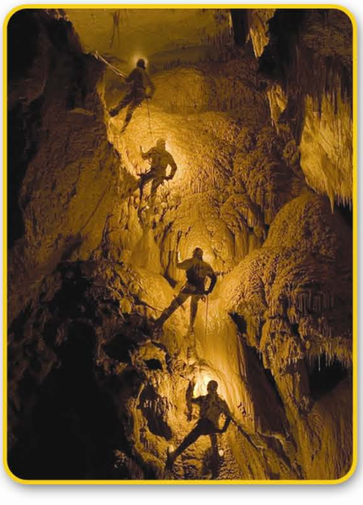
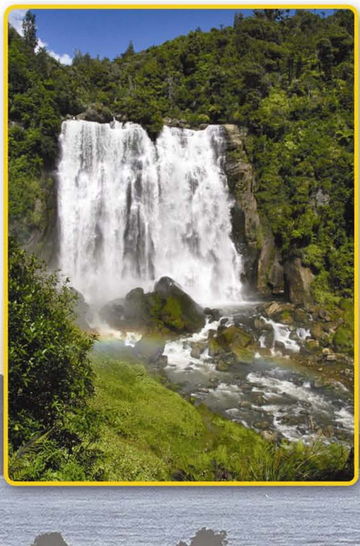
Waitomo District Council

Annual Report 2007-2008





Waitomo District Council

www.waitomo.govt.nz

Annual Report 2007/2008

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Part A: Commentary

1. Foreword

This Annual Report deals with the Council's first budget aimed at reinstating a financially sustainable plan for the District Council. It was a year in which rates were increased significantly, particularly with regard to correcting the previously under rated and over borrowed roads account. This process of normalisation will be with us for several more annual budgets to come.

In the same period the process of rebuilding WDC into an effective organisation has been successful. However the various tasks carried out by that new organisational capacity is still far from complete, with activity management plans and other operational and capital works components still being completed, fine tuned or resourced with reliable and growing knowledge.

During the year Council adopted a new Revenue and Financing Policy which applied tried and tested policy methods from the past. That new policy also corrected those unfair aspects of the previous rating system as it applied to the Te Kuiti Sewerage scheme and introduced the use of the Targeted and Uniform Annual General rating tools to achieve a much fairer spread of the rating costs. A more rational approach to funding the Te Kuiti swimming pool was also introduced. This new policy, when applied to the 2008/09 financial year, did draw some negative reactions but the impacts are transitional and represent a “one off”. The impacts flowing from the application of rating tools targeting separate uses for properties containing multiple separate uses such as flats will not be repeated in the future.

Council was disappointed that the decision to grant Resource Consent for building the Pio Pio sewerage system has been appealed to the Environment Court. Notwithstanding that disappointment the level of government financial assistance at 72% overall on construction cost is a bright spot as was the 95% government subsidy we gained for Benneydale’s water upgrade. Unfortunately the cost of defending Council's position against the appeal is not subsidised and is another cost imposed on the Pio Pio community. Council has made a concerted effort to address a number of historic disputed claims made against it. The focus has been to achieve resolutions to all such matters existing at the commencement of the year under report. These historic claims include a dispute over a former Land fill and refuse contract, the cost of defending Council's decision over a new land use development at Waitomo Caves Village which was appealed to the Environment Court and of course the ongoing matter of the proposed Pio Pio sewerage scheme. These matters contributed unforeseen expenditure in the order of $400,000 for the year.

That consideration, coupled with Inframax's decision not to pay a shareholder dividend, which had been budgeted for at $1 million and the need to fund an additional $1.5 million to reimburse Inframax for improvements made over time at the Waitomo District landfill all impacted on the overall outcomes for the 2007/08 financial year. In spite of those considerations WDC has had a remarkably good end of year outrun. The Waitomo District Council is however, now in complete control of future use of the landfill and is in a position to optimise the value of that asset for the District.

The triennial election was held during the year. The outcome was that two new elected members joined the Council in October 2007. Elected Council has been well assisted with executive support during the year enabling both new and longer serving members to add their value.

The 2007/08 performance of Council's investment in Inframax has result has had an impact on WDC group financial performance when measured against budget. However it must be said that a much closer understanding has been developed between WDC and the Board and Management of the company. The Parkside residential subdivision venture has contributed to the Inframax performance as the company has not yet been able to realise the profit potential from that venture. Never the less the Waitomo Community will benefit over time from an asset that will assist the growth of Te Kuiti.

Council has used the 2007/08 year to position itself on a much stronger foundation and looks forward to build further on the gains made during the year under report.

These gains have been independently assessed and are reflected in publicly acknowledged better levels of customer service driven by open and friendly staff and by a more sustainable balance in regard to income meeting expenditure within our operating budget.

Mark S Ammon
Mayor

Chris Ryan
Chief Executive

2. Statement of Compliance and Responsibility

Responsibility

The Council and the Management of Waitomo District Council accept the responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and the Management of Waitomo District Council also accept the responsibility for establishing and maintaining the internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and the Management of Waitomo District Council, the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations of Waitomo District Council.

Compliance

The Council and Management of Waitomo District Council certify that all the statutory requirements of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

Mark Ammon
Mayor

Chris Ryan
Chief Executive

Date: 29 October 2008

3. Report on Long Term Council Community Plan, Annual Plan and Financial Policies

3.1 Long Term Council Community Plan (LTCCP)

Background

The Long Term Council Community Plan (LTCCP) identifies the community outcome and activities of the local authority and assists with co-ordination of resources and decision-making. The plan provides a long term focus for decisions and a basis of accountability to the community.

The Local Government Act 2002 specifies that every local authority must provide in its annual report sufficient information to enable a comparison of the actual activities and performance of the local authority against the intended level of performance set out in the Long Term Council Community Plan.

Overall Performance

There is a net deficit of $0.2m compared to a budgeted surplus in the LTCCP for the 2008 year of $1.1m. There were several items that led to the net deficit. Revenue was greater than anticipated in the LTCCP despite no dividend revenue being received from Inframax Construction Ltd. Additional rates revenue and subsidy revenue was received to offset the non payment of dividend. Expenditure was also more than budgeted. Unbudgeted costs associated with asset disposals were incurred. There were also additional costs associated with rebuilding organisational capacity and increased repairs and maintenance costs associated with water and wastewater services. The impact of these increased costs were offset by a reduction in depreciation expense from the 2006 asset revaluation and reduced level of finance costs as some capital expenditure items have been deferred or placed on hold.

Total equity was $20.7m less than the LTCCP budget due to the revaluation of Inframax Construction Ltd investment and a reduced level of borrowing.

See Note 34 for more detailed explanations of variances to budget for the 2007/2008 year.

Group of Activities

Council activities are grouped into nine significant categories (or groups of activities). Each group is identified and made up of the following activities.

- Administration – is made up of governance, community development, roading business unit, information centre, rural fire authority, emergency management and overhead accounts.

  This activity contributes to all community outcomes.

  There have been no significant negative effects identified on the social, economic, environmental or cultural well-being of the local community.

- Regulatory – is made up of animal and bylaws control, building inspections, environmental health and resource management.

  This activity contributes to the following community outcomes: image; communications and information; cultural heritage and social harmony; visitors and tourism; preserving the environment; energy; coastline parks and reserves; waste; water supplies; wastewater and sewerage; land use, farming, forestry and mining; manufacturing, process and services industries; retail; urban development; housing and accommodation; health; transport; and recreation and social amenities.

  Anti-social behaviour by dogs, including the potential for dog attacks and acts of aggression, roaming dogs and excessive barking, creates significant negative effects on the social well-being of some members of the community. Council's Animal Control activity aims to reduce anti-social dog behaviour through education and regulatory enforcement.

- Waste – is made up of district waste disposal.

  This activity contributes to the following community outcomes: image; cultural heritage and social harmony; visitors and tourism; preserving the environment; waste; manufacturing, process and service industries; retail; housing and accommodation; and health.

The volume and types of waste created in the district have significant negative effects on the environmental well-being of the community. These negative effects are managed through good operational practices.

- Water – is made up of Benneydale water, Mokau water, Piopio water and Te Kuiti water.

  This activity contributes to the following community outcomes: image; cultural heritage and social harmony; visitors and tourism; preserving the environment; water supplies; manufacturing, process and service industries; retail; housing and accommodation; and health.

  There have been no significant negative effects identified on the social, economic, environmental or cultural well-being of the local community.

- Wastewater and Sewerage – is made up of Benneydale Sanitation, Te Kuiti Sanitation, Piopio Sanitation and Te Waitere Sanitation.

  This activity contributes to the following community outcomes: image; cultural heritage and social harmony; visitors and tourism; preserving the environment; waste; wastewater and sewerage; manufacturing, process and service industries; retail; housing and accommodation; and health.

  The discharge of treated wastewater into the waterways may have potentially negative effect on the environmental well-being of those waterways. These negative effects are managed through good operational practices and adherence to resource consent conditions.

- Roads – is made up of subsidised roading and unsubsidised roading (including stormwater).

  This activity contributes to the following community outcomes: image; communications and information; cultural heritage and social harmony; visitors and tourism; preserving the environment; energy; land use, farming forestry and mining; manufacturing, process and service industries; retail, urban development; education; transport; recreation and social amenities.

  Construction of roads can have a significant negative effect on the environment if not managed effectively. The use of roads can cause significant negative environmental effects but those related to vehicle emissions of noise, fumes and dust, are not under Council's control.

- Property and facilities – this is made up of the library, Te Kuiti airport, housing for the elderly, camping grounds, cemeteries, halls, toilets, district development, other properties, cultural and arts centre and Te Kuiti swimming pool.

  This activity contributes to the following community outcomes: image; communications and information; cultural heritage and social harmony; visitors and tourism; urban development; housing and accommodation; health; education; and recreation and social amenities.

  There have been no significant negative effects identified on the social, economic, environmental or cultural well-being of the local community.

- Parks and reserves – these are Council owned parks and reserves within the district.

  This activity contributes to the following community outcomes: image; cultural heritage and social harmony; visitors and tourism; preserving the environment; energy; coastline parks and reserves; urban development; housing and accommodation; health; and recreation and social amenities.

  There have been no significant negative effects identified on the social, economic, environmental or cultural well-being of the local community.

- Council controlled organisation – this is Council's investment in Inframax Construction Ltd.

  This activity contributes to the community outcomes of manufacturing, process and service industries and employment.

  There have been no significant negative effects identified on the social, economic, environmental or cultural well-being of the local community.

3.2 2007/2008 Annual Plan

Overall Performance

Council achieved the overall net deficit that was planned for in the 2007/2008 Annual Plan. Council's net deficit for the year was $0.2m compared to budgeted net deficit of $0.2m in the Annual Plan. This is an excellent result for Council given that Council did not receive the budgeted dividend from Inframax Construction Ltd.

Revenue was greater than anticipated despite no dividend revenue being received from Inframax Construction Ltd for the year. A higher level of subsidy was received for roading, Piopio Wastewater and Benneydale Water construction projects which led to an overall increase in revenue against budget.

Expenditure was also greater than budget. This was due mainly to losses incurred on asset disposals and additional operating costs incurred in the water and wastewater activities. These items were not budgeted for. The increased costs were offset by a reduction in depreciation costs due to the change in replacement costs and useful lives assumptions from the 2006 revaluation of assets.

Balance Sheet

Current assets were $2.8m more than budget due to a higher level of trade and other receivables than anticipated. The main items were Land Transport Subsidy and Ministry of Health subsidies that were receivable at 30 June 2008.

Current liabilities were $3.9m more than budget due mainly to higher level of current portion of borrowings than anticipated.

Non current assets were $43.0m less than budget due to the decrease in value of investment in Inframax Construction Ltd. In addition to this the level of property, plant and equipment was less than budgeted.

Non current liabilities were $4.9m less than budget due to a reduced level of non current borrowings at year end than budgeted.

See Note 34 and the cost of service statements for more detailed explanations of variances to budget for the 2007/2008 year.

3.3 2007/2008 Group Performance

It is important to recognise that as a small local authority, Waitomo District Council is a unique in that it owns a large commercial enterprise with a combined Group turnover of more than $65m per annum. The Group reporting entity consists of Waitomo District Council and its 100% owned subsidiary Inframax Construction Ltd and Inframax Construction Ltd's 100% owned subsidiary Independent Roadmarkers Ltd. Independent Roadmarkers Ltd was purchased during the year by Inframax Construction Ltd.

Overall Performance

The Group's overall performance for the year was a $33,000 deficit. The main driver of this result was increased expenditure incurred by Council's subsidiary, Inframax Construction Ltd. Unprecedented construction cost increases were experienced by the Company during the year and this included significant increases in fuel costs that were not budgeted for.

Balance Sheet

Total equity for the Group was $234.5m. There was little overall movement in equity from the previous year and this reflects the small deficit that was achieved for the year.

Current assets increased by $4m during the year with an increase in the level of trade and other receivables and inventories held at 30 June 2008.

Current liabilities increased by $7m during the year as a result of the increase in the portion of borrowings recognised in current liabilities. Current liabilities were more than anticipated as a result of Inframax Construction Ltd breaching its banking covenants this required all Inframax Construction Ltd's borrowings to be recognised as current liabilities.

Non current assets increased by $2.9m between 30 June 2007 and 30 June 2008. This movement was the net increase in property, plant and equipment from asset purchases during the year less depreciation and any asset disposals that occurred during the year.

3.4 Revenue and Financing Policy

Background

The Revenue and Financing Policy, as outlined in the Annual Plan, is designed to ensure that the people or groups benefiting from the function meet the allocation of costs by function, either wholly or in part.

Overall Performance

Council reviews its funding mix on an annual basis. Whilst Council has yet to achieve the planned mix of funding, there have been no significant variations between the actual funding mix achieved for 2007/2008 and those prescribed in the Revenue and Financing.

3.5 Policy on Investments

Background

The Policy on Investments provides the policy framework for all of Council's treasury functions and the volume of investments that the Council will be involved with. The mix of investments between current and non-current is determined according to the Council's working capital needs.

Overall Performance

There are no significant variations or material departures from the Council's Policy on Investment as reported in the LTCCP.

3.6 Policy on Liability Management

Background

The main function of the Policy on Liability Management is to ensure that the Council's debt and its associated risks are maintained at prudent levels. Refer to the LTCCP for a detailed outline of the policy.

Overall Performance

There were no significant variations or material departures from the Council's Policy on Liability Management as reported in the Annual Plan.

Specific Borrowing Limits

Targets	Result
Total interest expense will not exceed 40% of total annual revenue excluding subsidy and CCO revenue	Achieved – 17%
Total borrowing does not exceed 30% of ratepayer equity	Achieved – 12%
No more than 35% total debt refinanced during year	No loans refinanced during the year
Access to committed lines of credit no less than $3 million	Not achieved – Available committed lines was $2.09 m at balance date
Floating rate profile must not exceed 60% of total debt	Achieved – 13%

3.7 Iwi Consultation

Council consulted with Iwi:

- about resource consents for water and wastewater schemes.
- as an identified stakeholder group for annual plan consultation.

4. Summary of Council's Equal Employment Opportunities Programme

Waitomo District Council prides itself on being an Equal Opportunity Employer. We have set ourselves several objectives and targets as performance measurement criteria. The Council believes that it has to provide leadership and also be a model to the District in this regard.

Objectives	Targets	Result
To foster a positive climate in the workplace aimed at encouraging employees to develop their potential and to remove discriminatory barriers to employment.	No complaints upheld	100% successful
All employment policies and practices will have regard to the principles of the Treaty of Waitangi and will comply with the provisions of the Human Rights Act 1993, the Equal Pay Act 1972 and the Employment Relations Act 2000 and other relevant statutes.	No complaints upheld	100% successful
Employment decisions will continue to be made solely upon merit, qualifications and work history relating to the position to be filled.	No complaints upheld	100% successful
Opportunities for training, transfer and promotion will be made available to all employees.	No complaints upheld	100% successful
To promote a workplace free of discrimination and harassment.	No complaints upheld	100% successful

Part B: Financials

5. Introduction to the Financial Statements

Financial Statements are produced by the Council to fulfil the requirements of the Local Government Act 2002 and also to communicate its financial performance and position to the ratepayers. This introduction will give you a guide on how to follow the financial information given in this report. Ratepayers are welcome to contact the Manager Financial Services if further assistance or clarification is required.

1. The Income Statement (page 13) shows all income received including income from Rates, the Significant Activities and Council's subsidiary company.

2. The Statement of Recognised Income and Expense (page 14) discloses movements in total equity.

3. The Balance Sheet (page 15) shows the assets and liabilities of the Waitomo District Council and its subsidiary.

4. The Statement of Cash Flows (page 16) summarises the cash flows from operating, investing and financing activities during the year.

5. The "Notes to the Financial Statements" (pages 18-63) should be read in conjunction with the above statements.

6. The individual Statements of Cost of Service of Council's Significant Activities (pages 63-73) record the revenue and costs associated with the provision of each service.

7. The figures used in the Statements of Cost of Services for Estimated Gross Cost and Actual Gross Cost are extracted from the detailed management accounts.

