

# Waitomo District Council Annual Report

# 2012-2013



*Creating a better future with vibrant communities and thriving business.*

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**Waitomo**  
District Council



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# Introduction

The Waitomo District Council is made up of seven elected representatives – the Mayor and six Councillors. It's the Council's job to look after the well-being of the Waitomo District community and its people, and to enable democratic local decision-making.

This Annual Report tells the story of our performance over the last financial year from 1 July 2012 to 30 June 2013. It is an important way of informing our communities about how we are progressing in achieving our goals. It also highlights the areas we performed well in and the areas we need to improve on and how we plan on doing this.

Engaging well with the Waitomo District community is very important to Council. We have structured this report, so it is easy to find information on an Activity of interest.

The report is divided into the following sections:

**Introduction** (an overview of our performance). This section includes a message from our Mayor and Chief Executive, progress against our strategic priorities, a financial overview and community outcomes.

**Our Activities** (highlights and achievements). This section tells you about our activities, the major projects undertaken, statements of our service performance and how we went against budget.

**Financial Statements.** This section provides you with all the financial statements.

## Our planning and reporting cycles

The following is an overview of our planning and reporting framework and how it all fits together with the Annual Report.

### Long Term Plan

The Long Term Plan, (LTP) is a strategic planning document. It sets the framework for Council's activities, performance measuring and monitoring. It shows the rates that need to be collected in order to deliver the services to the communities, and how we intend to contribute to the community outcomes of the district.

The LTP is projected across a ten year time frame. However, the plan itself is reviewed on a three yearly cycle (this means that a new LTP is required to be adopted by Council every three years). This regular review cycle enables Council to more accurately predict what is going to happen and how best to provide for any changes.



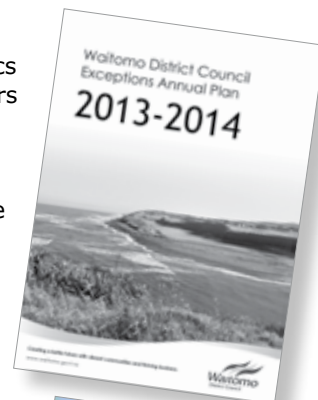
### Annual Plan

Each year Council is required to have an Annual Plan which sets out the budget for the year. This is based on what is proposed in the LTP but also highlights any change or variance that is projected to occur which is not currently accounted for in the LTP.

The first year of a LTP does not require a separate Annual Plan. However, the second and third years must have an Annual Plan.

The draft Annual Plan 2013/14 (dEAP) was made available for public consultation from 9th April to 9th May 2013. A total of 13 submissions covering 40 topics were received and four submitters wished to be heard in support of their submissions. Overall, there was support for all the key proposals made by Council in the dEAP, through the submissions.

A new online version of Councils community newsletter Waitomo Way was published in April and included a summary of the dEAP 2013/14. The summary was distributed district-wide to all ratepayers.



### Annual Report

Every year we are required to produce an Annual Report, that reports against our Annual Plans and the Long Term Plan.

It is the key accountability document for our communities and it explains how we have performed for the year.

All of Council's Plans and Reports can be found on our website: [www.waitomo.govt.nz](http://www.waitomo.govt.nz)

Alternatively you can request a hardcopy by contacting us on (07) 878 0800, freephone 0800 932 4357, or email: [info@waitomo.govt.nz](mailto:info@waitomo.govt.nz)



## Message from the Mayor and Chief Executive

We are pleased to present this Annual Report for the year ended 30 June 2013. This Report provides a record of the year gone by - activities, achievements and financial performance of the Waitomo District Council for the 2012/13 financial year.

The good work of the past 5-6 years reflects in large measure the contribution made by the present Council elected in 2010. That effort is based on the core principles of maintaining rates affordability whilst balancing that with prudent financial management and the delivery of a range of sustainable asset infrastructures. Importantly and in line with the feedback from our District Community, a strong focus has been placed on community development and promoting the Waitomo district; a focus captured in Council's new vision "Creating a better future with vibrant communities and thriving business."

An example of this new focus is the establishment in January 2011 of a Youth Council to provide a means to engage with our youth and to develop their leadership skills. The Youth Council is now in its third year and development has continued with the Youth Council providing a strong youth voice and delivering some excellent youth events over the past year. The combined work with the Social Sector Trials initiative is making a huge difference in day to day lives for our community, for young people, and for our district as a whole.

Council continues to focus on working closely with community stakeholders in all areas of community development. The ongoing Railway Buildings Hub project continues to develop, and we look forward to achieving real "live" on the ground progress in the upcoming 2013/14 year.

WDC has performed very well in the ongoing sustainable management and development of our infrastructure and property assets. The investment in the Te Kuiti Wastewater Treatment Plant upgrade project has now been completed and the output compliance results are very pleasing, falling well under existing resource consent guidelines. Council is pleased that its efforts to work closely with Waikato Regional Council throughout the project to date has ensured that the required necessary planning, design and consenting work was carried out in a timely manner so that maximum benefit can be derived from the \$3.65 million funding support received from the Sanitary Waste Subsidy Scheme.

A range of work has also been carried out to improve our in-ground piped reticulation assets using tools such as CCTV inspections. The information gathered through that management approach guides our investment decisions into areas of most need.

During the year the investment in a Piopio Water Treatment Plant upgrade has been completed to good effect. The investment means that the water produced from the Plant meets the required Drinking Water Standards, and it is also performing very efficiently in terms of ongoing operating costs. All in all an exceptional result.

The ongoing sustained organisational effort made in high quality delivery of services is demonstrated through the achievement of resident satisfaction targets established as indicators of performance. Council continues to look at identifying the top priorities for improvement. As always, that objective needs to be balanced with the important consideration as to whether or not the community can afford the cost of the investment.

In terms of our financial performance, we continue to manage the WDC's finances prudently on behalf of the Waitomo District Community. It must be acknowledged that the need for ongoing financial support of the Inframax investment has slowed down the excellent progress being made on a return to full financial health. Results from WDC's own operations were generally in line with the results forecast for the first year of the 2012-2022 Long Term Plan (LTP) adopted in July 2012.

Our expenditure has been within the budget forecast adopted at that time while our forecast required rates revenue was also less than the forecast budget adopted for the 2009-2019 LTP.

WDC's reliance on funds from borrowing and its associated risks have been maintained at prudent levels in line with the Council's Treasury Management Policy, and the specific borrowing limits laid down have been adhered to.

The ongoing need for investment in Inframax Construction Limited (ICL) has been a matter of very careful consideration in each of the past three financial years. In November 2010, Council after very careful scrutiny, approved a Recovery Plan prepared by the new Board of Inframax Construction Ltd. Since then, Council has worked very closely with the newly appointed ICL Board to ensure that ICL maintains its commercial presence and continues as a large employer in the Waitomo district. Unfortunately, the tough economic conditions facing the road construction industry and the consequent strong competition in the market place squeezed profit margins up until the present time. The investment is a key challenge for Council to both monitor and to support the ongoing recovery process.

While, for the time being, there is no return on that investment in the past year, there is every indication that all involved with ICL are working hard to fully deliver on the Recovery Plan as is evidenced by the 2012/13 financial year trading result. It is very pleasing to see that for the first time for many years, a positive balance sheet has been achieved. The result of a combined profit of approximately \$75,000, demonstrates the turnaround achieved by the Board and Management in just 2 years. This was considerably better than the original forecast of a \$1.1 million loss at this point in the implementation of the approved Recovery Plan.

We not only assess our performance internally through performance indicators but also seek to understand the views of our District Community. Each year we survey the District Community. This year the Resident Satisfaction Survey (RSS) survey was undertaken immediately following the close of the 2012/13 financial year. We were pleased to find that 79% of residents surveyed were either satisfied or very satisfied with the elected Council's overall performance.

In conclusion, during the 2012/13 financial year Waitomo District Council has progressed with its target of financial sustainability and sustainable management of assets. The committed effort of the elected Council and staff who have worked hard and

have achieved good outcomes for Waitomo district during the 2012/13 year needs to be recognised.

The focus is now on the future and working towards the priorities laid out in the 2012-22 LTP.



**BRIAN HANNA**  
**MAYOR**



**CHRIS RYAN**  
**CHIEF EXECUTIVE**



*View of Awakino coast.*

## Snapshot of progress

Council adopted a range of performance targets to allow it to measure, over time, whether or not the performance in the delivery of services was properly focused on WDC's priorities. As part of the development of the 2012-22 LTP, a new set of performance measures were adopted. The following information provides a snapshot of progress made by WDC in achieving the performance targets. The full Statement of Service Performance can be found under the 'Our Activities' section of this report.

### 2013 Resident Satisfaction Survey

800 residents selected at random from communities throughout the district took up the opportunity to express their opinion on Council's service delivery and overall performance by means of a Resident Satisfaction Survey (RSS) conducted by telephone interview in July 2013.

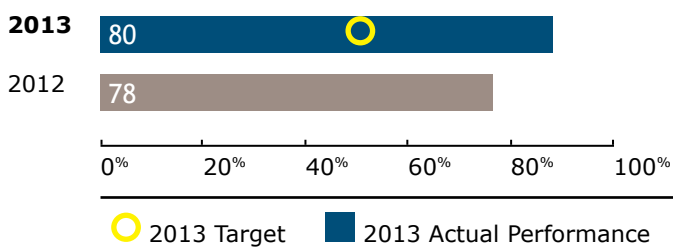
Council agreed that only those results that offered an actual opinion of the services (i.e. either satisfied or dissatisfied), should be used in the assessment of the Annual Report KPI's - the 'don't know' responses have been excluded.

Overall the results are excellent with all but one performance target being achieved during the 2012/13 year.

The following is a snapshot of the views of residents who took part in the Survey.

### *Council provides effective and useful communications.*

In the 2013 Residents Satisfaction Survey (RSS), 80% of residents surveyed are satisfied and very satisfied with the provision of Council communications. This rating exceeds Council's target of greater than or equal to 50%.



### *95% of library users are satisfied with the quality of library facilities and service.*

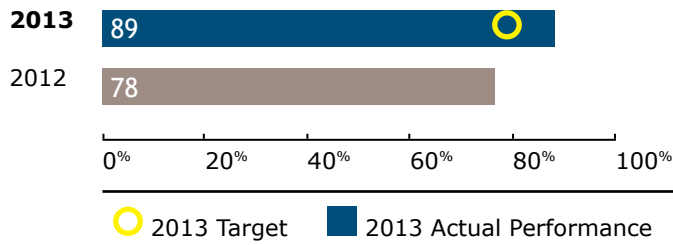
The results for the RSS show an increase with the customer satisfaction rating for Council's Library facilities and service. 95% of Residents were satisfied or very satisfied with this service. This rating exceeds Council's target for 2012/13 of greater than or equal to 85%.

### *We provide quality Public Amenities.*

81% of the community are satisfied with the quality of the public toilets. 95% of the community are satisfied with the quality of the cemeteries; in the 2013 Resident Satisfaction Survey.

### *The District has quality Parks and Reserves.*

89% of residents are satisfied or very satisfied with the quality of the District's Parks and Reserves. This rating exceeds Council's target for 2012/13 of greater than or equal to 80% resident satisfaction with the District's Parks and Reserves.



### *Users find the recycling and transfer station facilities safe to use.*

The 2013 Resident Satisfaction Survey indicates that:

- 94% of residents are satisfied with the safety of Council's recycling facilities; and
- 95% of residents are satisfied with the safety of the District's waste transfer stations.

There are also areas where our performance is declining or has fallen short of the target, for example:

- The performance target of '100 percent of urban and 10 percent of dog owners' properties inspected per year' was not achieved this year.
- The performance target of 'less than or equal to 1 sewage overflows into habitable buildings due to faults in the wastewater system (measured by RFS system)', was not achieved.
- The performance target of 'less than 10 complaints per annum regarding water supply quality, at any supply scheme' was not achieved.
- The performance target of 'less than four service complaints from ratepayers in any one month regarding the condition of the roading surface' was not achieved.

Further details of the satisfaction survey and of the results measured against Council's Key Performance Indicators (KPIs) can be found on page 15 and in the Statements of Service Performance on pages 17-49 of this Annual Report.



## Role and Direction

Under the Local Government Act 2002, the Council's purposes are:

1. To enable democratic local decision-making and action by, and on behalf of the people of the Waitomo district.
2. To meet the current and future needs of the District's communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

In performing its role, Council must have particular regard to the contribution that the following core services make to the District's communities:

- (a) network infrastructure;
- (b) public transport services;
- (c) solid waste collection and disposal;
- (d) the avoidance or mitigation of natural hazards; and
- (e) libraries, museums, reserves, recreational facilities, and community infrastructure.

The Act imposes specific responsibilities relating to Water, Wastewater and other sanitary works (such as public toilets).

Under other legislation, Council is also responsible for:

- public health and safety,
- waste minimisation,
- civil defence,
- emergency management,
- regulating building and land development/ land use,
- food and liquor sales,
- gambling,
- animal control, and a range of other services provided to the community.

The Act gives the Council a general right to take actions that are wholly or principally for the benefit of Waitomo district, including gathering rates (property tax) and setting bylaws.

## Our Reporting

Council is provided with a financial report on a monthly and quarterly basis. Our non-financial performance (Statement of Service Performance) is reported to Council on a quarterly basis along with detailed commentary explaining what we have not achieved, why we did not achieve target and what we plan on doing to improve our future performance results.

For each of Council's 10 Groups of Activities you will find:

- What we do
- How we contribute to Community Outcomes
- What projects were completed in the year
- How we performed and whether we achieved our targets
- How we went against our budget.

All of this information is presented together in the Annual Report to provide you with the full picture about how WDC is performing.

## Measuring Resident Satisfaction

Ensuring the district's residents are satisfied with the services and facilities we provide is a priority for Council. We undertake an independent Resident Satisfaction Survey (RSS) every year to find out how well the community thinks we are doing. This report uses information from the RSS to report on our performance against our strategic goals.

## The Long-Term Direction of the District

In order to develop well-balanced, inter-connected and focussed proposals that will respond to challenges over the next 10 years and beyond, Council adopted three guiding principles during the development of the 2012-22 LTP:

### Financial Sustainability

- Developing and maintaining good financial health which can withstand cyclic ups and downs.

The management of liquidity, interest rate exposure and structured debt reductions which form an integral part of the Plan.

### Community Well-being

- For the past few years and in the foreseeable future, Council's focus will be on the provision of core infrastructure particularly where it could have a high level of impact on public health.

Services will be prioritised into areas of greatest need, as per community and legislative requirements, and in a manner that optimises return on investment.

### Affordability

- In keeping with the principle of rates affordability, Council aims to make optimal use of sequencing and prioritising to provide essential services first, deferring services where it's not detrimental to do so.

The endeavour is also to keep annual rates requirement steady to create predictability and to balance rates with affordable user charges where possible and giving consideration to the four well-beings – i.e. social, economic, environmental and cultural.

It needs to be noted that, in developing the LTP using these guiding principles, Council had to constantly balance *sustainability* against *affordability* aspects and make decisions in a manner that none of the principles are unduly compromised and the 'right balance' is struck wherever practically possible.

Some of these decisions are reflected in financial management and others in the funding strategies set out in the LTP.

It is also important to draw attention to the fact that although the 2012-22 LTP represents a continuation of the strategies and principles Council has been working on over

the past five years, there has been a shift in emphasis especially in the area of community well-being.

Council believes it can now commit to more community development activities and has therefore resolved to lay more emphasis on district development, its youth and people in general.

The focus for the 2012/13 year was to balance the competing goals of rates affordability with providing real solutions for a thriving and sustainable future.

The 2012/13 financial year saw Council continuing to work on implementing strategies that recognise the need to strike the right balance between the need for prudent and sustainable financial management, rates affordability and an overall contribution to community well-being through the delivery of services.

## Progress against Strategic Priorities

Council's strategic focus remains on providing a healthy financial future for our District. One of the key elements to ensuring this was the development and implementation of a debt reduction strategy in the 2015/16 financial year. The strategy aims to reduce Council's public debt by approximately 20% over the life of the LTP 2012-22.

