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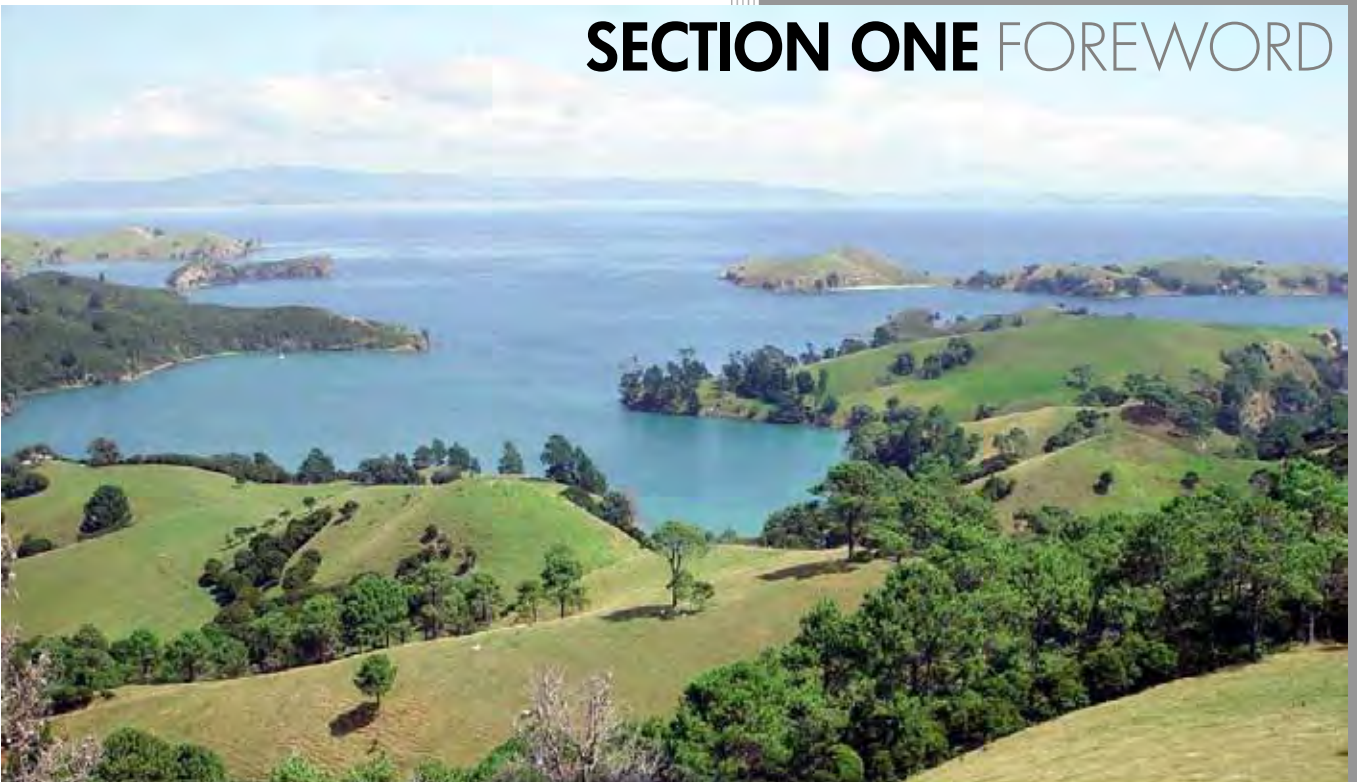


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## SECTION ONE FOREWORD



Photograph: *Te Kouma; Coromandel*

Report from the Mayor and Chief Executive

The Annual Report was adopted by Council on 30 September 2009. No persons has the power to amend the financial statements after issue.



## REPORT FROM THE MAYOR AND CHIEF EXECUTIVE

The last year has been a busy challenging one as Council has moved to complete its 2009-2019 Ten Year Plan, progress the Eastern Seaboard Wastewater project and address the impacts of the current economic recession on its activities.

Development of the Ten Year Plan has been a significant and resource intensive undertaking for Council and its communities. The process began nearly three years ago, not long after we adopted our 2006-2016 Long-term Council Community Plan. During this time Council has reviewed its strategic framework, reviewed a number of its key policies and developed a Plan that it believes recognises the current economic climate while also outlining a pathway that provides for the future development of the district over the next ten years and beyond.

### **Economic Recession**

Over the last year there has been widespread publicity about the impacts of the economic recession affecting New Zealand and world economies. Council and the Coromandel Peninsula are not immune from its impacts.

New development has slowed significantly over the last two years, which in turn has had a dramatic effect upon the level of development contributions collected by Council. To respond to the reduced level of contributions collected Council reprioritised and reduced its capital works programme. Despite these decisions the level of Council total debt has increased to \$109.21 million at the end of the year. This is some \$3.80 million above the level originally forecast in the 2006-2016 Long-term Council Community Plan.

Council has also given extensive consideration to the impacts of the recession in the development of its 2009-2019 Ten Year Plan. The work that has been completed over the last two years to develop a Financial Sustainability Strategy has assisted with this process.

In developing its Ten Year Plan Council has reduced significantly the level of growth it is expecting to occur over the next three years to what it considers to be a realistic level given the current economic climate. Council also completed an extensive reprioritisation of its capital and operational expenditure plans, looked at opportunities to increase revenue outside of rates and has set up a process to look at how it might better utilise the significant investment it has in fixed assets such as its property holdings.

### **Eastern Seaboard Wastewater**

Over the last twelve months Council has continued to make good progress with the Eastern Seaboard Wastewater Project (ES3) project. During the year we spent some \$13.42 million on the works associated with this project.

The new wastewater treatment plants at Tairua/Pauanui and Whitianga have operated smoothly with some 'fine tuning' of the plants occurring to ensure that they operate as efficiently as possible. The new Whangamata plant was also commissioned and is now in the final stages of completion with the former aeration pond being lined and converted into a treated water storage pond.

Significant progress has also been made with the construction of the new disposal systems at both Pauanui and Whangamata. A new subsurface irrigation system has been installed in Kennedy Park and the Pauanui Airfield. This system allows for beneficial reuse of the highly treated wastewater that is now being produced by the new treatment plant.

At Whangamata a new rising main from the treatment plant to the main retention pond was constructed and work has also progressed on the installation of new spray irrigation areas in the Tairua forest.

During the year a decision was also made to delay the construction of the proposed denitrification beds at Whangamata. The new treatment plant is consistently producing effluent with nitrate levels much lower than those allowed under the resource consent for the plant. Fine-tuning of the plant is expected to drop nitrate levels further and may mean that Council will be able to avoid construction of these beds all together. A decision on this will be made in the new financial year.



During the year Council also made good progress with its trial to mix the biosolids that are produced from the wastewater treatment process with greenwaste gathered at Refuse Transfer Stations to produce top quality compost. Council obtained a resource consent to trial the production of the compost over a three month period. The product produced is being tested and will be applied at two ground trial sites in Pauanui and Tairua where it will be monitored for six months. If successful the compost produced will be able to be sold as a commercial product or be used on Council reserves and other sites around the district.

The new wastewater treatment plants and associated disposal facilities serving the Whitianga, Tairua/Pauanui and Whangamata communities are now producing treated wastewater that meets levels that are amongst the highest standards in New Zealand. The processes that are being put in place around them are also very much in keeping with sustainability principles. The quality of the work that has been completed in building the new treatment plants was recognised by the awarding of a Silver Award at the Innovate New Zealand 2009 Awards of Excellence. The quality of what is being produced is appropriate given the importance of protecting the stunning environment we all enjoy on the Coromandel.

## Coromandel Blueprint

While growth in the district has slowed over the last two years it is expected that the high levels of growth that have been seen in the past will return once the New Zealand economy rebounds. Council sees it as important that it use the current recession as an opportunity to plan for the future. As a result it remains committed to progressing the Coromandel Blueprint project and reviewing its District Plan.

Coromandel Blueprint, which is being run as a joint project with Environment Waikato, Hauraki Whaanui and the Department of Conservation, is about planning for how we would like to see the Coromandel grow over the next 50 years. The project has garnered widespread attention and attracted more than 2000 public submissions to the community consultation process on the 'Preferred Future' document. We were heartened by the number and quality of the submissions received including those from our children and teenagers. It is encouraging to see our young people taking an interest in the future of their district.

Following consideration of the submissions Council and Environment Waikato have adopted a revised Preferred Future document that will provide an umbrella to guide future planning activities including the development of Local Area Plans and the review of our District Plan.

## Financial Overview

Total revenue received, excluding vested assets and other gains was \$70.80 million (2008: 67.13m), which included rates of \$54.24 million (2008: 47.63m). Capital expenditure for the year totalled \$33.66 million (2008: 56.92m).

Capital works projects progressed during the year have included:

- Construction of the Whangamata Wastewater treatment plant;
- Upgrading of the Whangamata spray irrigation system and new disposal system in Pauanui;
- Refurbishment of the Carnegie Library Building in Thames;
- Upgrading of the Thames wastewater treatment plant;
- Tairua stormwater upgrades;
- Upgrading of the Tairua and Pauanui water supplies.

At 30 June 2009, Council had total external debt of \$55.10 million (2008: \$35.80m). In addition Council had internal borrowings of \$54.11 million (2008: 58.80m) to give a total debt of \$109.21 million (2008: \$94.60m). The internal borrowings are funded from the Power New Zealand Reserve and other surplus cash holdings.

The reduction in development contributions revenue had the effect of reducing the self imposed debt limit set through Council's Liability Management Policy by some \$17 million against budget. As a result Council was in breach of its debt limit by \$3 million at 30 June 2009. This breach is forecast to continue throughout the 2009/10 financial year by approximately the same level, before Council's borrowing comes back within its policy limit from 2010/11 forward.



## Conclusion

The last year has been a busy and challenging one for Council.

We have had to work through the challenges created by the economic recession and put in place a Ten Year Plan that balances the need for financial restraint with maintaining delivery of the services that the community expect.

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

Philippa Barriball  
DISTRICT MAYOR

Steve Ruru  
CHIEF EXECUTIVE



REPORT FROM THE MAYOR AND CHIEF EXECUTIVE





## SECTION TWO: GENERAL OVERVIEW



Photograph: *Pinnacles, Kauaeranga Valley*

Photograph courtesy of Tony Lilliby

Role of the Annual Report  
The Vision and Mission  
The Council  
Council's Leadership Structure  
District Overview  
Financial Trends  
Customer Satisfaction Survey of Overall Council Performance  
Management Financial Report  
Financial and Capital Expenditure Summaries  
Statement of Compliance and Responsibility  
Audit Report



## 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 2008 to 30 June 2009. The Annual Report compares Council's actual financial performance over the past financial year with the goals and targets forecast in the 2008/2009 Annual Plan and the performance of Council activities against the 2006-2016 Long-term Council Community 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

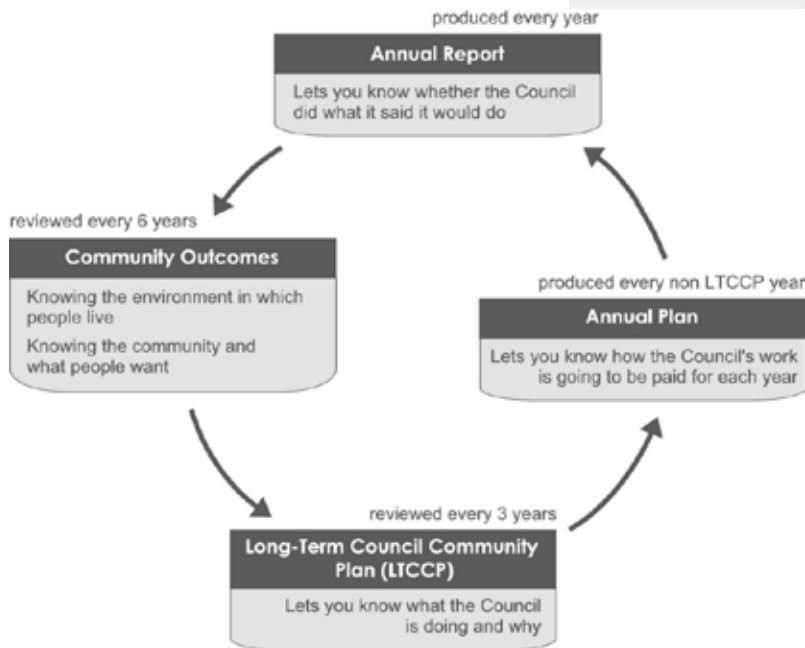
Under the Act, a local authority must prepare and adopt the following key documents:

- Long-Term Council Community Plan (LTCCP) under section 93, otherwise known as the Ten Year Plan from 2009 onwards,
- Annual Plan under sections 95(1), 95(4) and 284, and
- Annual Report under section 98(1).

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 for the 2008/09 financial year. These outcomes were shaped by the directions outlined in the Council's Long-term Council Community Plan (LTCCP) and in several other Council Policies and Plans.

The diagram below shows the planning framework and the linkages between these documents.







## Wellbeing and Community Outcomes

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: *Council Activities*, the Council identifies the effects of each activity (where applicable) which have contributed towards the wellbeing of the District's communities.

Section Three: *Council Activities* details 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.

## How to Use the Annual Report

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

*Refer to pages 3 to 6.*

**SECTION TWO** This section includes highlights of the year, commentaries on our achievements over the past year, an introduction to the Council, its Community Boards and Committees, Leadership Team, a directory, general statistics of the district, and the results of the community survey that reviewed Council performance.

*For a general overview refer to pages 7 to 48.*

**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.

### SECTION ONE: FOREWORD



### SECTION TWO: GENERAL OVERVIEW





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 2008/2009 Annual Plan.

This section also 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 49 to 133*

#### SECTION FOUR

Details the Council's and Group's position and recent performance in financial terms. The Financial Statements, Statements of Service Performance, and Cost of Service Statements are externally audited before publication. These statements include a consolidation of Council's own operations and those of the Council Controlled Organisations.

Includes information on the following financial statements:

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

*For further information on these financial statements refer to pages 134 to 226.*

#### SECTION FIVE

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

*For further information on these Council policies refer to pages 227 to 229.*





## 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 Council 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:

- Providing an environment that promotes excellence,
- Improving the way we carry out business,
- Encouraging innovative solutions to the challenges we face.



## THE COUNCIL

### Governance and Structure

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The community elects individuals who make decisions 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 development.

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.

### Governance Framework

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#### Independent Election

The Council believes the democratic election of Councillors by the citizens of Thames-Coromandel District ensures that it is able to operate in the best interests of the district and to function independently of management.

#### Communications

The public can be part of Council's decision-making process through various consultation processes as prescribed by the Local Government Act. These include the community planning process, and new policy consultation.

#### Division of Responsibility between Council and Management

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

While many functions have been formally delegated to the Chief Executive, the overall responsibility for maintaining effective systems of internal control rests with the Council. Internal control includes the policies, systems and procedures, which have been established to provide measurable assurance that the specific objectives of the Council are being achieved.

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

The Council has acknowledged its responsibility with the signing of the Statement of Compliance and Responsibility on page 45.

#### Internal Audit

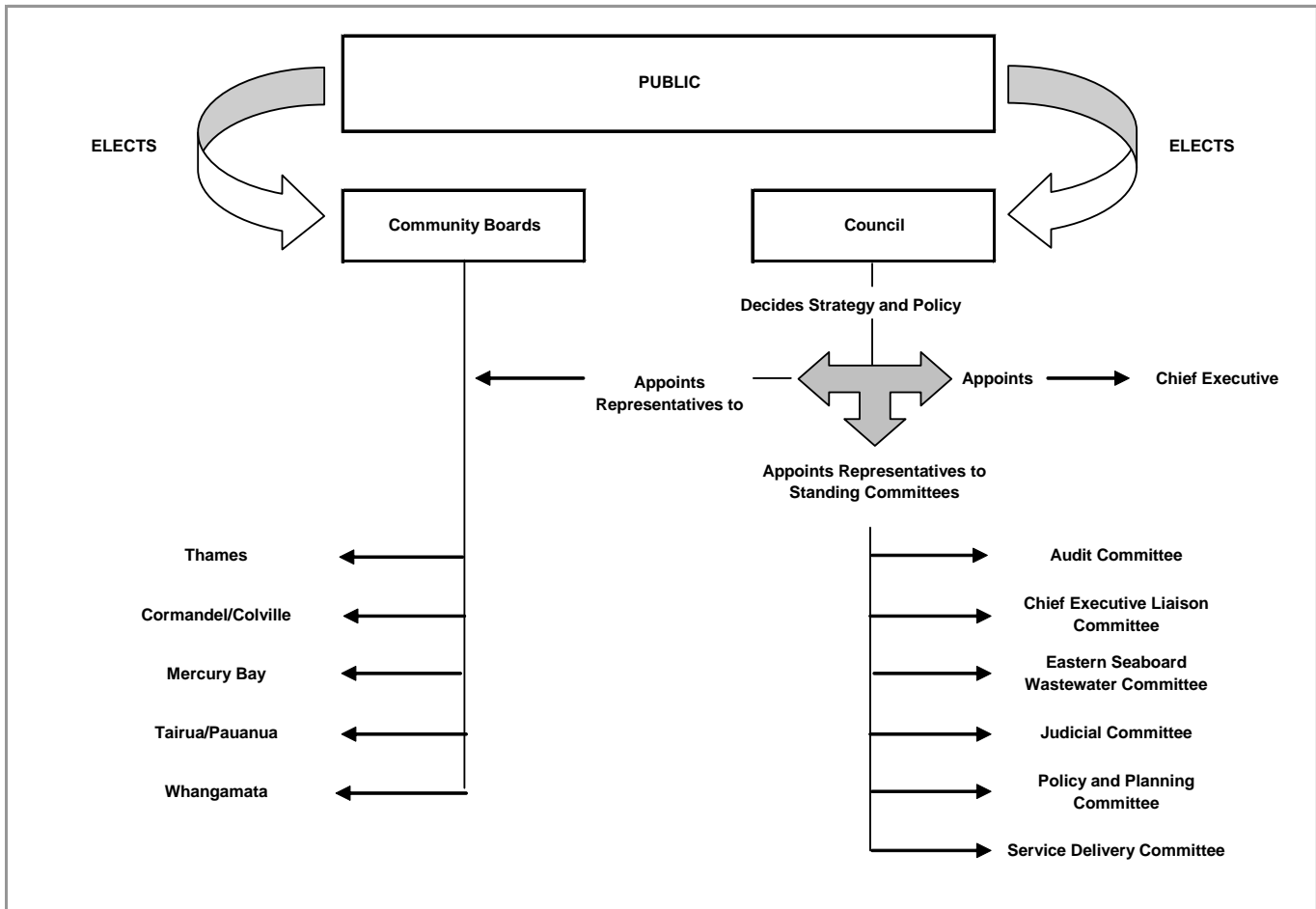
The Audit Committee has a key role in ensuring that the internal audit function is performed to a satisfactory standard.

Deloitte is the internal audit provider for Thames-Coromandel District Council and conducts the internal audit process in accordance with the Standards for the Professional Practice of Internal Auditing and ensure compliance with government laws and regulations.

Operations and programmes are reviewed to ascertain whether results are consistent with established objectives and goals and the operations and programmes are being effectively carried out as planned.



## Council Structure





## Elected Representatives

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

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

2, 3(C), 5, 6, 8, 11, 12, 15

**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 Joint 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

[dalandlesley@gmail.com](mailto:dalandlesley@gmail.com)

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, 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

Mr Graham Naylor; Chartered Accountant

Mayor Philippa Barriball JP

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

Deputy Mayor Adrian Catran JP

Councillor John Morrissey

### 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 John Morrissey  
Councillor Strat Peters

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

Councillor Bill Barclay  
Councillor Jan Bartley  
Councillor Dirk Sieling

## 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 Strat Peters  
Councillor Jan Bartley  
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  
Councillor Bill Barclay  
Deputy Mayor Adrian Catran JP  
Councillor Dal Minogue

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).

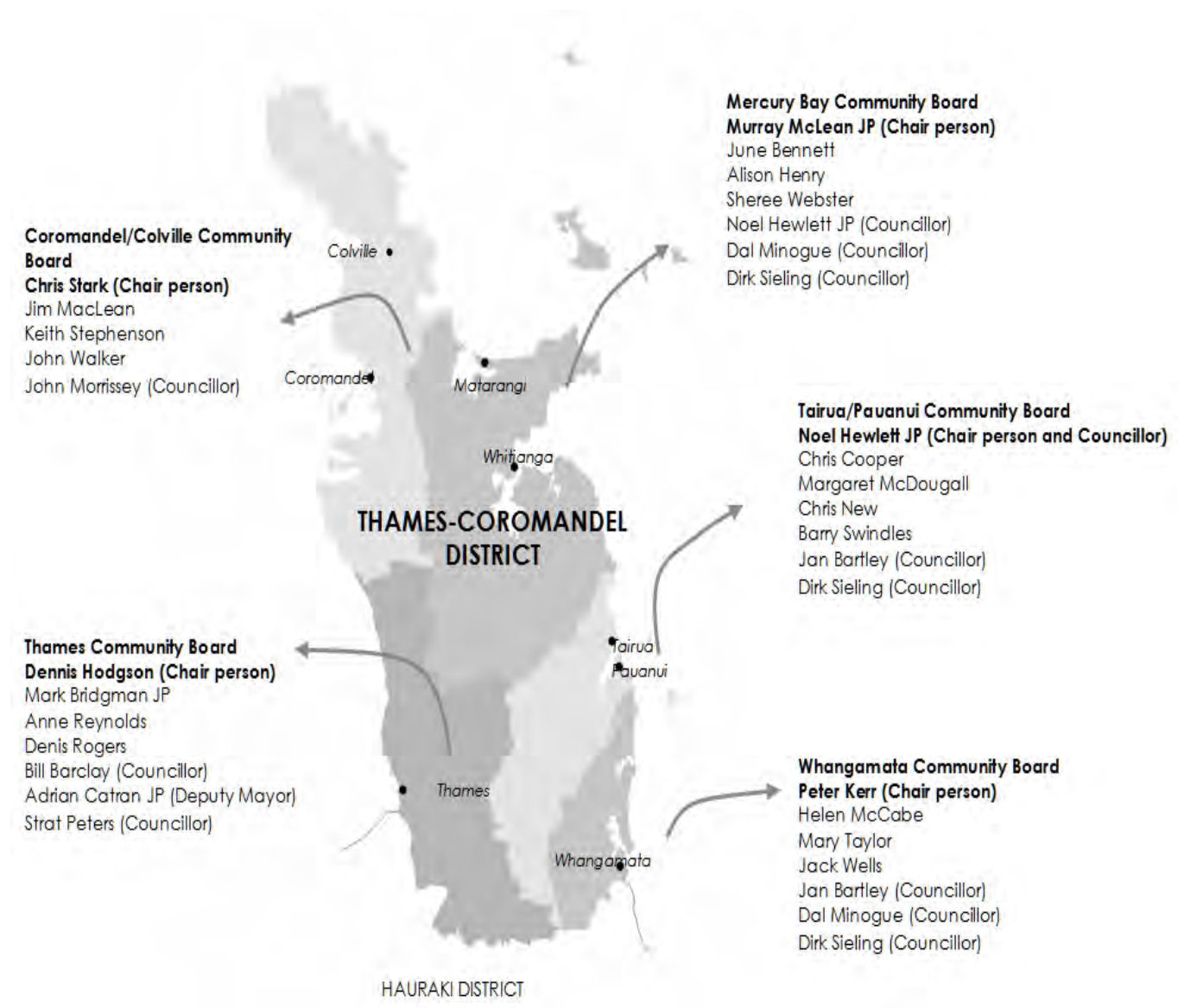


## The Community Boards

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 LEADERSHIP STRUCTURE

Council appoints a Chief Executive to manage the Council operations. The Chief Executive, Steve Ruru, is accountable to the Mayor and Councillors for managing the Council.

He has statutory powers conferred by the Local Government Act 2002 and other powers at Council's discretion. The Chief Executive has appointed managers to lead key areas of the Council's operations.

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



Back Row (from left to right): *Mark Ebrey, Pam Howat, Sam Napia, and Peter Mickleson*  
Front Row (from left to right): *Steve Ruru (Chief Executive), and John Whittle*



## The Leadership Team

### Communications Manager



Mark Ebrey

The key objective of Communications is to ensure Council is informative, responsive, participative and transparent in all aspects of its operations.

Responsibilities include:

- External Communication
- Internal Communication
- Media Liaison.

The Communications Manager is responsible for providing input into the development and implementation of strategic and business plans to meet defined and agreed district needs. This role also extends into the community as the Communications Manager works with ratepayer and other community groups.

### Group Manager : Environmental Services



Sam Napia

Environmental Services delivers regulatory services for the Council, and is divided into four teams.

They are:

- Building Consents and Inspection
- Environmental Services
- Business Support
- Resource Consents and Monitoring

### Group Manager : Policy and Planning



Peter Mickleson

The Policy and Planning Group will ensure that the Council operates within an appropriate strategic policy framework that is based on a comprehensive knowledge of the community and its requirements.

The group's key areas are:

- To ensure the Council has a clear strategic direction
- Policy development to support strategic priorities
- Developing core organisational planning



Chief Executive  
Steve Ruru

### Group Manager : Service Delivery



John Whittle

Service Delivery aims to have a consistent and strong customer service culture with a strong focus on contract and relationship management. It will strengthen the project management process and improve service delivery.

Responsibilities include:

- Community Services
- Customer Services
- Operations
- Roading
- Utilities

### Group Manager : Support Services



Pam Howat

The Support Services Group provides services that enable Council and activity managers to meet their annual objectives.

Support Services responsibilities include:

- Business Processes
- Emergency Planning
- Facilities Management
- Financial Services
- Governance Support
- Human Resources
- Information Management and Technology
- Land Information



## CONTACT DETAILS

### Area Managers

Area Managers	
Thames and Coromandel/Colville	Darla Blake
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.
<b>Website:</b>	<a href="http://www.tcdc.govt.nz">www.tcdc.govt.nz</a>
<b>Email:</b>	<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.

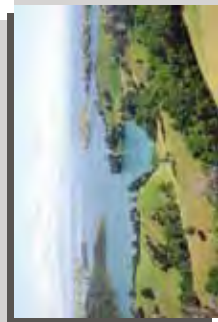




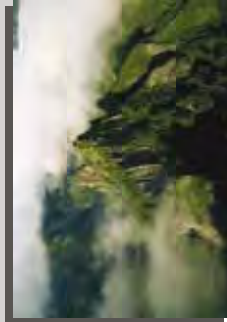
DISTRICT OVERVIEW



**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 has the district's largest permanent population (based on 2006 census data) 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.



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



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



## Our People, Our Place

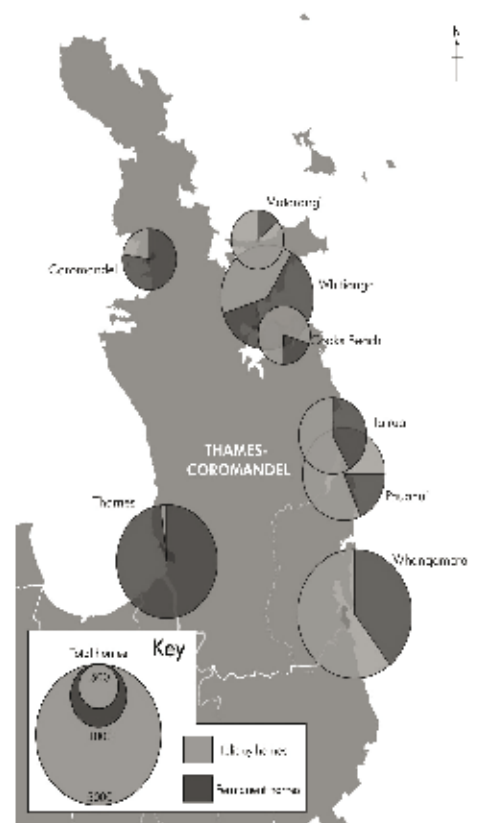
The Thames-Coromandel District is a magical and unique area of New Zealand, world famous for its stunning beaches and coastline, dramatic landscapes, abundant bush and wildlife. As the majority of the District is located on a narrow peninsula with a dividing mountain range down the middle, it has dramatic coastlines, bush views, rivers and surf beaches that make it an attractive holiday and tourist destination as well as a relaxing and beautiful place to live. Close to half of the District is made up of Department of Conservation or Crown land providing a constant backdrop of native bush, and large parks and reserves for recreational pursuits.

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.

It is home to diverse settlements and communities, and within close proximity to three major cities – Auckland, Hamilton and Tauranga. Due to the proximity to these larger more urbanised centres, the peninsula is a popular destination for a large number of local visitors, many of whom own holiday homes or ‘part-time’ residential properties here. Approximately half of the houses on the Coromandel are owned by people who visit occasionally or live in the District on a part-time basis. 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.

The District is an excellent place for a summer holiday by the beach with a full calendar of musical, sporting and other cultural events. This means that the District experiences huge population growth at the Christmas and New Year period that is an average of five times the usual population. This short but busy time creates a challenge for Council to ensure that the services provided are able to cope with the influx of visitors from outside the District. The peak summer holiday demand coincides with seasonal low water flows, which places 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.

Thames-Coromandel District Council endeavours to manage the competing priorities of making the District an attractive place to live and work for the numerous and diverse small communities spread along both the Eastern and Western Seaboards, while at the same time being prepared for rapid growth and the demands and expectations of people who will live here in the future.



### DISTRICT STATISTICS

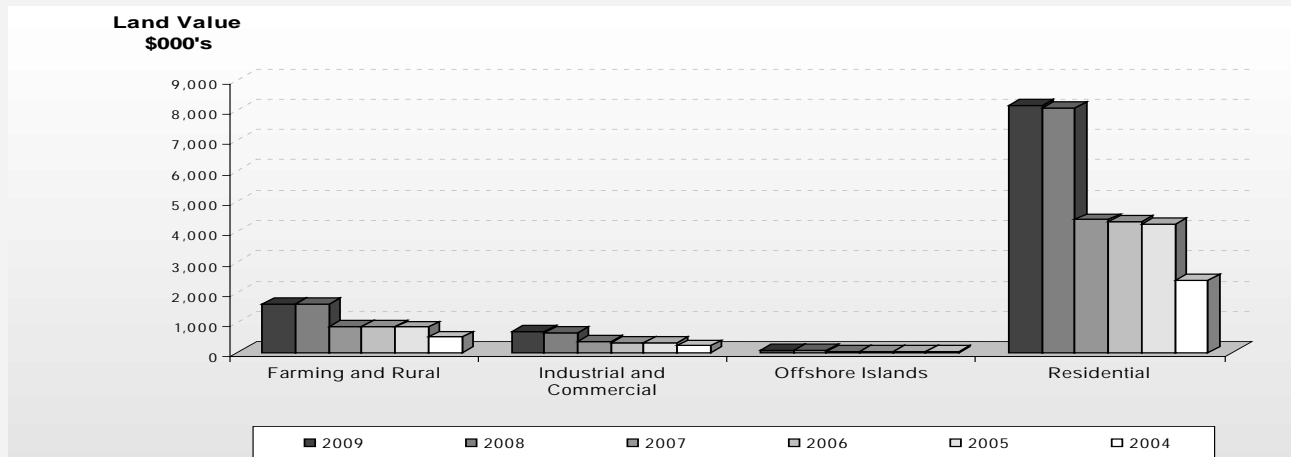
Resident Population (2006)	<b>25,941</b>
Projected Population (2029)	<b>30,203</b>
Number of Households (2006)	<b>11,547</b>
Number of Unoccupied Dwellings (2006)	<b>10,920</b>
Total Number of Dwellings	<b>22,704</b>
Median Personal Income (2006)	<b>\$20,700</b>
Absentee owners/Part-time Residents	<b>48%</b>
Political Representatives (Council and Community Boards)	<b>29</b>
Staff (includes casuals and excludes 6 students)	<b>198</b>
Communities	<b>50+</b>
Number of Rating Units Assessed (2008)	<b>26,121</b>



## FINANCIAL TRENDS

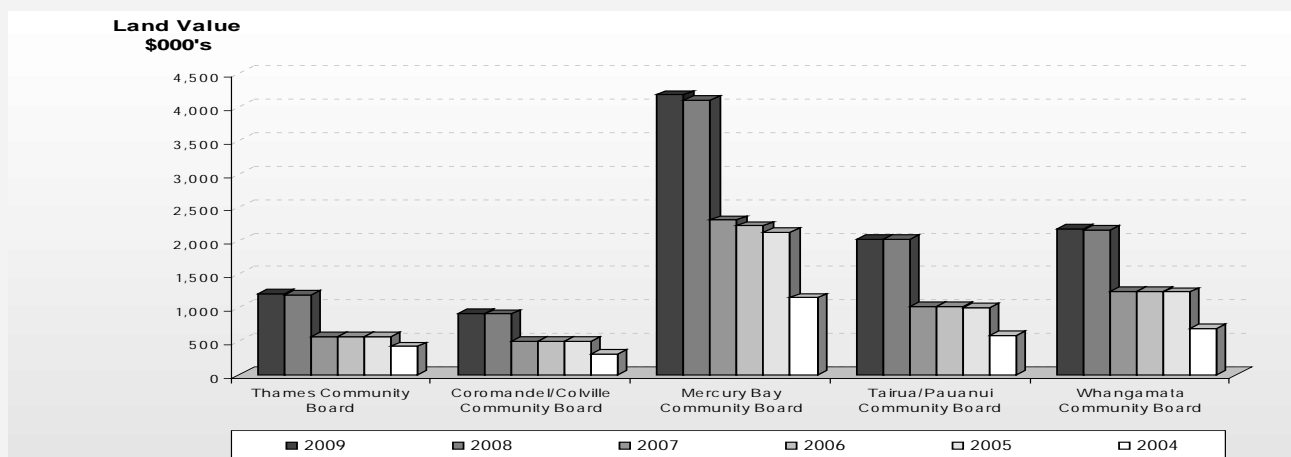
Rateable Land Value	2009	2008	2007	2006	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Farming and Rural	1,592,893	1,586,307	868,898	850,011	835,990	509,065
Industrial and Commercial	679,433	670,195	357,830	337,915	318,876	224,673
Offshore Islands	86,346	79,996	44,924	43,824	43,824	29,697
Residential	8,157,183	8,060,082	4,376,876	4,308,833	4,219,459	2,364,721
<b>Total Rateable Land Value</b>	<b>10,515,855</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>

### Rateable Land Values - By Land Use



Rateable Land Value of District by Area	2009	2008	2007	2006	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Thames Community Board	1,205,974	1,194,444	567,616	565,967	563,293	418,154
Coromandel/Colville Community Board	913,859	904,500	499,588	492,106	491,683	299,871
Mercury Bay Community Board	4,186,036	4,108,330	2,310,013	2,223,175	2,122,035	1,148,078
Tairua/Pauanui Community Board	2,030,757	2,031,092	1,023,179	1,015,831	1,006,905	579,888
Whangamata Community Board	2,179,229	2,158,214	1,248,132	1,243,504	1,234,233	682,165
<b>Total Rateable Land Value by Area</b>	<b>10,515,855</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>

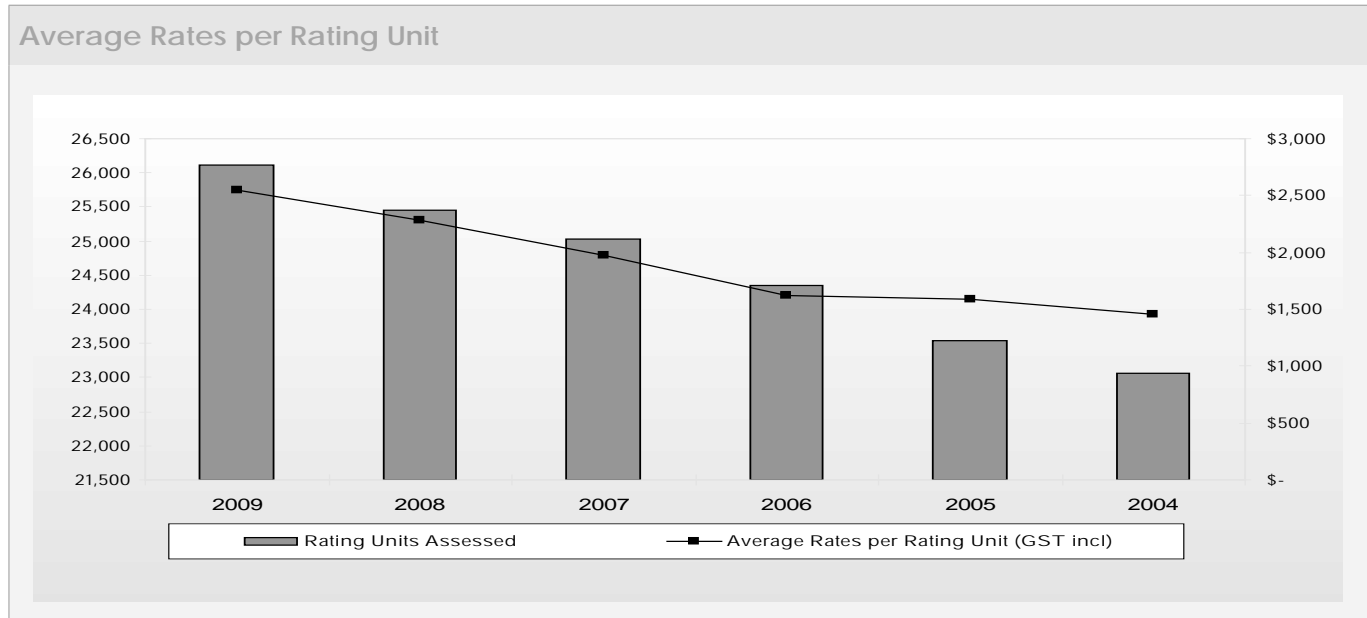
### Rateable Land Values - By Community Board





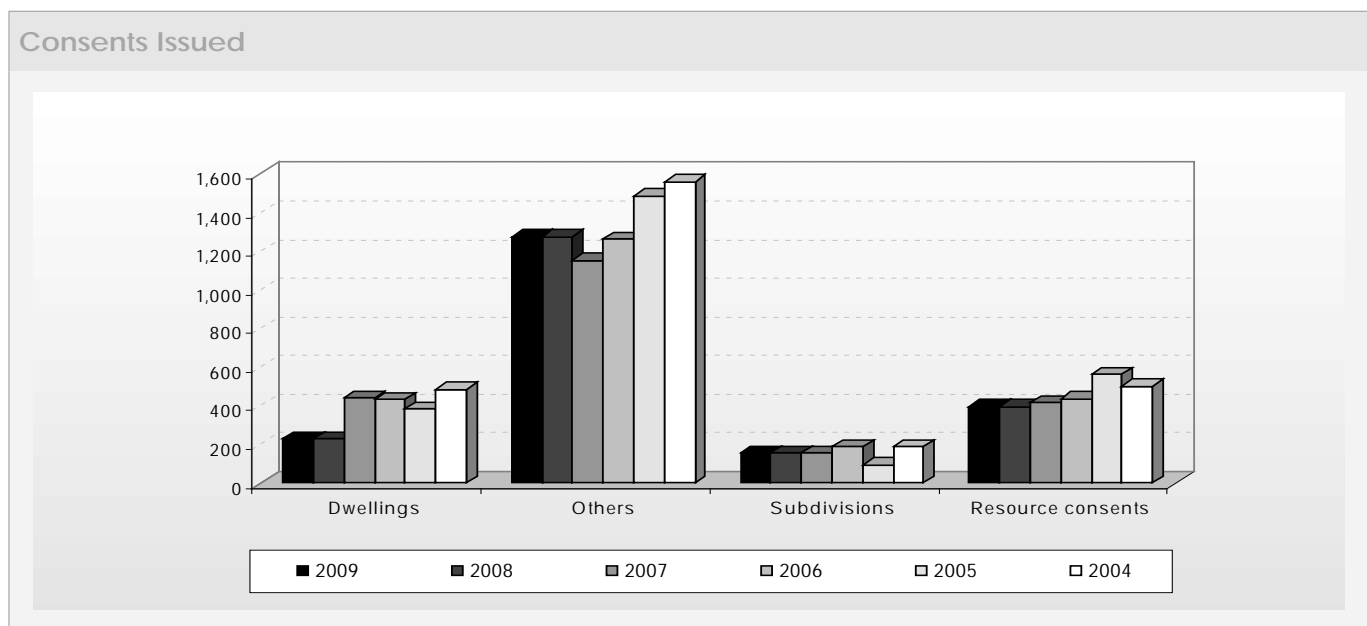
## Average Rates per Rating Unit

	2009	2008	2007	2006	2005	2004
Rates Assessed (excluding water by volume)	59,029	51,548	43,957	35,099	32,477	29,753
Rating Units Assessed	26,121	25,458	25,031	24,357	23,534	23,058
<b>Average Rates per Rating Unit (GST inclusive)</b>	<b>\$2,542</b>	<b>\$2,278</b>	<b>\$1,976</b>	<b>\$1,621</b>	<b>\$1,586</b>	<b>\$1,452</b>



## Consents Issued

	2009	2008	2007	2006	2005	2004
<b>Building Consents Issued</b>						
Dwellings	238	231	441	431	382	486
Others	861	1277	1156	1265	1488	1,562
<b>Planning Applications</b>						
Subdivisions	95	153	154	187	94	187
Resource consents	335	396	415	438	564	503

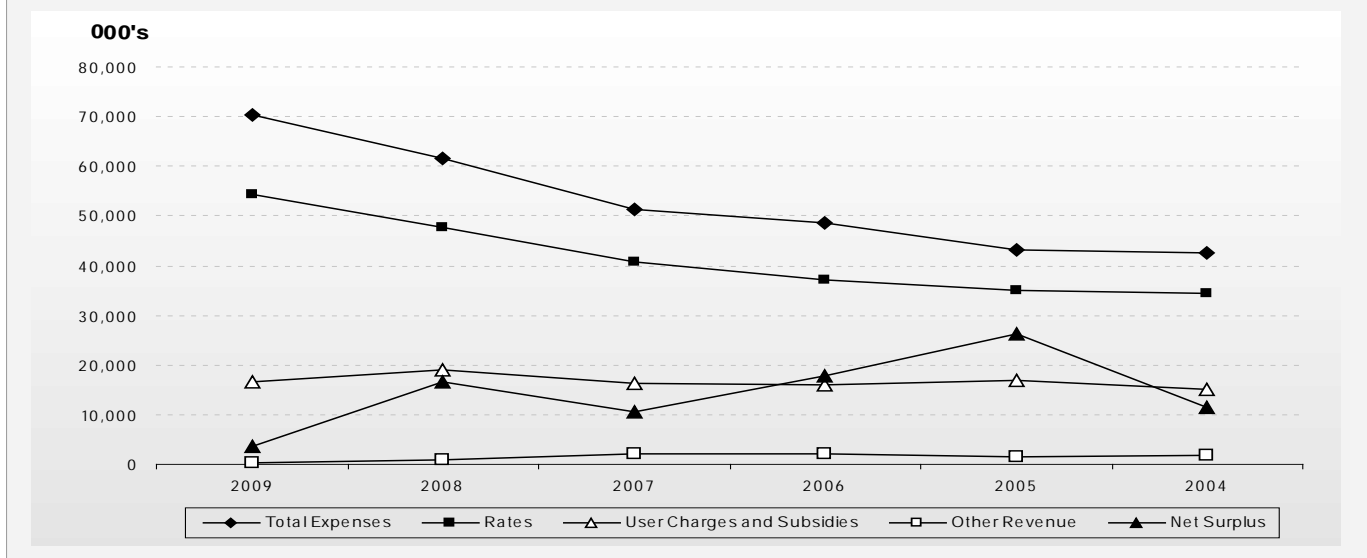




## Summarised Operating Result

Financial	2009	2008	2007	2006	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Statement of Financial Performance</b>						
Total Expenses	70,372	61,570	51,395	48,595	43,048	42,422
Rates	54,241	47,634	40,828	37,025	35,028	34,496
User Charges and Subsidies	16,509	19,022	16,232	16,142	16,966	15,175
Other Revenue	206	826	2,072	2,117	1,374	1,842
Net Surplus	3,727	16,701	10,574	17,845	26,292	11,501
<b>Statement of Financial Position</b>						
Capital expenditure	33,657	56,922	45,527	19,232	19,338	12,737
Net Cash (liquid) assets	66	469	131	18,784	20,139	16,262
Borrowings (excluding finance leases and hire purchases)	55,100	35,800	0	0	0	0
Fixed assets (including PP&E and intangible assets)	1,168,748	1,002,788	814,022	777,587	489,833	443,906
<b>Statistics</b>						
Working capital ratio	0.5	0.3	0.4	2.3	2.7	1.6
Borrowings per rateable property	2,109.4	1,406.2	0.0	0.0	0.0	0.0
Proportion of rates to total revenue	73.2%	60.9%	65.9%	55.7%	50.5%	64.8%

## Summarised Operating Results





## CUSTOMER SATISFACTION SURVEY OF OVERALL COUNCIL PERFORMANCE

Each year the Council seeks to gauge customer satisfaction with its 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.

The results of the survey are also compared to New Zealand local authorities as a whole and to a peer group of similarly constituted local authorities. These comparisons allow the Council to assess its relative performance. The results of the comparisons have not been included in this report. This is a small snapshot of the information from the annual customer satisfaction survey, the full report is available from the Council.

### The Survey

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The National Research Bureau surveyed a total of 400 people including residents and ratepayers from each community board area and ratepayers. The interviews were conducted by telephone between 20 March 2009 and 29 March 2009. More detail on the methodology can be found in the full National Research Bureau Communitrak 2009 Survey results.

<b>Residents (by location)</b>	<b>Number surveyed</b>
Thames	72
Coromandel/Colville	30
Mercury Bay	39
Tairua/Pauanui	30
Whangamata	29
<b>Total</b>	<b>200</b>

<b>Absentee ratepayers (by location)</b>	<b>Number surveyed</b>
Auckland	98
Hamilton/Waikato	72
Elsewhere in New Zealand	30
<b>Total</b>	<b>200</b>



## Satisfaction with Council Services and Facilities

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

	2009	2008	2007	2006	2005
<b>Parks and Reserves</b>					
Very/fairly satisfied	84%	86%	84%	86%	89%
Not very satisfied	13%	10%	12%	10%	9%
<b>Cemeteries</b>					
Very/fairly satisfied	50%	43%	43%	43%	n/a
Not very satisfied	3%	2%	3%	3%	n/a
<b>Boats Ramps &amp; Launching Facilities</b>					
Very/fairly satisfied	66%	62%	60%	58%	n/a
Not very satisfied	16%	15%	18%	21%	n/a
<b>Public Toilets</b>					
Very/fairly satisfied	76%	73%	73%	72%	69%
Not very satisfied	15%	15%	14%	14%	19%
<b>Public Libraries</b>					
Very/fairly satisfied	69%	59%	55%	63%	62%
Not very satisfied	4%	4%	4%	5%	7%
<b>Building Consents</b>					
Very/fairly satisfied	30%	26%	34%	30%	40%
Not very satisfied	34%	32%	31%	32%	27%
<b>Resource Consents</b>					
Very/fairly satisfied	n/a	21%	n/a	n/a	82%
Not very satisfied	n/a	27%	n/a	n/a	15%
<b>Footpaths</b>					
Very/fairly satisfied	70%	70%	64%	63%	69%
Not very satisfied	27%	21%	29%	33%	26%
<b>Roads</b>					
Very/fairly satisfied	84%	80%	81%	82%	81%
Not very satisfied	16%	19%	18%	18%	19%
<b>Water Supply</b>					
Very/fairly satisfied	64%	65%	62%	63%	59%
Not very satisfied	14%	15%	18%	16%	20%
<b>Stormwater Services</b>					
Very/fairly satisfied	65%	70%	67%	63%	68%
Not very satisfied	27%	20%	23%	60%	22%
<b>Rubbish Collections</b>					
Very/fairly satisfied	80%	80%	80%	87%	78%
Not very satisfied	16%	17%	14%	10%	19%
<b>Sewerage System</b>					
Very/fairly satisfied	68%	72%	66%	58%	65%
Not very satisfied	12%	11%	16%	22%	15%

### Notes:

1: the balance where figures don't add to 100% is a "don't know" response.