6. Income Statement for the year ended 30 June 2008

2007 Council Actual $000's	2007 Group Actual $000's		Note	2008 Council Estimate $000's	2008 Council Actual $000's	2008 Group Actual $000's
		Revenue				
9,302	9,302	Rates Revenue	1	10,873	10,801	10,801
8,697	53,658	Other Revenue	2	9,802	10,005	54,582
(53)	(53)	Other Gains/(Losses)	3	0	0	0
17,946	**62,907**	**Total Revenue and Gains/(Losses)**		**20,675**	**20,806**	**65,383**
		Expenditure				
2,226	17,533	Employee Benefit Expenses	6	2,595	2,761	22,872
3,511	5,637	Depreciation and Amortisation	18,19	4,416	3,734	5,913
1,656	2,711	Finance Costs	5	2,365	2,145	3,507
9,869	35,357	Other Expenditure	4	11,539	12,487	34,040
17,262	**61,238**	**Total Expenditure**		**20,915**	**21,127**	**66,332**
684	**1,669**	**Operating Surplus/(Deficit) Before Tax**		**(240)**	**(321)**	**(949)**
0	(97)	Share of Associate Surplus/(Deficit)	22	0	0	0
684	**1,572**	**Surplus/(Deficit) Before Tax**		**(240)**	**(321)**	**(949)**
0	603	Less Taxation Expense	7	0	(100)	(916)
684	**969**	**Net Surplus/(Deficit)**		**(240)**	**(221)**	**(33)**

Explanations of significant variances against budget are detailed in note 34.

The Statement of Accounting Policies (pages 19-32) and the Notes to the Financial Statements (pages 33-63) form an integral part of these Financial Statements.

7. Statement of Recognised Income and Expense for the year ended 30 June 2008

2007 Council Actual $000's	2007 Group Actual $000's		Note	2008 Council Estimate $000's	2008 Council Actual $000's	2008 Group Actual $000's
243,891	**228,767**	**Balance at 1 July**		**276,512**	**246,431**	**234,590**
4,854	4,854	Property, plant and equipment revaluation gains taken to equity	8	3,594	0	0
(2,998)	0	Financial assets at fair value through equity valuation (losses) taken to equity	8	0	(5,450)	0
1,856	**4,854**	**Net Income Recognised directly in Equity**		**3,594**	**(5,450)**	**0**
684	**969**	**Net Surplus/(Deficit) for the year**		**(240)**	**(221)**	**(33)**
2,540	**5,823**	**Total Recognised Income for the Year ended 30 June**		**3,354**	**(5,671)**	**(33)**
246,431	**234,590**	**Balance at 30 June**		**279,866**	**240,760**	**234,557**

The Statement of Accounting Policies (pages 19-32) and the Notes to the Financial Statements (pages 33-63) form an integral part of these Financial Statements.

8. Balance Sheet as at 30 June 2008

2007 Council Actual $000's	2007 Group Actual $000's		Note	2008 Council Estimate $000's	2008 Council Actual $000's	2008 Group Actual $000's
		Equity				
195,466	196,385	Retained Earnings	8	188,213	196,741	197,848
16,871	3,784	Other Reserves	8	(402)	10,405	2,768
34,094	34,421	Revaluation Reserve	8	92,055	33,614	33,941
246,431	**234,590**	**Total Equity**		**279,866**	**240,760**	**234,557**
		Current Assets				
335	335	Cash and Cash Equivalents	9	0	356	422
1	1	Other Financial Assets	10	0	1	1
0	2,766	Inventories	11	0	87	4,271
2,828	11,986	Trade and Other Receivables	12	3,396	5,784	14,868
0	0	Derivative Financial Instruments	13	0	0	38
0	682	Taxation Receivable		0	0	515
3,164	**15,770**	**Total Current Assets**		**3,396**	**6,228**	**20,115**
		Current Liabilities				
0	2,800	Bank Overdraft (secured)	15	1,866	0	4,080
3,203	8,592	Trade and Other Payables	14	4,127	5,809	9,368
3,646	13,624	Current Portion of Borrowings	15	4,700	8,679	18,243
7	7	Provisions	16	50	13	197
0	0	Taxation Payable		0	0	16
196	1,501	Employee Entitlements	17	150	308	1,657
7,052	**26,524**	**Total Current Liabilities**		**10,893**	**14,809**	**33,561**
(3,888)	**(10,754)**	**Net Working Capital**		**(7,497)**	**(8,581)**	**(13,446)**
		Non Current Assets				
248,566	264,219	Property, Plant and Equipment	18	272,345	253,232	266,791
39	2,438	Intangible Assets	19	136	0	2,556
75	75	Forestry Assets	20	48	75	75
334	334	Investment Property	21	387	334	334
22,839	39	Other Financial Assets	10	41,187	17,388	38
0	0	Deferred Tax Asset	7	0	100	474
0	245	Investments in Associates	22	0	0	0
271,853	**267,350**	**Total Non Current Assets**		**314,103**	**271,129**	**270,268**
		Less Non Current Liabilities				
20,917	20,917	Borrowings	15	25,818	21,283	21,555
55	138	Employee Entitlements	17	95	59	133
562	562	Provisions	16	827	446	446
0	0	Derivative Financial Instruments	13	0	0	131
0	389	Deferred Tax Liability	7	0	0	0
21,534	**22,006**	**Total Non Current Liabilities**		**26,740**	**21,788**	**22,265**
246,431	**234,590**	**Net Assets**		**279,866**	**240,760**	**234,557**

The Statement of Accounting Policies (pages 19-32) and the Notes to the Financial Statements (pages 33-63) form an integral part of these Financial Statements.

9. Statement of Cash Flows for the year ended 30 June 2008

2007 Council Actual $000's	2007 Group Actual $000's		Note	2008 Council Budget $000's	2008 Council Actual $000's	2008 Group Actual $000's
		Cash flows from Operating Activities				
		Cash was provided from:				
10,465	10,465	Rates Revenue (including penalties)		10,843	12,165	12,165
6,287	6,287	Subsidies and Grants		6,912	7,367	7,367
324	324	Property Rentals		263	329	329
113	113	Petroleum Tax		105	114	114
19	23	Interest from Investments		0	22	84
2,052	52,935	Receipts from Other Revenue and Construction Contracts		1,213	503	52,069
41	(2,417)	GST received/(paid)(net)		79	46	(1,855)
780	0	Dividend Received		1,030	0	0
220	0	Subvention Received		220	0	0
20,301	**67,730**			**20,665**	**20,546**	**70,273**
		Cash was applied to:				
14,561	57,449	Payments to Suppliers and Employees		13,853	15,071	62,773
204	204	Elected members		261	215	215
1,656	2,722	Interest Paid on Borrowings		2,365	2,167	3,527
0	710	Tax Paid		0	0	(285)
16,421	**61,085**			**16,479**	**17,453**	**66,230**
3,880	**6,645**	**Net Cash Inflow from Operating Activities**	25	**4,186**	**3,093**	**4,043**
		Cash flows from Investing Activities				
		Cash was provided from :				
0	63	Proceeds from Sale of Property, Plant and Equipment		0	0	1,203
3	3	Repayment from Advance to Community Groups		0	0	0
3	**66**			**0**	**0**	**1,203**
		Cash was applied to :				
7,674	10,373	Purchase and Development of Property, Plant Equipment		11,377	8,471	11,314
0	82	Purchase of Intangible Assets		0	0	7
0	598	Business Acquisition	31	0	0	17
7,674	**11,053**			**11,377**	**8,471**	**11,338**
(7,671)	**(10,987)**	**Net Cash (Outflow) from Investing Activities**		**(11,377)**	**(8,471)**	**(10,135)**
		Cash flow from Financing Activities				
		Cash was provided from:				
6,705	7,905	Proceeds from Borrowings		6,182	9,092	10,246
6,705	**7,905**			**6,182**	**9,092**	**10,246**
		Cash was applied to:				
3,158	4,215	Repayment of Borrowings		1,747	3,693	5,347
3,158	**4,215**			**1,747**	**3,693**	**5,347**
3,547	**3,690**	**Net Cash Inflow from Financing Activities**		**4,435**	**5,399**	**4,899**
(244)	(652)	Net increase (decrease) in cash, cash equivalents and bank overdrafts		(2,756)	21	(1,193)
579	(1,813)	Cash, cash equivalents and bank overdrafts at the beginning of the year		890	335	(2,465)
335	**(2,465)**	**Cash, cash equivalents and bank overdrafts at the end of the year**		**(1,866)**	**356**	**(3,658)**
		Balance of end of year represented by:				
335	335	Cash and Cash Equivalents	9	0	356	422
0	(2,800)	Bank Overdraft	15	(1,866)	0	(4,080)
335	**(2,465)**		9	**(1,866)**	**356**	**(3,658)**

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

During the period, the Council acquired property, plant and equipment totalling $182,000 (2007: $123,000) by means of finance leases.

The Statement of Accounting Policies (pages 19-32) and the Notes to the Financial Statements (pages 33-63) form an integral part of these Financial Statements.

10. Notes to the Financial Statements

Statement of Accounting Policies for the year ended 30 June 2008

Reporting Entity

Waitomo District Council is a territorial local authority governed by the Local Government Act 2002.

Waitomo District Council Group (the Council) consists of Waitomo District Council and its 100% owned subsidiary, Inframax Construction Limited incorporated in New Zealand, and its subsidiary Independent Roadmarkers Taranaki Ltd (100% owned) incorporated in New Zealand.

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

The financial statements of the Council are for the year ended 30 June 2008. The financial statements were authorised for issue by the Council on 29 October 2008.

Basis of Preparation

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, 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.

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

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property and forestry assets.

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Council's financial report:

- NZ IFRS - 8 'Operating Segments'
  Effective for annual reporting periods beginning on or after 1 January 2009, expected to be initially applied in the financial year ending 30 June 2010.

- NZ IAS – 1 Presentation of Financial Statements
  Effective for annual reporting periods beginning on or after 1 January 2009, expected to be initially applied in the financial year 30 June 2010.

Initial application of the following standards could have an impact on the financial statements of the Council and Group. The Council has yet to analyse the impact of the changes.

- NZ IAS - 23 'Borrowing Costs' – revised 2007
  Effective for annual reporting periods beginning on or after 1 January 2009, expected to be initially applied in the financial year ending 30 June 2010.

- NZ IFRS – 3 Business Combinations – revised 2008
  Effective for annual reporting periods beginning on or after July 2009, expected to be initially applied in the financial year ending 30 June 2010

- NZ IAS – 27 Consolidated and Separate Financial Statements - revised 2008
  Effective for annual reporting periods beginning on or after 1 July 2009, expected to be initially applied in the financial year ending 30 June 2010.

- Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008 (various effective dates).

Other standards and interpretations have been issued. The other standards issued but not yet effective are not relevant to the Council or Group and therefore have not been disclosed.

Subsidiary

The Council consolidates its 100% owned subsidiary in the group financial statements as the Council has the capacity to control the financing and operating policies so as to obtain benefits from the activities of the entity.

The Council measures its investment in Inframax Construction Limited at fair value. The valuation was performed by PricewaterhouseCoopers as at 30 June 2008. Shares in Inframax Construction Limited are classified as available for sale. Revaluation gains are recognised in the fair value through other reserves included in the equity section of the Balance Sheet. Revaluation losses are recognised in the Income Statement unless it offsets a previous gain in the same asset class in the asset revaluation reserve.

Associates

The Council accounts for its investment in its associate in the group financial statements using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the surplus or deficit of the associate after the date of acquisition. The Council's share of the surplus or deficit of the associate is recognised in the Council's Income Statement. Distributions received from an associate reduce the carrying amount of the investment.

If the Council's share of the deficit of an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further deficits. After the Council's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports a surplus, the Council will resume recognising its share of those surpluses only after its share of the surpluses equals its share of deficits not recognised.

The Council's share in the associate's surplus or deficit resulting from unrealised gains on transactions between the Council and its associate are eliminated.

On the 7th February 2008 Inframax Construction Limited purchased the remaining 50% of its associates share capital (Independent Roadmarkers Taranaki Limited). From the date of purchase Independent Roadmarkers Taranaki Limited has been treated as a subsidiary.

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 intragroup balances, transactions, income and expenses are eliminated upon consolidation.

The Council's investment in its subsidiary is carried at fair value in the Council's own 'Council' financial statements.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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

Rates

Rates are recognised as revenue when rates are levied.

Levies & Charges

Other levies and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence.

Other

Other grants, bequests and assets vested in the Council are recognised as revenue when control over the asset is obtained.

Government Grants

Government grants and subsidies are recognised at their fair value when there is reasonable assurance that the conditions associated with the grant approval have been fulfilled. The Council receives government grants from Land Transport New Zealand, which subsidises part of the Council's costs of maintaining local roading. In addition to this Council has also received government grants from the Ministry of Health which subsidises part of the Council's cost of providing a sewerage reticulation system at Piopio and replacement of water reticulation pipes at Benneydale.

Interest

Revenue is recognised using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Dividends

Dividends from the subsidiary are recognised in the Income Statement on the date that the dividends are declared.

Rental Income

Rental income arising on property owned by the Council is accounted for on a straight-line basis over the lease term.

Development Contributions

The revenue recognition point for development and financial contributions is at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation. Development contributions are classified as part of "Other Revenue".

Construction Contracts

Revenue from construction contracting services includes revenue from building and civil contracting services. Revenue and expenditure are recognised by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to costs incurred up to balance date as a percentage of the total estimated costs for each contract.

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

Expected losses are recognised immediately as an expense in the Income Statement.

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

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contract costs where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under trade and other payables.

Expenditure

Expenditure is recognised when the Council has been supplied with the service or has control of the goods supplied.

Grant Expenditure

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Borrowing costs

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

Income Tax

Income tax expense on the surplus or deficit for the period comprises current tax expense and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted at balance date.

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

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

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

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Council can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the tax rates which are expected to apply in the period the liability is settled or asset realised using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Council intends to settle its current tax assets and liabilities on a net basis.

Cash & Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within Borrowings in Current Liabilities on the face of the Balance Sheet.

Inventories

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write down from the loss of service potential or from cost to net realisable value is recognised in the Income Statement.

Metal stocks held by Inframax Construction Limited are measured using a standard cost, this cost is based on the average cost of production. This valuation includes allowance for slow moving or obsolete items. The standard cost approximates actual costs and is reviewed annually and adjusted where necessary to reflect current conditions.

Subdivision property is stated at the lower of cost and net realisable value. Cost comprises development expenditure including engineering costs, direct professional fees, and construction costs relating to establishing utilities as well as related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price of the property less the applicable variable selling expense.

Financial Assets

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

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 Income Statement.

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

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. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

1. *Financial Assets at Fair Value Through Profit or Loss*

   This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

   After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the Income Statement.

   The Council does not hold any financial assets in this category.

2. *Loans & Receivables*

   These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

   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 Income Statement. Loans and receivables are classified as “trade and other receivables” in the Balance Sheet.

   Loans made by the Council at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a 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 Income Statement.

   A provision for impairment of receivables is established when there is objective evidence that the 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.

3. *Held to Maturity Investments*

   Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity.

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 Income Statement.

The Council does not hold any financial assets in this category.

4. *Available for Sale*

Available for sale financial assets are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- Investments that the Council intends to hold long-term but which may be realised before maturity; and
- Shareholdings that the Council holds for strategic purposes. The Council's investment in Inframax Construction Limited is included in this category.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Income Statement. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in Income Statement even though the asset has not been derecognised.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the Income Statement.

Impairment of Financial Assets

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

Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. No derivatives at balance date were designated as hedges. The associated gains or losses of derivatives that are not hedge accounted for are recognised in the income statement. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Payables

Trade payables and other payables are recognised when the Council becomes obligated to make future payments resulting from the purchase of goods or services.

Borrowings

All loans and borrowings are initially recognised at their fair value net of transaction costs.

After initial recognition, all borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Good and Service Tax (GST)

All items in the Income Statement and Balance Sheet are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The Cash Flow Statement is stated inclusive of GST in accordance with NZ IAS 7.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Provisions

The 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 not recognised for future operating losses.

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

Financial Guarantee Contracts

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Council will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

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

Landfill Post Closure Costs

The Council has a legal obligation under the resource consents for open and closed landfills to provide ongoing maintenance and monitoring services at the sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is a measure based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate of 6.42% is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

Employee Benefits

Short-Term Benefits

Employee benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at the rate expected to apply at the time of settlement.

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.

The 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 the Council anticipates it will be used by staff to cover those future absences.

Long-Term Benefits

Long Service Leave & Retirement Gratuities

Entitlements that are payable beyond twelve months, such as long service leave and retirement gratuities have been calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of estimated future cash flows. A discount rate of 6% and an inflation rate of 2% were used. The discount rate is based on the weighted average of Government interest rates for 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.

Leases

Finance Leases

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

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the Balance Sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

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

Operating leases

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

Property, Plant & Equipment

Property, Plant and Equipment have been divided into 3 broad categories.

Operational Assets

Operational assets are tangible assets, able to be dealt with as part of the operating strategy and include land, buildings, furniture and fittings, computer hardware, plant and equipment, library books and motor vehicles.

Infrastructural Assets

Infrastructural assets are the fixed utility systems providing an ongoing service to the community, but are not generally regarded as tradable. They include roads, water reticulation systems, refuse transfer stations, sewerage reticulation systems, stormwater systems, and land under roads.

Restricted Assets

Restricted assets cannot be disposed of because of legal and other restrictions but provide a benefit or service to the community. These are mainly assets associated with reserves vested under the Reserves Act, endowments and other property held in Trust for specific purposes.

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

Additions

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

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 included in the income statement. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

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

Depreciation

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

Operational Assets

Operational assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Buildings	40-100 years
Plant and Equipment	2-15 years
Motor Vehicles	5-15 years
Furniture and Fittings	2-5 years
Computers	2-5 years
Library books	3-7 years
Archive books	Not depreciated

Infrastructural Assets

Infrastructural assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Roads

Top surface	2-16 years
Base course	40-50 years
Sub base	60-100 years
Formation and running course	Not depreciated
Culverts – timber and other	40-80 years
Signs	15 years
Street Lights and poles	15-60 years
Bridges	70-100 years
Footpath surface and base	35-80 years

Water Reticulation

Pipes, hydrant, valves	60-100 years
Pump station, reservoirs	25-100 years

Sewerage Reticulation

Pipes and manholes	60-80 years
Pump station	15-100 years
Treatment plant	10-80 years

Stormwater Systems

Pipes, cesspits	60-100 years
Flood Control Systems	10-80 years

Refuse Systems

Retaining walls	70-90 years
Drainage	70-75 years
Signs	9 years
Kerb and channelling	60-75 years
Truck wash and weighbridge	28 years

The depreciation rates are applied at a component level and are dependent on the remaining useful life of each component.