**At an activity level, the shift to a focus on sustainability is presented in the following ways:**

### Funding of Roads and Footpaths

This Group was previously called Land Transport and was renamed as per legislative requirements. Council has now completed the process of making the transition from loan funding of Roads and Footpaths operational expenditure to fully funding it through rates. This funding method was one of the key contributors to Council's mounting debt situation and the transition was imperative from a financial sustainability perspective.

During Years 1 and 2 of the LTP, Council plans to utilise \$485,000 of surplus depreciation reserves to 'smooth' the last stage of the transition to fully rate fund subsidised roading. This will assist in holding roading rates at affordable levels over these two financial years.

### ***Present and Future Action***

Council aims to phase in increases in maintenance levels of affected functions under the Roads and Footpaths group of activities, for example, drainage, reseals, traffic services, rehabilitation, footpath renewals and retaining walls, and reinstate them to pre-2009 level by 2015/16.

However, in early 2012, NZTA indicated that in providing funding to the Road Controlling Authorities for the next three years (2012-15), its intention was to apply a National CPI increase of only 2.3% over the three year period. This would have severely hampered Council's ability to reinstate the required level of investment in the local roads network and would leave Council with two choices – to abandon the reinstatement of service levels or to increase the level of rate funding to carry out required maintenance works on an unsubsidised basis. Council held discussions with NZTA, for funding

consideration, setting out the road network condition evidence provided in the 2012 Roads and Footpaths Asset Management Plan. In May 2012, the NZTA Board confirmed in writing that it had committed to provide WDC with \$25.9M of roading subsidy for the three year period 2012 to 2015. That amounts to a **12%** increase in the subsidy support provided in the 2009 to 2012 period.

This increase in subsidy has enabled Council to proceed with its intention to return to previous service levels by 2015/16 without having to increase rating levels and also indicates strong support from NZTA of Council's decision to reinstate the service levels.

There is however another Funding Assistance Rate (FAR) review currently in progress and the outcome of that may result in a reduction in the amount of NZTA funding assistance available to Waitomo district from the 2015/16 financial year.

## Infrastructure Upgrades

For the past few years Council has been working on improving the condition of its 'core infrastructure assets' particularly in the Water Supply and Sewerage activity areas to ensure sustainability of its assets.

In its 2012-22 LTP Council stated its strategy would be to focus on upgrading its existing assets rather than expanding its Water Supply and Sewerage infrastructure into new areas. This was particularly to ensure that the Resource Consents and other legislative requirements were met and so that the infrastructure could support public health outcomes.

In keeping with this strategy Council sought, and was successful in obtaining, Central Government subsidies for essential upgrades, the latest being the **\$3.65 million subsidy** for Te Kuiti Wastewater Treatment Plant (TKWWTP) upgrade of which \$2.250 million was received during 2012/13.

### **Other government subsidies received or approved for infrastructure upgrades are:**

- \$722,000 Piopio Sewerage (of which the balance of \$359,000 was received during 2012/13)
- \$808,000 Mokau Water (yet to be claimed because of delays in the project resulting from the consultation process)
- \$316,000 Piopio Water (of which the balance of \$50,228 was received during 2012/13)
- \$780,000 Te Kuiti Water (yet to be claimed as work has yet to commence)

These valuable subsidies will ensure the successful completion of the upgrades to essential services in the respective communities.

The 2012-22 LTP signalled an intensive capital works programme spanning three financial years, particularly for water and sewerage upgrades. However, some of this programme has been delayed and is now being completed during Years 2 and 3 of the LTP.

This intense capital works programme is due to historically programmed work being deferred for various reasons; including to enable applications to be made for Government subsidy and also due to legislation proceedings. The works were considered critical and unable to be delayed any longer.

Council recognised that the capital works programme will have a substantial impact on the rating implications for urban communities in the first three to four years of the LTP and had to strike a very careful balance between sustainability and affordability considerations.

The significant capital programme to upgrade the TKWWTP will result in a sizeable increase in debt servicing costs, depreciation and operational expenditure.

### ***Present and Future Action***

#### ***Sewerage and the Treatment and Disposal of Sewage***

Substantial upgrades were initiated for the TKWWTP which started in 2011/12 when the Ministry of Health subsidy was obtained and will continue in 2012/13 and 2013/14. These upgrades are critical from a public health perspective and in order to meet Council's Resource Consent obligations. The total cost of this upgrade is approximately \$9.3 million.

#### ***Water Supply***

Two key projects under this group of activities are the infrastructure upgrades to Te Kuiti Water Treatment Plant (TKWTP) starting in 2013/14, costing approximately \$3.4 million, and the upgrade of the Mokau Water Storage Dam Upgrade in 2013/14 at a total cost of approximately \$1 million.

### **Service Performance**

The following targets for the year relate to a range of complex issues that must be addressed in order to obtain resource consent so that proposed upgrade works can be carried out. For this reason, they remain **key priorities** for WDC at this time.

#### ***Sewerage and the Treatment and Disposal of Sewage***

- *'Less than or equal to; two sewage overflow events per year at any one wastewater scheme.'*

TKWWTP plays a major part in the performance results for this activity. The upgrade of the plant is now complete and is under the operation of specialised WDC Wastewater Operations staff that monitor the effective running of the plant. Faults in the network are repaired as they become apparent and renewal of damaged sections are done out of the annual renewal budget.

A rolling project involving the investigation into the condition of the reticulation networks is in place for the next ten years. It is expected that this will contribute to the future improvement of these performance results.

#### ***Water Supply***

- *'Ninety-five percent compliance with NZ Drinking water Standards 2005 as measured in WINZ database.'*

WDC must comply with the mandatory standards imposed by the 2007 Health (Drinking Water Act) amended in 2008. The requirements of the Act do not directly serve to improve treated water quality or production. The compliance regime looks to impose additional accountability reporting and reduce potential risks by introducing the requirement for additional (barriers) treatment processes. In order for the plants to comply with the requirements of the standards established under the Act, they will require significant capital upgrades.

The application for Ministry of Health funding for the upgrade to the Te Kuiti Water Treatment Plant was successful. The project to construct and commission the upgrades to the plant will commence in 2013/14 and be completed in 2018/19.

The upgrade of the Piopio Water Treatment Plant was completed in early 2013 and officially opening on Friday 24th May 2013. This plant now meets the NZ Drinking Water Standards and is operating at a high standard.

Mokau Water Treatment Plant disinfection upgrades will be completed by the end of 2013. The Mokau raw water storage dam that is needed to improve reliability of supply, has received approval of subsidy from the Ministry of Health.

The Benneydale disinfection upgrades will be completed during the 2013 calendar year.

## Financial Overview

During the year we continued to manage the District's finances prudently on behalf of the Waitomo district community. The following information provides an overview of our financial performance for the year to 30 June 2013. Included in this overview is an explanation of our financial statements and notes.

### Overall results at a glance

WDC reported a net surplus after tax of **\$5.6 million** compared to a budget surplus of \$3.4 million. This result is mainly attributable to unbudgeted subsidies received during the year for wastewater upgrade projects, increases in revenue streams from metered water users and trade-waste, revenue on acquisition of the Railway Buildings in Te Kuiti, reduced loan interest costs and reductions in the operational costs for the solid waste and sewerage activities.

### Summary Cost of Service Statement

(\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Revenue</b>			
Rates Revenue (including penalties)	16,630	16,416	15,668
Leadership and Investments	149	161	(738)
Community Service	390	591	368
Community Development	227	254	222
Regulation	402	342	306
Solid Waste Management	1,069	885	859
Stormwater Drainage	0	68	0
Resource Management	73	73	91
Sewerage	535	3,602	2,969
Water Supply	1,686	800	776
Roads and Footpaths	5,645	5,291	5,674
<b>Total Revenue</b>	<b>26,806</b>	<b>28,483</b>	<b>26,195</b>
<b>Expenditure</b>			
Leadership and Investments	2,659	2,289	2,724
Community Service	3,047	3,046	2,953
Community Development	1,224	1,187	1,211
Regulation	722	830	781
Solid Waste Management	1,954	1,578	1,696
Stormwater Drainage	380	471	355
Resource Management	191	227	206
Sewerage	2,631	2,155	2,200
Water Supply	1,938	2,269	1,971
Roads and Footpaths	8,621	8,835	9,457
<b>Total Expenditure</b>	<b>23,367</b>	<b>22,887</b>	<b>23,554</b>
<b>Net Operating Surplus/ (Deficit)</b>	<b>3,439</b>	<b>5,596</b>	<b>2,641</b>

**The major variances in overall performance are explained below:**

### Revenue

Revenue was **\$1.677 million** more than budget due to:

- A total of \$2.609 million of unbudgeted subsidies being received for wastewater capital projects. These were not included in budgets for the year as there was uncertainty at the time subsidy applications were made whether Council was eligible to receive subsidy monies.
- Revenue on acquisition of \$0.2 million on the Railway Buildings, Rora Street, Te Kuiti.
- A \$0.5 million increase in trade waste revenue due to increased activity at local meat works.
- Rates revenue was \$0.2 million less than budget due to the actual rates revenue excluding rates paid on Council properties. The budget figure includes the rates revenue paid on Council property.
- Delays with commencing the Mokau raw water storage dam project meant budgeted subsidy of \$0.8 million was not claimed during the year.
- Refuse dump charges and sales of recycled materials at the Landfill were \$0.2 million less than budget.
- As the combined roading maintenance and renewals expenditures were less than budgeted, total subsidies claimed during the year were correspondingly \$0.4 million less than budget.

### Expenditure

Expenditure was **\$0.5 million** less than budget due to:

- Finance costs were \$0.5 million less than budget due to extended favourable economic conditions resulting in lower interest rates than what was used in the budget preparation.
- A reduction of \$0.5 million in kerbside refuse collections, waste minimisation, transfer stations and landfill operational costs.
- Electricity and insurance costs at the District's water and sewerage schemes were \$0.2 million less than budget due to changes in Council's insurance arrangements and delayed upgrade works.
- A \$0.8 million increase in expenditure over budget required for environmental roading maintenance and emergency reinstatement works, the latter as a result of weather events during the year. This was offset by savings of \$0.5 million in other budgeted roading categories.
- Depreciation charges were \$0.7 million more than anticipated, in particular on the Council's roading network and water and sewerage infrastructural assets, due to increased asset values following the 2012 revaluation which also included a number of changes in the assumptions on the lives of assets.

## Balance Sheet

Council's total equity was \$18.0 million more than budget. The significant part of this was due to the increase in revaluation reserve during 2012/13. The results of the revaluation were not known at the time budgets for 2012/13 were being prepared.

Current assets were \$0.1 million less than budget. Debtors and Other Receivables were higher than anticipated due to the subsidies that were receivable at 30 June 2013 and an increase in rates arrears.

Current liabilities were \$8.6 million more than budget due mainly to three floating rate notes (FRNs) for \$13.8 million maturing during the 2013/14 financial year. These are recognised as current borrowings. Creditors and other payables were also less than budget.

Non current assets were \$15.9 million more than budget due to the revaluation of assets at 30 June 2012 and the introduction of Parkside Subdivision as Assets Held for Sale. Neither of these were recognised during preparation of the 2012/13 budgets.

Non current liabilities were \$10.9 million less than budget as a greater portion of borrowings was anticipated to be non current when the budgets were prepared.

## Inframax Construction Limited

Economic conditions facing the roading construction and roading maintenance industry have been the worst experienced over the past few decades, with intense competition for any available work leading to extremely low tender prices and subsequent profit margins. Many competing contractors are experiencing the same problems. For those reasons Council's subsidiary Inframax Construction Limited has faced financial difficulties and been unable to provide a return on Council's investment again this year.

In 2010/11 Inframax Construction prepared a Recovery Plan that included the investment of additional equity in the Company, significant restructuring of the Company at all levels and in all areas of operations, and re-focussing ICL on its core objectives - roading maintenance and construction.

Council approved the ICL Recovery Plan which included support for funding assistance completed during the 2011/12 financial year, as follows:

- Introduction of \$800,000 by WDC of additional equity in the form of an increase in the shareholding investment.
- The purchase of Parkside subdivision from the Company for book value.
- The advance of a loan for \$750,000 to the Company on terms that are not more favourable than if WDC were to borrow the funds externally.

An independent valuation of Council's investment in the Company was undertaken at 30 June 2012 and due to the continuing financial difficulties faced by the Company the \$800,000 investment in the Company was written down to nil.

The Company's performance improved considerably during 2012/13 with a net pre-tax loss of \$92,000 compared to the original forecast of a \$1.1 million loss at 30 June 2013 in the approved Recovery Plan and the actual \$1,932,000 loss at 30 June 2012.

When combined with the result from Independent Roadmarkers Taranaki Limited (IRT), the two subsidiaries produced a **net pre-tax profit of \$75,110**, a significant turn-around on the combined net pre-tax loss of \$2,012,197 at 30 June 2012.

This is a most encouraging result for ICL and for Council as shareholder, particularly as intense competition still exists in the roading maintenance and construction industry with low tender prices and subsequent profit making trading conditions very difficult.

## Specific Borrowing Limits

Targets	Result
Total interest expense will not exceed 15% of total revenue.	Achieved - 8%
Total borrowing will not exceed 25% of total equity.	Achieved - 17%
Total borrowing will not exceed 20% of total assets.	Achieved - 14%
Access to committed funding lines of not less than 105% of projected core debt.	Achieved - 114% of access to committed funding lines available at 30 June 2013.
Where practicable, no more than 50% of debt is subject to refinancing in any 12 month period.	Achieved - 31% of debt subject to refinancing during the year ending 30 June 2014.

## Capital Projects

Total capital expenditure amounted to **\$13.387 million**.

Overall, capital projects were under spent by \$519,000 during the year, the majority of which relates to the planned upgrades of water services in Te Kuiti and Mokau and subsidised roading works (see below for more details).

### Water Supply

Total capital expenditure on water supplies was under spent by **\$1.226 million**.

- As the detail of the design for the Te Kuiti Water Supply Upgrade developed, it soon became apparent that a holistic plan of the total upgrade was needed to ensure that funding is optimised and the final product is the best that the available money can buy. This combined with the pressure of 'affordability' meant that the work initially planned for 2012/13 has been rescheduled for 2013/14. Although subsidy for this project has been approved it is not able to be claimed until the project commences.
- Work on the raw water storage dam at Mokau was planned to be completed during 2011/12. However, as the work potentially affects archaeological sites, progress was delayed in order to complete consultation with Iwi and the Historic Places Trust. It is now anticipated that dam construction will take place during 2013/14 once consents have been finalised.
- The Piopio Water Supply Upgrade was overspent by \$245,000 as a result of reticulation renewals, fencing, additional site works and upgrades required to meet drinking water standards.

(\$000's)	Actual	Budget	Underspent
Te Kuiti	84	487	403
Piopio	688	443	(245)
Benneydale	34	72	38
Mokau	174	1,204	1,030
	<b>980</b>	<b>2,206</b>	<b>1,226</b>

## Roads and Footpaths

- Under expenditures were due mainly to a reallocation of the roading programme to cover \$0.4 million of unplanned flood damage works during the year.
- Expenditure on non-subsidised works was for footpath renewals. All other planned non-subsidised works were deferred on an 'as needs' basis and have been carried forward into 2013/14.

