is intended to ensure the environment is suitably managed for current and future communities. 58% of respondents to the Community Outcomes Perception Survey (2007) believe that development on the coastline is adequately managed indicating that there is potential for improvement in meeting community expectations.



### **Our communities recognise and value the natural environment.**

- Communities recognising the value of the natural environment can help to define the appropriate management of the environment as well as help to ensure that the natural landscape is retained. 66% of Thames-Coromandel District residents believe that special landscape features in particular are protected (Community Outcomes Perception Survey 2007). While there are many factors which contribute to protecting landscapes, the District Plan is the primary regulatory tool.



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

- The Council's District Plan activity is intended to ensure that the natural value of our coasts and beaches remains intact through appropriate management of development and use of the natural environment. Our communities believe that minimising the negative impact of people on the environment is important to environmental wellbeing. The perception of the community with the management of development on the coastline can give an indication as to the perceived effectiveness of the District Plan. As stated above, 58% of respondents to the Community Outcomes Perception Survey (2007) believe that development on the coastline is adequately managed.

## District Plan

A key objective for the council is managing the continued growth and development facing the district in a way which maintains the environment that our communities want. The District Plan, required of Council under the Resource Management Act 1991, provides a regulatory tool for achieving this. The District Plan identifies the resource management issues for the district and sets out the objectives, policies and rules for managing the effects of land use and development.

### 2007/08 Achievement Highlights

- The Thames-Coromandel District Plan became “Operative in Part” on 27 August 2007.
- Significant progress made on resolving the remaining appeals against the provisions of the District Plan.
- Significant progress made on the Council’s District Plan change priorities.

**Our Service: We will provide a District Plan – as a regulatory tool for managing growth and development**

Measure	Target	Result	Comments
The District Plan is operative and continuously improved.	Progress against District Plan review programme is reported to the Council quarterly.	<b>Achieved.</b>	
	Two plan changes processed per year.	<b>Under target.</b>	<p>Although by the end of the 2007/08 year none of the Council's first tier plan change priorities had been publicly notified, good progress was made towards this outcome.</p> <ul style="list-style-type: none"> <li>▪ A report on the Natural Hazards Plan Change has been prepared seeking public notification in the 2008/09 year for a proposed plan change dealing with flooding.</li> <li>▪ Technical work on the District Landscape Assessment has been completed.</li> <li>▪ The draft Administrative Plan Changes have been subject to stakeholder consultation and a report has been prepared seeking public notification.</li> <li>▪ A 'structure plan' is being prepared for the Kopu to Thames area and a number of technical studies are underway (landscape, archaeology, servicing etc).</li> <li>▪ Work has continued with the New Zealand Historic Places Trust to develop a project plan looking specifically at archaeology, built heritage, lwi sites, trees and cultural landscapes.</li> </ul> <p>The proposed Otama Camp Ground plan change was</p>

Measure	Target	Result	Comments
			publicly notified on 2 May 2008. The Pauanui Mountain Estates request for a private plan change was publicly notified on 30 May 2008.

## Hazard Management

There are a range of potential natural events that could affect the Coromandel Peninsula including earthquake, tsunami/tidal wave, erosion (including coastal erosion), landslip, subsidence, wind, drought, fire and flooding. The Hazards activity involves managing risk to people, property and the environment from unexpected or unplanned natural events. The Hazards activity is primarily concerned with planning (land use and works) to reduce risks posed by natural events.

### 2007/08 Achievement Highlights

- Flood risk District Plan change work completed
- Flood risk modelling completed for the Kauaeranga River catchment.
- Field work undertaken to confirm location of development set-back lines on the Coromandel Peninsula's hazard prone urban beaches.

**Our Service:** We will ensure that adequate planning is undertaken to reduce the risks posed by natural hazard events

Measure	Target	Result	Comments
Hazard management planning work completed.	District Plan variation processed for Natural Hazards.	<b>District Plan changes for Natural Hazards underway.</b>	All work for the Flood Risk Plan Change has been completed and it is due to be formally approved by the Council and publicly notified in September 2008.  Further work is being undertaken by consultants on the Coastal Flooding Plan Change prior to taking this matter to the Council for approval.

## Resource Control

The effects of development are controlled by processing resource consent applications and ensuring that the activities proposed are consistent with the District Plan (outlined in the District Plan activity). Resource consent conditions are also monitored to ensure compliance. This activity is carried out to meet the requirements of the Resource Management Act 1991.

### 2007/08 Achievement Highlights

- Master Plan Project (the District Plan enquiry search engine) awarded the “Order of Merit 2008” from the New Zealand Planning Institute for projects which contribute to the practise of planning.
- Significant increase in monitoring inspections due to increased resources.
- Increase in proactive monitoring preventing future non-compliance issues and limiting the potential degradation of the environment.

**Our Service:** We will efficiently process all resource consents

Measure	Target	Result	Comments
% of completed non-notified resource consent applications within 18 working days.	75%	<b>76%</b>	The result for this performance measure in 2006/07 was 62%.

**Our Service:** We will monitor resource consents and take action as needed

Measure	Target	Result	Comments
% of resource consents monitored:			The addition of a new staff member has allowed the Council to meet these targets.
▪ Low risk (general and audited)	10%	<b>11%</b>	
▪ High risk (flagged)	75%	<b>92%</b>	

## Cost of Services Statement -

### Managing the Environment

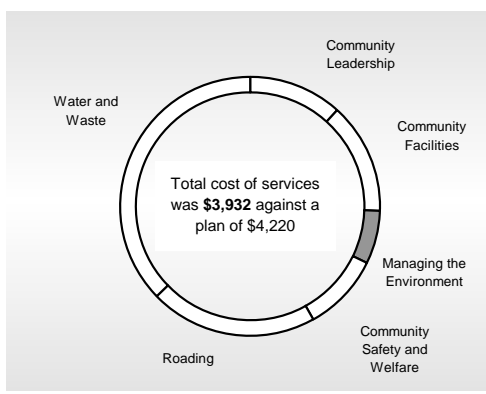
For the year ended 30 June 2008

2007		2008		Variance \$000's	Notes
Actual \$000's		Budget \$000's	Actual \$000's		
<b>Revenue</b>					
1,102	Activity Revenue	1,195	1,123	(72)	1
0	Contributions Revenue	0	0	0	
2,749	Rates Revenue	2,693	2,558	(135)	2
0	Subsidies Revenue	0	0	0	
<b>3,852</b>	<b>Total Operating Revenue</b>	<b>3,888</b>	<b>3,681</b>	<b>(207)</b>	
<b>Cost of Services</b>					
787	District Plan	1,018	902	116	3
193	Hazards	272	211	61	4
2,451	Resource Control	2,930	2,819	111	5
<b>3,431</b>	<b>Total Cost of Services</b>	<b>4,220</b>	<b>3,932</b>	<b>288</b>	
<b>420 NET COST OF SERVICES</b>		<b>(332)</b>	<b>(251)</b>	<b>81</b>	

The Development Contributions Policy (DCP) is a policy adopted by the Council under the Local Government Act 2002. Development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can not be used to fund operating expenditure.

### What did it Cost?

<b>Actual</b>	<b>3,932</b>
<b>Planned</b>	<b>4,220</b>
<b>Variance</b>	<b>288</b>



Total cost of services was \$3,932 against a plan of \$4,220

### Notes

- 1 Managing the Environment Activity Revenue is showing an unfavourable variance as:
- Resource consents applications to Council have decreased in number. Council attributes this decrease to current economic conditions. Revenue from this sub-activity is \$40,000 less than that previously expected at the start of the financial year; and
  - Recoveries in relation to engineering costs are less than expected by \$44,000. Council attributes this variance to a reduced need for their services at this time.
- These unfavourable variances have been partially offset by unbudgeted revenue received by Council from application fees and information sales in relation to the District Plan of \$7,000.



Notes	
2	<p>Rates Revenue is showing an unfavourable variance as shifts in the rating database in the time between finalising the budget figures of the annual plan and actually assessing the rate at the end of closing off of the District Valuation Roll on 30 June 2007 varied. In addition, Council also received numerous objections with respect to the General Valuation. This would have also reduced the number of rates revenue received should the property have been revalued downwards after the objection was heard.</p>
3	<p>District Plan expenditure is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Work on various projects was unable to be progressed at the start of the year due to unplanned vacancies within the District Plan team and initial delays experienced in tendering out projects. All positions have now been filled and good progress was made on outstanding projects. However, not all projects were able to be progressed leading to the Contract planning budget being underspent by \$244,000.</li> </ul> <p>This favourable variance has been partially offset by legal and stationary costs being higher than expected by \$131,000. This expenditure can mainly be attributable to legal advice sought in regards to the Mineral Appeal and the reprinting the 'Operative in Part' district plan.</p>
4	<p>Hazards expenditure is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Interest costs are under budget by \$16,000; and</li> <li>▪ Consultants' costs were less than expected by \$40,000 due to the Cooks Beach Coastal Erosion project not progressing as quickly as expected and the consultants' costs for work completed being less than expected to date.</li> </ul>
5	<p>Resource control is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Internal staff have been utilised when processing Resource Management Act appeals rather than using external consultants. This has resulted in a cost saving to Council of \$76,000; and</li> <li>▪ Resource Consent processing costs being less than budgeted for by \$104,000. This is due to a reduction in consent applications received by Council during the 2007-2008 financial year than that previously expected.</li> </ul> <p>These favourable variances have been partially offset by greater than expected resource consent contract costs of \$77,000. External planning consultants were required by Council in order to process some of the more complex applications received during the year.</p>

## COMMUNITY SAFETY AND WELFARE GROUP

### What Community Safety and Welfare Delivers

The district has told the Council that healthy and safe communities are important. This activity group contributes to achieving healthy and safe communities through regulating activities that could otherwise impact upon the welfare of the community.

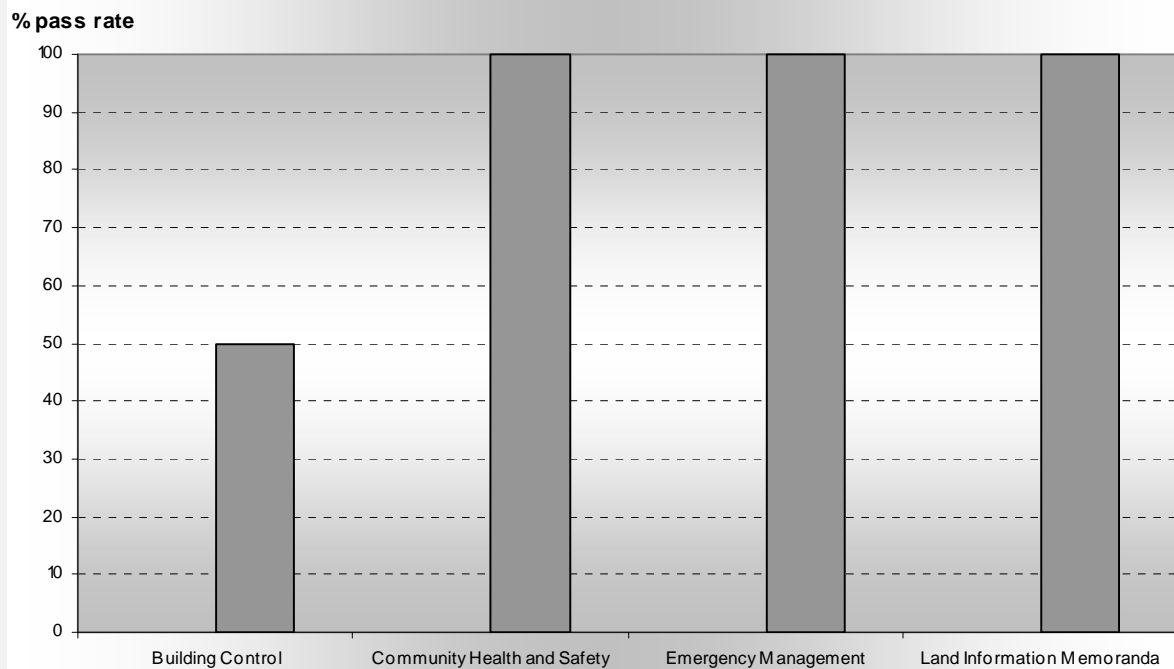
The services in this activity group are required by various pieces of legislation.

#### Community Safety and Welfare Activities

- Building Control
- Community Health and Safety
- Emergency Management
- Land Information Memoranda

The following graph shows the overall performance of each activity in the Community Safety and Welfare group of activities in relation to its performance targets for the 2007/08 year.

#### Community Safety and Welfare Activities



## Community Wellbeing and Community Outcomes

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In delivering its Community Safety and Welfare activities, the Council contributes to two community outcomes in particular. This contribution towards the outcomes and therefore to community wellbeing is explained below.



### **Our communities are healthy, cohesive, caring and supportive.**

- Healthy, caring, cohesive and supportive communities work together to help minimise the number of those affected by gambling related harm. Protecting and supporting families, the vulnerable and those at risk can help move towards communities free of this significant social and health-related issue. The Council has provided opportunities for the community to participate in reviewing how we will protect and support families and those at risk through the consultation process for the review of the gambling policy. Of the nearly 350 submissions received, 86% actively promoted a decrease in the number of gaming machines in the district. This community involvement resulted in having policy in place which is designed to protect and support families.
- A healthy, cohesive, caring and supportive environment can be achieved in safe communities. The achievement of safe communities is contributed to through law and regulation enforcement. This is not directly controlled by the Council, but the public perception of safety provides an indication of what is happening in the community. 83% of Thames-Coromandel District residents say that they feel safe during the day and 65% feel safe at night (Community Outcomes Perception Survey 2007).



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

- The percentage of households prepared for a civil defence emergency can give an indication of how well the needs of communities are being promoted. The needs of local and visitor communities will be met through sound planning for events such as an emergency, when human 'need' is at its greatest. A household deemed to be prepared for an emergency has a survival kit and plan in place – 51% of households in the district are prepared for an emergency (Customer Satisfaction Survey 2008). The Council contributes to the achievement of this outcome by sustaining a close relationship with Civil Defence and providing funding through the emergency management activity.

## Building Control

The Council provides information relating to building requirements, and processes Building Consent applications ensuring the New Zealand Building Code requirements are met.

The application process includes on-site inspections during the course of construction. Responding to perceived breaches of building consents is also part of this activity.

### 2007/08 Achievement Highlights

- The Council has been accredited under the Building Act 2004 as a building consent authority.
- Pre-lodgement interview system successfully established to ensure smoother running of the consent application process.

**Our Service:** We will efficiently process all building consents

Measure	Target	Result	Comments
% of all total complete building consents processed within 20 working days.	95%	<b>66%</b>	Since the introduction of the pre-lodgment interviews, consent processing has improved dramatically to the point where 95% were completed within 20 working days in the month of June 2008. Previously the actual average was around 54%.  The 2006/07 result for this performance measure was 85%.
Accreditation as a building consent authority.	The Council is accredited as a building consent authority.	<b>Target achieved.</b>	The Council has received confirmation that it has met all the requirements and been accredited as a building consent authority.

## Community Health and Safety

This activity aims to protect community health and safety. To do this, the activity encompasses a range of regulatory activities including:

- Health licensing;
- Liquor and gambling control;
- Animal control;
- Bylaws, noise control and parking.

### 2007/08 Achievement Highlights

- Obligation under the Local Government Act 2002 to have all bylaws reviewed before 1 July 2008 met.
- Gambling Policy reviewed in accordance with the Gambling Act 2003.

**Our Service: We will maintain community health and safety within the scope of our legislative requirements**

Measure	Target	Result	Comments
% of registered premises offering food or other services that could affect public health, that are inspected at least once a year.	100%	<b>100%</b>	
% of premises registered to sell or supply liquor that are inspected at least once a year.	100%	<b>100%</b>	
% of dogs known to Council as still unregistered.	1.8%	<b>1%</b>	All owners of dogs known to be unregistered have been issued with an infringement notice for keeping an unregistered dog.
Completion of bylaw review programme.	Three bylaws completed per year.	<b>7</b>	Bylaws completed during the 2007/08 year: <ul style="list-style-type: none"> <li>▪ Cemeteries 2007</li> <li>▪ Control of Advertising 2007</li> <li>▪ Fires in the Open Air 2008</li> <li>▪ Parks and Reserves 2008</li> <li>▪ Solid Waste 2008</li> <li>▪ Standards for Camping 2008</li> <li>▪ Wharves and Coastal Structures 2008</li> </ul>

**Our Service: We will efficiently respond to requests for service relative to health and safety enforcement**

Measure	Target	Result	Comments
% of requests for service relating to noise complaints responded to.	90%	<b>98%</b>	

## Emergency Management

This activity involves ensuring that the district is prepared to deal with an emergency. The Council's responsibility during an emergency is to protect life, health and property. To accomplish this goal and maintain a high state of readiness, the Council works with other local authorities and community organisations to develop plans and strategies to achieve comprehensive emergency management across the four "R's" (i.e. reduction, readiness, response and recovery). The Council also has a rural fire plan and helps fund surf lifesaving through a service contract with Bay of Plenty Surf Life Saving.

### 2007/08 Achievement Highlights

- Thames Valley Emergency Operating Centre successfully activated due to severe weather events in July 2007 (although no declaration of emergency made).
- Emergency Management Committees in Whangamata, Tairua/Pauanui, Cooks Beach, Hahei and Whitianga met to develop community emergency action plans, including tsunami evacuation plans.
- Exercise Ruamoko (a national exercise based on a hypothetical volcanic eruption in Auckland) successfully carried out.

**Our Service:** We will ensure that the district is prepared to deal with an emergency

Measure	Target	Result	Comments
% of households who are prepared for a civil-defence emergency.	25%	51%	To be prepared for a civil defense emergency, households should have an emergency kit which includes stored food, water, a radio, batteries and a torch. Households should also have an emergency plan.
Regular collective meetings and exercises held to improve co-ordination of response and recovery activities.	Quarterly meetings held between Emergency Operating Areas and key stakeholders.	<b>Target achieved.</b>	
Number of beaches provided with professional surf life savers over the summer period.	5	5	

## Land Information Memoranda

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The Council issues Land Information Memoranda (LIMs) on land within the district so that land owners and potential landowners can access property attributes known to the Council (e.g. natural hazards, Council services supplied, land use zonings, etc).

### 2007/08 Achievement Highlights

- Processing of LIMs within statutory timeframes.

**Our Service:**      **We will efficiently process all LIMs**

Measure	Target	Result	Comments
% of total complete LIMs processed within 10 working days.	100%	<b>100%</b>	

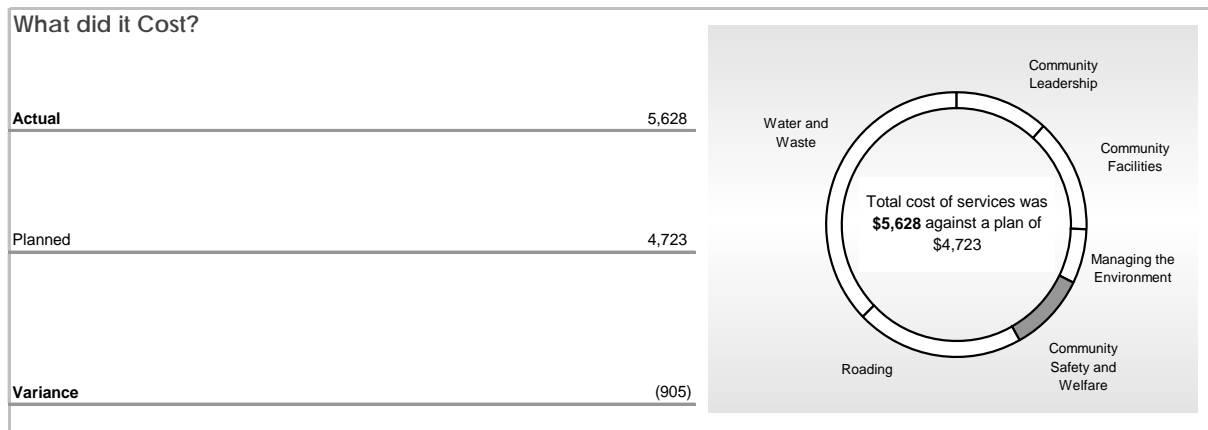
**Cost of Services Statement -**

**Community Safety and Welfare**

For the year ended 30 June 2008

2007		2008		Variance \$000's	Notes
Actual \$000's		Budget \$000's	Actual \$000's		
<b>Revenue</b>					
1,849	Activity Revenue	2,385	2,489	104	1
0	Contributions Revenue	0	0	0	
2,076	Rates Revenue	2,261	2,255	(6)	
0	Subsidies Revenue	0	0	0	
3,925	<b>Total Operating Revenue</b>	<b>4,647</b>	<b>4,744</b>	<b>98</b>	
<b>Cost of Services</b>					
2,969	Building Control	2,634	3,547	(913)	2
431	Emergency Management	456	458	(2)	
1,362	Community Safety and Health	1,435	1,478	(43)	3
147	Land Information Memoranda	198	145	53	4
4,909	<b>Total Cost of Services</b>	<b>4,723</b>	<b>5,628</b>	<b>(905)</b>	
<b>(984) NET COST OF SERVICES</b>		<b>(76)</b>	<b>(884)</b>	<b>(807)</b>	

The Development Contributions Policy (DCP) is a policy adopted by the Council under the Local Government Act 2002. Development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can not be used to fund operating expenditure.



**Notes**

- Community Safety and Welfare Activity Revenue is showing a favourable variance as:
  - A greater number of building inspections were completed during the year than was originally forecasted. This resulted in additional revenue of \$209,000.

This favourable variance has been offset by less than expected income from building consents. Council received \$99,000 less income than it originally budgeted for at the start of the financial year. This reduction in income received can be attributed to the current slow down in the housing market.



**Notes**

2	<p>Building control is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Legal expenditure incurred was higher than forecasted by \$290,000 due to a greater number of complex challenges being placed against Council decisions and determinations;</li> <li>▪ Weather tight home settlements resulting from building control inspections were higher than anticipated by \$47,000. In addition the provision for potential future weather tight home claims has been increased by \$345,000;</li> <li>▪ Building control consents settlements were \$237,000 higher than budget; and</li> <li>▪ Building Consultant costs were higher than anticipated by \$13,000. External consultants were required as Council had received some complex building applications that needed to be processed and did not have the appropriate personnel to approve these at that time.</li> </ul>
3	<p>Community Safety and Health is showing an unfavourable variance as;</p> <ul style="list-style-type: none"> <li>▪ Legal expenditure incurred was greater than anticipated by \$17,000. This expenditure related to the review and development of current and new Community bylaws by Council;</li> <li>▪ Legal expenditure incurred was greater than anticipated by \$12,000 due to a greater number of infringement notices being lodged by Council; and</li> <li>▪ Contract Liquor Licensing fees were greater than anticipated by \$17,000 due to a greater number of liquor license applications being received.</li> </ul>
4	<p>Land Information Memoranda is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ The down turn in the housing market has lead to a decrease in demand for this Council service; and</li> <li>▪ Settlement costs were less than forecasted by \$21,000.</li> </ul>

	2008		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>CAPITAL WORKS PROJECTS</b>				
<b>COMMUNITY SAFETY AND WELFARE</b>				
Rural Fire Equipment	21	20	1	
Thames Pound	0	(3)	3	
<b>Total Community Safety and Welfare Capital Works Projects</b>	<b>21</b>	<b>17</b>	<b>4</b>	
<b>Percentage of Community Safety and Welfare Capital Works Projects completed</b>	<b>100%</b>	<b>81%</b>		

## ROADING GROUP

### What Roding Delivers

A well-maintained and safe roading network enables accessibility to, and movement around the district. This in turn promotes access to jobs, education, recreational facilities, and social and business services. It also helps achieve a healthy and safe community by protecting the safety of road users.

The Council maintains over \$413 million worth of roading assets to help provide transportation services for residents and visitors to the Coromandel. Council owned assets include sealed road, unsealed road, bridges including footbridges and fords, streetlights and footpaths. Additional roading assets include signage, railings, drainage and other structures. The Council is involved in planning, providing and maintaining the roading network.

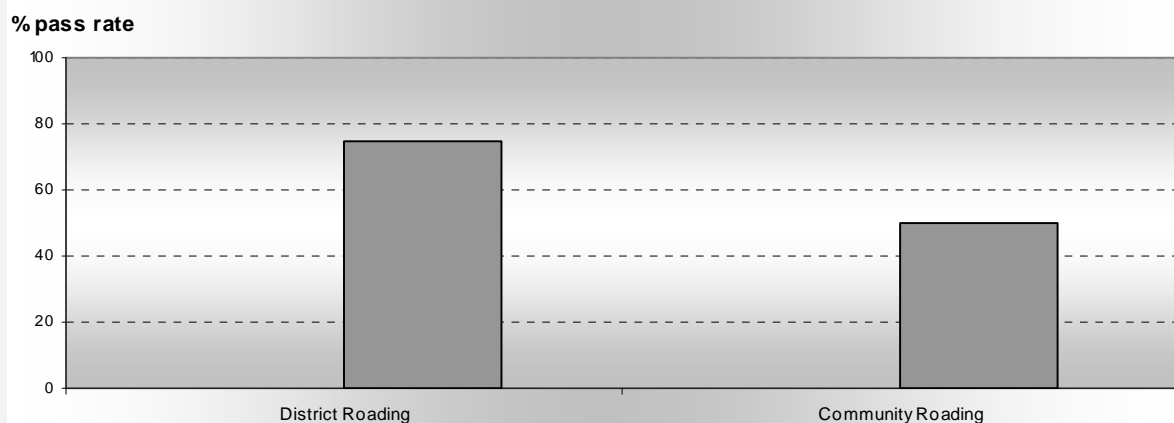
The Land Transport Management Act 2003 introduced requirements for closer co-ordination and integration of transportation strategies and programmes. The Council will continue to work closely with Transit New Zealand, Land Transport New Zealand (these two entities merged on 1 August 2008 to become New Zealand Transport Agency) and other Councils to achieve integrated and sustainable management of transportation infrastructure and services on the Coromandel Peninsula.

### Roding Activities

- District Roding
- Community Roding

The following graph shows the overall performance of each activity in the Roding group of activities in relation to its performance targets for the 2007/08 year.

### Roding Performance Measures – Pass or Fail



## Community Wellbeing and Community Outcomes

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In delivering its Roding activities, the Council contributes to one community outcome in particular. This contribution towards the outcome and therefore to community wellbeing is explained below.



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

- The needs of both current and future communities can be met through sound planning. Communities' needs include having safe and reliable roading networks and the Council contributes to these needs through providing roading infrastructure. The current state of these networks can be gauged through the satisfaction of residents and ratepayers with the infrastructure provided. Although this does not provide evidence of the technical state of the networks, it gives an indication of its state in the opinion of its users and therefore whether the needs of local and visitor communities are being met. 70% of residents and ratepayers are satisfied with footpaths within the district and 80% are satisfied with district roads (Customer Satisfaction Survey 2008).
- Maintaining and upgrading roading infrastructure in the district is undertaken to provide safe and reliable facilities for current residents as well as for future growth and development. For example, 45 km of the Thames-Coromandel District Council roading network was resealed during the 2007/08 year.