Restricted Assets

Restricted assets are depreciated on a straight line basis as follows:

Buildings	40-100 years

Capital Work in Progress

Capital work in progress is not depreciated.

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

Revaluation

Those assets that are revalued are valued on a five yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If there is a material difference, then off cycle asset classes are revalued.

Revaluation of Operational Assets

Land and buildings are stated at fair value. Quotable Value New Zealand (independent Registered Valuers) valued the Council's land and buildings on 1 July 2006 and A Doyle and K Wrenn (independent Registered Valuers) valued Inframax Construction Ltd's land and buildings on 30 June 2006. Land has been valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage. Where the fair value of buildings can be determined by reference to the price in an active market for the same asset or a similar asset, the fair value of the asset is determined using this information. Where fair value of the asset is not able to be reliably determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value. Subsequent additions are at cost less accumulated depreciation. Library books were revalued at 1 July 2004 by North Langley and Associates (Registered Valuers). Subsequent additions are at cost less accumulated depreciation.

Revaluation of Infrastructural Assets

Infrastructural assets are stated at fair value determined based on depreciated replacement cost by Maunsell Limited (independent Registered Valuers) as at 1 July 2006. Additions to the infrastructural buildings are valued at cost less accumulated depreciation. Infrastructural land was valued at fair value on 30 June 2006 by Quotable Value New Zealand (independent Registered Valuers). Land under roads was revalued at fair value by suitably qualified staff at 1 July 2001 with values verified by Doyle Valuations Ltd (independent Registered Valuers). Land under roads is not revalued.

Revaluation of Restricted Assets

Restricted assets cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community. They are principally reserves vested under the Reserves Act. Quotable Value New Zealand (independent Registered Valuers) valued restricted assets on 1 July 2006 at fair value based on market based evidence.

Accounting for Revaluations

The council accounts for revaluations of property, plant and equipment on a class of asset basis. Any revaluation surpluses and deficits are recognised in the Statement of Movements in Equity and credited to the Revaluation Reserve for that class of asset. Where a revaluation of a class of assets results in a revaluation deficit, and the amount of the deficit is greater than an existing revaluation reserve, the revaluation deficit is recognised in the Income statement. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Income Statement will be recognised first in the Income Statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible Assets

Software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense as incurred. The costs associated with the development and maintenance of the Council's website are recognised as an expense as incurred.

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, the Council measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Amortisation

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

The useful lives and associated amortisation rates for software have been estimated as follows:

Computer software	2 to 5 years	20% to 50%

Forestry Assets

Forestry Assets are independently valued at fair value less point of sale costs by North Langley and Associates (Registered Valuers) as at 30 June 2006. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

The costs to maintain the forestry assets are included in the Income Statement.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs. The change in fair value is recognised in the Income Statement.

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, not through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification. 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 Income Statement.

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.

Investment Property

Investment properties consist of miscellaneous housing properties. Investment properties are held primarily for capital growth, rental or similar income. Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the Income Statement.

Investment properties were valued by Quotable Value New Zealand (Registered Valuers) on 30 June 2007.

Overhead Allocation

All overhead costs have been allocated to significant activities.

Overhead costs are allocated on a pro-rata basis to those activities of Council which are funded by rates.

Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

The value in use for cash-generating assets 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 Income Statement.

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

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 Income Statement, a reversal of the impairment loss is also recognised in the Income Statement.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Income Statement.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Other reserves
- Asset revaluation reserves

Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. Transfers to and from these reserves are at the discretion of the Council.

Statement of Cash Flows

The Cash Flow Statement is prepared inclusive of GST. For the purpose of the Cash Flow Statement cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management net of bank overdrafts.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services. Agency transactions (e.g. the collection of regional council rates) are recognised as receipts and payments in the Statement of Cash Flows given that they flow through the Council's main bank account.

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

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

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Critical Accounting Estimates & Judgements

In preparing these financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and 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

Note 16 discloses an analysis of the exposure of the 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 discounted 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 condition 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 the Council could be over or under estimating the annual deprecation charge recognised as an expense in the Income Statement. To minimise this risk the 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, 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 Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

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

Property, plant and equipment useful lives and residual values
At each balance date the Council reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Council to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Council, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Income Statement, and carrying amount of the asset in the Balance Sheet. The Council minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Council has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 18.

Estimating Construction Contract Revenue

Assessment of projects on a percentage of completion basis, in particular with regard to accounting for variations, the timing of profit recognition and the amount of profit recognised. The amount recognised in revenue is disclosed in note 2, and the receivable in note 12 and the payable in note 14 and 16.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the company to estimate the future cash flows expected to arise from cash generating units and a suitable discount rate in order to calculate the present value. Details are provided in note 19.

Valuation of Investment in Inframax Construction Ltd

The fair value of the Council's investment in Inframax Construction Ltd is based on projected earnings for 2009 using a multiple of between 4.0 and 4.5. The 2009 budget was compared against the historical level of EBITDA achieved adjusted for known changes after discussion with Inframax's management. The earnings multiple was based on evidence from public listed companies in Australasia which operate similar businesses adjusted for dependence on one off contracts, historical volatility of earnings, future work prospects, market position and size, and the fact that Inframax is an unlisted company.

Valuation techniques provide a range of values. The Council has used the mid point to value its investment in Inframax. Refer to note 10 for the carrying value of the Council's investment in Inframax.

Changes in Accounting Policy

There have been no changes in accounting during the year.

Note 1: Rates Revenue

2007 Council & Group Actual $000's		2008 Council & Group Actual $000's
3,941	General Rates	5,086
1,754	Uniform Annual General Charges	1,984
1,264	Targeted Rates - Wastewater and Sewerage	1,466
1,220	Targeted Rates - Water	1,177
871	Targeted Rates - Waste	815
263	Targeted Rates - Other	267
150	Rates Penalties	170
9,463		**10,965**
(161)	Less Rates paid on Council Owned Properties	(164)
9,302	**Total Rates Revenue**	**10,801**

Note 2: Other Revenue

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
19	23	Interest Revenue	22	84
0	45,957	Income from Construction Contracts	0	42,471
780	0	Dividends	0	0
5,588	5,588	Land Transport New Zealand Government Grants	5,967	5,967
0	0	Ministry of Health Government Grants	2,065	2,065
220	0	Subvention Received	20	0
1,802	1,802	Other Revenue	1,639	3,703
288	288	Property Rentals	292	292
8,697	**53,658**	**Total Other Revenue**	**10,005**	**54,582**

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

Council has entered into an agreement with the Ministry of Health to provide a subsidy for the construction of the Piopio wastewater system. The subsidy is subject to Council receiving resource consent and completion of works within two years of the date of the funding agreement. The Council has yet to obtain the resource consent and this process is currently underway. Council considers it unlikely that the resource consent will not be granted. The construction is on plan and is expected to be completed within two years.

Note 3: Other Gains/(Losses)

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
(53)	(53)	Gain/(loss) in changes in fair value of investment property	0	0
(53)	**(53)**	**Total Other Gains/(Losses)**	**0**	**0**

Note 4: Other Expenditure

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
91	138	Audit Fees for Financial Statements Audit	98	171
16	26	Audit Related Fees for Assurance Related Services	26	32
116	124	Bad Debts Written Off	111	111
0	125	Directors Fees	0	125
82	82	Donations	111	111
0	0	Impairment of Subdivision Property	0	909
116	507	Insurance Expenses	125	529
0	9,513	Inventories	0	7,718
131	2,451	Lease Expenses	80	2,816
35	35	Movement in Provision of Doubtful Debt	95	95
201	201	Remuneration to Elected Members	204	204
142	122	Loss on Sale or Disposal of Property, Plant and Equipment	919	967
66	104	Subscriptions	68	111
0	0	(Gain)/Loss on Derivatives	0	94
3,479	3,479	Road Maintenance	4,407	4,407
5,394	18,450	Other Expenditure	6,243	15,640
9,869	**35,357**	**Total Other Expenditure**	**12,487**	**34,040**

The audit related services relates to the audit of the opening balance sheet and comparatives under NZ IFRS, the audit of the 2007/08 Exceptions Annual Plan and review of net present value lease calculations for Inframax Construction Limited.

Note 5: Finance Costs

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
1,639	2,694	Interest on Bank Borrowings	2,127	3,489
17	17	Interest on Finance Leases	18	18
1,656	**2,711**	**Total Finance Costs**	**2,145**	**3,507**

Note 6: Employee Benefit Expenses

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
2,289	17,474	Salaries and Wages	2,645	22,721
(63)	59	Increase/(Decrease) in Employee Benefit Liabilities	116	151
2,226	**17,533**	**Total Employee Benefit Expenses**	**2,761**	**22,872**

Note 7: Tax

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
684	1,572	Surplus/(deficit) before Taxation	(321)	(949)
226	519	Prima facie taxation at 33%	(106)	(313)
134	122	Taxation effect of non deductible expenditure	29	(362)
(360)	0	Imputation Credit Adjustment	7	70
0	(38)	Under/(over) provided in prior periods	(30)	(311)
0	**603**	**Taxation Expense**	**(100)**	**(916)**
		Taxation is represented by:		
0	355	Current Taxation	0	(53)
0	248	Deferred Taxation	(100)	(863)
0	**603**		**(100)**	**(916)**

Deferred tax balances are as follows;

$000's	Depreciation & Amortisation	Provisions & Payables	Receivables & Prepayments	Tax Losses Carried Forward	Total Deferred Tax Asset / (Liability)
Council 2008					
Opening Balance	0	0	0	0	0
(Charged)/Credited to Income Statement	0	0	0	100	100
Closing Balance	**0**	**0**	**0**	**100**	**100**
Group 2008					
Opening Balance	(466)	312	(235)	0	(389)
(Charged)/Credited to Income Statement	531	255	(23)	100	863
Closing Balance	**65**	**567**	**(258)**	**100**	**474**
Council 2007					
Opening Balance	0	0	0	0	0
(Charged)/Credited to Income Statement	0	0	0	0	0
Closing Balance	**0**	**0**	**0**	**0**	**0**
Group 2007					
Opening Balance	(141)	302	(302)	0	(141)
(Charged)/Credited to Income Statement	(325)	10	67	0	(248)
Closing Balance	**(466)**	**312**	**(235)**	**0**	**(389)**

Council believes, based on profit projections from its subsidiaries that it is probable that future taxable profits will be available to offset the tax losses carried forward and have accordingly recognised a deferred tax asset.

Imputation Credit Account

2007 Group Actual $000's		2008 Group Actual $000's
4,112	Balance 1 July	4,438
710	Income tax payments during the year	138
0	Tax refunds	(250)
0	Transfers from other tax types	(85)
0	RWT payments during the year	0
(384)	Imputation credits attaching to dividends	0
4,438	**Closing balance**	**4,241**

On 17 May 2007, the New Zealand Government announced its annual budget that the corporate tax rate of New Zealand will be reduced from 33% to 30% with effect from 1 April 2008. The reduction in tax rate occurred from 1 July 2008 which is the start of its financial year. The effect this change has had on the Council's deferred tax balance is a decrease of $39,251.

Note 8: Equity

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Retained Earnings		
196,088	196,722	Balance at 1 July	195,466	196,385
(1,306)	(1,306)	Transfers between Reserves	1,496	1,496
684	969	Surplus/(Deficit) for the year	(221)	(33)
195,466	**196,385**	**Balance as at 30 June**	**196,741**	**197,848**
		Other Reserves		
		Council Created Reserves		
2,474	2,474	Balance at 1 July	3,780	3,780
1,306	1,306	Transfers between Reserves	(1,016)	(1,016)
3,780	**3,780**	**Balance as at 30 June**	**2,764**	**2,764**
		Fair Value through Equity Reserves		
16,089	4	Balance at 1 July	13,091	4
(2,998)	0	Valuation Gains/(Losses) taken to Equity	(5,450)	0
13,091	**4**	**Balance as at 30 June**	**7,641**	**4**
		This is made up of:		
13,087	0	Investment in Inframax Construction Ltd	7,637	0
4	4	Investment in Local Govt. Insurance Company	4	4
13,091	**4**	**Total Fair Value through Equity Reserves**	**7,641**	**4**
16,871	**3,784**	**Total Other Reserves**	**10,405**	**2,768**
		Revaluation Reserves		
29,240	29,567	Balance at 1 July	34,094	34,421
0	0	Transfer to Equity on Asset Disposal	(480)	(480)
4,854	4,854	Revaluation Gains/(Losses)	0	0
34,094	**34,421**	**Balance as at 30 June**	**33,614**	**33,941**
		This is made up of:		
1,071	1,071	Infrastructural Buildings	1,071	1,071
788	788	Infrastructural Land	788	788
1,563	1,563	Water Assets	1,490	1,490
15,076	15,076	Roading Assets	14,669	14,669
912	912	Sewerage Assets	912	912
3,293	3,293	Land Drainage Assets	3,293	3,293
226	226	Refuse Assets	226	226
3,848	3,963	Operational Land	3,848	3,963
629	841	Operational Buildings	629	841
5,885	5,885	Restricted Land	5,885	5,885
440	440	Restricted Buildings	440	440
363	363	Library Books	363	363
34,094	**34,421**	**Total Revaluation Reserves**	**33,614**	**33,941**

Council created reserves are a combination of depreciation reserves and transfers of Surplus or Deficit from operations. The purpose of the reserves is to maintain balances of funded depreciation for future renewal of assets and to hold revenue streams in separate balances as required by Council.

Fair Value through Equity Reserves consists of valuation gains or losses associated with Council's investments, classified as Available for Sale.

Note 9: Cash and Cash Equivalents

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
335	335	Cash at bank and in hand	356	422
0	0	Term deposits with maturities of less than 3 months	0	0
335	**335**	**Total Cash and Cash Equivalents**	**356**	**422**

Cash and bank overdrafts include the following for the purposes of the Statement of Cash Flows:

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
335	335	Cash at bank and in hand	356	422
0	0	Term deposits with maturities of less than 3 months	0	0
0	(2,800)	Bank overdrafts (see Note 15)	0	(4,080)
335	**(2,465)**	**Total Cash and Cash Equivalents**	**356**	**(3,658)**

Note 10: Other Financial Assets

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Current		
1	1	Loans and advances	1	1
1	**1**	**Total Current Investments**	**1**	**1**
		Non Current		
32	32	Loans and advances	31	31
7	7	Shares in Companies	7	7
22,800	0	Shares in Subsidiary	17,350	0
22,839	**39**	**Total Non Current Investments**	**17,388**	**38**
22,840	**40**	**Total Investments**	**17,389**	**39**

Council is a shareholder in Local Authority Shared Services Ltd (LASS). LASS is jointly owned by 13 local authorities and has been set up to develop shared service initiatives, including a valuation database.

Council has 100% shareholding in Inframax Construction Ltd (2007:100%). The principal activity of the company is roading. The balance date of the company is 30 June. Council also holds 2,470 shares in NZ Local Government Insurance Company (2007: 2,470).

Valuation of Investment in Inframax Construction Ltd

The fair value of the Council's investment in Inframax Construction Ltd is based on projected earnings for 2009 using a multiple of between 4.0 and 4.5. The 2009 budget was compared against the historical level of EBITDA achieved adjusted for known changes after discussion with Inframax's management. The earnings multiple was based on evidence from public listed companies in Australasia which operate similar businesses adjusted for dependence on one off contracts, historical volatility of earnings, future work prospects, market position and size, and the fact that Inframax is an unlisted company. Valuation techniques provide a range of values. The Council has used the mid point to value its investment in Inframax.

Note 11: Inventories

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Held for distribution:		
0	991	Subdivision Property	0	1,912
0	1,737	Metal Stockpiles and Landfill Stock	87	2,072
0	38	Fuel, Spares and Consumables	0	287
0	**2,766**	**Total Inventories**	**87**	**4,271**

Some inventories are subject to retention of title clause.

Note 12: Trade and Other Receivables

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
0	0	Construction Contracts Accrued Income	0	560
981	981	Rates Receivables *	1,221	1,221
40	0	Related Party Receivables	43	0
2,222	9,899	General Debtors	5,027	9,658
0	737	Amounts Due From Customers for Contract Work	0	3,071
0	784	Retentions Receivable	0	704
33	33	Prepayments	36	197
3,276	**12,434**		**6,327**	**15,411**
(448)	(448)	Less Provision for Doubtful Debts	(543)	(543)
2,828	**11,986**	**Total Trade and Other Receivables**	**5,784**	**14,868**

* Included in the rates receivable figure is an amount of $377,219 (2007:$318,645) relating to rate penalties.

Impairment

As of 30 June 2008 and 2007, all overdue receivables, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The status of receivables at 30 June 2008 and 2007 for both Council and Group are detailed below:

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Gross Receivables		
2,144	9,940	Current	4,649	11,252
120	1,016	Past due 1 - 30 days	293	2,160
8	190	Past due 31 - 60 days	342	499
6	57	Past due 61 - 90 days	8	85
998	1,231	Past due > 90 days	1,035	1,415
3,276	**12,434**	**Total Gross Receivables**	**6,327**	**15,411**
		Impairment of Receivables		
0	0	Current	0	0
(18)	(18)	Past due 1 - 30 days	(20)	(20)
0	0	Past due 31 - 60 days	0	0
(6)	(6)	Past due 61 - 90 days	(6)	(6)
(424)	(424)	Past due > 90 days	(517)	(517)
(448)	**(448)**	**Total Impairment of Receivables**	**(543)**	**(543)**

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Total Net Receivables		
2,144	9,940	Current	4,649	11,252
102	998	Past due 1 - 30 days	273	2,140
8	190	Past due 31 - 60 days	342	499
0	51	Past due 61 - 90 days	2	79
574	807	Past due > 90 days	518	898
2,828	**11,986**	**Total Net Receivables**	**5,784**	**14,868**

The doubtful debt provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and a review of specific debtors.