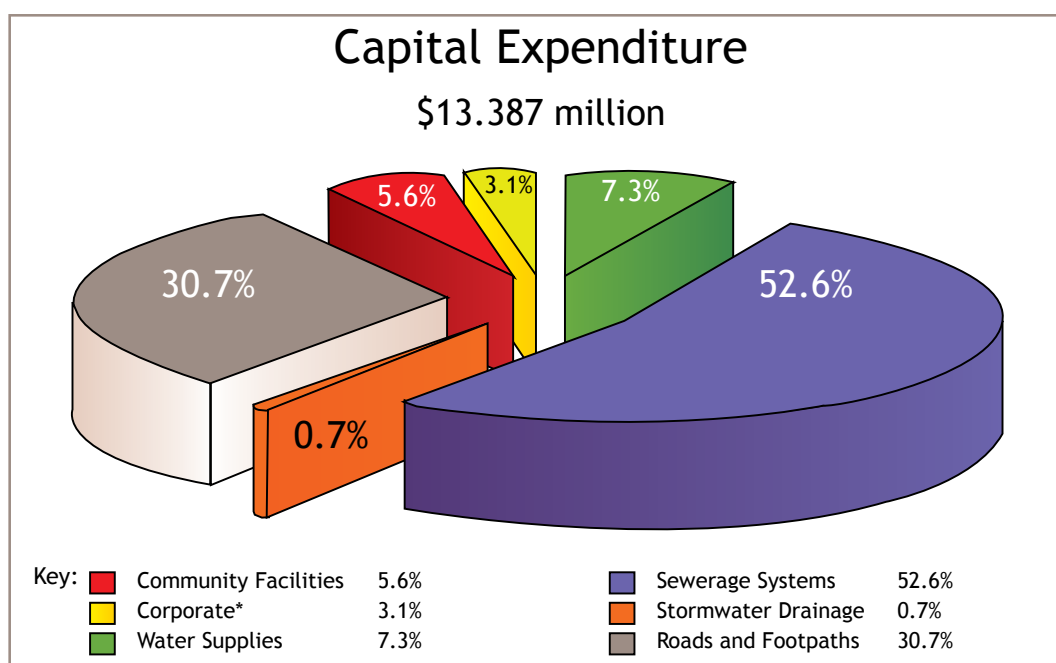
## Sewerage Systems

With the exception of Te Waitere, all planned upgrades of sewerage systems were completed during the year.

- The upgrade of the Te Kuiti Wastewater System was completed during the 2012/13 financial year. Capital expenditure (for which budgets were provided in the previous year) occurred during the year – reactor modifications (\$1.1 million), aeration system (\$1.5 million) and SCADA and telemetry systems (\$0.4 million). These expenditures were substantially offset by \$1.4 million of reductions in other budgeted capital works.
- The Piopio Sewerage project was completed in December 2012 and commissioned in May 2013. The unbudgeted expenditure in 2012/13 relates to the delayed installation of separator tanks the budget for which was provided in the previous year.
- The upgrade of the Benneydale system was completed in 2011/12. However, there was a carryover of minor unspent project costs into the 2012/13 year the budget for which was included in 2011/12.
- Work at Te Waitere has been deferred until the results of a geotechnical survey are known.

(\$000's)	Actual	Budget	Variance
<b>Subsidised Works</b>			
Drainage Renewals	340	400	(60)
Pavement Rehabilitation	961	930	31
Sealed Road Surfacing	1,058	1,280	(222)
Traffic Services Renewals	229	193	36
Unsealed Road Metalling	249	548	(299)
Emergency Reinstatement Works	622	240	382
Structures Component Replacements	327	350	(23)
Minor Renewals	97	485	(388)
Other Renewals	125	217	(92)
Stock Effluent Facilities	22	0	22
<b>Total Subsidised Works</b>	<b>4,030</b>	<b>4,643</b>	<b>(613)</b>
<b>Non-Subsidised Works</b>	<b>81</b>	<b>213</b>	<b>(132)</b>
<b>Total All Roothing Works</b>	<b>4,111</b>	<b>4,856</b>	<b>745</b>

(\$000's)	Actual	Budget	Underspent
Te Kuiti	6,869	5,442	(1,427)
Piopio	159	0	(159)
Benneydale	17	0	(17)
Te Waitere	0	8	8
	<b>7,045</b>	<b>5,450</b>	<b>(1,595)</b>



(\* Corporate includes vehicle replacements, office equipment and computer hardware renewals).

## Miscellaneous Capital Works and Purchases

Other minor capital projects completed during the year included:

» Vehicle Replacements	352
» Railway Station Buildings (revalued)	199
» Land Purchase – Te Kuiti Cemetery	115
» Upgrade Waitomo Cultural & Arts Centre	111
» Stormwater Renewals (Urban)	95
» Landfill & Transfer Stations	63
» Purchase Library Books	61
» Upgrade Council Owned Buildings	56
» Computer & Office Equipment	53
» Land Purchases (incl. easements)	40
» Parks & Reserves	37
» Camping Grounds	34
» Mahoenui Hall Upgrade	18
» Elderly Persons Housing Renewals	11
» Te Waitere Wharf Upgrade	6
<b>Total Miscellaneous Capital Works and Purchases</b>	<b>1,251</b>

## Public Debt and Reserves

Council's 2009-19 and 2012-22 Long Term Plans (LTPs) provided annual forecasts for the levels of public debt and reserve funds.

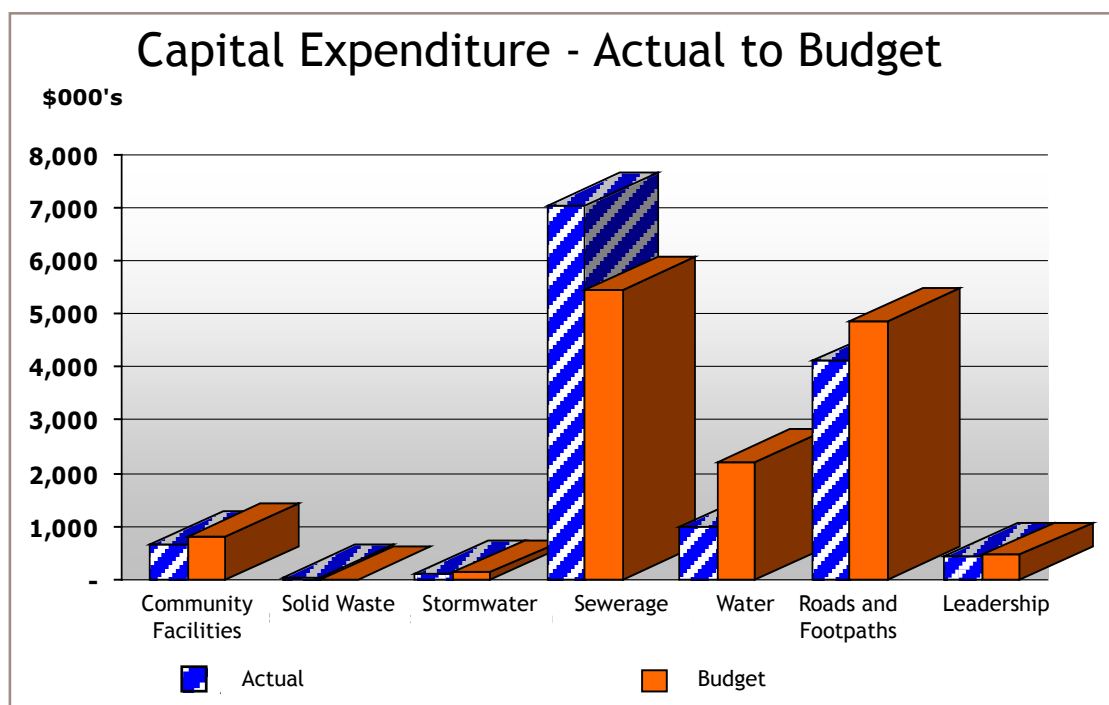
The following tables illustrate favourable trends in the levels of public debt and reserve funds over the last 3 financial years, as follows:

Public Debt	30 June		
	2011	2012	2013
Forecast Public Debt (LTPs)	51,548,000	53,123,000	48,086,000
Actual Public Debt	45,372,000	47,005,000	45,182,000
<b>\$ Trend</b>	<b>-6,176,000</b>	<b>-6,118,000</b>	<b>-2,904,000</b>
<b>% Trend</b>	<b>-12.0%</b>	<b>-11.5%</b>	<b>-6.0%</b>

These trends show that actual debt requirements were considerably less than forecast and that despite major capital works (\$31.537 million) having been completed over the last 3 years, (particularly on water and wastewater networks for the District's urban communities), Council has managed to fund those works from subsidies and available cash whilst reducing its overall debt during that time.

**This is a positive result for Council and indicates that Council's debt is being well managed and under control.**

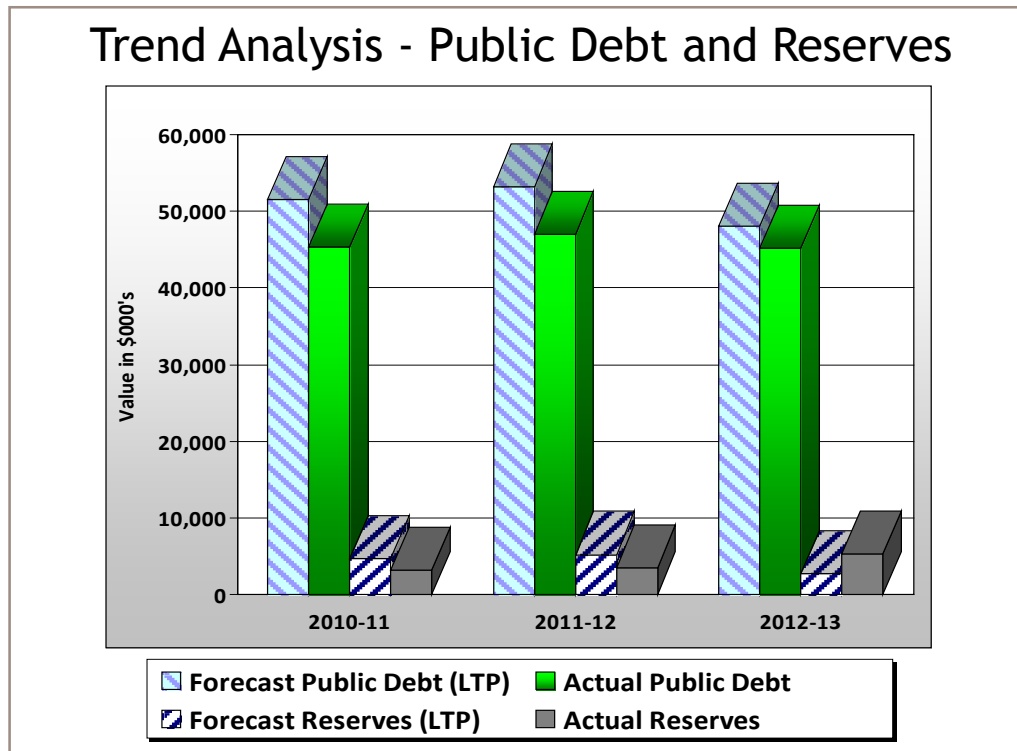
Reserves	30 June		
	2011	2012	2013
Forecast Reserves (LTPs)	4,675,000	5,257,000	2,765,000
Actual Reserves	3,199,000	3,529,000	5,277,000
<b>\$ Trend</b>	<b>-1,476,000</b>	<b>-1,728,000</b>	<b>2,512,000</b>
<b>% Trend</b>	<b>-31.50%</b>	<b>-32.9%</b>	<b>+90.8%</b>



In its LTP Council indicated that it intended utilising \$630,288 of reserves over 5 years (2013-2017) to smooth the projected increase in rates over that period, and that from 2018 onwards Council will recover overdrawn (or deficit) reserves through rates to restore long-term financial sustainability for the district.

**This is an excellent result for Council as it positions itself for the preparation of its 2014/15 Annual Plan and the triennial review of the LTP during the 2014/15 financial year.**

The re-sequencing of water upgrades for both Te Kuiti and Mokau communities, together with additional revenue from user charges and savings in operational costs achieved during 2012/13 has meant that at 30 June 2013 Council's reserves now considerably exceed forecast.



## 2012/2013 Group Performance

The Group reporting entity consists of Waitomo District Council and its 100% owned subsidiary Inframax Construction Limited and Inframax Construction Limited's 100% owned subsidiary Independent Roadmarkers Taranaki Limited.

### Overall Performance

The Group's overall performance for the year was an after-tax **profit of \$5.6 million**.

Council's adoption of a recovery plan for its subsidiary in November 2011 included funding of additional equity and significant restructuring involving the Board of Directors, a new Chief Executive and rationalisation of its staffing levels and operating bases.

Those initiatives are proving successful. The subsidiary's results (i.e. both Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd) for the year ending 30 June 2013 show a remarkable improvement on the previous year with the first positive financial outcome for 8 years.

A combined before tax profit of **\$75,110** (2012: \$2,012,197 before tax loss) has been achieved on a reduced turnover and against a \$1.1 million loss forecast in the recovery plan for 2012/13.

This result is a reflection of the hard work and effort of the Board of Directors and Management in delivering better contract margins and positive gains from the subsidiary's restructuring exercise; all this despite the difficult economic and trading conditions that have plagued the roading construction and roading maintenance industry for some time.

### Balance Sheet

At 30 June 2013 total equity for the Group was \$271.0 million. There was a \$6.4 million increase in equity reflecting:

- The Group's after tax profit of \$5.5 million
- A gain of \$0.5 million from cash flow hedges

Current assets decreased by \$5.4 million due mainly to a \$2.8 million decrease in cash and cash equivalents, and a \$1.3 million decrease in trade and other receivables.

Overall current liabilities decreased by \$6.7 million mainly as a result of the decrease in the current portion of borrowings and a decrease in trade and other payables.

Non-current liabilities increased by \$3 million due mainly to an increase in non current borrowings.

Non-current assets increased by \$8.1 million due mostly to the increase in property, plant and equipment assets at 30 June 2013.



## Revenue and Financing Policy

### Background

The Revenue and Financing Policy, as outlined in the 2012-22 LTP, is designed to ensure that wherever possible the people or groups benefiting from the function meet the allocation of costs by function, either wholly or in part.

### Overall Performance

WDC reviews its funding mix on an annual basis. Whilst WDC has yet to achieve the exact planned mix of funding, there have been no significant variations between the actual funding mix achieved for 2012/13 and those prescribed in the Policy.

## Treasury Management Policy

Council's Treasury Management Policy (TMP) combines both the previous Investment and Liability Management Policies.

The main objectives of the policy are:

- to promote long-term prudent financial management;
- to comply with Sections 102, 104 and 105 of the Local Government Act 2002;
- to outline how investment and liability risk associated with investment and borrowing activities are assessed and managed;
- to outline how investments and liabilities are managed and reported on;
- to ensure that Council has an ongoing ability to meet its debts in an orderly manner as and when they fall due in both the short and long-term, through appropriate liquidity and funding risk management; and
- to maintain adequate internal controls to mitigate operational risks.

The TMP provides the policy framework for all of WDC's treasury functions including:

- the volume of investments that Council will be involved with;
- determining the mix of investments between current and non-current (according to Council's working capital needs); and
- ensuring that Council's borrowing and its associated risks are maintained at prudent levels.

### Overall Performance

There have been no significant variations or material departures from the Council's Treasury Management Policy.

## Encouraging Maori contribution to decision making

Council is constantly working on its processes around community engagement and part of this is facilitating Maori participation in Council's decision making. Council recognises that Maori are a significant stakeholder group within the district and seeks to work closely with Iwi and gain their inputs.

The LGA 2002 and the Resource Management Act also place specific requirements on local authorities to take account of Maori values and provide opportunities for Maori to contribute to Council's decision-making processes.

As a process, Council seeks to identify any issues of particular interest to Maori, gather information on Maori perspectives of any significant work programmes and also

perseveres to build on relationships already established through the work programmes.

Council looks forward to working closely with tangata whenua in the Waitomo region around co-management of the Waipa River. The Nga Wai o Maniapoto (Waipa River) Act was adopted in Parliament on 28 March 2012 and received Royal Assent on 5 April 2012. This Act gives effect to the deed that the Crown and Maniapoto entered into regarding the co-governance and co-management of the Waipa River. The Act requires Council and Maniapoto to enter into a joint management agreement (JMA) around the Waipa River. Any principles set out in the JMA could form the basis of future consultation protocols with Ngati Maniapoto. In the forthcoming years, Council will encourage any joint initiatives with mutually beneficial outcomes.

Council intends to continue with and, where required, improve upon the following to assist Maori contribution to Council's decision making processes:

- Council is committed to interacting with the Maniapoto Maori Trust Board to discuss issues of mutual interest including future planning proposals.
- Council has set up the Youth Council which has Maori representation and provides opportunities to them to bring their issues and inputs to the Council for consideration.
- Internal processes will continue to take into account Maori views. Council officers will consult with Iwi and Hapu representatives on a case by case basis to discuss specific proposals which may involve a significant decision in relation to land or a body of water.
- Processes for consultation will be negotiated and agreed on a case by case basis.
- Adequate time will be allowed for consultation, recognising that Hapu do not meet frequently and enough time needs to be allowed to respond to Council's requests for input.
- Opportunities for oral submissions or discussion will be provided on Marae or at places most convenient to both parties.
- All discussions and consideration of feedback/submissions will be carried out with an open mind.