## District Roding

The communities of the Thames-Coromandel District have said they want reliable, safe and innovative transport networks. An effective transport network helps residents to access services and employment, and visitors to travel around the district. It enables all road users to get around safely.

The district roding activity includes providing and maintaining all public roads other than state highways, access ways within road reserves, and private roads – totalling 670 km of roads.

### 2007/08 Achievement Highlights

- Significant savings made due to completion of design and tendering process early in the financial year. Tendering this work early in the financial year resulted in a greater number of competitive tenders received, giving Council greater flexibility and choice.
- 45 km of resealing completed.
- Koputauki Bridge construction underway.

**Our Service:** We will manage a Community Safety Programme to improve road safety and reduce the current level of accidents on the district network through education and engineering

Measure	Target	Result	Comments
Number of accident black spots on Council roads.	0	0	
Number of reported injury accidents on Council roads.	34	24	
Number of reported fatal accidents on Council roads.	0	1	There were a number of contributing factors to this accident and it is possible that road conditions may have been one of them. Conditions in this area have since been upgraded.
Number of routine network safety inspections conducted per year.	2	2	

**Our Service:** We will manage and maintain the existing roding network

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with roads.	80%	80%	1% of respondents answered "don't know". The 2006/07 result for this performance measure was 81%.
% of requests for service responded to within contract timeframes.	90%	89%	
% of sealed roding network resealed.	8%	10.3%	
Number of vehicles exposed to smooth roads (that is with roughness lower than 150 National Association of Australia State Roding Authority counts).	83%	86%	

## Community Roothing

Community roading refers to street services carried out in local communities and includes footpaths, kerb and channel, street signs, street lighting, street cleaning, street beautification and local projects.

Community roading assets include 203 km of road footpaths, 21 km of reserve footpaths and 10 reserves footbridges as well as community carparks and service lanes.

### 2007/08 Achievement Highlights

- Whangamata town centre upgrade completed.
- Design work completed for new footpaths district-wide.

**Our Service:** We will provide quality community roading infrastructure

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with:			
▪ Footpaths	70%	<b>70%</b>	
▪ Town centre image	70%	<b>86%</b>	
Completion of town centre upgrade programme.	No works planned.	<b>Whangamata town centre upgrade completed.</b>	Stage 3 of the Whangamata town centre upgrade was completed during the 2007/08 year.

## Cost of Services Statement - Roading

For the year ended 30 June 2008


2007		2008		Variance \$000's	Notes
Actual \$000's		Budget \$000's	Actual \$000's		
<b>Revenue</b>					
461	Activity Revenue	382	489	107	1
780	Contributions Revenue	1,007	1,181	174	2
6,496	Rates Revenue	7,115	7,068	(47)	3
5,044	Subsidies Revenue	5,497	4,960	(537)	4
12,781	<b>Total Operating Revenue</b>	<b>14,001</b>	<b>13,698</b>	<b>(303)</b>	
<b>Cost of Services</b>					
1,136	Community Roading	1,295	1,250	45	5
9,653	District Roading	9,902	10,909	(1,007)	6
10,789	<b>Total Cost of Services</b>	<b>11,197</b>	<b>12,159</b>	<b>(962)</b>	
<b>1,992 NET COST OF SERVICES</b>		<b>2,804</b>	<b>1,539</b>	<b>(1,265)</b>	

The Development Contributions Policy (DCP) is a policy adopted by the Council under the Local Government Act 2002. Development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can not be used to fund operating expenditure.

Subsidies revenue received from Land Transport New Zealand is also used to fund capital expenditure completed under previously approved programmes. Some of this income can not be used to fund operating expenditure.

### What did it Cost?

<b>Actual</b>	12,159
<b>Planned</b>	11,197
<b>Variance</b>	(962)



### Notes

- 1 Activity Revenue is showing a favourable variance as:
- Council received a one of payment of \$49,000 for damages incurred to Council roads by a local developer whilst carting sand between Whitianga and Matarangi; and
  - Petroleum tax revenue was higher than originally forecasted by \$69,000 due to current fuel prices.
- These favourable variances have been partially offset by lower than expected vehicle crossing inspection fees. Council received \$13,000 less revenue than that originally forecasted.

Notes	
2	Contributions revenue is showing a favourable variance as a greater number of subdivisions took place than that anticipated during the year. This resulted in an increased number of roading contributions being on-charged to developers to develop roads for use in the subdivision.
3	Rates Revenue is showing a favourable variance as shifts in the rating database in the time between finalising the budget figures of the annual plan and actually assessing the rate at the end of closing off of the District Valuation Roll on 30 June 2007 varied.
4	<p>Subsidies Revenue is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Koputauki Bridge Maintenance contract work is behind schedule \$629,000. Work is expected to continue in the next financial year;</li> <li>▪ Pavement Maintenance expenditure is less than forecasted by \$338,000 due to the maintenance intervention strategy;</li> <li>▪ Albert Street Bridge expenditure is less than forecasted by \$330,000 as this project is now not due to start until the 2009/10 financial year;</li> <li>▪ McConnell's Bridge expenditure is less than forecasted by \$118,000 as the scope of the project changed during the year. The bridge is now to be replaced with a culvert and the replacement is to be completed by Major Drainage in the next financial year; and</li> <li>▪ Chip seal maintenance work, although completed, came under budget by \$41,000.</li> </ul>
5	<p>Community Roothing is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ The asset management plans for this activity were funded from professional services which resulted in decreased expenditure of \$20,000 under this code;</li> <li>▪ Both Contract Footpaths and Park were under expended by \$27,000 and \$19,000 respectively; and</li> <li>▪ Interest costs were under budget by \$61,000.</li> </ul> <p>These favourable variances were partially offset by higher than expected depreciation expenditure. Depreciation costs were \$83,000 more than those originally forecasted at the start of the year.</p>
6	<p>District Roothing is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Depreciation expenditure was higher than originally forecasted by \$1,171,000, largely due to the increased depreciation resulting from the roading revaluation on 1 July 2007; and</li> <li>▪ Clean up costs for the July 2007 storm event cost Council \$411,000 more than was originally budgeted for.</li> </ul> <p>These unfavourable variances were partially offset by:</p> <ul style="list-style-type: none"> <li>▪ Interest costs being under budget by \$64,000;</li> <li>▪ Bridge Maintenance work being under budget by \$143,000. Council was waiting on the bridge inspection reports to be prepared before work begun. These were received in early June 2008. Opus is now in the process of reviewing these and will plan work accordingly for the next financial year; and</li> <li>▪ Pavement Maintenance (both rural and urban) expenditure being under budget by \$338,000 due to work being behind schedule and the maintenance intervention strategy.</li> </ul>

	2008		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>CAPITAL WORKS PROJECTS</b>				
<b>ROADING</b>				
<b>Parking Areas</b>				
Ferry Landing Carpark	40	4	36	
Wooliams Ave Carpark	308	313	(5)	
<b>Local Roothing</b>				
Barbara Ave Extension	223	43	180	1
Victoria St Bypass	0	73	(73)	2
Whangamata Town Centre Upgrade	975	968	7	
Whitianga Service Lanes	31	10	21	
Whitianga CBD Streetscape	11	7	4	

CAPITAL WORKS PROJECTS	2008		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>Footpaths</b>				
Coromandel Construction	21	0	21	
Coromandel Rehabilitation	5	4	1	
Mercury Bay Construction	180	94	86	3
Mercury Bay Rehabilitation	21	18	3	
Tairua/Pauanui Construction	213	53	160	4
Tairua/Pauanui Rehabilitation	31	5	26	
Thames Coastal Walkway	50	43	7	
Thames Construction	15	3	12	
Thames Rehabilitation	21	19	2	
Whangamata Construction	71	37	34	
Whangamata Rehabilitation	5	6	(1)	
<b>Lighting</b>				
Coromandel / Colville Street Lighting	5	2	3	
Mercury Bay Street Lighting	31	35	(4)	
Tairua/Pauanui Street Lighting	20	0	20	
Thames Street Lighting	5	20	(15)	
Whangamata Street Lighting	23	8	15	
<b>District Roding</b>				
Albert Street Bridge -Coromandel	330	0	330	5
Area-Wide Pavement Treatment	2,234	2,186	48	6
Development Contributions	103	53	50	7
Darkies Stream Bridge - Port Jackson	95	47	48	8
Koputauki Bridge	670	37	633	9
Land Legalisation	82	124	(42)	
Maintenance Chip Seals	1,426	1,260	166	10
Major Drainage Control	301	468	(167)	11
McConnell's Bridge	123	5	118	12
Minor Safety Projects	354	270	84	13
Pohue Creek Bridge - Waiomu	248	282	(34)	
Road Safety Trailer	0	23	(23)	
Seal Widening	209	195	14	
Thin AC Surfacing	350	475	(125)	14
Walking / Cycling Tracks	10	12	(2)	
<b>Total Roding Capital Works Projects</b>	<b>8,840</b>	<b>7,202</b>	<b>1,638</b>	
<b>Percentage of Roding Capital Works Projects completed</b>	<b>100%</b>	<b>81%</b>		

## Notes

1	The Barbara Ave Extension is showing a favourable variance due to work being delayed on the project. Objections were lodged with Council by local ratepayers in relation to the Notice of Requirement. These objections have now been resolved and work is expected to commence at the start of the new financial year.
2	The Victoria St Bypass is showing an unfavourable variance due to additional costs incurred in relation to widening the road in order to meet bypass standards. These costs were unexpected by Council as the original plans had not included this level of work.
3	Mercury Bay Footpath Construction is showing a favourable variance due to work being delayed. Land Transport Approval for the work and subsequently, the funding available was delayed. Work will now commence at the start of the next financial year.
4	Tairua/Pauanui Footpath Construction is showing a favourable variance due to work being delayed. Land Transport Approval for the work and subsequently, the funding available, was delayed. Work will now commence at the start of the next financial year.
5	Albert Street Bridge is showing a favourable variance as work on this project is now not due to start until the 2009/10 financial year.
6	Pavement treatment is showing a favourable variance due to delays in commencing the area wide pavement treatment at Rings and Parkway Roads. Work is now expected to commence at the start of the next financial year.



Notes	
7	District Development Contributions is showing a favourable variance due to costs being less than anticipated during the financial year. It should be noted that the actual spend with respect to District Development Contributions is dependent on the outcome of hearings held and as such, is hard to anticipate over the course of the year.
8	Darkies Stream Bridge costs are showing a favourable variance as costs were less than anticipated during this financial year.
9	Koputauki Bridge maintenance contract work is showing a favourable variance as work is currently behind schedule. Work is expected to continue in the next financial year.
10	Chip seal maintenance is showing a favourable variance due to escalation costs in relation to this project being less than anticipated.
11	Major Drainage Control is showing a negative variance as more work was required to be completed than that originally anticipated during the year. As such, costs increased accordingly.
12	McConnell's Bridge is showing a favourable variance as it was decided that the bridge will no longer be built. Instead it will be replaced with a culvert and the work will be completed under major drainage during the next financial year.
13	Minor Safety Projects is showing a favourable variance as some necessary resource consents for work to continue were unable to be obtained in the required timeframe. In addition, once the resource consents were obtained, weather conditions made it difficult to commence work. As such, work was delayed and is now behind schedule.
14	Thin AC Surfacing is showing a negative variance due to escalation costs being higher than expected.

## WATER AND WASTE GROUP

### What Water and Waste Delivers

The Council manages a number of public water supplies throughout the district. It also manages wastewater systems as well as stormwater and land drainage schemes. This group of activities helps protect the environment and contribute to a healthy, safe and secure community. Without clean water or proper wastewater treatment, disease and pollution could occur.

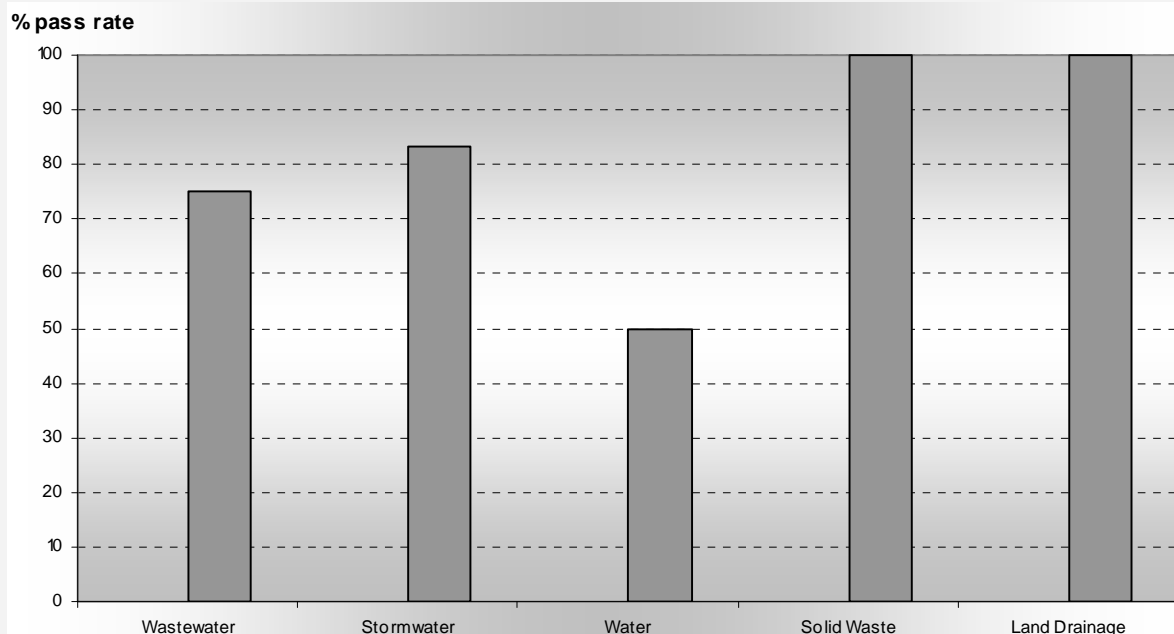
The continued rapid growth facing the district has put pressure on the Council's water and waste services, particularly wastewater schemes. A key work area for the Council over the next few years is increasing wastewater capacity on the eastern seaboard of the Peninsula.

#### Water and Waste Activities

- Wastewater
- Stormwater
- Water
- Solid Waste
- Land Drainage

The following graph shows the overall performance of each activity in the Water and Waste group of activities in relation to its performance targets for the 2007/08 year.

#### Water and Waste Performance Measures – Pass or Fail



## Community Wellbeing and Community Outcomes

In delivering its Water and Waste activities, the Council contributes to four community outcomes in particular. This contribution towards the outcomes and therefore to community wellbeing is explained below.



### **Our communities are healthy, cohesive, caring and supportive.**

- The provision of safe and healthy water and wastewater services directly contributes to working towards healthy communities. The district has two new wastewater treatment plants that achieve an environmentally acceptable standard of wastewater discharge.
- The Council-provided stormwater drainage systems contribute to a healthy and safe community as the appropriate management of run-off and the reduction of surface flooding can help prevent risks to public health and safety and damage to property, and avoid dangerous road conditions. 70% of residents and ratepayers are satisfied with the level of service for stormwater systems (Customer Satisfaction Survey 2008).



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

- The needs of both local and visitor communities have been considered through the provision of the eastern seaboard wastewater upgrades. The upgrades were provided by Council due to the projected increase of local and peak populations – sound planning ensures that the needs of these communities are met both now and in the future. The effect of this planning is that wastewater capacity is in place for 24,939 rating units.



### **Our communities recognise and value the natural environment.**

- For our natural ecosystems to be enhanced, our communities have said they need to recognise and value their natural environment. The level of concern with water pollution shows the degree which communities value their natural environment – by measuring the public's attitude towards environmental concerns we can gauge their understanding of the importance of such issues. 79% were concerned with pollution from towns and 74% were concerned with pollution from farmland. The Council enforces Environment Waikato silt control guidelines on new development in order to help prevent the pollution of our waterways.
- In order to ensure water supply continuity and integrity and to provide safe and healthy water services to communities during the peak period, water was over-extracted from the water sources a limited number of times. This is likely to have had a negative effect on the natural environment and environmental wellbeing.



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

- The Council provides regular rubbish collections which contribute to minimising the negative impacts of people on the environment. By providing rubbish collection services the Council reduced the risk of people littering the coastline and the district in general. 80% of residents and ratepayers are satisfied with the level of service provided by the solid waste activity (Customer Satisfaction Survey 2008).
- The Council provides wastewater services which are consented to by Environment Waikato. The natural values of our coast and beaches and the overall environmental wellbeing of the district is respected and

enhanced when discharges from Council wastewater schemes meet the consent conditions imposed by Environment Waikato. Consent conditions were met 98% of the time in terms of quality and 96% of the time in terms of quantity.

## Wastewater

The Council treats almost three million cubic metres of wastewater annually in its 10 wastewater schemes (Thames, Coromandel, Whitianga, Matarangi, Cooks Beach, Hahei, Pauanui/Tairua, Whangamata, Onemana and Oamaru Bay).

The wastewater activity involves collecting, treating and disposing of wastewater from properties in the Thames-Coromandel District. This network consists of sewer pipes, pump stations, and some form of treatment and disposal. To cope with the projected demand on wastewater services, further development of wastewater infrastructure is a key priority for the Council.

### 2007/08 Achievement Highlights

- Pauanui wastewater treatment plant operational from February 2008.
- Whitianga wastewater treatment plant completed to testing stage.
- Whangamata wastewater treatment plant under construction, due for completion March 2009.

**Our Service:** We will increase our levels of service so that our wastewater schemes will cater for the existing and projected resident and peak population

Measure	Target	Result	Comments
Wastewater capacity in place to cope with projected peak population.	Whitianga, Tairua, Pauanui, Thames upgrades completed (capacity for 22,285 rating units).	<b>Upgrades completed.</b>  <b>Capacity for 24,939 rating units.</b>	

**Our Service:** Our wastewater schemes will achieve an environmentally acceptable standard of treated wastewater discharge

Measure	Target	Result	Comments
Wastewater discharges from schemes meet resource consent requirements, in respect of:			
▪ Quality	80%	<b>98%</b>	Targets are based on the 2006-2016 Long-term Council Community Plan.
▪ Quantity	73%	<b>96%</b>	
Total number of spills into water bodies.	8	<b>7</b>	All spills into water bodies were reported to Environment Waikato who monitored any necessary cleanup activities.

**Our Service:** We will increase our level of service to promote efficient private onsite treatment and disposal (e.g. septic tank) management

Measure	Target	Result	Comments
Public education programme in place to promote effective onsite treatment and disposal management.	1 targeted community educated campaign completed.	<b>Not achieved.</b>	This program has been re-scheduled for the second quarter of the 2008/09 financial year in order to identify an appropriate promotion that is suitable for the Service Delivery Group to undertake.

**Our Service:** We will ensure the continued availability of wastewater services through operations and maintenance

Measure	Target	Result	Comments
Number of blockages per 1000 connections.	13	<b>5.4</b>	This results represents 102 blockages, which is significantly lower than the maximum allowed.
Requests for service relating to smells.	30	<b>28</b>	
% of requests for service responded to within contract timeframes.	90%	<b>81%</b>	The majority of the jobs recorded as being responded to outside contract timeframes occurred early in the financial year when it was identified that United Water staff needed additional training in the Council's job management system as jobs were not being closed properly in the system. Once training had been carried out, performance improved.

**Our Service:** We will provide a wastewater service that our customers are increasingly satisfied with

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with the level of service.	67%	<b>72%</b>	17% of respondents answered "don't know".  The 2006/07 result for this performance measure was 66%.

## Stormwater

The Coromandel Peninsula is particularly vulnerable to heavy rainfall due to its geography. Stormwater is the result of heavy rainfall. In urban areas, there are often large areas where water cannot soak into the ground (driveways, streets). The Council has a number of stormwater drainage systems to manage run-off and reduce surface flooding that can lead to risks to public health and safety and damage to property, and to avoid dangerous road conditions.

### 2007/08 Achievement Highlights

- Improvements to stormwater systems in Tairua and Whangamata.

**Our Service: We will manage and maintain the public stormwater network to reduce stormwater flooding**

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with the level of service for stormwater systems.	67%	<b>70%</b>	10% of respondents answered "don't know".  The 2006/07 result for this performance measure was 67%.
% of requests for service responded to within contract timeframes.	90%	<b>68%</b>	The majority of the jobs recorded as being responded to outside contract timeframes occurred early in the financial year when it was identified that United Water staff needed additional training in the Council's job management system as jobs were not being closed properly in the system. Once training had been carried out, performance improved.
Stormwater systems improved in flood prone areas.	No works scheduled to be completed.	<b>N/A</b>	
Stormwater asset planning work programme completed.	No works scheduled to be completed.	<b>N/A</b>	
% of urban dwellings in the district (except Thames flats) inundated by a one-in-five year rain event.	5%	<b>0.13%</b>	24 instances qualifying as one-in-five year events were reported and addressed by United Water. In most cases, inundation was not apparent.
% of urban dwellings on the Thames Flats inundated by a one-in-20 year rain event.	5%	<b>0%</b>	No instances qualifying as one-in-20 year events were reported.

## Water

Every year, the Council's water schemes provide four million cubic metres of water to households, businesses and industries. To cope with current growth and development trends, further development of water infrastructure remains an important priority for the Council. The Council aims to maintain or improve water grading standards for each of the nine urban water supply systems that it operates. The Council also ensures that there is sufficient water supply for fire fighting in urban areas.

### 2007/08 Achievement Highlights

- Implementation of Summer Action Plan ensured water supply integrity over the majority of the peak period.
- Whitianga water take upgraded.
- Assessments undertaken at Coromandel and Thames water treatment plants to identify works required for compliance with drinking water standards.

**Our Service: Our water supply schemes will cater for the existing and projected resident and peak population, and fire fighting**

Measure	Target	Result	Comments
Water supply capacity in place to cope with projected peak population.	Tairua and Pauanui upgrades completed (capacity for 19,875 rating units).	<b>Upgrades not completed.</b>  <b>Capacity for 19,869 rating units.</b>	Short term interventions including the upgrades to the Tairua water treatment plant are complete. The additional long term goal to provide increased storage capacity in Pauanui is progressing well with the reservoir nearing practical completion and the pipeline under construction.
% of compliance with resource consent conditions/water permit conditions:			
▪ Quantity	100%	<b>98%</b>	Over the peak period the water take volume exceeded the consent conditions a limited number of times. This was in order to ensure supply continuity and integrity. Environment Waikato was notified in each case.
▪ Other	100%	<b>97%</b>	The majority of the issues were due to plant deficiencies which have now been identified via Drinking Water Standards of New Zealand based assessments and resolved.

**Our Service: We will increase our levels of service to provide safe drinking water**

Measure	Target	Result	Comments
Satisfactory water supply grading issued by the Ministry of Health:			The grading of water supplies is at the discretion of the Waikato District Health Board and is not under the control of the Council. These schemes are to be graded when scheduled by the Waikato District Health Board. To date no
▪ Thames, Whitianga, Whangamata	Bb	<b>Ungraded.</b>	
▪ Tairua, Pauanui, Coromandel,	Cc	<b>Ungraded</b>	



Measure	Target	Result	Comments
Matarangi, Onemana, Hahei		<b>except for Coromandel (result Eb).</b>	<p>further grading has been scheduled.</p> <p>Coromandel is the only Thames-Coromandel District water scheme graded thus far. The first part of the grading relates to the treatment of the water and the protection of the surrounding catchment. This result was under target (target = C, result = E). The grading result is based on a number of factors including an unsecure catchment, process monitoring requirements for the new grading criteria and process limitations of the current form of the treatment plant.</p> <p>Following the grading, an assessment was done on the Coromandel water treatment plant and a work programme has been identified to resolve any significant issues.</p> <p>The second portion of the water supply grading relates to the reticulation and supply. The Coromandel plant exceeded its target in relation to this factor (target = c, result = b).</p>

**Our Service: We will provide a water service that our customers are increasingly satisfied with**

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with the Council water supply provided.	67%	<b>65%</b>	<p>20% of respondents answered "don't know".</p> <p>The 2006/07 result for this performance measure was 62%.</p>

**Our Service: We ensure the continued availability of water services through operations and maintenance**

Measure	Target	Result	Comments
% of requests for service responded to within contract timeframes.	90%	<b>89%</b>	
% of hydrants meeting New Zealand Fire Service Code of Practice.	67%	<b>95%</b>	

## Solid Waste

This activity involves promoting waste reduction, collecting rubbish and recyclables from households, and the safe disposal of hazardous substances. The Council operates seven main refuse transfer stations and is also engaged in the process of overseeing the rehabilitation of 12 closed landfills within the district. The Council also operates four sets of 'moloks' (large, unmanned refuse bins) and several hundred public rubbish bins. The key goal of the activity is to provide environmentally sound waste management initiatives.

### 2007/08 Achievement Highlights

- Installation, commissioning and operation of weighbridges at three refuse transfer stations.
- Continued increase in percentage of waste away from landfills.

**Our Service: We will provide an efficient refuse collection service in designated areas**

Measure	Target	Result	Comments
% of requests for service responded to within contract timeframes.	85%	<b>94%</b>	
% of residents and ratepayers satisfied with level of service.	75%	<b>80%</b>	3% of respondents answered "don't know". The 2006/07 result for this performance measure was 80%.

**Our Service: We will promote waste reduction in the district**

Measure	Target	Result	Comments
Volumes of waste to landfill per rating unit.	672 kg	<b>638kg</b>	
% of recycling compared to solid waste to landfill.	16%	<b>24%</b>	

## Land Drainage

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This activity consists of maintaining a network of rural public drains and streams to minimise the risk of flooding. In the Thames-Coromandel District, this activity is located in the three areas of Matatoki, Wharepoa and Kopu.

The Council's main involvement is through raising revenue through rate collection in the drainage areas, and redistributing this revenue to Drainage Committees.

### 2007/08 Achievement Highlights

- Review of the Council's involvement in this activity.

**Our Service:** We will encourage the maintenance of a network of rural public drains to reduce the risk of flooding

Measure	Target	Result	Comments
Number of drainage committees funded (via rate distribution).	3	3	

**Cost of Services Statement -  
Water and Waste**


For the year ended 30 June 2008

2007		2008			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
<b>Revenue</b>					
1,862	Activity Revenue	1,804	1,895	91	1
1,866	Contributions Revenue	8,153	2,662	(5,491)	2
18,883	Rates Revenue	23,490	23,324	(166)	3
0	Subsidies Revenue	0	0	0	
22,611	<b>Total Operating Revenue</b>	<b>33,447</b>	<b>27,881</b>	<b>(5,566)</b>	
<b>Cost of Services</b>					
37	Land Drainage	27	40	(13)	
4,518	Solid Waste	4,610	5,194	(584)	4
2,109	Stormwater	2,758	2,447	311	5
6,250	Wastewater	9,488	8,660	828	6
4,919	Water	5,946	5,427	519	7
17,833	<b>Total Cost of Services</b>	<b>22,829</b>	<b>21,768</b>	<b>1,060</b>	
<b>4,778 NET COST OF SERVICES</b>		<b>10,618</b>	<b>6,113</b>	<b>(4,505)</b>	

The Development Contributions Policy (DCP) is a policy adopted by the Council under the Local Government Act 2002. Development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can not be used to fund operating expenditure.