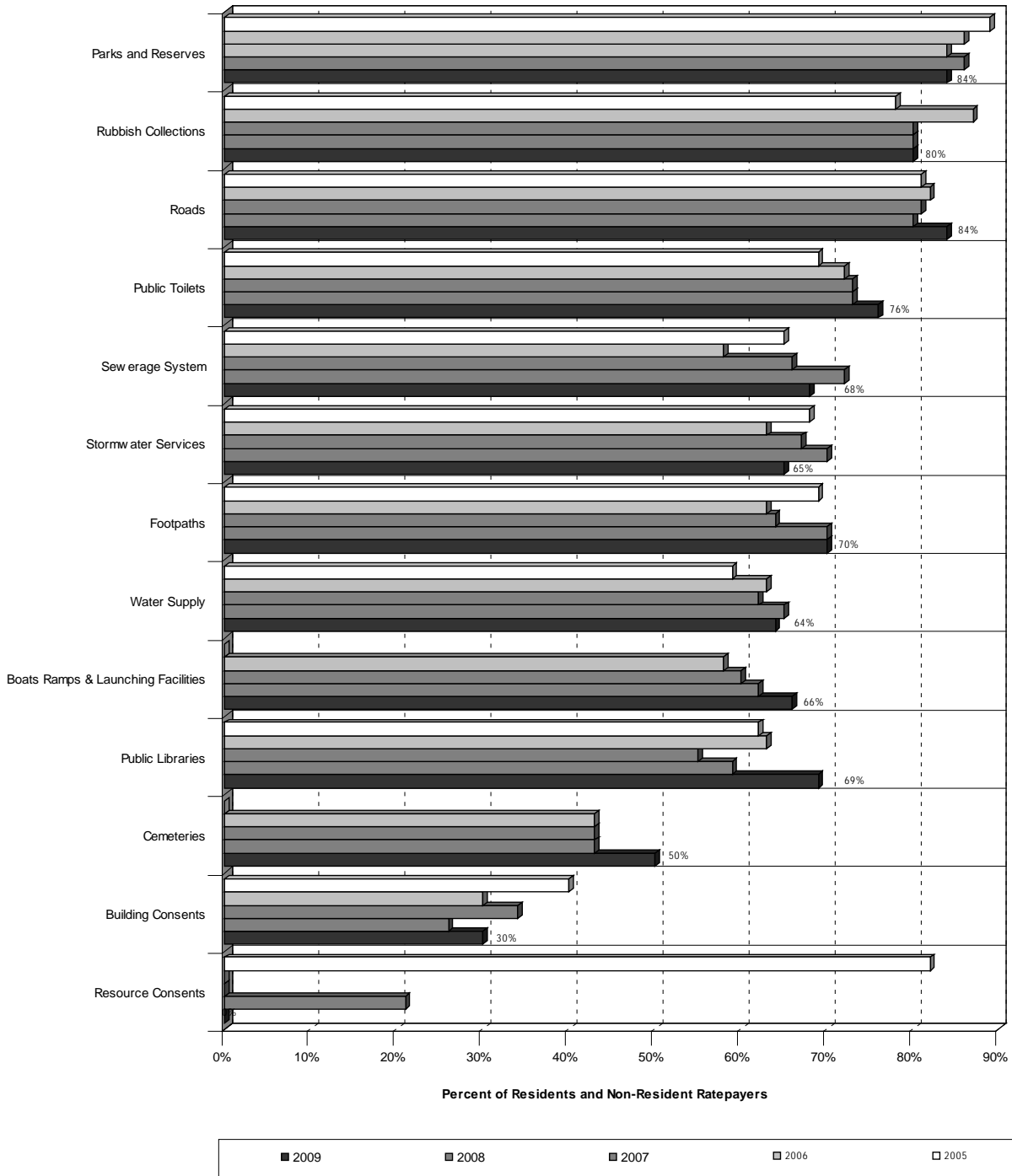
2: For some activities there were a high level of "don't know" responses. The surveyors recognise that this is in part due to half of the survey being non-resident ratepayers. This appears to skew the overall satisfaction results.

The following activities had "don't know" responses for more than a quarter of those interviewed, meaning that total satisfaction and dissatisfaction results do not add to 100%. If the results are recalculated to reflect the percentage satisfaction EXCLUDING the "don't know" response, the satisfaction results for the most affected activities are as follows:

Building Consents	55%
Cemeteries	94%
Public Halls	84%
Public Libraries	95%



## The Percentage of Ratepayers Satisfied with Council Services and Facilities







## The Council's Policy and Direction

Respondents were asked how satisfied they were with the Council's decisions or actions.

- 36% were satisfied/very satisfied with the Council's actions or decisions in 2009 (in 2008, 33%) had a decision or action in mind they approved/liked;
- 31% were dissatisfied/very dissatisfied of Council's actions or decisions in 2009 (in 2008 36%) had a decision or action in mind they disapproved/disliked.
- 28% of respondents did not express a view either way;
- And 5% could not comment.

From the results, it appears people are showing a higher level of satisfaction with the decisions/actions made by the Council since 2007, and similarly the proportion of people dissatisfied is falling.

Level of Satisfaction	2009	2008	2007	2006	2005
Satisfied/very satisfied with decision/action	36%	33%	32%	30%	31%
Dissatisfied/very dissatisfied with decision/action	31%	36%	40%	39%	32%

Note: The wording of this question changed in 2009. Previous surveys asked people if they had a Council action or decision in mind that they approved/liked or disapproved/disliked.

Respondents were also asked about what they thought were the most important services that the Council should be focussing on. The main Council services believed to be important by respondents are:

Council Services	2009	2008	2007
Roading	29%	32%	29%
Sewerage/Wastewater	25%	26%	35%
Water Supply	23%	25%	31%
Footpaths and Walkways	11%	13%	14%
Environmental Issues	11%	12%	9%
Stormwater Drainage and Flood Control	10%	12%	17%
Marina/Boat Ramps/Harbour Facilities	10%	6%	8%
Parks and Reserves	10%	6%	11%

The same top 5 have featured in the last 3 surveys (2009 inclusive) and provide the Council with a clear indication of what they see as the important focus areas.

## Contact with the Council

Respondents were asked if they knew how to contact elected members, their comfort levels in doing so, and who they would be most likely to contact for the Council as a whole.

Accessibility of:	Councillors	Community Board Members
Would know how to make contact and would do so	81%	55%
Wouldn't know how to contact and would let the matter drop	15%	43%
Don't know	4%	2%

86% of respondents said they would feel comfortable in contacting Councillors or the Mayor, whilst 11% said they would not.



72% of respondents would primarily contact the council offices or staff, 5% would approach a Councillor, 4% would approach the Mayor and 11% would approach a Community Board Member. Of the remaining respondents, 5% said this would be dependent on the topic and 3% didn't know

### Information about the Council

All respondents were asked if there was sufficient information supplied by the Council. 68% felt they received more than enough, or enough information (in 2008 this was 71%). Since 2007, it appears that the number of respondents that feel that the Council is not supplying enough information is slowly rising.

Level of Information	2009	2008	2007	2006	2005
More than enough/enough%	68%	71%	74%	68%	69%
Not enough/no where near enough %	29%	22%	18%	22%	25%
Don't know/not sure %	3%	7%	8%	10%	6%

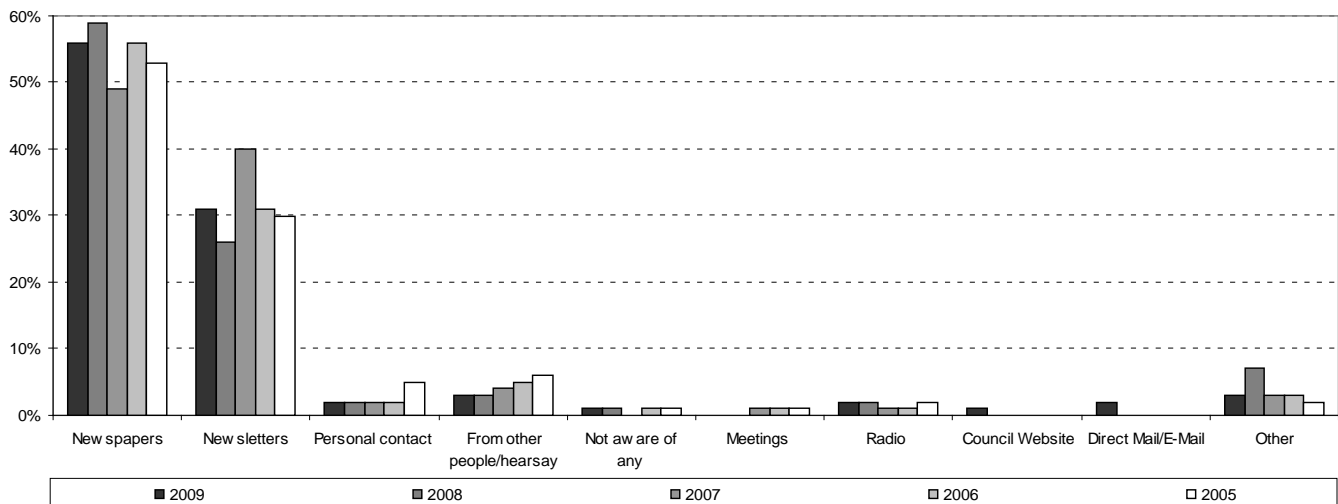
When asked where people mainly see, read or hear information about the Council, 87% of respondents stated that they had mainly read newspapers and newsletters to gather information about Council. The Hauraki Herald was identified as the primary newspaper source, followed by the Coastal News.

Source of Information	2009*	2008	2007	2006	2005
Newspapers %	56%	59%	49%	56%	53%
Newsletters %	31%	26%	40%	31%	30%
Personal contact %	2%	2%	2%	2%	5%
From other people/hearsay %	3%	3%	4%	5%	6%
Not aware of any %	1%	1%	0%	1%	1%
Meetings %	0%	0%	1%	1%	1%
Radio %	2%	2%	1%	1%	2%
Council Website	1%	n/a	n/a	n/a	n/a
Direct Mail/E-Mail	2%	n/a	n/a	n/a	n/a
Other %	3%	7%	3%	3%	2%

\*This column does not add to 100% due to rounding errors

### Main Source of Information about the Council

Percentage





## 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 Public Benefit Entity 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 Public Benefit Entity 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 Consolidated Statement of Financial Performance was \$3.72 million (including assets vested in Council), \$15.47 million less than budget.

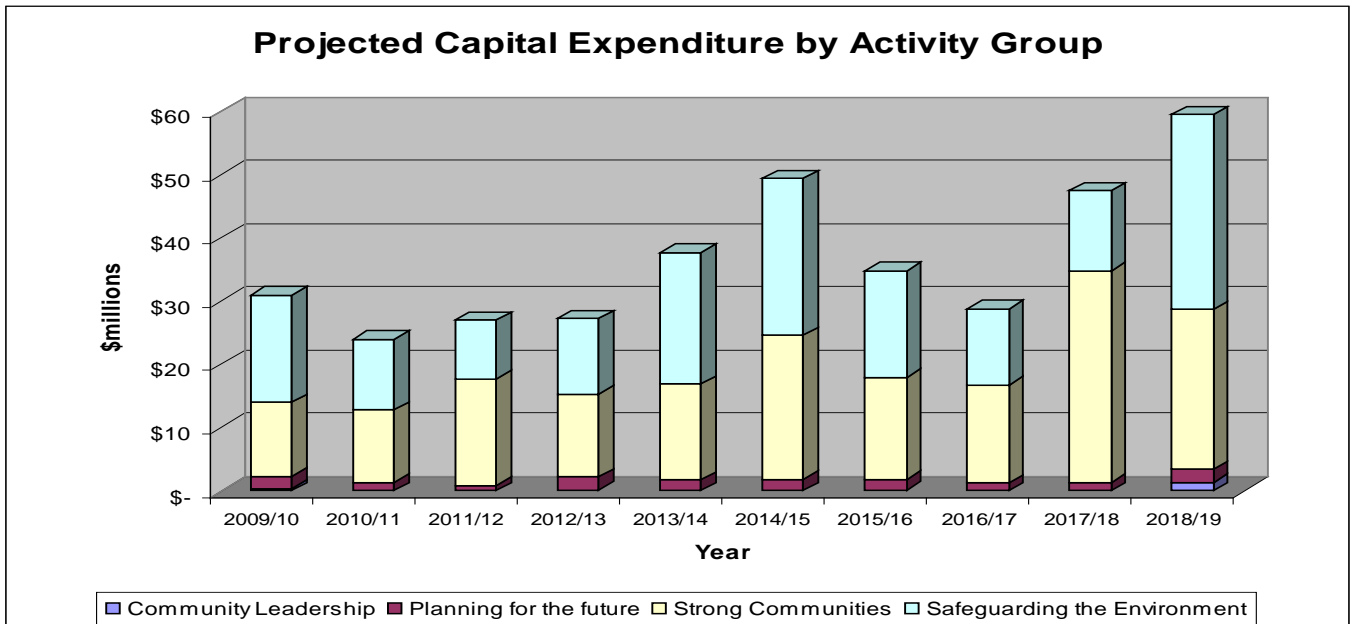
The primary reasons for these results were:

- Development contributions received are lower than estimated by \$11.46 million, totalling \$1.09 million compared to a budget of \$12.55 million,
- Assets worth \$3.14 million have been vested in Council during the year, which is \$1.25 million lower than expected,
- Finance costs were \$3.24 million compared to a budget of \$3.40 million, being \$0.16 million lower than estimated,
- Other losses were \$4.63 million higher than planned due mainly to losses on disposal of property, plant and equipment.

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

#### Borrowings

As detailed on page 39, 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 Council's 2009-2019 Ten Year Plan. This capital expenditure is required to meet the levels of service demanded of Council from its ratepayers both now and into the future.

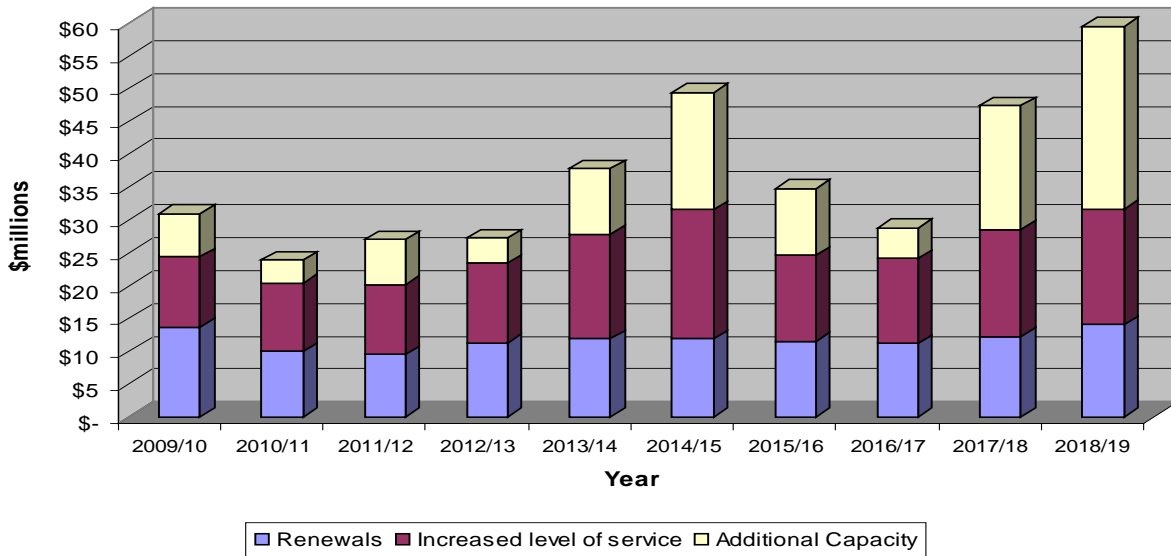


This capital expenditure can be classified as one or more of the following:

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



### Projected Capital Expenditure by Type



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.

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

To fund the Renewal and Increased Levels of Service classes of capital expenditure 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 so that its capital expenditure programs and operational activities are not placed at risk.

Borrowing is not a source of revenue in itself. Rather it is a 'bridging' mechanism to assist with the financing required for the construction of long-term assets. The debt still needs to be repaid from other sources of revenue (e.g. rates). The use of debt allows us to enjoy the asset now while paying the debt back over time. In this sense it is much the same as a home mortgage. If the Council had to fund these capital projects through rates it would cause large fluctuations in rating demands.

By financing long-term assets through its debt funding facilities the Council seeks to strike an equitable balance between funding these assets from its current and future beneficiaries. This is known as the intergenerational equity principle. Intergenerational equity refers to a fair balance in the relative contributions of current and future generations to the cost of funding local government expenditure. As such, borrowing is not actually a bad thing and should be something that is encouraged (within reason) as it seeks to match the cost of the Council's infrastructure to those who consume it over time.

Over the last eighteen months, some Councils have issued loan stock with funding margins significantly higher than those experienced prior to September 2007. This Council's strategy has been to fund through the less costly and more flexible bank funding market. However, the bank funding market presently offers revolving term facilities out to three years only. Over the short to medium term, Council will continue to spread its debt maturity profile, as it is economic to do so.



Council has set self imposed borrowing limits in section 7.10 of its Liability Management Policy. It states that Council's debt, being internal plus external debt, shall not exceed 150% of its operating revenue. Internal debt is Council funds that it lends itself thereby reducing the need for external debt.

The reduction in development contributions revenue compared to budget for the year has had the effect of reducing this self imposed debt limit by some \$17 million. As a consequence Council are in breach of its self imposed debt limits as at 30 June 2009. As disclosed in Council's 2009-2019 Ten Year Plan this breach is forecast to continue throughout the 2009/10 financial year before returning to within Council's policy limits from 2010/11 forward.

### **Community Expectations and levels of Rates Conflict**

Along with legislative requirements, increasing community expectations are major drivers of the Council's expenditure, particularly capital works projects. The high environmental values of the Coromandel and relative 'wealth' of some sections of the community mean that the community is particularly focused on ensuring that the Council's activities are delivered to a 'high standard' and in a way in which adverse environmental effects are minimised. In many cases, the choice of level of service provided can have a substantial impact on the expenditure required.

The Council is facing, through its resource consent application processes, increasing demands for higher environmental standards. The standards being set for wastewater discharges, for example, are significantly higher than those set in the past. The increasing environmental standards now being set are a reflection of community demand, the physical environment of the Peninsula, growth pressures and legislation. As mentioned, the Council has also faced a number of calls for increased service levels from different sections of its community in recent years. These increases in environmental standards do come at a significant cost.

At present, the Council's infrastructure investment programme is very heavily driven by network infrastructure. It is a challenge to balance these essential infrastructural requirements with cultural infrastructure that delivers things that are in some ways more visible to the community and seem to add more to the community perception of 'quality of life'.

There is also a need to duplicate assets between different communities given the dispersed nature of a number of the District's settlements. This duplication makes it more expensive to provide a level of service across the District and can generate inconsistencies in provision.

Community demand for services is also changing. Publically advocated programmes for expanded services in activities like halls, libraries, and swimming pools will add to the overall community demand for services. 'Community spaces' seem to need to cater to a greater range of uses in one place leading to concepts of large multi-purpose sports and recreation facilities. There is already a level of duplication in some communities with libraries, pools and halls often being provided by schools and other community groups.

All of these factors place upward pressure on level of rates required to fund these services provided by Council. There would appear a degree of misconception between the level of services requested and their subsequent impact on rates we are required to pay. This correlation can be expressed as follows:

***The more we want, the higher the level of service Council will need to deliver***

***The greater the level of service delivered by Council, the more it will cost***

***The more it costs, the more rates we pay.***

### **Affordability Issues**

The Council has been concerned about the level of rate increases that have been needed within this District in recent years to fund infrastructure development. The Council is also aware that income levels within the District are generally lower than the New Zealand average.

In addition to what we know about low-income levels for some of our residents there is also growing concern about the effect of the economic recession on household budgets. Coupled with the local government rating inquiry findings and suggested indications of an affordability threshold of 5% of total household income - and while we do not know what is affordable for an individual ratepayer - we acknowledge the existence of genuine issues with ability to pay within the community.



### **Financial Sustainability and the Need to Prioritise**

As a consequence of affordability issues within the District, one of the key issues that the Council has to grapple with in balancing its service and rating levels is the wide disparity in the ability to pay of different sections of its community.

The resident population has an average income level that is significantly below the national average. This is in stark contrast to what Council knows about the 50.5% of ratepayers who make up the absentee ratepayer population. These disparities in income levels create a tension in terms of service level expectations amongst different sections of the community.

Therefore, the Council needs to identify possible affordability issues not only for its District as a whole but also for individual communities within it.

The Council is aware however, that current rating levels for some ratepayers are well above the suggested 5% of income threshold suggested by the Shand inquiry. Without alternative tools, which would allow Council to reduce the reliance on rates as a primary income source, it will be very difficult to make any significant difference to the affordability of rates for the ratepayer. These tools would need to be provided through central government legislation.

Combine community preferences with legislative requirements to deliver certain services as well as other strategic issues outlined and it becomes clear that delivering all the 'needs' and 'wants' of our communities could become a very large and expensive exercise.

The Council has developed a prioritisation model to assist it to prioritise capital expenditure projects across the many different services it provides. The objective of this process is to ensure the continuing financial sustainability of Council itself, being conscious of rating affordability concerns within its communities that this expenditure impacts upon, while at the same time seeking to deliver positive outcomes for those same communities

As a result of this prioritisation, and in an effort to minimise costs, some projects will be delayed or removed and others moved up the priority order. Therefore by their very nature, these decisions will not be agreeable with everyone.

### **Financial Risk**

In addition to the 'diametrically opposed demands' of increases in levels of service delivered, while at the same time reducing rates, the Council has a number of financial risks it needs to manage. The nature of these risks has been reinforced by the world financial crisis and current economic recession that continues to evolve over time.

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.

As part of the financial sustainability project conducted by the Council over the past two years it has developed a risk management framework to identify key areas of financial risk. The Council has prioritised the monitoring and revision of the key indicators of these risks. This provides the opportunity for the Council to take steps to change the particular strategies/plans it is pursuing.

The financial risks Council has to manage include:

- Actual growth and the revision of growth forecasts
- Inflation
- Increases in price costs (oil, energy)
- Uncertainty of financial forecasting information
- Interest rates
- Affordability of rates.



Council is in the final stages of the development of its financial sustainability strategy which will provide a structured framework within which Council will address the conflicting demands of increased level of services demanded from it, the affordability of rates, together with other financial risks it needs to manage.

### **Property, plant and equipment**

The total book value of all of the Council's operational and infrastructural assets is \$1,170.33 million (including intangible, property, plant and equipment and forestry assets) compared to \$1,004.67 million last year. The total amount of amortisation and depreciation charged on these assets for the year was \$14.14 million (2008: \$11.99m). These depreciation reserves are used to fund capital works including renewals and increased levels of service or held to meet future requirements.

Land including parks and reserves and all classes of infrastructural assets (except harbours which were revalued last year) were revalued on 1 July 2008, increasing the value of those classes of property, plant and equipment as follows:

- The revaluation of water infrastructure increased the value of these assets significantly by \$24.54 million to \$95.09m.
- Wastewater assets were revalued to \$122.90 million being an increase in value of \$3.00 million.
- Stormwater assets were revalued to \$64.52 million on 1 July 2008, an increase in value of \$1.32 million.
- Roads were revalued to \$492.20 million on 1 July 2008, a significant decrease in value of (\$34.24 million). A further \$8.67 million was spent on roading assets this financial year, with \$8.20 million being completed and capitalised. Developers vested roading assets worth \$1.42 million.
- The revaluation of footpaths decreased the value of these assets by (\$1.70 million) to \$15.06 million.
- Bridges and culverts were revalued to \$13.71 million on 1 July 2008, an increase in value of \$0.57 million.
- The revaluation of operational land increased the land value by \$1.36 million to \$57.40 million.
- The revaluation of parks and reserves land increased the value significantly by \$124.53 million to \$197.83 million.
- Reserves improvements were revalued revalued on 1 July 2008 with an increase in value of \$1.26 million.
- The revaluation of solidwaste assets increased the value by \$0.26 million to \$3.92 million.

For explanations of significant variances, refer to the Financial Statements, Note 35; *Explanation of major variances against budget*. Also, explanations of significant variances by activity group are reported in Section Three; *Council Activities*.

### **Capital Expenditure**

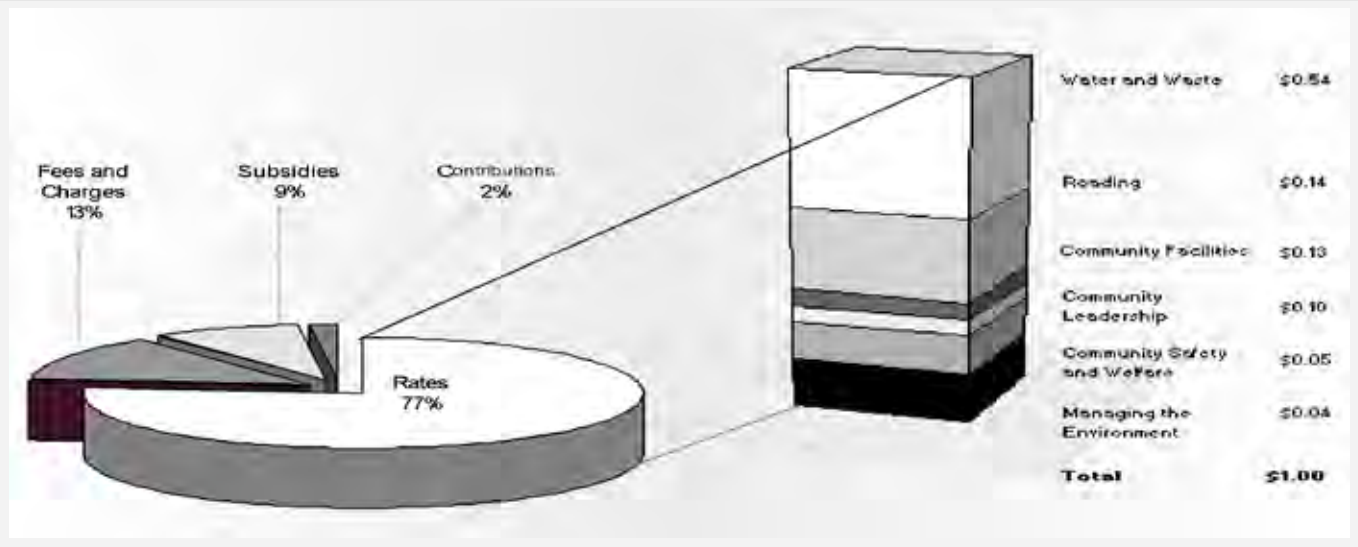
Capital expenditure totalled \$33.66 million for the year (2008: \$56.92m). This was less than the budget by \$8.08 million (2008: \$22.91m). Refer to the Financial Statements, Note 32; *Capital works programme*.

Capital expenditure on wastewater during the current financial year totalled \$18.58 million, representing 55% of the Council's total capital expenditure programme.

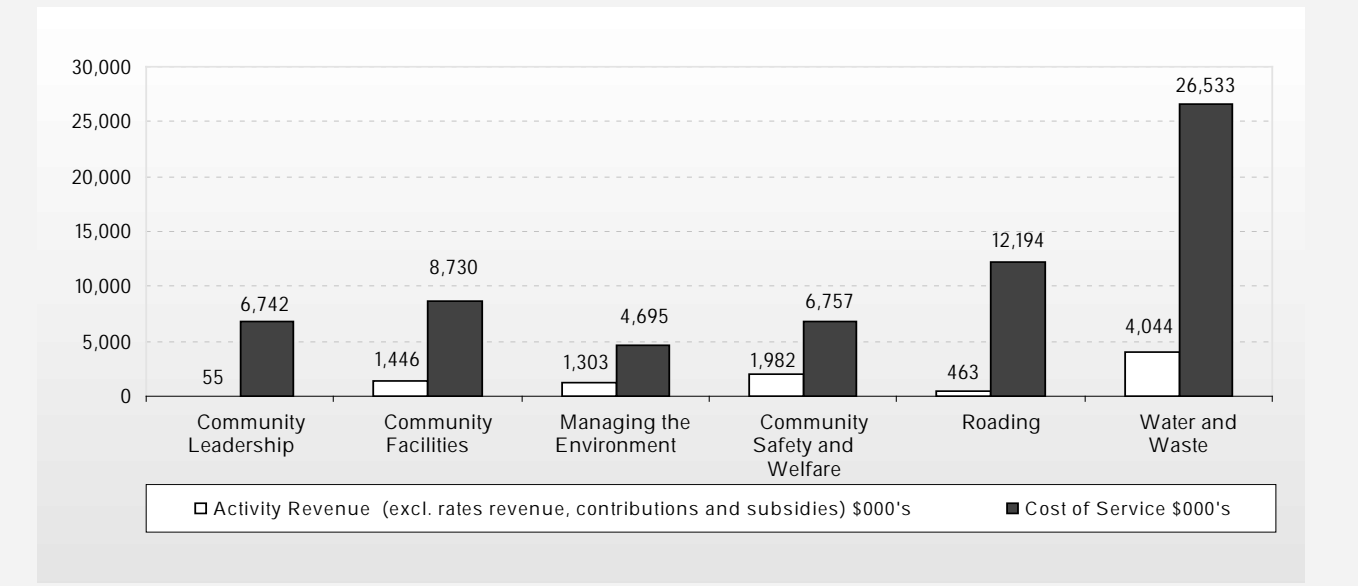
- Given that development contributions have been lower than expected to date, there has been insufficient contributions collected to purchase suitable reserves land in Mercury Bay during this financial year as intended.
- Whitianga wastewater treatment plant has been completed and was operational from July 2008. The total cost of the plant was \$15.26 million, which was recognised as a wastewater asset in property, plant and equipment this financial year. A further \$0.15 million of capital expenditure has been carried forward in work in progress.
- Tairua/Pauanui wastewater treatment plant has been completed, however decommissioning of the old plant and construction of the effluent disposal network is not expected to be finished until June 2010. Capital expenditure to date has been \$4.30 million, and this expenditure remains in work in progress until completion of the asset. Refer to Note 15; *Property, plant and equipment* for further details on significant capital expenditure in relation to this financial year.
- Whangamata wastewater treatment plant is under construction and was due for completion March 2009. The Whangamata wastewater plant has not been capitalised for the year ending 30 June 2009 due to work continuing on fine tuning the plant operation. Although the plant is in the commissioning phase it will be a further 4-5 months before the plant will be operating as per the design and within resource consent standards. It is hoped to complete this work plus site landscaping over the next 3 months with an open day planned for Labour Weekend. Capital expenditure to date has been \$28.70 million, which has been carried forward within work in progress until the asset is completed. Refer to Note 15; *Property, plant and equipment* for further details on significant capital expenditure in relation to this financial year.



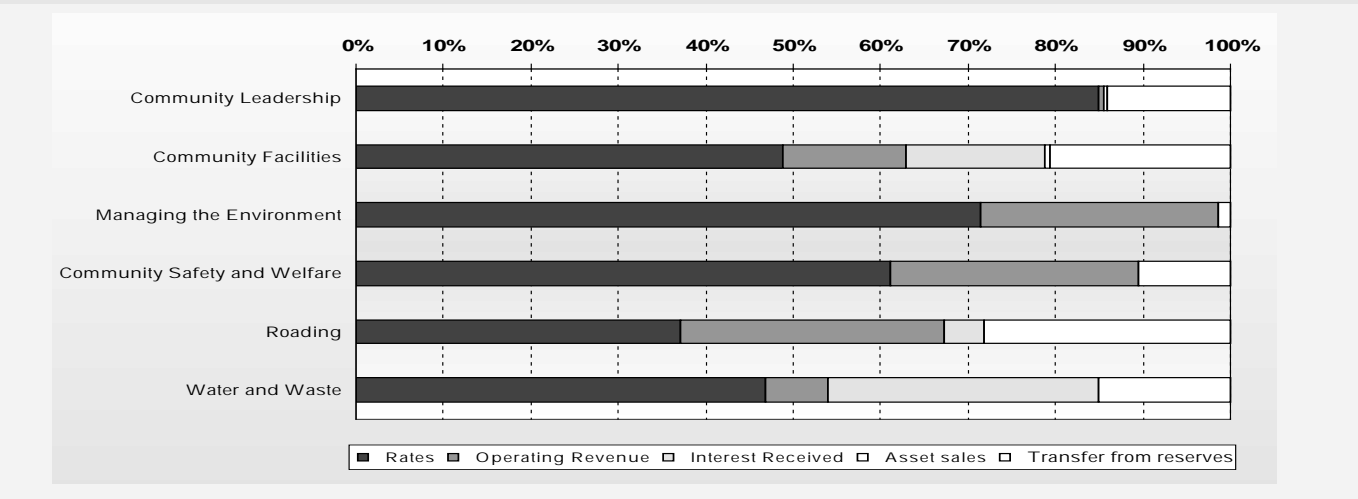
### How your Rates Dollar was used for the year ended 30 June 2009



### A comparison between activity revenue and the cost of service for each activity group for the year ended 30 June 2009



### Funding of Council Activities for the year ended 30 June 2009





## FINANCIAL AND CAPITAL EXPENDITURE SUMMARIES

### Summary of Cost of Services

For the year ended 30 June 2009

2008		2009	
Parent Actual \$000's	Notes to Accounts	Parent Budget \$000's	Parent Actual \$000's
<b>REVENUE</b>			
<b>Council Activities</b>			
5,988	Community Leadership	5,646	5,755
10,819	Community Facilities	12,927	8,832
3,681	Managing the Environment	3,640	3,576
4,744	Community Safety and Welfare	5,252	4,480
13,698	Roading	14,476	14,208
27,881	Water and Waste	37,951	33,951
<b>66,811</b>	<b>Total Revenue from Council Activities</b>	<b>79,890</b>	<b>70,803</b>
10,789	Assets Vested and Introduced	4,398	3,144
317	Investment Revenue Unallocated Against Activities	0	0
353	Other Gains	55	152
<b>78,271</b>	<b>TOTAL REVENUE</b>	<b>84,343</b>	<b>74,100</b>
<b>EXPENDITURE</b>			
<b>Council Activities</b>			
6,841	Community Leadership	7,053	6,742
8,102	Community Facilities	8,262	8,730
3,932	Managing the Environment	4,627	4,695
5,628	Community Safety and Welfare	5,435	6,757
12,159	Roading	11,248	12,194
21,768	Water and Waste	28,526	26,533
<b>58,429</b>	<b>Total cost of services</b>	<b>65,150</b>	<b>65,650</b>
240	Impairment on Property Intended for Sale	0	90
2,901	Other Losses	0	4,632
<b>61,570</b>	<b>TOTAL EXPENDITURE</b>	<b>65,150</b>	<b>70,372</b>
<b>16,701</b>	<b>NET SURPLUS</b>	<b>19,193</b>	<b>3,727</b>

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

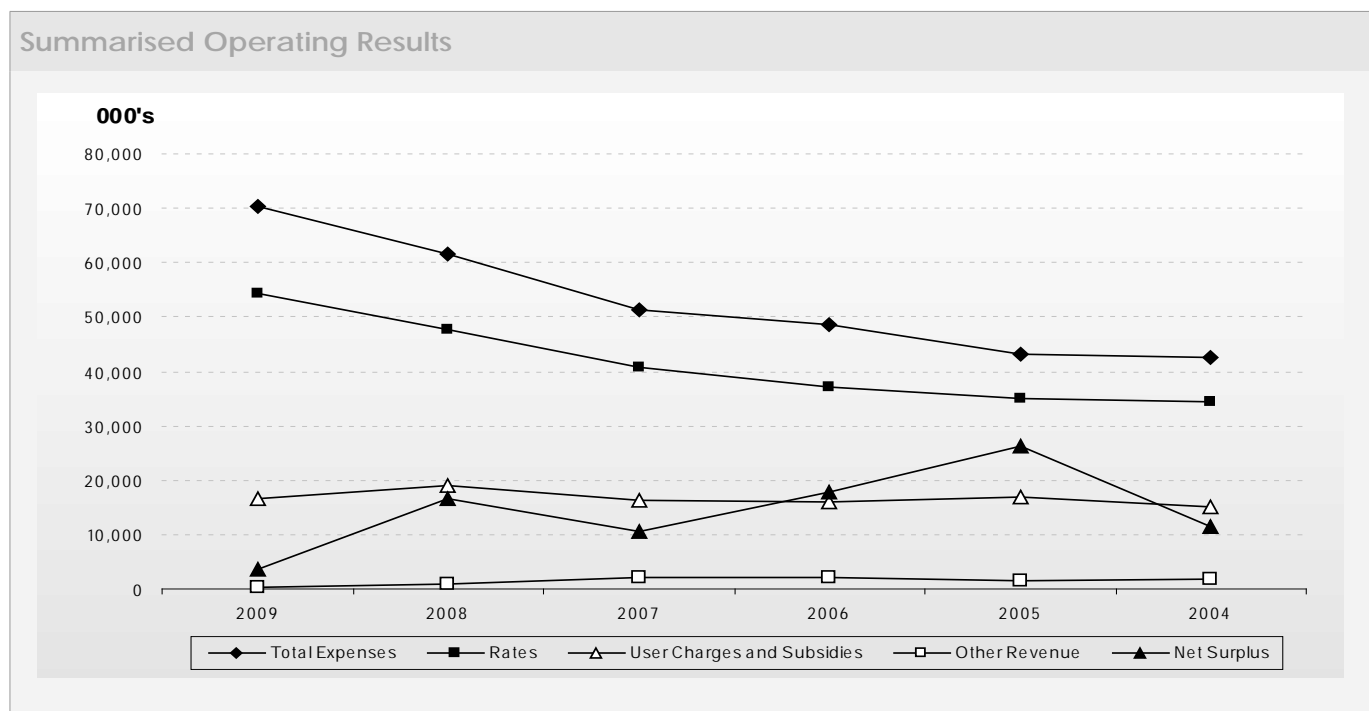


## Summary Consolidated Statement of Financial Performance

For the year ended 30 June 2009

2008		Notes to Accounts	2009		
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>REVENUE</b>					
47,634	47,564	3	53,916	54,241	54,156
19,022	19,195	2, 3	25,744	16,509	16,837
473	473	3	230	53	53
353	353	3	55	152	152
<b>67,482</b>	<b>67,585</b>		<b>79,945</b>	<b>70,955</b>	<b>71,198</b>
<b>EXPENDITURE</b>					
58,669	58,762	4	65,150	65,740	65,829
728	728	4	0	1,155	1,155
<b>59,397</b>	<b>59,490</b>		<b>65,150</b>	<b>66,896</b>	<b>66,985</b>
<b>8,085</b>	<b>8,095</b>		<b>14,796</b>	<b>4,059</b>	<b>4,213</b>
<b>ASSET DEVELOPMENT</b>					
10,789	10,789	3	4,398	3,144	3,144
(2,173)	(2,173)	4, 6	0	(3,477)	(3,477)
<b>8,616</b>	<b>8,616</b>		<b>4,398</b>	<b>(333)</b>	<b>(333)</b>
<b>16,701</b>	<b>16,710</b>		<b>19,194</b>	<b>3,727</b>	<b>3,880</b>

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





## Summary Consolidated Statement of Financial Position

As at 30 June 2009

2008			Notes to Accounts	2009		
Parent Actual \$000's	Group Actual \$000's			Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
8,657	8,796	Total Current Assets	8-13	8,789	9,205	9,278
1,005,257	1,005,735	Total Non Current Assets	10, 11, 14-17	960,064	1,170,626	1,171,270
<b>1,013,914</b>	<b>1,014,531</b>	<b>Total Assets</b>		<b>968,853</b>	<b>1,179,831</b>	<b>1,180,547</b>
28,411	28,491	Total Current Liabilities	10, 20-23	21,046	17,393	17,440
32,696	32,979	Total Non Current Liabilities	10, 21-23	53,601	58,606	58,866
<b>61,106</b>	<b>61,469</b>	<b>Total Liabilities</b>		<b>74,647</b>	<b>75,999</b>	<b>76,306</b>
<b>952,808</b>	<b>953,062</b>	<b>NET ASSETS</b>		<b>894,206</b>	<b>1,103,832</b>	<b>1,104,241</b>
952,808	953,062	TOTAL EQUITY	7	894,206	1,103,832	1,104,241
<b>Total equity consists of:</b>						
369,159	369,350	Accumulated Funds		347,072	244,174	244,478
86,627	86,627	Restricted Reserves		66,723	213,477	213,477
(12,440)	(12,377)	Council-created Reserves		46,858	(8,516)	(8,411)
509,462	509,462	Asset Revaluation Reserves		433,553	654,697	654,697
<b>952,808</b>	<b>953,062</b>	<b>TOTAL PUBLIC EQUITY</b>	7	<b>894,206</b>	<b>1,103,832</b>	<b>1,104,241</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 2009

2008			Notes to Accounts	2009		
Parent Actual \$000's	Group Actual \$000's			Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
<b>338</b>	<b>374</b>	<b>Net Increase (Decrease) in Cash Held</b>		<b>490</b>	<b>(403)</b>	<b>(482)</b>
131	225	Add Cash at Start of the Year		234	469	599
469	599	BALANCE OF CASH AT YEAR END		724	66	116
THE CHANGE IN THE CASH BALANCE IS DUE TO:						
24,137	24,227	Net cash flows from operating activities		27,341	16,834	16,970
(59,475)	(59,503)	Net cash flows from investing activities		(41,107)	(36,502)	(36,697)
35,676	35,650	Net cash flows from financing activities		14,255	19,265	19,245
<b>338</b>	<b>374</b>	<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>490</b>	<b>(403)</b>	<b>(482)</b>

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



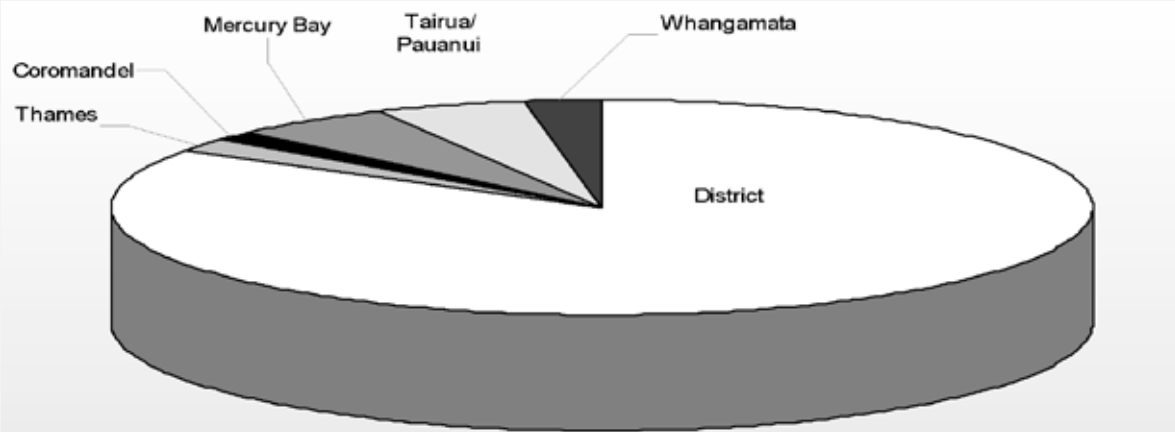
## CAPITAL EXPENDITURE SUMMARIES

### Summary of Capital Projects by Area

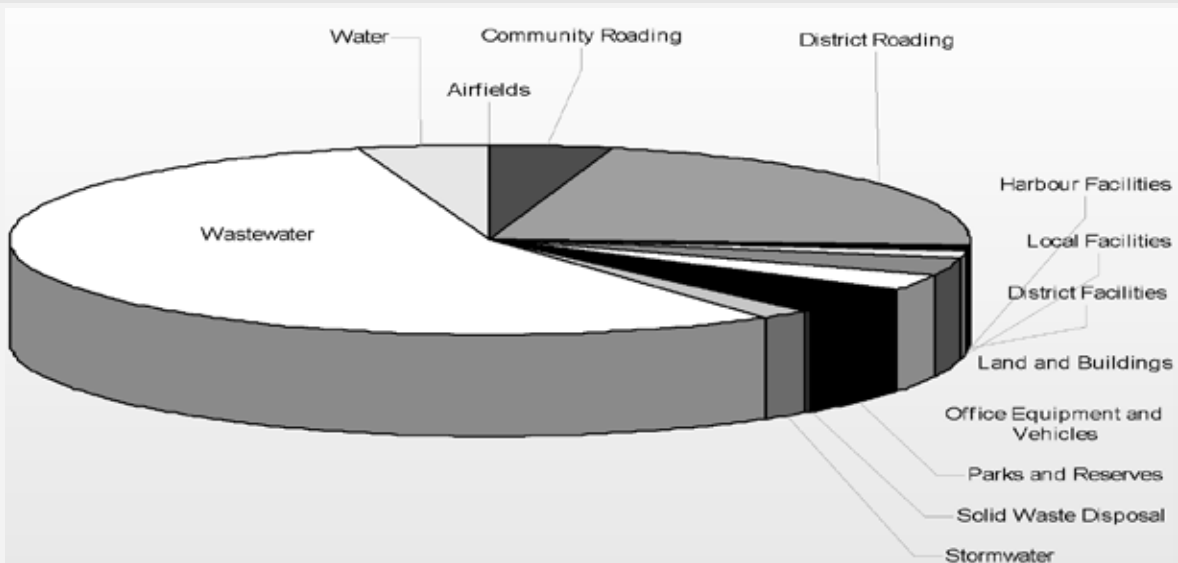
For the year ended 30 June 2009

2008			Notes to Accounts	2009		
Parent Actual \$000's	Group Actual \$000's	Area		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's
47,090	47,090	District		30,997	28,243	28,243
1,296	1,296	Thames		971	670	670
747	747	Coromandel		424	421	421
2,340	2,340	Mercury Bay		4,958	1,832	1,832
3,328	3,328	Tairua/Pauanui		2,710	1,608	1,608
2,121	2,121	Whangamata		1,678	883	883
<b>56,922</b>	<b>56,922</b>	<b>TOTAL VALUE OF CAPITAL PROJECTS BY AREA</b>	<b>32</b>	<b>41,738</b>	<b>33,657</b>	<b>33,657</b>

Capital expenditure by area



Capital expenditure by activity





## 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 2009 fairly reflect the financial position, performance and operations of the Thames-Coromandel District Council.