## Summary of Equal Employment Opportunities Programme

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

# Waitomo's Community Outcomes

Community Outcomes are a description of the results or the desired state that a Council aims to achieve for its community, in order to promote the four well-beings. Community Outcomes provide an important framework for future planning since the Outcomes reflect what is important to a community and where it wants to head towards in the future.

The Community Outcomes for our District are reviewed every three years along with the LTP review process to assess where the wants and needs of the community lie and to ensure that the activities and work streams are aligned to areas of greatest needs and community wishes.

In evaluating the Community Outcomes for the 2012-22 LTP, a new set of eight Outcomes was established. The eight outcomes are shown in Figure 1.2 and have been organised to show their linkage with the four well-beings (cultural, social, economic, and environmental) that Council aims to achieve.

It needs to be noted that the amendments to LGA 2002 in 2010 have brought changes to the Community Outcome provisions of the Act. Council must still describe the outcomes for its community and indicate which outcomes each group of activities primarily contributes to, but the focus has certainly shifted away from community outcomes to delivery of what are now deemed 'core Council services'.

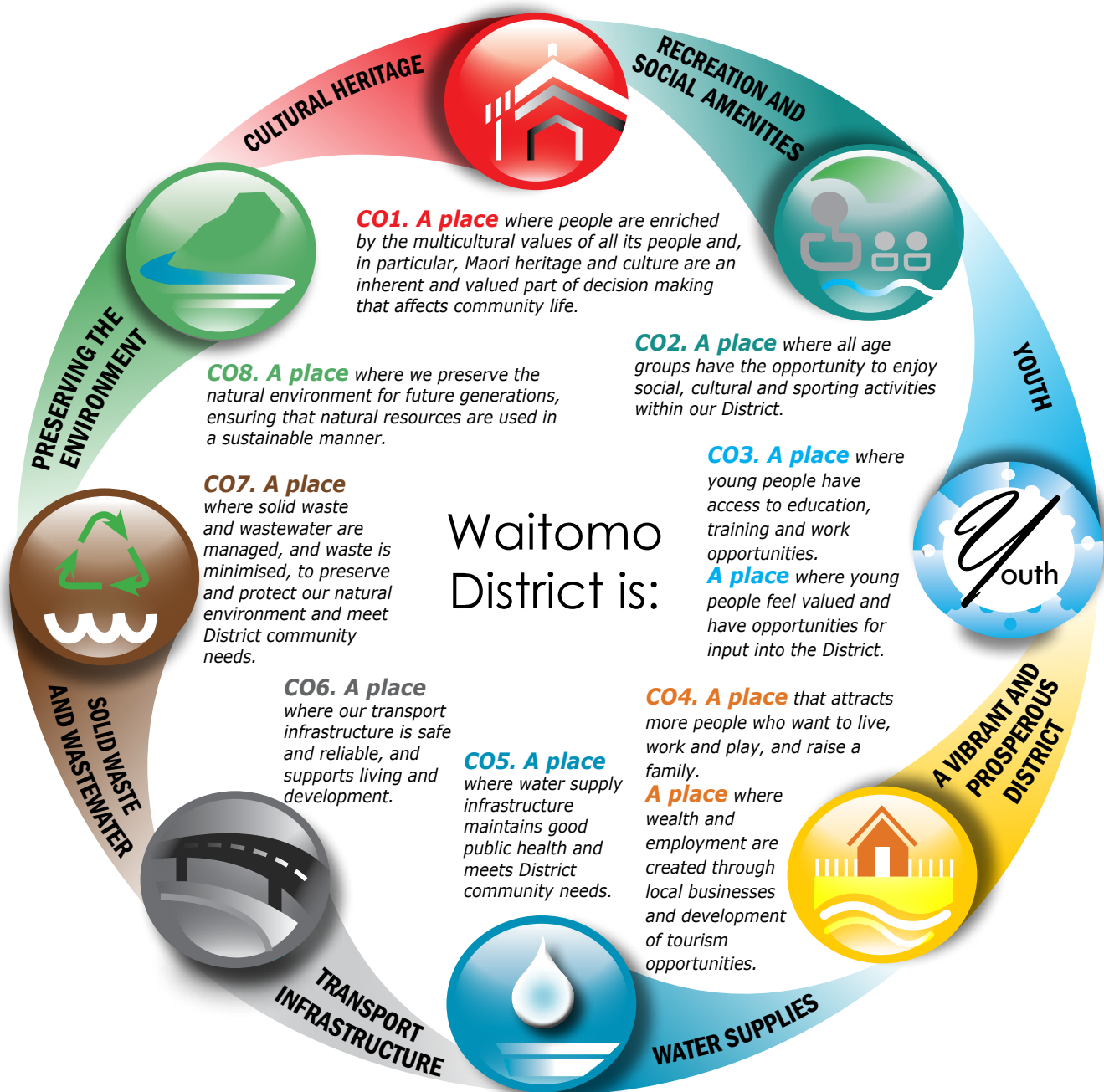


Figure 1.2

# Our Activities

## Introduction

Council carries out a number of activities or functions in order to meet its statutory responsibilities and in response to the aspirations of its District communities. Council's functions are arranged under ten Groups of Activities. These ten Groups of Activities are further organised under three main 'Sustainability Groups'.

Council's Group of Activities structure is shown in the following table.

SUSTAINABILITY GROUPS			
GROUPS OF ACTIVITIES	Community and Cultural Sustainability	Environmental Sustainability	Economic Sustainability
	Governance: Leadership and Investments	Resource Management	Water Supply
	Community Service	Solid Waste Management	Roads and Footpaths
	Community Development	Stormwater	
	Regulation	Sewerage and the Treatment and Disposal of Sewage	

## Groups of Activity Performance

Included in this section are the Statements of Service Performance and commentary about what we did in our Significant Activities. We set out the Levels of Service we aim to reach, the performance measure targets for the 2012/13 year as well as our actual results for the year. The measures have targets based on the results achieved in Year 1 of the 2012-22 LTP. The performance measures used are either customer or technical focussed.

Technical focussed performance measures are based on best practice industry standards. The customer focussed measures come primarily from our own Service Request results, or our annual Resident Satisfaction Survey.

### *Requests for Service performance measures*

WDC has a Service Request system to manage and track all requests that members of the public make for various services. These requests are received by Customer Services staff and after hours via WDC's Service Request System. Each activity area has a range of specifications each with their own timeframe. These requests range from urgent matters that must be resolved within hours to ongoing requests that can take much longer depending on work plans and budgets.

## Resident Survey Information

Council's Annual Plan contains 16 Key Performance Indicators (KPIs) requiring measurement of actual performance using a resident satisfaction survey. Further, Section 78 of the Local Government Act 2002 requires Council to give consideration to community views and preferences in relation to its decision making.

Communication with the community was undertaken in an effort to increase resident's awareness of the opportunity for them to take part in this year's Resident Survey. Methods used to promote the survey were:

- The Waitomo Way.
- As a news item on the WDC website.
- WDC's Facebook page and Te Kuiti i-SITE Facebook page.
- WDC's Radio commercial schedule.

The 2013 Resident Satisfaction Survey was carried out via a quantitative telephone survey of 800 Waitomo district residents and was completed between 26th of June and 15th July 2013. The average duration of the survey was 12 minutes. Interviews were undertaken in the evenings on weekdays between 4.30pm - 9.00pm.

The sample size was increased to 800 residents (previously 407) in an effort to more accurately represent the views of our District population. The overall response rate was low with 1,725 refusals or approximately one interview for every four phone calls made. In addition to this, the number of 'don't know' responses increased significantly this year. For this reason WDC has chosen to only extract the results of those residents who expressed an actual view of 'satisfaction' or 'dissatisfaction' with the services provided by Council.

The performance results of the survey can be read under the *Statements of Service Performance* for each of the 10 activities.

### **Supporting Commentary**

We have provided additional information on those targets we did not achieve by including a Summary of Service Performance. The Summary is intended to provide an insight into the challenges WDC faced in its endeavours to achieve its strategic goals and what plans have been made to improve the performance result going forward.

A Key has been added to the Statement of Service Performance tables. Note: Only the Statements that have had explanations included in the Summary of Service Performance, have keys. The keys link the Performance result to the related explanation.

# Community and Cultural Sustainability

The Groups of Activities discussed under this heading promote Community Outcomes that primarily focus on building and developing cohesive and functional communities in the Waitomo district. Council provides a range of services and facilities to the various communities in the Waitomo district in order to achieve this.

## Groups promoting Community and Cultural Sustainability:

- Leadership and Investments
- Community Service
- Community Development
- Regulation

## Governance: Leadership and Investments

### What we do

The Governance: Leadership and Investments Group comprises the Leadership and Investments significant activities.

#### Leadership

This activity includes the preparation of policies guiding strategic direction and strategic financial decisions for presentation to the Community for feedback.

Some key elements of this activity are:

- Council's governance at a District level which involves the provision of leadership and governance for the District through the Mayor's Office and the Council/Committee structure.
- Conduct of elections.
- Council's advocacy on issues that impact on the Waitomo district.
- Planning and Policy development which involves carrying out long term and annual planning for the District and producing plans which reflect the Council's role and level of involvement in achieving the Community Outcomes.
- Monitoring and Reporting.

#### Investments

##### Council Controlled Organisations

##### **Investment in Local Authority Shared Services (LASS)**

The Council has an equal share with each of the 12 local authorities situated within the boundaries of the Waikato region, in LASS Ltd. The principal objective is for the Company to provide the most effective access to regional information of mutual value to the regional community using modern technology and processes.

##### **Investment in Inframax Construction Ltd (ICL)-**

Inframax Construction Ltd is a roading construction and maintenance company wholly owned by the Waitomo District Council as a Council Controlled Organisation. Although, it is wholly owned by Council, ICL is an independent legal entity with its own Board of Directors and management structure and bound by the legal obligations of the Companies Act.

##### Investment Properties

**Council Owned Quarries** - Maintenance and management of Council owned quarries. The Council owns 22 quarries throughout the District of which five are leased, with 4 of these being operational. The quarries are a major source of aggregate in supporting road construction and development within the District.

##### **Forestry Holdings Held by Waitomo District Council**

Maintenance and management of a small forestry located in the main at Waitomo District Landfill. The forestry was predominantly planted in 1994 and comprises approximately 15.7 hectares of radiata pine trees.

**Parkside** - As part of the restructure and capital raising of Inframax Construction Ltd in 2011, WDC purchased the Parkside Subdivision. The subdivision consisted of 31 sections located near the centre of Te Kuiti, of which 30 remained available for sale at 30 June 2013.

##### Other Entities

**Investment in Civic Assurance Ltd** - Civic Assurance Ltd is the trading name of the Local Government Insurance Corporation Ltd. It is owned by Local Government and supplies the sector with a range of financial and insurance services. WDC holds 16,940 shares in the company.

## Contribution to Community Outcomes and Strategic Goals

Governance	
Outcomes the Leadership Group contributes to:	
 <b>CO1. Cultural Heritage</b>	 <b>CO4. A Vibrant and Prosperous District</b>
Strategic Goals for Leadership Activity (as part of Governance Group)	
To exercise good stewardship and leadership and ensure that community and stakeholder's views on key issues are considered as part of decision making processes. Policies and plans are integrated and promote the principles of sustainable development.	
Outcomes the Investments Group contributes to:	
 <b>CO4. A Vibrant and Prosperous District</b>	
Strategic Goals for Investments Activity (as part of Governance Group)	
To ensure that the long term management of the Investment portfolio maximises returns and wherever possible increases economic value of the investment to the community.	

## Key projects completed during 2012/13

- General Revaluation of District for Rating Purposes (undertaken by Quotable Value).
- Implementation of Online Property and Rating Information on Councils website.
- Implementation of Online Quarterly Newsletter – Waitomo Way.
- Development of WDC and Te Kuiti iSITE Facebook pages.
- Draft, consultation and adoption of the 2013/14 Exceptions Annual Plan.
- Completion of the 2013 Resident Satisfaction Survey.



- Prepare Triennial Agreements with Waikato and Manawatu – Wanganui Regional Councils no later than 1 March 2014.
- Prepare and make publicly available the Council's Governance Statement by February 2014, as required by s.40 LGA 2002.
- Actively participate in the Waikato Mayoral Forum (WMF). The forum involves the Mayors and Chief Executives of local authorities within the Waikato region) to review/consider opportunities to collaborate in planning, purchasing and service delivery options.
- Undertake a review of Council's Code of Conduct by the end of November 2013.
- Continue with the process commenced in 2011 with the appointment of a new Board of Directors to ensure that Council's investment in Inframax Construction Limited returns to a sound financial footing by actively monitoring the agreed Financial Recovery Plan and influencing the annual Statement of Intent (as provided for in Schedule 8 of the LGA 2002).
- Investigate the feasibility options of improving the subdivisions in the Parkside subdivision to enhance the saleability of the lots.
- Complete triennial asset revaluations of Roads and Footpaths, Refuse Systems and Investment Property (including Parkside Subdivision) by 30 June 2014.
- Policy reviews, including Revenue and Financing Policy and Policy on Remission of Rates (including Remissions and Postponements of Rates on Maori Freehold Land).

## Looking Ahead

- Prepare and adopt the 2012/13 audited Annual Report by 10 October 2013.
- Draft, consult and adopt the Annual Plan for 2014/15 on or before 30 June 2014.
- Prepare and publish a pre-election report (PER) no later than two weeks before nominations open for candidates seeking election at the Triennial Local Government elections in October 2013.
- Conduct the Triennial Local Government elections in October 2013.

## Statement of Service Performance

Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
<b>Leadership</b>			
Decision making in compliance with provisions of the Local Government Act 2002.	Number of challenges to the decision making process. <b>Target 0</b>	<b>Achieved</b> No challenges to date.	(a)
Consultation is in accordance with the Special Consultative Procedure outlined in LGA 2002.	Number of challenges to the decision making process. <b>Target 0</b>	<b>Achieved</b> No challenges to date.	(b)
Effective communication with the community.	Customer satisfaction rating of effectiveness and usefulness of Council communications "good or better". <b>Target ≥ 50%</b>	<b>Achieved</b> 80% of residents were satisfied or very satisfied with the effectiveness and usefulness of Council communications.	(c)
<b>Investments</b>			
Investments contribute to economic and social well-being.	Analysis of investment financials and activity including investment company reporting statements are reported to Council and made available to the public as applicable. <b>Target 2 reports per year</b>	<b>Achieved</b> Half-annual and annual reports are reported to Council throughout the year with the analysis of investment financials and activity including investment company reporting statements. These reports are made publicly available via WDC's website, as applicable.	(d)

### Summary of Service Performance

The overall performance of the Governance: Leadership and Investments Activity for the period ending 30 June 2013 was excellent with all four key performance targets achieved, giving an overall result of 100% for this activity.

## How we went against our budget

Cost of Service Statement - Governance: Leadership and Investments (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Representation	322	27	11
Investments	132	98	(849)
Treasury Management and Overhead Accounts	0	36	100
<b>Total Operating Income</b>	<b>454</b>	<b>161</b>	<b>(738)</b>
<b>Operating Expenditure</b>			
Representation	705	693	709
Strategic Planning and Policy	663	533	777
Monitoring and Reporting	382	344	458
Investments	903	683	688
Treasury Management and Overhead Accounts	0	36	92
<b>Total Operating Expenditure</b>	<b>2,653</b>	<b>2,289</b>	<b>2,724</b>
Net Operating Cost/(Surplus)	2,199	2,128	3,462
<b>Capital Expenditure</b>			
Development	0	0	0
Renewal	0	441	467
Investments	0	0	1,269
<b>Total Capital Expenditure</b>	<b>0</b>	<b>441</b>	<b>1,736</b>
<b>Total Expenditure</b>	<b>2,199</b>	<b>2,569</b>	<b>5,198</b>
<b>Funded By</b>			
Loan	0	0	1,269
Reserves	27	74	1,490
General Rates	740	703	968
UAGC	1,432	1,392	1,085
Rates Penalties	0	400	386
<b>Total Funding</b>	<b>2,199</b>	<b>2,569</b>	<b>5,198</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$293,000 less than budget. Council is required to report on variances between the budgets for 2012/13 (as approved in the 2012-22 LTP) and actual results achieved during the year. The 2012/13 budget of \$322,000 for Representation included \$310,000 for rates penalties. A subsequent change in accounting treatment has resulted in the actual rates penalties received of \$400,000 being disclosed in the funding section at the bottom of the cost of service statement. In addition, Council received unbudgeted external revenue of \$15,000 earned by the Internal Services Business Unit and \$31,000 more than budget from interest income. These increases were offset by a decrease in gross revenue from the sale of sections in the Parkside Subdivision, with only the net gain on section sales now being recognised.