**What did it Cost?**

<b>Actual</b>	21,768
<b>Planned</b>	22,829
<b>Variance</b>	1,060



Total cost of services was **\$21,768** against a plan of **\$22,829**

**Notes**

1	Activity Revenue is showing a favourable variance as: <ul style="list-style-type: none"> <li>▪ Transfer fees received were higher than expected by \$59,000 due to increase use of the transfer station and greater accuracy in the amount being charged due to the new weigh bridge;</li> <li>▪ Income from the sale of recyclables was higher than expected by \$12,000; and</li> <li>▪ Wastewater income was higher than anticipated by \$20,000.</li> </ul>
2	Contributions revenue is showing an unfavourable variance as:

Notes	
	<ul style="list-style-type: none"> <li>▪ Developers have up to five years between a resource consent application being submitted to Council and when a 223 certificate that confirms the exact boundaries of the subdivision. As such, the nature of the consent process can result in significant delays in collecting contributions income; and</li> <li>▪ The actual level of growth in dwellings, show that although the growth across the whole District in the 2001-2006 census period was in line with Council's growth projections, the level from that period has been somewhat lower than projected and it has varied significantly across different catchment areas. This has impacted council where growth has occurred in areas with relatively lower development contributions and will result in less contributions being collected.</li> </ul>
3	<p>Rates revenue is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Rates collected on water by volume was less than expected by \$72,000 due to the drought experienced by the Coromandel over the summer period which resulted in water restrictions being placed on properties in the district, and as such less water being consumed; and</li> <li>▪ Lump sum payments collected was less than anticipated by \$119,000.</li> </ul>
4	<p>Solid waste is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ CPI escalation costs exceeded budget by \$411,000;</li> <li>▪ The transfer station imposed an unbudgeted price increase for use of the landfill; and</li> <li>▪ Equipment maintenance at the transfer station has been higher than expected by \$65,000.</li> </ul>
5	<p>Stormwater is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Interest costs were less than expected by \$218,000;</li> <li>▪ Asset management plan costs being less than anticipated by \$53,000; and</li> <li>▪ Energy costs being less than originally forecasted by \$45,000.</li> </ul>
6	<p>Wastewater is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Interest costs were less than expected by \$673,000;</li> <li>▪ Depreciation costs were less than expected by \$604,000; and</li> <li>▪ CPI escalation costs were less than forecasted by \$46,000.</li> </ul> <p>These favourable variances were partially offset by:</p> <ul style="list-style-type: none"> <li>▪ Unplanned maintenance costs being higher than forecasted by \$207,000. Generators were hired for the Thames Wastewater plant as an interim measure to address consent aeration/odour inadequacy. Capital intervention is currently underway; and</li> <li>▪ Desludging of the Thames Wastewater Oxidation Pond. This was unbudgeted operating expenditure of \$300,000. This cost was required in order to ensure the continued operation of the Wastewater facility.</li> </ul>
7	<p>Water is showing a favourable variance mainly as:</p> <ul style="list-style-type: none"> <li>▪ Interest costs were less than expected by \$447,000; and</li> <li>▪ Depreciation costs were less than expected by \$102,000.</li> </ul>

	2008		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>CAPITAL WORKS PROJECTS</b>				
<b>WATER AND WASTE</b>				
<b>Solid Waste</b>				
Compactors Overhaul	81	97	(16)	
Transfer Station Asset Register Replacements	109	109	0	
Community Litter Bin Replacements	21	21	0	
Transfer Station Bin Replacements	31	35	(4)	
Transfer Station Miscellaneous Improvements	36	35	1	
Greenwaste Mercury Bay	10	0	10	
Moloks	19	10	9	

CAPITAL WORKS PROJECTS	2008		Variance \$000's	Notes
	Budget	Actual		
	\$000's	\$000's		
<b>Stormwater</b>				
Albert Street Upgrade	75	30	45	1
Asset Register Replacements - Thames	529	472	57	2
Asset Register Replacements - Thames Coast	78	35	43	3
Asset Register Replacements - Mercury Bay	121	134	(13)	
Asset Register Replacements - Whitianga	141	5	136	4
Asset Register Replacements - Tairua	53	14	39	
Asset Register Replacements - Pauanui	143	164	(21)	
Asset Register Replacements - Coromandel / Colville	133	115	18	
Asset Register Replacements - Onemana	29	0	29	
Asset Register Replacements - Whangamata	53	57	(4)	
Brophy's Beach Outlet	330	14	316	5
Flood Protection - Whangamata	681	196	485	6
Holland Stream Remedial Works	100	3	97	7
Kuatunu/Rings Road Ponding	59	1	58	8
Matarangi Upgrade	70	7	63	9
Mercury Bay Improvements	34	1	33	
Paku Hill Improvements	417	271	146	10
Richmond Street Development	0	7	(7)	
Whangamata Town Centre Upgrade	81	132	(51)	11
Whitianga Improvements	0	(65)	65	12
<b>Wastewater</b>				
District Miscellaneous Improvements				
Cooks Beach Asset Register Replacements	36	2	34	
Cooks Beach Backflow Prevention	4	4	0	
Cooks Beach Effluent Pump Upgrades	55	29	26	
Cooks Beach Inflow/Infiltration Upgrade	78	0	78	13
Cooks Beach Pump Station Upgrade	86	0	86	14
Cooks Beach Treatment Plant Upgrade	10	46	(36)	
Coromandel Asset Register Replacements	92	98	(6)	
Coromandel Long Bay Road Main Upgrade	320	142	178	15
Coromandel Pump Station Upgrade	114	72	42	16
Coromandel Telemetry Upgrade	9	8	1	
Coromandel Treatment Plant Alterations	40	6	34	
Coromandel Treatment Plant Generator	45	1	44	17
Hahei Asset Register Replacements	26	37	(11)	
Hahei Inflow/Infiltration	52	0	52	18
Hahei Telemetry Upgrades	24	7	17	
Hahei Treatment Plant - New	20	26	(6)	
Tairua/Pauanui Asset Register Replacements	95	20	75	19
Tairua/Pauanui Effluent Disposal	980	409	571	20
Pauanui Inflow/Infiltration	153	28	125	21
Tairua Inflow/Infiltration	246	72	174	22
Pauanui Pump Station Upgrade	67	0	67	23
Tairua/Pauanui Telemetry Upgrades	34	9	25	
Tairua Pump Station Upgrade	104	0	104	24
Tairua/Pauanui Biosolid Infrastructure	992	186	806	25
Tairua/Pauanui Pump Station Upgrade	2,222	953	1,269	26
Thames Treatment Plant Upgrade	4,363	7,419	(3,056)	27
Thames Asset Register Replacements	229	213	16	
Thames Consent Renewals	15	21	(6)	
Thames Pond Sludge Removal	3,152	3,054	98	28
Thames Pump Station Upgrade	262	301	(39)	
Thames Treatment Plant Upgrade	812	87	725	29
Thames Telemetry Upgrade	41	0	41	30
Matarangi Asset Register Replacements	26	89	(63)	31
Matarangi Pump Station Upgrade	27	23	4	

CAPITAL WORKS PROJECTS	2008		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>Wastewater continued</b>				
Oamaru Bay Asset Register Replacements	20	0	20	
Oamaru Bay Consent Renewal	15	20	(5)	
Oamaru Bay Pump Station Upgrade	16	0	16	
Onemana Asset Register Replacements	26	18	8	
Onemana Backflow Prevention	3	14	(11)	
Onemana Inflow/Infiltration	82	0	82	32
Onemana Pump Station upgrade	67	34	33	
Whitianga Biosolid Infrastructure	100	51	49	33
Whitianga Consent Renewal	200	90	110	34
Whitianga Effluent Disposal	200	130	70	35
Whitianga Joan Gaskell to Jackman Ave Truck Main	1,519	805	714	36
Whitianga Moewai Road Pump Station	0	38	(38)	
Whitianga Register Replacements	113	146	(33)	
Whitianga Pump Station Upgrade	316	150	166	37
Whitianga Telemetry Upgrades	23	24	(1)	
Whitianga Treatment Upgrade	9,247	8,404	843	38
Whitianga Trunk Main	570	496	74	39
Whangamata Asset Register Replacements	78	47	31	
Whangamata Biosolid Infrastructure	100	50	50	40
Whangamata Effluent Disposal	5,710	1,944	3,766	41
Whangamata Hetherington Capacity Upgrade	220	0	220	42
Whangamata Inflow/Infiltration	306	44	262	43
Whangamata Pump Station Upgrade	105	55	50	44
Whangamata Telemetry Upgrades	58	0	58	45
Whangamata Treatment Plant Upgrade	10,856	13,034	(2,178)	46
<b>Water</b>				
Coromandel Asset Register Replacements	96	64	32	
Coromandel Pump Station Upgrade	125	33	92	47
Coromandel Tiki Road Water Main Upgrade	225	4	221	48
Hahei Asset Register Replacements	46	10	36	
Hahei Pa Road Monitoring Well	28	12	16	
Hahei Pump Station Upgrade	61	44	17	
Matarangi Asset Register Replacements	26	22	4	
Matarangi Pump Station Upgrade	62	92	(30)	
Matatoki Asset Register Replacements	10	0	10	
Onemana Asset Register Replacements	26	0	26	
Onemana Pump Station Upgrade	18	14	4	
Onemana Tuna Place Bore	137	0	137	49
Pauanui Additional Storage	1,470	1,102	368	50
Pauanui Asset Register Replacements	72	13	59	51
Pauanui Pump Station Upgrade	99	0	99	52
Pauanui Supply & Treatment Improvements	3,126	18	3,108	53
Tairua Asset Register Replacements	77	47	30	
Tairua Pump Station Upgrade	103	49	54	54
Tairua Additional Improvements	500	603	(103)	55
Tairua Supply & Treatment Improvements	3,126	23	3,103	56
Thames Valley Asset Register Replacements	10	3	7	
Thames Urban Reticulation	175	79	96	57
Thames Urban Asset Register Replacements	861	401	460	58
Thames Urban Treatment Upgrade	49	11	38	
Whangamata Asset Register Replacements	88	74	(14)	
Whangamata Beverley Hills/Otahu Trunk Main	182	1	(181)	59
Whangamata Consent Renewal - Herberts	25	0	(25)	
Whangamata Secure Bore Head Pipework	60	62	2	
Whangamata Wentworth Bores/Store/Mains	290	419	129	60
Whitianga Additional Storage	560	555	(5)	

CAPITAL WORKS PROJECTS	2008		Variance \$000's	Notes
	Budget	Actual		
	\$000's	\$000's		
<b>Water Continued</b>				
Whitianga Asset Register Replacements	52	78	(26)	
Whitianga Joan Gaskell to Jackman Ave Trunk Main	1,886	648	1,238	61
Whitianga Pump Station Upgrade	40	35	5	
Whitianga Treatment Plant Booster	0	11	(11)	
Whitianga Treatment Plant Trunk Main	0	35	(35)	
Whitianga Wade Rd Trunk Main	0	1	(1)	
Whitianga Whangamaroro Intake	0	62	(62)	62
<b>Total Water and Waste Capital Works Projects</b>	<b>61,926</b>	<b>45,481</b>	<b>16,445</b>	
<b>Percentage of Water and Waste Capital Works Projects completed</b>	<b>100%</b>	<b>73%</b>		

## Notes

1	The Albert Street Development is showing a favourable variance as there were delays in the programme due to consent and Historic Places Trust issues.
2	The Stormwater Replacements project is showing a favourable variance as some of the planned renewals work has been deferred due to budget constraints.
3	The Thames Coast Asset Register Replacements is showing a favourable variance as savings were made by utilising old assets and incorporating them into the overall drainage of the area along with Saxon flows.
4	Whitianga Asset Register Replacements is showing a favourable variance as the scope of the work changed due to budget constraints.
5	Brophy's Beach Outlet is showing a favourable variance as there has been a delay in the work able to be progressed due to consent issues.
6	Flood prevention is showing a favourable variance due to the work being deferred to later years as the levels of services are still to be established.
7	Pauanui Holland Street Remedial Work is showing a favourable variance as flood prevention measures introduced in 2007/2008 proved successful. The budget was also adjusted to allow for Hikuai Settlement Road 900mm pipework to be conducted under a different code.
8	Kuaotunu/Rings Road Ponding is showing a favourable variance as the scope of work changed during the year due to the budget constraint issues.
9	Matarangi Improvements is showing a favourable variance as the scope of the work changed during the year and the remaining work on the project has been deferred due to budget constraint issues.
10	The Tairua Paku Hill Improvements is showing a favourable variance as not all the funding was required for the project. The remaining budget is to be used in 2009/2010 for the Tairua Tairua Terrace and Manaia Outfalls.
11	The town centre upgrade is showing an unfavourable variance as the scope of work changed during the year. The budget was revised during the year to reflect the additional work undertaken.
12	Whitianga Improvements is showing a favourable variance as an overpayment was refunded to Council after the project had ceased.
13	The Cooks Beach Inflow/Infiltration project is showing a favourable variance as work has been deferred on this project till the 2009/2010 financial year.
14	The Cooks Beach Pump Station Upgrade is showing a favourable variance as work has been deferred on this project due to budget constraints.
15	The Coromandel Long Bay Main Upgrade is showing a favourable variance due to savings made on the tender process as well as in reducing in the scope of the project. Additional capacity is to be built into the pumpstations when needed in the future.
16	The Coromandel Pump Station Upgrade is showing a favourable variance as the scope of the work changed due to budget constraints.



Notes	
17	Coromandel Treatment Upgrade is showing a favourable variance as work has been deferred due to budget constraints.
18	The Hahei Inflow/Infiltration project is showing a favourable variance as work has been deferred on this project till the 2009/2010 financial year.
19	Tairua/Pauanui Asset Register Replacements is showing a favourable variance as the scope of the project changed due to budget constraints.
20	Tairua/Pauanui Effluent Disposal is showing a favourable variance as the budget was revised during the year to accommodate the programme slippage due to post resource consent consultation issues.
21	Pauanui Inflow/Infiltration is showing a favourable variance as the budget was revised during the year to suit the investigation, remediation, monitoring and further remediation work cycle typically involved with Inflow/Infiltration work.
22	Tairua Inflow/Infiltration is showing a favourable variance as the budget was revised during the year to suit the investigation, remediation, monitoring and further remediation work cycle typically involved with Inflow/Infiltration work.
23	The Pauanui Pump Station Upgrade is showing a favourable variance as work has been deferred on this project due to budget constraints.
24	The Tairua Pump Station Upgrade is showing a favourable variance as work has been deferred on this project due to budget constraints.
25	The Tairua/Pauanui Biosolid Infrastructure programme is showing a favourable variance as the budget was revised during the year to suit the compost trial and infrastructure purchase programme. The unspent funds are to be deferred to the 2009/2010 financial year.
26	The Tairua/Pauanui Pump Station Upgrade is showing an unfavourable variance as the costs of the pump are currently included within the Tairua/Pauanui Treatment project code. The pump is being built within the treatment plant itself.
27	The Tairua/Pauanui Treatment is showing an unfavourable variance as the scope of work changed during the financial year. Additional costs relate to work and peripheral works on that site.
28	The Thames Pond Sludge Removal is showing a favourable variance as the budget was revised during the year to suit the multi-year project construction programme.
29	The Thames Treatment Plant work is showing a favourable variance due to delays in obtaining the discharge consent.
30	The Thames Telemetry Upgrade is showing a favourable variance as work has been deferred on this project due to budget constraints.
31	Matarangi Asset Register Replacements is showing an unfavourable variance due to the purchase the emergency generator for operation of the wastewater pumpstation during the power outages. This was an unbudgeted item.
32	Onemana Inflow/Infiltration is showing a favourable variance as work has been deferred on this project till the 2009/2010 financial year due to budget constraints.
33	The Whitianga Biosolid Infrastructure is showing a favourable variance as work has been deferred on this project till the 2009/2010 financial year.
34	The Whitianga Consent Renewals is showing a favourable variance as the budget was revised during the year to suit the multi-year project construction programme.
35	The Whitianga Effluent Disposal is showing a favourable variance as the budget was revised during the year to suit the multi-year project construction programme.
36	The Whitianga Joan Gaskell Project is showing a favourable variance as the budget was revised during the year to suit the multi-year project construction programme.
37	The Whitianga Pumpstation Upgrade is showing a favourable variance as the scope of the project changed due to budget constraints.
38	The Whitianga Treatment Upgrade is showing a favourable variance as the budget was revised during the year to suit the multi-year project construction programme.
39	Whitianga Trunk Main is showing a favourable variance as savings were made on this project during the course of the year.
40	The Whangamata Biosolid Infrastructure project is showing a favourable variance as work has been deferred on this project till the

**Notes**

	2009/2010 financial year.
41	The Whangamata Effluent Disposal is showing a favourable variance as the budget was revised during the year to suit the multi-year project construction programme.
42	The Whangamata Hetherington Capacity Upgrade is showing a favourable variance as work has been deferred on this project till the 2009/2010 financial year due to budget constraints.
43	Whangamata Inflow/Infiltration is showing a favourable variance as the scope of the work changed due to budget constraints.
44	The Whangamata Pump Station Upgrade is showing a favourable variance as the scope of work changed due to budget constraints.
45	The Whangamata telemetry upgrade is showing a favourable variance as work has been deferred on this project due to budget constraints.
46	The Whangamata Treatment Plant is showing an unfavourable variance as the scope of work changed during the financial year. Additional costs relate to work and peripheral works on that site.
47	The Pump Station Upgrade is showing a favourable variance as the scope of the work changed due to budget constraints.
48	The Tiki Road Water Main Upgrade is showing a favourable variance as the lowest tender exceeded the available budget.
49	Onemana Tuna Place Bore is showing a favourable variance as the work relating to this project has been deferred due to budget constraints.
50	The Pauanui Additional Storage Project is showing a favourable variance as the budget was revised during the year to suit a multi-year construction programme.
51	Pauanui Asset Register Replacements is showing a favourable variance as the scope of the work changed during the year due to budget constraints.
52	Pauanui Pump Station Upgrade is showing a favourable variance as work has been deferred until the 2009/2010 financial year.
53	Pauanui Supply and Treatment Improvement is showing a favourable variance as work has been deferred until the 2009/2010 financial year.
54	Tairua Pump Station Upgrade is showing a favourable variance as the scope of the work changed during the year due to budget constraints.
55	Tairua Additional Improvements is showing an unfavourable variance as additional equipment was required to enable the raw water system and water treatment plant to operate to an acceptable standard. This was a temporary upgrade solution.
56	Tairua Supply and Treatment Improvement is showing a favourable variance as work has been deferred until the 2009/2010 financial year.
57	The Thames Urban Reticulation project is showing a favourable variance as the scope of the work changed due to budget constraints.
58	The Thames Urban Asset Register Replacements project is showing a favourable variance as the scope of the work changed due to budget constraints.
59	Whangamata Beverly Hill/Otahu Trunk is showing a favourable variance as the work was completed during the 2006/2007 financial year and capitalised accordingly. The budget was revised to reflect this.
60	The Whangamata Bores/Storage is showing an unfavourable variance as the scope of work cost more than originally anticipated.
61	The Whitianga Joan Gaskell Project is showing a favourable variance as the budget was revised during the year to suit the multi-year project construction programme.
62	The Upgrade Whangamaroro Intake is showing an unfavourable variance as the works were completed in 2006/2007. However, additional work was required to install the hydroburst system at the intake screen, as well as alterations to the electrical installation. This work was unbudgeted for at the start of the financial year.

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## Contents: Financial Statements

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## GUIDE TO FINANCIAL STATEMENTS

### Introduction

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

This information includes the Statement of Financial Performance, the Statement of Financial Position, the Statement of Changes in Equity, 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 Council used to measure the transactions incorporated into the financial statements above.

Refer to pages 131 to 150.

#### Statement of Financial Performance

The Statement of Financial Performance shows all of Council's revenue earned and expenses incurred for the 12 months up to 30 June 2008. 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 Financial Performance is added or subtracted from Council's equity as shown in the Statement of Changes in Equity.

Refer to page 127.

#### Statement of Changes in Equity

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

Refer to page 128.

#### Notes to the financial statements

For the year ended 30 June 2008

#### Note 1 – Statement of accounting policies

##### Reporting Entity

Thames-Coromandel District Council is a Local Authority governed by the Local Government Act 2002 and is

#### Consolidated Statement of Financial Performance

For the year ended 30 June 2008

2007		Notes	2008		
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>REVENUE</b>					
6,341	6,578	3	6,744	7,376	7,613
4,848	4,848	3	14,421	6,686	6,686
1,466	1,466	3	575	472	472
40,828	40,771	3	47,669	47,686	47,628
5,043	5,043	3	4,489	4,960	4,960
606	606	3	0	354	354
2,837	2,837	3	4,398	10,789	10,789
<b>61,969</b>	<b>62,149</b>		<b>79,306</b>	<b>78,323</b>	<b>78,502</b>
<b>EXPENDITURE</b>					
10,047	10,047	4	0	11,223	11,223
10,321	10,342	4	11,576	11,599	12,202
133	14	4	2,479	1,526	1,554
29,559	29,602	4	43,041	33,504	33,788
1,481	1,481	4	25	2,622	1,982
<b>51,385</b>	<b>51,487</b>		<b>57,521</b>	<b>60,875</b>	<b>60,567</b>
<b>10,574</b>	<b>10,663</b>		<b>21,785</b>	<b>17,448</b>	<b>17,935</b>

\* Employee benefit expenses were not shown separately in the Long-term Council Community Plan 2006/16.

#### Consolidated Statement of Changes in Equity

For the year ended 30 June 2008

2007		Notes	2008		
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>788,884</b>	<b>788,875</b>		<b>801,199</b>	<b>799,408</b>	<b>799,655</b>
<b>EQUITY AT START OF THE YEAR</b>					
0	0		0	142,719	142,719
0	0		0	(5,618)	(5,618)
0	0		0	(400)	(400)
(59)	0		0	0	0
0	0		0	0	0
0	0		0	0	0
0	0		0	0	0
0	0		0	0	0
0	0		0	(2)	(6)
(51)	16		0	136,699	136,697
10,574	10,663		21,785	16,701	16,710
<b>10,524</b>	<b>10,679</b>		<b>21,785</b>	<b>153,400</b>	<b>153,407</b>
<b>799,408</b>	<b>799,555</b>		<b>822,984</b>	<b>952,808</b>	<b>953,062</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

**Statement of Financial Position**

The Statement of Financial Position shows the assets and liabilities of the Council as at 30 June 2008. Assets include cash, accounts receivable (money owed to council but not yet received), investments, land, buildings, operational and infrastructural assets.

Current assets are amounts owed to Council that are expected to be received within the next 12 months while current liabilities are Council's debts that are due to be paid within the next 12 months.

Investments are Council funds held in income earning securities while property, plant and equipment are of a permanent nature and are held for the benefit of the community. Non current liabilities represents money owed by Council that does not have to be paid within the next 12 months.

*Refer to page 129.*

**Statement of Cash Flows**

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

*Refer to page 130.*

**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 131 to 191.*

**Consolidated Statement of Financial Position**  
As at 30 June 2008

2007		Notes	2008		
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>ASSETS</b>					
<b>Current Assets</b>					
131	225		12,563	469	563
6,797	6,379	8	0	7,566	7,568
658	658	10	0	329	329
5	5	11	0	4	4
0	0	12	0	158	158
646	646		0	310	310
<b>8,196</b>	<b>8,313</b>		<b>17,797</b>	<b>8,836</b>	<b>8,952</b>
<b>Non-current Assets</b>					
85	85	14	143	109	109
131	131	11	129	294	294
2,164	2,164	16	434	2,782	2,132
769	769	17	873	1,086	1,086
811,858	812,543	15	892,571	1,000,080	1,000,080
<b>815,008</b>	<b>815,693</b>		<b>893,049</b>	<b>1,005,151</b>	<b>1,004,986</b>
<b>823,204</b>	<b>823,905</b>		<b>911,706</b>	<b>1,013,987</b>	<b>1,013,938</b>

**Consolidated Statement of Cash Flows**  
For the year ended 30 June 2008

2007		Notes	2008		
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash was provided from:					
40,671	40,614		47,671	40,671	40,614
0	0		0	1	1
17,026	17,263		26,064	17,026	17,263
1,640	1,642		575	1,640	1,642
0	0		0	0	0
<b>59,337</b>	<b>59,519</b>		<b>74,309</b>	<b>59,438</b>	<b>59,519</b>
Cash was applied to:					
39,392	39,392		43,897	39,392	39,392
3,217	2,217		0	2,172	2,172
0	28		2,075	0	28
41,609	41,637		46,792	41,627	41,609
<b>12,041</b>	<b>18,250</b>	21	<b>20,044</b>	<b>17,811</b>	<b>18,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					

**Notes to financial statements**  
For the year ended 30 June 2008

2007		Notes	2008	
Parent Actual \$000's	Group Actual \$000's		Parent Actual \$000's	Group Actual \$000's
<b>RATES REVENUE</b>				
6,054	6,053		5,549	6,053
General rates				
6,791	6,699		6,465	6,689
20,220	20,191		21,224	20,191
1,220	1,228		1,248	1,228
204	204		181	204
402	402		507	402
<b>49,828</b>	<b>49,777</b>		<b>47,687</b>	<b>49,771</b>
<b>ACTIVITY REVENUE</b>				
5,811	6,040		6,801	7,200
78	78		115	115
451	451		453	453
0	0		0	0
<b>6,341</b>	<b>6,578</b>		<b>7,379</b>	<b>7,812</b>

## Consolidated Statement of Financial Performance

For the year ended 30 June 2008

2007		Notes	2008		
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>REVENUE</b>					
6,341	6,578	2, 3	6,744	7,376	7,549
4,848	4,848	3	14,421	6,686	6,686
1,466	1,466	3	575	473	473
40,828	40,771	3	47,669	47,634	47,564
5,043	5,043	3	5,499	4,960	4,960
606	606	3	0	353	353
2,837	2,837		4,398	10,789	10,789
<b>61,969</b>	<b>62,149</b>		<b>79,306</b>	<b>78,271</b>	<b>78,374</b>
<b>EXPENDITURE</b>					
10,047	10,047	4	10,806	11,223	11,223
10,321	10,342	4	11,576	11,999	12,019
(13)	14	4	2,879	1,209	1,237
29,559	29,602	4	32,235	34,238	34,283
1,481	1,481	4	25	2,901	2,901
<b>51,395</b>	<b>51,487</b>		<b>57,521</b>	<b>61,570</b>	<b>61,663</b>
<b>10,574</b>	<b>10,663</b>		<b>21,785</b>	<b>16,701</b>	<b>16,710</b>

\* Personnel costs were not shown separately in the 2007/2008 Annual Plan.