Philippa Barriball JP  
**DISTRICT MAYOR**

Date: 30 September 2009



Steve Ruru  
**CHIEF EXECUTIVE**

Date: 30 September 2009





## Audit Report

### To the readers of Thames Coromandel District Council and group's financial statements and performance information for the year ended 30 June 2009

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. 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 2009, including the financial statements.

#### Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 139 to 224:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2009; 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 53 to 133 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 30 September 2009, 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 2009. 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.

Other than the audit and in conducting the audit of the Long Term Council Community Plan, 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





## SECTION THREE: COUNCIL ACTIVITIES



Photograph: *Whitianga Harbour*

Community Leadership Group  
Community Facilities Group  
Managing the Environment Group  
Community Safety and Welfare Group  
Roading Group  
Water and Waste Group



## 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 by what the Council is trying to achieve in delivering them. Information is provided about what each activity involves and how it contributes to the wellbeing of Thames-Coromandel District communities. 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 'Consolidated Statement of Financial Performance', the 'Consolidated Statement of Financial Position', the 'Consolidated Statement of Changes in Equity', 'Consolidated 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 recognised accounting standards.

### How to Read This Section

---

This section of the Annual Report focuses on the services which the Council delivers.

At the end of the 2008/09 financial year, the Council's activities were categorised into six groups:

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

These groups were changed on 1 July 2009 as a result of the adoption of the 2009-2019 Ten Year Plan but do not apply to this annual reporting period.

### 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.



What information is reported on?	How is this presented in the Annual Report?
<p>The community outcomes to which these activity groups primarily contribute. More information on community outcomes is provided below.</p> <p>The results of any measurement which demonstrates progress towards the achievement of those community outcomes.</p>	<p>Most groups of activities help achieve our community outcomes in some way. The relevant community outcomes are identified in this section.</p> <p>For each group of activities, the Council's own contribution towards the relevant outcomes are described.</p>
<p>Any identified effects that an activity has on the social, economic, environmental or cultural wellbeing of the community.</p>	<p>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.</p>
<p>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.</p>	<p>This information is provided for each activity.</p>
<p>A description of any significant acquisitions or replacements of assets and the reasons for the acquisition/replacement.</p> <p>The reasons for any significant variation between projected acquisitions and replacement of assets and actual acquisitions and replacements.</p>	<p>This information is provided in the capital expenditure tables reported for each group of activities.</p>

## 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

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 (LTCCP) 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 2008/09 year to help contribute to these aspirations and any other progress measured.



## COMMUNITY LEADERSHIP GROUP

### What Community Leadership Delivers

The Community Leadership activities help communities set goals and provides direction on what their priorities are and the best way to achieve them. Through this activity group, 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 overall community wellbeing of the District's communities.

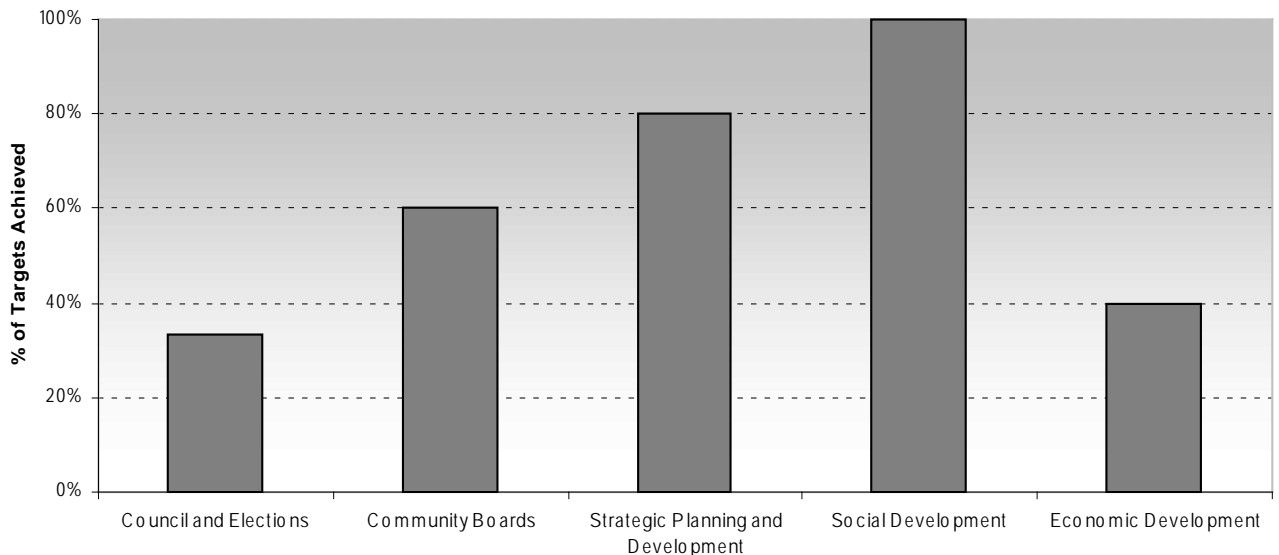
This activity group ensures that the principles and obligations of the Local Government Act 2002 are met.

#### 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 2008/09 year.

#### Community Leadership Performance Measures - Achievement





## Working Towards Our Community's Aspirations

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The community outcomes reflect the community's overall aspirations for its future. The Council is more actively involved in delivering some than others, where it has a limited ability to influence them. By delivering the Community Leadership activities, the Council intends to contribute to achieving the three outcomes outlined below.

### How Do We Know if Progress is Being Made?

The following summarises any measurement of progress we are making towards achieving the outcomes that has been carried out in the last year - regardless of the Council's own role. Where we can, we have also described any effect of the Council's own activities in particular on achieving those outcomes.



#### **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 endeavouring to keep 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 (2009) reported that 68% of residents and non-resident ratepayers are satisfied with the sufficiency of information supplied by the Council.

The satisfaction of Thames-Coromandel District residents and ratepayers with the overall performance of the Council is an indication of how the Council is building a cohesive and supportive District through effective leadership. Whilst this measure does not show this on its own, with 77% of residents and ratepayers satisfied with the overall performance, it is a positive indication that the Council is in general, meeting the needs of its communities and working to achieve this outcome (Customer Satisfaction Survey 2009).

Encouraging volunteers helps ensure that our communities are supportive. The Council is involved in recognising community volunteers for their input into the community by running annual Community Service Awards. 21 nominations were received for the 2008 Community Service Awards up from 19 nominations in 2007. Whilst this does not measure the number of volunteers in the area or whether they are increasing, it does show increased recognition of volunteers and encourages them through the Community Service Awards.



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

The main contribution of the Council towards economic development is through support of tourism and events (e.g. through funding Tourism Coromandel). The effect of this contribution can be seen in part through the change in guest and visitor numbers coming through the District. As at May 2009, the Thames-Coromandel District saw a 14% increase in international guest arrivals and a 7% increase in visitor nights year on year (statistics provided by Tourism Coromandel).



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

The level of confidence that communities have in the plans that the Council is working towards is a good indication of whether local and visitor communities believe that sound planning is being undertaken ahead of growth and development. The recent Customer Satisfaction Survey (2009) reported that 82% of residents and non-resident ratepayers were confident that the Council makes plans for the future that are in the best interests of the District.



## 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.

### 2008/09 Achievement Highlights

- Governance Policy review complete and approved by Council.
- Electoral System review complete. The Council resolved to return to First Past the Post for the 2010 elections.
- Hauraki Gulf Islands Petition. The District and Regional councils affected by this petition determined that the Commission would be better placed to consider the information provided.
- Representation Review complete. The Eastern ward has now been split into two after consultation and will go to the formal proposal stage provided for under the Local Electoral Act 2001.
- Submission to Government on the Resource Management Act (streamlining) Bill.

### The Service We Provide: 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>77%</b>	<p>Target not achieved. Results were taken from the 2009 National Research Bureau survey (2008 survey result was 80%):</p> <p>The main reasons residents and non-resident ratepayers who thought the overall performance of Thames-Coromandel District Council was very/fairly good were:</p> <ul style="list-style-type: none"> <li>• Doing a good job/do their best/no complaints/get the job done</li> <li>• Good communication/keep us informed/they listen</li> <li>• Services/facilities are good/improved (excluding roads/footpaths)</li> <li>• Good to deal with/good service/helpful</li> <li>• Upgrading/maintenance/beautification</li> <li>• Room for improvement/always room for improvement</li> </ul> <p>The residents and non-resident ratepayers who thought the overall performance of Thames-Coromandel District Council was not very good/poor, gave the following main reasons:</p> <ul style="list-style-type: none"> <li>• Poor performance/lack of action/poor decisions made</li> <li>• Rates too high/not value for money/unfair allocation</li> <li>• Lack of consultation/information/don't listen to us</li> <li>• Overspend/waste money</li> <li>• Too much infighting/bickering/negatives in paper</li> </ul>



<p>% of residents and ratepayers satisfied with how the Council allocates funds / rates to be spent on the services and facilities provided.</p>	70%	<b>53%</b>	<p>Target not achieved. Results were taken from the 2009 National Research Bureau survey (2008 survey result was 61%):</p> <p>95% of residents/non-resident ratepayers or members of their household identified themselves as ratepayers (92% in 2008).</p> <p>Overall, 53% of Thames-Coromandel residents and non-resident ratepayers were satisfied with the way rates were spent on services/facilities provided by Council (61% in 2008), while 41% were not very satisfied with this spending (31% in 2008).</p> <p>The main reasons residents and non-resident ratepayers were not very satisfied with the way rates are spent were:</p> <ul style="list-style-type: none"> <li>• High rates/high for services received/not value for money</li> <li>• Our rates spent elsewhere/unfair allocation</li> <li>• Waste money/spent in wrong areas/spend unwisely/excessive</li> <li>• Other facilities/areas needing attention/expenditure</li> </ul>
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**The Service We Provide: We will operate in an open and transparent manner**

Measure	Target	Result	Comments
<p>% of Council agenda items which are public excluded.</p>	10%	<b>17.2%</b>	<p>Target not achieved. Public excluded items included matters of a commercially sensitive nature or were legally privileged due to judicial proceedings.</p>
<p>% of residents and ratepayers who feel that their elected representatives give a fair and open-minded hearing.</p>	35%	<b>25%</b>	<p>Target not achieved. Results were taken from the 2009 National Research Bureau survey (2008 survey result was 26%):</p> <p>25% of Thames-Coromandel District residents and non-resident ratepayers felt that their elected representatives gave a fair and open-minded hearing when dealing with local community issues, while 23% believed the Mayor and Councillors gave a defensive and one-sided hearing (17% in 2008). 39% felt the answer lay somewhere between the two (34% in 2008).</p> <p>No reasons for dissatisfaction were recorded.</p>
<p>% of residents and ratepayers satisfied with the sufficiency of information supplied by the Council.</p>	75%	<b>68%</b>	<p>Target not achieved. Results were taken from the 2009 National Research Bureau survey (2008 survey result was 71%)</p> <p>68% of residents and non-resident ratepayers felt that there was more than enough/enough information supplied (71% in 2008), with 29% feeling there was not enough/nowhere near enough information supplied (22% in 2008).</p> <p>No reasons for dissatisfaction were recorded.</p>





The Service We Provide: **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.	60%	<b>39%</b>	Target not achieved. Results were taken from the 2009 National Research Bureau survey (2008 survey result was 50%). 39% of Thames-Coromandel District residents/non-resident ratepayers were very satisfied/satisfied with the way Council involved the public in the decisions it made (50% in 2008), while 28% were neither satisfied nor dissatisfied (22% in 2008), 28% of respondents were dissatisfied/very dissatisfied (20% in 2008) and 5% were unable to comment.  No reasons for dissatisfaction were recorded.

Other Projects and Programmes	
Community engagement strategy developed.	Not completed due to resourcing constraints.
Governance review - development of governance policies.	Governance Policies were adopted December 2008. These policies outline the processes through which the Council engages with its community, how the Council makes decisions, and how citizens can influence those processes.
Financial sustainability project.	Options paper presented to Council on 28 March 2008. The final strategy is being developed for adoption in December 2009.
Development contributions policy reviewed.	Completed as part of 2009-2019 Ten Year Plan.
Risk management project review.	The internal audit work programme was approved by the Audit Committee on 15 June 2009. The following internal audits have been completed: <ul style="list-style-type: none"> <li>• Development Contribution Policy and Practices</li> <li>• Vested Asset Policy and Practices</li> <li>• Taxation Compliance</li> <li>• Capital Expenditure Management</li> </ul>
Elections process prepared for.	The 2010 elections process will commence in early 2010.
Council continuing to act as the collective voice for the community.	Ten Year Plan process and Blueprint projects have been developed in conjunction with the community through wide consultation.
Council helping to resolve issues of competing priorities and assist in determining 'community interest'.	Ten Year Plan process and Blueprint project. Through the development of its Ten Year Plan and the Blueprint project Council determines its priorities.
Review of the electoral system by 12 September 2008.	Council decision in August 2008 to return to First Past the Post for the 2010 elections
Review of representation by 31 August 2009.	Council adopted final proposal on 24 June 2009. Appeals and objections are open until 3 August 2009.



## 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.

### 2008/09 Achievement Highlights

- Treasure Chest grants distribution.

**The Service We Provide:**      **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.	65%	<b>57%</b>	Target not achieved, result was taken from the 2009 National Research Bureau survey, which is down 3% on 2008. There is no specific evidence to explain dissatisfaction, but it is possible that the Community Boards were expected to resolve some controversial decisions (i.e. Whangamata Marina).
Community Plans endorsed by the relevant Community Board for each community.	No Community Plans Endorsed	-	No community plans were planned to be endorsed by Council in the 2008/09 year

**The Service We Provide:**      **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>1.6%</b>	Target Achieved. The number of public excluded items comes in under the annual target.

### Other Projects and Programmes

Process for monitoring implementation of Community Plans is established.	Community Boards were provided with regular update reports on the implementation of community plans, however due to resource constraints a specific process has not yet been established.
Treasure Chest funding administration,	Treasure Chest funding was administered in accordance with the criteria.
Reserve Management Plans are updated.	Reserve Management Plans are up-to-date.
Continued consultation, advocacy and leadership relating to local community issues.	As required.
Progressing the Coromandel Peninsula Blueprint project in local communities.	Blueprint preferred future to be adopted by Council in August 2009. The project is running several months behind schedule.
Ongoing implementation of community plans across the District.	In accordance with actions identified by Community Boards.



## 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.

### 2008/09 Achievement Highlights

- District Community Outcomes monitoring benchmark report released.
- Further development of the Coromandel Peninsula Blueprint.
- Adoption of the 2009-2019 Ten Year Plan.
- Input into a number of central and regional government documents including the Resource Management Act review, the draft Conservation Management Strategy and the second Regional Policy Statement.
- Invitation to participate in the Society of Local Government Managers (SOLGM) working party to prepare a response to the Local Government Act reforms.

The Service We Provide: **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	-	No review planned for 2008/09 year.

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

Measure	Target	Result	Comments
Strategic Planning and Development work programme completed.	Following projects completed: Annual Plan Annual Monitoring Report	<b>Achieved</b>	The 2009-2019 Ten Year Plan was adopted on 24 June 2009. Annual Report 2007/2008 adopted by Council on 24 September 2008.  Annual Report 2008/2009 under way.
Coromandel Peninsula Blueprint Project completed.	Implementation of Blueprint - Structure Plan Programme	<b>Not achieved</b>	Blueprint preferred future to be adopted by Council in August 2009. Project is running several months behind schedule.



The Service We Provide: **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 and completion of Community Outcome Monitoring Report	<b>Achieved</b>	Report received by Council in December 2008.

Other Projects and Programmes	
Biodiversity strategy developed.	Completed
Heritage strategy developed.	Completed
Continued identification of strategic issues facing the District, and the Council's potential response to them.	Completed - this was the main focus of the 2009-2019 Ten Year Plan, adopted in June 2009.
Continued work on promoting, monitoring and recording the achievement of District Community Outcomes.	Community Outcomes Benchmark report completed
Working with other agencies and organisations to promote the District's wellbeing.	Ongoing - this is included with the Community Outcome monitoring work.



## 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 coordination.

### 2008/09 Achievement Highlights

- Continued funding of Tourism Coromandel and Visitor Information Centres.
- Council workshop to review Tourism Coromandel and Information Centres.
- Regional Economic Development Strategy presented to Council.

The Service We Provide: **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: 1.97 million 420,000	<b>Visitor numbers:</b> <b>441,000</b> <b>Domestic</b>  <b>242,000</b> <b>International</b>	Target not achieved. Whilst below target, The figures for this year are an increase of 1.5% on the 2008/09 year. As at May 2009, there was a year on year increase of 14% for international guest arrivals and a 7% increase in visitor nights.
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 70% of the national average	<b>Unable to be calculated</b>	Tourism Coromandel, who supply these figures, are unable to calculate the average visitor spend for the past financial year.

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

Measure	Target	Result	Comments
Funding support provided to visitor information centres.	Funding provided to Thames, Whitianga, Tairua, Pauanui, Coromandel and Whangamata	<b>Achieved</b>	A total of \$202,675 was paid to Information Centres in 2008/09.  Pauanui did not request all of its funding.



## Other Projects and Programmes

Sub-regional economic development strategy continues to be implemented.	Achieved
Facilitation of business and economic development opportunities across the District.	Facilitation occurs as opportunities arise.
Continued funding of Tourism Coromandel - to implement the "Towards 2020: Strategic Plan"	Funding has been provided.
Funding a pilot project to manage the business and strategic development of the Visitor Information Centre network.	Pilot project was presented to Council in March 2009.
Funding of a District Events Co-ordinator (through Tourism Coromandel)	Funding has been provided.
Review of the Economic Development activity.	Council deferred work on this project.



## 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.

2008/09 Achievement Highlights
<ul style="list-style-type: none"> <li>▪ Funding allocation to community groups and organisations including sport, health and social services.</li> </ul>

The Service We Provide: **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>Achieved</b>	2008/09 funding has been provided to Life Education Trust and Social Services Waikato. Sport Waikato continues to receive monthly payments.  Reporting is being monitored from these three organisations.

The Service We Provide: **We will co-ordinate funding distribution from Creative NZ for arts in our District**

Measure	Target	Result	Comments
Scheme administered according to Creative New Zealand Agreement.	Requirements met and reported on annually to Creative New Zealand.	<b>Achieved</b>	Funding distributed in accordance with Creative New Zealand Agreement. All reporting requirements met.



## Other Projects and Programmes

Continued funding of Sport Waikato and the Life Education Trust.	Funding distributed and reporting requirements met.
Continued administration of the Council's Community Grant Policy.	Community Grant funding determined and distributed by Community Boards
Contributing funding to the employment of a Thames-Coromandel/Hauraki Community Advisor by Social Services Waikato.	Funding distributed and reporting requirements met.
Administration of the Creative Communities Scheme (community arts grants).	Funding distributed and reporting requirements met.





## Cost of Services Statement

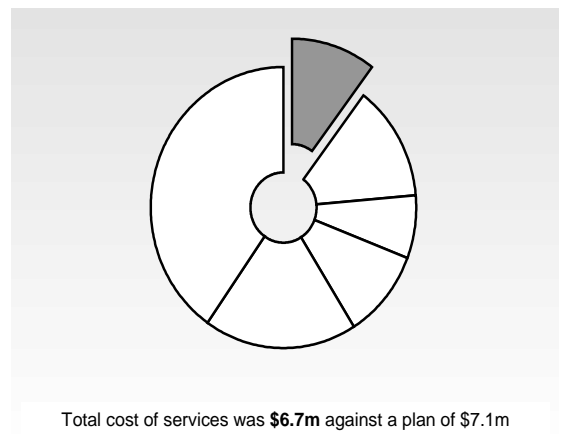
### Community Leadership

For the year ended 30 June 2009

2008		2009			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
<b>Revenue</b>					
59	Activity Revenue	0	55	55	1
0	Contributions Revenue	0	0	0	
5,929	Rates Revenue	5,646	5,700	54	2
0	Subsidies Revenue	0	0	0	
5,988	<b>Total Operating Revenue</b>	<b>5,646</b>	<b>5,755</b>	<b>109</b>	
<b>Cost of Services</b>					
1,619	Community Boards	1,670	1,666	4	
2,249	Council	2,326	2,268	58	3
716	Economic Development	817	783	34	
112	Elections	83	72	11	
1,097	Social Development	861	1,114	(253)	4
1,048	Strategic Planning and Development	1,295	839	456	5
6,841	<b>Total Cost of Services</b>	<b>7,053</b>	<b>6,742</b>	<b>310</b>	
<b>(853) OPERATING SURPLUS/(DEFICIT)</b>		<b>(1,407)</b>	<b>(987)</b>	<b>420</b>	

### What did it Cost?

Actual expenditure incurred for 2008/09 financial year (\$000s)	6,742
Planned expenditure for 2008/09 financial year (\$000s)	7,053
<b>Variance (\$000s)</b>	<b>310</b>



### Notes

- Activity Revenue is showing a favourable variance as:
  - 50% of the Blueprint Project costs were funded by Environment Waikato. This was an unbudgeted item.
- 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 rates at the end of closing off the District Valuation Roll on 30 June 2008 varied.



## Notes

- 3 Council expenditure is showing a favourable variance mainly due to:
- Council non-staff remuneration expenditure being less than that originally anticipated by \$42,000; and
  - Non-staff training expenditure being less than that originally expected by \$18,000.
- 4 Social Development is showing an unfavourable variance as:
- Rates Remission expenditure was higher than that budgeted for by (\$217,000). Developers have been taking advantage of remissions on new residential subdivisions, which apply for two years (or until the section is sold); and
  - Community Services - Contract expenditure was higher than that originally anticipated by (\$41,000). During the December Council meeting, a decision was made to use unbudgeted funds to help fund the cost of the business case of the zoom zone project.
- 5 Strategic Planning and development is showing a favourable variance as:
- Community Plan and Engagement Costs are less than those originally budgeted for by \$66,000. This was as a result of the deferral of community plan reviews. The flow on effect of the delays in completing the Coromandel Peninsula Blueprint and the desire to avoid duplication of these projects meant that the community plan reviews were put on hold. The community boards were advised of this;
  - Operating costs have been less than those expected this year to date by \$96,000. This is mainly due to staff reducing discretionary spend, when and where able;
  - LGA improvement costs were less than that originally forecasted by \$35,000. This was initially expected to be a timing issue only; however, costs in relation to the Development Contributions Policy were less than those expected as external consultants were not required as extensively as that originally anticipated.



## COMMUNITY LEADERSHIP - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2009		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
Computer Hardware	375	377	(2)	
Computer Software	610	280	330	1
Furniture and fittings	132	60	72	2
Plant and vehicles	337	212	125	3
<b>Total Community Leadership Capital Works Projects</b>	<b>1,454</b>	<b>929</b>	<b>525</b>	
<b>Percentage of Community Leadership Capital Works Projects completed</b>	<b>100%</b>	<b>64%</b>		

Notes	
1	Computer Software is showing a favourable variance as: <ul style="list-style-type: none"> <li>Part of the budget was deferred to the 2009/10 financial year due to rates affordability concerns.</li> </ul>
2	Furniture and fitting is showing a favourable variance as: <ul style="list-style-type: none"> <li>The scope of work changed due to the budget being revised downwards and a portion of work being deferred until the 2009/10 financial year.</li> </ul>
3	Plant and vehicles is showing a favourable variance as: <ul style="list-style-type: none"> <li>Part of the budget was deferred to the 2009/10 financial year due to rates affordability concerns.and workforce planning.</li> </ul>



## 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.

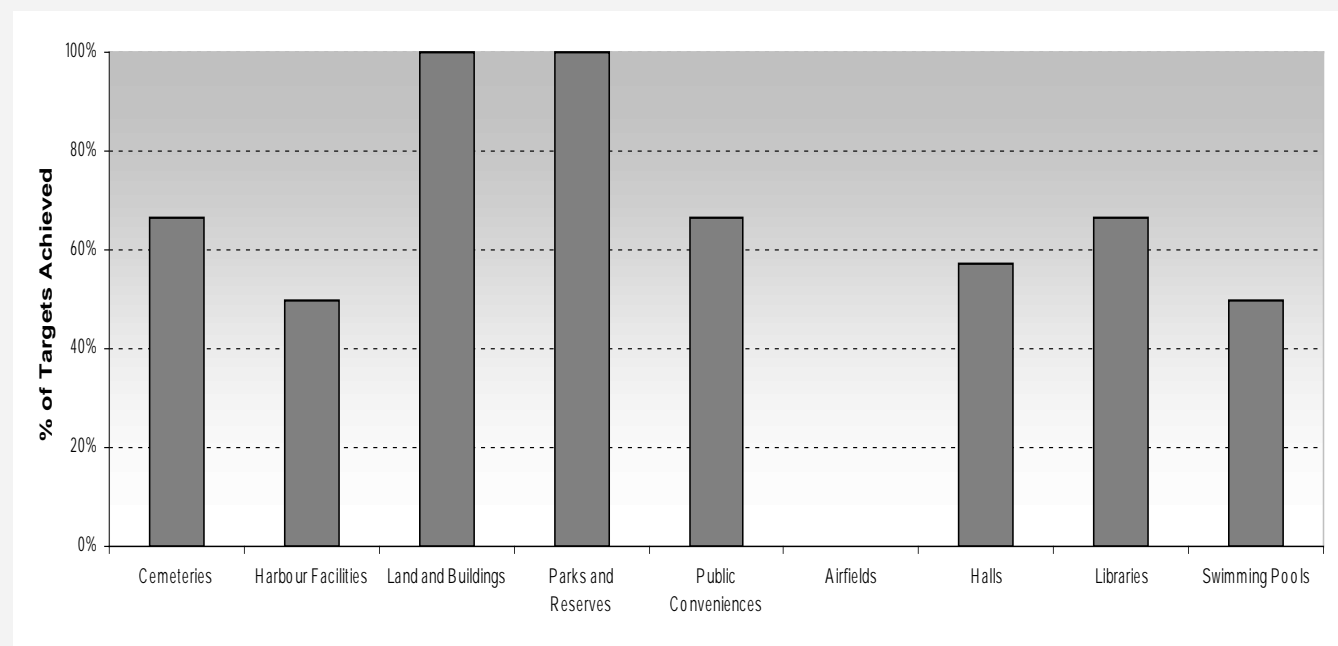
For some activities, such as cemeteries and public toilets, there are specific statutory provisions requiring Council involvement. For others, such as halls, airfields and swimming pools, the Council is involved to maintain and improve the general wellbeing of its communities. As community demographics 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 2008/09 year.

#### Community Facilities Performance Measures – Achievement





## Working Towards Our Community's Aspirations

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The community outcomes reflect the community's overall aspirations for its future. The Council is more actively involved in delivering some than others, where it has a limited ability to influence them. By delivering the Community Facilities activities, the Council intends to contribute to achieving the two outcomes outlined below.

### How Do We Know if Progress is Being Made?

The following summarises any measurement of progress we are making towards achieving the outcomes that has been carried out in the last year - regardless of the Council's own role. Where we can, we have also described any effect of the Council's own activities in particular on achieving those outcomes.



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

Through the parks and reserves and halls activities, the Council provides facilities to allow active recreation and open space where communities can participate in healthy activities and socialise. Parks and reserves were one of the most utilised Council facilities last year with 87% of residents and ratepayers indicating that they used facilities within the past year (Customer Satisfaction Survey 2009). Of those asked in the survey, 84% were satisfied with the provision of parks and reserves.

Noise issues arising from Whangamata Hall have been ongoing over the last two years and have become a significant issue in that community in terms of this outcome. This has been considered to have had a negative effect on the community from both perspectives, for those where noise has become a problem, and others who are unable to use the hall because of noise and time restrictions that have become necessary. In order to rectify this issue, work began on Whangamata Hall this year to deal with the noise problems. This is ongoing.



#### **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 efficiency and effectiveness of facility provision can be measured in part by the satisfaction of those who use them. This can help to indicate whether these facilities are coping with current demand. 84% of respondents to the Customer Satisfaction Survey (2009) are satisfied with public toilets in the District excluding the don't know responses (76% of total respondents including 'don't know' responses); 94% are satisfied with cemeteries excluding the don't know responses (50% of total respondents); 95% are satisfied with libraries excluding the don't know responses (69% of total respondents); 80% are satisfied with harbour facilities excluding the don't know responses (66% of total respondents); and 87% are satisfied with parks and reserves excluding the don't know responses (84% of total respondents).



## Airfields

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.

### 2008/09 Achievement Highlights

- Management agreement with existing operator was reviewed and renewed for a further term of two years at Pauanui Airfield

The Service We Provide: **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:	100%	<b>Unable to measure</b>	The Civil Aviation Authority inspections previously occurred once every three years. The last inspections took place in April 2007 and the results were 100% for both Thames and Pauanui. There was therefore no inspection from the Civil Aviation Authority during the 2008/09 year.
<ul style="list-style-type: none"> <li>Thames;</li> </ul>			
<ul style="list-style-type: none"> <li>Pauanui.</li> </ul>	100%	<b>Unable to measure</b>	In order to continue meeting these standards, the contract agreement in place at Pauanui airfield requires the operator to maintain the Civil Aviation Authority standards. At Thames airfield, managed by Thames-Coromandel District Council, the Civil Aviation Authority checklist included in the 2007 assessment is utilised in carrying out business as usual maintenance to meet these standards.

### Other Projects and Programmes

Thames airfield development.	As part of target for structure plan below.
Developing a Thames airfield 'structure plan' for inclusion in the District Plan.	<p>A Certificate of Compliance confirms that everything shown in the Thames Development Plan apart from residential accommodation can be undertaken as of right (i.e. no resource consent required) under the designation.</p> <p>There is an opportunity for the airfield to be rezoned by being made part of the Kopu to Thames Structure Plan project. If desired, a more appropriate zoning could be considered to be more enabling for activities outside the designations e.g. residential accommodation.</p>
Pursuit of recreational aviators to domicile at the Thames airfield.	<p>While discussions with potential aviators to domicile at Thames Airfield are taking place, it is worth noting serious reservations are held by potential applicants due to the lack of infrastructure (power, sewerage, water) being available at the airfield. Should an applicant wish to build a facility where they require more than a "park and fly" situation; the infrastructure costs must be met fully by the applicant, making it prohibitive for most to pursue relocating to Thames.</p> <p>Other options are being considered and discussions taking place to increase use of the airfield, by out of area aviation training providers.</p>
Continued contracting of the Pauanui Airfield Management to an external agency.	A new Management Agreement has been signed with the Airfield Operator for a period of two years with a right of renewal for a further three years.



## 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.

2008/09 Achievement Highlights
<ul style="list-style-type: none"> <li>▪ Landscape improvements to Ferry Landing cemetery are complete</li> <li>▪ New land identified and being investigated for a new cemetery in Mercury Bay.</li> </ul>

The Service We Provide: **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>	There is capacity still available.

The Service We Provide: **We will ensure that cemeteries are well maintained**

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with cemeteries provided	70%	<b>50%</b>	Target not achieved. There was a large number of 'don't know responses' which does not reflect on actual users views of the cemeteries provided. On excluding the 'don't know' responses, 94% were satisfied.
Maintenance carried out in accordance with minimum contract standard (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 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.

### 2008/09 Achievement Highlights

- Noise improvement works began at Whangamata Hall
- Coromandel Citizens Hall improvements - granted resource consent and building consent lodged.
- Thames RSA building roof repairs nearly complete
- Mercury Bay Hall exterior maintenance being completed.

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

Measure	Target	Result	Comments
% of available hall hours used:	35%	<b>27%</b>	There is no specific feedback on why people have not been using Thames Civic Hall, however the hall manager speculates that the down turned economy may have had an impact.
• Thames;			
• Whangamata;	47%	<b>39%</b>	There have been limitations on bookings whilst the Whangamata Hall improvement work has been ongoing.
• Whitianga.	33%	<b>32%</b>	Not achieved. During January, Mercury Bay Hall lost one of its regular bookings. This has impacted on the usage of the hall over the year, however a new client has replaced this booking and it is believed that usage will improve going forward into 2009/10.

### Other Projects and Programmes

Whangamata War Memorial Hall – Investigation into hall noise issues.	The speedwall and air conditioner have been installed. There is a building consent application underway to build the lobby.
Mercury Bay Hall.	Exterior maintenance being completed now.
Coromandel Citizens Hall.	Funding applications have been submitted and now awaiting advice of outcome. The PIM has been received, the Resource Consent has been granted and the Building Consent has now been lodged.
Thames Hall Furniture & Fittings.	RSA roof repairs are nearing completion.
Continued operation of halls in Thames, Whitianga and Whangamata.	Operations continue at each Hall.
A concerted effort to attract an increase in professional events and shows to the Thames Civic Centre.	Efforts are continuing to be made to improve on the level of usage at the Civic Centre.





## 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.

### 2008/09 Achievement Highlights

- Substantial repair work and strengthening to Port Charles Wharf
- Ongoing maintenance to all other Council owned wharves

The Service We Provide:      **We will provide safe and tidy harbour facilities**

Measure	Target	Result	Comments
Harbour facilities work programme completed	No work programmed	<b>Not applicable</b>	Maintenance work completed as required.
% of residents and ratepayers satisfied with boat ramps and launching facilities provided	80%	<b>66%</b>	Target not achieved. Due to a large number of 'don't know' responses, this result at first glance appears low. Of those who were able to comment, 80% were satisfied.



## Land and Buildings

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).

### 2008/09 Achievement Highlights

- Carnegie building officially opened. This was visited by the American Consul-General.
- Saxon Mineshaft Pumphouse restoration completed.
- Purchased property at 703 Queen Street for future expansion of “The Treasury” located next to the Carnegie Library

The Service We Provide: **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>	Community Services Manager has confirmed full occupancy with Thames Pensioner Housing Trust, Coromandel Independent Living Trust and Whitianga Pensioner Housing Trust and notes that there are waiting lists for houses at all three sites.

### Other Projects and Programmes

Disposal of land holdings surplus to the Council's strategic holdings.	Consultation with the Community Boards on the draft property strategy has now been completed. There were some significant suggestions raised through these workshops, as well as general consensus that the property policy needs to be reviewed. A summary of this consultation will shortly be presented to Council for consideration, as well as a recommendation to review the policy surrounding property management.
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## 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.

The Council's involvement in the operation of the other libraries around the District varies and includes providing buildings, grants and resources.

### 2008/09 Achievement Highlights

- New public access computers installed in the three District libraries with free access to broadband and wireless services

The Service We Provide: **We will provide quality library services and facilities**

Measure	Target	Result	Comments
Number of Council-owned libraries, operated in accordance with LIANZA standards	3	1	Whilst the Council owns and operates three libraries in the District, not all are fully meeting LIANZA standards. The Council has recognised the resource required to achieve this and is working towards meeting these standards as best as possible within the budgets available.
% of residents and ratepayers satisfied with library facilities	70%	<b>69%</b>	Target not achieved. The National Research Bureau survey includes community libraries as well as District libraries therefore it is not an accurate measure of satisfaction with District libraries. Alternate methods of measuring ratepayer satisfaction are being investigated.
Increase in number of issues			
• Thames;	183,720	<b>175,656</b>	Target achieved in Whitianga and Tairua only. Thames issues are below target as a result of an anomaly when setting the target figures. A problem with the library computer system resulted in items containing more than one piece (e.g. jigsaws and audio books) being recorded as multiple issues, according to the number of pieces. This inflated the issues, creating an unrealistic number to attain based on this incorrect figure.
• Whitianga;	44,350	<b>89,230</b>	-
• Tairua	10,200	<b>20,622</b>	-
New libraries constructed	No new libraries constructed	<b>Not applicable</b>	-



The Service We Provide:

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	Achieved
Ongoing financial support provided to nominated groups	Funding provided to Coromandel, Hahei, Pauanui and Whangamata libraries	<b>Achieved</b>	All operating grants were disbursed at the commencement of the financial year.

Other Projects and Programmes	
Mercury Bay extension.	Entrance work complete.
Tairua Library building.	Completed.
Continued increase in library book stocks in Thames, Whitianga and Tairua.	Thames: 4,049, Whitianga: 2,437, Tairua: 459 items added this year.
Working towards LIANZA standards in Thames, Whitianga and Tairua libraries and the linking of all the facilities to the electronic libraries management system.	All libraries are linked by the electronic library management system. At present Tairua library is meeting the LIANZA standards. Thames and Whitianga are behind with the staffing levels, which under LIANZA standards require libraries to have (in addition to the library manager) at least one staff member per 2,000 population, or 30,000 issues.



## 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).

### 2008/09 Achievement Highlights

- District-wide tree planting with Council staff and communities.
- Continuing implementation of new signage on parks and reserves, ongoing improvements to all minor park assets and continuing implementation of reserve management plans.
- 30 reserve concessions District wide formalised
- In Coromandel completed construction of new sportsfields adjacent to the school and existing fields (stage one and two of wider concept)
- In Mercury Bay completed stage one of Buffalo Beach Foreshore walkway
- Waiomu domain asset renewals

The Service We Provide: **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>84%</b>	Target achieved.
Maintenance carried out in accordance with minimum contract standards (Pass/Fail)	Pass	<b>Pass</b>	-

The Service We Provide: **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	No work programmed	<b>Not applicable</b>	-
Number of sportsfields exceeding an average of 7 hours formal use a week	0	<b>Unable to be calculated</b>	The data is not available. The booking system is programmed to be implemented in the 2009/10 year.

### Other Projects and Programmes

Continued upgrade of reserve signage District-wide.	New signs have been installed in a number of locations.
Continued implementation of landscape design of Whitianga esplanade area.	No landscape design has been endorsed by the Community Board and the budget has been reallocated to contouring Taylor's mistake.



## 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.

### 2008/09 Achievement Highlights

- Waiomu toilet block renewal completed.
- New toilet in Whangapoua installed.
- Te Puru toilet cost review and consultation on public convenience requirements in the area.

The Service We Provide: **We will provide safe and tidy public conveniences**

Measure	Target	Result	Comments
New public conveniences work programme completed	No works planned	<b>Not applicable</b>	Whilst the target reflects that no works were originally planned for the 2008/09 financial year, one of the variations from the 2006-2016 Long-term Council Community Plan identified a project to install a toilet at Whangapoua River Mouth. This was originally intended for completion in the 2007/08 financial year, but a portion of the project was delayed to the 2008/09 year pending the adoption of the Mercury Bay North Reserve Management Plan. The Waiomu toilet block was not a new public convenience, but was a replacement for an existing facility provided for in the District Public Conveniences assets replacement budget.

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

Measure	Target	Result	Comments
% of requests for service responded to within contract timeframes	100%	<b>98.7%</b>	Target not achieved. 9 jobs throughout the year exceeded timeframes. 6 had 1 day timeframes. 1 had a 20 day timeframe. 2 were non routine.
% residents and ratepayers satisfied with public convenience facilities provided	75%	<b>76%</b>	Achieved
Minimum contract performance standards for public conveniences are achieved (Pass/Fail)	Pass	<b>Pass</b>	-

### Other Projects and Programmes

Ongoing maintenance around the District.	Maintenance is continuing. Favourable compliments received by visiting public.
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## Swimming Pools

The Council currently owns and operates a public 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.

2008/09 Achievement Highlights
<ul style="list-style-type: none"> <li>▪ Installation of EFTPOS at Thames Centennial Pool</li> <li>▪ Development of a winter programme and up to December 2009 at Thames Centennial Pool</li> </ul>

The Service We Provide: **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>33,078</b>	Target not achieved. A disappointing result as until the last quarter, attendance was on track for the annual target. Issues with the heat pumps under-performing in the colder winter months have meant inconsistent and cooler water temperatures in the pool. It is anticipated that a recent upgrade to the heat pumps will assist in maintaining pool temperatures at a minimum of 26 degrees, and a return of patronage levels.
% of time when the Thames Centennial Pool is maintained in accordance with Pool Water Quality Standard (NZS5826:2000)	100%	<b>100%</b>	-

Other Projects and Programmes	
The Thames Centennial Pool operation will be reviewed with the assistance of an external facilitator to re-examine the service levels and associated costs to increase the service to the public.	Review work completed in-house.
Continued assistance funding of other pools in the District.	Funding provided.



## Cost of Services Statement

### Community Facilities

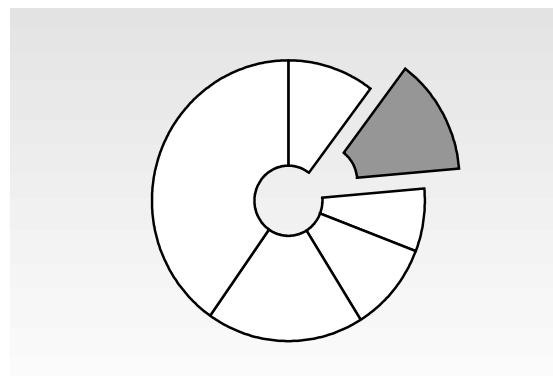
For the year ended 30 June 2009

2008		2009			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
<b>Revenue</b>					
1,321	Activity Revenue	1,085	1,446	361	1
2,843	Contributions Revenue	5,047	548	(4,499)	2
6,655	Rates Revenue	6,794	6,838	44	3
0	Subsidies Revenue	2	0	(2)	
<b>10,819</b>	<b>Total Operating Revenue</b>	<b>12,927</b>	<b>8,832</b>	<b>(4,096)</b>	
<b>Cost of Services</b>					
115	Airfields	77	66	11	
334	Cemeteries	359	363	(4)	
609	Halls	540	539	1	
668	Harbour Facilities	680	704	(24)	
398	Land and Buildings	472	497	(25)	
996	Libraries	1,156	1,153	3	
3,818	Parks and Reserves	3,739	4,248	(509)	4
813	Public Conveniences	897	822	75	5
351	Swimming Pools	343	338	5	
<b>8,102</b>	<b>Total Cost of Services</b>	<b>8,262</b>	<b>8,730</b>	<b>(467)</b>	
<b>2,717</b>	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>4,666</b>	<b>102</b>	<b>(4,563)</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?