### OPERATING EXPENDITURE

Expenditure was \$364,000 less than budget due mainly to:

- favourable loan interest rates achieved during the year;
- deferral of the budgeted District Plan Review
- reductions in indirect costs associated with the preparation of the 2013/14 Annual Plan and monitoring of community outcomes.

# Community Service

## What we do

**The Community Service Group consists of the following activities:**

- Parks and Reserves
- Housing and Other Property
- Recreation and Culture
- Public Amenities
- Safety

### Parks and Reserves

This activity involves the provision of parks and reserves in order to support the health and well-being of the community by supplying and maintaining areas for sport and recreation, as well as green places and landscapes that are restful and enhance the visual amenity. The parks, reserves and play areas are grouped according to their primary purpose under the following categories - Active reserves, Passive reserves, Esplanade reserves, Leased reserves and Play Equipment.

### Housing and Other Property

This activity involves the provision of Housing and Other Property in order to support and fulfil Council's role in promoting social well-being.

Council provides a number of housing and other properties that are grouped according to their primary purpose. The different groups of Housing and Other Property are - Housing, Corporate Property, Community Halls and General Property (includes miscellaneous land holdings and wharves, jetties etc).

### Recreation and Culture

This activity involves the provision of recreation and cultural opportunities in order to support the health and well-being of the community. Facilities are provided for sport and recreational events, key historic features are protected and low cost visitor accommodation in the form of camping grounds is provided.

The different groups of recreation and cultural assets that provide leisure and recreational opportunities for residents and visitors to the District are - Waitomo District Swimming Pool, Aerodrome, Reserve and Community facilities, Camp grounds, Te Kuiti Cultural and Arts Centre and Waitomo District Library. Assisted voluntary community libraries are located at Awakino, Mokau and Benneydale.

### Public Amenities

This activity involves the provision of public amenities in order to support the health and well-being of the community by providing areas for burial, and for the comfort and convenience of visitors and residents.

The different groups of public amenities are - Cemeteries, Public Toilets, Public carparks, Street Furniture/Amenity Area, Emergency Management delivery, Rural Fire delivery.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Community Service Group contributes to:	
 <p><b>CO1. Cultural Heritage</b></p>	 <p><b>CO2. Recreation and Social Amenities</b></p>
 <p><b>CO3. Youth</b></p>	 <p><b>CO4. A Vibrant and Prosperous District</b></p>
 <p><b>CO8. Preserving the Environment</b></p>	
Strategic Goals for Community Service Group:	
<p>To ensure that Council's Community Facilities (comprising Recreation and Culture, Parks and Reserves, Public Amenities and Housing and Other Property) are provided and maintained to an acceptable standard for residents and visitors.</p>	

## Key projects completed during 2012/13

### Parks and Reserves

An independent annual audit was completed for all playground equipment.

Upgrade works were undertaken at the Piopio Campground parking area.



Maintained sports grounds at the Marokopa domain, Summer 2012.

## Housing and Other Property

A new ablution block was constructed at the Marokopa Campground.

The purchase of the Railway Buildings and Lease of Land was finalised.

A Conservation Plan was developed for the Railway Heritage Buildings.

## Recreation and Culture

The upgrade of the supper room at the Waitomo Cultural and Arts Centre was completed.

Installation of a new sound system at the Waitomo Cultural and Arts Centre.

The redundant sound system from the Waitomo Cultural and Arts Centre was relocated to the Piopio Hall.

More than 2406 new books purchased for the Waitomo District Library.



*Aotearoa People's Network Kaharoa - upgrade of computers and internet service, May 2013.*

## Public Amenities

Land purchase for the Te Kuiti Cemetery was undertaken.

Ongoing land purchase negotiations for land for effluent field for Mokau toilet.

## Emergency Management

A Shared Service arrangement was agreed with Waipa and Otorohanga District Councils for the delivery of Civil Defence Emergency Management Services within our District.



*The supper room at the Waitomo Cultural and Arts Centre, has been revitalised through the recent upgrades, that included new carpet and lighting.*

## Looking Ahead

### Parks and Reserves

- Commence a walking track strategy which is scheduled for completion in 2014/15.
- Replacement of playground equipment to meet compliance standards.
- Sea Wall construction adjacent to Council land in Marokopa.

### Housing and Other Property

- Commence asset restoration / renewals associated with the external framework of the Te Kuiti Railway Building 1 (dependent on obtaining external grant funding).
- Commence Expressions of Interest process related to future use of Railway Buildings.

### Council Rental Housing

- Continue the process leading to the disposal of 4 Jennings Street, which is a residential house and section, currently leased to the Te Kuiti Community House.

### Recreation and Culture

- Taupiri Street Council building, building renewals and entrance development (subject to external funding).
- Investigation into consolidation of delivery of Council services which is scheduled for completion 2014/15 year.
- Commence Te Kuiti Aerodrome reserve management plan scheduled to be completed 2014/15 year.

### Public Amenities

- Continuation of toilet upgrades across district.
- Development of shared parking for the Waitomo Culture and Arts Centre with The Cottage day care centre.
- Purchase of land for waste water disposal at Mokau Hall / toilets.
- New toilets in Kara Park, Piopio.



# Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
High quality Parks and Reserves will be provided.	Percentage of community satisfied with the quality of Parks and Reserves in annual and research surveys. <b>Target ≥ 80%</b>	<b>Achieved</b> 89% of the community are satisfied with the quality of Parks and Reserves in the 2013 Resident Satisfaction Survey.	(a)
Provision and maintenance of Elderly Persons Housing that meets the needs of the tenants.	Percentage of users satisfied with the provision and maintenance of Elderly Persons Housing in the User Survey. <b>Target &gt; 50%</b>	<b>Achieved</b> 67% of users are satisfied with the provision and maintenance of Elderly Person Housing.	(b)
Quality public amenities will be provided.	Percentage of community satisfied with the quality of public amenities (Public Toilets and Cemeteries). <b>Target ≥ 75%</b>	<b>Achieved</b> 81% of the community are satisfied with the quality of the public toilets. 95% of the community are satisfied with the quality of the cemeteries; in the 2013 Resident Satisfaction Survey.	(c)
Provision of comprehensive library facilities for the community.	Percentage of community satisfied with the quality of the library facilities and service in the annual satisfaction survey and research survey results. <b>Target ≥ 85%</b>	<b>Achieved</b> 95% of library users are satisfied with the quality of library facilities and service in the 2013 Resident Satisfaction Survey.	(d)
Provision of effective pool facilities for the community.	Percentage of community satisfied with the quality of the pool facilities and service in the annual satisfaction survey and research survey results. <b>Target ≥ 55%</b>	<b>Achieved</b> 81% of the community are satisfied with the quality of the pool facilities and service in the 2013 Resident Satisfaction Survey.	(e)
Provision of effective Arts and Culture facilities for the community.	Percentage of community satisfied with the quality of the Arts and Culture facilities and service in the annual satisfaction survey and research survey results. <b>Target ≥ 75%</b>	<b>Achieved</b> 83% of the community are satisfied with the quality of the Arts and Culture facilities and service in the 2013 Resident Satisfaction Survey.	(f)
Council's public facilities are provided to standards of fitness for use.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules. <b>Target 100%</b>	<b>Achieved</b> All Building Warrant of Fitness for Council facilities are current.	(g)
Pool is safe for use of pool patrons at all times.	Pool accreditation in place. <b>Target 100%</b>	<b>Achieved</b> All Pool accreditation is in place.	(h)
	Number of pool non complying water quality readings per year. <b>Target &lt; 5</b>	<b>Achieved</b> No non-complying water readings were recorded this year.	(i)
Community education and information provided to build community awareness and preparedness.	The number of residents who understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event. <b>Target 30%</b>	<b>Achieved</b> 91% of residents feel they could survive on their own for at least three days if there was an emergency event, in the 2013 Resident Satisfaction Survey.	(j)
Council will ensure that staff are equipped and trained to efficiently man the Civil Defence headquarters in an emergency	One major training exercise involving Civil Defence headquarters staff will be held per year. <b>Target One exercise per year</b>	<b>Achieved</b> NZ Shakeout Exercise involving Civil Defence headquarters staff undertaken at Waitomo District Council Office on 26 September 2012.	(k)
Playground equipment is safe to use for parks and reserves playground users	Number of accidents directly attributable to playground equipment failure. <b>Target Nil accidents</b>	<b>Achieved</b> Nil accidents have been recorded that are directly attributable to playground equipment failure.	(l)

## Summary of Service Performance

The overall performance of the Community Service Activity was excellent with all 12 performance targets achieved for the period ending 30 June 2013.

## How we went against our budget

Cost of Service Statement - Community Service (\$'000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Parks and Reserves	11	9	6
Housing and Other Property	216	421	218
Recreation and Culture	114	117	96
Public Amenities	49	33	48
Safety	0	11	0
<b>Total Operating Income</b>	<b>390</b>	<b>591</b>	<b>368</b>
<b>Operating Expenditure</b>			
Parks and Reserves	524	499	491
Housing and Other Property	725	744	662
Recreation and Culture	979	1,063	980
Public Amenities	682	637	726
Safety	137	103	95
<b>Total Operating Expenditure</b>	<b>3,047</b>	<b>3,046</b>	<b>2,954</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,657</b>	<b>2,455</b>	<b>2,586</b>
<b>Capital Expenditure</b>			
Parks and Reserves	306	28	88
Housing and Other Property	69	308	52
Recreation and Culture	229	182	116
Public Amenities	205	133	3
<b>Total Capital Expenditure</b>	<b>809</b>	<b>651</b>	<b>259</b>
<b>Total Expenditure</b>	<b>3,466</b>	<b>3,106</b>	<b>2,845</b>
<b>Funded By</b>			
Loans	449	143	58
Reserves	443	531	125
General Rates	837	767	1,244
Uniform Annual General Charge	1,499	1,428	1,138
Target Rates	238	237	281
<b>Total Funding</b>	<b>3,466</b>	<b>3,106</b>	<b>2,845</b>

## Variations to Annual Plan

### **OPERATING INCOME**

Revenue is \$201,000 more than budget due mainly to the gain on revaluation of the Railway Buildings in Rora Street, Te Kuiti. That revaluation accounts for almost all of the Net Operating Surplus for the year (above).

### **CAPITAL EXPENDITURE**

Total capital expenditure is less than budget due mainly to:

- (a) \$163,000 for the purchase of mowers and equipment for the Internal Services Business Unit was transacted within the Vehicles cost centre.
- (b) Centennial Park drainage works (\$16,000) deferred because of drought conditions.
- (c) Playground Audit (\$25,000) has been carried over and added to the 2013/14 budget.
- (d) \$41,500 Esplanade Reserves unspent and to be used for funding of the Marokopa Seawall.
- (e) \$20,500 Brook Park Development - held for Brook Park Society.
- (f) \$25,000 Library Roof Renewal pending relocation of Community House.

Offset by unbudgeted expenditure for land purchases and water supply easements (\$40,000), new ablution block and water tank at Marokopa Camping Ground (\$30,000 - work carried over from the 2011/12 budget) and increase in value of the Railway Buildings, Rora Street, Te Kuiti as a result of revaluation (\$193,000)

# Community Development

## What we do

Community Development is a group of activities where WDC, in a number of diverse roles, is actively involved in 'helping the community to help itself'. Community Development activities represent a group of collaborative and partnership approaches and initiatives involving many agencies and organisations. These activities involve a common theme of promoting a better quality of life and a better living environment within the District.

Waitomo District Council's Community Development group involves Community Support, Customer Services, District and Regional Promotions and Economic Development. These activities form the foundation for engagement and the focus of work.

### The Community Development Group comprises the following functions:

**Community Support** – which seeks to improve social outcomes within Waitomo district by working closely with the District community. It includes making grants to the community, provision of service contracts, WDC's sister city relationship and youth initiatives.

### Youth Engagement

WDC identified key community outcomes relating to Youth for the first time in the 2012-22 LTP. To support the achievement of these outcomes WDC has led, or invested time in supporting, a number of youth related projects in the 2012/13 year. WDC found these projects to be beneficial in interconnecting and engaging young people within the community in a number of different ways. Council intends to continue with these initiatives in 2013/14 and in the coming years. The key areas of youth engagement include:

- The Waitomo Youth Council
- Mayor's Taskforce for Jobs
- Tuia Programme
- Social Sector Youth Trials; and
- Social Sector Youth Mentoring Programme



Waitomo Youth Council helping with the preparations for the Great NZ Muster.

**Customer Services** – which enables service delivery and support for residents across 3 Council sites - Council's Administration Building (Queen Street), Waitomo District Library (Taupiri Street) and Te Kuiti i-SITE (Rora Street).

**District Development Activity** - includes District and Regional Promotion, Economic Development, Management of the Visitor Information Centre i-SITE and Coordination of District Events.

### District Economic Development Board

To assist with a more integrated strategic focus on sustainable delivery of economic development initiatives within Waitomo district, Council through the 2012-22 LTP agreed to the establishment of a District Economic Development Board (Board) in 2013/14. This project has been deferred by one year to await the outcomes of the Regional Economic Development work stream being progressed by the Waikato Mayoral Forum.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Community Development Group contributes to:		
 <b>CO1. Cultural Heritage</b>	 <b>CO3. Youth</b>	 <b>CO4. A Vibrant and Prosperous District</b>
Strategic Goals for the Group:		
To support and foster a District that is caring and inclusive and provides a safe, healthy and friendly place to live, work or visit and raise a family.		
To support the growth of the economy through strategic partnerships that ensure the effective promotion of District attractions to domestic and international markets.		
To facilitate, advocate and promote sustainable economic development within the District.		

## Key projects completed during 2012/13

- Administration of the Community Development Fund.
- Continued delivery of district events, The Great NZ Muster and Waitomo District Christmas Parade.
- Continued participation and support of youth engagement projects.
- Continued support of district promotion via the Hamilton and Waikato Regional Tourism organisation.
- Continued long-standing sister city relationships.

## Looking Ahead

### Community Support

- Work with stakeholders to achieve the goals of the Community Support activity.
- Administration of existing Community Development Fund.
- Further develop the Waitomo District Council events diary and community web pages.

### Youth Engagement

- Participation and support of the identified youth engagement projects will continue in the 2013/2014 financial year.

### District Development

- Continued support of district promotion via the Hamilton and Waikato Regional Tourism organisation.
- Community Events continued (e.g. Christmas Parade and Great NZ Muster).
- Increased focus on visitor experience within the District via Waitomo District Council supported Visitor Information Centre i-SITE's.
- Maintain involvement in district promotion to visitors via a series of local activities such as events brochures and heritage trails.
- Work with stakeholders to enhance the goals of the Economic Development activity.
- Continue long-standing sister city relationships.
- Undertake a needs and gaps analysis of economic development practice and opportunities within the district.

## Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
Provide assistance for community support activities.	Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy. <b>Target 100%</b>	<b>Not Achieved</b> The September, December and March Discretionary Grants Funding rounds and the Community Partnership Fund were advertised in the Waitomo News and on the Waitomo District Council website. The June Discretionary Grants Funding round was not advertised in the Waitomo News.	<b>(a)</b>
Support the positive development of youth within the District.	Youth Council makes one submission to Council per year. <b>Target 1 per annum</b>	<b>Achieved</b> The Youth Council lodged a submission to the 2013/2014 Draft EAP and attended the Submission Hearings on 23 May 2013.	<b>(b)</b>
	Youth Council undertakes two youth related projects per year. <b>Target 2 per annum</b>	<b>Achieved</b> 1. The Youth Council provided entertainment at the Waitomo District Christmas Parade in December 2012. 2. The Youth Leadership Camp was held in January 2013.	<b>(c)</b>
Council will support major District events that build community pride and raise the District's profile.	Number of major District events held on time and to budget. <b>Target One Major event (the Muster) and one minor event (the Christmas Parade)</b>	<b>Achieved</b> 1. The Waitomo District Christmas Parade was held on 14 December 2012. 2. The Great NZ Muster was held on 6 April 2013. Both events were held on time and to budget.	<b>(d)</b>
Council through its membership of the Hamilton and Waikato Regional Tourism Organisation will ensure enhanced presence in national and international markets for the District.	Number of District Promotion opportunities taken by the Hamilton and Waikato Regional Tourism Organisation in key publications and industry events. <b>Target &gt; 4</b>	<b>Achieved</b> Seven District promotion opportunities were taken in key publications. <i>Refer to Summary of Service Performance for further information.</i>	<b>(e)</b>

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
Council will support business expansion and diversification, and encourage the development of work-based skills.	District Economic Development Board Strategy developed and implemented. <b>Target N/A</b>	<b>Not measurable at this time.</b> <i>Refer to Summary of Service Performance for further information.</i>	<b>(f)</b>

### Summary of Service Performance

The overall performance of the Community Development Activity for the period ending 30 June 2013 was good with four of the six performance targets achieved.

(a) The following funding rounds were advertised in the Waitomo News and the Waitomo District Council website:

#### Discretionary Grants

- September 2012 funding round was advertised 14<sup>th</sup> and 21<sup>st</sup> August 2013. Grants were allocated on 7<sup>th</sup> September 2012.
- December 2012 funding round was advertised 8<sup>th</sup> and 22<sup>nd</sup> November. Grants were allocated on 11<sup>th</sup> December 2012.
- March 2013 funding round was advertised 5<sup>th</sup> and 19<sup>th</sup> February 2013. Grants were allocated 19<sup>th</sup> March 2013.
- June 2013 funding round was advertised on Waitomo District Council website. Grants were allocated 26<sup>th</sup> June 2013.

#### Community Partnership Fund

The Community Partnership Fund notice was advertised in the Waitomo News on 25<sup>th</sup> October and 8<sup>th</sup> November 2013.

(b) The Waitomo Youth Council lodged a submission to the 2013/2014 Draft Exceptions Annual Plan and attended the Council submission hearing on 23<sup>rd</sup> May 2013.

(c) The Youth Council also assisted with the preparation of Muster Bags for the Great NZ Muster event in March 2013 and served guests at the District Farewell event held for the Right Honourable Jim and Mrs Joan Bolger in April 2013.

(d) Additional events included the Waitomo/ Otorohanga Mayoral Graduation Ceremony held on 9<sup>th</sup> May 2013 and the 2013 Citizens Awards held on 7<sup>th</sup> June 2013.

(e) The District was profiled in a range of publications and events, including the following:

'Tour the North Island' Campaign in Australia.

Short Escapes Campaign.

Explore Your Own Backyard Campaign.

Hamilton and Waikato Convention Bureau Planner 2013.

Hamilton and Waikato Official Regional Visitor Guide 2013.

Profile at Tradeshows including Explore Central North Island Expo and KiwiLink South East Asia.

Advertorial in Onboard Magazine (Interislander Ferries and KiwiRail Scenic Journeys, formally known as TranzScenic).

(f) Council had planned for the establishment of a District Economic Development Board (DEDB) in the 2013/2014 year. Through the 2013/2014 Exceptions Annual Plan process Council resolved to move out the DEBD establishment by a year to allow outcomes of the Waikato Regional Economic Development Strategy to inform our own plans.



Waitomo Youth Council provided entertainment and held food stalls at the Waitomo District Christmas Parade in December 2012.



The Youth Council served guests at the District Farewell for Right Honourable Jim and Mrs Joan Bolger in April 2013.



Right Honourable Jim and Mrs Joan Bolger.

## How we went against our budget

Cost of Service Statement - Community Development (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Community Support	0	69	20
Sister City	0	2	3
District Development	207	164	180
Agencies	20	19	19
<b>Total Operating Income</b>	<b>227</b>	<b>254</b>	<b>222</b>
<b>Operating Expenditure</b>			
Community Support	556	629	709
Sister City	4	8	4
District Development	636	521	471
Agencies	28	29	27
<b>Total Operating Expenditure</b>	<b>1,224</b>	<b>1,187</b>	<b>1,211</b>
<b>Net Operating Cost/(Surplus)</b>	<b>997</b>	<b>933</b>	<b>989</b>
<b>Capital Expenditure</b>			
District Development	1	0	0
<b>Total Capital Expenditure</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Total Expenditure</b>	<b>998</b>	<b>933</b>	<b>989</b>
<b>Funded By</b>			
General Rates	257	258	282
Uniform Annual General Charge	555	554	286
Target Rates	185	183	0
Reserves	1	(62)	421
<b>Total Funding</b>	<b>998</b>	<b>933</b>	<b>989</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was more than budget due to grants received for the Youth Council (\$69,000) and additional income from the Te Kuiti Muster (\$5,000) offset by a reduction in sales at the i-SITE.

# Regulation

The Regulation Group of activities together with Resource Management fall under the Regulatory Services business unit. Both groups of activities are included in a single Activity Management Plan called the "Regulatory Services Activity Management Plan (AMP)".

## What we do

The Regulation Group aims to ensure a healthy and safe environment for the community in terms of building and food safety, regulating behaviours and creating a nuisance free, family and investment friendly environment.

This Group includes the regulatory functions devolved to Council by legislation and leads the making of the necessary policies and bylaws to ensure a safe and nuisance-free environment for all the residents of the District. The functions are:

**Building Control** - regulates the whole building control function in the District.

**Liquor Licensing** - oversees the administration of the Sale of Liquor Act at a local level acting as the District Licensing Agency (DLA) on behalf of the Liquor Licensing Authority which encourages the responsible sale and use of alcohol through licensing, monitoring of premises and enforcement of the Act.

**Environmental Health** - involves the provision of environmental health services including licencing and inspection of food premises and noise control.

**Bylaw Administration** - involves managing a range of bylaws that Council has in place which allow WDC to manage issues associated with community nuisance, protect public health and manage Council's assets.

Regulatory Services administer and where appropriate enforce the bylaws with the activity carried out under the shared services arrangement with Waipa District Council.

**Animal Control** - involves the registration of dogs as well as the prevention of harm to the community in cases of menacing or dangerous behaviour by dogs and dealing with roving stock.



*Council has specific statutory responsibilities to ensure that certain health requirements are met by the operators of business premises and in doing so protect public health and safety.*

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Regulation Group contributes to:



**CO2. Recreation and Social Amenities**



**CO4. A Vibrant and Prosperous District**

Strategic Goals for the Regulation Group:

To ensure health and safety is protected by effectively and efficiently administering statutes regulations and bylaws including environmental health, liquor control and noise control.

To protect the health and safety of building users by effectively and efficiently administering the provisions of the Building Act 2004.

To ensure that animals, particularly dogs, are controlled so that people can enjoy the benefits of dog ownership without adversely affecting other members of the community.

## Looking Ahead

- Council will join the Waikato Building Consent Group and implement the groups quality assurance system.
- Council will develop a local Alcohol Policy to control the location, number and opening hours of licensed premises.
- Council will establish a District Licensing Committee to consider and determine all liquor license applications.
- Council will review the delivery of dog control services within the district.

The Building Act is under constant review and it is expected that the Food Bill will be enacted in the current year although indications are that the Bill may undergo several major amendments.

Implementation of the new legislation could become a key area of focus in 2013/14.

The Sale and Supply of Alcohol Act 2012 has recently been introduced as a result of which, Council will be developing a policy on the sale of liquor within the District in 2013/14. The policy will address the location of licensed premises, the number of premises in the District and maximum trading hours.

It is planned to carry out extensive public consultation on the policy in order to ensure that localised alcohol related issues are well understood.



# Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
All food and liquor retail premises will be inspected and appropriately registered and licensed.	Percentage of registration or licensing of food and liquor retail premises inspected annually. <b>Target 100%</b>	<b>Achieved</b> 100% of food and liquor retail premises inspected.	(a)
Provision of an effective environmental health service for the community.	Customer satisfaction survey rating on Environmental Health Service. <b>Target &gt; 50%</b>	<b>Achieved</b> 92% of residents are satisfied with the Environmental Health Service, in the 2013 Resident Satisfaction Survey.	(b)
Building consents and project information memoranda issued within 15 working days.	Percentage of building consents and project information memoranda issued within 15 working days. <b>Target 90%</b>	<b>Achieved</b> 97% of building consents and project information memoranda issued within 15 working days.	(c)
Council will ensure that consented building works adhere to the Building Code.	Percentage of consented buildings under construction (inspected) to ensure code compliance. <b>Target 100%</b>	<b>Achieved</b> 100% of consented buildings under construction are inspected.	(d)
Provision of an effective building control service to the community.	Customer satisfaction survey rating on Building Control. <b>Target &gt; 50%</b>	<b>Achieved</b> 81% of residents are satisfied with the building control service, in the 2013 Resident Satisfaction Survey.	(e)
Dog owners' properties will be inspected to ensure compliance with the Dog Control Act 1996 and Council's bylaws.	Percentage of dog owners' properties inspected per year. <b>Target Urban 100%</b> <b>Rural 10%</b>	<b>Not Achieved</b> 99.8% of urban dog owners properties inspected.  12% of rural dog owners properties inspected.	(f)
High level of customer satisfaction with animal control service.	Customer satisfaction survey rating on Animal Control. <b>Target ≥ 50% good or above</b>	<b>Achieved</b> 71% of residents are satisfied with the animal control service, in the 2013 Resident Satisfaction Survey.	(g)

## Summary of Service Performance

The overall performance of the Regulation Activity for the period ending 30 June 2013 was very good with six out of the seven performance targets achieved.

- (f) The performance target of 100 percent of urban and 10 percent of dog owners' properties inspected per year was not achieved this year. One Urban dog owner's property was not inspected. WDC staff have met with the contractor and inspection procedures have been reviewed to ensure that all the required inspections are carried out.

## How we went against our budget

Cost of Service Statement - Regulation (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Regulation	402	342	306
<b>Total Operating Income</b>	<b>402</b>	<b>342</b>	<b>306</b>
<b>Operating Expenditure</b>			
Regulation	722	830	781
<b>Total Operating Expenditure</b>	<b>722</b>	<b>830</b>	<b>781</b>
<b>Net Operating Cost/(Surplus)</b>	<b>320</b>	<b>488</b>	<b>475</b>
<b>Funded By</b>			
Reserves	(3)	166	47
General Rates	230	229	328
UAGC	93	93	100
<b>Total Funding</b>	<b>320</b>	<b>488</b>	<b>475</b>

## Variations to Annual Plan

### OPERATING INCOME

Building consent revenue was less than budgeted as much of the construction activity in the District focused on less expensive projects which in turn attracted much lower application fees.

### OPERATING EXPENDITURE

Expenditure was more than budget due to an increased allocation of staff time to regulatory functions.

# Environmental Sustainability

The Group of Activity discussed under this heading promotes Community Outcomes that primarily target environmental well-being. Its component Groups aim to minimise the impact of community's lifestyles and growth on the natural environment. It is the responsibility of every local authority to carry out activities that promote sustainable management and protection of the environment.

## Groups promoting Environmental Sustainability:

- Solid Waste Management
- Stormwater Drainage
- Resource Management
- Sewerage and the Treatment and Disposal of Sewage

## Solid Waste Management

### What we do

The Solid Waste Management Group provides for the environmentally safe reduction, diversion, collection and disposal of the District's solid waste. The services delivered will ensure that the natural environment is protected from detrimental effects of solid waste, and that the waste disposal needs of the District community are met.

Council is responsible under the Waste Minimisation Act 2008 for preparing and implementing a waste management and minimisation plan, and overseeing and promoting effective and efficient waste management and minimisation in the District, having regard to the New Zealand Waste Strategy (NZWS).

### There are four activities under this Group:

**Waste Minimisation** - focused on the reduction and diversion (reuse, recycling and recovery) of solid waste. It includes educational programmes targeted at improving awareness of the benefits of waste reduction and services available in support of this, promotion of and support for community initiatives.

**Kerbside Recyclables Collection** - A weekly kerbside collection of recyclables is provided for the residents of Te Kuiti, Piopio, Awakino, Mokau and the Waitomo ward and Village area.

**Kerbside Refuse Collection** - A weekly kerbside collection of bagged refuse is provided for the residents of Te Kuiti, Piopio, Mokau, Awakino and Waitomo ward and Village, coincident with the weekly kerbside collection of recyclables.

**Waste Disposal** - Waste transfer stations are provided at the communities of Benneydale, Piopio, Marokopa (new), Kinohaku, Mokau/Awakino (at site of former Awakino transfer station). A fully consented District landfill is located at Te Kuiti.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Solid Waste Management Group contributes to:



**CO7. Solid Waste and Wastewater**



**CO8. Preserving the Environment**

Strategic Goals for the Solid Waste Management Group

To ensure the safe disposal of waste to protect our natural environment.

To minimise waste disposal within the District.

## Key projects completed during 2012/13

- Reduction in onsite disposal of agricultural products through the promotion of the Agrecovery Rural Recycling Programme.
- Waste minimisation behaviour monitored and reviewed.
- Community education on preparation of recyclable material accepted by the Kerbside Recycling and Refuse Collection service.
- Development and publication of WDC Kerbside Recycling Guide for website.
- Development and publication of an Event Recycling Guide.



## Looking Ahead

- Continuation of waste reduction initiatives.
- Continue assessment of possibility of Waitomo District Landfill becoming a clean fill site only.
- Report of all waste management facilities to identify hazards and safety improvements.
- Carry out two yearly waste audits.
- Monitor and review waste minimisation behaviour change.

# Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
Users find the recycling facilities safe to use.	Percentage of users rate the safety of Council's recycling facilities as satisfactory or better. <b>Target 75%</b>	<b>Achieved</b> 94% of residents are satisfied with the safety of Council's recycling facilities, in the 2013 Resident Satisfaction Survey.	(a)
Provision of effective waste service for the community.	Customer satisfaction survey rating on waste transfer stations. <b>Target 60%</b>	<b>Achieved</b> 80% of residents are satisfied with the provision of waste transfer stations, in the 2013 Resident Satisfaction Survey.	(b)
The solid waste management facilities feel safe to the user.	Percentage of users rate the District's waste transfer stations safe to use. <b>Target 70%</b>	<b>Achieved</b> 95% of residents are satisfied with the safety of the District's waste transfer stations, in the 2013 Resident Satisfaction Survey.	(c)
Users find the landfill facility safe to use.	Percentage of users rate the safety of Council's landfill facility as satisfactory or better. <b>Target 75%</b>	<b>Achieved</b> 93% of residents are satisfied with the safety of the District's landfill facility, in the 2013 Resident Satisfaction Survey.	(d)
The solid waste management facilities are open and accessible to users at advertised times.	Number of complaints per month due to facilities not being open at advertised times. <b>Target &lt;1</b>	<b>Achieved</b> No complaints were received between 1 July 2012 to 30 June 2013 due to facilities not being open at advertised times.	(e)
Reduce quantity of recyclables like paper and plastics in bag collection that goes to landfill.	Percentage of reduction per annum leading to 10% reduction by 2016 and 15% by 2022. (both measured against the 2010 Waste Audit). <b>Target 2%</b>	<b>Achieved</b> As per 2012 Waste Audit results. Refer to Summary of Service Performance below for further information.	(f)
Reduce the quantity of organic waste like food scraps etc in bag collection that goes to landfill.	Percentage of reduction per annum achieved through continual education leading to 10% reduction by 2022 (measured against the 2010 Waste Audit). <b>Target 1.5%</b>	<b>Achieved</b> As per 2012 Waste Audit results. Refer to Summary of Service Performance below for further information.	(g)
Provision of an effective solid waste service for the community.	Number of complaints received per month regarding solid waste activities. <b>Target ≤ 10</b>	<b>Achieved</b> At total of 11 complaints were received between 1 July 2012 to 30 June 2013 regarding solid waste activities with no one month exceeding target.	(h)

## Summary of Service Performance

(f, g) The overall performance of the Solid Waste Management Activity for the period ending 30 June 2013 was excellent, with all eight performance targets achieved, giving an overall achievement of 100% for this activity.