*The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements*





## Consolidated Statement of Financial Position

As at 30 June 2008

2007		Notes	2008		
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>ASSETS</b>					
<b>Current Assets</b>					
131	225		12,563	469	599
6,757	6,779		5,194	7,566	7,575
190	190		0	150	150
5	5		0	4	4
0	0		0	158	158
646	646		0	310	310
<b>7,729</b>	<b>7,846</b>		<b>17,757</b>	<b>8,657</b>	<b>8,796</b>
<b>Non-current Assets</b>					
85	85		142	109	109
467	467		0	180	180
131	131		129	294	294
2,683	2,683		434	2,738	2,738
769	769		673	1,886	1,886
811,338	811,823		892,571	1,000,050	1,000,528
<b>815,475</b>	<b>815,960</b>		<b>893,949</b>	<b>1,005,257</b>	<b>1,005,734</b>
<b>823,204</b>	<b>823,805</b>		<b>911,706</b>	<b>1,013,914</b>	<b>1,014,531</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
18,548	18,574		9,422	19,665	19,726
502	502		0	150	150
1,011	1,011		763	1,386	1,386
903	903		0	1,318	1,318
112	140		255	5,891	5,910
<b>21,076</b>	<b>21,131</b>		<b>10,440</b>	<b>28,411</b>	<b>28,491</b>
<b>Non-current Liabilities</b>					
58	58		139	93	93
2,567	2,567		2,637	2,599	2,599
95	395		75,506	30,004	30,287
<b>2,720</b>	<b>3,020</b>		<b>78,282</b>	<b>32,696</b>	<b>32,979</b>
<b>23,796</b>	<b>24,151</b>		<b>88,722</b>	<b>61,106</b>	<b>61,469</b>
<b>799,408</b>	<b>799,655</b>		<b>822,984</b>	<b>952,808</b>	<b>953,062</b>
<b>EQUITY</b>					
371,879	372,062		365,516	369,159	369,350
66,723	66,723		40,183	86,627	86,627
(12,906)	(12,843)		42,593	(12,440)	(12,377)
373,712	373,712		374,692	509,462	509,462
<b>799,408</b>	<b>799,655</b>		<b>822,984</b>	<b>952,808</b>	<b>953,062</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements



District Mayor



Chief Executive

## Consolidated Statement of Cash Flows

For the year ended 30 June 2008

2007		Notes	2008		
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash was provided from:</b>					
40,671	40,614		47,621	46,733	46,663
1	1		0	1	1
17,126	17,353		26,664	18,317	18,719
1,640	1,642		575	472	476
0	0		0	436	436
59,438	59,610		74,860	65,959	66,295
<b>Cash was applied to:</b>					
39,350	39,395		43,887	40,187	40,405
2,177	2,177		0	0	0
0	28		2,879	1,635	1,663
41,527	41,600		46,766	41,822	42,068
<b>17,911</b>	<b>18,010</b>	<b>24</b>	<b>28,094</b>	<b>24,137</b>	<b>24,227</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Cash was provided from:</b>					
380	380		171	110	119
0	0		0	96	96
380	380		171	206	215
<b>Cash was applied to:</b>					
35,410	35,424		79,835	58,958	58,995
1,440	1,440		0	574	574
36,850	36,864		79,835	59,532	59,569
<b>(36,470)</b>	<b>(36,484)</b>		<b>(79,664)</b>	<b>(59,326)</b>	<b>(59,354)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Cash was provided from:</b>					
5	5		0	7	7
0	27		5	0	0
0	0		51,600	104,700	104,700
5	32		51,605	104,707	104,707
<b>Cash was applied to:</b>					
0	0		0	156	156
0	0		0	12	12
99	99		0	112	112
0	36		2,070	68,900	68,926
99	135		2,070	69,180	69,206
<b>(94)</b>	<b>(103)</b>		<b>49,535</b>	<b>35,527</b>	<b>35,501</b>
(18,653)	(18,577)		(2,036)	338	374
18,784	18,802		14,598	131	225
<b>131</b>	<b>225</b>	<b>8</b>	<b>12,562</b>	<b>469</b>	<b>599</b>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

During the period, Thames-Coromandel District Council acquired property, plant and equipment totalling \$0 by means of finance leases (2007: \$13,813).

*The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements*

## Notes to the financial statements

For the year ended 30 June 2008

### Note 1 – Statement of accounting policies

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#### Reporting Entity

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

Thames-Coromandel District Council group consists of the ultimate parent Thames-Coromandel District Council, its subsidiary Thames Pensioner Housing Trust and the joint venture arrangement with the Thames Valley Combined Civil Defence Committee. All entities within the group are incorporated and domiciled in New Zealand.

Thames Pensioner Housing Trust is considered a subsidiary of the Thames-Coromandel District Council due to an irreversible mechanism set at the time the trust was established. The irreversible mechanism meets the 'control' definition as described under NZ IFRS 3; *Business Combinations*. Thames-Coromandel District Council does not hold an equity interest in the Trust and can not control the composition of the trustees.

Thames-Coromandel District Council has a 40% interest in a joint venture operation, together with Hauraki District Council and Matamata-Piako District Councils for the operation of the Thames Valley Combined Civil Defence Committee. Each Council has equal representation on the committee. Thames-Coromandel District Council is the administering authority.

The primary objective of Thames-Coromandel District Council is to provide goods or services for the community or social benefit rather than making a financial return.

Accordingly, Thames-Coromandel District Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements of Thames-Coromandel District Council are for the year ended 30 June 2008. The financial statements were authorised for issue by Council on 24 September 2008.

#### Basis of Preparation

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##### 1. Statement of compliance

The financial statements of Thames-Coromandel District Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice ("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.

## 2. Measurement Base

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

## 3. 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 Thames-Coromandel District Council is New Zealand dollars.

## 4. Changes in accounting policies

There have been no changes in accounting policies.

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

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

**NZ IAS 1; *Presentation of Financial Statements (revised 2007)*** replaces NZ IAS 1; *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. 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 revised standard gives the Thames-Coromandel District Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Thames-Coromandel District Council intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

**NZ IAS 23; *Borrowing Costs (revised 2007)*** replaces NZ IAS 23; *Borrowing Costs (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. The Thames-Coromandel District Council intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.

**NZ IFRS 3; *Business Combinations (revised 2008)*** and the amended NZ IAS 27; *Consolidated and Separate Financial Statements* are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:

- *Partial acquisitions:* Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.

- *Step acquisitions:* The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
- *Acquisition-related costs:* Acquisition-related costs are generally recognised as expenses (rather than included in the cost of acquisition).
- *Contingent consideration:* *Contingent* consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRSs, usually in profit or loss (rather than adjusting the cost of acquisition).

Thames-Coromandel district Council will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 30 June 2010, which will impact on business combinations that occur on or after 1 July 2009.

## Significant Accounting Policies

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### 6. Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

#### Subsidiary

Thames-Coromandel District Council consolidates the subsidiary Thames Pensioner Housing Trust in the group financial statements due to the definition of 'control' being resulting from the existence of an irreversible mechanism set at the time of the trust being established. This power exists where Thames-Coromandel District Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Thames-Coromandel District Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Thames-Coromandel District Council measures the cost of a business combination as the aggregate of the fair values, at the date of the exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over Thames-Coromandel District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Thames-Coromandel District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of financial performance.

Investments in subsidiaries are carried at cost in Thames-Coromandel District Council's own "parent entity" financial statements.

#### Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Thames-Coromandel District Council participates in one joint venture arrangement, with the Thames Valley Combined Civil Defence Committee.

Thames-Coromandel District Council recognises its interest in jointly controlled entities using the proportionate consolidation method. Thames-Coromandel District Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

## 7. Revenue

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

### Rates and levies revenue

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

Revenue from water rates by meter 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

Thames-Coromandel District Council receives government grants from Land Transport New Zealand, which subsidises part of Thames-Coromandel District Council's costs in maintaining 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 Thames-Coromandel District Council are recognised as revenue when control over the asset is obtained.

Vested assets also includes assets in which the ownership has been transferred to 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 ticket 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 contributions**

Development 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.

**8. Donated services**

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

**9. Borrowing costs**

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

**10. Grant expenditure**

Contract for Services are grants that are awarded if the grant application meets specified criteria and are recognised as expenditure when a service level agreement that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Thames-Coromandel District 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 Thames-Coromandel District Council's decision.

**11. Leases****Finance leases**

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

At the commencement of the lease term, Thames-Coromandel District Council recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the Statement of Financial Performance 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 Thames-Coromandel District 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.

Thames-Coromandel District Council holds photocopier leases that are classified as finance leases.

### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense in the Statement of Financial Position 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. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

## 12. Equity

Equity is the community's interest in Thames-Coromandel District 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 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

- *Reserves land*
- *Endowment Farms trust property*
- *Council created reserves*

#### Asset revaluation reserves

### Accumulated funds

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

### 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 Thames-Coromandel District Council.

Restricted reserves are those subject to specific conditions accepted as binding by Thames-Coromandel District 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)
- Council created reserves

Council created reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.



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

#### **Asset revaluation reserve**

The asset revaluation reserve represents increases in the value of certain classes of assets.

#### **13. 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. These are readily converted to a known amount of cash and are subject to an insignificant risk of changes in value.

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

#### **14. Debtors and other receivables**

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

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

#### **15. Financial assets**

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

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

Thames-Coromandel District Council classifies its financial assets into the following four categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables; and
- Financial assets at fair value through equity.

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

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

Financial asset at fair value through profit and loss 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. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

After initial recognition they are measured at their fair values with gains or losses on re-measurement recognised in the Statement of Financial Performance.

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

#### **Loans and receivables**

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

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Financial Performance.

Loans to community organisations made by Thames-Coromandel District 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. They 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 Statement of Financial Performance.

Thames-Coromandel District Council's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits and community and related loans such as the advances receivable from Royal New Zealand Plunket Society Thames Branch Incorporated and receivables payable under the Building Act 2004.

#### **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Thames-Coromandel District Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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

Thames-Coromandel District Council does not hold any financial assets in this category.

**Financial assets at fair value through equity**

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Thames-Coromandel District 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.

Thames-Coromandel District Council's investments in its subsidiary and associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27; *Consolidated and Separate Financial Statements* and NZ IAS 28; *Investments in Associates*) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the Statement of Financial Performance.

On derecognition the cumulative gains or loss previously recognised in equity is recognised in the Statement of Financial Performance.

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

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

Thames-Coromandel District Council holds shares in New Zealand Local Government Insurance Corporation Limited. The shares were measured at cost at the date of acquisition and have remained unchanged, which may not equate to fair value.

**Fair value**

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

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

## **16. Impairment of financial assets**

At each balance date Thames-Coromandel District 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 Statement of Financial Performance.

### **Loans and receivables**

Impairment of a loan or a receivable is established when there is objective evidence that Thames-Coromandel District Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of provision, and the amount of the loss is recognised in the Statement of Financial Performance. When the receivable is uncollectible, it is written off against the provision. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, unlisted shares, related party and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, unlisted shares, related party and community loans is established when there is objective evidence that the Thames-Coromandel District Council will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

### **Quoted and unquoted equity instruments**

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 an indicator of impairment. If such evidence exists for investments at fair value through equity, 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 Statement of Financial Performance) is removed from equity and recognised in the Statement of Financial Performance. Impairment losses recognised in the Statement of Financial Performance on equity investments are not reversed through the Statement of Financial Performance.

## **17. Derivative financial instruments and foreign currency transactions**

Thames-Coromandel District Council uses derivative financial instruments to hedge exposure to foreign exchange and interest rate risks arising from financing activities. Thames-Coromandel District Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Any gains or losses arising from changes in fair value are taken directly to the Statement of Financial Performance for the year.

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

#### **18. Inventories**

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted where applicable, for any loss of service potential.

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

#### **19. 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 Statement of Financial Performance.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

#### **20. Property, plant and equipment**

Property, plant and equipment consist of:

##### **Operational assets**

These include land, buildings and improvements, library books, plant and equipment, computer equipment and motor vehicles.

##### **Restricted assets**

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

##### **Infrastructural assets**

Infrastructure assets are the fixed utility systems owned by Thames-Coromandel District Council including roads, footpaths, bridges and culverts, water, wastewater, storm water, refuse processing and disposal, 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.

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

#### ***Revaluation***

Land (operational and restricted), buildings and infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, and at least every three years. All other classes are carried at depreciated historical cost.

Thames-Coromandel District Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Thames-Coromandel District Council accounts for revaluations of property, plant and equipment on a class of assets basis.

The results of revaluing are credited or debited to a property revaluation reserve for that class of asset in the equity section of the Statement of Financial Position. Where this results in a debit balance in the property revaluation reserve, the balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

#### ***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 Thames-Coromandel District Council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

#### ***Disposals***

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

#### ***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:

<b>Operational Assets</b>	<b>Useful Life</b>	<b>Depreciation rate</b>
Buildings	35-80 years	1.3%-2.9%
Computer Hardware	3 years	33.3%
Furniture and Fittings	8-25 years	4%-12.5%
Library Collections	10 years	10%
Plant and Machinery	4-10 years	10%-25%
Refuse Processing and Disposal	10-30 years	3.3%-10%
<b>Infrastructural Asset</b>	<b>Useful Life</b>	<b>Depreciation rate</b>
Parks and Furniture		
▪ Paths and drives	55 years	1.8%
▪ Fences	10-30 years	3.3%-10%
▪ Playground Equipment	20 years	5%
▪ Landscaping	20 years	5%
▪ Tables and benches	20 years	5%
▪ Rubbish bins	10-15 years	6.7%-10%
Bridges and Culverts	75 years	1.3%
Footpaths		
▪ Basecourse	60 years	1.7%
▪ Paved	50 years	2%
▪ Chip Seal	15 years	6.7%
▪ Asphaltic	20 years	5%
Harbour Facilities		
▪ Wharves and Jetties	15-100 years	1%-6.7%
▪ Pontoons	25-100 years	1%-4%
Roads		
▪ Pavement Surfacing	5-13 years	7.7%-20%
▪ Pavement Structure	No depreciation	No depreciation
▪ Drainage	60 years	1.7%
▪ Traffic Facilities	5-50 years	2%-20%
Water, Stormwater and Wastewater		
▪ Telemetry	20 years	5%
▪ Plant	20-80 years	1.3%-5%
▪ Reticulation	50-100 years	1%-2%
▪ Reservoirs	80 years	1.3%

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

## 21. 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.

Costs that are directly associated with the development of software for internal use by Thames-Coromandel District 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 Thames-Coromandel District Council the right to access private property where infrastructural assets are located.

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

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

#### Resource consents

In the past, the cost of resource consents have 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 cost 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 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, Council intends to recognise consent renewals as intangible assets in the future when they arise and adjust internal procedures so that the resource consents are easily identifiable as a separate item 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 derecognised. The amortisation charge for each period is recognised in Statement of Financial Performance.

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	30 years	3.3%



**22. 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 against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Financial Performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the of Financial Performance, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

For assets carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Statement of Financial Performance.

**23. Forestry assets**

The purpose of holding the Tairua forest block is as a waste water dispersal area. The total area of the stand is 52 hectares with 37.4 hectares being stocked productive forest and 14.6 hectares is an unstocked area. In January 2008, Thames-Coromandel District Council purchased a further area of Tairua Forest; Zones 2,3 and 5. 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.

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 existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and

takes into consideration environmental, operational and market restrictions. The valuation is of standing timber only, exclusive of the underlying land value.

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

The cost to maintain the forestry assets are included in the Statement of Financial Performance.

#### **24. Creditors and other payables**

Creditors and other payables are measured at fair value.

#### **25. Employee entitlements**

Employee entitlements incorporate Council's liability for wages and salaries, annual leave, sick leave, long service leave, and retirement gratuities.

##### **Short-term employee entitlements**

Employee benefits that Thames-Coromandel District Council expects 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, retiring and long service leave entitlements expected to be settled within 12 months and sick leave.

Thames-Coromandel District Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Thames-Coromandel District Council anticipates it will be used by staff to cover those future absences.

Sick leave does not vest but is permitted to accumulate up to 100 days per employee. A provision has been recognised using an actuarial valuation method. Actuarial gains and losses are recognised as income or an expense in the Statement of Financial Performance.

Thames-Coromandel District Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

##### **Long-term employee entitlements**

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, 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.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term

increase in remuneration for employees. A discount rate of 8.65% (2007: 6.72%), and an inflation factor of 2.50% (2007: 3.00%) were used.

Council's obligation for long service leave and retirement gratuities have been recognised using an actuarial valuation method. Actuarial gains and losses are recognised as income or an expense in the Statement of Financial Performance.

## **26. Superannuation schemes**

### **Defined contribution schemes**

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Financial Performance as incurred.

### **Defined benefit schemes**

Thames-Coromandel District 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.

## **27. Provisions**

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

### **Landfill post-closure costs**

Council has a legal obligation to provide on-going maintenance and monitoring services at its 5 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.

### **Leaky home settlement costs**

In our view, the definition of a provision has been met as a result of the legal precedent that Councils are liable for a share of leaky homes repair costs. A provision for estimated settlement costs is recognised as a liability in the Statement of Financial Position. The provision is measured based on the present value of

future cash outflows expected to be incurred, taking into account future events including new legal requirements arising from the effects of Dicks vs Waitakere City Council. The provision includes all expected settlement costs. When there is a high level of uncertainty a contingent liability is recognised.

#### **Reserve contribution credits**

A provision has been established in the Statement of Financial Position for the estimated liability associated with historic reserve contribution credits, as a result of subdivision's vesting of reserves prior to the introduction of the Development Contribution Policy in October 2004.

#### **Financial guarantee contracts**

A financial guarantee contract is a contract that requires Thames-Coromandel District 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 Statement of Financial Position because Thames-Coromandel District Council has assessed the probability of a financial guarantee being called up as 'less than likely to occur' and the club or organisation has provided an indemnity to Council that transfers ownership of the assets to Council in the event of the guarantee being called up. Council's exposure to any risk is therefore mitigated and minimal. Financial guarantees are disclosed as a contingent liability because it is not probable that a present obligation exists.

#### **28. 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 Thames-Coromandel District Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

#### **29. Goods and Services Tax (GST)**

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

**30. Statement of Cash Flows**

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

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

**Financing activities** comprise the change in equity and debt capital structure of Thames-Coromandel District Council.

**31. Budget figures**

The budget figures are those approved by the Council at the beginning of the year in the 2007/2008 Annual Plan. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by Thames-Coromandel District Council for the preparation of the financial statements.

**32. Cost allocation**

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

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

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

**33. Critical accounting estimates and assumptions**

In preparing these financial statements Thames-Coromandel District Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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:

**Landfill aftercare provision**

Council has a legal obligation to provide on-going maintenance and monitoring services at the landfill sites. A provision is recognised as a liability in the financial statements. The provision is measured based on the present value of estimated future cash outflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The discount rate of 7.60% used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council (2007: 7.90%). An inflation factor of 2.50% has been used (2007: 2.50%).

Note 22; *Provisions* discloses an analysis of the exposure of Thames-Coromandel District Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

#### **Infrastructural assets**

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and conditions modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Thames-Coromandel District Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Financial Performance. To minimise this risk Thames-Coromandel District Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group (NAMS), and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Thames-Coromandel District Council's asset management planning activities, which gives Thames-Coromandel District Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

## Notes to financial statements

For the year ended 30 June 2008

2007		2008	
Actual \$000's	NOTE 2 - Summary cost of services	Budget \$000's	Actual \$000's
<b>REVENUE</b>			
<b>Council activities</b>			
5,811	Community Leadership	6,041	5,988
9,548	Community Facilities	12,885	10,819
3,852	Managing the Environment	3,888	3,681
3,925	Community Safety and Welfare	4,647	4,744
12,781	Roading	14,001	13,698
22,611	Water and Waste	33,447	27,881
<b>58,526</b>	<b>Total revenue from Council activities</b>	<b>74,909</b>	<b>66,811</b>
2,837	Assets Vested and Introduced	4,398	10,789
0	Investment revenue unallocated against activities	0	317
606	Other Gains	0	353
<b>61,969</b>	<b>TOTAL REVENUE</b>	<b>79,306</b>	<b>78,271</b>
<b>EXPENDITURE</b>			
<b>Council activities</b>			
5,714	Community Leadership	6,609	6,841
7,141	Community Facilities	7,921	8,102
3,431	Managing the Environment	4,220	3,932
4,909	Community Safety and Welfare	4,723	5,628
10,789	Roading	11,197	12,159
17,833	Water and Waste	22,829	21,768
<b>49,817</b>	<b>Total cost of services</b>	<b>57,496</b>	<b>58,429</b>
97	Impairment on property intended for sale	0	240
1,481	Other Losses	25	2,901
<b>51,395</b>	<b>TOTAL EXPENSES</b>	<b>57,521</b>	<b>61,570</b>
<b>10,574</b>	<b>NET SURPLUS</b>	<b>21,785</b>	<b>16,701</b>

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 3 - Revenue	Parent Actual \$000's	Group Actual \$000's
<b>RATES REVENUE</b>				
6,054	6,053	General rates	5,549	5,548
Targeted rates attributable to activities:				
6,701	6,689	Uniform annual general charge	8,498	8,483
26,233	26,191	Targeted rates	31,671	31,618
1,230	1,228	Water by volume	1,248	1,247
204	204	Lump sum options	161	161
406	406	Penalties	507	507
<b>40,828</b>	<b>40,771</b>	<b>Total Rates Revenue</b>	<b>47,634</b>	<b>47,564</b>
<b>ACTIVITY REVENUE</b>				
5,811	6,040	User fees and charges	6,802	6,988
78	78	Infringements and fines	115	115
451	451	Petrol tax	459	459
0	8	Share of joint venture surplus: Refer to Note 18; <i>Joint Venture</i>	0	(14)
<b>6,341</b>	<b>6,578</b>	<b>Total Operating Revenue</b>	<b>7,376</b>	<b>7,549</b>
<b>INVESTMENT REVENUE</b>				
1	1	Dividend revenue	1	1
1,465	1,465	Interest received	472	472
<b>1,466</b>	<b>1,466</b>	<b>Total Investment Revenue</b>	<b>473</b>	<b>473</b>
<b>GAINS</b>				
97	97	Gains on changes in fair value of biological assets	0	0
0	0	Gains on changes in financial assets at fair value through profit and loss	1	1
0	0	Foreign exchange gains	352	352
508	508	Interest rate swap gains	0	0
<b>606</b>	<b>606</b>	<b>Total Other Gains</b>	<b>353</b>	<b>353</b>
<b>ASSETS VESTED</b>				
0	0	Library Collections*	46	46
0	0	Parks	19	19
212	212	Reserves Land	(135)	(135)
1,414	1,414	Roads and Footpaths	6,543	6,543
346	346	Wastewater	1,544	1,544
234	234	Water	1,058	1,058
630	630	Stormwater	1,715	1,715
<b>2,837</b>	<b>2,837</b>	<b>Total Assets Vested in Council</b>	<b>10,789</b>	<b>10,789</b>
<b>OTHER REVENUE</b>				
4,848	4,848	Contributions	6,686	6,686
5,043	5,043	Land Transport New Zealand subsidies	4,960	4,960
<b>61,969</b>	<b>62,149</b>	<b>TOTAL REVENUE</b>	<b>78,271</b>	<b>78,374</b>

### NON-RATEABLE LAND

In accordance with the Local Government (Rating) Act 2002 certain properties are deemed to be non-rateable, which can not be rated for general, UAGC and certain targeted rates. These include schools, places of religious worship, public gardens and reserves. These non-rateable properties, are only subject to targeted rates in respect of sewerage, water and refuse. Non-rateable land does not constitute a remission under Thames-Coromandel District Council's rates remission policy.

### VESTED ASSETS

\*The library book collection held by the Tairua Library Committee was donated to Council on 11th June 2008.

The Council has vested to it certain infrastructural assets and land as part of the subdivisional process. Council recognises the value of these assets as income in the Statement of Financial Performance with an equivalent increase in property, plant and equipment in the Statement of Financial Position.

There are no unfulfilled conditions and other contingencies attached to Land Transport New Zealand subsidies recognised.



## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 4 - Expenditure	Parent Actual \$000's	Group Actual \$000's
<b>PERSONNEL COSTS</b>				
9,830	9,830	Salaries and wages	10,785	10,785
29	29	Employer contributions to multi-employer defined benefit plans	21	21
20	20	Employer contributions to defined contribution plans	7	7
168	168	Increase/(decrease) in employee benefit liabilities	410	410
<b>10,047</b>	<b>10,047</b>	<b>Total Personnel costs</b>	<b>11,223</b>	<b>11,223</b>
<b>AMORTISATION</b>				
390	390	Computer software	418	418
<b>390</b>	<b>390</b>	<b>TOTAL AMORTISATION EXPENSE</b>	<b>418</b>	<b>418</b>
<b>DEPRECIATION</b>				
660	660	Buildings	716	733
0	21	Pensioner Housing	0	0
271	271	Computer hardware	351	351
105	105	Furniture and fittings	143	145
77	77	Library collections	84	84
241	241	Plant, machinery and vehicles	272	272
194	194	Solid Waste	210	210
346	346	Bridges and culverts	252	252
408	408	Footpaths	567	567
100	100	Harbour facilities	109	109
408	408	Reserves improvements	461	461
2,386	2,386	Roads	3,557	3,557
1,023	1,023	Stormwater	1,064	1,064
2,300	2,300	Wastewater	2,338	2,338
1,411	1,411	Water	1,459	1,459
<b>9,931</b>	<b>9,952</b>	<b>TOTAL DEPRECIATION EXPENSE</b>	<b>11,581</b>	<b>11,601</b>
<b>10,321</b>	<b>10,342</b>	<b>Total Amortisation and Depreciation Expense</b>	<b>11,999</b>	<b>12,019</b>
<b>FINANCE COSTS</b>				
Interest expense				
39	66	Interest on bank borrowings	1,269	1,297
35	35	Interest on hire purchase	13	13
11	11	Interest on finance leases	6	6
(98)	(98)	Provisions: discount unwinding: Refer Note 22; <i>Provisions</i>	(79)	(79)
<b>(13)</b>	<b>14</b>	<b>Total Finance Costs</b>	<b>1,209</b>	<b>1,237</b>
<b>OTHER EXPENSES</b>				
Audit fees				
96	100	Fees for financial statement audit	104	107
13	13	Fees for NZ IFRS transition	0	0
0	0	Fees paid during 2007/08 for Long-term Council Community Plan audit	2	2
1,126	1,126	Grants provided	1,345	1,345
255	255	Impairment of receivables: Refer to Note 9; <i>Debtors and other receivables</i>	115	115
96	96	Impairment of property intended for sale: Refer Note 13; <i>Non-current assets held for sale</i>	240	240
18,101	18,101	Operating contracts	17,045	17,045
356	356	Rates remissions: Refer to Note 5; <i>Rates remissions</i>	447	447
9,516	9,555	Other operating expenses	14,940	14,982
<b>29,559</b>	<b>29,602</b>	<b>Total Other Operating Expenses</b>	<b>34,238</b>	<b>34,283</b>
<b>OTHER LOSSES</b>				
776	776	Losses on disposal of property, plant and equipment: Refer to Note 6; <i>Gains/losses on disposal</i>	2,173	2,173
0	0	Losses on changes in fair value of forestry assets	400	400
0	0	Interest rates swaps losses	328	328
705	705	Foreign exchange losses	0	0
<b>1,481</b>	<b>1,481</b>	<b>Total Other Losses</b>	<b>2,901</b>	<b>2,901</b>
<b>51,395</b>	<b>51,487</b>	<b>TOTAL EXPENDITURE</b>	<b>61,570</b>	<b>61,663</b>

## Notes to financial statements

For the year ended 30 June 2008

### RATES REMISSIONS

Rates relief provided by Council include 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 have been treated as an expense in accordance with Council's view that this is in the nature of a grant, not a reduction of revenue.