Actual expenditure incurred for 2008/09 financial year (\$000s)	8,730
Planned expenditure for 2008/09 financial year (\$000s)	8,262
<b>Variance (\$000s)</b>	<b>(467)</b>



Total cost of services was **\$8.7m** against a plan of **\$8.2m**





Notes	
1	<p>Activity Revenue is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Rental income from commercial land and buildings is more than anticipated this year to date of \$244,000. The higher than anticipated revenue is attributable to rent reviews taking place throughout the year. The rental income charged is based on the value of the property. The properties are revalued approximately once every three years; and</li> <li>▪ Rental income from Council's endowment farms is higher than that expected this year to date by \$103,000. Rents were not finalised to the budgets being set for the 2008/09 financial year.</li> </ul>
2	<p>Contributions Revenue is showing a 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 economic down turn experienced by New Zealand and the global economy has directly impacted Development Contribution revenue during the 2008/09 financial year. Development Contribution revenue for the 2008/09 financial year was reduced from that originally budgeted for in the 2006-2016 Long-term Council Community Plan to reflect unfavourable market conditions at that time and those expected going forward. However, the speed at which the construction sector, and in turn, development in around the peninsula slowed down during the first six months of the financial year, was not anticipated.</li> </ul>
3	<p>Rates Revenue is showing a favourable variance:</p> <ul style="list-style-type: none"> <li>▪ Shifts in the rating database in the time between finalising the budget figures of the annual plan and actually assessing the rates at the end of closing off the District Valuation Roll on 30 June 2008 varied.</li> </ul>
4	<p>Parks and Reserves expenditure is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Storm damage clean up costs of (\$368,000) in relation to the July 2008 weather event was a non-budged item for this activity; and</li> <li>▪ Depreciation costs were higher than that originally budgeted for by (\$192,000).</li> <li>▪ These unfavourable variances have been partially offset by Asset Management Plan costs being less than those anticipated this year to date by \$68,000.</li> </ul>
5	<p>Public Conveniences is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Public Conveniences non-routine maintenance has been less than that originally budgeted forecasted by \$32,000; and</li> <li>▪ Depreciation costs were less than that originally anticipated this year to date by \$83,000.</li> <li>▪ These favourable variances have been partially offset by higher than anticipated non-routine day work expenditure of (\$40,000).</li> </ul>



## COMMUNITY FACILITIES - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2009		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>Cemeteries</b>				
Asset Register Replacements	32	15	17	
Ferry Landing Modifications	0	66	(66)	1
<b>Halls</b>				
Thames Hall Furniture & Fittings	2	6	(4)	
Thames RSA Hall Roof	0	93	(93)	2
Coromandel Hall Improvements	11	11	0	
Coromandel Hall Furniture & Fittings	3	0	3	
Pauanui Community Centre Land	500	10	490	3
Whangamata Memorial Hall	0	102	(102)	4
Whitianga Hall Upgrade	11	9	2	
<b>Harbours Facilities</b>				
Matarangi Ramp & Jetty Upgrade	90	9	81	5
Whitianga Future Boat Ramps	35	26	9	
<b>Land &amp; Buildings</b>				
Land Purchase 703 Queen St Thames	0	196	(196)	6
Saxon Mine Shaft Pump Station	0	161	(161)	7
Thames Administration Building	32	11	21	
Thames Carnegie Building	159	664	(505)	8
Thames County Building	60	0	60	9
<b>Libraries</b>				
Mercury Bay Library Books	58	56	2	
Mercury Bay Library Furniture & Fittings	30	28	2	
Tairua Library Building	0	3	(3)	
Tairua Library Books	0	10	(10)	
Thames Library Books	98	94	4	
Thames Library Furniture & Fittings	11	10	1	
<b>Parks &amp; Reserves</b>				
Cooks Beach Central Reserve Turf Refurbishment	0	44	(44)	10
Coromandel Asset Register Replacements	16	25	(9)	
Coromandel Hot Water Beach Access	30	22	8	
Coromandel Land Purchase	0	50	(50)	11
Coromandel Neighbourhood Land Purchases	65	0	65	12
Coromandel Signage	11	8	3	
Coromandel Sports Ground	0	167	(167)	13
Mercury Bay Neighbourhood Land Purchases	1,778	0	1,778	14
Mercury Bay Asset Register Replacements	85	85	0	
Mercury Bay Other Development	11	6	5	
Mercury Bay Signage	11	9	2	
Pauanui Minor Works	11	5	6	
Tairua Minor Works	7	7	0	
Tairua/Pauanui Asset Register Replacements	95	86	9	
Tairua/Pauanui Play Equipment	52	52	0	
Tairua/Pauanui Neighbourhood Land Purchases	620	0	620	15
Tairua/Pauanui Signage	11	11	0	
Thames Asset Register Renewals	53	51	2	
Thames Coast Landscaping	63	63	0	
Thames Porritt Park Equipment	21	19	2	
Thames Neighbourhood Land Purchases	81	0	81	16
Tapu Campground Flood Protection	0	85	(85)	17
Thames Signage	11	12	(1)	
Thames William Hall Improvements	21	21	0	
Whangamata Asset Register Replacements	85	84	1	
Whangamata Neighbourhood Reserves	435	0	435	18
Whangamata Signage	11	11	0	
Whitianga Buffalo Beach Foreshore	0	30	(30)	
Whitianga Esplanade Landscaping	116	65	51	19
Whitianga Esplanade Parking	36	23	13	
Whitianga Esplanade Play Equipment	36	70	(34)	
Whitianga Sports Ground	784	316	468	20
Whitianga Taylors Mistake Contouring	0	4	4	



Public Conveniences				
District Asset Register Replacements	148	225	(77)	21
Thames Coast Toilet Refurbishments	0	8	(8)	
Whangapoua River Mouth Toilet	20	18	2	
Swimming Pools				
Thames Plant Replacement	0	14	(14)	
2009				
CAPITAL WORKS PROJECTS	Budget \$000's	Actual \$000's	Variance \$000's	Notes
<b>Total Community Facilities Capital Works Projects</b>	<b>5,851</b>	<b>3,276</b>	<b>(2,575)</b>	
<b>Percentage of Community Facilities Capital Works Projects completed</b>	<b>100%</b>	<b>56%</b>		

Notes	
1	Ferry Land Modifications is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>Work on the project was not completed during the previous financial year. The project was then carried over into the 2008/09 financial year as unbudgeted work.</li> </ul>
2	Thames RSA Hall Roof is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>This work was previously an unbudgeted item. Funds were required to repair the roof on the RSA building in Thames. Funding was to be provided for this work from the Thames Urban Purpose General Reserve.</li> </ul>
3	Pauanui Community Centre Land is showing a favourable variance as: <ul style="list-style-type: none"> <li>The land purchase was not finalised prior to the end of the 2008/09 financial year. The purchase will now take place during the 2009/10 financial year.</li> </ul>
4	The Whangamata Memorial Hall is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>Unbudgeted funding was required in the 2008/09 financial year to improve the Whangamata Hall. Improvements were required as Council had received numerous complaints from Whangamata ratepayers regarding the noise levels emitted from the hall. Work is expected to continue during the 2009/10 financial year.</li> </ul>
5	Matarangi Ramp and Jetty upgrade is showing a favourable variance as: <ul style="list-style-type: none"> <li>Work has been deferred on this project until the start of the 2009/10 financial year.</li> </ul>
6	Land Purchase of 703 Queen St Thames is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>The purchase was an unbudgeted item for the 2008/09 financial year. The land identified allows for future extension of the archive centre.</li> </ul>
7	The Saxon Mine Shaft Pump Station is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. The heritage building, with inherent stability issues due to settlement of the building foundations on the edge of the vertical mine shaft, was severely damaged during a storm in July 2007 and the roof structure had to be removed. The remaining structure was deemed unstable and unsafe unless major repair works were undertaken.</li> </ul>
8	The Thames Carnegie Building is showing an unfavourable as: <ul style="list-style-type: none"> <li>The project was brought forward to the 2008/09 financial year. The building required substantial strengthening to comply with the relevant public building code and Council's Earthquake-prone, Dangerous and Unsanitary Buildings Policy, particularly in respect of the risks associated with seismic loadings. As such, Council decided on 13 August 2008 it should consolidate the existing funding for the Carnegie Building restoration (which was set out as \$159,000 in the 2008/09 financial year, \$108,000 in 2009/10 financial year, and \$17,000 remaining from the 2007/08 financial year) into \$284,000 for the 2008/09 financial year. Due to the amount of work required, funding was also increased by \$396,000. This was to be funded from the District Property Reserve.</li> </ul>
9	Thames County Building is showing a favourable variance as: <ul style="list-style-type: none"> <li>The project has been deferred to the 2009/10 financial year.</li> </ul>
10	Cooks Beach Central Reserve Turf Refurbishment is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. The project was deferred from the 2007/08 year.</li> </ul>



Notes	
11	<p>The Coromandel Land Purchase is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. The land was required to ensure a number of flood mitigation strategies could be put in place in response to previous weather events. Funding towards the land purchase was provided from Environment Waikato, Central Government and Thames-Coromandel District Council.</li> </ul>
12	<p>Coromandel Neighbourhood Land Purchase is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>No suitable properties were identified for purchase during the 2008/09 financial year.</li> </ul>
13	<p>Coromandel Sports Ground is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. Work was delayed during the 2007/08 financial year due to the adverse weather event. The remainder of the project has been deferred to the 2018/19 financial year due to budget constraints.</li> </ul>
14	<p>Mercury Bay Neighbourhood Land Purchase is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>No suitable properties were identified for purchase during the 2008/09 financial year.</li> </ul>
15	<p>Tairua/Pauanui Neighbourhood Land Purchase is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>No suitable properties were identified for purchase during the 2008/09 financial year.</li> </ul>
16	<p>Thames Neighbourhood Land Purchase is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>No suitable properties were identified for purchase during the 2008/09 financial year.</li> </ul>
17	<p>The Tapu Campground Flood Protection is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. Funding was required to ensure a number flood mitigation strategies could be put in place in response to previous weather events.</li> </ul>
18	<p>Whangamata Neighbourhood Land Purchase is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>No suitable properties were identified for purchase during the 2008/09 financial year.</li> </ul>
19	<p>Whitianga Esplanade Landscaping is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The project has not progressed as quickly as previously anticipated. The project is still in the design phase and is expected to be completed during the 2011/12 financial year.</li> </ul>
20	<p>Whitianga Sports Ground is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The project has not progressed as quickly as previously anticipated. The business case has been completed and is expected to go to Council in October 2009.</li> </ul>
21	<p>District Asset Register Replacements is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>A portion of this project had been deferred from the 2007/08 financial year.</li> </ul>



## MANAGING THE ENVIRONMENT GROUP

### What Managing the Environment Delivers

A clean and green environment is important for the District. 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) and the economy.

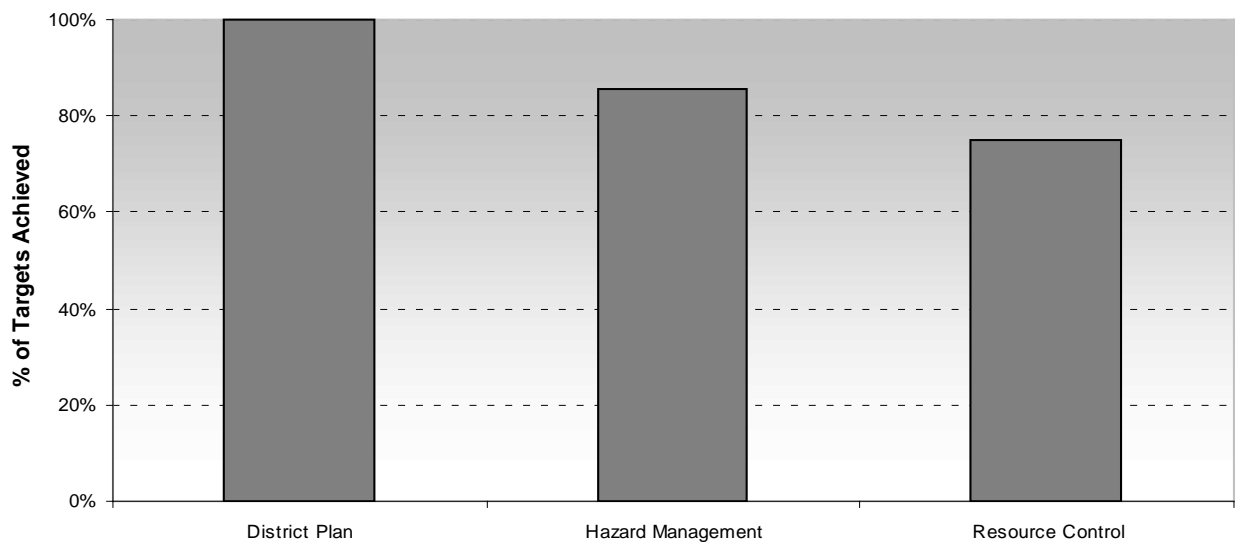
District Planning, Hazard Management and Resource Control are all activities that the Council is required to undertake under the Resource Management Act 1991, and are tools to help the Council maintain the environment that residents and visitors value. Under this Act, the Council is required to promote 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 well-being, 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 2008/09 year.

#### Managing the Environment Performance Measures – Achievement





## Working Towards Our Community's Aspirations

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The community outcomes reflect the community's overall aspirations for its future. The Council is more actively involved in delivering some than others, where it has a limited ability to influence them. By delivering the Managing the Environment activities, the Council intends to contribute to achieving the two outcomes outlined below.

### How Do We Know if Progress is Being Made?

The following summarises any measurement of progress we are making towards achieving the outcomes that has been carried out in the last year - regardless of the Council's own role. Where we can, we have also described any effect of the Council's own activities in particular on achieving those outcomes.



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

The Council's District Plan is a regulatory tool which allows the Council to control growth and development. Within the District Plan there is a heritage register listing important buildings and places in the District. In listing important buildings and places on this database, more control is maintained over any development; subsequently they are better protected and preserved. According to the Council District Plan, there are currently 174 items on the heritage register.



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

The Council ensures that communities are healthy 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.



## District Plan

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Managing the continued growth and development facing the District in a way which maintains the environment that our communities want, is a key objective for the Council. 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.

### 2008/09 Achievement Highlights

- Kopu Structure Plan technical studies received and a draft Structure Plan in development.
- Preliminary work underway to review the District Plan
- 'Significant Natural Areas' identification work commencement
- Land owner conservation / covenant database and map complete
- Project plan developed for heritage project review
- A number of District Plan changes have been progressed.
- Agreement in principle achieved with all parties to the mining appeals to the District Plan.



The Service We Provide:

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>	<p>The report "District Plan Update and Status Report - June 2009" was presented to the 9 June 2009 meeting of the Policy and Planning Committee outlining progress made regarding the District Plan activity. This included priorities (including technical outputs), directions and systems.</p> <p>As a result of protracted discussions, negotiations and Court assisted mediation between Council and the New Zealand Minerals Industry Association, Ministry of Economic Development and Coromandel Watchdog <i>et al</i>, the provisions of a draft consent order have been agreed. A summary of the basis for settlement was reported to Council on 24 June and the final consent order will be reported to Council in August for signing - which will lead to the District Plan being made "operative".</p> <p>Other District Plan appeals that have been resolved in the 2008/09 year (that relate to Variation 3 appeals) are: Chapman and Edens (29/08/08); Matarangi Ratepayers Association Ltd (27/11/08); Whitianga Marina Society (10/01/08).</p>
	Two plan changes processed per year	<b>Achieved</b>	<p>A summary of progress on Council initiated plan changes over 2008/09 follows:</p> <ul style="list-style-type: none"> <li>• <u>Proposed Variation 22 and Plan Change 5 - Otama Camping Ground</u>: publicly notified on 2 May 2008; 602 submissions received, summarised and publicly notified; 56 further submissions received; hearing by independent commissioner on 22/23 September 2008; recommended decisions on submissions and further submissions approved by Council on 14 January 2009; appeal received and mediation pending.</li> <li>• <u>Proposed Plan Change 2 and Variation 23: Administrative Changes (General Provisions) and Plan Change 2A: Administrative Changes (Subdivision Provisions)</u>: publicly notified on 3 October 2008; 28 submissions received, summarised and publicly notified; 6 further submissions received; hearing by independent commissioner on 26 March 2009; recommended decisions on submissions and further submissions approved by Council on 24 June.</li> <li>• <u>Proposed Plan Change 3 and Variation 24: Natural Hazards - Flooding</u>: publicly notified on 27 February 2009; 103 submissions received and summarised; a summary of submissions prepared and publicly notified on 3 July.</li> <li>• <u>Proposed Plan Change 8: Te Karo Bay/Sailors Grave</u> (previously notified as 'Proposed Variation 25'): publicly notified on 30 January 2009; 109 submissions received and summarised; a summary of submissions prepared and publicly notified on 10 July.</li> </ul> <p>A significant amount of technical background work was undertaken during 2008/09 that will feed into future plan changes/a plan review. Work that has been undertaken/completed relates to: significant natural areas; natural character; historic heritage; urban form, density and design; noise; designation review; coastal development setbacks and; soils.</p>





Other Projects and Programmes	
District Plan review: the completion of a project to identify significant landscapes within the District.	The draft Coromandel Peninsula Landscape Assessment (peer reviewed) was received by Council on 16 September 2008. Further refinement will be progressed via the Coromandel Peninsula Blueprint Project.
District Plan review: the completion of projects looking at natural hazard issues and risks.	"Proposed Plan Change 3 and Variation 24: Natural Hazards - Flooding" was publicly notified on 27 February 2009 and is currently at the 'further submission' stage (see above). A technical review of the coastal development setbacks has been completed and is currently being amended following peer review.
District Plan review: directions signalled in the Community Outcomes and Community Plans.	Awaiting completion of the Coromandel Peninsula Blueprint Project and Local Area Plans - although work has been progressed on the Kopu Structure Plan (which implements outcomes signalled in the Thames Community Plan).
District Plan review: the completion of the Coromandel Peninsula Blueprint project.	The "preferred future" part of the Coromandel Peninsula Blueprint is being reported to the Policy and Planning Committee and then Council in July/August 2009.
Processing private plan changes.	Five private plan change applications are currently 'in the system' (Pauanui Mountain Estates Ltd, Wharekaho Beach Developments Ltd, Pauanui Orchard Block, Satoma Ltd, and Coromandel Business Park Ltd) and are being processed according to Council's standard operating procedures.
Administering the District Plan annotation and newsletter service to provide regular updates to the District Plan holders.	The 'first batch' of District Plan annotations were issued in January 2009. District Plan Newsletters were issued in July 2008 and December 2008.
Development of the Kopu Structure Plan (jointly funded by the District Plan and the Thames Community Board Strategic Planning and Development activity budgets).	Good progress has been made on the Kopu Structure Plan. Final drafts of each of the 'technical studies' have now been received and a meeting between key Council/Beca staff to apply the information via a structure plan was held in May.



## 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 Hazard Management activity involves managing risk to people, property and the environment from unexpected or unplanned natural events. The Hazard Management activity is primarily concerned with planning (land use and works) to reduce risks posed by natural events.

### 2008/09 Achievement Highlights

- “Proposed Plan Change 3 and Variation 24 Natural Hazards: Flooding” was publicly notified and called for submissions
- Restoration Action Plan completed for the “Muddy Feet” project completed and circulated to partner agencies and workshop to explore sustainable tourism at the Ramsar site
- Working party reps are considering the Cooks Beach Coastal Erosion Management project report
- Assistance provided to the ratepayers association to fast track resource consent and dune rehabilitation in Whangapoua
- Continuation of the Moanataiari Protection Scheme

The Service We Provide: **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	No work programmed to be completed at this time (work is ongoing)	-	-

### Other Projects and Programmes

Peninsula Project work continued, including: <ul style="list-style-type: none"> <li>• Purchase and retirement of at-risk properties</li> <li>• Reconstruction of west coast bridges.</li> </ul>	Albert Street, Coromandel: 3 of the 4 at risk properties purchased. Negotiations for the fourth are in progress. West Coast bridges: Tararu: in construction, due for completion by year’s end. Te Puru: construction commenced, due for completion by early 2010.
Natural Hazards Policy – Flood risk & coastal hazard setback lines.	District Plan Manager report to 9 June Policy and Planning Committee: Submissions on “Proposed Plan Change 3 and Variation 24 Natural Hazards: Flooding” closed on 27 March. In total 103 submissions (including some late submissions) were received. The draft technical review of the coastal development setbacks was received in late April and is currently being peer reviewed.
Environment Waikato/Thames-Coromandel District Council east coast tsunami project	Environment Waikato preparing reconciliation report on NIWA & University of Waikato Tsunami Investigations to be peer reviewed by GeoScience Australia. Resource economist producing analysis of public/private assets at risk from significant tsunami sourced from Kermadec Trench. Analysis will also take account of economic flows. Peer review and economic analysis due by end of August 2009.



Cooks Beach Coastal Erosion Management Project	Working Party Review of Strategy & Implementation Report addressing several issues: legal entity; Iiti Lane Stormwater & maintenance of high-tide beach.
East Coast Coromandel Beach Scraping Consent	Preliminary discussion held with Council's coastal science adviser. First project meeting scheduled for early August 09.
Coromandel Peninsula Wind Hazard Project	Data gathering in terms of damage assessment - difficulty obtaining claim damage from Insurance Council of New Zealand and IAG. IAG assisting with derived data from overseas literature. NIWA currently reviewing existing Thames-Coromandel District Council wind zone data with report and recommendations due mid-August 2009.
Continued work with the Tararu, Te Puru, Waiomu, Pohue, Coromandel and Tapu communities to implement flood control measures through the Peninsula Project.	Ongoing. Te Puru – Consultation and negotiations are taking place regarding stopbanks. A hearing will be required for subdivision and construction consents. Waiomu – Attempting to complete final floodway works before winter. Coromandel – Proposal in Environment Waikato Long-term Council Community Plan for Karaka Stream stopbanks.
Continuation of the Moanataiari Protection Scheme.	-



## 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 (RMA).

### 2008/09 Achievement Highlights

- Won the Supreme award at the Society of Local Government Managers (SOLGM) conference for Masterplan and consent tracking
- Number of consent hearings including Tairua Marina and former “Placemakers” in Thames
- Public notification of Sailors’ Grave subdivision application
- Preparation for the replacement Kopu Bridge and Kopu access roads with partner agencies
- Ongoing monitoring of progress of Whangamata Marina

The Service We Provide: **We will efficiently process all resource consents**

Measure	Target	Result	Comments
% of completed non-notified resource consent applications within 18 working days	75%	<b>88%</b>	Target achieved. Most consents are processed within 18 working days, almost all within 20 working days.

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

Measure	Target	Result	Comments
% of resource consents monitored:			
• Low risk	10%	<b>11%</b>	Targets achieved.
• High risk	75%	<b>80%</b>	Work is underway to improve the data collection and reporting on this measure.

### Other Projects and Programmes

Continuing to process resource consent applications in line with statutory obligations and Ministry for the Environment ‘best practice’.	Awaiting Resource Management Act changes following the Resource Management Act Reform Bill will require a schedule of changes to reflect changes to the act
Managing and resolving Resource Management Act appeals regarding resource consents.	Ongoing resolution of appeals including recent resolution of appeal at 145 Wharf Road, Coromandel through mediation
Continuing to monitor conditions of consent on resource consents, and to investigate, monitor and enforce breaches of the Resource Management Act and District Plan.	A significant number of cases were investigated during the year and several resulted in a number of good outcomes.
To enhance the delivery of the planning service through the implementation and improvement of information technology systems.	Currently trialing trapeze as a means of moving towards electronic processing of consents, Sample group are using as part of the planning check of the Project information Memorandum (PIM) process; awaiting back scanning project implementation to allow for complete electronic processing of resource consents.
To maintain a duty planner service providing ‘free of charge’ (to the user) advice on district planning matters.	Maintained duty planner service through this period in-line with agreed services levels;
Development and implementation of MasterPlan computer software.	The implementation of Assessor continues albeit slowly. We have had difficulty adapting our District Plan planning processes to the software. It is a more difficult and time-consuming than we initially anticipated.



## Cost of Services Statement

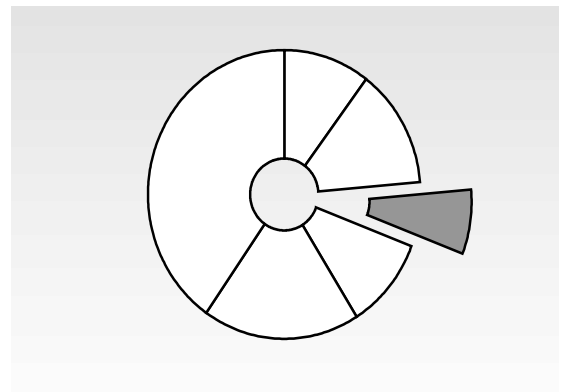
### Managing the Environment

For the year ended 30 June 2009

2008		2009		Variance \$000's	Notes
Actual \$000's		Budget \$000's	Actual \$000's		
<b>Revenue</b>					
1,123	Activity Revenue	1,325	1,303	(22)	
0	Contributions Revenue	0	0	0	
2,558	Rates Revenue	2,315	2,273	(42)	1
0	Subsidies Revenue	0	0	0	
3,681	<b>Total Operating Revenue</b>	<b>3,640</b>	<b>3,576</b>	<b>(64)</b>	
<b>Cost of Services</b>					
902	District Plan	1,031	1,074	(43)	2
211	Hazards	287	261	26	
2,819	Resource Control	3,309	3,360	(51)	3
3,932	<b>Total Cost of Services</b>	<b>4,627</b>	<b>4,695</b>	<b>(68)</b>	
<b>(251) OPERATING SURPLUS/(DEFICIT)</b>		<b>(987)</b>	<b>(1,119)</b>	<b>(132)</b>	

### What did it Cost?

Actual expenditure incurred for 2008/09 financial year (\$000s)	4,695
Planned expenditure for 2008/09 financial year (\$000s)	4,627
<b>Variance (\$000s)</b>	<b>(68)</b>



Total cost of services was \$4.7m against a plan of \$4.6m

### Notes

- 1 Rates Revenue is showing an unfavourable variance:
  - Shifts in the rating database in the time between finalising the budget figures of the annual plan and actually assessing the rates at the end of closing off the District Valuation Roll on 30 June 2008 varied.



## Notes

- 2 District Plan expenditure is showing an unfavourable variance as:
- Concerted efforts to resolve the remaining appeals against the District Plan by the New Zealand Minerals Industry Association and the Ministry of Economic Development (lodged in 1998) resulted in the District Plan legal budget being overspent by (\$147,000). An internal transfer of \$100,000 from the District Plan Contract Planning budget was made through the March 2009 budget revision process to offset these additional costs. This transfer contributed to the contract planning budget being underspent by \$110,000. As a result of these efforts both appeals were resolved and the District Plan can now be made operative.
- 3 Resource Control is showing an unfavourable variance as:
- Commissioner expenditure was higher than that originally budgeted for by (\$97,000). Commissioners were required in excess of one day for a number of resource consents which are currently lodged with Council due to the complex nature of the consents;
  - Specialist advice and external consultants were required in relation to the resource consent applications lodged with Council in respect of the Tairua Marina, the Whitianga Waterways Retirement Complex, Opito Bay and the former Placemakers site (\$242,000); and
  - Settlement Consents Control Costs were higher than those originally forecasted this year to date by (\$57,000). Costs were awarded against Council by the High Court Review with respect to an ongoing case.
  - These unfavourable variances have been partially offset by Resource Control RMA Appeal Planning Contract Other and Legal Costs being less than that budgeted for this year by \$63,000 and \$90,000, respectively. Internal staff were utilised to process a major appeal instead of hiring external consultants;
  - Bad debt costs were less than that originally budgeted for by \$95,000; and
  - Resource Control Monitoring costs were less than those originally budgeted for by \$33,000. Although a number of consents were processed, those that required monitoring were not as high as that previously estimated. Accordingly operating expenditure in relation to this activity were not as high as that anticipated.
  - The remainder of smaller and favourable variances within Resource Control consents are due to operating costs being lower than anticipated due to a decrease in the number of resource consents processed this year.



## 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.

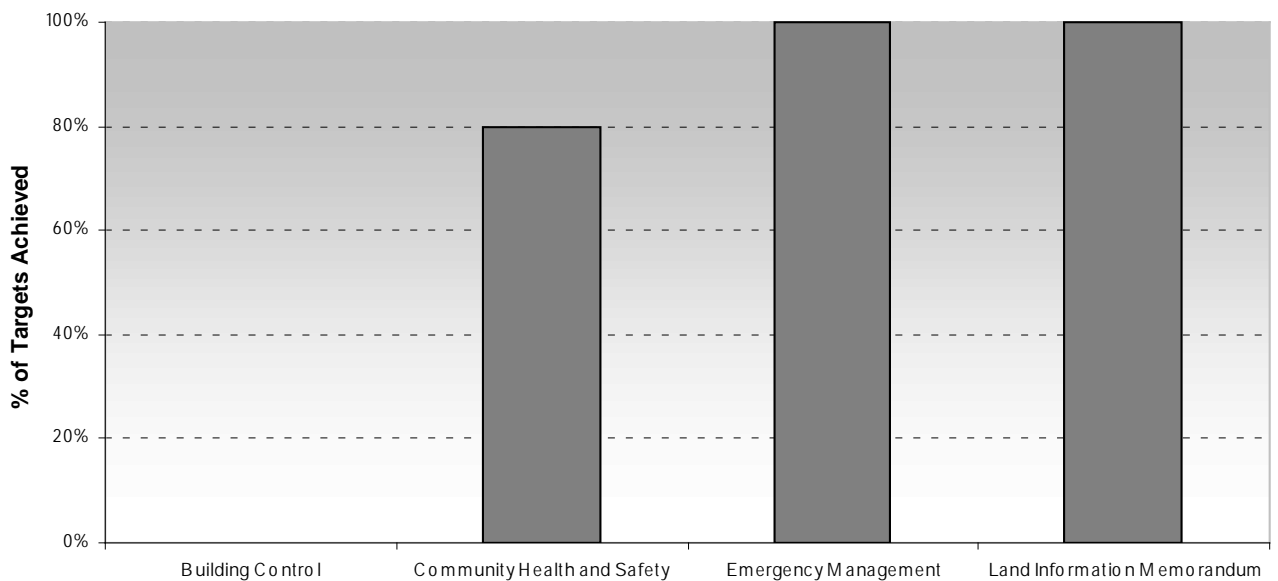
Most of the services in this activity group are required by various pieces of legislation.

#### 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 2008/09 year.

#### Community Safety and Welfare Performance Measures – Achievement





## Working Towards Our Community's Aspirations

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The community outcomes reflect the community's overall aspirations for its future. The Council is more actively involved in delivering some than others, where it has a limited ability to influence them. By delivering the Community Safety and Welfare activities, the Council intends to contribute to achieving the two outcomes outlined below.

### How Do We Know if Progress is Being Made?

The following summarises any measurement of progress we are making towards achieving the outcomes that has been carried out in the last year - regardless of the Council's own role. Where we can, we have also described any effect of the Council's own activities in particular on achieving those outcomes.



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

Through delivering the Community Health and Safety activity, there are a number of ways in which the Council contributes to safer, therefore healthier and more cohesive communities. There are over 4000 dogs registered in this District, however on occasion there are some who escape or roam, and others which are not known or registered with the Council. The Council owns a dog pound and conducts property surveys and regular patrols to help reduce unregistered and wandering dogs. The Council has seen a reduction in the number of complaints about dogs, dropping from 1207 in 2006 to 1003 in 2009, indicating that perhaps there are less dogs roaming and impacting on perceptions of personal safety.



**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 met and planned for through sound planning for events such as an emergency. A household deemed to be prepared for an emergency has a survival kit and plan in place – 55% of households in the District believe they are prepared for an emergency (Customer Satisfaction Survey 2009), an increase of 4% from last year. 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. The increase may in part be as a result of emergency planning undertaken jointly by Civil Defence and other agencies.





## 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 the Building Consent is also part of this activity.

### 2008/09 Achievement Highlights

- Building Control Act (BCA) Stage One Accreditation
- Review of the Building Control Services delivery
- Independent Qualified Persons (IQPs) regulated by Hamilton City Council included within the Thames-Coromandel District

The Service We Provide: **We will efficiently process all building consents**

Measure	Target	Result	Comments
% of all total complete building consents processed within 20 working days	95%	<b>90%</b>	Target not achieved. The last quarter's performance was affected by the resignation of four staff and the extended sick leave of another key staff member.
Accreditation as a building consent authority	-	-	The reassessment visit by accreditation authorities will take place in March 2010 for Stage Two. The Council is still accredited as a building consent authority for stage one.

### Other Projects and Programmes

Reassessment of the accreditation status as a building consent authority.	The assessment visit was rescheduled to March 2010.
Continuation of meeting of the 20 working day performance measure.	This measure was on track through to the end of the third quarter. During the fourth quarter resignations and sick leave absence affected the performance of the team.



## 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.

### 2008/09 Achievement Highlights

- All contracts for noise and bylaws in the District were successfully renegotiated with a further right of renewal in two years time
- Parking control reviews in Mercury Bay
- Summer patrols were undertaken for Animal Control and Bylaws which indicated improved compliance to previous years
- Bylaw review commenced with the approval of the "Statement of Proposal" to be advertised for public submission

The Service We Provide: **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>	Target achieved.
% of premises registered to sell or supply liquor that are inspected at least once a year	100%	<b>100%</b>	Target achieved.
% of dogs known to Council as still unregistered	1.6%	<b>0.1%</b>	Target achieved. Infringements were issued to dogs that were not registered, in some cases unregistered dogs were seized.
Completion of bylaw review programme	Three bylaws completed per year	<b>Not achieved</b>	Target not achieved. In the last financial year, no bylaw reviews needed to be completed. Work has begun on the next bylaw review which is due for completion in the next financial year. Hearings and deliberations will take place in September 2009.

The Service We Provide: **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>100%</b>	Target achieved



Other Projects and Programmes	
Issuing of health and liquor licences and gambling venue consents as required.	Completed
Investigation of complaints relating to bylaws, noise and parking.	Completed
Investigation of complaints relating to animal control.	Completed
Response to changes in dog control legislation.	Completed
Review of bylaws.	Completed



## 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.

### 2008/09 Achievement Highlights

- Thames Valley Planning and Intelligence response activated for the Waikato Civil Defence Emergency Management (CDEM) Region "Choking Ash" exercise
- Tsunami action plans distributed through Tairua, Pauanui and Matarangi
- Review of the Waikato Civil Defence Emergency Management (CDEM) Group Plan commenced (ongoing until 2010)
- Summer performance of Surf Life Saving in the District 2007/2008 report (excluding volunteers) resulted in: 38 lives saved, 2,180 safety interventions (involving 26,680 people), 112 first aids/medical emergencies, 14,286 people assisted in safety interventions and 8 searches.
- Local Civil Defence Emergency Management (CDEM) agencies monitoring Novel A H1N1 (Swine Flu) pandemic

The Service We Provide: **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	30%	<b>55%</b>	Target achieved.															
Regular collective meetings and exercises held to improve coordination of response and recovery activities	Quarterly meetings held between Emergency Operating Areas and key stakeholders	<b>Achieved</b>	<p>A total of 95 meetings and exercises have been held as follows:</p> <table border="1"> <tr> <td>Community Emergency Groups</td> <td>17</td> </tr> <tr> <td>Thames Valley Emergency Operating Area</td> <td>50</td> </tr> <tr> <td>Waikato Joint Emergency Operating Areas</td> <td>8</td> </tr> <tr> <td>Waikato Civil Defence Emergency Management Group</td> <td>16</td> </tr> <tr> <td>National Civil Defence Emergency Management</td> <td>4</td> </tr> </table>	Community Emergency Groups	17	Thames Valley Emergency Operating Area	50	Waikato Joint Emergency Operating Areas	8	Waikato Civil Defence Emergency Management Group	16	National Civil Defence Emergency Management	4					
Community Emergency Groups	17																	
Thames Valley Emergency Operating Area	50																	
Waikato Joint Emergency Operating Areas	8																	
Waikato Civil Defence Emergency Management Group	16																	
National Civil Defence Emergency Management	4																	
Number of beaches provided with professional surf life savers over the summer period	5	<b>5</b>	<p>Contract signed for the provision of the following regional professional life guard services</p> <table border="1"> <tr> <td>Hot Water Beach January</td> <td>4 lifeguards</td> <td>26 December – 16</td> </tr> <tr> <td>Tairua January</td> <td>3 lifeguards</td> <td>26 December – 16</td> </tr> <tr> <td>Pauanui January</td> <td>5 lifeguards</td> <td>26 December – 9</td> </tr> <tr> <td>Onemana January</td> <td>3 lifeguards</td> <td>26 December – 16</td> </tr> <tr> <td>Whangamata January</td> <td>5-7 lifeguards</td> <td>26 December – 9</td> </tr> </table>	Hot Water Beach January	4 lifeguards	26 December – 16	Tairua January	3 lifeguards	26 December – 16	Pauanui January	5 lifeguards	26 December – 9	Onemana January	3 lifeguards	26 December – 16	Whangamata January	5-7 lifeguards	26 December – 9
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Other Projects and Programmes	
Continued implementation of the Waikato Civil Defence Emergency Management Plan 2005, including working closely with other agencies, individuals and Community Boards.	Collaborative meetings held as above. Joint training programmes provided. Attendance on national, regional and local working parties.
Continued implementation of the Thames-Valley Rural Fire District Fire Plan.	Fire Plan not due for review until September 2009.
Continued funding of rural fire forces through service contracts	Awaiting Annual Reports and Financial Statements before grants are paid.
Continued funding of surf life saving through service contracts	Pauanui First Response Unit will not be uplifting grant



## 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).

### 2008/09 Achievement Highlights

- Continued processing of LIMs within statutory timeframes.

The Service We Provide: **We will efficiently process all LIMs**

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



## Cost of Services Statement

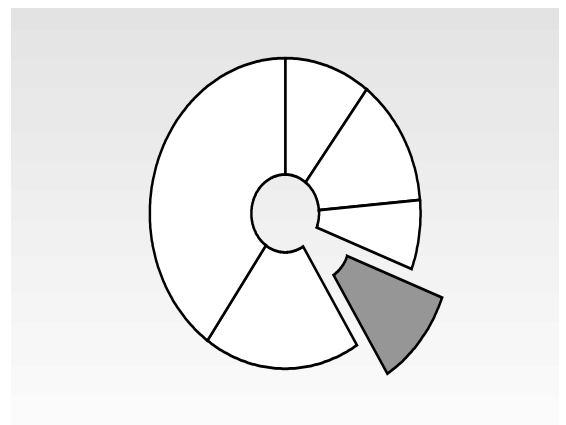
Community Safety and Welfare

For the year ended 30 June 2009

2008		2009			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
<b>Revenue</b>					
2,489	Activity Revenue	2,778	1,982	(796)	1
0	Contributions Revenue	0	0	0	
2,255	Rates Revenue	2,474	2,498	24	
0	Subsidies Revenue	0	0	0	
4,744	<b>Total Operating Revenue</b>	<b>5,252</b>	<b>4,480</b>	<b>(772)</b>	
<b>Cost of Services</b>					
3,547	Building Control	3,178	4,691	(1,513)	2
458	Emergency Management	467	447	20	
1,478	Community Safety and Health	1,578	1,523	55	3
145	Land Information Memoranda	212	96	116	4
5,628	<b>Total Cost of Services</b>	<b>5,435</b>	<b>6,757</b>	<b>(1,322)</b>	
<b>(884) OPERATING SURPLUS/(DEFICIT)</b>		<b>(183)</b>	<b>(2,277)</b>	<b>(2,094)</b>	

### What did it Cost?

Actual expenditure incurred for 2008/09 financial year (\$000s)	6,757
Planned expenditure for 2008/09 financial year (\$000s)	5,435
<b>Variance (\$000s)</b>	<b>(1,322)</b>



Total cost of services was **\$6.8m** against a plan of \$5.4m



## Notes

- 1 Activity Revenue is showing an unfavourable variance as:
  - Land Information Memoranda sales were less than those originally forecasted this year by (\$117,000). This was due to the down-turn in the housing market during the 2008/09 financial year; and
  - Inspection Fee income and Building Control Consent income was less than that expected by (\$565,000) and (\$246,000), respectively. The number of building consents lodged and the subsequent inspections undertaken was less than that originally forecasted. Council has attributed this decrease in revenue to the economic down-turn experienced during the 2008/09 financial year.
  - These unfavourable variances have been partially offset by higher than anticipated revenue of \$96,000 from infringement fees due to increased parking enforcement in Thames and Whitianga.
- 2 Building Control expenditure is showing an unfavourable variance as:
  - Legal expenses were higher than expected by (\$343,000) due to challenges of a complex nature being placed against Council decisions;
  - Contract Regular costs were greater than those originally forecasted by (\$715,000). Due to recent changes to the Building Act (specifically to how building consents are processed) and as part of the building accreditation process, Council has decided in the short term to engage external consultants to process more complex building consents. These consultants are also required to cover a shortage of staff in the environmental services team. This is to ensure that all building consents are processed within the required time frames; and
  - The leaky home provision provided for by Council increased by (\$490,000) due to an increase in the numbers of challenges being placed against Council.
- 3 Community Safety and Health is showing a favourable variance as:
  - Animal control costs were less than that originally budgeted for this year by \$24,000. Contract costs were less than those anticipated this year and this budget was not expected to be fully expended by year end;
  - Community Regulation Bylaw costs were under budget by \$21,000. This was mainly due to external professional services not being required this year and contract other-costs being lower than that anticipated.
- 4 Land Information Memoranda is showing a favourable variance as:
  - Support Services costs were less than those originally anticipated by \$93,000. This was due to the current down-turn in the housing market; and
  - Settlement costs were less than those forecasted by \$21,000. No settlement payments were made by council for the financial year ended 30 June 2009.





## COMMUNITY HEALTH AND SAFETY - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2009		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
Rural Fire Equipment	21	21	0	
<b>Total Community Safety and Welfare Capital Works Projects</b>	<b>21</b>	<b>21</b>	<b>0</b>	
<b>Percentage of Community Safety and Welfare Capital Works Projects completed</b>	<b>100%</b>	<b>100%</b>		



## ROADING GROUP

### What Roading Delivers

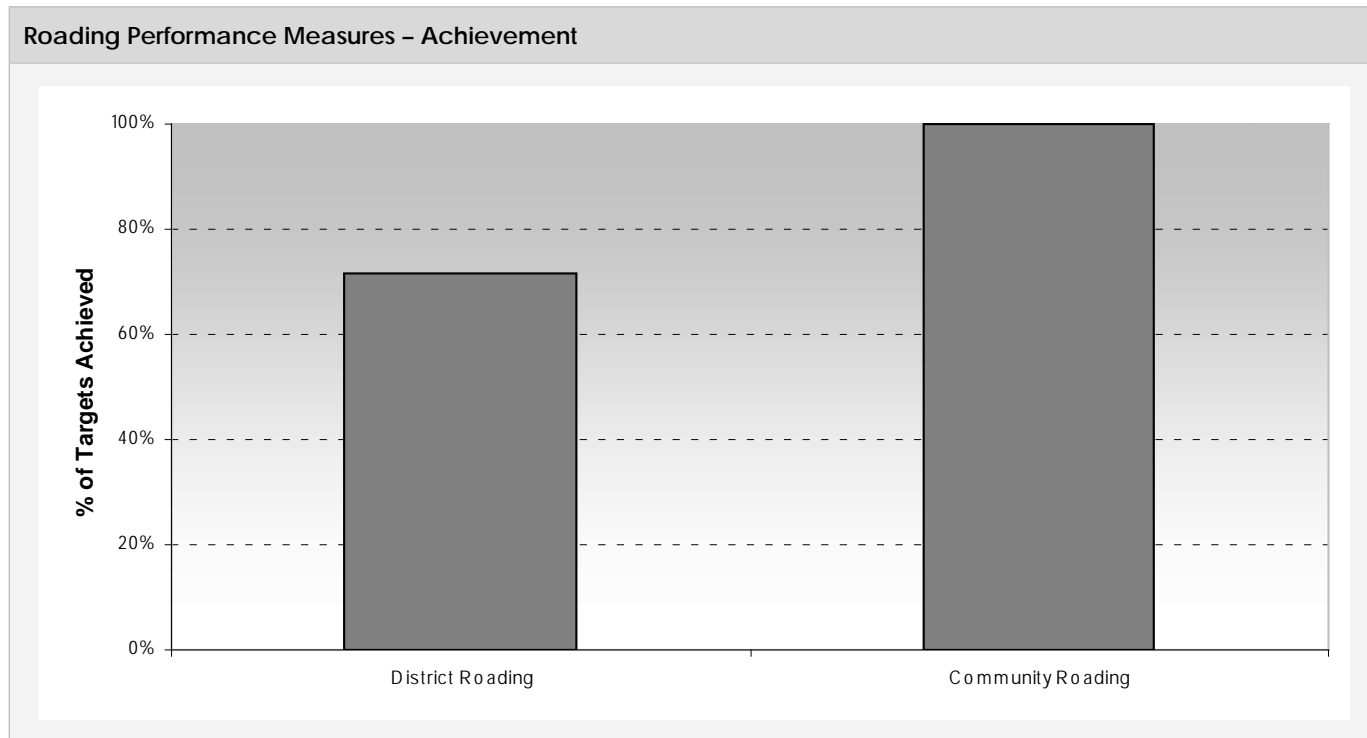
A well-maintained and safe roading network enables accessibility to, and movement around the District. This in turn promotes access to jobs, education, recreational facilities, and social and business services. It also helps achieve a healthy and safe community by protecting the safety of road users.

The Council maintains over \$520 million worth of roading assets to help provide transportation services for residents and visitors to the Coromandel. Council owned assets include sealed roads, 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.

Roading Activities	
▪ District Roading	▪ Community Roading

The following graph shows the overall performance of each activity in the Roading group of activities in relation to its performance targets for the 2008/09 year.





## Working Towards Our Community's Aspirations

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The community outcomes reflect the community's overall aspirations for its future. The Council is more actively involved in delivering some than others, where it has a limited ability to influence them. By delivering the Roothing activities, the Council intends to contribute to achieving the outcome below.

### How Do We Know if Progress is Being Made?

The following summarises any measurement of progress we are making towards achieving the outcomes that has been carried out in the last year - regardless of the Council's own role. Where we can, we have also described any effect of the Council's own activities in particular on achieving those outcomes.



**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 partially 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 they think the needs of local and visitor communities are being met. 70% of residents and ratepayers are satisfied with footpaths within the District and 84% are satisfied with District roads (Customer Satisfaction Survey 2009) indicating that footpaths and roads are in a good state.

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, nearly 44 km of the Thames-Coromandel District Council roading network was resealed during the 2008/09 year.



## District Roading

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 roading network includes all public roads other than state highways, access ways within road reserves, and private roads – totalling 670km of roads.

### 2008/09 Achievement Highlights

- Roading Operations and Maintenance contract retendered
- Reseal program joint tendered with Hauraki District Council
- Significant work on the 309 road as a result of the July 2008 storms - reopened one way in time for Labour Weekend that same year
- Dust suppressant trials started on Maramarahi Road south of Thames - this will be monitored but definitive results will take time
- Package of minor safety work completed in Thames

The Service We Provide:

**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	<b>0</b>	Target achieved.
Number of reported injury accidents on Council roads	33	<b>22</b>	Target achieved. Majority of accidents are occurring at low speed urban intersections.
Number of reported fatal accidents on Council roads	0	<b>0</b>	Target achieved.
Number of routine network safety inspections conducted per year	2	<b>0</b>	Target not achieved. Specific day and nighttime safety inspections were not completed due to an oversight by Council's road network consultant. In addition to the two targeted safety inspections, road safety is managed, through identification of hazards during the course of contractor and consultant routine network inspections. Any safety issues identified are recorded and programmed for remedial works based on risk.



The Service We Provide: **We will manage and maintain the existing roading network**

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with roads	80%	<b>84%</b>	Target achieved.
% of requests for service responded to within contract timeframes	90%	<b>84%</b>	Target not achieved. Council's Roding Consultant and Contractor have improved operating procedures during the year with actual quarterly achievement increasing from 78% in the December 2008 quarter to 89% for the June 2009 quarter. The target for responding to requests within contract timeframes is expected to be achieved in the future.
% of sealed roading network resealed	8%	<b>9.7%</b>	Target achieved.
Number of vehicles exposed to smooth roads (that is with roughness lower than 150 National Association of Australia State Roding Authority counts)	83%	<b>Not available</b>	Road roughness surveys are completed biennially, with the next survey scheduled for May 2010. In 2007/08 this was 86%.

Other Projects and Programmes	
Replacement of Square Kauri Bridge	Project deferred until 2009/10 with 2008/09 budget used to fund the higher priority Rauparoa culvert replacement project on Colville Road.
Construction of approximately 6.5km of Area Wide Pavement Treatment (AWT).	Construction of 8.81km of Area Wide Pavement Treatment (AWT) and associated improvements achieved, including 1.86km of traction sealing.
Resurfacing of approximately 45km of District roads	43.8km of resurfacing achieved - Thin Asphaltic Concrete = 3.8km and chip seal = 40km
Construction of bridge approach seals on unsealed roads.	175m of bridge approach sealing was completed during the year, including the sealing of five timber bridge decks to improve skid resistance when wet or frozen.



## Community Roading

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 ten reserves footbridges as well as community carparks and service lanes.

### 2008/09 Achievement Highlights

- Continued construction of footpaths in Community Board areas
- Ongoing progress in renewing streetlights
- Ongoing maintenance of car parks

The Service We Provide: **We will provide quality community roading infrastructure**

Measure	Target	Result	Comments
% of residents and ratepayers satisfied with:	70%	<b>70%</b>	Target achieved.
• footpaths;	70%	<b>87%</b>	Target achieved.
• town centre image			
Completion of town centre upgrade programme	No works planned	-	This project was completed in the last financial year.

### Other Projects and Programmes

Continued footpath construction in all Community Board areas	All programmed footpath construction projects were completed at year end. A total length of 2.8km new footpaths was achieved.
New street lighting in all Community Board areas	Renewal of unsafe streetlights was identified as a high priority during the year, with the purchase of replacement streetlights components completed during the June quarter. As the streetlighting assets being replaced are depreciated, these renewals are funded from community streetlighting capex budgets.
Maintenance of community carparks	All programmed carpark maintenance work was completed at year end.
Lighting maintenance work	Tenix made a considerable effort during the June quarter to complete overdue streetlighting repairs and ensure the Request for Service (RFS) system was updated. The new streetlighting contract was awarded to Northpower during the June quarter. This new contract commenced on 1 July 2009.
Footpath maintenance and rehabilitation	All programmed footpath maintenance and renewal work was completed at year end.



## Cost of Services Statement

### Roading

For the year ended 30 June 2009

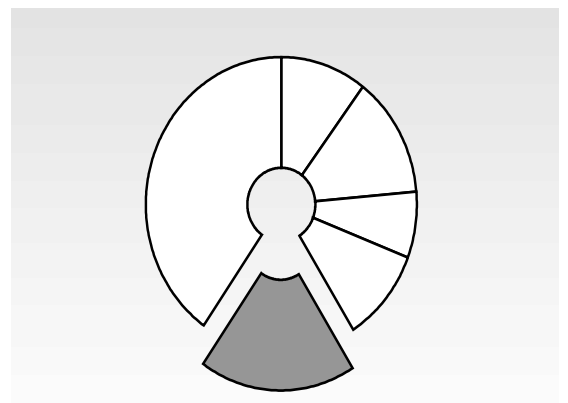
2008		2009		Variance \$000's	Notes
Actual \$000's		Budget \$000's	Actual \$000's		
<b>Revenue</b>					
489	Activity Revenue	391	463	72	1
1,181	Contributions Revenue	887	52	(835)	2
7,068	Rates Revenue	7,486	7,567	81	3
4,960	Subsidies Revenue	5,713	6,126	413	4
13,698	<b>Total Operating Revenue</b>	<b>14,476</b>	<b>14,208</b>	<b>(269)</b>	
<b>Cost of Services</b>					
1,250	Community Roading	1,255	1,281	(26)	
10,909	District Roading	9,993	10,913	(920)	5
12,159	<b>Total Cost of Services</b>	<b>11,248</b>	<b>12,194</b>	<b>(946)</b>	
<b>1,539</b>	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>3,228</b>	<b>2,014</b>	<b>(1,215)</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 New Zealand Transport Agency 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?