Waste Audit Results		
Type of recyclable waste	2012 Waste Audit	2010 Waste Audit
Paper	Negligible	14.90%
Plastic	Negligible	9.50%
Metal	4%	1.95%
Glass	2%	1.50%
Plastic Wrap*	47.2%	Not measured
Paper Wrap*	27.6%	Not measured
Putrescibles (organic/ food waste)	15.4%	50.4%

There are twelve primary waste categories in the Ministry for the Environment's Waste Analysis Protocol 2002; being paper, plastics, putrescibles, ferrous metals, non-ferrous metals, glass, textiles, nappies and sanitary, rubble and concrete, timber, rubber and potentially hazardous.

The amount of glass and plastic bottles, rubble, concrete, timber and rubber in the refuse bags collected for the 2012 audit was negligible. The 2012 audit results show a dramatic decrease in organic material, paper and plastic containers contained in kerbside refuse bags compared to the 2010 audit. Out of the forty bags audited, only one large and four small glass containers were found, along with twelve small plastic containers.

The comparison between the 2010 and 2012 audit for the Waitomo District Landfill and district waste transfer stations has moved household recycling from the kerbside to the transfer stations.

\* There were a large quantity of plastic and paper wraps measured in the 2012 audit, however these are currently non-recyclable items.

## How we went against our budget

Cost of Service Statement - Solid Waste Management (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Collection	95	115	109
Management	974	770	750
<b>Total Operating Income</b>	<b>1,069</b>	<b>885</b>	<b>859</b>
<b>Operating Expenditure</b>			
Collection	331	311	336
Management	1,623	1,267	1,360
<b>Total Operating Expenditure</b>	<b>1,954</b>	<b>1,578</b>	<b>1,696</b>
<b>Net Operating Cost/(Surplus)</b>	<b>885</b>	<b>693</b>	<b>837</b>
<b>Capital Expenditure</b>			
Management	6	63	6
<b>Total Capital Expenditure</b>	<b>6</b>	<b>63</b>	<b>6</b>
<b>Total Expenditure</b>	<b>891</b>	<b>756</b>	<b>843</b>
<b>Funded By</b>			
Loans	1	0	0
Reserves	5	(112)	(300)
General Rate	7	7	26
Uniform Annual General Charge	7	7	26
Target Rate - District	634	618	798
Target Rate - Mokau	44	43	76
Target Rate - Piopio	30	30	17
Target Rate - Te Kuiti	118	118	147
Target Rate - Waitomo	45	45	53
<b>Total Funding</b>	<b>891</b>	<b>756</b>	<b>843</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$184,000 less than budget due mainly to reduced sales and recoveries at the landfill and an unsuccessful application for waste minimisation project funding. These were offset by an increase in the sale of rubbish bags.

### OPERATING EXPENDITURE

Expenditure was \$376,000 less than budget due mainly to a reduction in costs for kerbside collection (\$48,000), landfill operations (\$310,000), waste minimisation (\$11,000) and transfer stations (\$21,000) offset by an increase in expenditure of \$28,000 for kerbside recycling.

# Stormwater Drainage



## What we do

The Stormwater Drainage Group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall. Surface water flooding can occur in the absence of an effective stormwater drainage system.

The Group covers the stormwater assets owned and operated by Council in urban areas including Te Kuiti, Benneydale, Piopio, Mokau, Awakino, Marokopa and Te Waitere. The majority of Council's stormwater infrastructure is located at Te Kuiti, with limited infrastructure available at the remaining townships. The stormwater infrastructure servicing Waitomo Village and Taharoa is privately owned and does not form part of this Plan.

Providing, maintaining and upgrading Council's urban stormwater network comprising the urban open drains, pipes and manholes, downstream from surface channels, sumps and sump leads (the latter, together with all rural drainage assets, are included under the Roads and Footpaths activity) are the main elements of this group.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Stormwater Drainage Group contributes to:	
 <b>CO4. A Vibrant and Prosperous District</b>	 <b>CO8. Preserving the Environment</b>
Strategic Goals for the Stormwater Drainage Activity:	
To protect public health and property. To protect the environment from the adverse effects of stormwater. To enable economic development.	

## Key projects completed during 2012/13

- Completion of the St Andrew's Court stormwater drain.
- Butler Street stormwater inlet rehabilitation completed.



Rehabilitation work was undertaken on the inlet to the stormwater drain located on Butler Street Te Kuiti.

## Looking Ahead

- Continue to collect Asset Management data (physical attributes, asset performance/ condition, and costs).
- Determine the condition and decay rates of the networks by analysing condition reports provided by contractors and/or works staff during the day to day operation of storm water assets.
- Ongoing catchment cleaning of pipes as identified.
- King Street East storm water pipe relaying of undermined pipes.
- Rora Street storm water in conjunction with street rehabilitation.
- Piping of open drains to continue where required.
- Duke Street and George Street pipe replacement where identified.



The upgrade of the St Andrew's Court Te Kuiti stormwater drain provides extra drainage needed to mitigate surface flooding at times of heavy rainfall.



# Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
Threats to public health and property will be limited.	Percentage of urgent requests dealt with within one working day. <b>Target 90%</b>	<b>Not Achieved</b>	<b>(a)</b>
Service requests and complaints are processed as they come in.	Completion time (working days following receipt) for customer follow up on outstanding requests/complaints. <b>Target &lt; 5 days</b>	<b>Not Achieved</b>	<b>(b)</b>
Stormwater quality will be managed effectively.	Percentage of stormwater pollution incidents are corrected within time frames agreed with Waikato Regional Council. <b>Target 100%</b>	<b>Achieved</b> No service request complaints were received regarding Stormwater pollution incidents.	(c)
	Response time for investigation of all reported pollution incidents associated with stormwater discharge following notification. <b>Target &lt; 12 hours</b>	<b>Achieved</b> There were two service request complaints received in 2012/13 regarding the response time for investigation of all reported pollution incidents associated with Stormwater discharge. Both were resolved within the twelve hour timeframe.	(d)
	Number of stormwater abatement notices issued. <b>Target Nil</b>	<b>Achieved</b> There were no Stormwater abatement notices issued for the 2012/13 year.	(e)

## Summary of Service Performance

The overall performance result for Stormwater Drainage for the financial year ended 30 June 2013 was good, with three out of the five performance targets being achieved, giving an overall achievement of 60% for this activity.

The Stormwater system has been historically under maintained and this is now becoming evident due to the number of service requests (or complaints) being received by WDC. The intensity of rainfall affects the capabilities of the Stormwater facility. WDC is gradually progressing to identify and resolve the problems where and when budgets allow.

**(a)** The performance target of '90 percent of urgent requests dealt with within one working day' was not achieved for the 2012/13 year with an actual result of 81%. A total of 21 urgent requests were received for the year, with 81% (17 out of 21) being dealt with within one working day, and 19% (4 out of 21) not being completed within the required timeframe. The main reasons for the complaints were due to missing manhole lids or grates and over-flowing drains posing a health and safety risk to the public. Some of these urgent requests required further investigation and/or work in order to resolve the issue. In some circumstances, the water must drain away before a more in-depth investigation can be carried out. This has resulted in a delay in the resolution of the request. WDC and the contractor continue to work closely together to ensure such issues are dealt with as soon as possible. There has been no significant change with this result since the previous financial year.

**(b)** The performance target of 'Completion time (following receipt) of less than five working days for customers follow up on outstanding requests/complaints' was not achieved for the 2012/13 year. This performance target requires that all requests are completed within five working days of the initial notification being received by WDC.

A total of 22 service request complaints were received for the year, with 91% (20 out of 22) being completed within the required five day time frame, and 9% (two out of 22) were not completed within five days. In comparison to the previous financial year's results, there has been a minimal increase in the total number of complaints received for the Stormwater Drainage activity. However the percentage of issues resolved within the required timeframe has improved for 2012/13.

WDC will continue to strive to provide excellent Customer Service for the community by following up on service requests in a prompt and efficient manner.

## How we went against our budget

Cost of Service Statement - Stormwater (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Te Kuiti Stormwater	0	68	0
Rural Stormwater	0	0	0
<b>Total Operating Income</b>	<b>0</b>	<b>68</b>	<b>0</b>
<b>Operating Expenditure</b>			
Te Kuiti Stormwater	346	452	312
Rural Stormwater	34	19	43
<b>Total Operating Expenditure</b>	<b>380</b>	<b>471</b>	<b>355</b>
<b>Net Operating Cost/(Surplus)</b>	<b>380</b>	<b>403</b>	<b>355</b>
<b>Capital Expenditure</b>			
Te Kuiti Stormwater	122	96	84
Rural Stormwater	5	0	0
<b>Total Capital Expenditure</b>	<b>127</b>	<b>96</b>	<b>84</b>
<b>Total Expenditure</b>	<b>507</b>	<b>499</b>	<b>439</b>
<b>Funded By</b>			
Loans	0	0	0
Reserves	127	143	69
Target Rate Urban	346	323	298
Target Rate Rural	34	33	72
<b>Total Funding</b>	<b>507</b>	<b>499</b>	<b>439</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$68,000 more than budget due to connection fees (\$3,000) and a contribution from St Andrews Housing Trust (\$65,000) towards the cost of piping and backfilling an open drain.

### OPERATING EXPENDITURE

Expenditure was more than budget due mainly to a \$84,000 loss on asset disposal and increases of \$19,000 in depreciation on revalued assets and \$47,000 in indirect costs. These were offset by decreases of \$27,000 in insurance and \$11,000 in resource consent compliance costs.



# Resource Management

## What we do

The Resource Management Activity involves the administration, application and enforcement of the Waitomo District Plan provisions including:

- Issuing of resource consents for land use and subdivisions.
- Monitoring consents for compliance with conditions.
- Making amendments to the District Plan.

The services delivered by this Group promote sustainable development of natural and physical resources, by establishing policies and plans which aim in part to make the district vibrant and prosperous.

The Resource Management Act 1991 (RMA) requires Council to establish objectives, policies and plans which promote the sustainable development of the District's natural and physical resources in a manner which enables communities to provide for their social, economic, environmental and cultural well-being and for their safety and health.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Resource Management Group contributes to:	
 <b>CO4. A Vibrant and Prosperous District</b>	 <b>CO8. Preserving the Environment</b>
Strategic Goals for the Resource Management Group:	
To provide a safe and sustainable environment by effectively and efficiently administering and enforcing the provisions of the Resource Management Act 1991 and the Waitomo District Plan.	

## Looking Ahead

- A thorough scope and needs analysis will be undertaken for the District Plan review.
- District Plan review (deferred EAP 2013/14) commences 2014/15.

The LTP 2012-22 provided for a full review of the District Plan to commence in the 2013/14 financial year. However, due to imminent changes to the RMA and also the regional planning work stream carried out by the Waikato Mayoral Forum, the EAP 2013/14 deferred the commencement of the District Plan review to 2014/15.

Council intends to keep a watching brief on the parliamentary process around RMA reforms and intends to carry out a detailed scoping of resource management issues within the District.

This project is necessary so as to ensure that the reviewed plan allows Council to manage the use, development and protection of our natural and physical resources in a manner which best meets community needs.



*Eastern views across farmland to the indigenous native bush and pinus radiata forest.*

## Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
Council will ensure that resource consents are processed in a timely and customer friendly manner so as to facilitate district wide development.	Percentage of notified consents processed within 80 working days of receipt.* <b>Target 90%</b>	<b>Achieved</b> No fully notified resource consents have been processed during the 2012/13 financial year.	(a)
	Percentage of non-notified consents processed within 20 working days. <b>Target 90%</b>	<b>Achieved</b> 100% of non notified consents processed within 20 working days.	(b)
All premises where resource consent have been issued will be monitored at least biennially to ensure compliance.	Percentage of consented premises visited each year. <b>Target 50%</b>	<b>Achieved</b> 54% of consented properties were visited in 2012/13.	(c)

\*Resource consents are notified for public comment if they are complex with possible off-site effects.

### Summary of Service Performance

The overall performance of the Resource Management Activity for the period ending 30 June 2013 was excellent with all three performance targets achieved for the year.

## How we went against our budget

Cost of Service Statement - Resource Management (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
District Plan Administration	73	73	91
<b>Total Operating Income</b>	<b>73</b>	<b>73</b>	<b>91</b>
<b>Operating Expenditure</b>			
District Plan Administration	191	227	206
<b>Total Operating Expenditure</b>	<b>191</b>	<b>227</b>	<b>206</b>
<b>Net Operating Cost/(Surplus)</b>	<b>118</b>	<b>154</b>	<b>115</b>
<b>Funded By</b>			
General Rates	59	59	68
Uniform Annual General Charges	59	59	68
Reserves	0	36	(21)
<b>Total Funding</b>	<b>118</b>	<b>154</b>	<b>115</b>

## Variations to Annual Plan

### OPERATING EXPENDITURE

Expenditure was \$36,000 more than budget due to an unbudgeted provision for doubtful debt (\$17,000) and an increase in indirect costs allocated to this activity.

# Sewerage and Treatment and Disposal of Sewage

## What we do

The Sewerage Group provides for the environmentally safe collection, treatment and disposal of the District's sewage wastes. Sewerage (or wastewater) schemes are provided by Council at Te Kuiti, Piopio, Benneydale and Te Waitere. The privately owned and operated sewerage schemes at Waitomo Village and Taharoa do not form part of this Plan.

**There are three activities under this Group, namely:**

- Maintenance
- Renewals and replacements
- Improvements

Operation and maintenance involves the planned and reactive servicing of the sewerage infrastructure – clearing blocked sewers, servicing pump stations, repairing damaged asset components and operating the sewerage treatment plants and disposal systems.

Renewal/replacement of sewerage infrastructure (principally sewer pipes) involves replacement of these assets at the end of their effective lives.

The timing of renewals is determined from the asset age, condition assessments and capacity assessments of the existing drainage networks based on the available asset data.

Improvements involve the provision of additional sewerage reticulation or treatment plant capacity either by installing new or extending existing pipe networks or treatment plants. Where possible, any identified shortfall in existing pipe capacity will be addressed at the time of the pipe replacement so that any existing undersized pipes will be replaced with larger diameter pipes.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Sewerage and Treatment and Disposal of Sewage Group contributes to:	
 <b>CO7. Solid Waste and Wastewater</b>	 <b>CO8. Preserving the Environment</b>
Strategic Goals for the Sewerage and Treatment and Disposal of Sewage Group:	
Wastewater is managed to preserve and protect the natural environment.	
To meet the Community's needs by ensuring public health, social well-being and providing for economic growth.	

## Key projects completed during 2012/13

- Completion of the Bayne Street sewer manhole replacement.
- Piopio Sewerage system completed and commissioned.
- Completion of major components of the Te Kuiti Waste Water Treatment Plant.

## Looking Ahead

### Asset Management Programmes

- Improve accuracy and completeness of asset registers for each scheme.
- Develop a greater focus on risk identification and management, obtaining more detailed information on critical assets, and prioritise the works developed from the risk assessment exercise.

### Te Waitere Sewerage

- Replace existing sewer pump line.

### Te Kuiti Sewerage Scheme

- Investigate infiltration and inflow for improvements during wet weather periods.