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Note 5 - Rates remissions	Parent Actual \$000's	Group Actual \$000's	
<b>Rates remissions are comprised of:</b>					
10	10	Land held for conservation or preservation purposes	8	8	
16	16	Community sporting and non-profit organisations	17	17	
108	108	Maori freehold land	120	120	
2	2	Land affected by a natural calamity	1	1	
0	0	Rating units occupied/owned in common	1	1	
24	24	Wastewater charges for schools	37	37	
65	65	Rating units containing two separately habitable units (second dwelling)	93	93	
126	126	New residential subdivisions	166	166	
5	5	Unusable land	4	4	
<b>356</b>	<b>356</b>	<b>TOTAL REMISSIONS</b>	<b>447</b>	<b>447</b>	

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Note 6 - Gains/Losses on disposal of property, plant and equipment	Parent Actual \$000's	Group Actual \$000's	

The following gains and losses on the disposal of fixed assets are included in revenue and expenses in the statement of financial performance:

<b>Gains on disposal include:</b>					
2	2	Computer Software	0	0	
77	77	Reserves Land	0	0	
<b>79</b>	<b>79</b>	<b>Total gains on disposal of property, plant and equipment</b>	<b>0</b>	<b>0</b>	
<b>Losses on disposal include:</b>					
10	10	Computer Hardware	1	1	
0	0	Computer Software	6	6	
10	10	Footpaths	38	38	
5	5	Furniture and fittings	0	0	
9	9	Harbour facilities	0	0	
318	318	Land and Buildings	443	443	
12	12	Plant and machinery	25	25	
32	32	Reserves improvements	22	22	
0	0	Reserves Land	475	475	
313	313	Roading	613	613	
17	17	Solid Waste Disposal	8	8	
4	4	Stormwater	24	24	
35	35	Wastewater	343	343	
91	91	Water	175	175	
<b>854</b>	<b>854</b>	<b>Total losses on disposal of property, plant and equipment</b>	<b>2,173</b>	<b>2,173</b>	
<b>776</b>	<b>776</b>	<b>NET LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>2,173</b>	<b>2,173</b>	

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 7 - Equity	Parent Actual \$000's	Group Actual \$000's
799,408	799,655	<b>TOTAL EQUITY</b>	952,808	953,062
<b>Accumulated Funds</b>				
The accumulated surpluses do not represent cash available to offset future rate increases, rather they represent the community's investment in publicly owned assets resulting from past surpluses. Council created reserves consist of:				
a) specifically named reserves into which funds are put for specific purposes;				
b) unspent (retained) revenue from one year which council deems appropriate to be expended in the following year, usually to finish incomplete budgeted work;				
and				
c) unspent depreciation reserves				
<b>The accumulated balance and Council created reserves are comprised of:</b>				
<b>ACCUMULATED FUNDS</b>				
331,311	331,402	Opening Balance	371,879	372,062
(59)	0	Reclassification of the joint venture retained earnings from parent to group	0	0
0	8	Increase interest held in joint venture	0	0
0	0	Leaky homes opening correction	(400)	(400)
10,574	10,663	Net surplus for the year	16,701	16,710
30,051	29,987	Net movements in Reserves below	(19,021)	(19,023)
371,879	372,062	Total Consolidated accumulated funds	369,159	369,350
<b>RESTRICTED RESERVES</b>				
Reserves land (restrictions imposed by title)				
64,113	64,113	Opening balance	60,836	60,836
(3,277)	(3,277)	Net movement in reserves land	12,284	12,284
60,836	60,836	Closing Balance	73,120	73,120
Endowment Farms trust property (restrictions imposed by statute)				
5,887	5,887	Opening balance	5,887	5,887
0	0	Net movement in endowment farms trust property reserve	7,620	7,620
5,887	5,887	Closing Balance	13,507	13,507
66,723	66,723	Total restricted reserves	86,627	86,627
<b>COUNCIL CREATED RESERVES</b>				
Specifically named reserves available to fund activities				
7,335	7,335	Opening balance	(18,815)	(18,815)
(26,149)	(26,149)	Net movement in Specifically named reserves	(1,376)	(1,376)
(18,815)	(18,815)	Closing Balance	(20,191)	(20,191)
Retained revenue reserves available to fund activities				
5,374	5,374	Opening balance	4,817	4,817
(557)	(557)	Net movement in retained revenue reserves	432	432
4,817	4,817	Closing Balance	5,249	5,249
Funded depreciation reserves to fund capital items				
2,183	2,183	Opening balance	1,672	1,672
(511)	(511)	Net movement in depreciation reserves	(844)	(844)
1,672	1,672	Closing Balance	828	828
Special LGAC reserves to fund capital items				
(1,403)	(1,403)	Opening balance	(580)	(517)
823	886	Net movement in depreciation reserves	2,254	2,254
(580)	(517)	Closing Balance	1,674	1,737
(12,906)	(12,843)	Total council created reserves	(12,440)	(12,377)
<b>ASSET REVALUATION RESERVES</b>				
374,084	374,084	Opening revaluation reserves	373,712	373,712
0	0	Revaluations	142,719	142,719
0	0	Gains/(losses) taken to equity for impairments of land	(5,618)	(5,618)
0	0	Transfer of furniture and fittings revaluation reserve against cost	(96)	(96)
(372)	(372)	Transfer of revaluation reserve to accumulated funds on disposal of property, plant and equipment	(1,256)	(1,256)
373,712	373,712	Closing asset revaluation reserves	509,462	509,462
799,408	799,655	<b>TOTAL EQUITY</b>	952,808	953,062

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	7a - Asset revaluation reserves consists of:	Parent Actual \$000's	Group Actual \$000's
7,158	7,158	Buildings	9,334	9,334
4,967	4,967	Footpaths	6,342	6,342
1,232	1,232	Harbour Facilities	1,422	1,422
75,727	75,727	Land	95,359	95,359
1,403	1,403	Reserves Improvements	1,397	1,397
185,325	185,325	Roads, Bridges and Culverts	298,112	298,112
627	627	Refuse Processing and Disposal	619	619
29,286	29,286	Stormwater	29,273	29,273
44,598	44,598	Wastewater	44,293	44,293
23,390	23,390	Water	23,311	23,311
<b>373,712</b>	<b>373,712</b>	<b>Total asset revaluation reserves</b>	<b>509,462</b>	<b>509,462</b>

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 8 - Cash and cash equivalents	Parent Actual \$000's	Group Actual \$000's
131	225	Cash at bank and in hand	269	399
0	0	Short-term deposits maturing three months or less from date of acquisition	200	200
<b>131</b>	<b>225</b>	<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>469</b>	<b>599</b>

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	3	Cash at bank and in hand	3	3
63	157	Current accounts	170	300
65	65	Domain Board investments	97	97
0	0	Short-term deposits maturing three months or less from date of acquisition	200	200
<b>131</b>	<b>225</b>	<b>Total Cash and cash equivalents</b>	<b>469</b>	<b>599</b>

## Notes to financial statements

For the year ended 30 June 2008

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Note 9 - Debtors and other receivables	Parent Actual \$000's	Group Actual \$000's	
1,755	1,755	Rates	2,238	2,238	
106	106	Building consents	104	104	
9	9	Licensing	92	92	
194	194	Resource consents	135	135	
101	101	Water	130	130	
250	250	Water by volume	209	209	
617	617	Contributions	1,575	1,575	
384	402	Other trade receivables	656	664	
3,188	3,193	GST	2,334	2,336	
936	936	Land Transport New Zealand subsidies	1,058	1,058	
73	73	Petrol Tax	73	73	
109	109	Other receivables	99	99	
7,722	7,745		8,703	8,713	
(789)	(789)	Less provision for impairment of rates receivables: Refer Note 9b below	(911)	(911)	
(91)	(91)	Less provision for impairment of other receivables: Refer Note 9b below	(117)	(117)	
6,842	6,865	TOTAL DEBTORS AND OTHER RECEIVABLES	7,675	7,685	
<b>Less non-current portion:</b>					
85	85	Postponed rates: Refer Note 14; Postponed rates	109	109	
85	85	<b>Total non-current portion</b>	<b>109</b>	<b>109</b>	
<b>6,757</b>	<b>6,779</b>	<b>CURRENT PORTION</b>	<b>7,566</b>	<b>7,575</b>	
<b>Fair value</b>					
Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade and other receivables approximates their fair value.					
<b>Impairment</b>					
Thames-Coromandel District 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. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.					
These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.					
The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$157,000 (2007:111,000).					

The status of receivables as at 30 June 2008 and 2007 are detailed below:

2007				2008		
Gross \$000's	Impairment \$000's	Net \$000's	9a - Aging of Receivables	Gross \$000's	Impairment \$000's	Net \$000's
<b>COUNCIL</b>						
			Unmeasurable	4,358	(0)	4,358
			Not past due	212	(5)	207
			Past due 1-30 days	118	(1)	116
			Past due 31-60 days	3,075	(329)	2,746
			Past due >90 days to 1 year	236	(147)	89
			Past due 1-2 years	166	(130)	36
			Past due 3 years	166	(163)	3
			Past due 4 years	265	(253)	11
			Past due >5 years			
0	0	0	<b>Total aged receivables</b>	<b>8,594</b>	<b>(1,028)</b>	<b>7,566</b>
<b>GROUP</b>						
			Unmeasurable	4,366	(0)	4,366
			Not past due	212	(5)	207
			Past due 1-30 days	118	(1)	117
			Past due 31-60 days	3,075	(329)	2,746
			Past due >90 days to 1 year	236	(147)	89
			Past due 1-2 years	166	(130)	36
			Past due 3 years	166	(163)	3
			Past due 4 years	265	(253)	11
			Past due >5 years			
0	0	0	<b>Total aged receivables</b>	<b>8,604</b>	<b>(1,028)</b>	<b>7,575</b>

Historical information for the aging of receivables has been unavailable due to reporting limitations, therefore 2006/2007 comparatives are unavailable.

## Notes to financial statements

For the year ended 30 June 2008

As of 30 June 2008 and 2007, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. The impairment provision has been calculated based on expected losses for Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors as detailed below.

2007			2008	
Parent Actual \$000's	Group Actual \$000's	9b - Movements in provision for impairment	Parent Actual \$000's	Group Actual \$000's
1,048	1,048	Opening impairment provision as at 1 July 2006	881	881
88	88	Additional provisions made during the year	262	262
(255)	(255)	Receivables written off during the year	(115)	(115)
<b>881</b>	<b>881</b>	<b>Closing impairment provision as at 30 June 2008</b>	<b>1,028</b>	<b>1,028</b>

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

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

2007		9c - Arrangements to pay	2008
94		0-12 months	147
17		> 12 months	10
<b>111</b>		<b>Carrying amount</b>	<b>157</b>

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 10 - Derivative financial instruments	Parent Actual \$000's	Group Actual \$000's
<b>CURRENT ASSET PORTION</b>				
190	190	Interest rate swaps	150	150
<b>190</b>	<b>190</b>	<b>TOTAL CURRENT ASSET PORTION</b>	<b>150</b>	<b>150</b>
<b>NON-CURRENT ASSET PORTION</b>				
467	467	Interest rate swaps <sup>1</sup>	180	180
<b>467</b>	<b>467</b>	<b>TOTAL NON-CURRENT ASSET PORTION</b>	<b>180</b>	<b>180</b>
<b>658</b>	<b>658</b>	<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS</b>	<b>330</b>	<b>330</b>
<b>CURRENT LIABILITY PORTION</b>				
502	502	Foreign exchange contracts	150	150
<b>502</b>	<b>502</b>	<b>TOTAL CURRENT LIABILITY PORTION</b>	<b>150</b>	<b>150</b>
<b>502</b>	<b>502</b>	<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES</b>	<b>150</b>	<b>150</b>

<sup>1</sup>The derivative financial instruments comparatives have been restated to recognise the non-current portion of the interest rate swaps.

### Risk Management Instruments

At 30 June 2008, Council had the following financial instruments in place in expectation of borrowing as outlined in the Long-term council community plan:

Coupon Rate %	2007 \$000's	Maturity Date	Coupon Rate %	2008 \$000's
6.85	3,000	Interest swap 27/2/2017	6.85	3,000
6.56	6,000	Interest swap 30/6/2009	6.56	6,000
6.65	6,000	Interest swap 30/12/2011	6.65	6,000
0.00	0	Interest swaptions: with swaption maturity date of 28/11/2008 and swap maturity date if the swaption is exercised of 28/11/2010	8.92	6,000
0.00	0	Interest swaptions: with swaption maturity date of 28/11/2008 and a swap maturity date if the swaption is exercised of 28/11/2012	8.61	5,000
0.00	0	Interest swaptions: with swaption maturity date of 28/11/2008 and a swap maturity date if the swaption is exercised of 28/11/2017	8.13	3,000

The above financial instruments (interest rate swaps) are used as a means of reducing exposure to fluctuations in the floating interest rates. The valuation of interest rate swaps and swaptions held by Council shows an unrealised loss of \$328,080 as at 30 June 2008 (2007: an unrealised gain of \$508,306).

SEK	3,828	Forward exchange contracts	SEK	7
GBP	64	Forward exchange contracts	GBP	34
USD	83	Forward exchange contracts	USD	85
Euro	843	Forward exchange contracts	Euro	552
AUD	160	Forward exchange contracts	AUD	156

The above financial instruments (forward exchange contracts) are used as a means of reducing exposure to adverse fluctuations in foreign exchange. Over the past year a significant amount of these forward exchange contracts have been settled reducing Councils unrealised loss thereby attributing to an unrealised gain of \$352,472 as at 30 June 2008 (2007: an unrealised loss of \$705,053).

### Fair value

The fair values of interest rate swaps and forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices.

For further details refer to Note 33; *Financial Instrument Risks*

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 11 - Other financial assets	Parent Actual \$000's	Group Actual \$000's
5	5	Current	4	4
131	131	Non-current	294	294
<b>136</b>	<b>136</b>	<b>Total other financial assets</b>	<b>298</b>	<b>298</b>
<b>Other financial assets are comprised of:</b>				
<b>CURRENT PORTION</b>				
<i>Loans and receivables</i>				
<i>Short-term deposits with maturities of 4-12 months</i>				
5	5	Royal New Zealand Plunket Society Thames Branch Incorporated	4	4
<i>Held to maturity</i>				
0	0	Fixed-term deposits	0	0
0	0	Corporate bonds	0	0
0	0	Local authority stock	0	0
5	5	<b>TOTAL CURRENT PORTION</b>	<b>4</b>	<b>4</b>
<b>NON-CURRENT PORTION</b>				
<i>Fair value through equity</i>				
<i>Investments carried at cost are:</i>				
11	11	Unlisted shares: New Zealand Local Government Insurance Corporation Limited	11	11
1	1	Unlisted shares: Local Authority Shared Services Limited	1	1
108	108	Unlisted shares: Shared Valuation Data Service	108	108
0	0	Unlisted shares: Waikato Regional Transport Model	11	11
0	0	Building Act 2004 receivables	156	156
<i>Loans and receivables</i>				
11	11	Royal New Zealand Plunket Society Thames Branch Incorporated	7	7
131	131	<b>TOTAL NON-CURRENT PORTION</b>	<b>294</b>	<b>294</b>
<b>136</b>	<b>136</b>	<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>298</b>	<b>298</b>

**UNLISTED SHARES****New Zealand Local Government Insurance Corporation Limited (Civic Assurance)**

Thames-Coromandel District Council holds 7,120 fully paid shares of \$1.00 each in New Zealand Local Government Insurance Corporation Limited (Civic Assurance). These shares had an asset backing of \$1.56 per share according to the financial statements of the company prepared to 31 December 1999 and were revalued accordingly.

These shares had a net asset backing of \$3.00 per share according to the financial statements of the company prepared to 31 December 2007 (2006: \$2.78).

**Local Authority Shared Services Limited**

Thames-Coromandel District 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 Council. 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.

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 shares in Waikato Regional Transport Model.

Service shareholdings entitle the holders to participate in certain services provided by the company. No class of service shares have rights to a share in the distribution of surplus assets, nor do they provide any voting rights.

For further details refer Council Controlled Organisations on Page 190.

**LOANS AND RECEIVABLES****Royal New Zealand Plunket Society Thames Branch Incorporated**

The carrying amount of the Royal New Zealand Plunket Society Thames Branch Incorporated receivable was \$14,422.41 (2007: \$19,667). The term of the advance is for four years and is interest free. Council holds a second mortgage over the buildings of the Society. The expected cash-flows receivable in the future have been discounted at Council's internal borrowing rate of 6.8% on 30 June 2008 (2007: 6.5%). The advance is considered low risk and therefore Council's borrowing rate is unadjusted by a financial risk factor.

**Building Act 2004 receivables**

Costs incurred to date for work done under section 129 of the Building Act 2004 to protect Council from consequential claims. The recoverable amount is unknown at this stage, therefore the present value of the future cash flows have not been discounted at balance date.

**Impairment**

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

## Notes to financial statements

For the year ended 30 June 2008

### 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:

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Maturity Analysis	Parent Actual \$000's	Group Actual \$000's
		Fair value:		
5	5	Other investments maturing within 1 year or less:	4	4
4	4	Investments maturing after 1 year but less than 2 years	160	160
4	4	Investments maturing after 2 year but less than 3 years	3	3
3	3	Investments maturing after 3 year but less than 5 years	0	0
0	0	Investments maturing after 4 year but less than 5 years	0	0
119	119	More than five years	131	131
<b>136</b>	<b>136</b>	<b>Fair value of financial assets as at 30 June 2008</b>	<b>298</b>	<b>298</b>
		Carrying value:		
5	5	Other investments maturing within 1 year or less:	5	5
5	5	Investments maturing after 1 year but less than 2 years	161	161
5	5	Investments maturing after 2 year but less than 3 years	3	3
4	4	Investments maturing after 3 year but less than 5 years	0	0
0	0	Investments maturing after 4 year but less than 5 years	0	0
119	119	More than five years	131	131
<b>139</b>	<b>139</b>	<b>Carrying value of financial assets as at 30 June 2008</b>	<b>300</b>	<b>300</b>

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 12 - Inventories	Parent Actual \$000's	Group Actual \$000's
		Held for distribution or consumption:		
0	0	Spare parts	158	158
<b>0</b>	<b>0</b>	<b>TOTAL INVENTORIES</b>	<b>158</b>	<b>158</b>

Inventories held for distribution or consumption are spare parts in working condition that have arisen from the decommissioning of the Pauanui Wastewater Treatment Plant. Council intends to hold these spare parts as inventory until they can be utilised in the future.

The carrying amount of inventories held for distribution has been measured at cost, adjusted when applicable for any loss of service potential.



## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 13 - Non-current assets held for sale	Parent Actual \$000's	Group Actual \$000's
<b>Non-current assets held for sale are:</b>				
550	550	Land and buildings	310	310
96	96	Coromandel Pensioner Housing	0	0
<b>646</b>	<b>646</b>	<b>TOTAL NON-CURRENT ASSETS HELD FOR SALE</b>	<b>310</b>	<b>310</b>

**LAND AND BUILDINGS**

The Thames-Coromandel District Council owned buildings at 802 and 804 Pollen Street, Thames have been presented as held for sale following the approval by Council on 30 March 2007 to sell the premises. The Council has approved the sale of the premises, as the proceeds are to be used on the restoration of the Carnegie Building.

The Pollen Street property has been written down to fair value less costs to sell being the expected sale proceeds of \$310,000. The impairment loss has been accounted for in the Statement of Financial Performance. Refer to Note 4: *Expenditure*. At this stage, there is no expected completion date for the sale.

**COROMANDEL PENSIONER HOUSING**

Coromandel Pensioner Housing Units were sold during the year for the expected sales price of \$96,329, being the fair value less costs to sell.

Thames-Coromandel District Council may provide security by way of a financial guarantee to Coromandel Independent Living Trust to enable the Trust to obtain a loan, however the terms and conditions remain under negotiation at balance date. Refer to Note 30; *Contingent liabilities*.

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 14 - Postponed rates	Parent Actual \$000's	Group Actual \$000's
85	85	Postponed rates	109	109
<b>85</b>	<b>85</b>	<b>TOTAL POSTPONED RATES</b>	<b>109</b>	<b>109</b>

The face value of postponed rates is \$109,489 (2007: \$85,356). Fair value has not been determined by using cash flows discounted at a rate based on Council's internal borrowing rate of 6.8% as at 30 June 2008 (2007: 6.5%).

Interest was charged at a rate of 7.75% on postponed rates for the 2007/08 year (2007: 8.05%). 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.

## Notes to the financial statements

For the year ended 30 June 2008

Note 15 - Property, plant and equipment 2008	1 July 2007		30 June 2008				30 June 2008		Group					
	Cost / Revaluation	Accum. dep and impairment charges	Carrying amount	Current year revaluation	Accum. Depn reversed on revaluation	Current year additions	Current year disposals	Current year disposals depreciation		Current year impairment charges	Current year depreciation	Net Book Value	Cost	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
<b>OPERATIONAL ASSETS</b>														
Buildings	18,997	2,007	16,991	212	1,956	2,224	384	59	0	716	20,342	21,050	708	20,342
Computer hardware	1,559	718	841	0	0	281	174	173	0	351	770	1,666	896	770
Furniture and fittings	1,151	285	866	99	0	375	0	0	0	143	1,197	1,625	428	1,197
Land	43,372	0	43,372	12,796	0	5	139	0	5,396	0	50,638	56,034	5,396	50,638
Library collections	658	150	508	0	0	184	0	0	0	84	608	842	233	608
Plant and machinery	1,861	656	1,206	0	0	349	262	147	0	272	1,168	1,948	780	1,168
Refuse processing and disposal	3,365	382	2,983	0	0	325	35	27	0	210	3,089	3,655	566	3,089
<b>Total Operational Assets</b>	<b>70,964</b>	<b>4,197</b>	<b>66,767</b>	<b>13,106</b>	<b>1,956</b>	<b>3,743</b>	<b>994</b>	<b>405</b>	<b>5,396</b>	<b>1,775</b>	<b>77,812</b>	<b>86,819</b>	<b>9,007</b>	<b>77,812</b>
<b>INFRASTRUCTURAL ASSETS</b>														
Bridges and culverts	11,501	692	10,809	1,601	692	185	148	3	0	252	12,890	13,139	249	12,890
Footpaths	14,973	794	14,188	608	794	1,213	40	2	0	567	16,189	16,754	565	16,189
Harbour facilities	5,529	193	5,336	(3)	193	0	0	0	0	109	5,417	5,526	109	5,417
Land drainage	0	0	-	0	0	0	0	0	0	0	0	0	0	0
Reserves improvements	8,058	778	7,280	0	0	451	29	7	0	461	7,249	8,480	1,231	7,249
Roads	409,353	4,503	404,850	106,270	4,503	11,426	604	138	0	3,557	523,027	526,445	3,419	523,027
Stormwater	60,611	1,917	58,694	0	0	2,613	26	1	0	1,064	60,219	63,198	2,979	60,219
Wastewater	92,676	4,568	88,108	0	0	26,582	629	128	0	2,338	111,851	118,628	6,777	111,851
Water	65,216	2,791	62,425	0	0	5,527	198	24	0	1,459	66,319	70,545	4,226	66,319
<b>Total Infrastructural Assets</b>	<b>667,918</b>	<b>16,226</b>	<b>651,692</b>	<b>108,476</b>	<b>6,172</b>	<b>47,997</b>	<b>1,674</b>	<b>304</b>	<b>0</b>	<b>9,805</b>	<b>803,162</b>	<b>822,717</b>	<b>19,555</b>	<b>803,162</b>
Restricted Assets: Reserves land	60,836	0	60,836	12,913	0	87	475	0	240	0	73,121	73,361	240	73,121
Capital Work in Progress <sup>1</sup>	32,044	0	32,044	0	0	13,911	0	0	0	0	45,955	45,955	0	45,955
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>831,762</b>	<b>20,423</b>	<b>811,338</b>	<b>134,494</b>	<b>8,128</b>	<b>65,738</b>	<b>3,142</b>	<b>709</b>	<b>5,636</b>	<b>11,580</b>	<b>1,000,050</b>	<b>1,028,652</b>	<b>28,802</b>	<b>1,000,050</b>

<sup>1</sup> Intangible capital work in progress has been reclassified separately from property, plant and equipment capital work in progress totalling \$649,934 in the current year (2007: \$519,360).

## Notes to the financial statements

For the year ended 30 June 2008

Note 15 - Property, plant and equipment 2007	1 July 2006		30 June 2007						30 June 2007						
	Cost/ Revaluation \$'000's	Accum. Depn and impairment charges \$'000's	Carrying amount \$'000's	Current year revaluation \$'000's	Accum. Depn reversed on revaluation \$'000's	Current year additions \$'000's	Current year PPE transferred to sale \$'000's	Current year disposals depreciation \$'000's	Current year impairment charges \$'000's	Current year depreciation \$'000's	Net Book Value \$'000's	Cost \$'000's	Accum. Depn and impairment charges \$'000's	Carrying amount \$'000's	Group
<b>OPERATIONAL ASSETS</b>															
Buildings	18,389	1,363	17,025	0	0	940	0	331	17	0	660	18,997	2,007	16,991	16,993
Pensioner Housing	0	0	-	0	0	0	0	0	0	0	0	0	0	0	440
Computer hardware	2,937	1,773	624	0	0	488	0	1,336	1,326	0	271	1,559	718	841	853
Furniture and fittings	1,017	183	834	0	0	141	0	7	2	0	105	1,151	285	866	866
Land	42,314	0	42,314	0	0	1,058	0	0	0	0	0	43,372	0	43,372	43,372
Library collections	540	72	467	0	0	118	0	0	0	0	77	658	150	508	508
Plant and machinery	1,640	516	1,124	0	0	385	0	164	102	0	241	1,861	656	1,206	1,237
Refuse processing and disposal	3,031	192	2,839	0	0	351	0	16	4	0	194	3,365	382	2,983	2,983
<b>Total Operational Assets</b>	<b>69,327</b>	<b>4,100</b>	<b>65,227</b>	<b>0</b>	<b>0</b>	<b>3,491</b>	<b>0</b>	<b>1,854</b>	<b>1,452</b>	<b>0</b>	<b>1,549</b>	<b>70,984</b>	<b>4,197</b>	<b>66,787</b>	<b>67,252</b>
<b>INFRASTRUCTURAL ASSETS</b>															
Bridges and culverts	11,501	346	11,155	0	0	0	0	0	0	0	346	11,501	682	10,809	10,809
Footpaths	14,654	377	13,676	0	0	929	0	10	1	0	408	14,973	784	14,188	14,188
Harbour facilities	4,738	93	4,645	0	0	801	0	9	0	0	100	5,529	193	5,336	5,336
Land drainage	0	0	-	0	0	0	0	0	0	0	0	0	0	0	0
Reserves improvements	7,194	371	6,824	0	0	868	0	4	2	0	408	8,058	778	7,280	7,280
Roads	389,726	2,212	397,514	0	0	9,773	0	146	94	0	2,386	409,353	4,503	404,850	404,850
Stormwater	57,716	884	56,822	0	0	2,500	0	5	0	0	1,023	60,611	1,917	58,694	58,694
Wastewater	90,780	2,278	88,502	0	0	1,941	0	45	10	0	2,300	92,676	4,588	88,088	88,088
Water	61,212	1,387	59,825	0	0	4,071	0	67	7	0	1,411	65,216	2,791	62,425	62,425
<b>Total Infrastructural Assets</b>	<b>646,920</b>	<b>7,357</b>	<b>639,563</b>	<b>0</b>	<b>0</b>	<b>21,283</b>	<b>0</b>	<b>285</b>	<b>114</b>	<b>0</b>	<b>8,382</b>	<b>667,918</b>	<b>16,226</b>	<b>651,692</b>	<b>651,692</b>
Restricted Assets: Reserves land	61,326	0	61,326	0	0	346	550	286	0	0	0	60,836	0	60,836	60,836
Capital Work in Progress <sup>1</sup>	10,556	0	10,556	0	0	21,688	0	0	0	0	0	32,044	0	32,044	32,044
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>788,129</b>	<b>12,657</b>	<b>776,072</b>	<b>0</b>	<b>0</b>	<b>46,608</b>	<b>550</b>	<b>2,426</b>	<b>1,565</b>	<b>0</b>	<b>9,931</b>	<b>831,762</b>	<b>20,423</b>	<b>811,338</b>	<b>811,823</b>

<sup>1</sup> Intangible capital work in progress has been reclassified separately from property, plant and equipment capital work in progress totalling \$649,834 in the current year (2007: \$519,360).