Actual expenditure incurred for 2008/09 financial year (\$000s)	12,194
Planned expenditure for 2008/09 financial year (\$000s)	11,248
<b>Variance (\$000s)</b>	<b>(946)</b>



Total cost of services was **\$12.2m** against a plan of \$11.2m



## Notes

- 1 Activity Revenue is showing a favourable variance as:
- Petroleum tax revenue received was higher than anticipated this year by \$60,000.
- 2 Contributions Revenue is showing a unfavourable variance as:
- 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
  - The economic down turn experienced by New Zealand and the global economy has directly impacted Development Contribution revenue during the 2008/09 financial year. Development Contribution revenue for the 2008/09 financial year was reduced from that originally budgeted for in the 2006-2016 Long-term Council Community Plan to reflect unfavourable market conditions at that time and those expected going forward. However, the speed at which the construction sector, and in turn, development in and around the peninsula slowed down during the first six months of the financial year, was not anticipated.
- 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 rates at the end of closing off the District Valuation Roll on 30 June 2008 varied.
- 4 Subsidies Revenue is showing a favourable variance as:
- District Roads Pavement maintenance (both urban and rural) was under budget by \$143,000 and \$234,000 respectively. Although the majority of the work programme was expected to be completed by year end, costs have been less than anticipated this year and the budget was not expected to be fully expended by year end;
  - Major Drainage control costs being greater than those originally anticipated by (\$134,000). This was mainly due to a change in the McConnell's bridge work programme. The change allowed for all capital expenditure on this project to be re-classified as a 'major drainage' expense rather than under 'bridge construction'. As such, this was considered an unbudgeted work item in this account;
  - Seal Widening Costs being less than anticipated by \$137,000. The majority of this budget was not expected to be fully expended by year end and the budget was reduced accordingly;
  - Bridge maintenance expenditure being less than that originally forecasted this year by \$148,000. Opus only approved the scope of work to be undertaken during the second half of the financial year and work on the programme only started towards the end of the year;
  - Costs in relation to the Darkies Stream Bridge at Port Jackson were higher than anticipated this financial year by (\$38,000). The costs originally allowed for in the Annual Plan were deemed to be too low once the scope of work was finalised. A report was presented to Council in February 2008 to advise them of the expected increase in costs and the budget was revised upwards in 2009 accordingly;
  - Square Kauri Bridge Construction costs have been less than anticipated this year by \$208,000. This project has now been deferred to the 2009/10 financial year;
  - Work on the Rauparoa Culvert was an unbudgeted item for the 2008/09 financial year. Urgent work on this culvert was required due to the likelihood of it collapsing and blocking the road. Work on the Square Kauri Bridge was deferred as a result. This account shows over-expenditure of (\$219,000);
  - District lighting costs were higher than those anticipated at year end by (\$120,000). Costs were incurred by Council in order to secure the purchase of street lights from a third party prior to 1 July 2009. These costs were an unbudgeted item and were made in order to help improve the level of service by Council and to enable future cost savings in this area;
  - Professional services costs were higher than anticipated by (\$141,000);
  - Preventative maintenance was over budget by (\$128,000). Unbudgeted funds were required during the financial year for the Buffalo Beach seawall project. This project needed to be progressed this year so that future cost savings could be made in the future;
  - Dust sealing expenditure was less than that originally budgeted by \$97,000. This project was cut to help fund additional expenditure in relation to the 2008 July storm event;
  - Minor safety projects being behind budget \$115,000 this year to date. Projects were unable to proceed due to delays experienced by Council in obtaining the necessary resource consents;
  - Footpath construction costs were higher than anticipated by (\$61,000). This is due to additional work undertaken in Tairua;
  - Maintenance chip seal and Thin AC Surfacing costs were higher than anticipated by (\$145,000). The tenders were higher than expected and the budget was increased accordingly to meet this additional cost. It should also be noted that New Zealand Transport Agency approved additional funding to help subsidise some of this additional expenditure;





## Notes

- Unbudgeted initial response and reinstatement costs were incurred in relation to the July 2008 storm (\$640,000). The total estimated cost for roading was \$1.11 million. Initial response and some reinstatement works have been completed, with the balance of remedial works programmed for completion in 2009/10.

5 District Roding Expenditure is showing an unfavourable variance as:

- Unbudgeted initial response and reinstatement costs were incurred in relation to the July 2008 storm (\$640,000). The total estimated cost for roading was \$1.114 million. Initial response and some reinstatement works have been completed, with the balance of remedial works programmed for completion in 2009/10;
- Preventative maintenance was over budget by (\$128,000). Unbudgeted funds were required during the financial year for the Buffalo Beach seawall project. This project needed to be progressed this year so that future cost savings could be made in the future;
- Professional services costs were higher than anticipated by (\$141,000); and
- Depreciation expenditure was higher than that originally anticipated by (\$684,000).
- These unfavourable variances have been partially offset by District Roads Pavement maintenance (both urban and rural) being under budget by \$143,000 and \$234,000, respectively. Although the majority of the work programme was expected to be completed by year end, costs have been less than anticipated this year and the budget was not expected to be fully expended by year end;
- District Administration costs being under budget by \$145,000. This saving is in response to cost cutting measures implemented by staff and ensuring that all possible recoveries were captured during the financial year;
- Bridge maintenance expenditure being less than that originally forecasted this year by \$148,000. Opus only approved the scope of work to be undertaken during the second half of the financial year and work on the programme only started towards the end of the year.



## ROADING - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2009		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>Parking Areas</b>				
Ferry Landing Carpark	132	127	5	
Woollams Ave Carpark	0	3	(3)	
<b>Local Roding</b>				
Barbara Ave Extension	243	248	(5)	
Whitianga Service Lanes	0	22	(22)	
Whitianga Service Lane Legalisation	200	0	200	1
<b>Footpaths</b>				
Coromandel Construction	32	31	1	
Coromandel Rehabilitation	5	5	0	
Mercury Bay Construction	323	314	9	
Mercury Bay Rehabilitation	21	7	14	
Tairua/Pauanui Construction	366	427	(61)	2
Tairua/Pauanui Rehabilitation	32	23	9	
Thames Construction	50	46	4	
Thames Rehabilitation	21	14	7	
Whangamata Construction	90	102	(12)	
Whangamata Rehabilitation	5	4	1	
<b>Lighting</b>				
Coromandel / Colville Street Lighting	5	6	(1)	
Mercury Bay Street Lighting	32	32	0	
Tairua/Pauanui Street Lighting	31	14	17	
Thames Street Lighting	5	4	1	
Whangamata Street Lighting	24	24	0	
<b>District Roding</b>				
Area-Wide Pavement Treatment	2,458	2,494	(36)	
Carriageway Lights	0	120	(120)	3
Darkies Stream Bridge - Port Jackson	105	143	(38)	
District Development Contributions	105	53	52	4
Dust Seals	100	0	100	5
Koputauki Bridge	746	741	5	
Land Legalisation	84	115	(31)	
Maintenance Chip Seals	1,555	1,091	464	6
Major Drainage Control	362	496	(134)	7
<b>District Roding Continued</b>				
Minor Safety Projects	700	585	115	8
Rauparoa Bridge	0	219	(219)	9
Seal Widening	237	99	138	10
Square Kauri Bridge	210	2	208	11
Thin AC Surfacing	357	966	(609)	12
Traffic Services Renewals	121	113	8	
<b>Total Roding Capital Works Projects</b>	<b>8,756</b>	<b>8,690</b>	<b>(66)</b>	
<b>Percentage of Roding Capital Works Projects completed</b>	<b>100%</b>	<b>99%</b>		

### Notes

- 1 Whitianga Service Land Legalisation is showing a favourable variance as:
- No land purchases were made during the 2008/09 financial year. Land has been identified however, and Council is currently in the process of negotiating the purchase price with the current owners.



Notes	
2	Tairua/Pauanui footpath construction costs is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>The work undertaken was greater than that originally planned for by Council due to a change in project scope.</li> </ul>
3	Carriageway lights is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. Costs were incurred by Council in order to secure the purchase of street lights from a third party prior to 1 July 2009. This expenditure was required in order to help improve the level of service by Council and to enable future cost savings in this area.</li> </ul>
4	District Development Contributions is showing a favourable variance as: <ul style="list-style-type: none"> <li>The costs of finishing the upgrade of Matapaua Road were not as high as those originally budgeted for.</li> </ul>
5	Dust sealing is showing a favourable variance as: <ul style="list-style-type: none"> <li>This project was cut to help fund additional expenditure in relation to the 2008 July storm event.</li> </ul>
6	Maintenance chip seal costs are showing favourable variance as: <ul style="list-style-type: none"> <li>The amount of chip seal work undertaken was not as great as that previously anticipated when the budget was being set for the 2008/09 financial year.</li> </ul>
7	Major Drainage Control shows an unfavourable variance due to: <ul style="list-style-type: none"> <li>A change in the McConnell's bridge work programme. The change allowed for all capital expenditure on this project to be re-classified as a 'major drainage' expense rather than under 'bridge construction'. As such, this was considered an unbudgeted work item in this account.</li> </ul>
8	Minor safety projects shows a favourable variance as: <ul style="list-style-type: none"> <li>Projects were unable to proceed due to delays experienced by Council in obtaining the necessary resource consents.</li> </ul>
9	Rauparoa Bridge is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. Urgent work on this culvert was required due to the likelihood of it collapsing and blocking the road. Work on the Square Kauri Bridge was deferred as a result.</li> </ul>
10	Seal Widening Costs show a favourable variance as: <ul style="list-style-type: none"> <li>The scope of the work required was less than that originally anticipated for the 2008/09 financial year.</li> </ul>
11	Square Kauri Bridge Construction costs show a favourable variance as: <ul style="list-style-type: none"> <li>The project was deferred to the 2009/10 financial year due to affordability issues.</li> </ul>
12	Thin AC Surfacing costs show an unfavourable variance as: <ul style="list-style-type: none"> <li>The tenders were higher than that previously anticipated. The budget was increased accordingly to meet this additional cost. It should also be noted that New Zealand Transport Agency approved additional funding to help subsidise some of this additional expenditure.</li> </ul>



## WATER AND WASTE GROUP

### What Water and Waste Delivers

The Council manages the following essential services within defined areas of benefit throughout the District: Eleven water supply schemes, ten wastewater schemes and a household refuse and recycling service including seven transfer stations. This group of activities helps protect the environment and contributes to a healthy, safe and secure community. Without clean water, proper wastewater treatment and refuse collection, disease and pollution could occur.

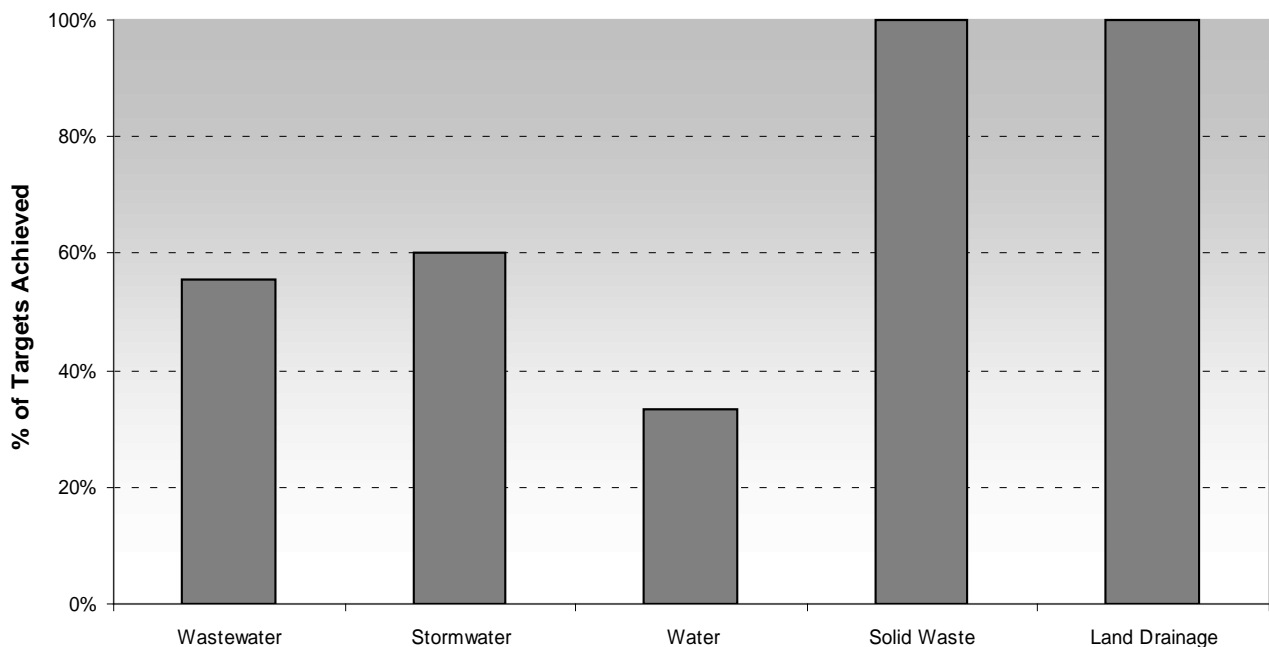
The continued rapid growth facing the District and increased standards continues to put pressure on the Council's water and waste services, particularly wastewater schemes. Key work areas for the Council over the next few years are increasing wastewater capacity on the eastern seaboard of the Peninsula; improving water supply schemes to meet new drinking water standards; and improving stormwater systems.

#### 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 2008/09 year.

#### Water and Waste Performance Measures – Achievement





## Working Towards Our Community's Aspirations

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The community outcomes reflect the community's overall aspirations for its future. The Council is more actively involved in delivering some than others, where it has a limited ability to influence them. By delivering the Water and Waste activities, the Council intends to contribute to achieving the four outcomes outlined below.

### How Do We Know if Progress is Being Made?

The following summarises any measurement of progress we are making towards achieving the outcomes that has been carried out in the last year - regardless of the Council's own role. Where we can, we have also described any effect of the Council's own activities in particular on achieving those outcomes.



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

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 maintained in part, when discharges from Council wastewater schemes meet the consent conditions imposed by Environment Waikato. Consent conditions were met 98.5% of the time in terms of quality and 96.1% of the time in terms of quantity.



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

Through the solid waste activity, the Council provides regular rubbish collections. This contributes to keeping our towns clean and attractive by providing a facility whereby the public have a means of disposing of rubbish and the likelihood of inappropriate waste disposal creating litter in our communities is therefore reduced. 80% of residents and ratepayers are satisfied with the rubbish collection (Customer Satisfaction Survey 2009) indicating that as a whole, the Council is positively contributing to the character of our communities. However, some collections did not take place in isolated communities over the summer. This has a short term negative impact on achieving this community outcome as recycling boxes and bin bags were left on the kerbside for a delayed period of time resulting in unpleasant odours and litter (predominantly on the East Coast). The issues have been addressed with the contractor, which is introducing measures to prevent reoccurrences next year.



**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 new Whangamata wastewater plant developed as part of the Council's eastern seaboard wastewater scheme is now operational. However, the plant is still in the commissioning phase and it will be a further four to five months before the plant will be operating as per the design and within resource consent standards. The new plant has shown that it is capable of achieving 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. 65% of residents and ratepayers are satisfied with the level of service for stormwater systems (Customer Satisfaction Survey 2009).



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

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. In Matatoki, alternative water sources are being investigated for the future and Environment Waikato was involved where over-extraction was required.



## Wastewater

The Council treats almost three million cubic metres of wastewater annually in its ten 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.

### 2008/09 Achievement Highlights

- Continued progress on the Eastern Seaboard wastewater plants.
- Thames wastewater plant resource consent approved.
- Construction of Whangamata wastewater plant near completion and is in the process of being commissioned.

The Service We Provide:

**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	Whangamata upgrade completed (capacity for 23,214 rating units)	<b>Not achieved</b>	Construction of the Whangamata Wastewater plant is nearing completion. The plant is currently in the process of being commissioned. However, it is expected that it will be a further four to five months before the plant will be operating as per the design and within resource consent standards. The Pauanui and Whitianga plants continue to operate consistently at or above contracted levels of performance.

The Service We Provide:

**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:			Targets achieved.
• Quality;	80%	<b>98.5%</b>	4,279 samples conducted.
• Quantity	91%	<b>96.1%</b>	3,022 samples conducted.
Total number of spills into water bodies	6	<b>3</b>	Target achieved. One overflow to a water body for the quarter, three overflows to water bodies for the year – one of which resulted from a stolen air valve in Whangamata.



The Service We Provide: **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>	A formal education campaign was deferred as a result of higher priority work, however Environmental Health Officers undertook community liaison on a case-by-case basis.

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

Measure	Target	Result	Comments
Number of blockages per 1000 connections	12	2.89	Target achieved. There were 52 blockages in total within Thames-Coromandel District Council wastewater infrastructure over the entire District for the year. The figures include blockages on private connection lines (predominantly in Pauanui) which, in being addressed by residents, contributed to blockages within Council infrastructure.
Requests for service relating to smells	25	<b>65</b>	Target not achieved. 16 and 18 complaints were received for Tairua/Pauanui and Whangamata respectively during the third quarter. In Pauanui the majority of complaints were received for the new plant and in Whangamata the complaints centered predominantly on the problems experienced at the aeration pond during early January. The problems at the Eastern Seaboard wastewater plants have been investigated and addressed during the fourth quarter and the situation is being monitored.
% of requests for service responded to within contract timeframes	90%	<b>93%</b>	Target achieved. 251 Requests For Service addressed.

The Service We Provide: **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	70%	<b>68%</b>	Target not achieved. This figure is provided from the outputs of the National Research Bureau survey undertaken annually. Reasons provided were very broad and included cost, access to services (septic tanks) and odour.



Other Projects and Programmes	
Significant expenditure on the Eastern Seaboard Wastewater Schemes upgrades (Whitianga and Whangamata).	<p>Construction of the Whangamata Wastewater plant is nearing completion. The plant is currently in the process of being commissioned. However, it is expected that it will be a further four to five months before the plant will be operating as per the design and within resource consent standards.</p> <p>The new Whitianga consent application continued to be the focus point during the fourth quarter.</p> <p>Work still continues on the two disposal pumpstations, the former aerated lagoon and the forest based final disposal system.</p>
Upgrade and improvement of the wastewater treatment plant in Thames.	<p>Upgrades to the electrical supply, pump station, aerator auto controls and aeration pond equipment were completed during the year. Work is continuing on improving the final effluent quality of retention disposal. Council's application for the new Thames wastewater consent was successful.</p>
Whangamata effluent disposal works will continue	<p>Upgrades to the treated effluent high lift pump station is 100% complete and continues to undergo performance monitoring and snag assessment. The lower storage pond (formerly aeration) conversion will continue into the new financial year. Further enhancements on the current retention pond and selected irrigation areas continue into the 2009/10 financial year with irrigation upgrades having already been completed in a number of irrigation lots.</p>
Upgrade and improvement of reticulation networks and pump stations to maintain the existing services and provide for growth throughout the District.	<p>Projects progressed across the District. Budget constraints required that only emergency based upgrades were considered.</p>
Asset renewals projects throughout the District.	<p>Asset renewals across the District were completed as required. Budget constraints required that only emergency based renewals were considered.</p>





## Stormwater

Because of its geography, the Peninsula is particularly vulnerable to heavy rainfall. Stormwater is the result of sustained or intense 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.

### 2008/09 Achievement Highlights

- Paku Hill stormwater project completed

The Service We Provide: **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	70%	<b>65%</b>	Target not achieved. This figure is provided from the outputs of the National Research Bureau survey undertaken annually and while the figure represents a customer level of satisfaction under the target, no specific problem areas have been identified during the course of the year.
% of requests for service responded to within contracted timeframes	90%	<b>91%</b>	Achieved. 80 Requests For Service were addressed.
Stormwater systems improved in flood prone areas	No works scheduled to be completed	<b>Not applicable</b>	-
Stormwater asset planning work programme completed	Stormwater terrain modelling completed	<b>Not Achieved</b>	Stormwater terrain modeling progressing
% of urban dwellings in the District (except Thames Flats) inundated by a one-in-five year rain event	5%	<b>0%</b>	-
% of urban dwellings on the Thames Flats inundated by a one-in-twenty year rain event	5%	<b>0%</b>	-

### Other Projects and Programmes

Improvements to stormwater systems in Tairua.

Paku Hill stormwater project now completed.



## 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.

### 2008/09 Achievement Highlights

- Tairua / Pauanui Water Supply workshop
- Public Health Risk Management Plans for all Council's water schemes under review before being supplied to Waikato District Health Board

The Service We Provide: **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	Thames Urban, Coromandel, Matarangi, Whitianga and Hahei upgrades, and Tairua supply and treatment improvement completed (capacity for 22,510 rating units)	<b>Achieved</b>	Upgrades and supply and treatment improvements related to water supply capacity that were planned for the 2008/09 year have been completed. Some commissioning activities ongoing.
% of compliance with resource consent conditions / water permit conditions: <ul style="list-style-type: none"> <li>• Quantity;</li> <li>• Other.</li> </ul>	100% 100%	<b>98.3%</b> <b>97.3%</b>	Target not achieved. The majority of non-compliance was related to over abstraction at Matatoki. This will remain an issue during dry spells until an alternative source is investigated and implemented. Matarangi and Pauanui were the only other water takes to exceed consent during the peak period extending into January. The over abstractions were done in consultation with the Consent Monitoring Officer of Environment Waikato and appropriate water restrictions continued to be applied.



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

Measure	Target	Result	Comments
Satisfactory water supply grading issued by Ministry of Health: <ul style="list-style-type: none"> <li>• Thames, Whitianga, Whangamata</li> <li>• Tairua, Pauanui, Matarangi, Onemana, Hahei</li> <li>• Coromandel</li> </ul>	Bb Cc Cc	Uu Uu Eb	<p>Targets not achieved.</p> <p>The grading of water supplies is at the discretion of the Waikato District Health Board and is not under Council's control. These schemes are to be graded when scheduled by the Waikato District Health Board. Tairua was graded on 18 June 2009, the result of this grading is still to be released. To date no further grading has been scheduled. (Uu is ungraded).</p> <p>**Coromandel is the only Council scheme graded as at 31 March 2009. The completed Thames and Coromandel treatment plant assessments have been reviewed and works packages have been compiled in order to undertake enhancements that will lead to improved gradings. Whilst a number of enhancements have already been initiated the bulk of the interventions as previously reported are budget permitting. It is still Service Delivery's intention to consult with elected members as to what are the preferred options related to the progression of this activity.</p>

The Service We Provide: **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	70%	<b>64%</b>	<p>Target not achieved. This figure is provided from the outputs of the National Research Bureau survey undertaken annually and while the figure represents a customer level of satisfaction lower than the target, no specific problem areas have been identified during the course of the year. Comments about water supply from the survey encompass a variety of reasons, including water restrictions / summer capacity, cost and quality.</p>



The Service We Provide: **We will 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>96%</b>	Target achieved. 1,622 Requests For Service addressed.
% of hydrants meeting New Zealand Fire Service Code of Practice	70%	<b>97%</b>	<p>Target achieved. 97% of hydrants have been painted and marked, cat's eyes installed on road surfaces and hydrant operation confirmed.</p> <p>United Water continues to schedule hydrant inspections twice annually with hydrants requiring maintenance, upgrade or replacement attended to as required. Having consulted the New Zealand Fire Service Code of Practice Thames-Coromandel District Council is still to increase the inspection requirements to include pressure and flow rate measurement. These requirements may form part of United Water's revised scope of work currently under discussion.</p>

Other Projects and Programmes	
Water reticulation upgrades – Thames Urban	Continuation of investigation and planning works to implement upgrades to the Thames water treatment plant and reticulation during the 2009/10 year. Due to budget restrictions activities have been limited to emergency based upgrades emanating from operational breakdowns on aged infrastructure. Ongoing projects include the upgrade of a 300mm supply trunk main which is compromised by age and flexible joints and installation of a "filter to waste" system at the water treatment plant that will mitigate risks of possible distribution of backwash water into the reservoir.
Pump station upgrades – Pauanui	The planned Pauanui booster pumpstation upgrade was completed. The pipework, pressure reducing valves and connections were commissioned in time for the peak period allowing the system to be manually utilised. Electrical and control panels were commissioned by mid February 2009. The new pumping and storage system continues to operate well.
Supply and treatment improvements – Tairua and Pauanui	<p>The planned filter based treatment improvements were completed at the Pauanui Tangitorori Lane water treatment plant resulting in increased ability to continually supply treated water during periods of high raw water turbidity. Changes in the delivery pipework also yielded an increase of 10% in volume rate. This increased volume output of the plant has resulted in the new reservoir being able to be fully utilised.</p> <p>Investigation to further improve the Tairua water treatment plant continues into the new financial year (major improvements were initiated during November 2007) as water production and storage ability during peak periods is still of some concern. The "filter to waste" system was however completed.</p>
Asset renewal projects ongoing throughout the District	Asset renewals across the District are being completed as required.



## Solid Waste

The Solid Waste activity involves promoting waste reduction, collecting waste 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.

### 2008/09 Achievement Highlights

- Recycling in public places initiative - Ministry for the Environment funding received under a joint application with Environment Waikato, Hamilton City Council and Otorohanga District Council. The project focuses on iconic areas in the Waikato District.
- Introduction of "owner drivers" resulting in improvements in the general condition/appearance of trucks.

The Service We Provide: **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>93%</b>	Target achieved.
% of residents and ratepayers satisfied with level of service	80%	<b>80%</b>	Target achieved.

The Service We Provide: **We will promote waste reduction in the District**

Measure	Target	Result	Comments
Volume of waste to landfill per rating unit	644kg	<b>601kg</b>	Target achieved.
% of recycling compared to solid waste to landfill	17%	<b>26%</b>	Target achieved.

### Other Projects and Programmes

New compactors to replace and upgrade old equipment.	Work deferred this financial year due to budget constraints
Community litter bin replacements.	Work completed
Various Refuse Transfer Station improvements e.g. tarring, cement works, fencing.	Some work deferred due to budget restraints
Continued emphasis on public education on the public benefits of recycling.	School education program under way.
On-going old landfill rehabilitation works and site monitoring.	Consenting, rehabilitation and monitoring works ongoing



## Land Drainage

Land drainage 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.

### 2008/09 Achievement Highlights

- Continued collection of local rates on behalf of the District's three drainage committees

The Service We Provide: **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 rates distribution)	3	3	Target achieved.

### Other Projects and Programmes

A review of the Council's involvement in this activity.	During the 2009-2019 Ten Year Plan deliberations, the Council decided to stay involved in the land drainage activity.
Continued collection of local rates on behalf of the District's three Drainage Committees.	Ongoing



## Cost of Services Statement

### Water and Waste

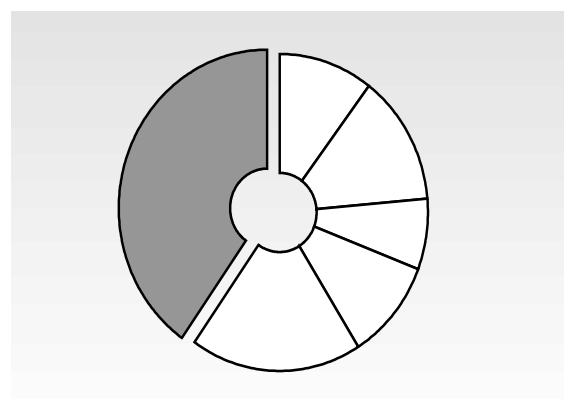
For the year ended 30 June 2009

2008		2009			
Actual		Budget	Actual	Variance	Notes
\$000's		\$000's	\$000's	\$000's	
<b>Revenue</b>					
1,895	Activity Revenue	1,898	4,044	2,146	1
2,662	Contributions Revenue	6,620	489	(6,131)	2
23,324	Rates Revenue	29,433	29,418	(15)	
0	Subsidies Revenue	0	0	0	
27,881	<b>Total Operating Revenue</b>	37,951	33,951	(4,000)	
<b>Cost of Services</b>					
40	Land Drainage	28	24	4	
5,194	Solid Waste	5,037	5,131	(94)	3
2,447	Stormwater	2,970	2,596	374	4
8,660	Wastewater	14,149	12,327	1,822	5
5,427	Water	6,342	6,455	(113)	6
21,768	<b>Total Cost of Services</b>	28,526	26,533	1,992	
<b>6,113 OPERATING SURPLUS/(DEFICIT)</b>		<b>9,424</b>	<b>7,418</b>	<b>(2,007)</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?

Actual expenditure incurred for 2008/09 financial year (\$000s)	26,533
Planned expenditure for 2008/09 financial year (\$000s)	28,526
<b>Variance (\$000s)</b>	<b>1,992</b>





Notes	
1	<p>Activity Revenue is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ A one-off payment of \$2,183,000 was received by Council as part of a full and final settlement in respect to an outstanding 1992 resource consent condition;</li> <li>▪ Unbudgeted waste water fees of \$57,000 have been received this year; and</li> <li>▪ Solid Waste Fee revenue is less than that originally budgeted for this by (\$124,000).</li> </ul>
2	<p>Contributions Revenue is showing a 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 economic down turn experienced by New Zealand and the global economy has directly impacted Development Contribution revenue during the 2008/09 financial year. Development Contribution revenue for the 2008/09 financial year was reduced from that originally budgeted for in the 2006-2016 Long-term Council Community Plan to reflect unfavourable market conditions at that time and those expected going forward. However, the speed at which the construction sector, and in turn, development in and around the peninsula slowed down during the first six months of the financial year, was not anticipated.</li> </ul>
3	<p>Solid Waste expenditure is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>▪ CPI escalation costs were higher than those originally anticipated by (\$435,000); and</li> <li>▪ Non-Routine maintenance costs were higher than those expected by (\$65,000). Due to budget restraints, replacement moloks were unable to be obtained and as such, repair and maintenance work was required to be carried out of existing moloks.</li> <li>▪ These unfavourable variances have been partially offset by less than anticipated contract disposal fees of \$26,000; and</li> <li>▪ A reduction of \$379,000 in the landfill provision.</li> </ul>
4	<p>Stormwater expenditure is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Depreciation expense was under budget by \$135,000;</li> <li>▪ Asset Management Plans expenditure was less than that originally anticipated by \$89,000. This budget was not expected to be fully expended by year end and was reduced accordingly at the previous budget review;</li> <li>▪ CPI escalation costs were less than those originally budgeted for by \$89,000;</li> <li>▪ Interest costs were under budget by \$27,000; and</li> <li>▪ Energy costs were less than those originally budgeted for by \$43,000.</li> </ul>
5	<p>Wastewater expenditure is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>▪ Desludging expenditure was less than that originally forecasted by \$300,000. The programmed work for the Whitianga and Pauanui Wastewater Plants was not commenced during the 2008/09 financial year;</li> <li>▪ CPI escalations costs were lower than those originally forecasted by \$188,000;</li> <li>▪ Asset management plans expenditure was under budget by \$129,000. This budget was not expected to be fully expended by year end and was reduced accordingly at the previous budget review;</li> <li>▪ Energy costs were less than those originally budgeted for by \$254,000;</li> <li>▪ Insurance costs were less than those forecasted by \$46,000;</li> <li>▪ Trade waste bylaw expenditure is less than that budgeted by \$78,000. The initiation of the bylaw has taken longer than that previously anticipated;</li> <li>▪ Investigation fees expenditure was under budget by \$260,000 as no feasibility studies were undertaken until June 2009;</li> <li>▪ Interest and depreciation costs were less than that forecasted this year by \$49,000 and \$149,000, respectively; and</li> <li>▪ Contract Regular costs were less than those originally budgeted for by \$477,000. The Whangamata Plant was late to come on-line. As such, costs were lower than that anticipated this year and the budget was not expected to be fully expended by year end.</li> <li>▪ These favourable variances have been partially offset by higher than anticipated non-routine day-work expenditure of (\$76,000).</li> </ul>





## Notes

- 6 Water expenditure is showing an unfavourable variance as:
- Depreciation costs were higher than anticipated by (\$405,000) as a result of the 1 July 2008 revaluation; and
  - Non-routine day-work expenditure was higher than that anticipated by (\$115,000). The provision set at the start of the financial year was not high enough to cover all unexpected costs in relation to the Tararu Bridge Bypass, the burst main in Albert Street and all other remedial work in relation to the Kaueranga Valley Intake Screen.
  - These unfavourable variances have been partially offset by asset management plans expenditure being under budget by \$59,000. This budget was not expected to be fully expended by year end and was reduced accordingly at the previous budget review;
  - Energy costs being below budget by \$106,000;
  - CPI escalation costs being lower than those originally forecasted by \$231,000; and
  - Interest costs being less than those originally expected by \$35,000.



## WATER AND WASTE - CAPITAL WORKS

CAPITAL WORKS PROJECTS	2009		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>Solid Waste</b>				
Compactor Replacements	63	18	45	1
Community Litter Bin Replacements	21	21	0	
Transfer Station Bin Replacements	26	29	(3)	
Transfer Station Miscellaneous Improvements	37	40	(3)	
Moloks	26	0	26	
<b>Stormwater</b>				
Asset Register Replacements - Thames	10	(2)	12	
Asset Register Replacements - Mercury Bay	10	17	(7)	
Asset Register Replacements - Whitianga	10	0	10	
Asset Register Replacements - Tairua	6	0	6	
Asset Register Replacements - Pauanui	8	0	8	
Asset Register Replacements - Coromandel / Colville	100	60	40	2
Asset Register Replacements - Onemana	3	0	3	
Asset Register Replacements - Whangamata	6	0	6	
Flood Protection - Whangamata	481	268	213	3
Paku Hill Improvements	434	197	237	4
Thames Albert St Development	0	12	(12)	
<b>Wastewater</b>				
Cooks Beach Asset Register Replacements	8	0	8	
Coromandel Asset Register Replacements	5	4	1	
Coromandel Long Bay Road Main Upgrade	0	120	(120)	5
Coromandel Treatment Plant Alterations	40	0	40	6
Consent Renewals	40	4	36	
Hahei Asset Register Replacements	5	0	5	
Hahei Treatment Plant - New	0	22	(22)	
Tairua/Pauanui Asset Register Replacements	16	9	7	
Tairua/Pauanui Effluent Disposal	2,059	2,576	(517)	7
Pauanui Inflow/Infiltration	123	30	93	8
Tairua Inflow/Infiltration	126	2	124	9
Tairua/Pauanui Treatment & Disposal Improvements	0	457	(457)	10
Tairua/Pauanui Biosolid Infrastructure	792	621	171	11
Tairua/Pauanui Pump Station Upgrade & Rising Main	100	10	90	12
Thames Asset Register Replacements	136	60	76	13
Thames Consent Renewals	0	139	(139)	14
Thames Pond Sludge Removal	300	221	79	15
Thames Pump Station Upgrade	0	(6)	6	
Thames Treatment Plant Upgrade	712	0	712	16
Matarangi Asset Register Replacements	10	0	10	
Matarangi Consent Renewals	54	20	34	
Oamaru Bay Asset Register Replacements	11	10	1	
Oamaru Bay Consent Renewal	50	33	17	
Oamaru Bay Effluent Disposal Field Upgrade	30	0	30	
Onemana Asset Register Replacements	3	14	(11)	
Onemana Backflow Prevention	0	(14)	14	
Whitianga Asset Register Replacements	16	11	5	
Whitianga Biosolid Infrastructure	50	41	9	
Whitianga Consent Renewal	500	199	301	17
Whitianga Effluent Disposal	0	13	(13)	
Whitianga Joan Gaskell to Jackman Ave Truck Main	619	13	606	18
Whitianga Treatment Upgrade	1,150	551	599	19
Whangamata Asset Register Replacements	8	6	2	
Whangamata Biosolid Infrastructure	50	4	46	20
Whangamata Effluent Disposal	5,935	3,328	2,607	21
Whangamata Inflow/Infiltration	286	22	264	22
Whangamata Pump Station Upgrade	300	32	268	23
Whangamata Treatment Plant Upgrade	8,226	10,040	(1,814)	24



## WATER AND WASTE - CAPITAL WORKS CONTINUED

CAPITAL WORKS PROJECTS	2009		Variance \$000's	Notes
	Budget \$000's	Actual \$000's		
<b>Water</b>				
Coromandel Asset Register Replacements	69	53	16	
Coromandel Pump Station Upgrade	108	0	108	25
Hahei Asset Register Replacements	27	10	17	
Hahei Pump Station Upgrade	0	(6)	6	
Matarangi Asset Register Replacements	3	2	1	
Matatoki Asset Register Replacements	11	0	11	
Onemana Asset Register Replacements	27	0	27	
Onemana Tuna Place Bore	137	0	137	26
Pauanui Additional Storage	0	507	(507)	27
Pauanui Asset Register Replacements	20	13	7	
Pauanui Pump Station Upgrade	99	177	(78)	28
Pauanui Supply & Treatment Improvements	200	59	141	29
Tairua Asset Register Replacements	20	5	15	
Tairua Supply & Treatment Improvements	200	3	197	30
Thames Valley Asset Register Replacements	11	8	3	
Thames Urban Reticulation	182	9	173	31
Thames Urban Asset Register Replacements	320	107	213	32
Whangamata Asset Register Replacements	81	0	81	33
Whangamata Wentworth Bores/Store/Mains	50	65	(15)	
Whitianga Additional Storage	0	387	(387)	34
Whitianga Asset Register Replacements	5	32	(27)	
Whitianga Joan Gaskell to Jackman Ave Trunk Main	1,036	25	1,011	35
Whitianga Whangamaroro Intake	50	62	(12)	
<b>Total Water and Waste Capital Works Projects</b>	<b>25,656</b>	<b>20,770</b>	<b>(4,886)</b>	
<b>Percentage of Water and Waste Capital Works Projects completed</b>	<b>100%</b>	<b>81%</b>		

### Notes

1	<p>Compactor Replacements is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The project scope changed due to rates affordability concerns.</li> </ul>
2	<p>Asset Register Replacements - Coromandel/Colville is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The budget was reduced in the March budget review due to the requirement to reduce capital works for affordability reasons. The remaining budget has been deferred to the 2009/10 financial year.</li> </ul>
3	<p>Flood Protection - Whangamata is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The budget was reduced in the March budget review due to the requirement to reduce capital works for rates affordability concerns. In addition to this, costs were less than originally anticipated.</li> </ul>
4	<p>Paku Hill improvements is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The cost of the project was less than that originally anticipated due to rates affordability concerns.</li> </ul>
5	<p>Coromandel Long Bay Road Main Upgrade is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. This project had been deferred from the previous financial year.</li> </ul>
6	<p>Coromandel Treatment Plant Alterations is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The project was deferred to the 2009/10 financial year due to rates affordability concerns.</li> </ul>



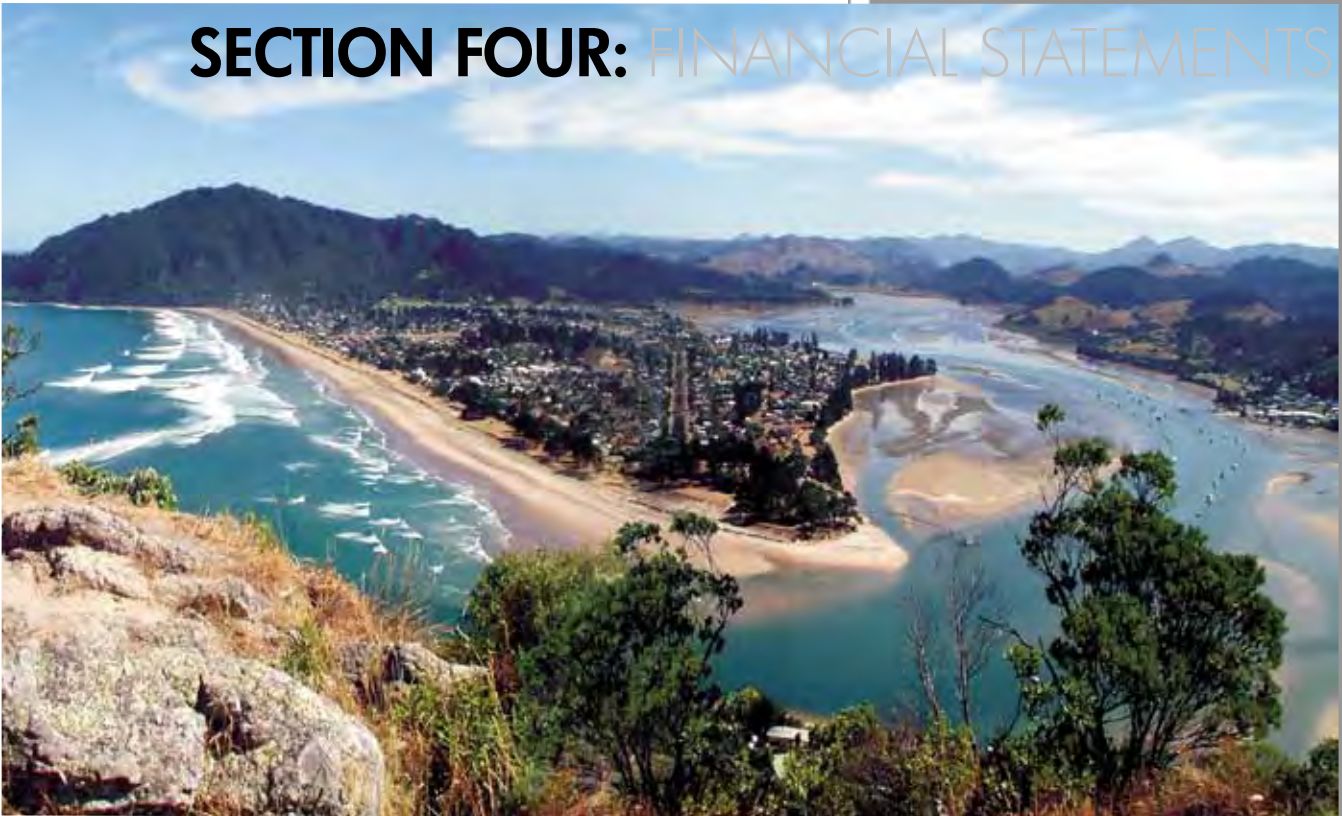
Notes	
7	Tairua/Pauanui Effluent Disposal is showing an unfavourable variance due to: <ul style="list-style-type: none"> <li>A portion of the project being deferred from the 2007/08 financial year due to post resource consent consultation issues. The project is expected to be completed towards the end of the 2009/10 financial year.</li> </ul>
8	Pauanui Inflow/Infiltration shows a favourable variance as: <ul style="list-style-type: none"> <li>The project has been deferred to outer financial years due to rates affordability concerns.</li> </ul>
9	Tairua Inflow/Infiltration shows a favourable variance as: <ul style="list-style-type: none"> <li>The project has been deferred to outer financial years due to rates affordability concerns.</li> </ul>
10	Tairua/Pauanui Treatment & Disposal is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>This was an unbudgeted item for the 2008/09 financial year. The decommissioning work was not finished in the 2007/08 financial year and as such, work continued during the 2008/09 financial year. This project is expected to be completed towards the end of the 2009/10 financial year.</li> </ul>
11	Tairua/Pauanui Biosolid infrastructure shows a favourable variance as: <ul style="list-style-type: none"> <li>The remainder of the project was deferred to the 2009/10 financial year due to the timing of the trial process.</li> </ul>
12	Tairua/Pump Station Upgrade and Rising main costs show a favourable variance as: <ul style="list-style-type: none"> <li>Problems were identified with previous assets purchased. This caused a delay in work able to be progressed. Modifications are now required.</li> </ul>
13	Thames Asset Register Replacements is showing a favourable variance as: <ul style="list-style-type: none"> <li>The budget was reduced in the March budget review due to the requirement to reduce capital works rates affordability concerns. The remaining budget has been deferred to outer financial years.</li> </ul>
14	Thames Consent Renewals is showing an unfavourable variance as: <ul style="list-style-type: none"> <li>This was an unbudgeted item for this activity. The consent hearing date was pulled forward and as such, work progressed earlier than anticipated.</li> </ul>
15	Thames Pond Sludge Removal is showing a favourable variance as: <ul style="list-style-type: none"> <li>The budget was reduced due to rates affordability concerns. Accordingly, the scope of the project changed.</li> </ul>
16	Thames Treatment Plant Upgrade is showing a favourable variance as: <ul style="list-style-type: none"> <li>Work has been deferred to the 2009/10 financial year.</li> </ul>
17	Whitianga Consent Renewals is showing a favourable variance as: <ul style="list-style-type: none"> <li>Work did not progress as quickly anticipated. The public presentation of the preferred option was not made until late into the 2008/09 financial year. The remaining budget has been carried over to the 2009/10 financial year.</li> </ul>
18	Whitianga Joan Gaskell to Jackman Ave Trunk Main is showing a favourable variance as: <ul style="list-style-type: none"> <li>The majority of the project was progressed in the 2007/08 financial year and the costs expected this financial year were less than originally anticipated.</li> </ul>
19	Whitianga Treatment Upgrade is showing a favourable variance as: <ul style="list-style-type: none"> <li>All decommissioning and peripheral works have stopped until Council has decided what will be done with the property.</li> </ul>
20	Whangamata Biosolid infrastructure shows a favourable variance as: <ul style="list-style-type: none"> <li>The remainder of the project was deferred to the 2009/10 financial year due to the timing of the trial process.</li> </ul>
21	Whangamata Effluent Disposal is showing a favourable variance as: <ul style="list-style-type: none"> <li>The remainder of the work has been deferred to the 2009/10 financial year.</li> </ul>
22	Whangamata Inflow/Infiltration shows a favourable variance as: <ul style="list-style-type: none"> <li>The project has been deferred to outer financial years due to rates affordability concerns.</li> </ul>
23	Whangamata Pumpstation shows a favourable variance as: <ul style="list-style-type: none"> <li>The project has not progressed as quickly as anticipated. The design stage was only completed late in the 2008/09 financial year. The project has now been deferred until later in the 2009/10 financial year.</li> </ul>



Notes	
24	<p>Whangamata Treatment Plant Upgrade shows an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>A portion of the work was deferred from the 2007/08 financial year. The budget was revised upwards to account for the additional work to be undertaken in the 2008/09 financial year in the October budget revision.</li> </ul>
25	<p>Coromandel Pump Station Upgrade shows a favourable variance as:</p> <ul style="list-style-type: none"> <li>The majority of the project has been deferred to the 2009/10 financial year due to rates affordability concerns.</li> </ul>
26	<p>Onemana Tuna Place Bore shows a favourable variance as:</p> <ul style="list-style-type: none"> <li>The budget for this project was cut due to rates affordability concerns.</li> </ul>
27	<p>Pauanui Additional Storage shows an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>Additional work was required due to unfavourable ground conditions at the reservoir platform site. The budget was revised upwards to account for the additional work to be undertaken in the 2008/09 financial year at the October budget review.</li> </ul>
28	<p>Pauanui Pump Station Upgrade shows an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>Additional work was required due to the Pump Station design having to be redesigned and reconfigured. The budget was revised upwards to account for the additional work to be undertaken in the 2008/09 financial year in the January budget revision.</li> </ul>
29	<p>Pauanui Supply and Treatment Improvements shows a favourable variance as:</p> <ul style="list-style-type: none"> <li>Work had not progressed as far as originally planned. Further work was required by SKM to better quantify queries raised during the Council and Community Board Workshop. Staff analysed the results late in the financial year and took the results to Council in June 2009. Work is expected to continue in the 2009/10 financial year.</li> </ul>
30	<p>Tairua Supply and Treatment Improvements shows a favourable variance as:</p> <ul style="list-style-type: none"> <li>Work had not progressed as far as originally planned. Further work was required by SKM to better quantify queries raised during the Council and Community Board Workshop. Staff analysed the results late in the financial year and took the results to Council in June 2009. Work is expected to continue in the 2009/10 financial year.</li> </ul>
31	<p>Thames Urban Reticulation is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The budget was cut in the March budget review due to the requirement to reduce capital works due to rates affordability concerns. Work is now deferred until the 2009/10 financial year.</li> </ul>
32	<p>Thames Urban Asset Register Replacements is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The budget was cut in the March budget review due to the requirement to reduce capital works due to rates affordability concerns. This reduced the amount of work able to be undertaken.</li> </ul>
33	<p>Whangamata Urban Asset Register Replacements is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>The budget was cut in the March budget review due to the requirement to reduce capital works due to rates affordability concerns.</li> </ul>
34	<p>Whitianga Additional Storage is showing an unfavourable variance as:</p> <ul style="list-style-type: none"> <li>Part of the project was previously deferred from the 2006/07 and 2007/08 financial year. Additional work required was then 2008/09 financial year. The budget was then revised upwards accordingly at budget revision meeting in October 2008.</li> </ul>
35	<p>Whitianga Joan Gaskell to Jackman Ave Trunk Main is showing a favourable variance as:</p> <ul style="list-style-type: none"> <li>Work was substantially complete early in the 2008/09 financial year and costs were less than anticipated.</li> </ul>



## SECTION FOUR: FINANCIAL STATEMENTS



Photograph: *Tairua/Pauanui taken from Paku Hill*

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- Guide to Financial Statements
- Consolidated Statement of Financial Performance
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash flows
- Statement of Accounting Policies
- Notes to the Accounts
- Council Controlled Organisations



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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 Consolidated Statement of Financial Performance, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, Consolidated 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

#### Consolidated 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 143 to 159.

#### Consolidated Statement of Financial Performance

The Consolidated Statement of Financial Performance shows all of Council's revenue earned and expenses incurred for the 12 months up to 30 June 2009. 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 Consolidated Statement of Financial Performance is added or subtracted from Council's equity as shown in the Consolidated Statement of Changes in Equity.