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
59	59	Individual Impairment	96	96
389	389	Collective Impairment	447	447
448	**448**	**Total Provision for Impairment**	**543**	**543**

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

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
0	0	Past due 1 - 30 days	0	0
0	0	Past due 31 - 60 days	0	0
6	6	Past due 61 - 90 days	7	7
53	53	Past due > 90 days	89	89
59	**59**	**Total Individual Impairment**	**96**	**96**

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

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
(413)	(413)	Balance at 1 July	(448)	(448)
(151)	(159)	Additional provisions made during the year	(206)	(206)
116	124	Receivables written off during the period	111	111
(448)	**(448)**	**Balance at 30 June**	**(543)**	**(543)**

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

Note 13: Derivative Financial Instruments

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and is a current asset or liability if the maturity of the hedged item is less than 12 months.

The Group, through Council's ownership of Inframax Construction Ltd, has derivate financial instruments. These instruments consist of the following:

Derivative Financial Instrument Asset

Diesel Hedge

The notional principal amounts of the outstanding diesel hedge contracts at 30 June 2008 were $37,784 (2007: $nil). At 30 June 2008, the diesel hedge covered 85,000 litres with a termination date of 29 August 2008.

Derivative Financial Instrument Liability

Interest Rate Swaps

The notional principal amounts of the outstanding interest rate swaps contracts at 30 June 2008 were $131,468 (2007: $nil). At 30 June 2008, the floating rate for the applicable loan was 10.05%.

Note 14: Trade and Other Payables

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
1,039	7,397	Trade Payables	2,185	8,607
1,715	0	Related Party Payables	3,093	0
67	67	Deposits and Bonds	102	102
113	113	Retention Monies	159	159
162	162	Revenue in Advance	142	142
13	15	Councillors and Directors Fees Payable	15	15
94	94	Interest Accruals	113	113
0	744	Amounts due to Customers for Contract Work	0	230
3,203	**8,592**		**5,809**	**9,368**

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

Note 15: Borrowings

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
0	2,800	Bank Overdraft	0	4,080
		Current		
3,585	13,563	Secured Loans	8,610	18,153
61	61	Lease Liabilities	69	90
3,646	**13,624**	**Total Current**	**8,679**	**18,243**
		Non Current		
20,811	20,811	Secured Loans	21,111	21,355
106	106	Lease Liabilities	172	200
20,917	**20,917**	**Total Non Current**	**21,283**	**21,555**
24,563	**34,541**	**Total Borrowings**	**29,962**	**39,798**

The repayment terms for borrowings are:

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Repayment Terms		
3,646	13,624	Payable in less than 1 year	8,679	18,243
4,752	4,752	Payable in 1-2 years	4,868	5,132
16,165	16,165	Payable in 2-5 years	16,415	16,423
24,563	**34,541**		**29,962**	**39,798**

At 30 June 2008, Council had a wholesale advance facility of $6,000,000 (2007: $3,600,000). There was $2,090,000 available on this facility at 30 June 2008. The wholesale advance facility is ongoing and does not mature. The emergency event facility matured during the year and was not replaced (2007: $2,000,000).

At 30 June 2008, Inframax Construction Ltd had a multi option credit line facility of $3,250,000 (2007: $3,250,000) of which $0 (2007: $1,250,000) was available at 30 June 2008 (30 June 2007). The multi option credit line facility matures on 31 March 2011.

Analysis of Finance Lease Liabilities

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
223	223	Total Future Minimum Lease Liability	313	375
(56)	(56)	Less Future Finance Charges	(72)	(85)
167	**167**	**Present Value of Minimum Lease Payments**	**241**	**290**
61	61	Not later than 1 year	69	90
106	106	Later than 1 year but not more than 5 years	172	200
167	**167**	**Present value of Minimum Lease Payments**	**241**	**290**
		Lease Liabilities		
11.19%	11.19%	Weighted average interest rates	10.95%	10.95%

Variations from / Changes to the Policy on Liability Management

Council's Policy on Liability Management provides the parameters under which it will manage its public debt and other borrowings. There have been no significant variations or changes to the policy during the year.

Security

Council loans are secured over annual recurring rates on every rateable property within the Waitomo District. Security may be offered over specific assets with Council approval or infrastructural assets where special rating provisions apply. The overdraft facility and loans of Inframax Construction Ltd are secured by way of a debenture over the assets of the business.

Subsidiary Breach of Debt Covenant – Inframax Construction Limited

As part of the Group's security arrangements with Westpac Banking Corporation the Group is required to meet the banks covenant requirements on a quarterly basis. At balance date, Inframax Construction Limited a subsidiary of the Group was in breach of all three of its banking covenants. Accordingly the interest bearing borrowings for Inframax Construction Limited have been reclassified as current pursuant to NZ IFRS (NZ IAS 1). Both Westpac Banking Corporation and the Board of Directors of Inframax Construction Limited are aware of the breaches and are committed to rectifying the breaches in the coming financial year through negotiation and business process improvements. The carrying value of non-current loans reclassified as current is $9,543,003 (2007: $9,977,963).

Note 16: Provisions

Provision for Landfill Aftercare

Council owns the Rangitoto Landfill as well as a number of closed landfill sites. The closed landfill sites are located at Te Kuiti, Mokau, Piopio, Aria and Benneydale. Council has closure and post closure responsibilities for these landfills.

Closure responsibilities include final cover application and vegetation, completing facilities for leachate collection, water quality and gas monitoring.

Post-closure responsibilities include leachate, water and gas monitoring and remedial measures such as ongoing site maintenance for drainage systems, final cover and vegetation.

Council has resource consents for all sites except Mokau Landfill. Council has the responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the sites are closed.

The Rangitoto Landfill has a remaining capacity of 400,000 cubic metres. The estimated remaining life of the landfill is 28 years. 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 is discounted using a discount rate of 6.42%.

Provision for Contract Rework

A provision for contract rework is recognised for certain contracts where either the work is not finished or that the work has not been completed to a satisfactory level. The provision is recognised in the Income Statement within Other Expenditure. The balance at 30 June 2008 is expected to be utilised in the following financial year.

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Provision for Landfill Aftercare		
777	777	**Balance at 1 July**	569	569
0	0	Additional Provisions made during the year	184	184
0	0	Amounts used during the year	(6)	(6)
0	0	Discount unwinding	(11)	(11)
(208)	(208)	Unused amounts reversed	(277)	(277)
569	**569**	**Balance as at 30 June**	**459**	**459**
		Provision for Contract Rework		
0	0	**Balance at 1 July**	0	0
0	0	Additional Provisions made during the year	0	184
0	0	Amounts used during the year	0	0
0	0	Discount unwinding	0	0
0	0	Unused amounts reversed	0	0
0	**0**	**Balance as at 30 June**	**0**	**184**
569	**569**	**Total Provisions**	**459**	**643**
		This is made up of:		
7	7	Current	13	197
562	562	Non current	446	446
569	**569**	**Total Provisions**	**459**	**643**

Note 17: Employee Entitlements

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
38	460	Accrued Pay	61	410
146	1,029	Annual Leave, Long Service Leave and Sick Leave	234	1,235
67	150	Gratuities and Retirement Provision	72	145
251	**1,639**	**Total Employee Entitlements**	**367**	**1,790**
		This is made up of:		
196	1,501	Current	308	1,657
55	138	Non Current	59	133
251	**1,639**	**Total Employee Entitlements**	**367**	**1,790**

Note 18: Property, Plant and Equipment

Council 2008 $000's	Cost / Revaluation 01.07.07	Acc Depn & Impairment Charges 01.07.07	Carrying Value 01.07.07	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Revaluation Gain / (Loss)	Cost / Revaluation 30.06.08	Acc Depn & Impairment Charges 30.06.08	Carrying Value 30.06.08
Operational Assets											
Land	4,907	0	4,907	0	0	0	0	0	4,907	0	4,907
Buildings	5,041	293	4,748	124	3	0	295	0	5,162	588	4,574
Plant and equipment	109	75	34	4	0	0	10	0	113	85	28
Motor Vehicles	194	94	100	289	12	0	44	0	471	138	333
Furniture and fittings	888	705	183	139	0	0	78	0	1,027	783	244
Computers	1,410	1,361	49	0	0	0	28	0	1,410	1,389	21
Library Books	590	349	241	64	21	0	83	0	633	432	201
Finance leases - office equipment	293	131	162	182	39	0	67	0	436	198	238
Total Operational Assets	**13,432**	**3,008**	**10,424**	**802**	**75**	**0**	**605**	**0**	**14,159**	**3,613**	**10,546**
Restricted Assets											
Land	6,966	0	6,966	0	28	0	0	0	6,938	0	6,938
Buildings	3,604	137	3,467	42	1	0	151	0	3,645	288	3,357
Total Restricted Assets	**10,570**	**137**	**10,433**	**42**	**29**	**0**	**151**	**0**	**10,583**	**288**	**10,295**
Infrastructural Assets											
Land	1,306	0	1,306	0	0	0	0	0	1,306	0	1,306
Buildings	2,929	35	2,894	15	0	0	29	0	2,944	64	2,880
Roads	191,717	2,089	189,628	5,229	407	0	2,313	0	196,539	4,402	192,137
Water Reticulation	7,572	177	7,395	548	157	0	185	0	7,963	362	7,601
Sewerage Reticulation	7,018	241	6,777	218	0	0	231	0	7,236	472	6,764
Stormwater Systems	6,437	144	6,293	58	0	0	141	0	6,495	285	6,210
Refuse Systems	1,565	37	1,528	1,521	277	0	40	0	2,814	82	2,732
Land under roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	**228,427**	**2,723**	**225,704**	**7,589**	**841**	**0**	**2,939**	**0**	**235,180**	**5,667**	**229,513**
Contract Work in Progress	2,005	0	2,005	961	87	0	0	0	2,878	0	2,878
Total Council Assets	**254,434**	**5,868**	**248,566**	**9,394**	**1,032**	**0**	**3,695**	**0**	**262,800**	**9,568**	**253,232**

Group 2008 $000's	Cost / Revaluation 01.07.07	Acc Depn & Impairment Charges 01.07.07	Carrying Value 01.07.07	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Revaluation Gain / (Loss)	Cost / Revaluation 30.06.08	Acc Depn & Impairment Charges 30.06.08	Carrying Value 30.06.08
Operational Assets											
Land	5,288	0	5,288	1	0	0	0	0	5,289	0	5,289
Buildings	7,232	363	6,869	548	15	0	433	0	7,767	796	6,971
Plant and equipment	109	75	34	4	0	0	10	0	113	85	28
Motor Vehicles	22,323	9,752	12,571	1,467	624	0	1,818	0	23,166	11,570	11,596
Furniture and fittings	1,597	1,210	387	231	3	0	192	0	1,825	1,402	423
Computers	1,410	1,361	49	0	0	0	28	0	1,410	1,389	21
Library Books	590	349	241	64	21	0	83	0	633	432	201
Finance leases – plant and vehicles	0	0	0	84	0	0	26	0	84	26	58
Finance leases - office equipment	293	131	162	182	39	0	67	0	436	198	238
Total Operational Assets	**38,842**	**13,241**	**25,601**	**2,581**	**702**	**0**	**2,657**	**0**	**40,723**	**15,898**	**24,825**
Restricted Assets											
Land	6,966	0	6,966	0	28	0	0	0	6,938	0	6,938
Buildings	3,604	137	3,467	42	1	0	151	0	3,645	288	3,357
Total Restricted Assets	**10,570**	**137**	**10,433**	**42**	**29**	**0**	**151**	**0**	**10,583**	**288**	**10,295**
Infrastructural Assets											
Land	1,306	0	1,306	0	0	0	0	0	1,306	0	1,306
Buildings	2,929	35	2,894	15	0	0	29	0	2,944	64	2,880
Roads	190,997	2,089	188,908	5,229	407	0	2,313	0	195,819	4,402	191,417
Water Reticulation	7,572	177	7,395	548	157	0	185	0	7,963	362	7,601
Sewerage Reticulation	7,018	241	6,777	218	0	0	231	0	7,236	472	6,764
Stormwater Systems	6,437	144	6,293	58	0	0	141	0	6,495	285	6,210
Refuse Systems	2,761	37	2,724	405	277	0	120	0	2,814	82	2,732
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	**228,903**	**2,723**	**226,180**	**6,473**	**841**	**0**	**3,019**	**0**	**234,460**	**5,667**	**228,793**
Work in Progress	2,005	0	2,005	961	88	0	0	0	2,878	0	2,878
Total Assets	**280,320**	**16,101**	**264,219**	**10,057**	**1,660**	**0**	**5,827**	**0**	**288,644**	**21,853**	**266,791**

Council 2007 $000's	Cost / Revaluation 01.07.06	Acc Depn & Impairment Charges 01.07.06	Carrying Value 01.07.06	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Revaluation Gain / (Loss)	Cost / Revaluation 30.06.07	Acc Depn & Impairment Charges 30.06.07	Carrying Value 30.06.07
Operational Assets											
Land	1,483	0	1,483	0	0	0	0	3,424	4,907	0	4,907
Buildings	4,928	516	4,412	0	0	0	293	629	5,041	293	4,748
Plant and equipment	109	65	44	0	0	0	10	0	109	75	34
Motor Vehicles	98	84	14	96	0	0	10	0	194	94	100
Furniture and fittings	849	590	259	39	0	0	115	0	888	705	183
Computers	1,376	1,320	56	34	0	0	41	0	1,410	1,361	49
Library Books	568	253	315	66	44	0	96	0	590	349	241
Finance leases - office equipment	263	90	173	123	93	0	41	0	293	131	162
Total Operational Assets	**9,674**	**2,918**	**6,756**	**358**	**137**	**0**	**606**	**4,053**	**13,432**	**3,008**	**10,424**
Restricted Assets											
Land	1,850	0	1,850	0	0	0	0	5,116	6,966	0	6,966
Buildings	3,331	294	3,037	333	0	0	137	234	3,604	137	3,467
Total Restricted Assets	**5,181**	**294**	**4,887**	**333**	**0**	**0**	**137**	**5,350**	**10,570**	**137**	**10,433**
Infrastructural Assets											
Land	1,306	0	1,306	0	0	0	0	0	1,306	0	1,306
Buildings	3,595	234	3,361	0	0	0	35	(432)	2,929	35	2,894
Roads	201,087	10,150	190,937	5,420	0	0	2,089	(4,642)	191,717	2,089	189,628
Water Reticulation	8,575	805	7,770	34	0	0	177	(234)	7,572	177	7,395
Sewerage Reticulation	8,599	1,046	7,553	17	6	0	241	(544)	7,018	241	6,777
Stormwater Systems	5,833	473	5,360	0	0	0	144	1,077	6,437	144	6,293
Refuse Systems	1,457	118	1,339	0	0	0	37	226	1,565	37	1,528
Land under roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	**240,335**	**12,826**	**227,509**	**5,471**	**6**	**0**	**2,723**	**(4,549)**	**228,427**	**2,723**	**225,704**
Work in Progress	333	0	333	2,005	333	0	0	0	2,005	0	2,005
Total Council Assets	**255,523**	**16,038**	**239,485**	**8,167**	**476**	**0**	**3,466**	**4,854**	**254,434**	**5,868**	**248,566**

Group 2007 $000's	Cost / Revaluation 01.07.06	Acc Depn & Impairment Charges 01.07.06	Carrying Value 01.07.06	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Revaluation Gain / (Loss)	Cost / Revaluation 30.06.07	Acc Depn & Impairment Charges 30.06.07	Carrying Value 30.06.07
Operational Assets											
Land	1,864	0	1,864	0	0	0	0	3,424	5,288	0	5,288
Buildings	7,017	516	6,501	105	0	0	363	629	7,232	363	6,869
Plant and equipment	109	65	44	0	0	0	10	0	109	75	34
Motor Vehicles	20,147	7,910	12,237	2,211	35	0	1,842	0	22,323	9,752	12,571
Furniture and fittings	1,491	981	510	106	0	0	229	0	1,597	1,210	387
Computers	1,376	1,320	56	34	0	0	41	0	1,410	1,361	49
Library Books	568	253	315	66	44	0	96	0	590	349	241
Finance leases - office equipment	263	90	173	123	93	0	41	0	293	131	162
Total Operational Assets	**32,835**	**11,135**	**21,700**	**2,645**	**172**	**0**	**2,622**	**4,053**	**38,842**	**13,241**	**25,601**
Restricted Assets											
Land	1,850	0	1,850	0	0	0	0	5,116	6,966	0	6,966
Buildings	3,331	294	3,037	333	0	0	137	234	3,604	137	3,467
Total Restricted Assets	**5,181**	**294**	**4,887**	**333**	**0**	**0**	**137**	**5,350**	**10,570**	**137**	**10,433**
Infrastructural Assets											
Land	1,306	0	1,306	0	0	0	0	0	1,306	0	1,306
Buildings	3,595	234	3,361	0	0	0	35	(432)	2,929	35	2,894
Roads	200,367	10,150	190,217	5,418	0	0	2,089	(4,642)	190,997	2,089	188,908
Water Reticulation	8,575	805	7,770	34	0	0	177	(234)	7,570	177	7,393
Sewerage Reticulation	8,599	1,046	7,553	17	6	0	241	(544)	7,020	241	6,779
Stormwater Systems	5,833	473	5,360	0	0	0	144	1,077	6,437	144	6,293
Refuse Systems	2,113	118	1,995	540	0	0	37	226	2,761	37	2,724
Land under roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	**240,271**	**12,826**	**227,445**	**6,009**	**6**	**0**	**2,723**	**(4,549)**	**228,903**	**2,723**	**226,180**
Work in Progress	333	0	333	2,005	333	0	0	0	2,005	0	2,005
Total Council Assets	**278,620**	**24,255**	**254,365**	**10,992**	**511**	**0**	**5,482**	**4,854**	**280,320**	**16,101**	**264,219**

Fair Value (Council)

The Council considers the valuations, as currently reflected in the Council's financial statements, to be the fair value of land and buildings.