## Notes to financial statements

For the year ended 30 June 2008

### Valuation

#### Operational assets

Buildings are measured at fair value less accumulated depreciation with subsequent additions recorded at cost. Buildings were revalued at 1 July 2007 by Curnow Tizard Limited, Registered Valuers, Hamilton.

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.

Land is valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation of land was performed by Valuation and Management Services Limited, Registered Valuers, Morrinsville, and the valuation is effective as at 1 July 2007, with subsequent additions recorded at cost.

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.

Refuse processing and disposal has been valued at depreciated replacement value at 1 July 2005 by Montgomery Watson Harza, Consulting Engineers, New Plymouth, with subsequent additions recorded at cost.

#### Infrastructural assets

Infrastructure assets are at fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date Thames-Coromandel District 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 off-cycle asset classes are revalued.

Harbour facilities have been valued at depreciated replacement cost at 1 July 2007 by Maunsell/Aecom, Wellington, with subsequent additions recorded at cost.

Parks and reserves furniture has been valued at depreciated replacement cost at 1 July 2005 by Montgomery Watson Harza, Consulting Engineers Limited, Thames, with subsequent additions recorded at cost.

Roads, bridges, and footpaths, have been valued at depreciated replacement cost at 1 July 2007 by Opus International Consultants Limited, Consulting Engineers, Paeroa, with subsequent additions recorded at cost.

Water, wastewater and stormwater asset classes have been valued at depreciated replacement value at 1 July 2005 by Montgomery Watson Harza, Consulting Engineers, New Plymouth with subsequent additions recorded at cost.

Land under roads, and subsequent additions vested to Council, have been valued based on fair value of adjacent land at 1 July 2007 by Opus International Consultants Limited, Consulting Engineers, Paeroa.

## Notes to financial statements

For the year ended 30 June 2008

### Restricted assets

Parks and reserves land is valued at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Valuation and Management Services Limited, Registered Valuers, Morrinsville, and the valuation is effective as at 1 July 2007, with subsequent additions at cost.

### Total fair value of property, plant and equipment valued by each valuer

		2008	
		Parent Actual \$000's	Group Actual \$000's
Buildings	Curnow Tizard	19,160	19,160
Harbours	Maunsell/Aecom	5,526	5,526
Land	Valuation and Management Services Limited	129,917	129,917
Bridges and Culverts	Opus International Consultants Limited	13,102	13,102
Footpaths	Opus International Consultants Limited	15,580	15,580
Roads	Opus International Consultants Limited	515,624	515,624

No classes of property, plant and equipment were revalued in 2007.

### Impairment

Impairment losses of \$5.36 million (2007: \$nil) have been recognised for land and parks and reserves. The impairment losses have arisen from the reclassification of land as Local Purpose Reserves in accordance with the Reserves Act 1977. These legal or other restrictions imposed on the title means that Council can not dispose of the land as readily, which has an impact on the value of the land giving rise to an impairment.

Initially the land was recorded at the purchase price and any subsequent increases in value have been recorded as an increase in the revaluation reserve. The decrease in the value of the land due to the reclassification, results in a reduction of the land value or impairment within property, plant and equipment, an offset against the accumulated revaluation reserves and the remaining balance is charged against the Statement of Financial Performance.

The recoverable amount of the reserves land is valued at its 'value in use'.

### Taylor's Mistake

Council resolved to declare Taylor's Mistake as a reserve in accordance with the Reserves Act 1977 at the Ordinary Council Meeting held on 26 September 2007.

The most recent valuation of Taylor's Mistake had been conducted by Valuation and Management Services Limited, Registered Valuers, Morrinsville as at 1 July 2007 for \$6,967,000. Taylor's Mistake was valued as a reserve by Valuation and Management Services Limited, Registered Valuers, Morrinsville as at 30 June 2008. The decrease in the value of Taylor's Mistake due to the reclassification as a reserve, results in a reduction of the land value within property, plant and equipment, with an offset against the revaluation reserves of \$5,396,000.

### 2 Cook Drive; Buffalo Beach

Council resolved to declare 2 Cook Drive; Buffalo Beach as reserves in accordance with the Reserves Act 1977 at the Ordinary Council Meeting held on 9 April 2008.

The most recent valuation of 2 Cook Drive had been conducted by Valuation and Management Services Limited, Registered Valuers, Morrinsville as at 1 July 2007 for \$382,000. The land was valued as a reserve by Valuation and Management Services Limited, Registered Valuers, Morrinsville as at 30 June 2008. The decrease in the value due to the reclassification as a reserve, resulted in a reduction of the land value within property, plant and equipment and an offset against the accumulated revaluation reserves of \$240,000.

### Work in progress

The total amount of property, plant and equipment in the course of construction is \$45.95 million (2007: \$32.04 million). Assets under construction are not depreciated. The total cost of a completed project is transferred to the relevant asset class at balance date and depreciated from the following year.

### Leasing

The net carrying amount of property, plant and equipment held under finance leases is \$32,183 (2007: 92,448). Thames-Coromandel District Council has purchased photocopiers under finance leases. These photocopiers are classified within plant and equipment.

## Notes to the financial statements

For the year ended 30 June 2008

Note 16 - intangible assets 2008	1 July 2007		30 June 2008		30 June 2008		Group \$000's					
	Cost \$000's	Accumulated impairment charges \$000's	Opening carrying amount \$000's	Current year additions \$000's	Current year disposals \$000's	Current year disposals depreciation \$000's		Amortisation Charge \$000's	Closing Carrying Amount \$000's	Cost \$000's	Accumulated impairment charges \$000's	Carrying Amount \$000's
Computer software	2,104	1,279	825	342	0	0	368	799	2,446	1,647	799	
Internally generated computer software <sup>2</sup>	32	1	31	0	0	0	6	25	32	7	25	
Resource consents	1,308	0	1,308	0	0	0	44	1,264	1,308	44	1,264	
Capital work in progress <sup>1</sup>	519	0	519	131	0	0	0	650	650	0	650	
<b>TOTAL INTANGIBLE ASSETS</b>	<b>3,963</b>	<b>1,280</b>	<b>2,663</b>	<b>473</b>	<b>0</b>	<b>0</b>	<b>418</b>	<b>2,738</b>	<b>4,436</b>	<b>1,698</b>	<b>2,738</b>	
<b>Intangible asset purchased under Hire Purchase:</b>												
Classified within Software	244	57	187	0	0	0	49	138	244	106	138	
Aerial Photography												

Note 16 - intangible assets 2007	1 July 2006		30 June 2007		30 June 2007		Group \$000's					
	Cost \$000's	Accumulated impairment charges \$000's	Opening carrying amount \$000's	Current year additions \$000's	Current year disposals \$000's	Current year disposals depreciation \$000's		Amortisation Charge \$000's	Closing Carrying Amount \$000's	Cost \$000's	Accumulated impairment charges \$000's	Carrying Amount \$000's
Computer software	2,159	1,029	1,129	100	154	140	389	825	2,104	1,279	825	
Internally generated computer software <sup>2</sup>	0	0	0	32	0	0	1	31	32	1	31	
Resource consents	0	0	0	1,308	0	0	0	1,308	1,308	0	1,308	
Capital work in progress <sup>1</sup>	519	0	519	0	0	0	0	519	519	0	519	
<b>TOTAL INTANGIBLE ASSETS</b>	<b>2,678</b>	<b>1,029</b>	<b>1,648</b>	<b>1,440</b>	<b>154</b>	<b>140</b>	<b>390</b>	<b>2,663</b>	<b>3,963</b>	<b>1,280</b>	<b>2,663</b>	
<b>Intangible asset purchased under Hire Purchase:</b>												
Classified within Software	244	57	187	0	0	0	0	187	244	57	187	
Aerial Photography												

<sup>1</sup> Intangible capital work in progress has been reclassified separately from property, plant and equipment capital work in progress totalling \$648,934 in the current year (2007: \$519,360).

<sup>2</sup> The internally generated intangible represents the submissions database that was developed in-house.

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 17 - Forestry assets	Parent Actual \$000's	Group Actual \$000's
673	673	Balance at 1 July 2007	769	769
0	0	Plus purchase of Zones 2,3 and 5 effluent irrigation area of Tairua Forest	1,517	1,517
0	0	Less premium paid	(370)	(370)
		Gains arising from changes in fair value less estimated point of sale costs attributable to physical changes	202	202
34	34			
		Losses arising from changes in fair value less estimated point of sale costs attributable to price changes	(231)	(231)
62	62			
<b>769</b>	<b>769</b>	<b>Balance at 30 June 2008</b>	<b>1,886</b>	<b>1,886</b>

No forests have been harvested during 2008 (2007: nil).

**ZONE 1:**

In March 2005 Thames-Coromandel District Council purchased an area of forest as a result of the responsibility that Council has in disposing of waste water township. The total area of the stand was 52 hectares with 37.4 hectares being stocked productive forest. 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.

The stand is 33 years old and in the normal course of events the trees would have been harvested. However due to the need to utilise the area for effluent disposal, Council is unable to determine when the forestry will be harvested. The land continues to be Crown owned until such time as the Crown disposes of it.

**ZONES 2,3 and 5:**

In January 2008, Thames-Coromandel District Council purchased a further area of Tairua Forest; 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 Council has purchased the trees standing on that parcel of land. 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. 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*.

**Valuation**

Independent registered valuers, Hammond Resource Management Ltd have valued forestry assets as at 30 June 2008. The liquidation value has been used to determine the current value of what the trees would realise if harvested today. The present value of the current crop is referred to as the stumpage value. This is the after deducting harvesting, transport, roading and management costs from the sale price of the wood (which is the value delivered to the mill gate or wharf).

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.

Thames-Coromandel District Council is exposed to financial risks arising from changes in timber prices. 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. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 18 - Joint Venture	Parent Actual \$000's	Group Actual \$000's
		Name of Entity: <b>Thames Valley Combined Civil Defence Committee</b>		
		Principal activity: <b>Civil defence emergency management</b>		
		Balance date: <b>30 June 2008</b>		
		Membership: <b>2008: 40%</b>		
<p>Thames-Coromandel District Council is the administering body of a joint venture for the operation of the civil defence activity. Council is a 40% principal in a joint venture operation, together with the Matamata-Piako (34%) and Hauraki (26%) District Councils for the operation of the Thames Valley Combined Civil Defence Committee.</p> <p>The joint venture shares a common balance date with Council, but the financial statements have not been audited.</p> <p>Thames-Coromandel District Council's interest in the civil defence joint venture is accounted for as a jointly controlled entity.</p> <p>The financial results of the civil defence joint venture have been consolidated into the Group results.</p>				
<p>The financial statements include Council's interest in the jointly controlled entity as follows:</p>				
	217	Revenue		207
	(209)	Expenses		(221)
	<b>8</b>	<b>Share of Net Surplus (Deficit)</b>		<b>(14)</b>
	27	Cash and cash equivalents		57
	23	Debtors and other receivables (including investments)		10
	(19)	Creditors and other payables		(48)
	45	Property, plant and equipment		43
	<b>75</b>	<b>Share of assets employed</b>		<b>62</b>
<p><b>JOINT VENTURE RELATED PARTY TRANSACTIONS</b> For details of any related party transactions with the joint venture; Refer to Note 28; <i>Related party transactions</i></p>				
<p><b>JOINT VENTURE COMMITMENTS AND CONTINGENCIES</b> Details of any commitments and contingent liabilities arising from the group's involvement in the joint venture are disclosed separately in Notes 30; <i>Contingent liabilities</i> and 31; <i>Commitments</i>.</p>				

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 19 - Subsidiary	Parent Actual \$000's	Group Actual \$000's
		Name of Entity: <b>Thames Pensioner Housing Trust</b>		
		Principal activity: <b>Pensioner housing rental</b>		
		Balance date: <b>31 March 2008</b>		
<p>From 30 June 2004, the operating results of Thames Pensioner Housing Trust have been consolidated into Group results. Thames Pensioner Housing Trust is considered a subsidiary of the Thames-Coromandel District Council due to an irreversible mechanism set at the time the trust was established that meets the control' criteria described under NZ IAS 27; <i>Consolidated and Separate Financial Statements</i>.</p>				
<p>The financial statements include Council's interest in the Trust as follows:</p>				
	229	Revenue		186
	(149)	Expenses		(164)
	<b>80</b>	<b>Share of Net Surplus (Deficit)</b>		<b>22</b>
	67	Cash and cash equivalents		72
	0	Debtors and other receivables		0
	(36)	Creditors and other payables (including current portion of borrowings)		(32)
	440	Property, plant and equipment		436
	(300)	Borrowings		(283)
	<b>171</b>	<b>Share of assets employed</b>		<b>193</b>
<p>The Thames Pensioner Housing Trust is a Charitable Trust and is therefore exempt from tax under the Income Tax Act 2004.</p> <p>The Trust is not registered for GST and for this reason, the financial results of Thames Pensioner Housing Trust have been consolidated on a GST inclusive basis</p> <p>Thames Pensioner Housing Trust determines the balance date of the Trust and Council does not have any control or influence over the balance date used for consolidation purposes.</p>				
<p><b>SUBSIDIARY RELATED PARTY TRANSACTIONS</b> Thames-Coromandel District Council has provided a financial guarantee for the Trust to Westpac Banking Corporation Ltd to a maximum of \$510,000 (2007: \$510,000). For further details of related party transactions with the subsidiary refer to Note 28; <i>Related Party Transactions</i></p>				
<p><b>SUBSIDIARY COMMITMENTS AND CONTINGENCIES</b> Details of any commitments and contingent liabilities arising from the group's involvement in the subsidiary are disclosed separately in Notes 30; <i>Contingent liabilities</i> and 31; <i>Commitments</i>.</p>				



## Notes to financial statements

For the year ended 30 June 2008

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Note 20 - Creditors and other payables	Parent Actual \$000's	Group Actual \$000's	
15,613	15,629	Trade payables	14,251	14,297	
139	139	Deposits and bonds	1,671	1,671	
2,406	2,416	Accrued expenses	3,019	3,033	
390	390	Revenue in advance	725	725	
<b>18,548</b>	<b>18,574</b>	<b>TOTAL CREDITORS AND OTHER PAYABLES</b>	<b>19,665</b>	<b>19,725</b>	
<b>Fair value</b>					
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.					

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Note 21 - Employee entitlements	Parent Actual \$000's	Group Actual \$000's	
1,011	1,011	Current	1,386	1,386	
58	58	Non-current	93	93	
<b>1,069</b>	<b>1,069</b>	<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>1,479</b>	<b>1,479</b>	
<b>Employee entitlements are comprised of:</b>					
<b>CURRENT PORTION</b>					
163	163	Accrued salaries and wages	400	400	
737	737	Annual leave	880	880	
98	98	Long service leave	89	89	
14	14	Sick leave	17	17	
1,011	1,011	<b>TOTAL CURRENT PORTION</b>	<b>1,386</b>	<b>1,386</b>	
<b>NON-CURRENT PORTION</b>					
58	58	Retirement gratuities	93	93	
58	58	<b>TOTAL NON-CURRENT PORTION</b>	<b>93</b>	<b>93</b>	
<b>1,069</b>	<b>1,069</b>	<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>1,479</b>	<b>1,479</b>	

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Note 22 - Provisions	Parent Actual \$000's	Group Actual \$000's	
903	903	Current	1,318	1,318	
2,567	2,567	Non-current	2,599	2,599	
<b>3,470</b>	<b>3,470</b>	<b>TOTAL PROVISIONS</b>	<b>3,917</b>	<b>3,917</b>	
<b>CURRENT PORTION</b>					
503	503	Landfill aftercare liability	423	423	
400	400	Weather tight homes provision	745	745	
0	0	Reserve Contribution Credits	150	150	
903	903	<b>TOTAL CURRENT PROVISIONS</b>	<b>1,318</b>	<b>1,318</b>	
<b>NON-CURRENT PORTION</b>					
2,567	2,567	Landfill aftercare liability	2,599	2,599	
2,567	2,567	<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>2,599</b>	<b>2,599</b>	
<b>3,470</b>	<b>3,470</b>	<b>TOTAL PROVISIONS</b>	<b>3,917</b>	<b>3,917</b>	
<b>Movements for each class of provision are as follows:</b>					
<b>Landfill aftercare liability</b>					
3,390	3,390	Opening balance	3,070	3,070	
74	74	Additional provisions made during the year	195	195	
(297)	(297)	Amounts used during the year	(164)	(164)	
(97)	(97)	Discount unwinding	(79)	(79)	
<b>3,070</b>	<b>3,070</b>	<b>Total landfill aftercare liability</b>	<b>3,022</b>	<b>3,022</b>	
<b>Weather tight homes provision</b>					
0	0	Opening balance	400	400	
400	400	Additional provisions made during the year	345	345	
<b>400</b>	<b>400</b>	<b>Total weather tight homes liability</b>	<b>745</b>	<b>745</b>	

## Notes to financial statements

For the year ended 30 June 2008

### PROVISION FOR 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 which minimises any negative impact on the environment. Thames-Coromandel District Council obtained a resource consent on the 26th September 2002 for the closure of the Mercury Bay landfill. The consent has been granted until 30 June 2037. 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 have improved to a level that does not have a negative impact on the environment.

Thames-Coromandel District Council is in the process of obtaining resource consents for the closure of other major landfills in the District, including Thames, Coromandel and Whangamata. The full conditions of the consents are unknown until the consent is granted, however it is probable that Thames-Coromandel District 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 \$2,119,497 (2007: \$2,262,956).

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

- a discount rate of 7.60% (2007: 7.90%)
- inflation factor of 2.50% (2007: 2.50%).

Estimates of the life and future expenditure are based on the 2009-2019 Long-term Council Community Plan budgets.

### PROVISION FOR WEATHER TIGHT HOMES

Across the country in the last ten years, a number of homes that won't withstand our weather conditions have been built. An unknown number of such homes exist in our District and they give rise to leaky home claims. Council has already faced some leaky home claims and there is potentially an unknown number yet to come.

A provision for leaky homes has been recognised based on claims that have been notified to Council through either the Courts or Weathertight Homes Resolution Service (WHRS) but where investigation and confirmation of validity is still in progress, including work to assess the other available parties to share liability and the quantum of costs.

The provision has been estimated based on the value of claims notified, which is detailed in Note 30; *Contingent liabilities* and the historical settlement of such claims. It is anticipated that these claims will be settled within the next twelve months.

### PROVISION FOR 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) is being addressed by Thames-Coromandel District Council on a case-by case basis.

In the past, a reserve contribution credit has been provided to certain developers for additional reserves land vested in Council that was over and above the requirement under the Resource Management Act 1991 (RMA). The reserve contribution requirement under the transitional provisions of the Resource Management Act 1991 (RMA) was 130m<sup>2</sup>. 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 (LGA) requires a market valuation to be obtained and the development contributions payable by the developer are then calculated on the average market value of 15m<sup>2</sup> for each additional allotment. For this reason, the conversion of these historic reserve credits issued under the Resource Management Act 1991 (RMA) are difficult to measure and quantify under the Local Government Act 2002 (LGA).

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.

### FINANCIAL GUARANTEES

Thames-Coromandel District Council is listed as sole guarantor to a number of community organisations bank loans. Thames-Coromandel District 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 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*.

## Notes to financial statements

For the year ended 30 June 2008

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Note 23 - Borrowings	Parent Actual \$000's	Group Actual \$000's	
112	140	Current	5,891	5,910	
95	395	Non-current	30,004	30,287	
<b>207</b>	<b>535</b>	<b>TOTAL BORROWINGS</b>	<b>35,895</b>	<b>36,197</b>	
<b>Borrowings were comprised of:</b>					
<b>CURRENT BORROWINGS</b>					
54	54	Finance Lease liabilities	27	27	
58	58	Hire purchase liability	64	64	
0	28	Term loans	5,800	5,819	
112	140	<b>TOTAL CURRENT BORROWINGS</b>	<b>5,891</b>	<b>5,910</b>	
<b>NON-CURRENT BORROWINGS</b>					
31	31	Finance Lease liabilities	4	4	
64	64	Hire purchase liability	0	0	
0	300	Term loans	30,000	30,283	
95	395	<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>30,004</b>	<b>30,287</b>	
<b>207</b>	<b>535</b>	<b>TOTAL BORROWINGS</b>	<b>35,895</b>	<b>36,197</b>	

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Maturity Analysis	Parent Actual \$000's	Group Actual \$000's	
The following is a maturity analysis of Thames-Coromandel District Council's borrowings including finance leases and hire purchase contracts.					
<b>ANALYSIS OF FINANCE LEASES</b>					
54	54	Current	27	27	
31	31	Non-current	4	4	
<b>85</b>	<b>85</b>	<b>TOTAL FINANCE LEASES</b>	<b>31</b>	<b>31</b>	
Total minimum finance lease payments are payable:					
60	60	Not later than one year	28	28	
32	32	Later than one year and not later than five years	4	4	
0	0	Later than five years	0	0	
92	92	Total minimum lease payments	32	32	
(8)	(8)	Future finance charges	(1)	(1)	
<b>85</b>	<b>85</b>	<b>Present value of minimum lease payments</b>	<b>31</b>	<b>31</b>	
Present value of minimum finance lease payments are payable:					
54	54	Not later than one year	27	27	
31	31	Later than one year and not later than five years	4	4	
0	0	Later than five years	0	0	
<b>85</b>	<b>85</b>	<b>Total</b>	<b>31</b>	<b>31</b>	
<b>ANALYSIS OF HIRE PURCHASE</b>					
58	58	Current	64	64	
64	64	Non-current	0	0	
<b>122</b>	<b>122</b>	<b>TOTAL HIRE PURCHASE</b>	<b>64</b>	<b>64</b>	
Total minimum hire purchase payments payable:					
71	71	Not later than one year	71	71	
71	71	Later than one year and not later than five years	0	0	
0	0	Later than five years	0	0	
141	141	Total minimum lease payments	71	71	
(19)	(19)	Future finance charges	(7)	(7)	
<b>122</b>	<b>122</b>	<b>Present value of minimum lease payments</b>	<b>64</b>	<b>64</b>	
Present value of minimum hire purchase payments payable:					
58	58	Not later than one year	64	64	
64	64	Later than one year and not later than five years	0	0	
0	0	Later than five years	0	0	
<b>122</b>	<b>122</b>	<b>Total</b>	<b>64</b>	<b>64</b>	
<b>ANALYSIS OF LOANS</b>					
0	28	Current	5,800	5,819	
0	300	Non-current	30,000	30,283	
<b>0</b>	<b>328</b>	<b>TOTAL LOANS</b>	<b>35,800</b>	<b>36,102</b>	
Total minimum loan payments payable:					
0	26	Not later than one year	5,800	5,819	
0	92	Later than one year and not later than five years	30,000	30,099	
0	210	Later than five years	0	184	
<b>0</b>	<b>328</b>	<b>Total</b>	<b>35,800</b>	<b>36,102</b>	

## Notes to financial statements

For the year ended 30 June 2008

### FLOATING-RATE DEBT

Bank 3 Year Rolling Flexible Rate Term Loan Facilities of \$65,000,000 (2007: \$20,000,000) is at a floating interest rate. The interest is set quarterly at the 90 day bill rate plus Bank Margin.

Bank Term Loan and Committed Money Market Line Facility of \$10,000,000 (2007: nil) is at a floating interest rate. The interest is set quarterly at the 90 day bill rate plus Bank Margin.

The Stock Issuance debenture of \$10,000,000 (2007: nil) is at a floating interest rate. The interest is set quarterly at the 90 day bill rate plus 0.15%.

The Stock Issuance debenture is due to be repaid in October 2012, at which time the terms and conditions will be renegotiated. If Thames-Coromandel decides to refinance this loan it anticipates that the terms and conditions will be similar to the current arrangement.

### SECURITY

2007		2008	
Facilities Held \$000's		Facilities Held \$000's	Drawings on Facilities \$000's
250	Overdraft Facility	250	
0	Bank Term Loan and Committed Money Market Line Facility	10,000	5,800
20,000	Bank 3 Year Rolling Flexible Rate Term Loan Facility	20,000	20,000
0	Bank 3 Year Rolling Flexible Rate Term Loan Facility	15,000	
0	Bank 3 Year Rolling Flexible Rate Term Loan Facility	30,000	
0	Indemnity/Performance Bond Facility	45	
100	International Funds Transfer (IFT) Facility	0	
350	Clean Credit Facility	350	
3,500	Interchangeable Facility:	3,500	
	Forward Rate Agreement		
	Interest Rate Swap		
	Interest Rate Option		
0	Stock Issuance Facility	10,000	10,000
<b>24,200</b>	<b>Total Limits</b>	<b>89,145</b>	<b>35,800</b>

Thames-Coromandel District Council's loans are secured by way of a debenture that grants security by way of a charge over Council's general rates and rates revenue. The security is held for all liabilities in connection with the Cash Advances Facility with a nominal amount of \$85,000,000 (2007: \$20,000,000)

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

### FINANCE LEASES

Council has entered into finance leases for photocopiers. The net carrying amount of the leased items within property, plant and equipment is shown in Note 15; *Property, plant and equipment*.

The finance leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The term of the leases are for 3 years. Thames-Coromandel District Council does not have the option to purchase the asset at the end of the lease term. The carrying amount of the lease agreements as at 30 June 2008 was \$32,183 (2007: \$92,448). The fair values are based on cash flows discounted using a rate based on the borrowing rate of 11% and 9%.

There are no restrictions placed on Thames-Coromandel District Council by any of the finance leasing arrangements.