Refer to page 139.

#### Consolidated Statement of Changes in Equity

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

Refer to page 140.

### Notes to the financial statements

For the year ended 30 June 2009

#### 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 domiciled in New Zealand.

#### Consolidated Statement of Financial Performance

For the year ended 30 June 2009

2008		Notes	2009		
Parent Actual	Group Actual		Parent Budget	Parent Actual	Group Actual
\$000's	\$000's		\$000's	\$000's	\$000's
<b>REVENUE</b>					
7,376	7,544	Activity revenue	3	7,476	9,255
6,899	6,695	Contributions revenue	3	12,503	1,090
673	672	Investment revenue	3	235	53
47,634	47,554	Rates revenue	3	53,916	54,241
4,960	4,960	Subsidies revenue	3	5,715	6,126
360	263	Gains	3	56	162
10,780	10,780	Assets Valued and Introduced	3	4,368	3,144
<b>78,271</b>	<b>78,574</b>	<b>TOTAL REVENUE</b>		<b>84,343</b>	<b>74,100</b>
<b>EXPENDITURE</b>					
11,223	11,223	Personnel costs	4	10,235	12,002
11,509	12,075	Depreciation and amortisation	4	13,084	14,158
1,208	1,205	Finance costs	4	3,452	3,237
34,238	34,283	Other direct operating expenses	4	36,429	36,402
2,901	2,901	Other losses	4	0	4,632
<b>61,879</b>	<b>61,687</b>	<b>TOTAL EXPENDITURE</b>		<b>63,160</b>	<b>70,481</b>
<b>16,392</b>	<b>16,887</b>	<b>NET SURPLUS</b>		<b>21,183</b>	<b>3,619</b>

Explanations of significant variances against budget are detailed in Note 35.

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

#### Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

2008		Notes	2009		
Parent Actual	Group Actual		Parent Budget	Parent Actual	Group Actual
\$000's	\$000's		\$000's	\$000's	\$000's
<b>799,408</b>	<b>799,655</b>	<b>EQUITY AT START OF THE YEAR</b>	<b>815,171</b>	<b>952,808</b>	<b>953,062</b>
Property, plant and equipment					
142,719	142,719	Gains/(losses) on property valuation	7	59,842	147,294
(5,618)	(5,618)	Gains/(losses) taken to equity for impairments of land		0	0
(400)	(400)	Lesly home operating connection		0	0
(2)	(4)	Valuation gains/(losses) taken to equity		0	4
136,699	136,697	Net income/(expense) recognised directly in equity		59,842	147,294
16,701	16,710	Surplus for the year		19,193	3,881
<b>153,400</b>	<b>153,407</b>	<b>Total recognised revenue for the year</b>	<b>79,035</b>	<b>151,021</b>	<b>151,179</b>
<b>952,808</b>	<b>953,062</b>	<b>EQUITY AT END OF THE YEAR</b>	<b>894,206</b>	<b>1,103,829</b>	<b>1,104,241</b>

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



## Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position shows the assets and liabilities of the Council as at 30 June 2009. 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. Noncurrent liabilities represents money owed by Council that does not have to be paid within the next 12 months.

Refer to page 141.

2009		Notes		2009		
Parent Actual	Group Actual			Parent Budget	Parent Actual	Group Actual
\$000's	\$000's			\$000's	\$000's	\$000's
<b>ASSETS</b>						
<b>Current Assets</b>						
609	600	8		224	66	116
7,088	7,071	9		8,602	8,602	8,625
100	100	10		0	0	0
0	0	11		0	78	78
168	168	12		0	228	228
210	210	13		0	200	200
<b>8,067</b>	<b>8,249</b>			<b>8,726</b>	<b>9,206</b>	<b>9,227</b>
<b>Non-current Assets</b>						
100	100	14		100	100	100
180	180	15		0	0	0
239	239	16		121	148	148
2,238	2,238	17		2,184	2,021	2,021
1,088	1,088	18		789	1,341	1,341
1,000,000	1,000,000	19		868,417	1,348,712	1,348,361
<b>1,008,287</b>	<b>1,008,735</b>			<b>869,067</b>	<b>1,370,628</b>	<b>1,371,372</b>
<b>1,016,354</b>	<b>1,016,984</b>			<b>869,793</b>	<b>1,370,836</b>	<b>1,383,600</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
18,885	18,712	20		78,863	14,779	14,790
1,088	1,088	21		0	462	462
1,088	1,088	22		1,011	1,362	1,376
1,000,000	1,000,000	23		0	265	265
3,043	3,110	24		46	243	243
<b>28,114</b>	<b>28,998</b>			<b>21,060</b>	<b>17,989</b>	<b>17,896</b>
<b>Non-current Liabilities</b>						
0	0	25		88	103	103
2,000	2,000	26		1,452	2,000	2,000
0	0	27		0	89	89
100,000	100,000	28		0	0	0
<b>2,000</b>	<b>2,000</b>			<b>1,540</b>	<b>2,082</b>	<b>2,082</b>
<b>30,114</b>	<b>30,998</b>			<b>32,600</b>	<b>38,871</b>	<b>39,978</b>
<b>58,228</b>	<b>59,996</b>			<b>53,660</b>	<b>56,860</b>	<b>57,874</b>
<b>92,806</b>	<b>90,992</b>			<b>86,260</b>	<b>95,740</b>	<b>97,856</b>
<b>92,806</b>	<b>90,992</b>			<b>86,260</b>	<b>95,740</b>	<b>97,856</b>
<b>EQUITY</b>						
988,118	988,200	7		987,029	988,174	988,479
88,827	88,827	7		88,722	218,477	218,477
(72,490)	(72,377)	7		48,808	(8,314)	(8,411)
800,455	804,650	7a		431,509	808,867	808,487
<b>92,806</b>	<b>92,806</b>			<b>92,806</b>	<b>1,383,832</b>	<b>1,383,831</b>

## Consolidated Statement of Cash Flows

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

Refer to page 142.

2009		Notes		2009		
Parent Actual	Group Actual	Parent Budget	Parent Actual	Group Actual	Group Actual	
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
48,752	48,883		53,817	52,709	52,824	
1	1		0	0	0	
18,214	18,718		23,748	18,281	18,883	
472	476		230	36	86	
800,455	800,250		76,831	68,279	68,888	
<b>677,434</b>	<b>667,328</b>		<b>157,626</b>	<b>139,295</b>	<b>140,601</b>	
<b>Cash was applied to:</b>						
65,187	65,635		65,088	67,881	67,833	
0	0		0	0	0	
1,025	1,025		3,452	3,883	3,883	
41,828	42,288		40,460	43,544	43,714	
<b>108,040</b>	<b>108,948</b>		<b>109,000</b>	<b>115,212</b>	<b>115,430</b>	
<b>569,394</b>	<b>558,380</b>		<b>47,626</b>	<b>23,783</b>	<b>25,171</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
0	0		0	161	161	
110	110		0	86	107	
0	0		0	0	0	
<b>110</b>	<b>110</b>		<b>0</b>	<b>247</b>	<b>268</b>	
<b>Cash was applied to:</b>						
168	168		0	11	11	
68,853	68,853		41,738	38,654	38,653	
88,171	88,171		0	250	250	
89,100	89,100		41,738	38,708	38,888	
<b>156,131</b>	<b>156,292</b>		<b>41,738</b>	<b>77,123</b>	<b>77,802</b>	
<b>69,019</b>	<b>69,170</b>		<b>41,738</b>	<b>16,085</b>	<b>16,085</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
0	0		0	0	0	
124,200	124,200		12,088	49,089	49,089	
<b>124,200</b>	<b>124,200</b>		<b>12,088</b>	<b>49,089</b>	<b>49,089</b>	
<b>Cash was applied to:</b>						
0	0		0	71	71	
152	152		0	106	106	
88,828	88,828		2,412	49,850	49,850	
89,100	89,100		41,738	38,708	38,888	
<b>148,928</b>	<b>148,980</b>		<b>44,150</b>	<b>88,674</b>	<b>88,834</b>	
<b>75,272</b>	<b>75,220</b>		<b>31,938</b>	<b>30,415</b>	<b>30,255</b>	
<b>199,472</b>	<b>199,440</b>		<b>63,876</b>	<b>66,890</b>	<b>66,890</b>	
<b>199,472</b>	<b>199,440</b>		<b>63,876</b>	<b>66,890</b>	<b>66,890</b>	
<b>199,472</b>	<b>199,440</b>		<b>63,876</b>	<b>66,890</b>	<b>66,890</b>	

## 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 160 to 226.

2009		2009	
Parent Actual	Group Actual	Parent Budget	Parent Actual
\$000's	\$000's	\$000's	\$000's
<b>REVENUE</b>			
<b>Council activities</b>			
5,988	5,988	5,646	5,755
10,819	10,819	12,927	8,832
3,681	3,681	3,640	3,576
4,244	4,244	4,252	4,480
13,698	13,698	14,478	14,208
27,881	27,881	37,951	33,951
<b>66,811</b>	<b>66,811</b>	<b>79,850</b>	<b>70,803</b>
10,789	10,789	4,398	3,144
317	317	0	0
353	353	55	152
<b>78,271</b>	<b>78,271</b>	<b>84,343</b>	<b>74,100</b>
<b>EXPENDITURE</b>			
<b>Council activities</b>			
8,841	8,841	7,053	6,742
8,102	8,102	6,262	6,730
3,932	3,932	4,627	4,695
5,628	5,628	5,435	6,757
12,159	12,159	11,248	12,194
21,768	21,768	28,626	26,533
<b>56,429</b>	<b>56,429</b>	<b>65,150</b>	<b>65,650</b>
240	240	0	90
2,901	2,901	0	4,632
<b>61,570</b>	<b>61,570</b>	<b>65,150</b>	<b>70,372</b>
<b>16,701</b>	<b>16,701</b>	<b>19,193</b>	<b>3,728</b>



## Consolidated Statement of Financial Performance

For the year ended 30 June 2009

2008		Notes	2009			
Parent Actual \$000's	Group Actual \$000's		Parent Budget \$000's	Parent Actual \$000's	Group Actual \$000's	
<b>REVENUE</b>						
7,376	7,549	Activity revenue	3	7,476	9,293	9,621
6,686	6,686	Contributions revenue	3	12,553	1,090	1,090
473	473	Investment revenue	3	230	53	53
47,634	47,564	Rates revenue	3	53,916	54,241	54,156
4,960	4,960	Subsidies revenue	3	5,715	6,126	6,126
353	353	Gains	3	55	152	152
10,789	10,789	Assets Vested and Introduced	3	4,398	3,144	3,144
<b>78,271</b>	<b>78,374</b>	<b>TOTAL REVENUE</b>		<b>84,343</b>	<b>74,100</b>	<b>74,343</b>
<b>EXPENDITURE</b>						
11,223	11,223	Personnel costs	4	10,235	12,002	12,002
11,999	12,019	Depreciation and amortisation	4	13,084	14,138	14,158
1,209	1,237	Finance costs	4	3,402	3,237	3,267
34,238	34,283	Other direct operating expenses	4	38,429	36,363	36,402
2,901	2,901	Other losses	4	0	4,632	4,632
<b>61,570</b>	<b>61,663</b>	<b>TOTAL EXPENDITURE</b>		<b>65,150</b>	<b>70,372</b>	<b>70,461</b>
<b>16,701</b>	<b>16,710</b>	<b>NET SURPLUS</b>		<b>19,193</b>	<b>3,727</b>	<b>3,881</b>

Explanations of significant variances against budget are detailed in Note 35; *Explanation of major variances against budget*

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



## Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

2008		Notes	2009		
Parent Actual	Group Actual		Parent Budget	Parent Actual	Group Actual
\$000's	\$000's		\$000's	\$000's	\$000's
799,408	799,655		815,171	952,808	953,062
<b>EQUITY AT START OF THE YEAR</b>					
Property, plant and equipment					
142,719	142,719	7	59,842	147,294	147,294
(5,618)	(5,618)		0	0	0
(400)	(400)		0	0	0
(2)	(4)		0	0	4
<hr/>					
136,699	136,697		59,842	147,294	147,298
Net income/(expense) recognised directly in equity					
16,701	16,710		19,193	3,727	3,881
Surplus for the year					
153,400	153,407		79,035	151,021	151,179
<b>Total recognised revenue for the year</b>					
952,808	953,062	7	894,206	1,103,832	1,104,241
<b>EQUITY AT END OF THE YEAR</b>					

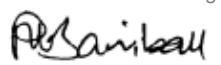
The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

# Consolidated Statement of Financial Position

As at 30 June 2009

2008		Notes	2009		
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>					
469	599	8	724	66	116
7,566	7,575	9	8,065	8,602	8,625
150	150	10	0	0	0
4	4	11	0	78	78
158	158	12	0	239	239
310	310	13	0	220	220
<b>8,657</b>	<b>8,796</b>		<b>8,789</b>	<b>9,205</b>	<b>9,278</b>
<b>Non-current Assets</b>					
109	109	14	193	152	152
180	180	10	0	0	0
294	294	11	121	145	145
2,738	2,738	16	2,164	3,031	3,031
1,886	1,886	17	769	1,581	1,581
1,000,050	1,000,528	15	956,817	1,165,717	1,166,361
<b>1,005,257</b>	<b>1,005,735</b>		<b>960,064</b>	<b>1,170,626</b>	<b>1,171,270</b>
<b>1,013,914</b>	<b>1,014,531</b>		<b>968,853</b>	<b>1,179,831</b>	<b>1,180,547</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
19,665	19,712	20	19,953	14,779	14,790
150	150	10	0	452	452
1,386	1,400	21	1,011	1,562	1,576
1,318	1,318	22	0	351	351
5,891	5,910	23	82	249	270
<b>28,411</b>	<b>28,491</b>		<b>21,046</b>	<b>17,393</b>	<b>17,440</b>
<b>Non-current Liabilities</b>					
93	93	21	58	103	103
2,599	2,599	22	1,872	3,450	3,450
0	0	10	0	69	69
30,004	30,287	23	51,671	54,984	55,244
<b>32,696</b>	<b>32,979</b>		<b>53,601</b>	<b>58,606</b>	<b>58,866</b>
<b>61,106</b>	<b>61,469</b>		<b>74,647</b>	<b>75,999</b>	<b>76,306</b>
<b>952,808</b>	<b>953,062</b>		<b>894,206</b>	<b>1,103,832</b>	<b>1,104,241</b>
<b>EQUITY</b>					
369,159	369,350	7	347,072	244,174	244,478
86,627	86,627	7	66,723	213,477	213,477
(12,440)	(12,377)	7	46,858	(8,516)	(8,411)
509,462	509,462	7a	433,553	654,697	654,697
<b>952,808</b>	<b>953,062</b>		<b>894,206</b>	<b>1,103,832</b>	<b>1,104,241</b>

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

  
 Philippa Barriball JP  
 DISTRICT MAYOR

  
 Steve Ruru  
 CHIEF EXECUTIVE



## Consolidated Statement of Cash Flows

For the year ended 30 June 2009

2008		Notes	2009		
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>					
46,733	46,663		53,857	52,709	52,624
1	1		0	1	1
18,317	18,719		25,745	15,201	15,690
472	476		230	52	56
436	436		0	315	315
65,959	66,295		79,831	68,278	68,686
<b>Cash was applied to:</b>					
40,187	40,405		49,088	47,591	47,833
0	0		0	0	0
1,635	1,663		3,402	3,853	3,883
41,822	42,068		52,490	51,444	51,716
24,137	24,227	24	27,341	16,834	16,970
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Cash was provided from:</b>					
7	7		5	161	161
110	119		626	95	101
96	96		0	0	0
213	222		631	256	262
<b>Cash was applied to:</b>					
156	156		0	11	11
58,958	58,995		41,738	36,454	36,655
574	574		0	293	293
59,688	59,725		41,738	36,758	36,959
(59,475)	(59,503)		(41,107)	(36,502)	(36,697)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Cash was provided from:</b>					
0	0		0	0	0
104,700	104,700		17,065	62,093	62,093
104,700	104,700		17,065	62,093	62,093
<b>Cash was applied to:</b>					
12	12		0	73	73
112	112		0	105	105
68,900	68,926		2,810	42,650	42,670
69,024	69,050		2,810	42,828	42,848
35,676	35,650		14,255	19,265	19,245
338	374		490	(403)	(482)
131	225		234	469	599
469	599	8	724	66	116

During the period, Thames-Coromandel District Council acquired property, plant and equipment totalling \$143,000 by means of finance leases (2008: \$0).

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 2009

### Note 1 – Statement of accounting policies

#### 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. 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.

All Thames Coromandel District Council subsidiaries and joint ventures are incorporated and domiciled in New Zealand.

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 include activity Cost of Service Statements, a Consolidated Statement of Financial Performance, a Consolidated Statement of Changes in Equity, a Consolidated Statement of Financial Position and Consolidated Statement of Cash flows, with supporting notes.

The financial statements of Thames-Coromandel District Council are for the year ended 30 June 2009. The financial statements were authorised for issue by Council on 30 September 2009.

#### Basis of Preparation

##### 1. Statement of compliance

The financial statements of Thames-Coromandel District Council have been prepared in accordance with the requirements of Section 98 and Part 3 of schedule 10 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 in 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). Thames-Coromandel District Council intends to adopt this standard for the year ending 30 June 2010, and prepare a single 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.

In November 2008, the Accounting Standards Review Board recognised the challenges involved and decided to indefinitely defer the adoption of NZ IAS 23, Borrowing Costs, for public benefit entities. That is, public benefit entities can continue to apply the “old” version of NZ IAS 23 rather than the revised one. This means that public benefit entities may but are not required to capitalise borrowing costs for qualifying assets for accounting periods beginning on or after 1 January 2009. Thames-Coromandel District Council does not intend to adopt this standard for the year ending 30 June 2010.

**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

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

### **Vested assets**

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

Vested assets also include assets in which the ownership has been transferred to 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 instrument's 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 are shown at cost or valuation, less accumulated depreciation and impairment losses.

### Unformed or paper roads

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

Council does not recognise land under unformed paper roads in the Statement of Financial Position because there is no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition there is a very limited market for sale to the surrounding or adjacent property owner, and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.



### **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:

Operational Assets	Useful Life	Depreciation rate
Buildings	10-70 years	1.4%-10.0%
Computer Hardware	3 years	33.3%
Furniture and Fittings	3-25 years	4.0%-33.3%
Library Collections	10 years	10.0%
Plant and Machinery	3-10 years	10.0%-33.0%
Refuse Processing and Disposal	10-100 years	1.0%-10.0%
Swimming Pool	10 years	10.0%
Infrastructural Asset	Useful Life	Depreciation rate
Parks and Furniture		
▪ Cemeteries	10-80 years	1.3%-10.0%
▪ Equipment	10-25 years	4.0%-10.0%
▪ Fencing	20-30 years	3.3%-5.0%
▪ Furniture	10-30 years	3.3%-5.0%
▪ Pavement	20-90 years	1.1%-5.0%
▪ Playground	15-40 years	2.5%-6.7%
▪ Signs	10-13 years	7.7%-10.0%
▪ Structures	10-80 years	1.3%-10.0%
Bridges and Culverts	60-100 years	1.0%-1.7%
Footpaths	5-50 years	2.0%-20.0%
Harbour Facilities		
▪ Wharves and Jetties	10-95 years	1.2%-10.0%
▪ Pontoons	10-95 years	1.2%-10.0%
Roads		
▪ Railing	15-20 years	5.0%-6.7%
▪ Drainage	60 years	1.7%
▪ Signs	15 years	6.7%
▪ Lights	10-50 years	2.0%-10.0%
▪ Poles	25-50 years	2.0%-4.0%
▪ Brackets	50 years	2.0%
▪ Minor Structures	99 years	1.1%
▪ Surface Water Channels	15-50 years	2.0%-10.0%
▪ Surface	3-15 years	6.7%-33.3%
▪ Basecourse	40-60 years	1.7%-2.5%
▪ Subbase	60-70 years (with 100% residual value)	0.0%
▪ Formation	Infinite	Not depreciated
Water		
▪ Plant	10-100 years	1.1%-10.0%
▪ Hydrants/valves	20-80 years	1.3%-5.0%
▪ Mains	60-100 years	1.0%-1.7%
▪ Connections	40-60 years	1.7%-2.5%
Stormwater		
▪ Pits	80 years	1.3%
▪ Drains	80-100 years	1.1%-1.3%
▪ Manholes	80 years	1.3%
▪ Plant	10-100 years	1.1%-10.0%
Wastewater		
▪ Pipes	60-90 years	1.1%-1.7%
▪ Manholes	80 years	1.3%
▪ Plant	10-100 years	1.0%-10.0%

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



## 21. Intangible assets

These include computer software and resource consents.

### Software acquisition and development

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Preliminary staff training costs for new software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by 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 identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, 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 costs of these consents are being depreciated over the useful life of the project rather than being amortised over the consent life.

A complete listing of resource consents held by 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 Statement 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 5.9% (2008: 8.75%) and an inflation factor of 3.5% (2008: 2.50%) were used.

Council's obligation for long service leave and retirement gratuities 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.

## 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 expenditure expected to be required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as a 'finance cost'.

### 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.

### Weather tight homes

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 2008/2009 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 7.13% used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council (2008: 7.60%). The annual inflation factor applied to the estimated aftercare costs for 2009/10 to 2018/19 are the March 2009 Berl forecast used in the 2009-2019 Ten Year Plan and an annual inflation rate of 2.50% has been applied to years 2019/20 to 2036/37 (2008: 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 the financial statements

For the year ended 30 June 2009

### Note 2 - Summary cost of services

2008		2009	
Parent Actual \$000's	NOTE 2 - Summary cost of services	Parent Budget \$000's	Parent Actual \$000's
<b>REVENUE</b>			
<b>Council activities</b>			
5,988	Community Leadership	5,646	5,755
10,819	Community Facilities	12,927	8,832
3,681	Managing the Environment	3,640	3,576
4,744	Community Safety and Welfare	5,252	4,480
13,698	Roading	14,476	14,208
27,881	Water and Waste	37,951	33,951
<b>66,811</b>	<b>Total revenue from Council activities</b>	<b>79,890</b>	<b>70,803</b>
10,789	Assets Vested and Introduced	4,398	3,144
317	Investment revenue unallocated against activities	0	0
353	Other Gains	55	152
<b>78,271</b>	<b>TOTAL REVENUE</b>	<b>84,343</b>	<b>74,100</b>
<b>EXPENDITURE</b>			
<b>Council activities</b>			
6,841	Community Leadership	7,053	6,742
8,102	Community Facilities	8,262	8,730
3,932	Managing the Environment	4,627	4,695
5,628	Community Safety and Welfare	5,435	6,757
12,159	Roading	11,248	12,194
21,768	Water and Waste	28,526	26,533
<b>58,429</b>	<b>Total cost of services</b>	<b>65,150</b>	<b>65,650</b>
240	Impairment on property intended for sale	0	90
2,901	Other Losses	0	4,632
<b>61,570</b>	<b>TOTAL EXPENSES</b>	<b>65,150</b>	<b>70,372</b>
<b>16,701</b>	<b>NET SURPLUS</b>	<b>19,193</b>	<b>3,727</b>



## Notes to the financial statements

For the year ended 30 June 2009

### Note 3 - Revenue

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 3 - Revenue	Parent Actual \$000's	Group Actual \$000's
<b>RATES REVENUE</b>				
5,549	5,548	General rates	3,280	3,279
Targeted rates attributable to activities:				
8,498	8,483	Uniform annual general charge	10,051	10,034
31,671	31,618	Targeted rates	38,882	38,815
1,248	1,247	Water by volume	1,416	1,416
161	161	Lump sum options	2	2
507	507	Penalties	610	610
<b>47,634</b>	<b>47,564</b>	<b>Total Rates Revenue</b>	<b>54,241</b>	<b>54,156</b>
<b>ACTIVITY REVENUE</b>				
6,802	6,988	User fees and charges	8,590	8,913
115	115	Infringements and fines	244	244
459	459	Petrol tax	459	459
0	(14)	Share of joint venture surplus: Refer to Note 18; <i>Joint Venture</i>	0	5
<b>7,376</b>	<b>7,549</b>	<b>Total Operating Revenue</b>	<b>9,293</b>	<b>9,621</b>
<b>INVESTMENT REVENUE</b>				
1	1	Dividend revenue	1	1
472	472	Interest received	52	52
<b>473</b>	<b>473</b>	<b>Total Investment Revenue</b>	<b>53</b>	<b>53</b>
<b>GAINS</b>				
1	1	Gains on changes in financial assets at fair value through profit and loss	2	2
352	352	Gains on changes in fair value of foreign exchange	150	150
<b>353</b>	<b>353</b>	<b>Total Other Gains</b>	<b>152</b>	<b>152</b>
<b>ASSETS VESTED<sup>2</sup></b>				
0	0	Plant and Equipment	4	4
46	46	Library Collections	0	0
19	19	Parks	17	17
(135)	(135)	Reserves Land	802	802
0	0	Reserves Improvements <sup>1</sup>	6	6
6,543	6,543	Roads and Footpaths <sup>3</sup>	1,422	1,422
1,544	1,544	Wastewater	59	59
1,058	1,058	Water	66	66
1,715	1,715	Stormwater	766	766
<b>10,789</b>	<b>10,789</b>	<b>Total Assets Vested in Council</b>	<b>3,144</b>	<b>3,144</b>
<b>OTHER REVENUE</b>				
6,686	6,686	Contributions	1,090	1,090
4,960	4,960	New Zealand Transport Agency subsidies*	6,126	6,126
<b>78,271</b>	<b>78,374</b>	<b>TOTAL REVENUE</b>	<b>74,100</b>	<b>74,343</b>

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



## Notes to the financial statements

For the year ended 30 June 2009

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### 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.

### Assets Vested

#### <sup>1</sup>Gifted Assets

A swing set valued at \$6,000 was gifted to Council towards the upgrade of the Royal Billy Point Playground.

#### <sup>2</sup>Vested Assets

The Council has had 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.

#### <sup>3</sup>Land Exchange

Roading vested assets includes Bluff Road, between Matarangi and Rings Beach previously under Crown (Department of Conservation) jurisdiction was vested to Thames-Coromandel District Council in exchange for the recreation reserve at the end of Grange Road, Hahei being Lot 11, DP 335476 together with the last 200 metres of Grange Road itself. The Grange Road land has been stopped and has been amalgamated with the title to Cathedral Cove, with the Department of Conservation retaining jurisdiction over Cathedral Cove Recreation Reserve.

The land acquired by Council at Bluff Road, Matarangi has been declared as road.

For details on the Coromandel Cemetery Land Swap, refer Note 29; *Events after balance date*.

## Notes to the financial statements

For the year ended 30 June 2009

### Note 4 - Expenditure

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 4 - Expenditure	Parent Actual \$000's	Group Actual \$000's
<b>PERSONNEL COSTS</b>				
10,785	10,785	Salaries and wages	11,793	11,793
21	21	Employer contributions to multi-employer defined benefit plans	16	16
7	7	Employer contributions to defined contribution plans	7	7
410	410	Increase/(decrease) in employee benefit liabilities	186	186
<b>11,223</b>	<b>11,223</b>	<b>Total Personnel costs</b>	<b>12,002</b>	<b>12,002</b>
<b>AMORTISATION</b>				
44	44	Resource Consents	44	44
375	375	Computer software	387	387
418	418	<b>TOTAL AMORTISATION EXPENSE</b>	<b>431</b>	<b>431</b>
<b>DEPRECIATION</b>				
716	733	Buildings	546	565
351	351	Computer hardware	367	367
143	145	Furniture and fittings	167	169
84	84	Library collections	97	97
272	272	Plant, machinery and vehicles	297	297
210	210	Solid Waste	233	233
252	252	Bridges and culverts	265	265
567	567	Footpaths	568	568
109	109	Harbour facilities	109	109
461	461	Reserves improvements	660	660
3,557	3,557	Roads	3,823	3,823
1,064	1,064	Stormwater	1,067	1,067
2,338	2,338	Wastewater	3,338	3,338
1,459	1,459	Water	2,170	2,170
<b>11,581</b>	<b>11,601</b>	<b>TOTAL DEPRECIATION EXPENSE</b>	<b>13,708</b>	<b>13,726</b>
<b>11,999</b>	<b>12,019</b>	<b>Total Amortisation and Depreciation Expense</b>	<b>14,138</b>	<b>14,158</b>
<b>FINANCE COSTS</b>				
Interest expense				
1,269	1,297	Interest on bank borrowings	3,252	3,281
13	13	Interest on hire purchase	7	7
6	6	Interest on finance leases	5	5
(79)	(79)	Provisions: discount unwinding: Refer Note 22; <i>Provisions</i>	(26)	(26)
<b>1,209</b>	<b>1,237</b>	<b>Total Finance Costs</b>	<b>3,237</b>	<b>3,261</b>
<b>OTHER EXPENSES</b>				
Audit fees				
104	107	Fees for financial statement audit	110	110
0	0	Fees for assurance services*	2	2
2	2	Fees paid during 2008/09 for 2009-2019 Ten Year Plan audit	137	137
1,345	1,345	Grants provided	1,267	1,267
115	115	Impairment of receivables: Refer to Note 9; <i>Debtors and other receivables</i>	124	124
240	240	Impairment of property intended for sale: Refer Note 13; <i>Non-current assets held for sale</i>	90	90
17,033	17,033	Operating contracts	18,084	18,084
12	12	Operating leases	15	15
447	447	Rates remissions: Refer to Note 5; <i>Rates remissions</i>	608	608
14,940	14,982	Other operating expenses	15,927	15,966
<b>34,238</b>	<b>34,283</b>	<b>Total Other Operating Expenses</b>	<b>36,363</b>	<b>36,402</b>
<b>OTHER LOSSES</b>				
2,173	2,173	Losses on disposal of property, plant and equipment: Refer to Note 6; <i>Gains/losses on disposal</i>	3,477	3,477
400	400	Losses on changes in fair value of forestry assets	305	305
328	328	Losses on changes in fair value of interest rates swaps	850	850
<b>2,901</b>	<b>2,901</b>	<b>Total Other Losses</b>	<b>4,632</b>	<b>4,632</b>
<b>61,570</b>	<b>61,663</b>	<b>TOTAL EXPENDITURE</b>	<b>70,372</b>	<b>70,461</b>

\*Audit related fees for assurance services were for the audit of the Debenture Trust requirements.



## Notes to the financial statements

For the year ended 30 June 2009

### Note 5 - Rates remissions

Rates relief provided by Council include rates postponement; (for further details refer Note 14: *Postponed rates*) and rates remissions (for further details refer Note 5: *Rates remissions*). The objective of rates remissions is to recognise the diverse nature of the Coromandel and enhance the social and economic development throughout the Peninsula. The different type of rates remissions and the specific objectives of each type of rates remission are set in accordance with the policy outlined in the Long-term Council Community Plan. Council's remission policy has been treated as an expense in accordance with Council's view that this is in the nature of a grant, not a reduction of revenue.

2008			2009	
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>				
8	8	Land held for conservation or preservation purposes	7	7
17	17	Community sporting and non-profit organisations	12	12
120	120	Maori freehold land	126	126
1	1	Land affected by a natural calamity	2	2
1	1	Rating units occupied/owned in common (includes residential and rural)	19	19
37	37	Wastewater charges for schools	55	55
93	93	Rating units containing two separately habitable units (second dwelling)	146	146
166	166	New residential subdivisions	237	237
4	4	Unusable land	5	5
<b>447</b>	<b>447</b>	<b>TOTAL RATES REMISSIONS</b>	<b>608</b>	<b>608</b>

### Note 6 - Gains and losses on disposal of property, plant and equipment

2008			2009	
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
<b>Losses on disposal include:</b>				
0	0	Bridges and Culverts	269	269
1	1	Computer Hardware	5	5
6	6	Computer Software	0	0
38	38	Footpaths	16	16
443	443	Land and Buildings	5	5
25	25	Plant and machinery	22	22
22	22	Reserves improvements	125	125
475	475	Reserves Land	763	763
613	613	Roading	480	480
8	8	Solid Waste Disposal	7	7
24	24	Stormwater	5	5
343	343	Wastewater	1,694	1,694
175	175	Water	86	86
<b>2,173</b>	<b>2,173</b>	<b>Total losses on disposal of property, plant and equipment</b>	<b>3,477</b>	<b>3,477</b>
<b>2,173</b>	<b>2,173</b>	<b>NET LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>3,477</b>	<b>3,477</b>

# Notes to the financial statements

For the year ended 30 June 2009

## Note 7 - Equity

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

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

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 7 - Equity	Parent Actual \$000's	Group Actual \$000's
<b>952,808</b>	<b>953,062</b>	<b>TOTAL EQUITY</b>	<b>1,103,832</b>	<b>1,104,241</b>

The accumulated balance and Council created reserves are comprised of:

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 7 - Equity	Parent Actual \$000's	Group Actual \$000's
<b>ACCUMULATED FUNDS</b>				
371,879	372,062	Opening Balance	369,159	369,350
0	0	Reclassification of the joint venture retained earnings from parent to group	0	0
0	0	Increase interest held in joint venture	0	0
(400)	(400)	Leaky homes opening correction	0	0
16,701	16,710	Net surplus for the year	3,727	3,881
(19,021)	(19,023)	Net movements in Reserves below	(128,712)	(128,753)
<b>369,159</b>	<b>369,350</b>	<b>Total consolidated accumulated funds</b>	<b>244,174</b>	<b>244,478</b>
<b>RESTRICTED RESERVES</b>				
<i>Reserves land (restrictions imposed by title)</i>				
60,836	60,836	Opening balance	73,120	73,120
12,284	12,284	Net movement in reserves land	125,521	125,521
<b>73,120</b>	<b>73,120</b>	<b>Closing Balance</b>	<b>198,641</b>	<b>198,641</b>
<i>Endowment Farms trust property (restrictions imposed by statute)</i>				
5,887	5,887	Opening balance	13,507	13,507
7,620	7,620	Net movement in endowment farms trust property reserve	1,329	1,329
<b>13,507</b>	<b>13,507</b>	<b>Closing Balance</b>	<b>14,836</b>	<b>14,836</b>
<b>86,627</b>	<b>86,627</b>	<b>Total restricted reserves</b>	<b>213,477</b>	<b>213,477</b>
<b>COUNCIL CREATED RESERVES</b>				
<i>Specifically named reserves available to fund activities</i>				
(18,815)	(18,815)	Opening balance	(20,191)	(20,191)
(1,376)	(1,376)	Net movement in Specifically named reserves	3,922	3,922
<b>(20,191)</b>	<b>(20,191)</b>	<b>Closing Balance</b>	<b>(16,269)</b>	<b>(16,269)</b>
<i>Retained revenue reserves available to fund activities</i>				
4,817	4,817	Opening balance	5,249	5,249
432	432	Net movement in retained revenue reserves	(1,055)	(1,055)
<b>5,249</b>	<b>5,249</b>	<b>Closing Balance</b>	<b>4,194</b>	<b>4,194</b>
<i>Funded depreciation reserves to fund capital items</i>				
1,672	1,672	Opening balance	828	828
(844)	(844)	Net movement in depreciation reserves	1,171	1,171
<b>828</b>	<b>828</b>	<b>Closing Balance</b>	<b>1,999</b>	<b>1,999</b>
<i>Special LGAC reserves to fund capital items</i>				
(580)	(517)	Opening balance	1,674	1,737
2,254	2,254	Net movement in depreciation reserves	(115)	(72)
<b>1,674</b>	<b>1,737</b>	<b>Closing Balance</b>	<b>1,559</b>	<b>1,665</b>
<b>(12,440)</b>	<b>(12,377)</b>	<b>Total council created reserves</b>	<b>(8,516)</b>	<b>(8,411)</b>
<b>ASSET REVALUATION RESERVES</b>				
373,712	373,712	Opening revaluation reserves	509,462	509,461
142,719	142,719	Revaluations	147,294	147,294
(5,618)	(5,618)	Gains/(losses) taken to equity for impairments of land	0	0
(96)	(96)	Transfer of furniture and fittings revaluation reserve against cost	0	0
(1,256)	(1,256)	Transfer of revaluation reserve to accumulated funds on disposal of property, plant and equipment	(2,059)	(2,059)
<b>509,462</b>	<b>509,461</b>	<b>Closing asset revaluation reserves</b>	<b>654,697</b>	<b>654,697</b>
<b>952,808</b>	<b>953,062</b>	<b>TOTAL EQUITY</b>	<b>1,103,832</b>	<b>1,104,241</b>



## Notes to the financial statements

For the year ended 30 June 2009

### Note 7a - Asset revaluation reserves

Asset revaluation reserve consists of:

2008			2009		
Parent Actual \$000's	Group Actual \$000's	7a - Asset revaluation reserves consists of:	Parent Actual \$000's	Group Actual \$000's	
9,334	9,334	Buildings	9,334	9,334	
6,342	6,342	Footpaths	5,203	5,203	
1,422	1,422	Harbour Facilities	1,422	1,422	
95,359	95,359	Land	227,036	227,036	
1,397	1,397	Reserves Improvements	3,828	3,828	
298,112	298,112	Roads, Bridges and Culverts	267,712	267,712	
619	619	Refuse Processing and Disposal	1,439	1,439	
29,273	29,273	Stormwater	33,574	33,574	
44,293	44,293	Wastewater	53,109	53,109	
23,311	23,311	Water	52,039	52,039	
<b>509,462</b>	<b>509,462</b>	<b>Total asset revaluation reserves</b>	<b>654,697</b>	<b>654,697</b>	

### Note 8 - Cash and cash equivalents

2008			2009		
Parent Actual \$000's	Group Actual \$000's	Note 8 - Cash and cash equivalents	Parent Actual \$000's	Group Actual \$000's	
269	399	Cash at bank and in hand	66	116	
200	200	Short-term deposits maturing three months or less from date of acquisition	0	0	
<b>469</b>	<b>599</b>	<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>66</b>	<b>116</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 Statement of Cash Flows:

3	3	Cash at bank and in hand	3	3
170	300	Current accounts	37	87
97	97	Domain Board investments	27	27
200	200	Short-term deposits maturing three months or less from date of acquisition	0	0
<b>469</b>	<b>599</b>	<b>Total cash and cash equivalents</b>	<b>66</b>	<b>116</b>

Thames-Coromandel District Council has \$139,000 cash and cash equivalents held in deposit accounts with ANZ National Bank Limited, Bank of New Zealand and Westpac New Zealand. These financial institutions have opted into the New Zealand Retail Deposit Guarantee Scheme that provides a guarantee of deposits held to a maximum limit of \$1,000,000 NZD per investor and per guaranteed institution until 12 October 2010. The total value of bank deposits held by Thames-Coromandel District Council with these banks is therefore covered by the guarantee.



## Notes to the financial statements

For the year ended 30 June 2009

### Note 9 - Debtors and receivables

2008			2009		
Parent Actual \$000's	Group Actual \$000's	Note 9 - Debtors and other receivables	Parent Actual \$000's	Group Actual \$000's	
2,238	2,238	Rates	3,255	3,255	
104	104	Building consents	120	120	
92	92	Licensing	1	1	
135	135	Resource consents	214	214	
130	130	Water	152	152	
209	209	Water by volume	199	199	
1,575	1,575	Contributions	239	239	
656	664	Other trade receivables	3,335	3,357	
2,334	2,336	GST	1,275	1,275	
0	0	Interest receivable	0	0	
1,058	1,058	New Zealand Transport Agency subsidies	1,044	1,044	
73	73	Petrol Tax	72	72	
99	99	Other receivables	129	129	
8,703	8,713		10,034	10,057	
(911)	(911)	Less provision for impairment of rates receivables: Refer Note 9b below	(1,051)	(1,051)	
(117)	(117)	Less provision for impairment of other receivables: Refer Note 9b below	(229)	(229)	
<b>7,675</b>	<b>7,685</b>	<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>	<b>8,754</b>	<b>8,777</b>	
<b>Less non-current portion:</b>					
109	109	Postponed rates: Refer Note 14; <i>Postponed rates</i>	152	152	
109	109	Total non-current portion	152	152	
<b>7,566</b>	<b>7,575</b>	<b>CURRENT PORTION</b>	<b>8,602</b>	<b>8,625</b>	

#### Fair Value

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.

#### Impairment

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 \$352,529 (2008:157,000). For details refer Note 9b; *Movements in provision for impairment*

There is only one concentration of credit risk with respect to receivables outside the group. While the group has a large number of external customers, thereby spreading risk, Thames-Coromandel District Council has one large debtor in respect of New Zealand Transport Agency providing government subsidy for Roothing. This concentration of risk and reliance on Government is not considered to be a matter of concern because of the NZ Government's strong credit rating.



## Notes to the financial statements

For the year ended 30 June 2009

### Note 9a - Aging of receivables

The status of receivables as at 30 June 2009 and 2008 are detailed below:

2008			9a - Aging of Receivables	2009		
Gross \$000's	Impairment \$000's	Net \$000's		Gross \$000's	Impairment \$000's	Net \$000's
<b>COUNCIL</b>						
4,401	0	4,401	Not past due	3,110	0	3,110
212	5	207	Past due 1-30 days	122	0	122
118	1	117	Past due 31-60 days	122	7	115
3,030	329	2,701	Past due >90 days to 1 year	5,399	474	4,925
236	147	89	Past due 1-2 years	485	219	266
166	130	36	Past due 3 years	192	147	44
166	163	3	Past due 4 years	141	130	12
265	253	11	Past due >5 years	312	303	9
<b>8,594</b>	<b>1,028</b>	<b>7,566</b>	<b>Total aged receivables</b>	<b>9,882</b>	<b>1,280</b>	<b>8,602</b>
<b>GROUP</b>						
4,366	0	4,366	Not past due	3,133	0	3,133
212	5	207	Past due 1-30 days	122	0	122
118	1	117	Past due 31-60 days	122	7	115
3,075	329	2,746	Past due >90 days to 1 year	5,399	474	4,925
236	147	89	Past due 1-2 years	485	219	266
166	130	36	Past due 3 years	192	147	44
166	163	3	Past due 4 years	141	130	12
265	253	11	Past due >5 years	312	303	9
<b>8,604</b>	<b>1,028</b>	<b>7,575</b>	<b>Total aged receivables</b>	<b>9,905</b>	<b>1,280</b>	<b>8,625</b>

As of 30 June 2009 and 2008, 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.

### Note 9b - Movements in provision for impairment

2008			9b - Movements in provision for impairment	2009	
Parent Actual \$000's	Group Actual \$000's			Parent Actual \$000's	Group Actual \$000's
881	881	Opening impairment provision as at 1 July 2008	1,028	1,028	
262	262	Additional provisions made during the year	376	376	
(115)	(115)	Receivables written off during the year	(124)	(124)	
<b>1,028</b>	<b>1,028</b>	<b>Closing impairment provision as at 30 June 2009</b>	<b>1,280</b>	<b>1,280</b>	

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





## Notes to the financial statements

For the year ended 30 June 2009

### Note 9c - Arrangements to pay

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

2008		9c - Arrangements to pay	2009	
147	147	0-12 months	268	268
10	10	> 12 months	84	84
157	157	<b>Carrying amount</b>	<b>353</b>	<b>353</b>

### Note 10 - Derivative financial instruments

2008			2009		
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>					
150	150	Interest rate swaps	0	0	
150	150	<b>TOTAL CURRENT ASSET PORTION</b>	0	0	
<b>NON-CURRENT ASSET PORTION</b>					
180	180	Interest rate swaps	0	0	
180	180	<b>TOTAL NON-CURRENT ASSET PORTION</b>	0	0	
<b>330</b>	<b>330</b>	<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS</b>	<b>0</b>	<b>0</b>	
<b>CURRENT LIABILITY PORTION</b>					
0	0	Interest rate swaps	452	452	
150	150	Foreign exchange contracts	0	0	
150	150	<b>TOTAL CURRENT LIABILITY PORTION</b>	452	452	
<b>NON-CURRENT LIABILITY PORTION</b>					
0	0	Interest rate swaps	69	69	
0	0	<b>TOTAL NON-CURRENT LIABILITY PORTION</b>	69	69	
<b>150</b>	<b>150</b>	<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES</b>	<b>521</b>	<b>521</b>	



## Notes to the financial statements

For the year ended 30 June 2009

### Risk Management Instruments

At 30 June 2009, Council had the following financial instruments in place in expectation of borrowing as outlined in the Long-term Council Community Plan:

2008			2009		
Coupon Rate %	Value \$000's		Maturity Date	Coupon Rate %	Value \$000's
<b>Interest swaps</b>					
6.85	3,000	370207	27/02/2017	6.85	3,000
6.56	6,000	62491	30/06/2009	0.00	0
6.65	6,000	63385	30/12/2011	6.65	6,000
0	0	896694	29/11/2010	6.55	6,000
0	0	973616	10/12/2018	5.81	7,500
0	0	1170475	29/03/2019	5.45	5,000
0	0	1173954	30/03/2016	4.99	5,000
0	0	1230567	21/07/2014	5.25	3,000
0	0	1230602	21/08/2017	5.80	2,000
0	0	1245106	20/07/2011	6.50	5,500
0	0	384128320	09/12/2013	5.52	7,000
0	0	384131088	09/12/2013	4.92	4,000
0	0	384138473	09/04/2019	4.87	5,000
<b>Interest swaptions</b>					
8.92	6,000	Swaption maturity date of 28/11/2008 and swap maturity date if the swaption is exercised of 28/11/2010		0	0
8.61	5,000	Swaption maturity date of 28/11/2008 and a swap maturity date if the swaption is exercised of 28/11/2012		0	0
8.13	3,000	Swaption maturity date of 28/11/2008 and a swap maturity date if the swaption is exercised of 28/11/2017		0	0

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 results in an unrealised loss of \$850,288 as at 30 June 2009 recognised in the Statement of Financial Performance (2008: an unrealised loss of \$328,080). Refer Note 4; *Expenditure*.