Fair Value (Inframax Construction Ltd)

The Company considers the valuations, as currently reflected in the Council's financial statements, to be the fair value of land and buildings.

The net carrying amount of plant and equipment held under finance leases is $296,000 (2007: $162,000).

There are no items or property, plant and equipment that are not in current use.

There have been no impairment losses recognised in relation to property, plant and equipment.

Property, plant and equipment acquired through acquisition of Independent Roadmarkers Taranaki Limited

Included in the additions of property, plant and equipment for the Group is $367,000 of plant and equipment of Independent Roadmarkers Taranaki Limited. $355,000 was included in buildings and $12,000 in furniture and fittings.

Council believes the fair value of this property, plant and equipment is not materially different from its book value and as such did not undertake a valuation.

Note 19: Intangible Assets

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Goodwill		
		Cost		
0	1,946	Balance at beginning of year	0	2,426
0	480	Goodwill recognised on business acquisition	0	197
0	**2,426**	**Balance at end of year**	**0**	**2,623**
		Accumulated Impairment Losses		
0	97	Balance at beginning of year	0	97
0	0	Impairment Losses for the year	0	0
0	**97**	**Balance at end of year**	**0**	**97**
0	**2,329**	**Net book value at year end**	**0**	**2,526**
		Software		
		Cost		
595	1,119	Balance at beginning of year	596	1,201
1	82	Additions	0	10
0	0	Disposals	0	(3)
596	**1,201**	**Balance at end of year**	**596**	**1,208**
		Accumulated amortisation		
512	937	Balance at beginning of year	557	1,092
45	155	Amortisation expense for the year	39	86
557	**1,092**	**Balance at end of year**	**596**	**1,178**
39	**109**	**Net book value at year end**	**0**	**30**
		Carrying Book Value		
0	2,329	Goodwill	0	2,526
39	109	Software	0	30
39	**2,438**	**Total Carrying Value at year end**	**0**	**2,556**

Impairment of Goodwill

Goodwill is allocated to related cash-generating units and is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

All goodwill recorded has been acquired in a business combination and is allocated, at acquisition, to the cash generating unit (CGU) that is expected to benefit from the business combination.

The carrying amount of Goodwill of the Group is $2,525,700 (30 June 2007: $2,328,700), it is allocated to CGU's in the following way;

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
0	2,329	Inframax Construction Limited	0	2,329
0	0	Independent Roadmarkers Taranaki Limited	0	197
0	**2,329**	**Balance at 30 June**	**0**	**2,526**

The Goodwill acquired by the Group in the year to 30 June 2008 was allocated to Independent Roadmarkers Taranaki Limited, CGU.

During the financial year, the Council assessed the recoverable amount of Goodwill and determined that Goodwill associated with past acquisitions of asset purchases were not impaired (30 June 2007: Nil).

The recoverable amount of Inframax Construction Limited was assessed by reference to the recoverable amount being fair value less costs to sell. This has been calculated based upon projected earnings derived from recent budgets and before the calculation of earnings before interest and tax. An earnings multiple has then been applied to this figure based upon multiples derived from similar listed entities and discounted to reflect size and liquidity differences.

An earnings multiple ranging from 4.75 to 5.25 times earnings before interest and tax was used, and averaged to obtain a gross enterprise value. From this was derived the forecast debt to derive a net enterprise value. The earnings multiple was based on evidence from publicly listed companies in Australasia which operate in similar businesses adjusted for historical volatility of earnings.

Key assumptions used in determining the economic value of Independent Roadmarkers Taranaki Limited was based on historical and forecasted profits. Cash flow projections in the 2009 budget shows earnings before interest and tax to be higher than reported Goodwill.

Note 20: Forestry Assets

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
75	75	Balance at 1 July	75	75
0	0	Increases due to Purchases	0	0
0	0	Gains/(Losses) due to change in fair value less estimated point of sale costs	0	0
0	0	Decreases due to Harvest	0	0
75	**75**	**Balance at 30 June**	**75**	**75**

No forest assets have been harvested during the year (2007: Nil).

The Council owns 15.7 hectares of pinus radiata which mature in 17 years. No forests have been harvested during the year (2007: Nil). A pretax discount rate of 6% has been used in discounting the present value of expected cash flows.

Financial Risk Management Strategies
The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Note 21: Investment Property

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
387	387	Balance at 1 July	334	334
0	0	Additions	0	0
(53)	(53)	Gains/(Losses) due to change in fair value	0	0
0	0	Disposals	0	0
334	**334**	**Balance at 30 June**	**334**	**334**

The Council's investment properties are stated at fair value as at 30 June 2007. All investment properties were valued based on open market evidence using highest and best use scenario. The valuation was performed by Quotable Value New Zealand, an independent valuer. Quotable Value New Zealand is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Council.

Revaluation of Council's investment property to determine its fair value has not been undertaken as at 30 June 2008, because Council does not believe the carrying of its investment property is materially different from its fair market value.

Note 22: Investments in Associates

The Group, through its investment in Inframax Construction Ltd, had a 50% (2007: 50%) shareholding in Independent Roadmarkers Taranaki Limited and participates in its commercial and financial policy decisions up until 7 February 2008. On 7 February 2008 the remaining 50% of the shares were acquired by Inframax Construction Ltd. Independent Roadmarkers Taranaki Limited has been consolidated since the 7 February 2008, the date Inframax Construction Limited gained control of the entity.

2007 Group Actual $000's		2008 Group Actual $000's
	Balance Sheet	
746	Total Assets	0
(696)	Total Liabilities	0
50	Net Assets	0
25	Group's share of Associates net assets	0
	Income Statement	
813	Total Revenue	0
(194)	Total (loss)/profit for the year	0
(97)	Group's share of Associates (loss)/profit before Tax	0
0	Group's share of Income Tax expense	0
(97)	Group's share of Associates (loss)/profit before Tax	0

The reporting date for Independent Roadmarkers Taranaki Limited is 30 June.

No dividends were received from Independent Roadmarkers Taranaki Limited during the year (2007: Nil).

The Council does not have a share of the Associates (or subsidiaries) contingent liabilities, capital commitments and other expenditure commitments as these were nil at 30 June 2008 (2007: Nil).

Note 23: Capital Commitments and Operating Leases

Commitments

2007 Council Outstanding at 30 June $000's	2007 Group Outstanding at 30 June $000's		2008 Council Outstanding at 30 June $000's	2008 Group Outstanding at 30 June $000's
		Commitments for capital expenditure contracted but not provided for:		
946	**1,060**	**Capital Expenditure**	**1,192**	**1,403**
		Non-Cancellable Operating Leases as Lessee		
131	131	Not later than one year	69	90
136	136	Later than one year but not later than five years	172	199
0	0	Later than five years	0	0
267	**267**	**Total Non-Cancellable Operating Leases as Lessee**	**241**	**289**
		Operational Commitments		
8,969	11,507	Not later than one year	9,809	12,688
6,906	14,874	Later than one year but not later than five years	6,343	13,761
0	2,788	Later than five years	0	2,053
15,875	**29,169**	**Total Operational Commitments**	**16,152**	**28,502**
17,088	**30,496**	**Total Commitments**	**17,585**	**30,194**

Note 24: Contingencies

In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of $10,700 (2007: $10,700), in lieu of a cash deposit.

A legal claim has been lodged against Council by A Bryant and D Jacobson in relation to land subsidence at Rata Street, Te Kuiti. Council is unable to quantify the amount, therefore have not provided for this claim.

Council has entered into a settlement agreement whereby Council has agreed to replace four bridge towers of Te Matai Bridge. Council expects to receive a contribution from Land Transport New Zealand and the bridge owners. The replacement of the bridge is conditional upon receiving these contributions. The estimated cost of the replacement and contributions is not yet known.

Council is a shareholder in Local Authority Shared Services Ltd. LASS is jointly owned by 13 local authorities and has been set up to develop shared service initiatives, including a valuation database. There is uncalled capital of $34,221 (2007: $34,221) that Council may be required to pay if called. Council considers it unlikely that it will be called upon for the capital and therefore have not provided for this claim.

Westpac Banking Corporation has provided bond guarantees to Inframax Construction Ltd totalling $3,471,913 (2007: $3,344,981). These bond guarantees will be payable if Inframax cannot fulfil its contractual obligations.

Provision for Financial Guarantees

The Council is listed as sole guarantor to two community organisation bank loans for a total of $100,000 (2007: $100,000). The Council is obligated under the guarantee to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. Council considers it unlikely that the groups will default on the loan arrangement and therefore have not provided for these guarantees.

Note 25: Operating Cash Flow Reconciliation

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
684	969	**Net Surplus/(Deficit) After Tax**	(221)	(33)
		Add/(less) Non Cash Items:		
3,511	5,637	Depreciation and Amortisation	3,734	5,913
53	53	Losses on Fair Value of Forestry Assets	0	0
0	97	Share in Associates Deficit/(Surplus)	0	0
142	122	Loss on Disposal of Assets	919	967
0	0	Change in Unrealised Derivative Financial Instruments	0	94
		Add/ (Less) Movements in Working Capital Items		
(380)	3,374	Increase/(Decrease) in Trade and Other Payables	2,606	776
202	(2,010)	(Increase)/Decrease in Trade and Other Receivables	(2,956)	(2,882)
101	(1,164)	(Increase)/Decrease in Inventories	(87)	(1,505)
0	(356)	(Increase)/Decrease in Taxation Receivable	0	167
0	0	Increase/(Decrease in Taxation Payable	0	16
(63)	59	Increase/(Decrease) in Employee Entitlements	116	151
(208)	(208)	Increase/(Decrease) in Provisions	(110)	74
0	248	(Increase)/Decrease in Deferred Taxation Asset/Liability	(100)	(863)
(162)	(176)	**Add/(Less) Items Classified as Investing or Financing Activities**	(808)	1,168
3,880	**6,645**	**Net Cash Flows from Operating Activities**	**3,093**	**4,043**

Note 26: Capital Expenditure

2007 Council Actual $000's		2008 Council Estimate $000's	2008 Council Actual $000's
270	Administration	606	488
5,441	Roading	4,948	5,287
1,747	Wastewater and Sewerage	5,080	1,056
288	Water Supply	1,050	673
0	Waste	0	1,521
0	Parks and Reserves	70	4
422	Properties and Facilities	241	365
8,168	**Total Capital Expenditure**	**11,995**	**9,394**

Summary of Significant Capital Additions and Replacements

Activity	Description (actual cost in brackets)	Reason for expenditure
Roading (Total spend $5.287m)	Emergency structural reinstatement ($0.8m)	To repair damage to roads as a result of bad weather events.
	Waiharakeke Bridge ($0.6m)	To replace Waiharakeke Bridge.
	Structural Bridge Maintenance ($0.5m)	Structural repairs to rural road bridges were required following safety inspections.
	Minor safety improvements ($0.5m)	To improve road safety and alignment of roads.
	Area wide treatment including rebuilding sections of road ($1.2m)	To reduce future road maintenance costs.
	Sealed road surfacing ($0.6m)	To improve the smoothness of the road surface where the existing surface has deteriorated beyond normal capacity.
	Major drainage ($0.8m)	To renew culverts throughout the district.
Waste (Total spend $1.521m)	Rangitoto Landfill asset improvements ($1.521m)	To purchase landfill asset improvements from Inframax Construction Ltd. This asset is identified as a strategic asset and the purchase of the asset provide greater management of community solid waste streams.
Water (Total spend $0.673m)	Scada and Control System ($0.1m)	To upgrade the scada and control system to assist with monitoring water supply systems and providing better water management.
	Benneydale Water Reticulation Replacement ($0.5m)	To replace the existing reticulation system to meet Drinking Water Standards.
Wastewater (Total spend $1.056m)	Piopio Wastewater ($0.7m)	To continue the construction of Piopio wastewater system.
	Te Kuiti Wastewater ($0.2m)	To upgrade the main sewer pump station in Te Kuiti.
Admin (Total spend $0.488m)	Administration expenditure included purchase of vehicles and finance leases for printer/copiers.	To provide the necessary tools to carry out operational function.
Properties and facilities (Total spend $0.365)	Property expenditure included library books purchases, security camera, cultural arts centre roof and air conditioning upgrade and upgrading the pool entrance.	To provide and maintain property at an acceptable standard.

Significant Variations to Budget

Total capital expenditure for the year was $2.6m less than budget due largely to the following:

Wastewater capital expenditure was $4.0m less than budget. The completion of the Piopio Wastewater system is now on hold due to delays experienced in gaining resource consent. In addition to this the Te Kuiti Wastewater upgrade has been delayed until further investigation is undertaken into the requirements of the scheme.

Waste capital expenditure was $1.5m more than budget due to the purchase of landfill asset improvements at Rangitoto Landfill Quarry. This item was not budgeted for.

Water expenditure was $0.4m less than budget. The contract for Mokau watermain renewals has been let however this work will be completed in the 2008/2009 year. The upgrade of the filtration system has also been deferred.

Roading expenditure was $0.3m more than budget due to the replacement of Waiharakeke Bridge. The bridge collapsed during the year and work to replace the bridge was not budgeted for.

Note 27: Financial Instruments

Financial Instrument Categories

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

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Financial Assets		
		Fair value through profit and loss - held for trading		
0	0	Derivative Financial Instrument Assets	0	38
		Loans and Receivables		
335	335	Cash and Cash Equivalents	356	422
2,828	11,986	Trade and Other Receivables	5,784	14,868
1	1	Loans and Advances – Current	1	1
32	32	Loans and Advances – Non Current	31	31
3,196	**12,354**	**Total Loans and Receivables**	**6,172**	**15,322**
		Fair Value through Equity		
7	7	Shares in Companies	7	7
22,800	0	Shares in Subsidiary	17,350	0
22,807	**7**	**Total Fair Value through Equity**	**17,357**	**7**
		Financial Liabilities		
		Fair value through profit and loss - held for trading		
0	0	Derivative Financial Instrument Liabilities	0	131
		Financial Liabilities at Amortised Cost		
3,203	8,592	Trade and Other Payables	5,809	9,368
0	2,800	Bank Overdraft	0	4,080
3,585	13,563	Secured Loans - Current	8,610	18,153
20,811	20,811	Secured Loans – Non Current	21,111	21,355
61	61	Lease Liabilities – Current	69	90
106	106	Lease Liabilities – Non Current	172	200
27,766	**45,933**	**Total Financial Liabilities at Amortised Cost**	**35,771**	**53,246**

Financial Instrument Risks

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established approved Liability Management and Investment Policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to movements in the fair value of these investments. This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's Investment Policy.

Currency Risk

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

All financial instruments are denominated in New Zealand dollars and the Council has no foreign currency risk exposure.

Interest Rate Risk

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates.

Cash Flow Interest Rate Risk

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

The Council invests in both short and long term instruments to minimise its exposure to negative variations in interest rates.

The Council limits interest rate exposure by allowing up to 60% of total debt to have a floating rate profile. Council also ensures that the total interest expense does not exceed 40% of total revenue excluding subsidies or that borrowing does not exceed 30% of total ratepayer's equity whichever is higher.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits, which gives rise to credit risk.

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

The Council also minimises credit risk by limiting investments to registered banks, local government stock and other entities with a Standard and Poor's credit rating no less than AA-.

Maximum Exposure to Credit Risk

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

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
335	335	Cash at Bank and Term Deposits	356	422
2,828	11,986	Trade and Other Receivables	5,784	14,868
33	33	Loans and Advances	32	32
0	0	Derivative Financial Instrument Assets	0	38
111	3,456	Financial Guarantees	111	3,583
3,307	**15,810**	**Total Credit Risk**	**6,283**	**18,943**

Credit Quality of Financial Assets

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

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Counterparties with credit ratings		
		Cash at bank and term deposits		
335	335	AA	356	422
		Derivative financial instrument assets		
0	0	AA	0	38
		Counterparties without credit ratings		
		Other Financial Assets - Loans and Advances		
33	33	Existing counterparty with no defaults in the past	32	32
0	0	Existing counterparty with defaults in the past	0	0

Trade and other receivables mainly arise from 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. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly rate payers, and the Council has powers under the Local Government (rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity Risk

Management of Liquidity Risk

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

The Council aims to maintain flexibility in funding by keeping committed credit lines available. The Council manages its borrowings in accordance with its funding and financial policies. These policies have been adopted as part of the Council's Long Term Council Community Plan.