### HIRE PURCHASE

Council has a hire purchase agreement for the purchase of aerial photography. The carrying amount of the hire purchase agreement was \$70,692 as at 30 June 2008 (2007: \$141,384). The term of the agreement is for four years at an interest rate of 9%. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 9%. There are no restrictions placed on Thames-Coromandel District Council by the hire purchase arrangements.

### COMPLIANCE

Thames-Coromandel District 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.

There have been no significant amendments to or departures from the Investment Policy during the year ended 30 June 2008 (2007: nil). The liquidity ratio has fallen below that stipulated of 1:1 in the Liability Management Policy. A positive liquidity ratio reassures the reader that Council has the ability to settle its short term liabilities as and when they fall due. In a debt environment, prudent treasury management decrees that surplus cash is used to repay debt. Borrowings need to be kept to a minimum due to the margin between the deposit and lending rates. Following advice from their treasury advisors Council resolved to ensure liquidity is achieved by way of appropriate spare capacity within its bank funding facilities, as opposed to the liquidity ratio as stipulated in section 7.10 of the Liability Management Policy. Council has access to significant borrowing facilities that it is yet to draw upon. Refer to the security disclosure in this Note 23; *Borrowings*.

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 24 - Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities	Parent Actual \$000's	Group Actual \$000's
<b>10,574</b>	<b>10,663</b>	<b>REPORTED OPERATING SURPLUS</b>	<b>16,701</b>	<b>16,710</b>
		<b>Add(less): Non-cash items:</b>		
(2,837)	(2,837)	Vested assets	(10,789)	(10,789)
390	390	Amortisation	418	418
9,931	9,952	Depreciation	11,581	11,612
(97)	(97)	(Gains)/losses in fair value of forestry assets	400	400
705	705	Net foreign exchange (gains)/losses	(352)	(352)
(508)	(508)	Net interest rate swaps (gains)/losses	328	328
0	0	Weathertight homes provision movement	345	345
0	0	Reserve contribution credits movements	150	150
0	0	Impairment of receivables	148	148
96	96	Impairment of property intended for sale	240	240
(97)	(97)	Interest unwind on landfill aftercare	(48)	(48)
<b>7,583</b>	<b>7,604</b>		<b>2,421</b>	<b>2,452</b>
		<b>Add(less) Movements in working capital items</b>		
328	331	Accounts payable	3,452	3,486
168	168	Employee benefits	410	410
(1,518)	(1,531)	Accounts receivable	(1,020)	(1,007)
<b>(1,022)</b>	<b>(1,032)</b>		<b>2,842</b>	<b>2,888</b>
		<b>Add(less): Items classified as investing activities</b>		
776	776	Net losses on sale of property, plant and equipment	2,173	2,175
<b>17,911</b>	<b>18,011</b>	<b>Net Cash inflow from operating activities</b>	<b>24,137</b>	<b>24,226</b>

**NOTE 25. Segmental reporting**

Thames-Coromandel District 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, 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 2008 (2007: nil).

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 27 - Remuneration	Parent Actual \$000's	Group Actual \$000's
		During the year to 30 June 2008, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:		
<b>ELECTED REPRESENTATIVES</b>				
Under clause 18 of schedule 10 of the Local Government Act 2002, Council is required to disclose remuneration paid to elected representatives.				
<b>PRESENT COUNCIL</b>				
78		Mayor Philippa Barriball JP	85	
33		Deputy Mayor Adrian Catran JP	37	
0		Councillor Bill Barclay	19	
0		Councillor Jan Bartley	19	
24		Councillor Noel Hewlett JP	28	
27		Councillor Dal Minogue	27	
30		Councillor John Morrissey	33	
37		Councillor Strat Peters	36	
0		Councillor Dirk Sieling	19	
<b>229</b>			<b>303</b>	
<b>PREVIOUS COUNCIL</b>				
23		Councillor Bryan Jackson	8	
23		Councillor Ann Lewis	8	
27		Councillor Peter Wood	9	
<b>73</b>			<b>25</b>	
<b>302</b>		<b>TOTAL REMUNERATION PAID TO ELECTED REPRESENTATIVES</b>	<b>328</b>	
These figures include additional benefits such as Mayor's vehicle and committee hearing fees.				
<b>CHIEF EXECUTIVE</b>				
The Chief Executive implements and manages the Council's policies and objectives within the budgetary constraints established by the Council. Under section 42 of the Local Government Act 2002, the responsibilities of the Chief Executive are:				
(1) implementing the decisions of Council,				
(2) providing advice to the Council and community boards,				
(3) ensuring that all responsibilities, duties and powers delegated to the Chief Executive or to any person employed by the Chief Executive, or imposed or conferred by any Act, regulation bylaw are properly performed or exercised,				
(4) managing the activities of the Council effectively or efficiently,				
(5) maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the Council,				
(6) providing leadership for the staff of the Council, and				
(7) employing staff (including negotiation of the terms of employment for the staff).				
The Chief Executive of Thames-Coromandel District Council received the following remuneration:				
214		Salary	232	
19		Vehicle (Market value plus FBT)	19	
1		Telephone	1	
1		Professional fees	1	
5		Medical insurance (Market value plus FBT)	5	
<b>239</b>		<b>TOTAL REMUNERATION PAID TO CHIEF EXECUTIVE</b>	<b>258</b>	
For the year ended 30 June 2008, the total annual cost including fringe benefit tax to the Thames-Coromandel District Council of the remuneration package being received by the Chief Executive is calculated at \$257,816 (2007: \$238,903).				

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 28 - Related party transactions	Parent Actual \$000's	Group Actual \$000's
Thames-Coromandel District Council is the ultimate parent of the group and controls Thames Pensioner Housing Trust and has a joint venture arrangement with Emergency Planning Unit.				
No related party debts have been written off or forgiven during the period (2007: nil).				
The following transactions were carried out with related parties:				
<b>KEY MANAGEMENT PERSONNEL</b>				
1. During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Thames-Coromandel District Council (such as payment of rates, purchase of rubbish bags etc).				
2. 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 2008 (2007: nil).				
3. Mrs Alison Ruru, spouse of Mr Steve Ruru; Chief Executive was employed as a contractor by the Matamata-Piako District Council to provide road safety co-ordination services on behalf of the three Eastern Waikato territorial authorities.				
4. Councillor Dirk Sieling is currently in negotiations with Council for the lease of 90 Moewai Road. Councillor Dirk Sieling took over the existing lease from the previous lessee, when the land was purchased on 1 April 2001 under the same terms and conditions. The lease is being reviewed in line with Council policy with rent based on current market value assessed by an independent valuation.				
<b>KEY MANAGEMENT PERSONNEL</b>				
1,221		Salaries and other short term employee benefits	1,287	
0		Post employment benefits	0	
0		Other long term benefits	0	
0		Termination benefits	0	
Key Management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.				
<b>THAMES VALLEY COMBINED CIVIL DEFENCE COMMITTEE</b>				
The Thames Valley Combined Civil Defence Committee is a joint venture of Council, that provides rural fire and emergency services.				
167		Grants and levies paid by Thames-Coromandel District Council	180	
1		Administration services provided by Thames-Coromandel District Council	1	
6		Accounts payable to Thames-Coromandel District Council	80	
0		Accounts receivable from the Thames-Coromandel District Council	1	
16		Council reimbursements to EPU for items bought on behalf of Council	55	
16		Council reimbursements to EPU for assets purchased on behalf of Council	20	
153		Gross salaries reimbursed to Thames-Coromandel District Council as paid on behalf of EPU	171	
<b>THAMES PENSIONER HOUSING TRUST</b>				
The Trust is a subsidiary of Council as defined under Financial Reporting Standard 37; For further details refer to Note 19; <i>Subsidiary</i> . Some trustees are also members of Council and the Thames Community Board.				
57		Rates and water paid to Thames-Coromandel District Council	70	
0		Operating lease for land paid to Thames-Coromandel District Council	0	
0		Grants provided by Thames-Coromandel District Council	0	
0		Accounts receivable from the Thames-Coromandel District Council	1	
510		Guarantee provided by Thames-Coromandel District Council	510	
The Thames Pensioner Housing Trust is a Charitable Trust and is therefore exempt from tax under the Income Tax Act 2004.				
The Trust is not registered for GST and for this reason, the financial results of Thames Pensioner Housing Trust have been consolidated on a GST inclusive basis				
<b>LOCAL AUTHORITY SHARED SERVICES LIMITED</b>				
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.				
103		Services provided to Thames-Coromandel District Council	48	
35		Accounts receivable from the Thames-Coromandel District Council	0	
1		Shareholding in Local Authority Shared Services Ltd provided to Thames-Coromandel District Council	1	
108		Shareholding in Shared Valuation Database Service provided to Thames-Coromandel District Council	108	
0		Shareholding in Waikato Regional Transport Model provided to Thames-Coromandel District Council	11	

## Notes to financial statements

For the year ended 30 June 2008

### NOTE 29. Events after balance date

#### STORM EVENTS

During July 2008, there were severe storm events which have caused significant damage to certain parks and reserves, utilities and roading assets. The costs incurred as a direct result of these events are estimated to be \$1.325 million, although the total cost for repairs and replacement of these assets is not yet evident as the Council continues to assess the damage caused by the storm. The Council expects certain costs in repairing and replacing assets will be reimbursed.

#### CEMETERY LAND ACQUISITION

On the 9th April 2008, Council resolved to stop the unformed road known as Dooley Street, Coromandel for the purpose of enabling a land exchange with the owner of the property at 2300 Rings Road, Coromandel being Lot 2, DPS 87687. The property; Lot 2 DPS 87687 being 1459m<sup>2</sup> is to be purchased by Council for \$1.00. The owner has agreed to Council acquiring this part of the land to add to the adjoining cemetery reserve. At balance date the finalisation of the purchase was still in progress.

#### NON-CANCELLABLE OPERATING CONTRACT RENEWAL

The contract with Opus for the provision of professional services for the roading activity was renewed on 1 July 2008. The contract term is for five years, with two options of extension for one year. The contract has been included as a non-cancellable operating lease in Note 31; *Commitments*.

2007			2008		
Parent Actual \$000's	Group Actual \$000's	Note 30 - Contingent liabilities	Parent Actual \$000's	Group Actual \$000's	
<b>Council is aware of the following contingent liabilities as at 30 June 2008:</b>					
Pending litigation: The maximum possible amounts are stated in all cases					
CONTINGENCIES:					
815	815	Miscellaneous non-insured claims	691	691	
0	0	Weather tight homes	2,650	2,650	
728	728	Council guarantees	773	773	
<b>1,543</b>	<b>1,543</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>4,114</b>	<b>4,114</b>	

#### NATIVE LANDS AGREEMENT

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

In 1999, 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 Council in relation to this matter. These discussions are continuing and may lead to the need to refund some rates previously assessed.

#### WEATHER TIGHT HOMES

Eighteen claims have been lodged with Thames-Coromandel District Council for buildings located within the District. Of these, four claims have not been settled as at 30 June 2008. The amounts sought by the claimants of these unsettled claims total to \$1,471,000 (2007: 5 claims totalled \$1,332,944, including three for unknown amounts). 7 claims were registered on the Weathertight Home Resolution Service (WHRS) website for Thames-Coromandel District as at 30 June 2008 (2007: 9 claims).

The Council and Group may have a potential liability for settlement of claims arising in relation to the Weathertight Homes Resolution Services Act 2006. These claims relate to weather tightness issues on homes in the Thames-Coromandel area and name Thames-Coromandel District Council is named as one of the defendants.

It is not yet certain whether these claims are valid and whom will be liable for the claimed building defects, therefore Thames-Coromandel District Council is unable to assess its exposure to the claims lodged with Weathertight Home Resolution Service. A provision has been recognised for accounting purposes for potential settlement of claims that have been notified to Council. The Council and Group 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.

A provision recognises \$745,000 as a current liability in the Statement of Financial Position (2007: \$400,000). An expense has been recognised in the Statement of Financial Performance reflecting the increase in provision for \$345,000 (\$2007: \$400,000). Refer to Note 22; *Provisions*.



## Notes to financial statements

For the year ended 30 June 2008

### COUNCIL GUARANTEES

Thames-Coromandel District Council is listed as a guarantor to a number of sporting and community organisation bank loans. Thames-Coromandel District 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 guarantee requires the organisation to provide Council with a copy of their Annual Report and proposed budget to enable the financial stability to be assessed on an annual basis. An indemnity to Council that transfers ownership of the assets to Council in the event of the guarantee being called up is also included in the guarantee. Council's exposure to any risk is therefore mitigated and considered minimal.

These are not considered to be liabilities as the possibility of an outflow of resources embodying economic benefits is remote.

The following Loan Guarantees have been given by Council:

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	5	Thames Squash Rackets Club Inc	50	8
Feb-2001	20	Thames Tennis Club	98	39
Jul-2002	15	Thames Pensioner Housing Trust	510	297
Jan-2008	Not applicable	Land Information New Zealand*	45	45
			<b>773</b>	<b>388</b>

\* Thames-Coromandel District 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 Council's obligations under the Crown Forest Licence are fulfilled.

### COROMANDEL PENSIONER HOUSING

Coromandel Independent Living Trust is currently negotiating borrowing facilities that may require Thames-Coromandel District Council to provide security by way of a financial guarantee. This guarantee will record the obligation of Thames-Coromandel District Council to repay all outstanding funds owed by the Trust under the facilities in the event of the Trust defaulting under the obligations of their agreement.

The Trust is seeking security for the following borrowing facilities:

Year of Guarantee	Term in Years		Amount of Guarantee \$000's	Facility Limits Sought \$000's
In negotiation	25	Term loan available to be drawn 2007/2008 financial year	In negotiation	637
In negotiation	25	Suspensory loan available to be drawn in 2008/2009 financial year	In negotiation	375
				<b>1,012</b>

### GROUP

#### JOINT VENTURE CONTINGENT LIABILITIES

There are no contingent liabilities associated with the joint venture, Thames Valley Combined Civil Defence Committee, as at 31 March 2008 (2007: nil).

#### SUBSIDIARY CONTINGENT LIABILITIES

There are no contingent liabilities relating to the subsidiary, Thames Pensioner Housing Trust as at 30 June 2008 (2007: nil).

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent Actual \$000's	Group Actual \$000's	Note 31 - Commitments	Parent Actual \$000's	Group Actual \$000's
<b>Capital commitments</b>				
30,797	30,797	Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	10,135	10,135
<b>GROUP</b>				
<b>JOINT VENTURE COMMITMENTS</b>				
There are no capital commitments in relation to the Council's interest in the joint venture, Thames Valley Combined Civil Defence Committee, as at 31 March 2008 (2007: nil).				
<b>SUBSIDIARY COMMITMENTS</b>				
There are no capital commitments in relation to the Council's interest in the subsidiary, Thames Pensioner Housing Trust as at 30 June 2008 (2007: nil).				
<b>OPERATING LEASES AS LESSEE</b>				
Thames-Coromandel District 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:				
<b>Non-cancellable operating leases as lessee</b>				
Non-cancellable operating lease commitments:				
63	63	Not later than one year	45	45
35	35	Later than one year, not later than two years	29	29
4	4	Later than two years, not later than five years	4	4
0	0	Later than five years	0	0
Non-cancellable contracts are for the operation of water, stormwater, wastewater, roadway, solid waste collection and disposal, and community facilities:				
12,526	12,526	Not later than one year	14,795	14,795
5,714	5,714	Later than one year, not later than two years	3,635	3,635
0	0	Later than two years, not later than five years	11,239	11,239
0	0	Later than five years	0	0
970	970	Other contracts for miscellaneous operating functions	1,250	1,250
19,312	19,312	Total non-cancellable operating leases as lessee	30,997	30,997
<b>50,109</b>	<b>50,109</b>	<b>TOTAL COMMITMENTS</b>	<b>41,132</b>	<b>41,132</b>
In addition to the above commitments,				
79,835	79,835	Council has authorised through the Annual Plan, additional capital works for 2008-2009.	31,603	31,603
<b>GROUP</b>				
<b>JOINT VENTURE OPERATING LEASE COMMITMENTS</b>				
There are no operating lease commitments associated with the joint venture, Thames Valley Combined Civil Defence Committee, as at 31 March 2008 (2007: nil).				
<b>SUBSIDIARY OPERATING LEASE COMMITMENTS</b>				
Thames Pensioner Housing Trust has a land operating lease commitment with Thames-Coromandel District Council as at 30 June 2008 for \$75. (2007: \$80).				
<b>OPERATING LEASES AS LESSOR</b>				
Thames-Coromandel District 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:				
<b>Non-cancellable operating leases as lessor</b>				
Non-cancellable operating lease commitments:				
610	610	Not later than one year	648	648
1,819	1,819	Later than one year, not later than five years	2,038	2,038
2,900	2,900	Later than five years	5,119	5,119
5,329	5,329	Total non-cancellable operating leases as lessor	7,805	7,805
No contingent rents have been recognised in the Statement of Financial Performance during the period.				

## Notes to financial statements

For the year ended 30 June 2008

2007		2008			
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
<b>DISTRICT</b>					
743	District Facilities	332	119	451	757
1,553	Land and Buildings	870	77	947	925
6,117	District Roading	4,730	705	5,435	6,534
968	Office Equipment, Plant and Vehicles	995	0	995	1,373
321	Solid Waste Disposal	307	0	307	306
24,144	Wastewater	23,933	15,022	38,955	44,781
33,845		31,167	15,923	47,090	54,675
<b>THAMES</b>					
6	Airfields	0	0	0	0
133	Community Roading	82	3	86	91
153	Local Facilities	103	0	104	107
186	Parks and Reserves	69	0	69	162
241	Stormwater	165	379	545	682
313	Water	484	10	495	1,105
1,031		903	393	1,296	2,147
<b>COROMANDEL</b>					
134	Community Roading	319	73	392	339
18	Local Facilities	0	9	9	10
231	Parks and Reserves	20	111	132	270
406	Stormwater	0	115	115	133
553	Water	84	16	100	447
1,342		424	323	747	1,198
<b>MERCURY BAY</b>					
466	Community Roading	126	42	168	313
357	Harbours	11	42	53	268
45	Local Facilities	124	0	124	113
807	Parks and Reserves	193	99	293	2,744
265	Stormwater	(25)	122	97	756
3,138	Water	378	1,227	1,605	2,760
5,079		807	1,533	2,340	6,953
<b>TAIRUA/PAUANUI</b>					
110	Community Roading	5	53	58	264
0	Land and Buildings	0	0	0	500
26	Local Facilities	854	0	854	588
133	Parks and Reserves	108	0	108	724
568	Stormwater	181	271	452	713
230	Water	712	1,143	1,855	8,574
1,067		1,861	1,467	3,328	11,363
<b>WHANGAMATA</b>					
1,833	Community Roading	982	79	1,061	1,297
131	Parks and Reserves	105	0	105	532
433	Stormwater	384	0	384	845
765	Water	137	433	570	826
3,162		1,608	513	2,121	3,499
45,526	<b>TOTAL FOR THE DISTRICT</b>	36,770	20,152	56,922	79,835
<b>2007</b>					
<b>Completed work</b>		<b>2008</b>			
Completed work \$000's	Note 32 - Capital Works Programme - Activity	Completed work \$000's	Work in progress \$000's	Total Expended \$000's	Budget \$000's
6	Airfields	0	0	0	0
2,677	Community Roading	1,514	251	1,765	2,304
6,117	District Roading	4,730	705	5,435	6,534
743	District Facilities	332	119	451	757
357	Harbour Facilities	11	42	53	268
242	Local Facilities	1,081	9	1,090	818
1,553	Land and Buildings	870	77	947	1,425
968	Office Equipment, Plant and Vehicles	995	0	995	1,373
1,488	Parks and Reserves	495	211	706	4,432
321	Solid Waste Disposal	307	0	307	306
1,912	Stormwater	705	887	1,592	3,128
24,144	Wastewater	23,933	15,022	38,955	44,781
4,999	Water	1,796	2,829	4,625	13,710
45,526	<b>TOTAL PER ACTIVITY</b>	36,770	20,152	56,922	79,835

## Notes to financial statements

For the year ended 30 June 2008

### NOTE 33 - Financial instruments

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

2007		Note 33a - Financial instrument categories	2008	
Parent 000's	Group 000's		Parent 000's	Group 000's
<b>Financial assets</b>				
<b>Fair value through profit and loss-held for trading</b>				
658	658	Derivative financial instrument assets	330	330
<b>Loans and receivables</b>				
131	225	Cash and cash equivalents	469	599
6,757	6,779	Debtors and other receivables	7,566	7,575
85	85	Rates postponement receivables	109	109
<b>Other financial assets</b>				
120	120	Unlisted shares	131	131
0	0	Other receivables	156	156
16	16	Community loans	11	11
7,108	7,224	<b>Total loans and receivables</b>	<b>8,442</b>	<b>8,581</b>
<b>Financial liabilities</b>				
<b>Fair value through profit and loss-held for trading</b>				
502	502	Derivative financial instrument liabilities	150	150
<b>Financial liabilities at amortised cost</b>				
18,548	18,574	Creditors and other payables	19,665	19,725
<b>Borrowings</b>				
85	85	Finance Lease liabilities	31	31
122	122	Hire purchase liability	64	64
0	328	Term loans	35,800	36,102
18,755	19,109	<b>Total financial liabilities at amortised cost</b>	<b>55,560</b>	<b>55,922</b>

### 35b: Financial instrument risks

The Council and group is party to financial instruments as part of its normal operations. Thames-Coromandel District Council has a series of policies to manage the risks associated with financial instruments. Council is risk adverse and seeks to minimise exposure arising from its treasury activities. Council has a Liability Management Policy and an Investment Policy that provides risk management for interest rates and the concentration of credit risk. These policies do not allow any transactions that are speculative in nature to be entered into.

#### MARKET RISK

##### Price risk

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

Thames-Coromandel District Council is not exposed to equities securities price risk on its investments.

##### Currency risk

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

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

It is Thames-Coromandel District Councils policy to manage foreign currency risks arising from contractual commitments and liabilities that are above specified amounts by entering into forward exchange contracts to hedge the foreign currency risk exposure. This means that Thames-Coromandel District Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

## Notes to financial statements

For the year ended 30 June 2008

### Fair value interest rate risk

The interest rates on Council's investments are disclosed in Note 10; *Derivative Financial Instruments* and on Council's borrowings in Note 23; *Borrowings*.

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 Thames-Coromandel District Council to fair value interest rate risk.

Thames-Coromandel District 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.

### Cash flow interest rate risk

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

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

### CREDIT RISK

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

Thames-Coromandel District Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Thames-Coromandel District Councils Investment Policy limits the amount of credit exposure to any one financial institution or organisation. Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk.

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

- (1) Maintaining maximum limits for the amount of credit exposure with any one institution,
- (2) Limiting investments to registered banks and strongly rated SOE's and corporations,
- (3) 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 2008 is the fair value of these instruments as stated in the consolidated statement of financial position.

Thames-Coromandel District Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### PROVISION OF ADDITIONAL CAPACITY INFRASTRUCTURE FOR GROWTH AND THE ASSOCIATED DEVELOPMENT CONTRIBUTIONS RISK.

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

To date 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 Council's growth projections.

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

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

## Notes to financial statements

For the year ended 30 June 2008

2007			2008	
Parent 000's	Group 000's	Note 33b - Financial instrument risks continued	Parent 000's	Group 000's
<b>Maximum exposure to credit risk</b>				
Thames-Coromandel District Councils maximum credit exposure for each class of financial instruments is as follows:				
131	225	Cash at bank and term deposits	469	599
6,757	6,779	Debtors and other receivables	7,566	7,575
85	85	Rates postponement receivables	109	109
16	16	Community loans	11	11
658	658	Derivative financial instrument assets	330	330
374	374	Financial guarantees	388	388
8,020	8,137	<b>Total credit risk</b>	<b>8,873</b>	<b>9,012</b>
<b>Credit quality of financial assets</b>				
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:				
2007			2008	
Parent 000's	Group 000's		Parent 000's	Group 000's
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>				
<b>Cash at bank and term deposits</b>				
131	225	AA-	469	599
131	225	<b>Total cash at bank and term deposits</b>	<b>469</b>	<b>599</b>
<b>Derivative financial instrument assets</b>				
658	658	AA-	330	330
658	658	<b>Total derivative financial instrument assets</b>	<b>330</b>	<b>330</b>
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>				
<b>Community loans</b>				
16	16	Existing counterparty with no defaults in the past	11	11
16	16	<b>Total community loans</b>	<b>11</b>	<b>11</b>
Debtors and other receivables mainly arise from Thames-Coromandel District 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. Thames-Coromandel District Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Thames-Coromandel District Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.				
<b>LIQUIDITY RISK</b>				
<b>The management of liquidity risk</b>				
Liquidity risk is the risk that Thames-Coromandel District Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.				
In meeting its liquidity requirements, Thames-Coromandel District Council maintains a target level of investments that must mature within the next 12 months.				
Thames-Coromandel District 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.				
Thames-Coromandel District Council has a maximum amount that can be drawn down against its overdraft facility of \$250,000 (2007: \$250,000). There are no restrictions on the use of this facility. For a summary of the facilities held by Thames-Coromandel District Council refer to Note 23: <i>Borrowings</i> .				