2008		2009	
Foreign Currency	Value \$000's	Foreign Currency	Value \$000's
<b>Forward exchange contracts</b>			
SEK	7	SEK	0
GBP	34	GBP	0
USD	85	USD	0
EURO	552	EURO	0
AUD	156	AUD	0

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 Council's unrealised loss thereby attributing to an unrealised gain of \$149,851 as at 30 June 2009 recognised in the Statement of Financial Performance (2008: an unrealised gain of \$352,472). Refer Note 3; *Revenue*.



## Notes to the financial statements

For the year ended 30 June 2009

### 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*

### Note 11 - Other financial assets

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 11 - Other financial assets	Parent Actual \$000's	Group Actual \$000's
4	4	Current	78	78
294	294	Non-current	145	145
<b>298</b>	<b>298</b>	<b>Total other financial assets</b>	<b>223</b>	<b>223</b>

Other financial assets are comprised of:

#### CURRENT PORTION

##### *Loans and receivables*

0	0	Short-term deposits with maturities of 4-12 months	73	73
4	4	Royal New Zealand Plunket Society Thames Branch Incorporated	5	5
4	4	<b>TOTAL CURRENT PORTION</b>	<b>78</b>	<b>78</b>

#### NON-CURRENT PORTION

##### *Fair value through equity*

##### Investments carried at cost are:

11	11	Unlisted shares: New Zealand Local Government Insurance Corporation Limited	11	11
1	1	Unlisted shares: Local Authority Shared Services Limited	0	0
108	108	Unlisted shares: Shared Valuation Data Service	108	108
11	11	Unlisted shares: Waikato Regional Transport Model	23	23
<i>Loans and receivables</i>				
156	156	Building Act 2004 receivables	0	0
7	7	Royal New Zealand Plunket Society Thames Branch Incorporated	3	3
294	294	<b>TOTAL NON-CURRENT PORTION</b>	<b>145</b>	<b>145</b>

<b>298</b>	<b>298</b>	<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>223</b>	<b>223</b>
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### Term Deposits

The carrying amount of term deposits approximates their fair value.

### Unlisted Shares

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

Civic Assurance is the trading name of New Zealand Local Government Insurance Corporation Limited, which provides insurance products and other financial services principally to New Zealand local government. Thames-Coromandel District Council holds 7,120 fully paid shares of \$1.00 in this entity.



## Notes to the financial statements

For the year ended 30 June 2009

There is no intention to dispose of this investment and there is no active market and subsequently, no published price quotations to enable Council to determine the fair value of this investment. Therefore, the value of these shares has remained at the asset backing of \$1.56 per share according to the financial statements of the company as at 31 December 1999.

These shares had a net asset backing of \$3.01 per share according to the Annual Report 2008 of the company prepared to 31 December 2008 (2007: \$3.00).

### 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, as yet uncalled. 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 fully paid 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 225.

There is no intention to dispose of this investment and there is no active market and subsequently, no published price quotations that enables Council to determine the fair value of this investment.

## Loans and Receivables

### Royal New Zealand Plunket Society Thames Branch Incorporated

The face value of the interest free community loans the Royal New Zealand Plunket Society Thames Branch Incorporated is \$9,178.05 (2008: \$14,422.41).

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 effective interest rate used to discount the future cash flows receivable from the Royal New Zealand Plunket Society Thames Branch Incorporated is Thames-Coromandel District Council and Group's internal borrowing interest rate of 8.0% (2008: 6.8%). The advance is considered low risk and therefore Council's borrowing rate is unadjusted by a financial risk factor.

### Building Act 2004 receivables

The receivable represented costs incurred by Council for work done under section 129 of the Building Act 2004. Where feasible, amounts owed to Council have been recovered during this financial year. The remaining balance was considered uncollectible and recognised as an expense in the Statement of Financial Performance.

## Impairment

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



## Notes to the financial statements

For the year ended 30 June 2009

### 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:  
all other financial assets with the exception of equity investments, and advances are as follows:

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Maturity Analysis	Parent Actual \$000's	Group Actual \$000's
<b>Fair value:</b>				
4	4	Other investments maturing within 1 year or less:	78	78
160	160	Investments maturing after 1 year but less than 2 years	3	3
3	3	Investments maturing after 2 year but less than 3 years	0	0
0	0	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
131	131	More than five years	141	141
<b>298</b>	<b>298</b>	<b>Fair value of financial assets as at 30 June 2009</b>	<b>223</b>	<b>223</b>

<b>Carrying value:</b>				
5	5	Other investments maturing within 1 year or less:	78	78
161	161	Investments maturing after 1 year but less than 2 years	4	4
3	3	Investments maturing after 2 year but less than 3 years	0	0
0	0	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
131	131	More than five years	141	141
<b>300</b>	<b>300</b>	<b>Carrying value of financial assets as at 30 June 2009</b>	<b>223</b>	<b>223</b>

### Note 12 - Inventories

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 12 - Inventories	Parent Actual \$000's	Group Actual \$000's
<b>Held for distribution or consumption:</b>				
158	158	Spare parts	239	239
<b>158</b>	<b>158</b>	<b>TOTAL INVENTORIES</b>	<b>239</b>	<b>239</b>

Inventories held for distribution or consumption are spare parts in working condition that have arisen from the decommissioning of the Whitianga and Pauanui Wastewater Treatment Plants. 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 the financial statements

For the year ended 30 June 2009

### Note 13 - Non-current assets held for sale

2008			2009	
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>				
310	310	Land and buildings	220	220
<b>310</b>	<b>310</b>	<b>TOTAL NON-CURRENT ASSETS HELD FOR SALE</b>	<b>220</b>	<b>220</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 with the proceeds 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 sale proceeds of \$230,000 less commission costs (2008: \$310,000). The impairment loss has been accounted for in the Statement of Financial Performance. Refer to Note 4: *Expenditure*. The completion date for the sale is 31 July 2009.

### Note 14 - Postponed rates

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 14 - Postponed rates	Parent Actual \$000's	Group Actual \$000's
109	109	Postponed rates	152	152
<b>109</b>	<b>109</b>	<b>TOTAL POSTPONED RATES</b>	<b>152</b>	<b>152</b>

The face value of postponed rates is \$151,989 (2008: \$109,489). Fair value has not been determined by using discounted cash flows.

Interest was charged at a rate of 7.75% on postponed rates for the 2008/09 year (2008: 7.75%). Future interest rates are notified annually in the Long-term Council Community Plan or Annual Plan.

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

# Notes to the financial statements

For the year ended 30 June 2009

## Note 15 - Property, plant and equipment 2009

Note 15 - Property, plant and equipment 2009	1 July 2008		30 June 2009						30 June 2009		30 June 2009				
	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 deprn	Current year impairment charges	Current year deprn	Net Book Value	Cost	Accum. Depn and impairment charges	Carrying amount	Group
	\$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	\$000's
<b>OPERATIONAL ASSETS</b>															
Buildings	21,050	708	20,342	0	0	443	0	0	0	546	20,239	21,493	1,254	20,239	20,832
Computer hardware	1,666	896	770	0	0	377	322	317	0	367	775	1,721	946	775	782
Furniture and fittings	1,625	428	1,197	0	0	104	0	0	0	167	1,134	1,729	595	1,134	1,149
Land	56,034	5,396	50,638	1,364	5,396	500	0	0	0	0	57,898	57,898	0	57,898	57,898
Library collections	842	233	608	0	0	161	0	0	0	97	672	1,003	330	672	672
Plant and machinery	1,948	780	1,168	0	0	394	143	86	0	297	1,208	2,199	991	1,208	1,236
Refuse processing and disposal	3,655	566	3,089	261	566	108	9	2	0	233	3,784	4,015	231	3,784	3,784
<b>Total Operational Assets</b>	<b>86,819</b>	<b>9,007</b>	<b>77,812</b>	<b>1,625</b>	<b>5,962</b>	<b>2,086</b>	<b>474</b>	<b>405</b>	<b>0</b>	<b>1,708</b>	<b>85,710</b>	<b>90,057</b>	<b>4,347</b>	<b>85,710</b>	<b>86,353</b>
<b>INFRASTRUCTURAL ASSETS</b>															
Bridges and culverts	13,139	249	12,890	569	249	734	274	6	0	265	13,908	14,168	259	13,908	13,908
Footpaths	16,754	565	16,189	(1,698)	565	1,339	17	1	0	568	15,811	16,378	567	15,811	15,811
Harbour facilities	5,526	109	5,417	0	0	44	0	0	0	109	5,352	5,570	218	5,352	5,352
Land drainage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserves improvements	8,480	1,231	7,249	1,262	1,231	642	117	10	0	660	9,617	10,267	650	9,617	9,617
Roads	526,445	3,419	523,027	(34,242)	3,419	8,708	631	119	0	3,823	496,575	500,280	3,704	496,575	496,575
Stormwater	63,198	2,979	60,219	1,324	2,979	2,188	6	0	0	1,067	65,637	66,704	1,067	65,637	65,637
Wastewater	118,628	6,777	111,851	3,003	6,777	20,990	1,820	54	0	3,338	137,517	140,801	3,284	137,517	137,517
Water	70,545	4,226	66,319	24,543	4,226	3,694	81	5	0	2,170	96,536	98,701	2,165	96,536	96,536
<b>Total Infrastructural Assets</b>	<b>822,717</b>	<b>19,555</b>	<b>803,162</b>	<b>(5,239)</b>	<b>19,446</b>	<b>38,338</b>	<b>2,946</b>	<b>194</b>	<b>0</b>	<b>12,000</b>	<b>840,955</b>	<b>852,871</b>	<b>11,914</b>	<b>840,955</b>	<b>840,954</b>
Restricted Assets: Reserves land	73,361	240	73,121	124,532	240	789	40	0	0	0	198,642	198,642	0	198,642	198,642
Capital Work in Progress <sup>1</sup>	45,955	0	45,955	0	0	(5,610)	(66)	0	0	0	40,411	40,411	0	40,411	40,411
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,028,852</b>	<b>28,802</b>	<b>1,000,050</b>	<b>120,918</b>	<b>25,648</b>	<b>35,603</b>	<b>3,393</b>	<b>599</b>	<b>0</b>	<b>13,708</b>	<b>1,165,717</b>	<b>1,181,981</b>	<b>16,261</b>	<b>1,165,717</b>	<b>1,166,361</b>

<sup>1</sup> Intangible capital work in progress' has been reclassified separately from 'property, plant and equipment capital work in progress' totalling \$872,030 in the current year (2008: \$649,934).

The Group consists of property, plant and equipment of the Parent, Thames Pensioner Housing Trust and Thames Valley Combined Civil Defence Committee. The following book values are included:

- Thames Pensioner Housing Trust has buildings of \$592,080 and furniture and fittings of \$10,198, and
- Thames Valley Combined Civil Defence Committee incorporates plant and equipment for \$27,687, computer hardware of \$6,872, furniture and fittings of \$5,684 and land and buildings of \$901.

# Notes to the financial statements

For the year ended 30 June 2009

Note 15 - Property, plant and equipment 2008	1 July 2007		30 June 2008				30 June 2008		30 June 2008					
	Cost / Revaluation \$000's	Accum. dep 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 disposals \$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 \$000's
<b>OPERATIONAL ASSETS</b>														
Buildings	18,997	2,007	16,991	212	1,956	2,224	384	59	0	716	20,342	708	20,342	20,772
Computer hardware	1,559	718	841	0	0	281	174	173	0	351	770	896	770	780
Furniture and fittings	1,151	285	866	99	0	375	0	0	0	143	1,197	428	1,197	1,207
Land	43,372	0	43,372	12,796	0	5	139	0	5,396	0	50,638	5,396	50,638	50,638
Library collections	658	150	508	0	0	184	0	0	0	84	608	233	608	608
Plant and machinery	1,861	656	1,206	0	0	349	262	147	0	272	1,168	780	1,168	1,195
Refuse processing and disposal	3,365	382	2,983	0	0	325	35	27	0	210	3,089	566	3,089	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>9,007</b>	<b>77,812</b>	<b>78,289</b>
<b>INFRASTRUCTURAL ASSETS</b>														
Bridges and culverts	11,501	692	10,809	1,601	692	185	148	3	0	252	12,890	249	12,890	12,890
Footpaths	14,973	784	14,188	608	784	1,213	40	2	0	567	16,189	565	16,189	16,189
Harbour facilities	5,529	193	5,336	(3)	193	0	0	0	0	109	5,417	109	5,417	5,417
Land drainage	0	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	1,231	7,249	7,249
Roads	409,353	4,503	404,850	106,270	4,503	11,426	604	138	0	3,557	523,027	3,419	523,027	523,027
Stormwater	60,611	1,917	58,694	0	0	2,613	26	1	0	1,064	60,219	2,979	60,219	60,219
Wastewater	92,676	4,568	88,108	0	0	26,562	629	128	0	2,338	111,851	6,777	111,851	111,851
Water	65,216	2,791	62,425	0	0	5,527	198	24	0	1,459	66,319	4,226	66,319	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>19,555</b>	<b>803,162</b>	<b>803,162</b>
Restricted Assets: Reserves land	60,836	0	60,836	12,913	0	87	475	0	240	0	73,121	240	73,121	73,121
Capital Work in Progress <sup>1</sup>	32,044	0	32,044	0	0	13,911	0	0	0	0	45,955	0	45,955	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>28,802</b>	<b>1,000,050</b>	<b>1,000,528</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).

The Group consists of property, plant and equipment of the Parent, Thames Pensioner Housing Trust and Thames Valley Combined Civil Defence Committee. The following book values are included:

- Thames Pensioner Housing Trust has buildings of \$428,651 and furniture and fittings of \$7,060, and
- Thames Valley Combined Civil Defence Committee incorporates plant and equipment for \$28,055, computer hardware of \$10,617, furniture and fittings of \$2,550 and land and buildings of \$1,370.





## Notes to the financial statements

For the year ended 30 June 2009

### Significant Acquisitions or Replacements of Assets for 2008/09

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

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

	Parent Budget 2009 \$000's	Parent Actual 2009 \$000's
Thames Carnegie Building	159	664
<p>The building required substantial strengthening to comply with the relevant public building code and Council's Earthquake-prone, Dangerous and Unsanitary Buildings Policy, particularly in respect of the risks associated with seismic loadings. As such, Council decided on 13 August 2008 it should consolidate the existing funding for the Carnegie Building restoration (which was set out as \$159,000 in the 2008/09 financial year, \$108,000 in 2009/10 financial year, and \$17,000 remaining from the 2007/08 financial year) into \$284,000 for the 2008/09 financial year. Due to the amount of work required, funding was also increased by \$396,000. This was funded from the District Property Reserve.</p>		
Thin AC Surfacing	357	996
<p>This is part of the ongoing annual programme of road rehabilitation. The tenders for work this year however, were higher than that previously anticipated. The budget was increased accordingly to meet this additional cost. It should also be noted that New Zealand Transport Agency approved additional funding to help subsidise some of this additional expenditure.</p>		
Tairua/Pauanui Effluent Disposal	2,059	2,576
<p>The purpose of this project is to upgrade the disposal infrastructure in accordance with consent requirements and to provide capacity for future growth. The reason for costs being higher than budget is that a portion of the project was deferred from the 2007/08 financial year due to post resource consent consultation issues. Therefore, some work was considered unbudgeted expenditure during the 2008/09 financial year. The project is expected to be completed in the 2009/10 financial year.</p>		
Whangamata Effluent Disposal	5,935	3,328
<p>The purpose of this project is to upgrade the effluent disposal infrastructure in accordance with consent requirements and to provide capacity for future growth. Since the consent was granted in May 2007, some problems on the proposed site of the pond have been discovered. But another solution has been found which is technically better and which will meet all the environmental standards. If the new option is approved by Environment Waikato, \$5 million worth of expenditure could be saved.</p> <p>Instead of building the second forest pond, the proposal is to use the former aeration pond at the treatment plant for storing treated waste water. The existing forest retention pond would also have its capacity increased by desludging and deepening it. The need for a second pond would be further avoided because more areas in the forest, well within the bounds of the existing resource consent, have been identified as suitable for spray irrigation.</p> <p>Actual expenditure is lower than that budgeted as work stopped in order for the new solutions to be discussed and/or further explored. Council began discussing the potential change with the waste water working group earlier in the 2008/09 financial year. Members met again in June 2009 once the Councillors confirmed they wanted staff to go ahead and seek approval for the change from Environment Waikato. Most parties were very positive because there were no environmental impacts and because the cost savings to the community were so significant.</p>		



## Notes to the financial statements

For the year ended 30 June 2009

	<b>Parent Budget 2009 \$000's</b>	<b>Parent Actual 2009 \$000's</b>
Whangamata Treatment Plant Upgrade	8,226	10,040

The purpose of this project is to upgrade the Wastewater Plant in accordance with consent requirements and to provide capacity for future growth.

The reason for actual expenditure being higher than that originally budgeted is that a portion of the work was deferred from the 2007/08 financial year. Therefore, some work was considered unbudgeted expenditure during the 2008/09 financial year. The Treatment plant is nearing completion and good early operating results suggest there may be potential for further savings. The new plant is consistently producing effluent with nitrate levels much lower than expected and fine-tuning of the plant is expected to drop the levels further.

As a result, Thames-Coromandel District Council will be applying to Environment Waikato to delay building denitrification beds for twelve months just in case the beds are not needed at all. The denitrification beds help strip out nitrates prior to the waste water being spray irrigated. If it proves they are not necessary, a further \$1.50 million in expenditure could be saved.

Pauanui Additional Storage	0	507
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The purpose of the project is to construct reservoir storage to meet current and growth requirements. The reason for actual expenditure being higher than that budgeted is that additional work was required due to unfavourable ground conditions at the reservoir platform site. The budget was revised upwards to account for the additional work to be undertaken in the 2008/09 financial year at the October budget review.



## Notes to the financial statements

For the year ended 30 June 2009

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### 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. This is determined from market-based evidence by an independent valuer. The most recent valuation of land was performed by Quotable Value Limited, Te Aroha and the valuation is effective as at 1 July 2008. Any subsequent additions from this date have been recorded at cost.

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 have been valued at depreciated replacement value as at 1 July 2008 by MWH New Zealand Limited (Consulting Engineers), Hamilton. Any subsequent additions from this date have been recorded at cost.

#### Infrastructural assets

Infrastructure assets are valued 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 asset class is revalued.

Harbour facilities have been valued at depreciated replacement cost as at 1 July 2007 by Maunsell/Aecom, Wellington, with subsequent additions recorded at cost.

Parks and reserves furniture has been valued at depreciation replacement cost as at 1 July 2008 by MWH New Zealand Limited (Consulting Engineers), Hamilton. Subsequent additions are recorded at cost.

Roads, Bridges and Footpaths, have been valued at depreciated replacement cost at 1 July 2008 by Opus International Consultants Limited (Consulting Engineers), Paeroa. Subsequent additions are recorded at cost.

Water, Wastewater and Stormwater has been valued at depreciation replacement cost as at 1 July 2008 by MWH New Zealand Limited (Consulting Engineers), Hamilton. Subsequent additions are 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 2008 by Opus International Consultants Limited (Consulting Engineers), Paeroa.

#### Restricted assets

Parks and reserves land is valued at fair value. This is determined from market-based evidence by an independent valuer. The most recent valuation of land was performed by Quotable Value Limited, Te Aroha and the valuation is effective as at 1 July 2008. Any subsequent additions from this date have been recorded at cost.



## Notes to the financial statements

For the year ended 30 June 2009

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

Asset Group	Registered Valuer	Parent Actual \$000's	Group Actual \$000's
Land	Quotable Value Limited	\$255,291	\$255,291
Roads	Opus International Consultants Limited	\$492,202	\$492,202
Footpaths	Opus International Consultants Limited	\$15,056	\$15,056
Bridges	Opus International Consultants Limited	\$13,708	\$13,708
Stormwater	MWH New Zealand Limited	\$64,523	\$64,523
Wastewater	MWH New Zealand Limited	\$122,895	\$122,895
Water	MWH New Zealand Limited	\$95,088	\$95,088
Solid Waste	MWH New Zealand Limited	\$3,916	\$3,916
Parks and Reserves	MWH New Zealand Limited	\$9,742	\$9,742

The following classes of property, plant and equipment were revalued in 2008.

Asset Group	Registered Valuer	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

### Impairment

No impairment losses have been recorded during the 2009 financial year in relation to property, plant and equipment (2008: \$5.36 million).

### Work in progress

The total amount of property, plant and equipment in the course of construction is \$40.41 million (2008: \$45.95 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.

Capital expenditure to date on the Whangamata wastewater treatment plant of \$28.70 million has been carried forward within work in progress because the asset was not completed and operating as per the design and within resource consent standards at balance date.

### Leasing

The net carrying amount of property, plant and equipment held under finance leases is \$147,712 (2008: 32,183). Thames-Coromandel District Council has purchased photocopiers under finance leases. These photocopiers are classified within plant and equipment. Refer Note 23; *Borrowings*.

## Notes to the financial statements

For the year ended 30 June 2009

### Note 16 - Intangible assets

Note 16 - Intangible assets 2009	1 July 2008		30 June 2009				30 June 2009		Group				
	Cost \$000's	Accum. amortisation impairment charges \$000's	Opening carrying amount \$000's	Current year revaluation reversed on revaluation \$000's	Accum. Depn reversed on revaluation	Current year additions	Current year disposals	Current year disposals amortisation		Closing Carrying Amount \$000's	Cost \$000's	Accum. Amortisation and impairment charges \$000's	Carrying Amount \$000's
Computer software	2,446	1,647	799	0	0	267	0	380	687	2,714	2,027	687	
Internally generated software <sup>2</sup>	32	7	25	0	0	0	0	6	18	32	14	18	
Resource consents	1,308	44	1,264	0	0	234	0	44	1,454	1,542	88	1,454	
Capital work in progress*	650	0	650	0	0	222	0	0	872	872	0	872	
<b>TOTAL INTANGIBLE ASSETS</b>	<b>4,436</b>	<b>1,698</b>	<b>2,738</b>	<b>0</b>	<b>0</b>	<b>723</b>	<b>0</b>	<b>431</b>	<b>3,031</b>	<b>5,159</b>	<b>2,129</b>	<b>3,031</b>	

#### Intangible asset purchased under Hire Purchase:

*Classified within Software*

Aerial Photography	244	106	138	0	0	0	0	49	89	244	155	89
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30 June 2008

Note 16 - Intangible assets 2008	1 July 2007		30 June 2008				30 June 2008		Group				
	Cost \$000's	Accum. amortisation impairment charges \$000's	Opening carrying amount \$000's	Current year revaluation reversed on revaluation \$000's	Accum. Depn reversed on revaluation	Current year additions	Current year disposals	Current year disposals amortisation		Closing Carrying Amount \$000's	Cost \$000's	Accum. Amortisation and impairment charges \$000's	Carrying Amount \$000's
Computer software	2,104	1,279	825	0	0	342	0	368	799	2,446	1,647	799	
Internally generated software <sup>2</sup>	32	1	31	0	0	0	0	6	25	32	7	25	
Resource consents	1,308	0	1,308	0	0	0	0	44	1,264	1,308	44	1,264	
Capital work in progress <sup>1</sup>	519	0	519	0	0	131	0	0	650	650	0	650	
<b>TOTAL INTANGIBLE ASSETS</b>	<b>3,963</b>	<b>1,280</b>	<b>2,683</b>	<b>0</b>	<b>0</b>	<b>473</b>	<b>0</b>	<b>418</b>	<b>2,738</b>	<b>4,436</b>	<b>1,698</b>	<b>2,738</b>	

#### Intangible asset purchased under Hire Purchase:

*Classified within Software*

Aerial Photography	244	57	187	0	0	0	0	49	138	244	106	138
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<sup>1</sup> 'Intangible capital work in progress' has been reclassified separately from 'property, plant and equipment capital work in progress' totalling \$872,030 in the current year (2008: \$649,934).

<sup>2</sup> The internally generated intangible represents the submissions database that has been developed in-house.



## Notes to the financial statements

For the year ended 30 June 2009

### Computer Software Assets

Computer software licences are carried at cost less accumulated amortisation. These intangible assets have been assessed as having a finite life and are amortised using the straight line method over a 5 year period. The amortisation expense has been recognised in the Statement of Performance.

### Resource Consents

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

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

### Note 17 - Forestry assets

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 17 - Forestry assets	Parent Actual \$000's	Group Actual \$000's
769	769	Balance at 1 July 2008	1,886	1,886
1,517	1,517	Plus purchase of Zones 2,3 and 5 effluent irrigation area of Tairua Forest	0	0
(370)	(370)	Less premium paid	0	0
		Gains arising from changes in fair value less estimated point of sale costs attributable to		
202	202	physical changes	89	89
		Losses arising from changes in fair value less estimated point of sale costs attributable to		
(231)	(231)	price changes	(394)	(394)
<b>1,886</b>	<b>1,886</b>	<b>Balance at 30 June 2009</b>	<b>1,581</b>	<b>1,581</b>

No forests have been harvested during 2009 (2008: 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 from Whangamata township and the need to ensure the continued availability of the forest area for effluent disposal.

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

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



## Notes to the financial statements

For the year ended 30 June 2009

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

### Zone 2, 3 and 5:

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

The land is owned by the Crown as State Forest and is now held by Rayioner (Matariki Forests) under a Crown Forest License. In turn, Council 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; Council Guarantees*.

### Valuation

Thames-Coromandel District Council revalues its forestry assets annually and adopts that value. Independent registered valuers, Hammond Resource Management Ltd conducted the valuation of the forestry assets as at 30 June 2009.

The liquidation value has been used to determine the current value of what the trees in Zone 1 would realise if harvested today. The present value of the current crop is referred to as the stumpage value. Stumpage is the net revenue derived from the log sale price (at wharf or at mill door), less harvesting and marketing costs directly associated with that harvest. These costs include marketing and harvesting commissions, transport, logging and loading, and any roading, tracking and stand preparation required for harvesting.

For the purposes of the valuation of Zone 2, 3 and 5, the following assumptions have been made:

- The clear fell age upon which to base calculations has been assumed as 28 years for radiata pine. The trees may in reality be held for more than 28 years or may be harvested earlier if this suits the owner
- To derive the current stand values it is necessary to discount back the future value to the present value and to discount back the costs that have to be incurred in achieving that future value. The valuation model is highly sensitive to the discount rate and consequently to the final value achieved. A pre-tax discount rate of 6.0% has been applied (2008: 6.0%).
- The impact of spray irrigation on tree growth and both external and internal quality, is unknown and therefore at this time there is insufficient data available to incorporate any allowance for the effect that spray irrigation might have on the value of the tree crop, most likely expressed through changes in wood quality including density.

The value is a significant decrease on the values calculated last year due to several factors:

- Increases in transport costs for logs from forest to mill. The closure of the Kopu Mill has resulted in additional trucking costs to more distant mills, and
- The significant decrease in the price achievable for most grades of logs.

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 the financial statements

For the year ended 30 June 2009

### Note 18 - Joint venture

Name of Entity:	Thames Valley Combined Civil Defence Committee
Principal activity:	Civil defence emergency management
Balance date:	30 June 2009
Membership:	2009: 40%

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.

The joint venture shares a common balance date with Council, but the financial statements have not been audited.

Thames-Coromandel District Council's interest in the civil defence joint venture is accounted for as a jointly controlled entity.

The financial results of the civil defence joint venture have been consolidated into the Group results.

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 18 - Joint Venture	Parent Actual \$000's	Group Actual \$000's

The financial statements include Council's interest in the jointly controlled entity as follows:

207	Revenue			184
(221)	Expenses			(178)
<b>(14)</b>	<b>Share of Net Surplus (Deficit)</b>			<b>5</b>
57	Cash and cash equivalents			18
10	Debtors and other receivables (including investments)			43
(48)	Creditors and other payables			(14)
43	Property, plant and equipment			45
<b>62</b>	<b>Share of assets employed</b>			<b>92</b>

### Joint Venture; Related Party Transactions

For details of any related party transactions with the joint venture; Refer to Note 28; *Related party transactions*

### Joint Venture; Commitments and Contingencies

Details of any commitments and contingent liabilities arising from the group's involvement in the joint venture are disclosed separately in Notes 30; *Contingent liabilities* and 31; *Commitments*.





## Notes to the financial statements

For the year ended 30 June 2009

### Note 19 - Subsidiary

Name of Entity: Thames Pensioner Housing Trust  
 Principal activity: Pensioner housing rental  
 Balance date: 31 March 2009

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; *Consolidated and Separate Financial Statements*.

2008			2009		
Parent Actual \$000's	Group Actual \$000's	Note 19 - Subsidiary	Parent Actual \$000's	Group Actual \$000's	
The financial statements include Council's interest in the Trust as follows:					
	186	Revenue			323
	(164)	Expenses			(174)
	<b>22</b>	<b>Share of Net Surplus (Deficit)</b>			<b>149</b>
	72	Cash and cash equivalents			32
	0	Debtors and other receivables			0
	(32)	Creditors and other payables (including current portion of borrowings)			(33)
	436	Property, plant and equipment			602
	(283)	Borrowings			(260)
	<b>193</b>	<b>Share of assets employed</b>			<b>340</b>

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.

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.

#### Subsidiary; Related Party Transactions

Thames-Coromandel District Council has provided a financial guarantee for the Trust to Westpac Banking Corporation Limited to a maximum of \$510,000 (2008: \$510,000). The Council guarantee has been included in Note 30; *Contingent liabilities: Council Guarantees*. For further details on related party transactions with the subsidiary refer to Note 28; *Related party transactions*.

#### Subsidiary; Commitments and Contingencies

Details of any commitments and contingent liabilities arising from the group's involvement in the subsidiary are disclosed separately in Notes 30; *Contingent liabilities* and 31; *Commitments*.



## Notes to the financial statements

For the year ended 30 June 2009

### Note 20 - Creditors and other payables

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 20 - Creditors and other payables	Parent Actual \$000's	Group Actual \$000's
14,251	14,297	Trade payables	9,982	9,993
1,671	1,671	Deposits and bonds	1,746	1,746
3,019	3,019	Accrued expenses	2,346	2,346
725	725	Revenue in advance	705	705
<b>19,665</b>	<b>19,712</b>	<b>TOTAL CREDITORS AND OTHER PAYABLES</b>	<b>14,779</b>	<b>14,790</b>

#### Fair value

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

### Note 21 - Employee entitlements

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 21 - Employee entitlements	Parent Actual \$000's	Group Actual \$000's
1,386	1,400	Current	1,562	1,576
93	93	Non-current	103	103
<b>1,479</b>	<b>1,493</b>	<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>1,665</b>	<b>1,679</b>

Employee entitlements are comprised of:

CURRENT PORTION				
400	400	Accrued salaries and wages	316	316
880	894	Annual leave	1,042	1,056
89	89	Long service leave	182	182
17	17	Sick leave	21	21
<b>1,386</b>	<b>1,400</b>	<b>TOTAL CURRENT PORTION</b>	<b>1,562</b>	<b>1,576</b>
NON-CURRENT PORTION				
93	93	Retirement gratuities	103	103
<b>93</b>	<b>93</b>	<b>TOTAL NON-CURRENT PORTION</b>	<b>103</b>	<b>103</b>
<b>1,479</b>	<b>1,493</b>	<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>1,665</b>	<b>1,679</b>



## Notes to the financial statements

For the year ended 30 June 2009

### Note 22 - Provisions

2008			2009		
Parent Actual \$000's	Group Actual \$000's	Note 22 - Provisions	Parent Actual \$000's	Group Actual \$000's	
1,318	1,318	Current	351	351	
2,599	2,599	Non-current	3,450	3,450	
<b>3,917</b>	<b>3,917</b>	<b>TOTAL PROVISIONS</b>	<b>3,801</b>	<b>3,801</b>	
<b>CURRENT PORTION</b>					
423	423	Landfill aftercare liability	223	223	
0	0	Weather tight homes	48	48	
150	150	Reserve Contribution Credits	80	80	
<b>573</b>	<b>573</b>	<b>TOTAL CURRENT PROVISIONS</b>	<b>351</b>	<b>351</b>	
<b>NON-CURRENT PORTION</b>					
2,599	2,599	Landfill aftercare liability	2,262	2,262	
745	745	Weather tight homes	1,188	1,188	
<b>3,344</b>	<b>3,344</b>	<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>3,450</b>	<b>3,450</b>	
<b>3,917</b>	<b>3,917</b>	<b>TOTAL PROVISIONS</b>	<b>3,801</b>	<b>3,801</b>	

Movements for each class of provision are as follows:

<b>Landfill aftercare liability</b>					
3,070	3,070	Opening balance	3,022	3,022	
195	195	Additional/(reduction) in provision made during the year	(380)	(380)	
(164)	(164)	Amounts used during the year	(132)	(132)	
(79)	(79)	Discount unwinding	(26)	(26)	
<b>3,022</b>	<b>3,022</b>	<b>Total landfill aftercare liability</b>	<b>2,485</b>	<b>2,485</b>	
<b>Weather tight homes</b>					
400	400	Opening balance	745	745	
345	345	Additional provision made during the year	1,148	1,148	
0	0	Amounts used during the year	(657)	(657)	
<b>745</b>	<b>745</b>	<b>Total weather tight homes liability</b>	<b>1,236</b>	<b>1,236</b>	
<b>Reserve contribution credits</b>					
0	0	Opening balance	150	150	
150	150	Additional/(reduction) in provision made during the year	0	0	
0	0	Amounts used during the year	(70)	(70)	
<b>150</b>	<b>150</b>	<b>Total reserve contribution credits liability</b>	<b>80</b>	<b>80</b>	

### 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 that 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.



## Notes to the financial statements

For the year ended 30 June 2009

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 \$5,306,609 (2008: \$5,771,505).

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

- The discount rate used to arrive at the present value is 7.13% (2008: 7.60%).
- The aftercare has been estimated to continue until 2037. The annual inflation factor applied to the estimated aftercare costs for 2009/10 to 2018/19 are the March 2009 Berl forecast used in the 2009-2019 Ten Year Plan and an annual inflation rate of 2.50% has been applied to years 2019/20 to 2036/37 (2008: 2.50%).
- Estimates of the life and future expenditure are based on the 2009-2019 Ten Year Plan budgets.

### Provision for Weather Tight Homes

This provision is based on Council's most likely exposure to notified claims. As at 30 June 2009 the number of unsettled notified claims was 6 (2008: 4).

Also see Note 30; *Contingent liabilities* for further disclosure and comment.

### 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) are 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.

Also see Note 30; *Contingent liabilities* for further disclosure and comment.



## Notes to the financial statements

For the year ended 30 June 2009

### Financial Guarantees

Thames-Coromandel District Council is listed as sole guarantor to a number of community organisation's 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*.

### Note 23 - Borrowings

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 23 - Borrowings	Parent Actual \$000's	Group Actual \$000's
5,891	5,910	Current	249	270
30,004	30,287	Non-current	54,984	55,244
<b>35,895</b>	<b>36,197</b>	<b>TOTAL BORROWINGS</b>	<b>55,233</b>	<b>55,514</b>

#### Borrowings were comprised of:

##### CURRENT BORROWINGS

27	27	Finance Lease liabilities	49	49
64	64	Hire purchase liability	0	0
5,800	5,819	Term loans	200	221
<b>5,891</b>	<b>5,910</b>	<b>TOTAL CURRENT BORROWINGS</b>	<b>249</b>	<b>270</b>

##### NON-CURRENT BORROWINGS

4	4	Finance Lease liabilities	84	84
0	0	Hire purchase liability	0	0
30,000	30,283	Term loans	54,900	55,160
<b>30,004</b>	<b>30,287</b>	<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>54,984</b>	<b>55,244</b>
<b>35,895</b>	<b>36,197</b>	<b>TOTAL BORROWINGS</b>	<b>55,233</b>	<b>55,514</b>



## Notes to the financial statements

For the year ended 30 June 2009

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

2008		Maturity Analysis	2009	
Parent Actual \$000's	Group Actual \$000's		Parent Actual \$000's	Group Actual \$000's
<b>ANALYSIS OF FINANCE LEASES</b>				
27	27	Current	49	49
4	4	Non-current	84	84
<b>31</b>	<b>31</b>	<b>TOTAL FINANCE LEASES</b>	<b>133</b>	<b>133</b>
Total minimum finance lease payments are payable:				
28	28	Not later than one year	58	58
4	4	Later than one year and not later than five years	90	90
0	0	Later than five years	0	0
<b>32</b>	<b>32</b>	<b>Total minimum lease payments</b>	<b>148</b>	<b>148</b>
(1)	(1)	Future finance charges	(15)	(15)
<b>31</b>	<b>31</b>	<b>Present value of minimum lease payments</b>	<b>133</b>	<b>133</b>
Present value of minimum finance lease payments are payable:				
27	27	Not later than one year	49	49
4	4	Later than one year and not later than five years	84	84
0	0	Later than five years	0	0
<b>31</b>	<b>31</b>	<b>Total</b>	<b>133</b>	<b>133</b>
<b>ANALYSIS OF HIRE PURCHASE</b>				
64	64	Current	0	0
0	0	Non-current	0	0
<b>64</b>	<b>64</b>	<b>TOTAL HIRE PURCHASE</b>	<b>0</b>	<b>0</b>
Total minimum hire purchase payments payable:				
71	71	Not later than one year	0	0
0	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
<b>71</b>	<b>71</b>	<b>Total minimum lease payments</b>	<b>0</b>	<b>0</b>
(7)	(7)	Future finance charges		0
<b>64</b>	<b>64</b>	<b>Present value of minimum lease payments</b>	<b>0</b>	<b>0</b>
Present value of minimum hire purchase payments payable:				
64	64	Not later than one year	0	0
0	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
<b>64</b>	<b>64</b>	<b>Total</b>	<b>0</b>	<b>0</b>
<b>ANALYSIS OF LOANS</b>				
5,800	5,819	Current	200	221
30,000	30,283	Non-current	54,900	55,160
<b>35,800</b>	<b>36,102</b>	<b>TOTAL LOANS</b>	<b>55,100</b>	<b>55,381</b>
Total minimum loan payments payable:				
5,800	5,819	Not later than one year	200	221
30,000	30,099	Later than one year and not later than five years	54,900	55,010
0	184	Later than five years	0	150
<b>35,800</b>	<b>36,102</b>	<b>Total</b>	<b>55,100</b>	<b>55,381</b>



## Notes to the financial statements

For the year ended 30 June 2009

### Floating-Rate Debt

The Bank 3 Year Rolling Flexible Rate Term Loan Facilities of \$65,000,000 (2008: \$65,000,000) are issued at floating rates of interest. The interest rate is reset quarterly based on the 90 day bill rate plus a bank margin for credit risk. These facilities are due to expire on 20 January 2011 however this date may be extended, by agreement, in January of each year.

The Bank Term Loan and Committed Money Market Line Facility of \$10,000,000 (2008: \$10,000,000) are issued at floating rates of interest. The interest is reset quarterly at the 90 day bill rate plus a bank margin for credit risk.

The Stock Issuance debenture of \$10,000,000 (2008: \$10,000,000) is issued at a floating rate of interest. The interest is set quarterly at the 90 day bill rate plus a margin of 0.15% for credit risk.

The 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. The only likely change to the current arrangement will be a higher margin for credit risk.

### Security

2008		2009	
Facilities Held \$000's	Drawings on Facilities \$000's	Facilities Held \$000's	Drawings on Facilities \$000's
250	0	250	0
10,000	5,800	10,000	200
20,000	20,000	20,000	20,000
15,000	0	15,000	14,900
30,000	0	30,000	10,000
45	0	45	0
0	0	0	0
350	0	400	0
3,500	0	0*	0
	Forward Rate Agreement		
	Interest Rate Swap		
	Interest Rate Option		
10,000	10,000	10,000	10,000
<b>89,145</b>	<b>35,800</b>	<b>85,695</b>	<b>55,100</b>

Thames-Coromandel District Council's loans are secured through a debenture which grants security to the lender by way of a charge over Council's general rates and rates revenue. This security is held for all monies advanced in connection with the facilities detailed below, that have a total nominal amount of \$85,000,000 (2008: \$85,000,000).

Bank Term Loans and Committed Money Market Line Facility	\$10,000,000
Bank 3 Year Rolling Flexible Rate Term Loan Facilities; and	\$65,000,000
The Stock Issuance Facility	\$10,000,000

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



## Notes to the financial statements

For the year ended 30 June 2009

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\*Forward rate agreements, interest rate swaps and interest rate options are no longer governed by a specific banking facility.

### 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 terms 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 2009 was \$147,712 (2008: \$32,183). The fair values are based on cash flows discounted using a rate based on the borrowing rate of 8% and 9% (2008: 11% and 9%).

There are no restrictions placed on Thames-Coromandel District Council by any of the finance leasing arrangements.

### Hire Purchase

Council had a hire purchase agreement for the purchase of aerial photography. The carrying amount of the hire purchase agreement was \$0 as at 30 June 2009 (2008: \$70,692). The term of the agreement was for four years until 1 July 2008. During the last financial year the fair values were based on cash flows discounted using a rate based on the borrowing rate of 9%. There were no restrictions placed on Thames-Coromandel District Council by the hire purchase arrangements.





## Notes to the financial statements

For the year ended 30 June 2009

### 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 2006-2016 Long-term Council Community Plan.

There have been no significant amendments to or departures from the Investment Policy during the year ended 30 June 2009 (2008: nil).

In terms of the Council's Liability Management Policy three amendments have been made since its adoption as part of the 2006-2016 Long-term Council Community Plan.

1. In February 2007, following advice from their treasury advisors, Council resolved to ensure that its liquidity be maintained 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.

While 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.

Council has access to significant borrowing facilities that it is yet to draw upon. Refer to the security disclosure in this Note 23; *Borrowings*.

2. To minimise the risk of large concentrations of debt maturing, or, being reissued in illiquid periods where credit margins are high for reasons within or beyond Council's control, section 7.7 of the Liability Management Policy required Council to adhere to the debt maturity profile contained within that section. A maturity schedule outside the limits set out in section 7.7, requires specific Council approval.

With the disruptions in the international and New Zealand funding markets, since 2007, investors in the local authority Private Placement market have tended to limit their investment terms to less than 2 years and invest in bank securities only. Any longer term investments that have been placed have been done so at much higher funding margins compared to pre-September 2007.

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 3 years only.

With bank facility terms being limited to 3 years; this approach has concentrated the funding maturity profile into the 0-3 year maturity band to the detriment of the 5 year plus maturity profile target. Council could achieve this 5 year plus maturity profile but it would come at a considerably higher cost than is currently being achieved. This additional cost would need to be passed on to the ratepayer.

This concentration of risk is mitigated somewhat by the revolving nature of these facilities.

Over the short to medium term, Council will continue to spread its maturity profile, as it is economic to do so.

3. Council sets self imposed debt limits under section 7.10 of its Liability Management Policy. These limits are considered conservative by industry standards, in that these limits include both internal and external debt. Internal debt is Council money that is lent between the different activities of Council.

Section 7.10 of Council's Liability Management Policy states that debt (internal plus external debt) should not exceed 150% of operating revenue.

The reduction in development contributions revenue compared to budget for the year has had the effect of reducing this self imposed debt limit by some \$17 million. As a consequence Council will be in breach of its self imposed debt limits as at 30 June 2009.

As disclosed in Council's 2009-2019 Ten Year Plan this breach is forecast to continue throughout the 2009/10 financial year before returning to within Council's policy limits from 2010/11 forward.



## Notes to the financial statements

For the year ended 30 June 2009

### Note 24 - Reconciliation of net surplus/(deficit) to net cash flow from operating activities

2008		2009	
Parent Actual \$000's	Group Actual \$000's	Parent Actual \$000's	Group Actual \$000's
<b>16,701</b>		<b>16,710</b>	
<b>REPORTED OPERATING SURPLUS</b>		<b>3,727</b>	
<b>3,881</b>			
<b>Note 24 - Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities</b>			
<b>Add(less): Non-cash items:</b>			
(10,789)	(10,789)	Vested assets	(3,144) (3,144)
418	418	Amortisation	431 431
11,581	11,612	Depreciation	13,708 13,726
400	400	(Gains)/losses in fair value of forestry assets	305 305
(352)	(352)	Net foreign exchange (gains)/losses	(150) (150)
328	328	Net interest rate swaps (gains)/losses	850 850
345	345	Weather tight homes provision movement	491 491
150	150	Reserve contribution credits movements	(70) (70)
148	148	Movement in doubtful debt provision	252 252
240	240	Impairment of property intended for sale	90 90
(48)	(48)	Interest unwind on landfill aftercare	(537) (537)
<b>2,421</b>	<b>2,452</b>		<b>12,226</b> <b>12,244</b>
<b>Add(less) Movements in working capital items</b>			
3,452	3,486	Increase (decrease) in Accounts payable	(1,431) (1,454)
410	410	Increase (decrease) in Employee Benefits	186 186
(1,020)	(1,007)	(Increase) decrease in Accounts Receivable	(1,351) (1,364)
<b>2,842</b>	<b>2,888</b>		<b>(2,596)</b> <b>(2,632)</b>
<b>Add(less): Items classified as investing activities</b>			
2,173	2,175	Net losses on sale of property, plant and equipment	3,477 3,477
<b>24,137</b>	<b>24,226</b>	<b>Net Cash inflow from operating activities</b>	<b>16,834</b> <b>16,970</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 2009 (2008: nil).