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the 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 floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows:

	Effective Interest Rates %	Carrying Amount	Contractual Cashflows $000's	Less than 1 Year $000's	1 - 2 Years $000's	2 - 5 Years $000's
Council 2008						
Trade and Other Payables	0.00%	5,809	5,809	5,809	0	0
Borrowings						
Secured Loans - Current	7.89%	8,610	9,057	9,057	0	0
Secured Loans - Non-current	8.17%	21,111	25,715	1,725	6,340	17,650
Lease Liabilities	10.95%	241	313	92	89	132
Total		**35,771**	**40,894**	**16,633**	**6,429**	**17,782**

	Effective Interest Rates %	Carrying Amount	Contractual Cashflows $000's	Less than 1 Year $000's	1 - 2 Years $000's	2 - 5 Years $000's
Group 2008						
Trade and Other Payables	0.00%	9,368	9,368	9,368	0	0
Borrowings						
Bank Overdraft	10.93%	4,080	4,526	4,526	0	0
Secured Loans - Current	8.94%	18,153	18,600	18,600	0	0
Secured Loans - Non-current	8.16%	21,355	25,959	1,725	6,584	17,650
Lease Liabilities	10.95%	290	375	119	116	140
Derivative financial instrument		133	133	133	0	0
Total		**53,379**	**58,961**	**34,471**	**6,700**	**17,790**
Council 2007						
Trade and Other Payables	0.00%	3,203	3,203	3,203	0	0
Borrowings						
Secured Loans - Current	8.50%	3,585	3,890	3,890	0	0
Secured Loans - Non-current	7.74%	20,811	25,317	1,610	11,035	12,672
Lease Liabilities	11.19%	167	223	88	69	66
Total		**27,766**	**32,633**	**8,791**	**11,104**	**12,738**
Group 2007						
Trade and Other Payables	0.00%	8,592	8,592	8,592	0	0
Borrowings						
Bank Overdraft	9.18%	2,800	3,057	3,057	0	0
Secured Loans - Current	8.63%	13,563	13,868	13,868	0	0
Secured Loans - Non-current	7.74%	20,811	25,317	1,610	11,035	12,672
Lease Liabilities	11.19%	167	223	88	69	66
Total		**45,933**	**51,057**	**27,215**	**11,104**	**12,738**

Contractual Maturity Analysis of Financial Assets

The Council does not manage its liquidity risks for financial assets based on maturity dates.

Councils' and the Group's most significant financial assets are cash and cash equivalents and Trade and other receivables, which are expected to be settled within one year after balance date for their carrying value.

Sensitivity Analysis

The table below illustrates the potential profit and loss impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at balance date. There is no impact on Equity for Council's financial instrument exposures to interest rates. A movement of 50bps (basis points), which is 0.50% represents managements assessment of the reasonably possible change in interest rates:

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
		Interest Rate Risk		
(17)	(78)	Market Interest Rates increase by 50bps	(19)	(80)
17	78	Market Interest Rates decrease by 50bps	19	80

The sensitivity analysis is prepared assuming the amount of liability outstanding at balance date was outstanding for the whole year.

Explanation of Sensitivity Analysis - Council

Council has floating rate debt with a principal amount totalling $3,910,000 (2007: $3,585,000). A movement in interest rates of plus or minus 50bps has the effect on interest expense of $19,550 (2007: $17,925). A movement in market interest rates on fixed debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Explanation of Sensitivity Analysis - Group

The Group has exposure to market interest movements through its floating interest rate derivative and non-derivative financial instruments.

Fair Value

The carrying value of cash and cash equivalents, trade and other receivables, loans, advances, current borrowings, bank overdraft and trade and other payables approximates their fair value. The fair value of non-current portion of borrowings of Council is $21.43 million (2007: $20.44 million) and for the Group $21.71 million (2007: $33.22 million).

Note 28: Related Party Transactions

The Council is the ultimate parent of the Group. Related parties include its subsidiary Inframax Construction Ltd and Inframax's subsidiary Independent Roadmarkers Taranaki Ltd, the Council's investment in Local Authority Shared Services Ltd and NZ Local Government Insurance Company.

Council

Waitomo District Council has a 100% shareholding in Inframax Construction Ltd. The following related party transactions are included in Council's financial statements.

2007 $000's		2008 $000's
	Transactions with Inframax Construction Limited	
8,730	Road construction and maintenance expenditure	8,992
22	Landfill expenditure	17
75	Other income	82
220	Subvention Income	20
780	Dividend Income	0
	Balances Outstanding with Inframax Construction	
1,715	Creditors	3,016
40	Debtors	6

Inframax Construction Limited

The Company paid plant hire fees of $303,644 (2007: $319,172) to C C Browne Contracting, a business owned by C C Browne, an employee of the Company. There was $37,798 outstanding at year end (2007: $69,831).

Remuneration of the Chief Executive (Council)

In the 2007/08 financial year the total remuneration paid to the Council's Chief Executive was $180,081.

Elected Representatives

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
51	51	Mayor Ammon	56	56
29	29	Deputy Mayor Hickey	29	29
23	23	Councillor Chaplow	7	7
23	23	Councilor Sutherland	7	7
23	23	Councillor Stone	23	23
28	28	Councillor Hanna	24	24
24	24	Councillor Keeling	24	24
0	0	Councillor Ryan	17	17
0	0	Councillor Smith	17	17
0	125	Directors Fees	0	125
201	**326**	**Total Elected Members Remuneration and Directors Fees**	**204**	**329**

Key Management Personnel

2007 Council Actual $000's	2007 Group Actual $000's		2008 Council Actual $000's	2008 Group Actual $000's
742	1,579	Short Term Employee Benefits	1,028	1,798
0	0	Post Employment Benefits	0	0
0	0	Other Long Term Benefits	0	0
93	93	Termination Benefits	0	0
0	0	Share Based Payments	0	0
835	**1,672**	**Total Payments made to Key Management Personnel**	**1,028**	**1,798**

Council's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

The Group's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel and the Directors and executive staff of Inframax Construction Ltd.

There were no other related party transactions during the year (2007: Nil).

Note 29: Construction Contracts

2007 Group Actual $000's		2008 Group Actual $000's
14,218	Recognised Contract Profits	15,321
785	Retentions	704
(14,225)	Progress Billings	**(12,103)**
778	**Contracts in Progress at 30 June**	**3,922**
737	Amounts Due from Customers (Note 12)	3,071
784	Retentions Receivable (Note 12)	704
(744)	Amounts Due to Customers (Note 14)	(230)
0	Construction Contract Accrued Income (Note 12)	560
0	Provision for Contract Rework (Note 16)	(184)
778	**Contracts in Progress at 30 June**	**3,922**

Note 30: Severance payments

A severance payment of $19,231 was paid to one employee during the 2007/2008 financial year.

Note 31: Business Acquisition

On the 7 February 2008 Inframax Construction Limited acquired the remaining 50% shareholding in Independent Roadmarkers Taranaki Ltd.

	2008 Group Actual $000's
A) Subsidiary Acquired	
Current Assets	
Trade and other receivables	348
Inventories	47
Taxation Receivable	49
Non-current Assets	
Plant and equipment	367
Current Liabilities	
Trade and other payables	(396)
Bank overdraft	(16)
Non-current Liabilities	
Borrowings	(350)
Net Assets Acquired	**49**
Goodwill on acquisition (Note 19)	197
	246
B) Net Cash Outflow on Acquisition	
Total purchase consideration	246
Less investment in associate	(245)
Consideration paid	1
Plus overdraft acquired	16
Total cash outflow on acquisition	**17**

Impact of the acquisition on the results of the group

Included in the profit for the year is $238,637 attributable to the purchase of Independent Roadmarkers Taranaki Limited.

Goodwill arising on acquisition

Goodwill arose on the business combination because the cost of the combination included a control premium to acquire Independent Roadmarkers Taranaki Limited. The acquisition was considered a good strategic purchase to strengthen Inframax Construction Limited's business. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured and they do not meet the definition of identifiable intangible assets.

Note 32: 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 (the Act) 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. Ratepayers' 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 Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Councils' assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. And the Act set out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of it activities. The sources and levels of funding are set out in the Revenue and Financing policies in the Council's LTCCP.

Waitomo District Council has the following council created reserves:

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

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

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

Note 33: Events after balance date

There were no events after balance date that materially affected the position at 30 June 2008.

Note 34: Explanations of Variances to Budget (Council)

Income Statement

Revenue was $131,000 more than budget. This is the result of a higher level of subsidy being received for roading, Piopio Wastewater and Benneydale Water. This increase in revenue was offset by no dividend received from Inframax Construction Ltd for the year.

Expenditure was $212,000 more than budget. Other expenditure was more than budget due to loss on disposal of assets that was not budgeted for. The main assets disposed of were Waiharakeke Bridge and Benneydale water assets that were replaced during the year. In addition to these there were increased operating costs incurred in water and wastewater activities. This was the result of additional repairs and maintenance caused by aging infrastructure. These additional costs were offset by savings in financing costs from a reduced level of capital expenditure. Depreciation costs were also less than budget due to the change in replacement costs and useful lives assumptions from the 2006 revaluation of assets.

Balance Sheet

Current assets were $2.8m more than budget due to a higher level of trade and other receivables than anticipated. The main items were Land Transport Subsidy and Ministry of Health subsidies that were receivable at 30 June 2008.

Current liabilities were $3.9m more than budget due mainly to higher level of current portion of borrowings than anticipated.

Non current assets were $43.0m less than budget due to the decrease in value of investment in Inframax Construction Ltd. In addition to this the level of property, plant and equipment was less than budgeted.

Non current liabilities were $4.9m less than budget due to a reduced level of non current borrowings at year end than budgeted.

11. Statement of Cost of Services

Summary of Cost of Services

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
347	Properties and Facilities	247	303
7	Parks and Reserves	7	7
380	Regulatory	337	335
5,743	Roads	5,350	6,161
147	Administration	26	208
274	Waste	148	66
292	Wastewater and Sewerage	1,572	1,875
507	Water Supply	865	1,050
1,000	CCO	1,250	0
9,302	Rates Revenue	10,873	10,801
(53)	Other Gains/(Losses)	0	0
17,946	**Total Revenue**	**20,675**	**20,806**
	Expenditure		
2,015	Properties and Facilities	2,186	2,033
672	Parks and Reserves	824	789
620	Regulatory	604	645
7,620	Roads	10,597	10,052
2,014	Administration	2,076	2,183
940	Waste	962	1,198
1,549	Wastewater and Sewerage	1,736	1,851
1,568	Water Supply	1,636	2,061
264	CCO	294	315
17,262	**Total Expenditure**	**20,915**	**21,127**

Properties & Facilities Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
40	Library	18	23
203	Council Properties	195	198
32	Cultural and Arts Centre	8	41
72	Swimming Pool	26	41
347	**Total Revenue**	**247**	**303**
	Expenditure		
479	Library	454	450
802	Council Properties	1,156	912
252	Cultural and Arts Centre	278	305
482	Swimming Pool	298	366
2,015	**Total Expenditure**	**2,186**	**2,033**
1,668	**Net Cost of Service**	**1,939**	**1,730**
422	**Capital Expenditure**	**241**	**366**
	Total Operational Expenditure Funded by:		
982	General Rates	1,172	1,007
439	Uniform Annual General Charges	498	498
262	Target Rates	265	265
347	User Charges	247	285
0	Insurance Proceeds	0	18
(15)	Transfer from / (to) Reserve	5	(40)
2,015	**Total Operational Funding**	**2,186**	**2,033**
	Capital and Renewal Expenditure Funded by:		
131	Loans	35	0
291	Transfer from / (to) Reserve	206	366
422	**Total Capital Funding**	**241**	**366**

Explanations of variations to budget

Revenue

Revenue exceeded budget for the year for the Property and Facilities activity. A higher level of patronage for the pool, library and cultural and arts centre contributed to this increase. In addition to this insurance proceeds were received for water damage at the cultural and arts centre.

Expenditure

Expenditure was less than budget for the year due to Council properties building maintenance only being spent where needed and asset data collection costs being less than budget. These savings were offset by additional costs operating costs being incurred for the swimming pool and additional repairs and maintenance costs for the cultural and arts centre.

Parks & Reserves Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
7	Parks and Reserves	7	7
7	**Total Revenue**	**7**	**7**
	Expenditure		
672	Parks and Reserves	824	789
672	**Total Expenditure**	**824**	**789**
665	**Net Cost of Service**	**817**	**782**
0	**Capital Expenditure**	**70**	**4**
	Total Operational Expenditure Funded by:		
350	General Rates	408	408
352	Uniform Annual General Charges	409	408
7	User Charges	7	7
(37)	Transfer from / (to) Reserve	0	(34)
672	**Total Operational Funding**	**824**	**789**
	Capital and Renewal Expenditure Funded by:		
0	Loans	42	0
0	Transfer from / (to) Reserve	28	4
0	**Total Capital Funding**	**70**	**4**

Explanations of variations to budget

Expenditure

Expenditure was less than budget due to savings in urban reserves costs. These savings more than compensated for increases incurred in the garden maintenance contract which was re-tendered during the year.

Regulatory Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
118	Animal Control	117	119
101	Building Control	100	112
45	Environmental Health	40	37
116	Resource Management	80	67
380	**Total Revenues**	**337**	**335**
	Expenditure		
159	Animal Control	163	174
240	Building Control	227	220
106	Environmental Health	110	79
115	Resource Management	104	172
620	**Total Expenditure**	**604**	**645**
240	**Net Cost of Service**	**267**	**310**
0	**Capital Expenditure**	**0**	**0**
	Total Operational Expenditure Funded by:		
184	General Rates	232	275
31	Uniform Annual General Charges	35	35
380	User Charges	337	335
25	Transfer from / (to) Reserve	0	0
620	**Total Operational Funding**	**604**	**645**

Explanations of variations to budget

Expenditure

Expenditure exceeded budget for the Regulatory activity. There were increased costs in Resource Management for legal expenses for Environment Court hearings for two resource consent applications. Costs associated with Environmental Health were less than budget due to the Environmental Health Officer position becoming vacant during the year.

Roads Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
5,702	Subsidised Roading	5,311	6,106
41	Unsubsidised Roading	39	55
5,743	**Total Revenues**	**5,350**	**6,161**
	Expenditure		
7,182	Subsidised Roading	10,064	9,489
438	Unsubsidised Roading	533	563
7,620	**Total Expenditure**	**10,597**	**10,052**
1,877	**Net Cost of Service**	**5,247**	**3,891**
5,420	**Capital Expenditure**	**4,948**	**5,287**
	Total Operational Expenditure Funded by:		
2,230	General Rates	3,101	3,101
155	User Charges	145	194
5,588	Subsidy	2,696	2,672
0	Loans	0	3,523
(353)	Transfer from / (to) Reserve	4,655	562
7,620	**Total Operational Funding**	**10,597**	**10,052**
	Capital and Renewal Expenditure Funded by:		
3,402	Loans	252	0
0	Subsidy	2,510	3,295
2,018	Transfer from / (to) Reserve	2,186	1,992
5,420	**Total Capital Funding**	**4,948**	**5,287**

Explanations of variations to budget

Revenue

Revenue exceeded budget as more additional subsidy was received for Waiharakeke Bridge reconstruction and storm damage to Council roads. Additional revenue was also received in relation to the new speed signs that were installed during the year.

Expenditure

Roading expenditure was less than budget as depreciation was less than anticipated due to reassessment of replacement values and useful lives assumptions from the 2006 revaluation. Internal interest was also lower than expected as in the previous year less internal loans were raised than anticipated at the time the budgets were set.

Administration Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
6	Community Development	1	87
1	Emergency Management	0	1
0	Governance	0	22
140	Overhead accounts	25	98
147	**Total Revenue**	**26**	**208**
	Expenditure		
527	Community Development	736	496
30	Emergency Management	33	31
1,004	Governance	1,241	1,384
69	Information Centre	79	76
365	Overhead accounts	(32)	183
19	Rural Fire Authority	19	13
2,014	**Total Expenditure**	**2,076**	**2,183**
1,867	**Net Cost of Service**	**2,050**	**1,975**
270	**Capital Expenditure**	**606**	**488**
	Total Operational Expenditure Funded by:		
945	General Rates	1,062	(0)
932	Uniform Annual General Charges	1,043	1,043
2	Target Rates	2	2
126	User Charges	170	186
1	Subsidy	1	1
19	Interest Received	0	21
(11)	Transfer from / (to) Reserve	(202)	930
2,014	**Total Operational Funding**	**2,076**	**2,183**
	Capital and Renewal Expenditure Funded by:		
0	Loans	500	0
270	Transfer from / (to) Reserve	106	488
270	**Total Capital Funding**	**606**	**488**

Explanations of variations to budget

Revenue

Revenue exceeded budget due to the reversal of finance lease liability associated with the cancellation of a finance lease for the printers. In addition to this additional unbudgeted revenue was received including a grant for the security cameras and events revenue. Council also received revenue from regional councils and the Waikato District Health Board in relation to the 2007 elections.

Expenditure

Overall the Administration activity expenditure for the year was greater than budget. This was a result of additional costs incurred in relation to litigation settlement, staff recruitment, loss of disposal of finance lease assets and an increase in provision for doubtful debt. These increases were offset by unspent funds in Community Development for regional development and public relations.

Waste Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
274	Waste Revenue	148	66
274	**Total Revenues**	**148**	**66**
	Expenditure		
940	District Waste Disposal	962	1,198
940	**Total Expenditure**	**962**	**1,198**
666	**Net Cost of Service**	**814**	**1,132**
0	**Capital Expenditure**	**0**	**1,521**
	Total Operational Expenditure Funded by:		
871	Target Rates	814	815
274	User Charges	148	66
(205)	Transfer from / (to) Reserve	0	317
940	**Total Operational Funding**	**962**	**1,198**
	Capital and Renewal Expenditure Funded by:		
0	Loans	0	1,521
0	Transfer from / (to) Reserve	0	0
0	**Total Capital Funding**	**0**	**1,521**

Explanations of variations to budget

Revenue

Revenue was less than anticipated due to the dispute with Inframax Construction Ltd regarding the landfill licence fee. The Deed for the landfill provided for a per tonne charge however until this dispute is resolved the charge has been reduced to $40,000 per annum.

Expenditure

Expenditure for Waste activity exceeded budget due to additional costs associated with refuse collection at Mokau and additional collections at Marokopa over the summer period. In addition to this additional costs were incurred for the purchase of rubbish bags and costs associated with Benneydale refuse bins including site clean up and dump charges. Impairment of the landfill aftercare asset also increased expenditure.