## Notes to financial statements

For the year ended 30 June 2008

**Contractual maturity analysis of financial liabilities**

The maturity profiles of the Thames-Coromandel District Council's interest bearing investment and borrowings are disclosed in Note 11; *Other Financial Assets*, Note 10; *Derivative Financial Instruments* and Note 23; *Borrowings*

The table below analyses Thames-Coromandel District Council's financial liabilities 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 is 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	Carrying amount \$000's	Contractual cash flows \$000's	2008			
			Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's	
<b>Council</b>						
Creditors and other payables	19,665	19,665	19,665	0	0	
Not settled derivative liabilities	150	150	150	0	0	
Secured loans	35,800	35,800	5,800	30,000	0	
Finance leases	31	32	28	4	0	
Hire purchase	64	71	71	0	0	
Financial guarantees	388	388	388	0	0	
<b>Total</b>	<b>56,098</b>	<b>56,107</b>	<b>26,103</b>	<b>30,004</b>	<b>0</b>	
<b>Group</b>						
Creditors and other payables	19,725	19,725	19,725	0	0	
Not settled derivative liabilities	150	150	150	0	0	
Secured loans	36,102	36,102	5,819	30,099	184	
Finance leases	31	32	28	4	0	
Hire purchase	64	71	71	0	0	
Financial guarantees	388	388	388	0	0	
<b>Total</b>	<b>56,460</b>	<b>56,469</b>	<b>26,182</b>	<b>30,103</b>	<b>184</b>	
<b>2007</b>						
Contractual maturity analysis: liabilities	Carrying amount \$000's	Contractual cash flows \$000's	Less than 1 year \$000's	2-5 years \$000's	More than 5 years \$000's	
<b>Council</b>						
Creditors and other payables	18,548	18,548	18,548	0	0	
Not settled derivative liabilities	502	502	502	0	0	
Secured loans	0	0	0	0	0	
Finance leases	85	92	60	32	0	
Hire purchase	122	141	71	70	0	
Financial guarantees	374	374	374	0	0	
<b>Total</b>	<b>19,631</b>	<b>19,658</b>	<b>19,555</b>	<b>102</b>	<b>0</b>	
<b>Group</b>						
Creditors and other payables	18,574	18,574	18,574	0	0	
Not settled derivative liabilities	502	502	502	0	0	
Secured loans	328	328	26	92	210	
Finance leases	85	92	60	32	0	
Financial guarantees	374	374	374	0	0	
<b>Total</b>	<b>19,863</b>	<b>19,871</b>	<b>19,537</b>	<b>124</b>	<b>210</b>	
The table below analyses the Thames-Coromandel District Council's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.						
<b>2008</b>						
Derivative financial instrument analysis	Liability carrying amount \$000's	Asset carrying amount \$000's	Contractual cash flows \$000's	Less than 6 months \$000's	Between 6 months and 1 year \$000's	Between 1 and 2 years \$000's
<b>Council and Group</b>						
Forward foreign exchange contracts:	150	0	0	0	0	0
outflow	0	0	1,704	1,704	0	0
inflow	0	0	0	0	0	0
<b>Total</b>	<b>150</b>	<b>0</b>	<b>1,704</b>	<b>1,704</b>	<b>0</b>	<b>0</b>
<b>2007</b>						
Derivative financial instrument analysis	Liability carrying amount \$000's	Asset carrying amount \$000's	Contractual cash flows \$000's	Less than 6 months \$000's	Between 6 months and 1 year \$000's	Between 1 and 2 years \$000's
<b>Council and Group</b>						
Forward foreign exchange contracts:	502	0	0	0	0	0
outflow	0	0	3,209	2,021	1,188	0
inflow	0	0	0	0	0	0
<b>Total</b>	<b>502</b>	<b>0</b>	<b>3,209</b>	<b>2,021</b>	<b>1,188</b>	<b>0</b>

## Notes to financial statements

For the year ended 30 June 2008

### Contractual maturity analysis of financial assets

The table below analyses Thames-Coromandel District Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

Contractual maturity analysis: assets	Carrying amount \$000's	Contractual cash flows \$000's	2008		
			Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>Council</b>					
Cash and cash equivalents	469	469	469	0	0
Debtors and other receivables	7,566	7,566	7,427	128	11
Rates postponement receivables	109	109	0	0	109
Not settled derivative assets	330	330	150	110	70
Other financial assets:					
Unlisted shares	131	131	0	0	131
Other receivables	156	156	0	156	0
Community loans	11	13	5	8	0
<b>Total</b>	<b>8,772</b>	<b>8,774</b>	<b>8,051</b>	<b>402</b>	<b>322</b>
<b>Group</b>					
Cash and cash equivalents	599	599	599	0	0
Debtors and other receivables	7,575	7,575	7,436	128	11
Rates postponement receivables	109	109	0	0	109
Not settled derivative assets	330	330	150	110	70
Other financial assets:					
Unlisted shares	131	131	0	0	131
Other receivables	156	156	0	0	156
Community loans	11	13	5	8	0
<b>Total</b>	<b>8,911</b>	<b>8,913</b>	<b>8,190</b>	<b>246</b>	<b>478</b>
<b>2007</b>					
Contractual maturity analysis: assets	Carrying amount \$000's	Contractual cash flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>Council</b>					
Cash and cash equivalents	131	131	131	0	0
Debtors and other receivables	6,757	6,757		Unmeasurable	
Rates postponement receivables	85	85	0	0	85
Not settled derivative assets	658	658	190	307	161
Other financial assets:					
Unlisted shares	120	120	0	0	120
Other receivables	0	0	0	0	0
Community loans	16	20	5	14	0
<b>Total</b>	<b>7,766</b>	<b>7,770</b>	<b>326</b>	<b>321</b>	<b>366</b>
<b>Group</b>					
Cash and cash equivalents	225	225	225	0	0
Debtors and other receivables	6,779	6,779		Unmeasurable	
Rates postponement receivables	85	85	0	0	85
Not settled derivative assets	658	658	190	307	161
Other financial assets:					
Unlisted shares	120	120	0	0	120
Other receivables	0	0	0	0	0
Community loans	16	20	5	15	0
<b>Total</b>	<b>7,882</b>	<b>7,886</b>	<b>421</b>	<b>322</b>	<b>366</b>



## Notes to financial statements

For the year ended 30 June 2008

## Sensitivity analysis

The table below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Thames-Coromandel District Council's financial instrument exposures at the balance date.

2007				2008					
Profit	-100bps Other Equity	Profit	+100bps Other Equity	Sensitivity analysis	Note	Profit	-100bps Other Equity	Profit	+100bps Other Equity
\$000's	\$000's	\$000's	\$000's			\$000's	\$000's	\$000's	\$000's
<b>COUNCIL</b>									
<i>INTEREST RATE RISK</i>									
Financial assets									
(1)	0	1	0	Cash and cash equivalents	1	(5)	0	5	0
	Unavailable			Derivatives -held for trading	2a	(388)	0	441	0
Financial liabilities									
Borrowings									
0	0	0	0	Bank overdraft	3	0	0	0	0
0	0	0	0	Term loans	4	(68)	0	208	0
(1)	0	1	0	<b>Total sensitivity to interest rate risk</b>		<b>(461)</b>	<b>0</b>	<b>654</b>	<b>0</b>
Profit	-10% Other Equity	Profit	10% Other Equity		Note	Profit	-10% Other Equity	Profit	10% Other Equity
\$000's	\$000's	\$000's	\$000's			\$000's	\$000's	\$000's	\$000's
<i>FOREIGN EXCHANGE RISK</i>									
Financial liabilities									
	Unavailable			Derivatives -held for trading	2b	5	0	(36)	0
0	0	0	0	Creditors and other payables	5	(3)	0	3	0
0	0	0	0	<b>Total sensitivity to foreign exchange risk</b>		<b>2</b>	<b>0</b>	<b>(33)</b>	<b>0</b>
<i>EQUITY PRICE RISK</i>									
Financial assets									
0	0	0	0	Other financial assets	6	0	0	0	0
0	0	0	0	<b>Total sensitivity to equity price risk</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## NOTE 33b - Explanation of sensitivity analysis -Council

## 1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposits at call totalling \$469,000 (2007: \$131,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$4,690 (2007: \$1,310).

## 2. DERIVATIVES -HELD FOR TRADING

## 2a. Financial assets

Derivative financial assets held for trading includes interest rate swaps with a fair value totalling \$330,000 (2007: \$658,000). A movement in interest rates of plus or minus 1.0% has an effect of \$440,467/(\$387,543) (2007: unavailable) on the unrealised value of the derivatives.

## 2b. Financial liabilities

Derivative financial liabilities held for trading includes forward foreign exchange contracts with a fair value totalling \$149,851 (2007: \$502,000). A movement in foreign exchange rates of plus or minus 10% has an impact of \$5,334/(\$35,530) (2007: \$50,200) based on a derivative valuation model using hypothetical forward rates.

## 3. BANK OVERDRAFT

Council has Bank overdraft facilities, at a floating interest rate, available of \$250,000 drawings on this facility as at 30 June 2008 were \$nil (2007: \$nil) As this facility has not been drawn upon Council does not have exposure to potential risk resulting from a movement in interest rates at present.

## 4. TERM LOANS

Council has floating rate debt with a principal amount totalling \$35,800,000 (2007: \$Nil). Council has in place Interest rate swaps for \$15,000,000 of this amount. As such this portion is not subject to risk arising from potential changes in interest rates. Council also has put in place swaptions covering an additional \$14,000,000 of this debt against adverse movements in interest rates while maintaining the opportunity to partake in favourable movements in interest rates. As such Council has \$6,800,000 of debt at risk to an adverse movement in interest rates. An adverse movement in interest rates of 1.0% has a negative effect on interest expense of (\$68,000) (2007: \$nil). Council has \$20,800,000 of debt at risk to a favourable movement in interest rates. A favourable movement in interest rates of 1.0% has a positive effect on interest expense of \$208,000 (2007: \$nil).

## 5. CREDITORS AND OTHER PAYABLES

Creditors and other payables include the following foreign currency denominated payables in relation to plant and equipment purchases.

	Foreign Currency	NZD Equivalent
Euro	165,901	366,213
SEK	134,580	30,239
USD	3,527	5,954
AUD	27,553	35,427
GBP	2,610	8,630

All the above foreign currency payables with the exception of the SEK currency payment are covered by forward exchange contracts and are therefore not exposed to foreign exchange fluctuations. As only 7,000 of the SEK 134,580 payable is covered by a forward exchange contract (refer to Note 10: *Derivative financial instruments*). The balance is subject to foreign currency movement risk. A movement in the NZD:SEK foreign exchange rate of plus 10% has an impact of \$2,606 and a minus 10% movement has an impact of (\$3,185). There were no foreign exchange creditors as at 30 June 2007.

## 6. UNLISTED SHARES

Thames-Coromandel District Council holds unlisted shares in the New Zealand Local Government Insurance Corporation Limited (2008: \$11,000 2007: 11,000); Local Authority Shared Service Limited (2008: \$1,000 2007: \$1,000); Shared Valuation Data Service (2008: \$108,000 2007: \$108,000); Waikato Regional Transport Model (2008: \$11,000 2007: Nil). A movement in the fair value of these investments of plus or minus 10% would have an impact on other losses of (2008: \$13,100 2007: \$12,000). The fair value of these investments is dependant upon the financial performance of the organisation that Council holds shares in.

## Notes to financial statements

For the year ended 30 June 2008

Sensitivity analysis									
2007					2008				
Profit	-100bps Other Equity	Profit	+100bps Other Equity	Sensitivity analysis	Note	Profit	-100bps Other Equity	Profit	+100bps Other Equity
\$000's	\$000's	\$000's	\$000's			\$000's	\$000's	\$000's	\$000's
GROUP									
<b>INTEREST RATE RISK</b>									
Financial assets									
(2)	0	2	0	0 Cash and cash equivalents	1	(6)	0	6	0
	Unavailable			Derivatives -held for trading	2a	(388)	0	441	0
Financial liabilities									
Borrowings									
0	0	0	0	0 Bank overdraft	3	0	0	0	0
0	0	0	0	0 Term loans	4	(68)	0	208	0
(2)	0	2	0	<b>Total sensitivity to interest rate risk</b>		<b>(462)</b>	<b>0</b>	<b>655</b>	<b>0</b>
Profit	-10% Other Equity	Profit	10% Other Equity		Note	Profit	-10% Other Equity	Profit	10% Other Equity
\$000's	\$000's	\$000's	\$000's			\$000's	\$000's	\$000's	\$000's
<b>FOREIGN EXCHANGE RISK</b>									
Financial liabilities									
	Unavailable			0 Derivatives -held for trading	2b	5	0	(36)	0
0	0	0	0	0 Creditors and other payables	5	(3)	0	3	0
0	0	0	0	<b>Total sensitivity to foreign exchange risk</b>		<b>2</b>	<b>0</b>	<b>(33)</b>	<b>0</b>
<b>EQUITY PRICE RISK</b>									
Financial assets									
0	0	0	0	0 Other financial assets	6	0	0	0	0
0	0	0	0	<b>Total sensitivity to equity price risk</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### NOTE 33b - Explanation of sensitivity analysis -Group

#### 1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposits at call totalling \$599,000 (2007: \$225,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$5,990 (2007: \$2,250).

#### 2. DERIVATIVES -HELD FOR TRADING

##### 2a. Financial assets

Derivative financial assets held for trading includes interest rate swaps with a fair value totalling \$330,000 (2007: \$658,000). A movement in interest rates of plus or minus 1.0% has an effect of \$440,467/(\$387,543) (2007: unavailable) on the unrealised value of the derivatives.

##### 2b. Financial liabilities

Derivative financial liabilities held for trading includes forward foreign exchange contracts with a fair value totalling \$149,851 (2007: \$502,000). A movement in foreign exchange rates of plus or minus 10% has an impact of \$5,334/(\$35,530) (2007: \$50,200) based on a derivative valuation model using hypothetical forward rates.

#### 3. BANK OVERDRAFT

The Group has Bank overdraft facilities, at a floating interest rate, available of \$250,000 drawings on this facility as at 30 June 2008 were \$nil (2007: \$nil) As this facility has not been drawn upon Council does not have exposure to potential risk resulting from a movement in interest rates at present.

#### 4. TERM LOANS

Council has floating rate debt with a principal amount totalling \$35,800,000 (2007: \$Nil). Council has in place Interest rate swaps for \$15,000,000 of this amount. As such this portion is not subject to risk arising from potential changes in interest rates. Council also has put in place swaps covering an additional \$14,000,000 of this debt against adverse movements in interest rates while maintaining the opportunity to partake in favourable movements in interest rates. As such Council has \$6,800,000 of debt at risk to an adverse movement in interest rates. An adverse movement in interest rates of 1.0% has a negative effect on interest expense of (\$68,000) (2007: \$nil). Council has \$20,800,000 of debt at risk to a favourable movement in interest rates. A favourable movement in interest rates of 1.0% has a positive effect on interest expense of \$208,000 (2007: \$nil).

Thames Pensioner Housing Trust has two loans totalling \$301,951 (principal and interest), with fixed interest rates of 11.10% and 10.15% until 9 September 2017. A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised using the effective interest method. Security has been provided by Thames-Coromandel District Council in the form of a limited unsupported guarantee.

#### 5. CREDITORS AND OTHER PAYABLES

Creditors and other payables include the following foreign currency denominated payables in relation to plant and equipment purchases.

	Foreign Currency	NZD Equivalent
Euro	165,901	366,213
SEK	134,580	30,239
USD	3,527	5,954
AUD	27,553	35,427
GBP	2,610	8,630

All the above foreign currency payables with the exception of the SEK currency payment are covered by forward exchange contracts and are therefore not exposed to foreign exchange fluctuations. As only 7,000 of the SEK 134,580 payable is covered by a forward exchange contract (refer to Note 10: *Derivative financial instruments*). The balance is subject to foreign currency movement risk. A movement in the NZD:SEK foreign exchange rate of plus 10% has an impact of \$2,606 and a minus 10% movement has an impact of (\$3,185). There were no foreign exchange creditors as at 30 June 2007.

#### 6. UNLISTED SHARES

Thames-Coromandel District Council holds unlisted shares in the New Zealand Local Government Insurance Corporation Limited (2008: \$11,000 2007: 11,000); Local Authority Shared Service Limited (2008: \$1,000 2007: \$1,000); Shared Valuation Data Service (2008: \$108,000 2007: \$108,000); Waikato Regional Transport Model (2008: \$11,000 2007: Nil). A movement in the fair value of these investments of plus or minus 10% would have an impact on other losses of (2008: \$13,100 2007: \$12,000). The fair value of these investments is dependant upon the financial performance of the organisation that Council holds shares in.

## Notes to financial statements

For the year ended 30 June 2008

### NOTE 34 - Capital management

The Council's capital is its equity (or ratepayers funds), which comprise retained earnings and 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 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.

Thames-Coromandel District 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 Thames-Coromandel District Council's estimated figures in the 2007-2008 Annual Plan are as follows:

#### Statement of Financial Performance

Councils operating surplus of \$16.70m compares with a budgeted surplus of \$21.79m. Revenue was \$78.27m (including assets vested in Council), compared to the budgeted revenue of \$79.31m. This is due to the net effect of the following variances in revenue in expenditure detailed below.

#### REVENUE

Refer to Note 3; *Revenue*.

#### Development contributions

Development contributions are collected to fund capital expenditure required to meet increased demand for community facilities resulting from growth and new development within the District. Development contributions received in Council have been significantly lower than estimated, totalling \$6.69m compared to a budget of \$14.42m. Due to their nature it is difficult to anticipate when revenue from contributions will be collected because their timing is determined by business interests external to Council. The annual budget is based upon expected growth rates applied to the value of contributions in each catchment. While actual growth experienced within the current financial year is comparable to that budgeted, a significant portion of this growth has not yet reached the juncture required within the current financial year, for these assessed development contributions to be classified as income.

Some of the factors that have influenced the level of development contributions collected are as follows:

- The actual level of growth in dwellings, as indicated through the 2006 census, show that actual growth across the whole District in the 2001-2006 census period was in line with Council's growth projections. The level of growth since this period has, however, been somewhat lower than projected across different catchments (areas). This has an impact if significant growth has occurred in areas with relatively lower development contributions thereby resulting in less contributions collected.
- Financial contributions are still being collected on resource consents issued pre 1 October 2004 (the date the new Development Contributions Policy became effective). Income collected from financial contributions equates to approximately one third less than development contributions levied on the same development.
- Developers have up to five years between a resource consent application being submitted to Council and when a 223 certificate that confirms the exact boundaries of the subdivision needs to be applied for. There can then be a further delay of up to two years for a subdivision to reach the 224 stage when development contributions are payable. A 224 consent is granted when all the conditions in the resource consent are complete. Consequently, the nature of the consent process can result in significant delays in collecting contributions income. Subdivisions are averaging twelve months to reach the stage where development contributions are payable by a developer.
- A number of rating units are created that do not attract a development contributions charge. For example: boundary adjustments.

There is significant risk to Council if contributions fall below budget in that more borrowing will be required which will increase debt levels and interest payments.

Council has taken the following steps to address these issues identified above:

- Development contributions revenue expected to be collected in 2008/2009 Annual Plan has been reforecast down. The revised amounts are based on the likely number of subdivisions expected for 2008/09 and the actual growth rates for each settlement. The new growth projections, produced by the University of Waikato, have shown that the rate of growth has decreased from 2.6% used in the 2006-2016 Long-term Council Community Plan to 2.0% averaged across the District. In developing the 2009-2019 Long-term Council Community Plan asset managers will use the new growth projections to 'size' capital projects which may delay the need for some projects or result in projects of smaller size.
- Future budgeted capital projects funded by development contributions have been reassessed and deferred where possible in the 2008/2009 Annual Plan to realign the timing of these projects with the forecast demand.

## Notes to financial statements

For the year ended 30 June 2008

### Statement of Financial Performance continued

#### Investment revenue

Council received \$0.47m return on investments held, which consists of interest received from cash investments and realised interest rate swap gains. This is slightly less than the budget of \$0.58m due to less funds being available to invest than planned. Prudent cash management has meant that Council has applied available funds against loans to keep borrowings to a minimum.

#### Rates revenue

The total rates collected of \$47.63m is comparable with the budget of \$47.67m. The actual amount of rates income received was 0.04m higher than budget due to higher than anticipated growth in the number of ratepayers in the 2007/2008 financial year.

#### Subsidies revenue

The subsidies revenue received from Land Transport New Zealand was \$0.54m lower than budgeted, largely due to some capital work being deferred to future years. For further details refer to Rooding Cost of Service Statement within Section Three; *Council Activities* on page 102.

#### Gains

Council recorded an unrealised gain of \$0.35m on foreign exchange options and an unrealised loss on interest rate swaps of \$0.33m. The impact of changes in the fair value of financial instruments held is not budgeted for as it is too variable to predict. In line with Council policy, foreign exchange contracts were locked in for eastern seaboard wastewater projects so as not to expose Council to adverse movements in foreign exchange. The movements in fair value of the financial instruments in the Statement of Financial Performance is not a cash transaction. The unrealised gain or loss represents the change in the market value of the instruments for the year for accounting purposes only.

#### Vested assets and introduced

Assets worth \$10.79m have been vested in Council as a result of large subdivisions being completed in Matarangi and Whitianga resulting in significant roading infrastructure being vested.

### EXPENDITURE

Refer to Note 4; *Expenditure*.

#### Personnel costs

Personnel costs are higher than planned due to the movement in the employee entitlements provision.

#### Depreciation and amortisation

Depreciation is higher than planned due to the revaluation of roading, harbours and buildings conducted on 1 July 2007. Depreciation is calculated on the increased property, plant and equipment value and is reflected in the statement of Financial Performance in the current financial year.

#### Finance costs

Finance costs are \$1.67m less than budget. External interest payments were expected because the 2007/2008 Annual Plan indicated Council would need to have external debt this year. External debt has been raised as shown in the Statement of Financial Position but not to the level expected.

#### Other direct operating costs

Operating expenditure variances are reported by significant activity in the Cost of Service Statements in Section Three; *Council Activities*.

#### Other losses

During the replacement process of 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 Financial Performance.

During the revaluation process for Council's land and buildings undertaken during the current year a small number of items that had previously been included in Council's fixed asset registers were identified as not belonging to Council and were therefore disposed of in the Statement of Financial Performance this current financial year.

Forestry held as at 30 June 2008 was revalued to fair value on balance date, resulting in a write down of \$0.40m.

### Statement of Changes in Equity

Impairment losses of \$5.36 million (2007: \$nil) have been recognised for land and parks and reserves. The impairment losses have arisen from the reclassification of land as Local Purpose Reserves in accordance with the Reserves Act 1977. These legal or other restrictions imposed on the title means that Council can not dispose of the land as readily, which has an impact on the value of the land giving rise to an impairment.

Refer to Note 7; *Equity*.

## Notes to financial statements

For the year ended 30 June 2008

### Statement of Financial Position

#### Assets

Current assets were \$6.90m lower than budget, primarily due to the accounts receivable balance of \$7.57m, being \$2.37m over budget and cash and cash equivalents are \$.047m, being \$12.09m less than budgeted. Prudent cash management has kept cash held to a minimum as funds have been applied against borrowings when available.

Coromandel Pensioner Housing was sold in January 2008 and has been removed from non-current assets held for sale.

Refer to Note 13; *Non-current assets held for sale*.

In January 2008, Thames-Coromandel District Council purchased a further 169.3 hectares of Tairua Forest; Zones 2,3 and 5 to meet the need for wastewater disposal both as demand increases and to facilitate the harvesting process of mature trees planned next year.

Refer to Note 17; *Forestry assets*.

Total intangible, property, plant and equipment and forestry assets are \$1,004.67m, \$110.99m over budget. Harbours, roading, land including reserves, land and buildings were revalued on 1 July 2007, thereby increasing the value of property, plant and equipment held by Council. Council's roading assets increased in value significantly by \$106.27m.

Refer to Note 15; *Property, plant and equipment 2008*.

#### Liabilities

Current liabilities are \$16.98m higher than budget. This includes the accounts payable balance being \$9.80m higher than budget.

Council's liability for employee entitlements is \$0.58m higher than budget because the 2007/2008 Annual Plan does not forecast annual leave, long-service leave, retirement gratuities and sick leave owed to staff.

Refer to Note 21; *Employee entitlements*

Borrowings are \$39.87m under budget due to the level of external debt expected not being required this financial year. Cash balances held were used to fund capital projects and minimise borrowing levels where possible.

Refer to Note 23; *Borrowings*

## COUNCIL CONTROLLED ORGANISATIONS

Council-controlled organisations or CCO's are organisations in which one or more councils control 50 per cent 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.

Thames-Coromandel District Council has an interest in one Council Controlled Trading Organisation in 2007/08, Local Authority Shared Services Ltd (LASS).

### Local Authority Shared Services Limited

Thames-Coromandel District 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 Council.

Thames-Coromandel District 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

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The Local Authority Shared Service Ltd (LASS) council controlled organisation 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 2007/08 financial year.

Performance Measures	Actual Outcome
1. Positive cash flow will be maintained so that the equity ratio is maintained at a minimum of 40%	1. Whilst the overall level of cash funds has decreased during the year, LASS has been able to maintain a positive Bank balance each month
2. Customers will be surveyed annually to ensure that there is at least 90% satisfaction with the services provided.	2. A shareholder survey was forwarded to all 13 shareholders, with a total of 5 survey forms being completed and returned. The results show 82% satisfaction has been received from the respondents.
3. Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the directors.	3. Total expenditure was under budget. Administration costs were below budget for the year.
4. The CEO will provide a written report on the business operations and financial position of the LASS as a minimum on a six monthly basis	4. Six monthly reports were provided.

## Conclusion

Councils own significant policies and objectives as set out in the Long-term Council Community Plan have been met during the year

## 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 Councils decision making processes.

The Long-term Council Community Plan outlines how Council might help Maori to participate in Council decision-making. Council has adopted the following policy to assist Maori participation in such decision making:

Policy	Achievements
<p>1. Council will compile a contact list for consultation purposes in order to provide for the provision of more detailed information where specifically requested by community groups and or individuals including Maori.</p>	<p>A contact list for consultation purposes is held by Council and updated in July of each year.</p> <p>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.</p>
<p>2. Those persons who have identified themselves as Maori for the purposes of the Local Government Act 2002 will be specifically targeted for consultation when Council decides that it wishes to consult. Where specific legislation requires specific consultation with Maori or tangata whenua, then the requirements of that specific legislation will over-ride this policy.</p>	<p>Additional resources were provided in the 2004/05 financial year and subsequent years to enable a dedicated community liaison person to be employed. Council has not yet decided to make such an appointment.</p> <p>A Public Forum is being held at the beginning of each Community Board meeting to enable participation in decision making.</p>
<p>3. Additional resources were to be provided in the 2004/2005 financial year and subsequent years to enable a dedicated community liaison person to be employed to assist Council in meeting its obligations in terms of Section 81 of the Local Government Act 2002.</p>	<p>A computer and broadband has been supplied to:</p> <ul style="list-style-type: none"> <li>▪ Enable access to Masterplan online that assists the user to navigate the District Plan with ease,</li> <li>▪ Provide a consent tracking database, which enables tracking of building and resource consent applications of interest.</li> </ul>
<p>4. Regular forums will be held with each Community Board to enable Maori to participate in the decision-making processes.</p>	<p>Attendance at Ngati Hei's monthly meeting as a liaison.</p> <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 are assisting Council in identifying future strategic directions for the District.</p> <p>Biodiversity and Heritage Strategies: Feedback was sought and provided.</p>



## 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"> <li>▪ Race</li> <li>▪ Ethnic or national origin</li> <li>▪ Religion</li> <li>▪ Family responsibilities</li> <li>▪ Disability</li> <li>▪ Colour</li> <li>▪ Sex</li> <li>▪ Marital status</li> <li>▪ Sexual orientation</li> <li>▪ Age</li> </ul> <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 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>Council's human resource policies and procedures are reviewed on a regular two-yearly cycle and/or when changes in legislation dictate. Policies currently undergoing review include Recruitment, Induction and Training.</p> <p>General and technical needs for staff have been identified by:</p> <ul style="list-style-type: none"> <li>▪ capturing information from the Performance Development Programmes</li> <li>▪ observation and requests for training information</li> <li>▪ discussion with staff and managers</li> <li>▪ organisational development work</li> <li>▪ workforce planning processes</li> </ul> <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 2007 and June 2008 includes:</p> <ul style="list-style-type: none"> <li>▪ New and upgraded computer software systems</li> <li>▪ The Microsoft Office suite of applications</li> <li>▪ Health and Safety Representatives</li> <li>▪ Performance Development</li> <li>▪ Harassment Training</li> <li>▪ Treaty of Waitangi</li> <li>▪ Certificate in Te Ara Reo Maori programme</li> </ul> <p>Treaty of Waitangi and Harassment Training has been extended to include Elected Members.</p> <p>The two year training programme also includes the continuation of:</p> <ul style="list-style-type: none"> <li>▪ Treaty of Waitangi</li> <li>▪ Te Reo, and</li> <li>▪ Harassment training</li> </ul> <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 Council.</p>