## Notes to the financial statements

For the year ended 30 June 2009

### Note 27 - Remuneration

#### Elected Representatives

Under clause 18 of schedule 10 of the Local Government Act 2002, Council is required to disclose remuneration paid to elected representatives

During the year to 30 June 2009, 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:

2008		2009
Parent Actual \$000's	Note 27 - Remuneration	Parent Actual \$000's
<b>PRESENT COUNCIL</b>		
85	Mayor Philippa Barriball JP	93
37	Deputy Mayor Adrian Catran JP	37
19	Councillor Bill Barclay	28
19	Councillor Jan Bartley	27
28	Councillor Noel Hewlett JP	31
27	Councillor Dal Minogue	27
33	Councillor John Morrissey	33
36	Councillor Strat Peters	34
19	Councillor Dirk Sieling	27
<b>303</b>		<b>337</b>
<b>PREVIOUS COUNCIL</b>		
8	Councillor Bryan Jackson	0
8	Councillor Ann Lewis	0
9	Councillor Peter Wood	0
<b>25</b>		<b>0</b>
<b>328</b>	<b>TOTAL REMUNERATION PAID TO ELECTED REPRESENTATIVES</b>	<b>337</b>

The monetary remuneration detailed above is determined by Council Resolution within limits set by the Local Government Elected Members Determination in accordance with the provisions of Clause 6 of Schedule 7 of the Local Government Act 2002. These figures include additional benefits such as a vehicle supplied to the Mayor and committee hearing fees.



## Notes to the financial statements

For the year ended 30 June 2009

### Chief Executive

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:

2008	CHIEF EXECUTIVE	2009
250	Salary	273
19	Vehicle (Market value plus Fringe Benefit Tax)	19
1	Telephone	1
1	Professional fees	1
5	Medical insurance (Market value plus Fringe Benefit Tax)	5
276	<b>TOTAL REMUNERATION PAID TO CHIEF EXECUTIVE</b>	<b>298</b>

For the year ended 30 June 2009, 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 \$298,231 (2008: \$275,363).

The 2008 salary comparative has been restated to include the Chief Executive 2008 remuneration review conducted after the completion of the Annual Report for that year.

### Note 28 - Related party transactions

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.

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).

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 2009 (2008: nil). No related party debts have been written off or forgiven during the period (2008: nil).

The following transactions were carried out with related parties:

1. 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.



## Notes to the financial statements

For the year ended 30 June 2009

2. Mr. Denis Rogers, a member of the Thames Community Board is the Chairperson of Thames Pensioner Housing Trust.
3. Thames-Coromandel District Council granted a new lease to Councillor Dirk Sieling for 90 Moewai Road, Whitianga on 1 June 2008. The lease term is one year with an option to renew the lease for one further term of three years making the final expiry date 31st May 2012. The value of the lease is \$19,000 (plus GST) per annum. The lease was based on a current market value assessed by an independent valuation.

Councillor Dirk Sieling took over the existing lease from the previous lessee, when he purchased their property on 1 April 2001 for grazing stock, initially under an agreement with the previous owner. The term of the lease starting on 1 April 2001 was for five years with an option to renew the lease for a further two terms. From 2006 to 2008, Councillor Dirk Sieling was working on an agreed but not formalised lease.

4. Mr. Greg de Laborde, a staff member of Council, is a director/shareholder of Twentyfour Oceans Limited. Council purchased the maRS software package from Twentyfour Oceans Limited. They provide ongoing management consulting and software services to Council that includes software maintenance, training and support. These services totalled \$16,440 for the year.

### Key Management Personnel

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

2008		2009	
Parent Actual		Parent Actual	
\$000's		\$000's	
1,335	Salaries and other short term employee benefits	1,460	
0	Post employment benefits	0	
0	Other long term benefits	0	
0	Termination benefits	0	

The 2008 comparative has been restated to include the Chief Executive 2008 remuneration review conducted after the completion of the Annual Report for that year. It also now includes the value of other non cash remuneration benefits. Refer Note 27; *Remuneration*.

### Other related party transactions involving key management personnel:

2008		2009	
Parent Actual		Parent Actual	
\$000's		\$000's	
<b>Councillor Dirk Sieling (Lease provided by Thames-Coromandel District Council)</b>			
0	Accounts payable to Thames-Coromandel District Council <sup>1</sup>	16	
0	Lease charges by Thames-Coromandel District Council	64	
<b>Mr. Greg de Laborde (Twentyfour Oceans Limited provided software services to Thames-Coromandel District Council)</b>			
0	Accounts receivable from Thames-Coromandel District Council	19	
0	maRS software support provided to Thames-Coromandel District Council	16	
0	Other consulting services provided to Thames-Coromandel District Council	22	

<sup>1</sup>The outstanding amount at balance date of \$16,000 is in dispute.



## Notes to the financial statements

For the year ended 30 June 2009

### Thames Valley Combined Civil Defence Committee

The Thames Valley Combined Civil Defence Committee is a joint venture of Council, that provides rural fire and emergency services.

2008		2009
Parent Actual		Parent Actual
\$000's		\$000's
180	Grants and levies paid by Thames-Coromandel District Council	178
1	Administration services provided by Thames-Coromandel District Council	1
80	Accounts payable to Thames-Coromandel District Council	0
1	Accounts receivable from the Thames-Coromandel District Council	0
55	Council reimbursements to EPU for items bought on behalf of Council	40
20	Council reimbursements to EPU for assets purchased on behalf of Council	25
171	Gross salaries reimbursed to Thames-Coromandel District Council as paid on behalf of EPU	181

### Thames Pensioner Housing Trust

The Trust is a subsidiary of Council as defined under Financial Reporting Standard 37; For further details refer to Note 19; *Subsidiary*. Some trustees are also members of Council and the Thames Community Board.

2008		2009
Parent Actual		Parent Actual
\$000's		\$000's
70	Rates and water paid to Thames-Coromandel District Council	85
0	Operating lease for land paid to Thames-Coromandel District Council <sup>1</sup>	0
0	Grants provided by Thames-Coromandel District Council	0
1	Accounts receivable from the Thames-Coromandel District Council	0
510	Guarantee provided by Thames-Coromandel District Council	510

<sup>1</sup>A land lease is paid to Thames-Coromandel District Council. The lease is \$5.00 per annum

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

### Local Authority Shared Services Limited

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.

2008		2009
Parent Actual		Parent Actual
\$000's		\$000's
48	Services provided to Thames-Coromandel District Council	54
0	Accounts receivable from the Thames-Coromandel District Council	0
1	Shareholding in Local Authority Shared Services Ltd provided to Thames-Coromandel District Council	0
108	Shareholding in Shared Valuation Database Service provided to Thames-Coromandel District Council	108
11	Shareholding in Waikato Regional Transport Model provided to Thames-Coromandel District Council	23



## Notes to the financial statements

For the year ended 30 June 2009

### Note 29 - Events after balance date

No post balance date events occurred up to the date of the report adoption that are known to have a material affect on the Financial Statements and Notes to the Financial Statements of Council.

#### Legal opinion on Wastewater Disclosure

A legal opinion has been sought by Council on whether the consultation that took place before Thames-Coromandel District Council decided to fund the wastewater district wide was in accordance with the Local Government Act 2002. Council estimates the legal costs to be in the region of \$20,000.

#### Coromandel Cemetery Land Acquisition

On the 16th October 2008, the 1459m<sup>2</sup> adjoining the Coromandel Cemetery at 2300 Rings Road, Coromandel was classified as local purpose (cemetery) reserve by Thames-Coromandel District Council. Council is awaiting a fair value determination of this land to enable recognition of the vested asset as revenue in the Statement of Financial Performance and as property, plant and equipment in the Statement of Financial Position.

#### Non-Cancellable Operating Contract Renewals

A contract with Tourism Coromandel for Destination Marketing services was signed subsequent to balance date. Council has committed to the total contract amount of \$1 million over a contract term of three years. The contract has been included as a non-cancellable operating lease in Note 31; *Commitments*.

A contract with Peninsula Liquor Licencing Services for an inspector was signed in August 2009. Council has committed to a total contract amount of \$285,000 over a contract term of five years. The contract has been included as a non-cancellable operating lease in Note 31; *Commitments*.

In 2007/08, the following occurred after balance date and were disclosed in the financial statements:

- **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.
- **Coromandel 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*.



## Notes to the financial statements

For the year ended 30 June 2009

### Note 30 - Contingent Liabilities

Council is aware of the following contingent liabilities as at 30 June 2009:

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 30 - Contingent liabilities	Parent Actual \$000's	Group Actual \$000's
<b>Pending litigation: The maximum possible amounts are stated in all cases</b>				
CONTINGENCIES:				
691	691	Miscellaneous non-insured claims	567	567
0	0	Wastewater -Biosolids infrastructure	470	470
2,650	2,650	Weather tight homes	5,666	5,666
773	773	Council guarantees	2,056	2,056
<b>4,114</b>	<b>4,114</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>8,759</b>	<b>8,759</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.

### Wastewater -Biosolids Infrastructure

From 2006, Thames-Coromandel District Council has embarked on a programme to upgrade the district's Wastewater Treatment plants (WWTPs) to high rate biological treatment plants which produce better quality effluents.

These upgraded Wastewater Treatment plants produce larger quantities of biosolids that need disposal on a more regular basis, when compared to existing Oxidation Ponds. While the Wastewater Treatment plants would store biosolid sludge for years, the new plants produce potentially beneficial resources on a daily basis.

The Council was faced with sending this nutrient-rich biosolid matter to landfills outside the district at a significant cost. In the off-peak season, Coromandel Peninsula residents produce approximately 1.5 tonnes of biosolids per day from each of the three new treatment plants. All of this sludge goes to a landfill near Paeroa. With the rising costs of oil, transporting this biosolid material is costly, while dumping it into landfills is also expensive and the costs are set to increase. As such, Council asked staff to investigate alternate ways in which the biosolids could be disposed of more effectively and efficiently to both the environment and the ratepayer.

From these investigations, staff, along with external third party consultants derived a way of turning this treated sewage into top quality compost. The biosolids compost is a mix of green waste gathered at refuse transfer stations and highly treated human waste from the Council's new Wastewater Treatment plants in Pauanui, Whitianga and Whangamata.





## Notes to the financial statements

For the year ended 30 June 2009

As Council is required to meet strict Grade Aa composting guidelines, this disposal procedure is still only in the trial phase. However, should these trials be successful, Council will be required to purchase the remainder of the plant which was used in the trails. The cost to Council is expected to be in the vicinity \$470,000.

### Weather tight homes

Twenty one claims have been lodged with Thames-Coromandel District Council for buildings located within the District (2008: 18). Of these, six claims have not been settled as at 30 June 2009. The amounts sought by the claimants of these unsettled claims total to \$4,921,000 including four for unknown amounts (2008: 4 claims totalled \$1,471,000, including three for unknown amounts). Claims are dealt with on a case by case basis.

Eight active claims were registered on the Weather Tight Home Resolution Service (WHRS) website for Thames-Coromandel District as at 30 June 2009 (2008: 7 claims). 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 Weather Tight Home Resolution Service.

The Council and Group may have a potential liability for settlement of claims arising in relation to the Weather Tight Homes Resolution Services Act 2006. These claims relate to weather tightness issues on homes in the Thames-Coromandel area where Thames-Coromandel District Council is named as one of the defendants. The events which gave rise to Council's exposure for any building weather-tightness generally occurred prior to 2004.

The Council therefore has a residual claims exposure for any building weather-tightness claims which may be brought prior to 2013 (the legislative timeframe within which claimants can lodge claims for events which occurred prior to 2004). The Council 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. However, Council has included \$1,742,000 in this contingency as an estimation of possible emergent claims (2008: \$1,742,000). Unreported claims are treated as a contingency owing to the inherent uncertainties in quantifying the number and quantum of unreported claims.

A provision has been recognised for accounting purposes for the potential settlement of claims that have been notified to Council at balance date in Note 22; Provisions. The provision has recognised \$1,236,000 as a liability in the Statement of Financial Position (2008: \$745,000). An expense has been recognised in the Statement of Financial Performance reflecting the increase in provision of \$491,000 (\$2008: \$345,000). Refer to Note 22; Provisions.

### Reserve contribution credits

At balance date, land being vested in Council for the purpose of the Whitianga Sportsfield project is under consideration. Development contributions are payable by the developer if Council resolves to utilise alternative land for the Whitianga Sportsground project. Alternatively, if Council decides to accept the land proposal, the land vested would then be recognised as an asset in the Statement of Financial Position, development contributions would be recognised as revenue in the Statement of Financial Performance and a related reserve contribution credit liability would crystallise that could be used to offset future neighbourhood reserve contributions payable by this developer.

### Council Guarantees

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.



## Notes to the financial statements

For the year ended 30 June 2009

The terms and conditions of the guarantee require:

- The organisation to provide Council with a copy of their Annual Report and proposed budget to enable the financial stability to be assessed on an annual basis, and
- An indemnity to Council that 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 considered minimal.

These have not been recognised as liabilities in the Statement of Financial Position as Thames-Coromandel District Council consider there is very little probability that any expenditure will be incurred to settle them.

The following Loan Guarantees have been given by Council:

2009				
Year of Guarantee	Term in Years		Amount of Original Guarantee 000's	Current Level of Guarantee Outstanding 000's
Feb-2001	10	Thames Coast Bowling Club	70	0
Aug-1997	15	Thames Squash Rackets Club Inc	50	2
Feb-2001	25	Thames Tennis Club	98	38
Jul-2002	15	Thames Pensioner Housing Trust	510	276
Jan-2009	25	Housing New Zealand	1,283	246
Jan-2008	Not applicable	Land Information New Zealand*	45	45
			<b>2,056</b>	<b>607</b>
2008				
Year of Guarantee	Term in Years		Amount of Original Guarantee 000's	Current Level of Guarantee Outstanding 000's
Feb-2001	10	Thames Coast Bowling Club	70	0
Aug-1997	15	Thames Squash Rackets Club Inc	50	8
Feb-2001	25	Thames Tennis Club	98	39
Jul-2002	15	Thames Pensioner Housing Trust	510	297
Jan-2008	Not applicable	Land Information New Zealand of Wellington*	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.

### Group

#### Joint venture contingent liabilities

There are no contingent liabilities associated with the joint venture, Thames Valley Combined Civil Defence Committee, as at 30 June 2009 (2008: nil).

#### Subsidiary contingent liabilities

There are no contingent liabilities relating to the subsidiary, Thames Pensioner Housing Trust as at 31 March 2009 (2008: nil).



## Notes to the financial statements

For the year ended 30 June 2009

### Note 31 - Commitments

#### Operating Leases as Lessee

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:

2008			2009	
Parent Actual \$000's	Group Actual \$000's	Note 31 - Commitments	Parent Actual \$000's	Group Actual \$000's

#### Non-cancellable operating leases as lessee

##### Non-cancellable operating lease commitments:

12	12	Not later than one year	20	20
12	12	Later than one year, not later than two years	19	19
4	4	Later than two years, not later than five years	9	9
0	0	Later than five years	0	0
28	28		48	48

##### Non-cancellable contracts for the operation of water, stormwater, wastewater, roading, solid waste collection and disposal, and community facilities:

14,795	14,795	Not later than one year	13,006	13,006
3,635	3,635	Later than one year, not later than two years	10,214	10,214
11,239	11,239	Later than two years, not later than five years	11,514	11,514
0	0	Later than five years	0	0
29,669	29,669		34,734	34,734
1,250	1,250	Other contracts for miscellaneous operating functions	3,833	3,833
30,947	30,947	Total non-cancellable operating leases as lessee	38,615	38,615

#### Group

##### Joint venture operating lease commitments

There are no operating lease commitments associated with the joint venture, Thames Valley Combined Civil Defence Committee, as at 31 March 2009 (2008: nil).

##### Subsidiary operating lease commitments

Thames Pensioner Housing Trust has a land operating lease commitment with Thames-Coromandel District Council as at 30 June 2009 for \$70 (2008: \$75).

#### Capital Commitments

10,135	10,135	Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	8,902	8,902
41,082	41,082	<b>TOTAL COMMITMENTS</b>	<b>47,517</b>	<b>47,517</b>

In addition to these commitments above, Council has authorised additional capital works for

31,603	31,603	2009/10 in the 2009-2019 Ten Year Plan.	22,038	22,038
41,738	41,738	Total capital works for the 2009/10 year authorised in 2009-2019 Ten Year Plan	30,940	30,940



## Notes to the financial statements

For the year ended 30 June 2009

### Group

#### Joint venture commitments

There are no capital commitments in relation to the Council's interest in the joint venture, Thames Valley Combined Civil Defence Committee, as at 30 June 2009 (2008: nil).

#### Subsidiary commitments

There are no capital commitments in relation to the Council's interest in the subsidiary, Thames Pensioner Housing Trust as at 31 March 2009 (2008: nil).

### Operating Leases as Lessor

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:

Non-cancellable operating leases as lessor				
Non-cancellable operating lease commitments:				
648	648	Not later than one year	781	781
2,038	2,038	Later than one year, not later than five years	1,599	1,599
5,119	5,119	Later than five years	3,310	3,310
<b>7,805</b>	<b>7,805</b>	<b>Total non-cancellable operating leases as lessor</b>	<b>5,690</b>	<b>5,690</b>

No contingent rents have been recognised in the Statement of Financial Performance during the period.

For further details on properties leased by Council to related parties, refer Note 28; *Related party transactions*.

## Notes to the financial statements

For the year ended 30 June 2009

### Note 32 - Capital works programme

2008		2009			
Total Expended	Note 32 - Capital works programme	Completed work	Work in progress	Total Expended	Budget
\$000's	- Activity by Catchment Area	\$000's	\$000's	\$000's	\$000's
<b>DISTRICT</b>					
451	District Facilities	353	0	353	221
947	Land and Buildings	207	825	1,032	250
5,435	District Roading	6,805	433	7,239	7,139
995	Office Equipment, Plant and Vehicles	916	13	929	1,454
307	Solid Waste Disposal	108	0	108	173
38,955	Wastewater	15,636	2,947	18,582	21,760
<b>47,090</b>		<b>24,025</b>	<b>4,218</b>	<b>28,243</b>	<b>30,997</b>
<b>THAMES</b>					
86	Community Roading	65	0	65	76
104	Local Facilities	124	0	124	111
69	Parks and Reserves	166	178	344	250
545	Stormwater	329	(318)	12	10
495	Water	173	(48)	125	523
<b>1,296</b>		<b>858</b>	<b>(188)</b>	<b>670</b>	<b>971</b>
<b>COROMANDEL</b>					
392	Community Roading	29	16	45	43
9	Local Facilities	0	11	11	14
132	Parks and Reserves	200	50	250	91
115	Stormwater	72	(12)	60	100
100	Water	55	0	55	177
<b>747</b>		<b>356</b>	<b>65</b>	<b>421</b>	<b>424</b>
<b>MERCURY BAY</b>					
168	Community Roading	479	22	500	708
53	Harbours	44	(9)	35	125
124	Local Facilities	93	0	93	98
293	Parks and Reserves	214	460	674	2,886
97	Stormwater	17	0	17	20
1,605	Water	125	387	512	1,121
<b>2,340</b>		<b>971</b>	<b>861</b>	<b>1,832</b>	<b>4,958</b>
<b>TAIRUA/PAUANUI</b>					
58	Community Roading	464	0	464	428
0	Land and Buildings	0	10	10	500
854	Local Facilities	13	0	13	0
108	Parks and Reserves	161	0	161	796
452	Stormwater	197	0	197	447
1,855	Water	701	62	762	539
<b>3,328</b>		<b>1,536</b>	<b>72</b>	<b>1,608</b>	<b>2,710</b>
<b>WHANGAMATA</b>					
1,061	Community Roading	353	0	353	362
0	Local Facilities	0	102	102	0
105	Parks and Reserves	94	0	94	530
384	Stormwater	268	0	268	490
570	Water	609	(543)	66	296
<b>2,121</b>		<b>1,324</b>	<b>(441)</b>	<b>883</b>	<b>1,678</b>
<b>56,922</b>	<b>TOTAL FOR THE DISTRICT</b>	<b>29,069</b>	<b>4,587</b>	<b>33,657</b>	<b>41,738</b>



## Notes to the financial statements

For the year ended 30 June 2009

2008		2009			
Total Expended	Note 32 - Capital Works Programme - Activity	Completed work	Work in progress	Total Expended	Budget
\$000's		\$000's	\$000's	\$000's	\$000's
1,765	Community Roothing	1,390	38	1,428	1,617
5,435	District Roothing	6,805	433	7,239	7,139
451	District Facilities	353	0	353	221
53	Harbour Facilities	44	(9)	35	125
1,090	Local Facilities	231	113	344	223
947	Land and Buildings	207	836	1,043	750
995	Office Equipment, Plant and Vehicles	916	13	929	1,454
706	Parks and Reserves	836	689	1,525	4,554
307	Solid Waste Disposal	108	0	108	173
1,592	Stormwater	882	(330)	552	1,067
38,955	Wastewater	15,636	2,947	18,582	21,760
4,625	Water	1,662	(142)	1,520	2,655
<b>56,922</b>	<b>TOTAL PER ACTIVITY</b>	<b>29,069</b>	<b>4,587</b>	<b>33,657</b>	<b>41,738</b>



## Notes to the financial statements

For the year ended 30 June 2009

### Note 33 - Financial instrument categories

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

#### Note 33a- Financial instrument categories

2008			2009	
Parent 000's	Group 000's	Note 33a - Financial instrument categories	Parent 000's	Group 000's
<b>Financial assets</b>				
<b>Fair value through profit and loss-held for trading</b>				
330	330	Derivative financial instrument assets	0	0
<b>Loans and receivables</b>				
469	599	Cash and cash equivalents	66	116
7,566	7,575	Debtors and other receivables	8,602	8,625
109	109	Rates postponement receivables	152	152
<b>Other financial assets</b>				
0	0	Term deposits	73	73
131	131	Unlisted shares	141	141
156	156	Other receivables	0	0
11	11	Community loans	8	8
8,442	8,581	<b>Total loans and receivables</b>	<b>9,043</b>	<b>9,116</b>
<b>Financial liabilities</b>				
<b>Fair value through profit and loss-held for trading</b>				
150	150	Derivative financial instrument liabilities	521	521
<b>Financial liabilities at amortised cost</b>				
19,665	19,712	Creditors and other payables	14,779	14,790
<b>Borrowings</b>				
31	31	Finance Lease liabilities	133	133
64	64	Hire purchase liability	0	0
35,800	36,102	Term loans	55,100	55,381
55,560	55,909	<b>Total financial liabilities at amortised cost</b>	<b>70,012</b>	<b>70,305</b>



## Notes to the financial statements

For the year ended 30 June 2009

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### Note 33b- Financial instrument risks

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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 has purchased plant and equipment associated with the construction of certain infrastructural assets from overseas which required it to enter into transactions denominated in foreign currencies.

It is Thames-Coromandel District Councils policy to manage foreign currency risks arising from contractual commitments and liabilities that 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.

All such purchases have been completed so there is no exposure to this risk

##### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. Borrowings and investments issued at fixed rates of interest expose the 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.

The interest rates on Council's investments are disclosed in Note 10; *Derivative Financial Instruments* and on Council's borrowings in Note 23; *Borrowings*.

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.





## Notes to the financial statements

For the year ended 30 June 2009

### Cash flow rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose 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's Investment Policy limits the amount of credit exposure to any one financial institution or organisation. Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk.

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

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

As a result of these controls there are no significant concentrations of credit risk. The maximum exposure to credit risk at 30 June 2009 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.

2008			2009	
Parent 000's	Group 000's	Note 33b - Financial instrument risks continued	Parent 000's	Group 000's

Maximum exposure to credit risk

Thames-Coromandel District Council's maximum credit exposure for each class of financial instruments is as follows:

469	599	Cash at bank and term deposits	139	189
7,566	7,575	Debtors and other receivables	8,602	8,625
109	109	Rates postponement receivables	152	152
11	11	Community loans	8	8
330	330	Derivative financial instrument assets	0	0
388	388	Financial guarantees	607	607
8,873	9,012	Total credit risk	9,508	9,581



## Notes to the financial statements

For the year ended 30 June 2009

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

2008		2009	
Parent	Group	Parent	Group
000's	000's	000's	000's
<i>COUNTERPARTIES WITH CREDIT RATINGS</i>			
<i>Cash at bank and term deposits</i>			
469	599	139	189
	AA		
469	599	139	189
<i>Derivative financial instrument assets</i>			
330	330	0	0
	AA		
330	330	0	0
<i>COUNTERPARTIES WITHOUT CREDIT RATINGS</i>			
<i>Community loans</i>			
11	11	8	8
	Existing counterparty with no defaults in the past		
11	11	8	8
<i>Total community loans</i>			

Trade 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 only one significant concentration of credit risk in relation to debtors (New Zealand Transport Agency).

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

Thames-Coromandel District Council has \$139,000 cash and cash equivalents held in deposit accounts with ANZ National Bank Limited, Bank of New Zealand and Westpac New Zealand. These financial institutions have opted into the New Zealand Retail Deposit Guarantee Scheme that provides a guarantee of deposits held to a maximum limit of \$1,000,000 NZD per investor and per guaranteed institution until 12 October 2010. The total value of bank deposits held by Thames-Coromandel District Council with these banks is therefore covered by the guarantee.

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, there is no other significant risk.

### Provision of Additional Capacity Infrastructure for Growth and the Associated Development Contributions Risk

The provision of additional capacity for growth within 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.



## Notes to the financial statements

For the year ended 30 June 2009

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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.

### Liquidity Risk

#### The management of liquidity risk

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 (2008: \$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: *Borrowings*.



## Notes to the financial statements

For the year ended 30 June 2009

### Contractual Maturity Analysis of Financial Liabilities

The maturity profiles of the Thames-Coromandel District Council's interest bearing investments and borrowings are disclosed in 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 are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

Contractual maturity analysis: liabilities	Carrying amount \$000's	Contractual cash flows \$000's	2009		
			Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>Council</b>					
Creditors and other payables	14,779	14,779	14,779	0	0
Not settled derivative liabilities	521	521	452	262	(193)
Secured loans	55,100	55,100	200	54,900	0
Finance leases	133	148	58	90	0
Hire purchase	0	0	0	0	0
Financial guarantees	607	607	607	0	0
<b>Total</b>	<b>71,140</b>	<b>71,155</b>	<b>16,096</b>	<b>55,252</b>	<b>(193)</b>
<b>Group</b>					
Creditors and other payables	14,790	14,790	14,790	0	0
Not settled derivative liabilities	521	521	452	262	(193)
Secured loans	55,381	55,381	221	55,010	150
Finance leases	133	148	58	90	0
Hire purchase	0	0	0	0	0
Financial guarantees	607	607	607	0	0
<b>Total</b>	<b>71,433</b>	<b>71,448</b>	<b>16,128</b>	<b>55,362</b>	<b>(43)</b>

## Notes to the financial statements

For the year ended 30 June 2009

Contractual maturity analysis: liabilities	2008				
	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's
<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	19,712	19,712	19,712	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>56,447</b>	<b>56,455</b>	<b>26,168</b>	<b>30,103</b>	<b>184</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.

Derivative financial instrument analysis	2009					
	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

#### Council and Group

Forward foreign exchange contracts:	0	0	0	0	0	0
outflow	0	0	0	0	0	0
inflow	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Derivative financial instrument analysis	2008					
	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

#### Council and Group

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>

## Notes to the financial statements

For the year ended 30 June 2009

### 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	2009		
			Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>Council</b>					
Cash and cash equivalents	66	66	66	0	0
Debtors and other receivables	8,602	8,602	8,272	322	9
Rates postponement receivables	152	152	0	0	152
Not settled derivative assets	0	0	0	0	0
Other financial assets:					
Term deposits	73	73	73	0	0
Unlisted shares	141	141	0	0	141
Other receivables	0	0	0	0	0
Community loans	8	9	5	4	0
<b>Total</b>	<b>9,043</b>	<b>9,044</b>	<b>8,416</b>	<b>326</b>	<b>302</b>

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>Group</b>					
Cash and cash equivalents	116	116	116	0	0
Debtors and other receivables	8,625	8,625	8,295	322	9
Rates postponement receivables	152	152	0	0	152
Not settled derivative assets	0	0	0	0	0
Other financial assets:					
Term deposits	73	73	73	0	0
Unlisted shares	141	141	0	0	141
Other receivables	0	0	0	0	0
Community loans	8	9	5	4	0
<b>Total</b>	<b>9,116</b>	<b>9,117</b>	<b>8,489</b>	<b>326</b>	<b>302</b>

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	7,426	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>8,050</b>	<b>402</b>	<b>322</b>

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>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	156	0
Community loans	11	13	5	8	0
<b>Total</b>	<b>8,911</b>	<b>8,913</b>	<b>8,190</b>	<b>402</b>	<b>322</b>



## Notes to the financial statements

For the year ended 30 June 2009

### Sensitivity Analysis: Council

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.

2008				2009					
Profit	-100bps	Profit	+100bps	Sensitivity analysis	Note	Profit	-100bps	Profit	+100bps
	Other Equity		Other Equity				Other Equity		Other Equity
\$000's	\$000's	\$000's	\$000's			\$000's	\$000's	\$000's	\$000's
<b>COUNCIL</b>									
<b>INTEREST RATE RISK</b>									
Financial assets									
(5)	0	5	0	Cash and cash equivalents	1	(1)	0	1	0
(388)	0	441	0	Derivatives -held for trading	2a	0	0	0	0
Financial liabilities									
Borrowings									
0	0	0	0	Derivatives -held for trading	2b	(3,677)	0	1,406	0
0	0	0	0	Bank overdraft	3	0	0	0	0
(68)	0	208	0	Term loans	4	(16)	0	16	0
(461)	0	654	0	<b>Total sensitivity to interest rate risk</b>		<b>(3,694)</b>	<b>0</b>	<b>1,423</b>	<b>0</b>
Profit	-10%	Profit	10%	Sensitivity analysis	Note	Profit	-10%	Profit	10%
\$000's	Other Equity	\$000's	Other Equity			\$000's	Other Equity	\$000's	Other Equity
<b>FOREIGN EXCHANGE RISK</b>									
Financial liabilities									
5	0	(36)	0	Derivatives -held for trading	2b	0	0	0	0
(3)	0	3	0	Creditors and other payables	5	0	0	0	0
2	0	(33)	0	<b>Total sensitivity to foreign exchange risk</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY PRICE RISK</b>									
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 \$66,000 (2008: \$469,000) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$660 (2008: \$4,690).



## Notes to the financial statements

For the year ended 30 June 2009

### 2. Derivatives – Held for trading

#### 2a. Financial assets

Derivative financial assets held for trading includes interest rate swaps with a fair value totalling \$0 (2008: \$330,000). A movement in interest rates of plus or minus 1% has no effect (2008: \$440,467/(\$387,543)) on the unrealised value of the derivatives.

#### 2b. Financial liabilities

Derivative financial liabilities held for trading includes interest rate swaps with a fair value totalling \$520,828 (2008: \$0). A movement in interest rates of plus or minus 1% has an effect of \$1,405,985/(\$3,676,849) (2008: \$0) on the unrealised value of the derivatives.

In 2007/08, derivative financial liabilities held for trading included forward foreign exchange contracts with a fair value totalling \$149,851. A movement in foreign exchange rates of plus or minus 10% had an impact of \$5,334/(\$35,530) 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 2009 were \$nil (2008: \$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 loans with a principal amount \$55,100,000 (2008: \$35,800,000) Council has in place interest rate swaps for \$53,500,000 (2008: 15,000,000) of this amount. As such this portion is not subject to risks arising from potential changes in interest rates. Council also has a further forward starting swap in place for an additional \$5,500,000 (2008: \$nil). Council has no interest rate swaptions in place for the 2009 year (2008: \$14,000,000 which protected against adverse movements in interest rates while maintaining the opportunity to partake favourable movements in interest rates). As such Council has \$1,600,000 of debt (2008: \$6,800,000) at risk to an adverse movement in interest rates. An adverse movement in interest rates of 1% has a negative effect on interest expense of (\$16,000) (2008: \$68,000). Council has loans of \$1,600,000 (2008: \$20,800,000) at risk to a favourable movement in interest rates. A favourable movement in interest rates of 1% has a positive effect on interest expense of \$16,000 (2008: 208,000).

### 5. Creditors and other payables

Creditors and other payables include the following foreign currency denominated payables in relation to plant and equipment purchases.

2008			2009		
Foreign Currency	NZD Equivalent		Foreign Currency	NZD Equivalent	
165,901	366,213	Euro	0	0	
134,580	30,239	SEK	0	0	
3,527	5,954	USD	0	0	
27,553	35,427	AUD	0	0	
2,610	8,630	GBP	0	0	





## Notes to the financial statements

For the year ended 30 June 2009

### 6. Unlisted shares

Thames-Coromandel District Council holds unlisted shares in the New Zealand Local Government Insurance Corporation Limited 2009: \$8,000 (2008: 11,000); Local Authority Shared Service Limited 2009: \$0 (2008: \$1,000); Shared Valuation Data Service 2009: \$108,000 (2008: \$108,000); Waikato Regional Transport Model 2009: \$23,000 (2008: \$11,000). A movement in the fair value of these investments of plus or minus 10% would have an impact on other losses of 2009: \$13,100 (2008: \$13,100). The fair value of these investments is dependant upon the financial performance of the organisation that Council holds shares in.

### Sensitivity Analysis: Group

Profit \$000's	Other Equity \$000's	Profit \$000's	Other Equity \$000's	Note	Profit \$000's	Other Equity \$000's	Profit \$000's	Other Equity \$000's
<b>GROUP</b>								
<b>INTEREST RATE RISK</b>								
<b>Financial assets</b>								
(6)	0	6	0		(1)	0	1	0
(388)	0	441	0	1	0	0	0	0
<b>Financial liabilities</b>								
0	0	0	0		(3,677)	0	1,406	0
<b>Borrowings</b>								
0	0	0	0		0	0	0	0
(68)	0	208	0	2a	(16)	0	16	0
(462)	0	655	0	2b	(3,694)	0	1,423	0
<b>Total sensitivity to interest rate risk</b>								
<b>FOREIGN EXCHANGE RISK</b>								
<b>Financial liabilities</b>								
5	0	(36)	0		0	0	0	0
(3)	0	3	0	2b	0	0	0	0
2	0	(33)	0	5	0	0	0	0
<b>Total sensitivity to foreign exchange risk</b>						<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY PRICE RISK</b>								
<b>Financial assets</b>								
0	0	0	0		0	0	0	0
0	0	0	0	6	0	0	0	0
<b>Total sensitivity to equity price risk</b>						<b>0</b>	<b>0</b>	<b>0</b>



## Notes to the financial statements

For the year ended 30 June 2009

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### Note 33b - Explanation of sensitivity analysis -Group

#### 1. Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$116,000 (2008: \$599,000) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$1,160 (2008: \$5,990).

#### 2. Derivatives – Held for trading

##### 2a. Financial assets

Derivative financial assets held for trading includes interest rate swaps with a fair value totalling \$0 (2008: \$330,000). A movement in interest rates of plus or minus 1% has no effect (2008: \$440,467/(\$387,543)) on the unrealised value of the derivatives.

##### 2b. Financial liabilities

Derivative financial liabilities held for trading includes interest rate swaps with a fair value totalling \$520,828 (2008: \$0). A movement in interest rates of plus or minus 1% has an effect of \$1,405,985/(\$3,676,849) (2008: \$0) on the unrealised value of the derivatives.

In 2007/08, derivative financial liabilities held for trading included forward foreign exchange contracts with a fair value totalling \$149,851. A movement in foreign exchange rates of plus or minus 10% had an impact of \$5,334/(\$35,530) 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 2009 were \$nil (2008: \$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 loans with a principal amount \$55,100,000 (2008: \$35,800,000) Council has in place interest rate swaps for \$53,500,000 (2008: 15,000,000) of this amount. As such this portion is not subject to risks arising from potential changes in interest rates. Council also has a further forward starting swap in place for an additional \$5,500,000 (2008: \$nil). Council has no interest rate swaptions in place for the 2009 year (2008: \$14,000,000 which protected against adverse movements in interest rates while maintaining the opportunity to partake favourable movements in interest rates). As such Council has \$1,600,000 of debt (2008: \$6,800,000) at risk to an adverse movement in interest rates. An adverse movement in interest rates of 1% has a negative effect on interest expense of (\$16,000) (2008: \$68,000). Council has loans of \$1,600,000 (2008: \$20,800,000) at risk to a favourable movement in interest rates. A favourable movement in interest rates of 1% has a positive effect on interest expense of \$16,000 (2008: 208,000).

Thames Pensioner Housing Trust has two loans totalling \$281,720, which mature on 9 September 2017 (principal and interest). One Loan has a fixed interest rate of 10.15% until 04 September 2010, in conjunction with a floating interest rate of 9.35%. 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.



## Notes to the financial statements

For the year ended 30 June 2009

### 5. Creditors and other payables

Creditors and other payables include the following foreign currency denominated payables in relation to plant and equipment purchases.

2008			2009		
Foreign Currency	NZD Equivalent		Foreign Currency	NZD Equivalent	
165,901	366,213	Euro	0	0	
134,580	30,239	SEK	0	0	
3,527	5,954	USD	0	0	
27,553	35,427	AUD	0	0	
2,610	8,630	GBP	0	0	

### 6. Unlisted shares

Thames-Coromandel District Council holds unlisted shares in the New Zealand Local Government Insurance Corporation Limited 2009: \$8,000 (2008: 11,000); Local Authority Shared Service Limited 2009: \$0 (2008: \$1,000); Shared Valuation Data Service 2009: \$108,000 (2008: \$108,000); Waikato Regional Transport Model 2009: \$23,000 (2008: \$11,000). A movement in the fair value of these investments of plus or minus 10% would have an impact on other losses of 2009: \$13,100 (2008: \$13,100). The fair value of these investments is dependant upon the financial performance of the organisation that Council holds shares in.

## 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



## Notes to the financial statements

For the year ended 30 June 2009

### Note 35 - Explanation of major variances against budget

Explanations for major variances from Thames-Coromandel District Council's estimated figures in the 2008-2009 Annual Plan are as follows:

#### Statement of Financial Performance

Councils operating surplus of \$3.73 million compares with a budgeted surplus of \$19.19 million. This is due to the net effect of the following variances in revenue and expenditure detailed further below.

- Revenue was \$74.10 million (including assets vested in Council) compared to the budgeted revenue of \$84.34 million.
- Expenditure was \$70.37 million compared to the plan of \$65.15 million.

#### 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. The economic down turn experienced by the entire global economy including New Zealand has reduced the development and growth on the Peninsula dramatically, thereby directly impacting on the development contributions received by Council during the 2008/09 financial year. Revenue generated from development contributions totalled \$1.09 million compared to the budget of \$12.55 million. 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.

It should be noted that in May 2008, development contributions revenue for the 2008/09 financial year was reduced from that originally budgeted for in the 2006-2016 Long-term Council Community Plan to reflect unfavourable market conditions at that time and those expected going forward. However, the speed at which the construction sector, and in turn, development in and around the Peninsula slowed down during the first six months of the financial year, was not anticipated.

Accordingly, this reduction in anticipated revenue resulted in the need to defer future capital works to later financial years. Specifically, those projects with a large additional capacity component were deferred as the demand for them (the expected population growth) has not eventuated to the level required to make such a programme practical and/or reasonable at this time.

Furthermore, Council also re-evaluated the scope of capital work programmes either underway or those that were due to start within the financial year to ensure that the need (or demand) for that particular project was still applicable and to help look at ways of reducing overall expenditure within that project.

#### Investment revenue

Council received \$0.05 million return on external investments held, which consists of interest received from cash investments. Prudent cash management has meant that Council has applied all available funds against loans to keep borrowings to a minimum. This strategy minimises cash on hand and reduces resulting interest earned.



## Notes to the financial statements

For the year ended 30 June 2009

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### Rates revenue

Rates are showing an increase from the planned figure of \$53.92 million to \$54.24 million, a difference of 0.05%. This small variation of 0.32 million is due to shifts in the rating database numbers between the time of the budget for the 2007/2008 Annual Plan is finalised and the actual assessment of rates is conducted at the end of close of the District Valuation Roll.

### Subsidies revenue

The subsidies revenue received from New Zealand Transport Agency was \$0.41 million higher than budget, largely due to capital work being undertaken this financial year in relation to the July 2008 storm event.

For further details refer to Rooding Cost of Service Statement within Section Three; *Council Activities* on pages 111 to 113.

### Gains

These are gains resulting from 'end of year' accounting adjustments that are not budgeted for. Council recorded an unrealised gain of \$0.15 million on foreign exchange options and an unrealised loss on interest rate swaps of \$0.85 million. This 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 movement 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 and introduced assets

Vested assets are infrastructure assets received from developers once the subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed during the year. Assets worth \$3.14 million have been vested in Council as a result of large subdivisions being completed in Thames, Thames Coast and Mercury Bay.

### Expenditure

Refer to Note 4; *Expenditure*.

### Personnel costs

Personnel costs are \$1.78 million higher than the budget of \$10.23 million. Personnel costs were first required to be reported separately in the 2008/2009 Annual Plan. These employee costs were incorrectly reported as \$10.23 million in that document. Employee costs should be disclosed as follows:

	Actual 2008	Budget 2009	Actual 2009
Employee costs	\$11.22m	\$11.07m	\$12.00m

In the budgeting process it is assumed that all staff leave entitlements will be taken in the year they accrue. However, as can be seen in Note 4; *Expenditure* on page 163, staff entitlements have increased by \$0.43 million over the year.

### Depreciation and amortisation

Depreciation is higher than planned due to the revaluation of the water and wastewater infrastructure conducted on 1 July 2008. 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.



## Notes to the financial statements

For the year ended 30 June 2009

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### Finance costs

Finance costs are \$0.17 million less than the budget of \$3.40 million. External debt totalled \$55.10 million as at 30 June 2009, which is higher than the level expected in the 2008/2009 Annual Plan of \$51.40 million. However, the cost of borrowing for Council on this external debt has been less than the 8.00% estimated for the year, which results in the favourable variance showing for finance costs. The actual weighted average cost of borrowing for Council this financial year was 6.78%.

### Other direct operating costs

Operating expenditure variances are reported in detail by significant activity in the Cost of Service Statements in Section Three; *Council Activities*.

### Other losses

During the replacement process of 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 2008/09 financial year:

- Wastewater assets were disposed of due to the decommissioning of the oxidation pond on Moewai Road in Whitianga.
- Roading assets were disposed of due to the area-wide resurfacing and remedial works required and also included the disposal of the old Koputauki bridge and the Darkies Stream bridge. The Darkies Stream bridge has been replaced with a culvert.

During the revaluation process of Council's land this 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 2009 was revalued to fair value on balance date, resulting in a write down of \$0.31 million largely due to price changes that would arise due to increased transportation costs to more distant mills resulting from the Kopu Mill closure.

### Statement of Changes in Equity

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Equity is showing an increase of \$209.63 million mainly due to the increase in asset revaluation reserves of \$147.29 million resulting from the revaluations of Council's infrastructure (except harbours), solidwaste and land assets carried out as at 1 July 2008.

Refer to Note 7; *Equity* and Note 15; *Property, plant and equipment*.

### Statement of Financial Position

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#### Assets

Total current assets were \$0.42 million higher than budget, primarily due to the accounts receivable balance of \$8.60 million, being \$0.54 million over budget with cash and cash equivalents of \$0.066 million, being \$0.658 million less than budgeted. Prudent cash management has kept cash held to a minimum as funds have been applied against borrowings when available.

Refer to Note 9; *Debtors and other receivables*.



## Notes to the financial statements

For the year ended 30 June 2009

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Spare parts from the decommissioning of the Pauanui and Tairua Wastewater Treatment Plants were not identified as existing at the time of the 2008/2009 Annual Plan preparation and therefore were not budgeted.

Refer to Note 12; *Inventories*.

The Pollen Street property was included a sale of assets in the annual plan as it was expected that this would be completed prior to 30 June 2009. However, the settlement date was 1 July 2009, therefore the property remains as a non-current asset held for sale in the financial statements.

Refer to Note 13; *Non-current assets held for sale*.

Total intangible, property, plant and equipment and forestry assets are \$1,170.33 million, \$210.58 million over budget. The increase is a result of the revaluation conducted on all of Councils infrastructural assets (except harbours that were revalued last year), solidwaste and land including reserves as at 1 July 2008. Council assets increased in by \$147.29 million, however Council's roading and footpaths decreased significantly in value by \$31.96 million.

Refer to Note 15; *Property, plant and equipment*, Note 16; *Intangible assets* and Note 17; *Forestry assets*

### Liabilities

Total current liabilities are \$3.65 million lower than budget. This includes the accounts payable balance being \$5.17 million less than budget.

Council's liability for employee entitlements is \$0.55 million higher than budget because the 2008/2009 Annual Plan assumes that all staff leave entitlements will be taken in the year they accrue. This has not been the case in the 2008/09 year.

Refer to Note 21; *Employee entitlements*

The Councils weather tight homes provision increased to reflect new claims reported. The decrease in the landfill aftercare liability is due to some deferral of remedial works for the Coromandel and Whangamata landfill sites and a reduction in work required on the Pauanui landfill site.

Refer to Note 22; *Provisions*

Derivative financial instruments are year end accounting entries that value interest rate swaps at mark-market that are not budgeted for in the 2008/2009 Annual Plan.

Refer to Note 10; *Derivative financial instruments*

The increase in borrowings of \$3.48 million against budget is in part due to the shortfall in development contributions revenue collected, which has meant that less cash has been available to fund Council's capital works programme this year. Consequently, Council has had to increase borrowings to fund the capital expenditure and prioritise future spending on capital projects.

Refer to Note 23; *Borrowings*



## Notes to the financial statements

For the year ended 30 June 2009

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### Statement of Cash Flows

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#### Cash flows from operating activities

Receipts from operating activities were \$11.55 million less than expected due to development contributions revenue being significantly less than that estimated in the 2008/2009 Annual Plan.

#### Cash flows from investing activities

Purchase of property, plant and equipment was \$5.28 million less than estimated because Council spent less on wastewater, reserves and water fixed assets than planned.

#### Cash flows from financing activities

The net movement in external debt was \$19.44 million.





## 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 Pensioner Housing Trust and Thames Valley Combined Civil Defence Committee are not disclosed as council-controlled organisations because Thames-Coromandel District Council has resolved to exempt these organisations in accordance with the Local Government Act 2002, under section 7.

Thames-Coromandel District Council has an interest in one Council Controlled Trading Organisation in 2008/09, 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

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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

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The following performance measures were incorporated into the statement of intent for the 2008/09 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

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Council's own significant policies and objectives as set out in the Long-term Council Community Plan have been met during the year



## SECTION FIVE: COUNCIL POLICIES



Photograph: *Whangamata Harbour*

Development of Maori Capacity to Participate in Council Decision Making  
Equal Employment Opportunities



## DEVELOPMENT OF MAORI CAPACITY TO PARTICIPATE IN COUNCIL DECISION-MAKING

### Purpose

The Local Government Act 2002 requires Local Authorities to facilitate participation by Maori in the Council's decision making processes.

The Long-term Council Community Plan outlines how 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 override 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>Broadband access 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>Staff are available to attend Ngati Hei's monthly meeting for liaison purposes.</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 Harassment and Sexual Harassment 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 2008 and June 2009 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>▪ Legislation Updates including Local Government Official Information Meetings Act 1987, Privacy Act 1993.</li> <li>▪ Certificate in Te Ara Reo Maori programme</li> </ul> <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>