Wastewater and Sewerage Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
0	Piopio	1,300	1,562
292	Te Kuiti	272	312
0	Te Waitere	0	1
0	Waitomo	0	0
292	**Total Revenue**	**1,572**	**1,875**
	Expenditure		
62	Benneydale	73	79
1,464	Te Kuiti	1,584	1,695
12	Piopio	68	62
11	Te Waitere	11	15
0	Waitomo	0	0
1,549	**Total Expenditure**	**1,736**	**1,851**
1,257	**Net Cost of Service**	**164**	**(24)**
17	**Capital Expenditure**	**5,080**	**1,056**
	Total Operational Expenditure Funded by:		
1,264	Target Rates	1,464	1,465
292	User Charges	272	313
0	Subsidy	0	0
(7)	Transfer from / (to) Reserve	0	73
1,549	**Total Operational Funding**	**1,736**	**1,851**
	Capital and Renewal Expenditure Funded by:		
0	Loans	3,393	721
0	Subsidy	1,300	1,562
17	Transfer from / (to) Reserve	387	(1,227)
17	**Total Capital Funding**	**5,080**	**1,056**

Explanations of variations to budget

Revenue

Revenue exceeded budget as more subsidy for the Piopio Transfer Station was received in this financial year than anticipated. Additional revenue was also received for discharged effluent as a result of an increase in user charges.

Expenditure

Expenditure exceeded budget due to additional maintenance and repair work required on the aging Te Kuiti sewerage infrastructure. This additional expenditure was not allowed for in the budget.

Water Supply Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
6	Benneydale	405	510
4	Mokau	5	4
8	Piopio	5	6
489	Te Kuiti	450	530
0	Waitomo	0	0
507	**Total Revenues**	**865**	**1,050**
	Expenditure		
109	Benneydale	127	311
176	Mokau	193	234
155	Piopio	179	185
1,128	Te Kuiti	1,137	1,331
0	Waitomo	0	0
1,568	**Total Expenditure**	**1,636**	**2,061**
1,061	**Net Cost of Service**	**771**	**1,011**
34	**Capital Expenditure**	**1,050**	**673**
	Total Operational Expenditure Funded by:		
1,220	Target Rates	1,176	1,176
507	User Charges	460	547
(159)	Transfer from / (to) Reserve	0	338
1,568	**Total Operational Funding**	**1,636**	**2,061**
	Capital and Renewal Expenditure Funded by:		
0	Loans	588	37
0	Subsidy	405	503
34	Transfer from / (to) Reserve	57	133
34	**Total Capital Funding**	**1,050**	**673**

Explanations of variations to budget

Revenue

Revenue exceeded budget due to additional subsidy being received than budgeted for Benneydale Water reticulation project. In addition to this more revenue was also received from metered water users in Te Kuiti as a result of increase consumption.

Expenditure

Expenditure exceeded budget due to additional maintenance and repair work required on the aging water reticulation infrastructure and the loss on disposal of Benneydale water assets that were replaced during the year. This additional expenditure was not allowed for in the budget.

CCO Cost of Service Statement

2007 Actual $000's		2008 Budget $000's	2008 Actual $000's
	Revenue		
1,000	CCO	1,250	0
1,000	**Total Revenue**	**1,250**	**0**
	Expenditure		
264	CCO	294	315
264	**Total Expenditure**	**294**	**315**
(736)	**Net Cost of Service**	**(956)**	**315**
0	**Capital Expenditure**	**0**	**0**
	Total Operational Expenditure Funded by:		
(751)	General Rates	(956)	315
1,000	Dividend and Subvention Payment	1,250	0
15	Transfer from / (to) Reserve	0	0
264	**Total Operational Funding**	**294**	**315**

Revenue

Revenue is less than budget as no dividend was received from Inframax Construction Ltd.

Expenditure

Expenditure exceeded budget as a result of an increase in the interest rate for the loan associated with the investment in Inframax Construction Ltd.

Part C: Performance

12. Introduction to Council Services and Statements of Service Performance

The Local Government Act 2002 requires Waitomo District Council to provide specific and measurable performance criteria so that the community is provided with a transparent view of Council's service performance and that what has been rated for, has in fact been provided - in general terms.

Volume reports provide an overview of the dimension of Council operations. Monitoring of actual activity volume to expected volume is a key operational management device for controlling costs.

Statements of service performance provide details on the objectives/strategies planned for each service/activity and the key deliverables associated with each. The results column reports the actual achievement against expected target.

The customer satisfaction survey was undertaken in June 2008. The overall sample of this survey was 505 participants and has a maximum margin of error of plus or minus 4.36%.

Those performance measures that reference customer satisfaction generally have a target satisfaction rating of >35% 'good or better'. It is important to understand that the survey rates satisfaction on a scale of 1 through 5; 1 being Very Poor, 2 Poor, 3 Acceptable, 4 Good and 5 Excellent. The target of >35% relates to the top two ratings of satisfaction 'Good and Excellent'.

Statement of Service Performance

Governance

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
The provision of democratic decision-making by duly elected representatives, in accordance with the Local Government Act 2002.	Decision making in compliance with provisions of the Local Government Act 2002.	Number of challenges to the process for decision making. Target = 0	Achieved - no challenges received.
	Correct administration of triennial Local Government Elections.	Number of challenges to the process for the triennial Local Government Elections. Target = 0	Achieved - no challenges received.
Consult with the community to confirm community views on the governance and direction of WDC into the future.	Conduct customer focus groups, ratepayer associations and other mechanisms to ensure ratepayers' views are heard.	Number of consultations with interested parties and public groups. Target = 10 parties per consultation	Achieved - consultation held for Draft Annual Plan and Draft Community Development Strategy. A total of 38 submissions were received.
	Provision of public information and consultation on key issues affecting the District.	Customer satisfaction survey rating on 'Inform You'. Target = >35% good or above	Achieved – 42%
Council is cost effective and efficient.	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Not achieved – the operating deficit was 10% more than budget. This target was not achieved due to the unbudgeted for litigation settlement for Dri-All legal dispute that was paid during the year.

Community Development

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To promote the District.	Four District events held by 30 June 2008 within budget.	Number of events held. Target = 4	Achieved - six events held within budget. These were World Rally Championships, Garden and Property Competition, Te Kuiti Christmas Parade and The Muster, ITO Graduation Ceremony and Rally of Waitomo.
	Identify and action marketing opportunities that will promote the District and community based activities.	Number of marketing opportunities identified and put into action. Target = 4	Achieved.
To provide appropriate incentives to encourage development and facilitate economic growth.	Annual and discretionary grants budget approved and paid.	All approved grants to be paid to recipients. Target = 100% paid by 1 November	Not achieved – 56% of approved grants were paid by 1 November. The remaining approved grants were paid by 31 March 2008.
	Urban development plan is developed.	Completion of urban development plan. Target = High priority plans completed by 30 June 2008.	Not achieved - the urban development plan work has been superceded by Council's new work programme.
To form strategic alliances with a range of community groups/representatives.	Establish six community alliance groups in Te Kuiti, Mokau, Waitomo, Piopio, Marokopa and Benneydale.	Group established and community meeting held with each community. Target = 1 meeting held	Not achieved - community alliance groups have not been established; however individual community groups holding meetings have representation from Council.
Council is cost effective and efficient.	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved - the operating deficit was 44% under budget due to regional development and public relations costs being under-spent.

Resource Management

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To efficiently and effectively administer the provisions of the Resource Management Act 1991.	Notified resource consent applications processed within eighty (80) working days of receipt.	Percentage of notified resource consent applications processed within timeframe. Target = 90%	Not achieved – there were 2 notified resource consents processed during the year. In both cases the process times exceeded 80 days due to the complex nature if the applications.
	Non-notified resource consent applications processed within twenty (20) working days of receipt.	Percentage of non-notified resource consent applications processed within timeframe. Target = 90%	Achieved - 94% of non-notified resource consent applications were processed in 20 working days.
	Ensure that potential adverse effects are avoided by monitoring and enforcement of resource consent conditions.	Percentage of resource consent conditions compliance demonstrated through monitoring Target = 85%	There is currently no system in place to measure this target. Therefore this target was not able to be measured at 30 June 2008. The 2008/09 Annual Plan has set a target to have a system in place to measure this target by 30 June 2009.
	Level of informed applicants submitting complete resource consent applications on first submission.	Percentage of applications complete when lodged Target = 55%	Achieved - 80% of resource consent applications were complete when lodged.
To implement a fully operational District Plan that promotes the sustainable management of natural and physical resources within the District.	Resolution of all outstanding references to the District Plan lodged with the Environment Court.	Number of outstanding references to the District Plan resolved. Target = 6	Achieved - there are no outstanding references to the District Plan.
Council is cost effective and efficient.	Service will be delivered within budget	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Not achieved – the operating deficit was 338% more than budget. This was due to increased costs associated with Environment Court hearings for two applications.
	To recover a portion of the total cost of administering the provisions of the Resource Management Act 1991 directly from applicants.	Percentage of total administration cost recovered from applicants. Target = > 60%	Not achieved – 39% of total administration costs were recovered from applicants. Much of the costs relate to expenditure incurred in relation to resource consent applications under appeal to the Environment Court which are unrecoverable.

Animal Control

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To meet the statutory requirements of the Dog Control Act 1996, WDC Bylaws and the Stock Impounding Act 1955.	Level of inspection of dog owners' properties in urban and rural areas.	Percentage of dog owners' properties inspected per year. Target = Urban 100% Rural 100%	Achieved – Partially 100% of urban dog owners properties inspected. 15% of rural dog owners properties inspected.
	Contractor delivery on the requirements of the contract, particularly immediate response to incidents.	Percentages delivery of contract requirements by contractor. Target = 95%	This target was not measured at 30 June 2008. There is currently no system in place to measure this target.
To provide an animal and stock control service using experienced and competent contractor personnel in line with Council's policy provisions.	Contractor to provide immediate response to public safety complaints.	Time of contractors' response to the incident. Target = <1 hr for greater than 30% of events	This target was not measured at 30 June 2008. There was no system in place to measure this target, however a system is to be implemented.
	Provision of effective animal control service for the community.	Customer satisfaction survey rating on 'Animal Control'. Target = >35% good or above	Achieved – 57%
Council is cost effective and efficient.	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget Target = < 5% variance	Not achieved – the operating deficit was 20% more than budget due to increased contractor costs (e.g. fuel and vehicle running costs).

Building Control

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
Effectively and efficiently administering the provisions of the Building Act 2004.	Building consents and project information memoranda issued within fifteen working days.	Percentage of building consents and project information memoranda issued within fifteen working days of receipt of application. Target = 90%	Not achieved - 30% of applications were processed within fifteen working days. Accreditation process diverting resources.
	To have Waitomo District Council Accredited as a Building Consent Authority in the Building Act 2004.	Appropriate accreditation confirmed by due date. Target = 100% accreditation by 30 June 2008.	Not achieved – poor corrective actions from IANZ have to be addressed prior to accreditation.

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To provide a customer focused service which will facilitate development within the District.	Applicants to be informed and knowledgeable about what is required in a building consent to ensure complete building consent applications are submitted on first submission.	Percentage of applications complete when lodged. Target = 55%	Not achieved - 54% of applications were complete when lodged. This is a very difficult measure for Council to influence.
	Provision of effective building control service to the community.	Customer satisfaction survey rating on 'Building Control'. Target = >35% good or above	Achieved – 35%
Protecting the health and safety of building users by ensuring compliance with building consent conditions.	Monitoring compliance with building consent conditions.	Percentage of building consent conditions where compliance can be demonstrated through monitoring. Target = 80%	This target was not measured at 30 June 2008. There is currently no system in place to measure this target, however the Council intends on developing the required system.
Council is cost effective and efficient.	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved – the operating deficit was 15% less than budget due to less than anticipated building accreditation costs.
	Level of total administration cost recovered from applicants.	Percentage of total administration cost recovered from applicants. Target = >50%	Achieved – 51% of administration costs were recovered from applicants.

Environmental Health

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To effectively and efficiently administer the statutes, regulations and bylaws, including: • Environmental Health. • Liquor control.	All food and liquor retail premises that are required are appropriately registered and licensed.	Percentage of registration or licensing of food and liquor retail premises completed. Target = 100%	Not achieved - 94% of food and liquor retail premises registrations were completed to 30 June 2008. For a large portion of 2007/08, no Environmental Health Officer was available.

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
• Noise control. To ensure health and safety is protected.	To provide a noise control service using experienced and competent contractor personnel in line with Council's noise control policy provisions.	Response time to noise complaints by contractor. Target = 1 hour	Achieved - all noise control complaints responded to within 1 hour.
	Provision of effective environmental health service for the community.	Customer satisfaction survey rating on 'Environmental Health Service'. Target = >35% good or above	This target was not measured as sample size was too small to provide useful information.
	Noise control Contractor delivery on the requirements of contract.	Rating of Contractor against contracts performance measures. Target = <80%	This target was not measured at 30 June 2008. There is currently no system in place to measure this target. Performance measure criteria are currently being developed.
To provide a cost effective environmental health service.	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved – the operating deficit was 40% less than budget. The position of Environmental Health Officer was vacant during the year.

Rural Fire and Civil Defence

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To ensure that Council has a rural fire fighting capability as required by the Forest and Rural Fires Act 1977, the Fire Service Act 1975 and Rural Fire Management Code of Practice.	Tainui Rural Fire Party (Mokau) is resourced in accordance with the Rural Fire Management Code of Practice.	Training provided and fire equipment assessed once per year to ensure compliance with Rural Fire Management Code of Practice. Target = 100% compliance with code	Achieved.
To provide a cost effective regulatory service.	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved – the operating deficit was 32% less than budget due to less costs being incurred for rural fires.

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To administer the provisions of the Civil Defence Emergency Management Act 2002.	Council equipped to manage emergency event through one (1) major training exercise involving Civil Defence Headquarters staff, emergency services and other key personnel.	Percentage of Council staff receiving training per year. Target = 100%	Not achieved - 22% of Council staff have received Civil Defence Training.
To represent Council's interests on any Civil Defence Emergency Management Group established to cover the Waikato Region.	Attendance of Council Staff member(s) on Emergency Management Group meetings.	Percentage of Emergency Management Group meetings with Council representation. Target = 100%	Achieved - 100% representation at Emergency Management Group Meetings.
To ensure community education takes place to prepare the community in the case of an emergency event.	Educational visits to schools or community groups.	Number of educational visits per year. Target = 6	Achieved - 6 Educational visits have been undertaken.

Waste

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
Comply with the Resource Management Act 1991 (RMA) for closed and operating landfills.	Monitoring of landfill at Te Kuiti to ensure it is operated in manner in compliance with resource consent.	Percentage compliance with resource consent conditions. Target = 85%	Achieved – 95%.
	Aftercare of closed landfills is in compliance with resource consents.	Percentage compliance with resource consent conditions. Target = 100%	Achieved – 100%.
Encourage waste minimisation.	Waste minimisation education reduces household waste.	Quantity of refuse collected from residents serviced by weekly kerbside collection reduced by 5% per premise per year. Target = 95% or less of previous year.	Achieved - target of 95% of previous year is 271kg per premise. The result at 30 June 2008 is 267kg per premise.
To provide a cost sustainable waste service	Waste operating costs are self funding.	Financial revenue and expenditure budget for waste disposal is neutral. Target = Expenditure does not exceed revenue	Not achieved – expenditure was 26% more than revenue.

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Not achieved – the operating deficit was 39% more than budget due to increased collections at Marokopa and increased cost of rubbish bags purchases.
To provide an efficient and effective waste service.	Kerbside collection available to all premises in urban zones.	Percentage of urban premises that have access to kerbside collection. Target = >90%	Achieved - 96.5% of urban premises have access to kerbside collection.
	Waste management strategy is reviewed and consulted.	Review is conducted and completed every two years. Target = Strategy reviewed and consulted on	Underway - review of Solid Waste Management Plan in draft form.
	Provision of effective waste service for the community.	Customer satisfaction survey rating on 'Refuse'. Target = >35% good or above	Achieved – 52%

Water

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To maintain and improve quality of water supply treatment plant and network system.	To monitor drinking water supplies to comply with New Zealand Drinking Water Standards (NZDWS: 2000).	Percentage of Microbiological waters tests meet standard of NZDWS: 2000. Across all schemes. Target = 85%	Achieved – 99% of all tests met the standard.
	Level of compliance of water supply plants and networks with resource consent conditions.	Percentage of compliance with resource consent conditions. Target = 85%	Not achieved – 75% of all tests complied with resource consent conditions.
	Water treatment plant and network maintained at an acceptable Ministry of Health Grade.	Plant and network meeting Ministry of Health grade specified. Across all schemes. Target = D or E Grade	Achieved – E grade status.
To have a long term water supply infrastructure plan in place.	Review asset management plan for water supply infrastructure be approved by Council.	Asset management plan review completed and operational. Target = Plan review progressed	Not achieved – this performance target was superseded by the Council's Long Term Plan Roadmap.
Provide sufficient, reliable reticulated water supply to communities.	Provision of effective water service for the community.	Customer satisfaction survey rating on "Water" question. Target = >35% good or above	Achieved – 41%

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
	Water supply network is fully operational and available to community.	Number of shutdown hours compared to total network availability hours. Target = < 80 hours	Achieved – there were 77 shutdown hours during the year.
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Not achieved – the operating deficit was 31% more than budget. This was due to increased repairs and maintenance costs on the aging infrastructure and the unbudgeted loss on disposal of Benneydale Water assets that were replaced during the year.

Wastewater

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To provide a wastewater and sewerage collection, treatment and disposal system at Te Kuiti, Benneydale, Te Waitere and Waitomo.	Treated effluent discharge test results are in accordance with resource consent conditions.	Percentage of test results in accordance with resource consent conditions. Target = 80%	Not achieved – 43% of tests complied with resource consent conditions. Council is working with other parties to bring wastewater schemes up to a standard that will ensure it complies with resource consent requirements.
To ensure trade waste disposed of according to Council trade waste bylaw.	To implement and monitor compliance with bylaw.	Level of compliance with bylaw by trade waste volume. Target = 60%	Achieved – 76% of tests complied with trade waste bylaw.
Provide wastewater systems to communities where community has been consulted and agreed to the implementation.	A wastewater system to be installed and operational in Piopio.	Percentage wastewater system completed and fully operational. Target = 40% progress to completion	This target was not measured at 30 June 2008. This project is on hold due to delays in obtaining the resource consent.
Cost effectively operate and maintain wastewater networks.	Minimise wastewater and sewer overflows and blockages.	Number of overflows and/or blockages. Target = <50 events	Not achieved – 72 events occurred.
	Contractor meets service levels for repairing blockages and restoring network operation.	Number of shutdown hours compared to total network availability hours. Target = <80 hours	Achieved – there were 21 shutdown hours (pump station only).

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget Target = < 5% variance	Achieved – the operating surplus for the activity was 115% more than budget. This was due to more subsidy revenue being recognised than budgeted.

Roading

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
Comply with legislative requirements relating to the storm-water network, including resource consents.	Compliance with resource consent conditions.	Level of compliance with resource consent conditions. Target = 70%	Achieved – 100%.
To have strategy for the storm-water network included in a Storm-water Management Plan (SMP).	Implement a functional Storm-water Management Plan (SMP)	Percentage of SMP developed. Target = Plan commenced	Not achieved – this performance target was superseded by the Council's Long Term Plan Roadmap.
Review storm-water system current networks to urban areas to assess ability to cope with 1 in 2 year flood.	Storm-water system assessment undertaken.	Percentage of network assessed. Target = 100%	Not achieved – 85% of network assessed.
Maintain drainage system in a cost effective manner.	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Not achieved – the operating deficit was 8% more than budget. This was due to increased costs associated with repairs to aging infrastructure.
	Contractor meets service levels for repairing blockages and restoring network operation.	Number of shutdown hours compared to total network availability hours. Target = < 80 hours	Achieved – 22 shutdown hours occurred.
Provide safe roads.	Improvement in road safety to continue the reducing trend in the number of injury accidents.	Percentage of injury accidents due to road factors. Target = < 38%	This target has not been measured as road safety report has not been received in time for inclusion in this report.
	Work with the NZ Police and the Land Transport Safety Authority promoting and enforcing the safer use of roads.	Number of promotions. Target = 3 per year	Achieved - 3 driver fatigue stops were held during the year.

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
Maintain roads in an effective manner.	Kilometres of road network sealed, resealed within annual budget.	Percentage of total sealed road network resealed within annual budget Target = > 8%	Achieved – 9.5% of roads resealed within budget.
	Kilometres of sealed road network reconstructed within annual budget.	Percentage of total sealed road network reconstructed within annual budget. Target = < 3%	Achieved – 1.8% of road was reconstructed within budget.
	Kilometres of unsealed road network reconstructed within annual budget.	Percentage of total unsealed road network reconstructed within annual budget. Target = < 3%	Achieved – 1.1% reconstructed.
	Contractors' performance meets agreed standard of work within budget.	Percentage of Contractor work that meets standard within budget. Target = 100%	Not achieved - 90% of contractor work met the agreed standard and was within budget.
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved - the operating deficit was 27% less than budget. More subsidy revenue was received for Waiharakeke Bridge and emergency works that were not budgeted for.
	Unsealed roads are maintained in cost effective manner.	Cost of maintenance of unsealed roads per km of road length. Target = <$2,500 per km	Achieved - $2,076 per km.
	Road network is fully operational and available to community.	Number of emergency road closure hours. Target = <400 hours	Achieved - There have been 324 emergency road closure hours to 30 June 2008. This excludes Waiharakeke Bridge Closure.
Continue to improve quality of road network.	Quality of road network meets Land Transport NZ standards for pavement integrity, smooth travel exposure.	Average across the total sealed network of the measured road roughness. Target = rating of 94 in NAASRA	This target is unable to be measured as the rating has not been received in time for inclusion for this report.
	Quality of unsealed roads	Kilometres of unsealed roads with more than 100 Vehicles Per Day (VPD). Target = 35km	Achieved - 7.7km of unsealed roads with more than 100 vehicles per day.
		Target = 5% of unsealed network rehabilitated	Not achieved – 1.1% reconstructed.
		Target =25% of minor safety spent on unsealed roads	Not achieved – 5% spent on unsealed roads.

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
	Provision of effective road service for the community	Customer satisfaction survey rating on 'Roads'. Target = >35% good or above	Achieved – 47%

Council Properties and Facilities

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To ensure council property meet standards of fitness for use.	Buildings that require a building warrant of fitness are maintained in accordance with warrant.	Percentage of buildings maintained according to warrant of fitness. Target = 100%	Achieved - All buildings were maintained in accordance with warrant of fitness.
	Maintain buildings at a safe and healthy environment for building users.	Number of non-performance notices issued for toilet cleaning contracts. Target = < 5 per year	Not achieved - 5 non-performance notices were issued to 30 June 2008.
Manage property to optimise the financial return from each property asset.	Efficient control of maintenance and operation costs.	Maintenance and operations costs kept below specified percentage of building valuation. Target = 7%	Not achieved – 8% spent on direct operating costs for Council Properties and Facilities
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved – the operating deficit was 26% less than budget.
Provide and maintain pensioner housing that meets the needs of the tenants.	Provision of effective housing service for the community.	Customer satisfaction survey rating on 'Pensioner Housing'. Target = >45% good or above	Not achieved – 30%. There was a low number of respondents to this question.

Cultural and Arts Centre

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To provide a facility that can be a focal point for use by cultural, art, recreational,	Promote the use of the centre for events, private functions and community benefit activities	Sustain the level of bookings. Target = 105	Not achieved - there were 72 bookings to 30 June 2008.

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
commercial and social groups.	Provision of effective facilities for the community	Upgrade and modernise facility within budget. Target = Total cost $103,000	This performance target is no longer relevant as the project is not going ahead.
		Customer satisfaction survey rating on "Civic Centre Services". Target = >45% good or above	Achieved – 63%
To provide an sustainable facility for the community	Service will be delivered within budget	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved – the operating deficit is 2% less than budget.

Swimming Pool

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To provide a safe pool facility.	Water quality meets safety standards.	Microbiological testing of pool water quality that does not comply with NZS 5826:2000 Standards. Target = < 5	Achieved – 2 tests did not comply with the standards.
	Pool staff to be suitably qualified and trained to ensure the safety of pool patrons at all times.	Percentage of staff holding National Pool Life Guard certification. Target = 100%	Achieved - All staff hold National Pool Life Guard Certification.
	Pool facility to meet safety requirements.	Complex achieves ACC Pool Safe accreditation. Target = Achieved	Achieved - Te Kuiti Swimming Pool is an ACC Pool Safe Accredited Pool.
To provide and maintain a swimming pool in Te Kuiti, which meets the recreational and social needs of residents.	To provide a range of services for the community.	Percentage of services provided against the benchmark list. Target = 60%	This target was not measured at 30 June 2008.
	To have a pool strategy that guides the improvement of the swimming pool services.	Pool strategy reviewed and implemented. Target = Strategy implemented	Not achieved - this performance target has been superseded by the Council's Long Term Plan Roadmap.
	Provision of effective pool facilities for the community.	Customer satisfaction survey rating on 'Swimming Pool' questions. Target = >35% good or above	Achieved – 50%

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = < 5% variance	Not achieved – the operating deficit was 19% more than budget due to increased power and staff costs associated with running the pool.

Libraries

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
To provide library information centres to the District.	To provide a range of services for the community.	Percentage of services provided against the benchmark list (standards of New Zealand Public Libraries 2004). Target = 50%	Not achieved - 40% of services on the benchmark list are presently offered.
	To have a library strategy that guides the improvement of the information services.	Complete review and implementation of library strategy. Target = Review commenced	Not achieved - this performance target has been superseded by the Council's Long Term Plan Roadmap.
	Provision of comprehensive library facilities for the community.	Customer satisfaction survey rating on "Libraries" question. Target =>35% good or above	Achieved – 77%
Cost effective library service.	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = <5% variance	Achieved – the operating deficit was 2% less than budget.

Parks and Reserves

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
Continue to meet present and future needs of the community by development and implementation of management plans.	All playground equipment and structures are provided and maintained in accordance with New Zealand Playground Equipment Safety Standard NZS 5828.	Percentage compliance with existing contract standards. Target = 100%	Not achieved - 90% compliance with existing safety standard to 30 June 2008.

Service Performance Objective	Service Deliverable	Key Performance Indicator and Target	Performance to 30/06/08
	An open space and leisure plan will be developed for parks and reserves throughout the District.	Plan implemented. Target = 100% complete	Not achieved - this performance target has been superseded by the Council's Long Term Plan Roadmap.
Provide quality sports grounds and parks for the community.	Provision of sports grounds/parks facilities for the community.	Customer satisfaction survey rating on "Sports Grounds" question. Target = >35% good or above	Achieved – 68%
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/(Deficit) for the activity from the annual budget. Target = <5% variance	Achieved – the operating deficit was 4% less than budget.
Maintain District parks, reserves and gardens to aesthetically pleasing standards.	Mowing and gardening contracts to achieve compliance with existing contract standards.	Percentage compliance with existing contract standards. Target = 90%	Achieved – 90% compliance with contract standards.

13. Deloitte Report

Deloitte.

AUDIT REPORT
TO THE READERS OF
WAITOMO DISTRICT COUNCIL AND GROUP'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2008

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

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 14 to 63:
    - comply with generally accepted accounting practice in New Zealand; and
    - fairly reflect:
        - the District Council and group's financial position as at 30 June 2008; and
        - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 78 to 93 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 29 October 2008, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Deloitte.

Audit procedures generally include:

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

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

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

Independence

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

In addition to the audit we have audited the 2007/2008 Exceptions Annual Plan, audited the restated NZ IFRS disclosures for the 2007 Annual Report and reviewed the net present value of lease calculations for Inframax a subsidiary of Waitomo District Council. All of these services are compatible with the independent requirements. Other than the audit and these assignments we have no relationship with or interests in Waitomo District Council or any of its subsidiaries.

Bruce Taylor
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand

This audit report relates to the financial statements, performance information and the other requirements of Waitomo District Council and group for the year ended 30 June 2008 included on Waitomo District Council and group's website. The Waitomo District Council and group's Council is responsible for the maintenance and integrity of Waitomo District Council and group's website. We have not been engaged to report on the integrity of Waitomo District Council and group's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 29 October 2008 to confirm the accuracy of the information included in the audited financial statements, performance information and the other requirements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Part D: Inframax Construction Limited

14. Inframax Construction Ltd Statement of Performance Measures for the year ended 30 June 2008

The results achieved compare with the performance criteria contained in the Statement of Corporate Intent as follows:

Financial Performance Measures

	Statement of Corporate Intent	Actual Achievement
Return on net assets	20%	-8%
Equity ratio	35%	35%
Dividend and Subvention Payment	$1,250,000	$20,000

The Return on net assets ratio is the ratio of net profit before tax (after adding back subvention payments) expressed as a % of average net assets.

The Equity ratio is the ratio of average shareholder's funds expressed as a % of average total assets.

Dividend paid to the shareholder (plus net benefit of subvention payment) as a % of net profit after tax.

Average assets and average shareholder's funds are based on 30 June 2007 and 30 June 2008 figures.

Non-financial Performance Measures

	Statement of Corporate Intent	Actual Achievement
Lost time injury accident rate	10.0	4.34

The Lost time injury accident rate is a measurement of the effectiveness of the Company's health and safety policies. It is calculated as the number of lost time injury accidents per million hours worked.

15. Inframax Construction Ltd Income Statement 2007/2008

2007 Actual $000's		2008 Actual $000's
54,687	Total Revenue	51,644
(52,819)	Total Expenditure (includes Depreciation and Interest)	(52,526)
(200)	Subvention payment	(20)
1,668	**Net Profit Before Tax**	**(902)**
(603)	Company Tax	851
1,065	**Net Profit After Tax**	**(51)**

Part E: Appendices

16. Appendix One: Waitomo District Profile

District Background

The Waitomo County Act was passed in 1904 and the first meeting of the Waitomo County Council was held in September 1905.

The Borough of Te Kuiti was constituted in 1910.

In 1922 the Awakino County was amalgamated with the Waitomo County and an area of the then Otorohanga County to form a separate local authority.

Part of the Kawhia County was included with Waitomo County in 1956 and the balance incorporated with Otorohanga.

The Te Kuiti Borough and Waitomo County Councils were amalgamated to form the Waitomo District Council on 1st April 1976, and although minor changes to boundaries occurred with the 1989 reorganisation, the District remains unchanged. The present Waitomo District Council was reconstituted on 1 November 1989.

District History

The town and the Waitomo District are situated within the King Country, a large tract of the western central North Island. The name King Country arose because this was the region in which King Tawhaio sought refuge after the Waikato land wars. He prohibited the entry of Europeans to the area.

To the Maori people the region was known as Te Rohe Potae. Within Te Rohe Potae there were five tribes who signed an agreement with the Crown which eventually allowed the North Island Main Trunk Railway Line to come into the area. The five tribes were Ngati Maniapoto, Ngati Hikairo, Ngati Raukawa, Ngati Tuwharetoa and Whanganui.

It was also to this area that the rebel Te Kooti fled in 1871, and in return for sanctuary left as a gift for the Maniapoto people, Te Tokanganui-a-noho, the carved meeting house which now stands at the south end of Te Kuiti's main street.

Te Kuiti was also the headquarters for paramount Maniapoto chiefs, Wahanui Huatere and Taonui, who were instrumental in the opening up of the King Country to the railway and the main North Island Main Trunk Railway Line.

Te Kuiti lies on an area known to Maori as Pukenui. The original Te Kuiti was situated at the mouth of the Mangaokewa Gorge, just below where the Mangaokewa River emerges from the higher country through ramparts of limestone.

Situated in a pleasant valley within this narrow gorge at the south end, Te Kuiti's original name was Te Kuiti O Nga Whakaaro O Te Iwi, meaning the *"narrowing down"* or *"thoughts of the people".*

17. Appendix Two: District Statistics

Location

Latitude	38^{o} 21' South
Longitude	175^{o} 11' East of Greenwich
Altitude	55m asi
Area	336.357 ha (3363.57 sq km)

Climate

Temperature	Summer average 18.5c
	Winter average 9.5c
Sunshine	Mean average 1,749 hours
Rainfall	Average 1,473mm per year
Frosts	Average 47 days per year

People

Total population (Source: Statistics 2006 Census)	9,438
Electors	5,771

Rating Statistics

Total Rateable Capital Value at 30 June 2008	$3,479,787,400
Total Capital Value at 30 June 2008	$3,755,256,350
Number of Rateable Properties at 30 June 2008	5,628

Borrowings (Council) as at

30 June 2008	$29,961,855
30 June 2007	$24,563,100

Equity (Council) as at

30 June 2008	$240,760,340
30 June 2007	$246,430,616

Other Information

Building Consents issued 2007/2008	255
Building Consents Value	$17,766,472
Total District Roading	
Sealed (June 2008)	449.4km
Unsealed (June 2008)	561.3km
Registered Dogs – Total 2007/2008	4,222

18. Appendix Three: Iwi Consultation

The Local Government Act 2002 (the Act) sets out the need to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi.

That responsibility takes the form of maintaining and improving upon opportunities for Maori to contribute to the various decision making processes undertaken by Council.

Direction as to the need to facilitate that participation is provided at Section 14, Part 2 of the Act which sets out a list of principles that Council, as a local authority, must act in accordance with. That principle position is supported by Section 81 which sets out three particular obligations and requires Council to make judgements from time to time as to the manner in which it complies with those obligations.

In addition Council is obligated to deal with Tangata Whenua in terms of the Resource Management Act, and Council can be an advocate for Maori policy initiatives and resource needs. Council recognises that to obtain Maori input Council must engage in an effective manner and on a regular basis. The prime aim of any consultation must be to ensure that the interest of Maori in the Waitomo District is taken into account in all economic, political and social policy decisions.

Council has endeavoured to develop and maintain a good quality relationship with the Maniapoto Maori Trust Board (MMTB), through the Board's Chairperson and its Chief Executive.

That relationship has been observed and fostered at both formal and informal levels.

With the help of the MMTB, Council has developed a better understanding of how to facilitate an appropriate consultation process and has been able to identify the correct marae grouping or whenua boundaries and relationships.

It was agreed that quarterly meetings would be held with the MMTB and Council representatives.

19. Mayor and Councillors

Mayor

Mark Ammon 41 Waitete Road, TE KUITI
Phone: (07) 878 0800 (Business); (07) 878 6359 (Home)
Fax: (07) 878 7771

Deputy Mayor

Pat Hickey (Urban Ward)
1604 Te Kumi Road, TE KUITI
Phone: (07) 878 3408 (Business); (07) 878 6316 (Home)
Fax: (07) 878 3409

Brian Hanna (Rural Ward)
2896 SH 3, Mahoenui, R D, TE KUITI
Phone: (07) 877 8406
Fax: (07) 877 8407

Peter Keeling (Rural Ward)
166 Paekaka Road R D 2, PIOPIO 3970
Phone: (07) 878 5236 (Business); (07) 877 8779 (Home)
Fax: (07) 878 7157

Pauline Ryan (Urban Ward)
6 South Street, TE KUITI
Phone: (07) 878 8072 (Business); (07) 878 6797 (Home)
Fax: (07) 878 8072

Sue Smith (Rural Ward)

313 Te Waitere Road, R D 8, TE KUITI
Phone: (07) 876 7518
Fax: (07) 876 7518

Doug Stone (Urban Ward)

7 Gladstone Road, TE KUITI
Phone: (07) 878 6014

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