*The upgrade of the Te Kuiti Wastewater Treatment Plant includes the implementation of treatment processes to enhance the overall function of the Plant; such as the sand filter (above) and a biological sludge reactor (below).*



# Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
Sewage treatment is managed without adversely affecting the quality of the receiving environment.	Number of complaints regarding receiving water quality as a result of effluent discharge as measured in Request for Service (RFS) system. <b>Target ≤ 2</b>	<b>Achieved</b>  There were no service request complaints received in 2012/13 as a result of effluent discharge. Refer to Summary of Service Performance for further information.	<b>(a)</b>
Sewage is managed without risk to public health.	Number of sewage overflows into habitable buildings due to faults in the wastewater system (measured by RFS system). <b>Target ≤ 1</b>	<b>Not Achieved</b>	<b>(b)</b>
A reliable removal and treatment service is provided.	Number of sewage overflow events per year at any one wastewater scheme. <b>Target ≤ 2</b>	<b>Not Achieved</b>	<b>(c)</b>
Resource Consent for TKWWTP is renewed and complied with.	Percentage compliance with renewed TKWWTP Resource Consent <b>Target N/A</b>	<b>Not measurable at this time.</b> This target will be measured in 2014/15.	<b>(d)</b>

Note: Renewal of the Resource Consent has been applied for. Experience with the Piopio consent has shown that objectors delay the renewal of this type of consent and it is expected that the renewed consent will be granted in 2015.

## Summary of Service Performance

The overall performance for Sewerage and Treatment and Disposal of Sewage for the year ended 30 June 2013 was disappointing, with one out of the four key performance targets being achieved and one not being measurable in 2012/13.

Te Kuiti Waste Water Treatment Plant plays a major part in the performance results for this activity. The upgrade of the plant is now complete and is under the operation of specialised WDC Wastewater Operations staff who monitor the effective running of the plant. It is expected that this will contribute to future improvement in these performance results.

**(a)** An official written warning was received from Waikato Regional Council due to a breach in consent conditions for Te Kuiti Wastewater Treatment Plant. The breach was due to an overspill of partially treated effluent as a result of a high rainfall event that coincided with upgrade work being done to the TKWWTP. Waikato Regional Council took no further steps against WDC. No service request complaints were received as a result of the overspill, as the spill was contained and managed as best as could be under the circumstances with chemical dosing and maximum possible containment.

**(b)** The performance target of 'Number of sewage overflows into habitable buildings due to faults in the wastewater system (measured by RFS system)' was not achieved this year. A total of three service request complaints were received over the year, of which two were from sewer main blockages and one was as a result of a sewer line being flushed as part of WDC operations.

When a line is flushed, residents are provided with notification by WDC's contractor. In addition to this, a public notice is published by WDC in the Waitomo News.

All complaints entered into WDC's Request for Services System were rectified, and the premises disinfected and sanitised by the WDC contractor.

**(c)** The performance target of 'Less than two sewage overflow events per year at any one wastewater scheme' was not achieved for the 2012/13 year. A total of 34 service request complaints were received, of which 32 were from the Te Kuiti Wastewater Scheme and two were from the Piopio Wastewater Scheme.

All of the service request complaints received were related to blockages in the sewerage network, that resulted in sewage overflow events. A majority of these incidents have more commonly occurred when there is a high level of ground and Stormwater infiltration into the piped reticulation network during high rainfall events and the underground pipe work is damaged or the pipe joints have lost integrity.

A rolling project involving the investigation into the condition of the reticulation networks is in place for the next ten years. Faults in the network are repaired as they become apparent and renewal of damaged sections are done out of the annual renewal budget.

**(d)** The performance target of 'Percentage compliance with renewed TKWWTP Resource Consent' will be measured in 2014/15. Substantial upgrades to the TKWWTP are critical from a public health perspective and in order to meet Council's Resource Consent obligations. The upgrade of the Plant is now complete.

## How we went against our budget

Cost of Service Statement - Sewerage (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Te Kuiti Sewerage	534	3,242	1,999
Benneydale Sewerage	1	1	105
Piopia Sewerage	0	359	864
<b>Total Operating Income</b>	<b>535</b>	<b>3,602</b>	<b>2,968</b>
<b>Operating Expenditure</b>			
Te Kuiti Sewerage	2,133	1,718	1,798
Te Waitere Sewerage	29	32	36
Benneydale Sewerage	143	173	251
Piopia Sewerage	326	232	115
<b>Total Operating Expenditure</b>	<b>2,631</b>	<b>2,155</b>	<b>2,200</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,096</b>	<b>(1,447)</b>	<b>(768)</b>
<b>Capital Expenditure</b>			
Te Kuiti Sewerage	5,442	6,870	2,502
Te Waitere Sewerage	8	0	0
Benneydale Sewerage	0	16	138
Piopia Sewerage	0	159	678
<b>Total Capital Expenditure</b>	<b>5,450</b>	<b>7,045</b>	<b>3,318</b>
<b>Total Expenditure</b>	<b>7,546</b>	<b>5,598</b>	<b>2,550</b>
<b>Funded By</b>			
Loans	5,442	4,619	1,186
Reserves	146	(965)	(114)
Target Rate - Te Kuiti	1,599	1,578	1,161
Target Rate - Te Waitere	29	30	40
Target Rate - Benneydale	114	115	109
Target Rate - Piopia	216	221	168
<b>Total Funding</b>	<b>7,546</b>	<b>5,598</b>	<b>2,550</b>

# Variations to Annual Plan

## **OPERATING INCOME**

Revenue was \$3.067 million more than budget due to receiving \$2.609 million in subsidies not included in budgets for the year as there was uncertainty at the time subsidy applications were made whether Council was eligible to receive subsidy monies. In addition, trade waste revenue was \$477,000 more than forecast.

## **OPERATING EXPENDITURE**

Expenditure was less than budget due to reductions in:

- (a) electricity (\$107,000). Budgets were prepared on the assumption that the newly constructed Waste Water Treatment assets would be using electricity sooner.
- (b) variable costs and operational maintenance costs at Te Kuiti WWTP were also \$107,000 under budget. Chemicals were \$71,000 over budget to maintain consent conditions.
- (c) insurance costs including those associated with the Local Authority Protection Programme (LAPP) were \$40,000 below budget.
- (d) indirect costs, particularly depreciation charges being less than budget. The balance is made up of savings achieved in loan interest charges.

## **CAPITAL EXPENDITURE**

Capital expenditure, for which budgets were provided in the previous year, occurred during the year - reactor modifications (\$1.103 million), WWTP aeration system (\$1.549 million), and SCADA and telemetry systems (\$374,000).

Those expenditures were offset by reductions in budgeted capital works - replacing obsolete electricals (\$800,000), Rora Street upgrade investigations (\$360,000), and wetland development (\$282,000)

# Economic Sustainability

The Groups of Activities discussed under this heading promotes Community Outcomes that primarily target economic well-being. Its component Groups focus on providing the necessary infrastructure that enables communities to prosper and to ensure that the District as a whole is able to transport produce and necessities to and from the marketplace. The growth and maintenance of tourism, farming and other commerce and industry is dependent on the provision of reliable transport and water supply networks.

## Groups promoting Economic Sustainability:

- Water Supply
- Roads and Footpaths

## Water Supply

### What we do



The Water Supply activity provides for the environmentally safe collection, treatment and reticulation of Council's public water supplies. Water supply schemes are provided by Council at Te Kuiti, Benneydale, Piopio and Mokau.

The privately owned and operated water supply schemes at Waitomo Village and Taharoa do not form part of this Plan.

### There are three aspects of operations under this group, namely:

- **Maintenance** – which can be defined as the regular work and immediate repairs necessary to preserve an asset in a condition, which allows it to perform its required function.  
For example, repairing leaks and broken mains, servicing pump stations, cleaning reservoirs etc.
- **Renewals and Replacements** - Renewal/ replacement of water supply infrastructure (principally water supply mains) involves replacement of these assets at the end of their effective lives. The timing of renewals is determined from the asset age, condition assessments and capacity assessments of the existing water supply networks based on the available asset data.
- **Improvements** - This involves the provision of additional water supply reticulation, storage or treatment plant capacity either by installing new or extending/upgrading existing pipe networks, storage structures or treatment plants.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Water Supply Group contributes to:	
 <b>CO4. A Vibrant and Prosperous District</b>	 <b>CO5. Water Supplies</b>
Strategic Goals for the Water Supply Group:	
To deliver safe drinking water in accordance with the 2005 Drinking Water Standards.	
To deliver reliable water supplies and adequate fire fighting capabilities to meet the needs of the Community.	

## Key projects completed during 2012/13

- Upgrade of the Piopio Water Treatment Plant was completed.
- Work on replacing the faulty section of pipe in John Street Te Kuiti, commenced in June and was completed in July 2013.
- Replacement work carried out on a section of rising water main pipe on Kent Street Te Kuiti.
- Extension of water main pipe carried out on View Road/ Terrace Road Te Kuiti.

### Fire Hydrant Flushing

- A preventative maintenance programme commenced in July 2012.

### Benneydale and Mokau Water Supply

- The installation of the ultra violet disinfection was completed for both of these schemes.



Piopio Water Treatment Plant.

## Looking Ahead

Identified areas for improvement relate mainly to the aesthetic (taste, odour, colour) aspects of Council's water supplies and to ensure an adequate supply volume.

Application submitted for Ministry of Health subsidy funding to install disinfection units at the Mokau and Benneydale water treatment plants was successful and the

work will be completed during the 2013 calendar year.  
The projects and programmes scheduled for 2013/14 are:

### Te Kuiti Water Supply

The TKWTP needs significant upgrade to meet the Health (Drinking Water) Amendment Act 2007 (Amended 2008), that has application to the Te Kuiti supply with effect from 1 July 2014.

The project to construct and commission the upgrades to the plant will commence in 2013/14 and be completed in 2018/19 at a total estimated cost of \$3.37 million.

### Mokau Water Supply

Construction works on the Mokau dam to increase the holding capacity will be undertaken in 2013/14 at a total estimated cost of \$810,000.

The Mokau disinfection upgrade will be completed during the 2013 calendar year.

### Benneydale Water Supply

The Benneydale disinfection upgrades will be completed during the 2013 calendar year.

## Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
Water supply is adequate for public health purposes.	Percentage compliance with NZ Drinking water Standards 2005 as measured in WINZ database. <b>Target 95%</b>	<b>Not Achieved</b>	<b>(a)</b>
	Public Health Risk Management plans adopted and implement. <b>Target 100%</b>	<b>Achieved</b> Asset Management Plan (AMP) Budget Manual has been adopted and implemented.	<b>(b)</b>
	Confirmed illnesses attributable to consumption of Council water supply services. <b>Target Nil</b>	<b>Achieved</b> One complaint was received in February 2013 with suspected illnesses attributable to the consumption of the Council's water supply services; however results from samples taken were clear. These illnesses were found to have originated from another cause that is not related to Council's Water Supply Services.	<b>(c)</b>
	Number of complaints per annum regarding water supply quality, at any supply scheme. <b>Target &lt;10</b>	<b>Not Achieved</b>	<b>(d)</b>
	Percentage of customers who are satisfied with the quality of their drinking water as measured by Resident Satisfaction Survey. <b>Target 75%</b>	<b>Not Achieved</b>	<b>(e)</b>
Water resources are used efficiently and sustainably.	Percentage of the fire hydrants meeting bi-annual compliance test with the fire fighting standards. <b>Target 75%</b>	<b>Achieved</b> 85% of fire hydrants met the bi-annual compliance test with the fire fighting standards to 30 June 2013. These are well monitored by Council and any repairs and maintenance requirements are passed on to the contractor to complete.	<b>(f)</b>
Water supply to customers is reliable.	Percentage of customers who are satisfied with the reliability of their water supply services as measured by Resident Satisfaction Survey. <b>Target 75%</b>	<b>Achieved</b> 94% of residents on Council water supply were satisfied with the reliability of the services. This is an excellent result that well exceeds the target of 75% resident satisfaction.	<b>(g)</b>



What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
Failures and service requests are responded to promptly.	Percentage of supply disruptions restored with 4 hours after first notification. <b>Target 90%</b>	<b>Not Achieved</b>	<b>(h)</b>

### Summary of Service Performance

The overall performance for Water Supply for the year ended 30 June 2013 was disappointing, with four out of the eight key performance targets being achieved, giving an overall result of 50% achievement for this activity. These results are largely attributable to the Te Kuiti water supply scheme, followed by Piopio then Mokau. The two major water main issues that occurred in Piopio and Mokau this year negated any positive results for these two water supply schemes.

- (a) The performance target of *'Ninety-five percent compliance with NZ Drinking water Standards 2005 as measured in WINZ database'* was not achieved this year. In order for the plants to comply with the requirements of the standards established under the Act, they will require significant capital upgrades. Mandatory standards were imposed by the 2007 Health (Drinking Water Act) as amended in 2008. The compliance regime looks to impose additional accountability reporting and reduce potential risks to public health by introducing the requirement for additional (barriers) treatment processes.

The application for Ministry of Health funding for the upgrade to the Te Kuiti Water Treatment Plan was successful. The project to construct and commission the upgrades to the plant will commence in 2013/14 and be completed in 2018/19.

The upgrade of the Piopio Water Treatment Plant was completed in early 2013 and officially opened on Friday 24th May 2013. This plant now meets the NZ Drinking Water Standards and is operating at a high standard.

Mokau Water Treatment Plant is in the process of being upgraded and will be completed by the end of 2013. The Mokau dam upgrade has received approval of subsidy from the Ministry of health.

The Benneydale disinfection upgrades will be completed during the 2013 calendar year.

- (d) The performance target of *'less than 10 complaints per annum regarding water supply quality at any supply scheme'* was not achieved this year. A total of 172 service request complaints were received for the year of which 77% (128) were for the Te Kuiti scheme, 6% (15) were for the Mokau scheme and 17% (29) were for the Piopio scheme. There were no service request complaints for the Benneydale water supply scheme. Te Kuiti Water supply has the majority of complaints due to the number of users of the water supply scheme. The complaints were related to poor taste, discoloured water and odour.

Mokau water supply network experienced a burst in the water main in September 2012 which resulted in a large number of complaints regarding loss of supply.

Piopio had a major leak within the reticulation network in January/February 2013, which resulted in interruptions to the supply (for one day) for most of the residents of Piopio township.

For both Mokau and Piopio situations, bottled drinking water was delivered directly to residents' homes and businesses in an effort to relieve the effects of the loss in their water supply for the relative period. All efforts are made by Waitomo District Council and its contractors to ensure water supply quality is maintained at all schemes. Residents are notified when an issue occurs or if there is going to be major work carried out on the water supply network that could affect residents supply.

- (e) The performance target of *'Seventy-five percent of customers who are satisfied with the quality of their drinking water as measured by the Resident Satisfaction Survey'* was not achieved this year. Of the 800 residents surveyed this year, 58% (226) were satisfied or very satisfied, 40% (161) were dissatisfied or very dissatisfied and 5% (21) had a "don't know" response. In comparison to the previous years results there was an overall increase in satisfaction by 3%.

The main reasons for residents' dissatisfaction with the drinking water supply was poor taste and colour. A 12% decrease in complaints for poor taste was indicated in the results; however an increase in complaints of 9% was in relation to the colour (brown/dirty) of the water supply.

Waitomo District Council takes all care to treat the water supplies for taste and odour. Personal opinion of what is considered poor taste can vary and this can make it difficult to determine the cause of the satisfaction rating. If the taste is considered poor due to a chlorine taste, it is not possible to remedy this as those residents living near the treatment plant will always have a higher than normal chlorine content in order for Waitomo District Council to meet the requirements of the Drinking Water Standards for the far end of the reticulation network. If the rating is a result of the water having an earthy taste, then this is a result of the carbon dosing rate being too low. This will be remedied through the upgrades to the Water Treatment Plant (currently underway) to enable automated adjustment of the chemical dosing plant. The current 'taste and odour' treatment practices will continue with ongoing reviews of chemical dosage levels with the aim to provide pleasant tasting drinking water to the community.

- (h) The performance target of *'Ninety percent of supply disruptions restored within 4 hours after first notification'* was not achieved for the year, with an actual result of 55% of disruptions restored within the required timeframe.

A total of 200 service request complaints were received for the year of which 55% (110) were restored within four hours of the initial notification, and 45% (90) were not restored within the required timeframe. These results indicate a significant increase in the total number of complaints in comparison to the previous years result of 152 complaints received (43% restored within four hours).

The main reasons for the service request complaints were for minor leaks and leaks from tobys or fire hydrants mostly within the Te Kuiti area, and a small number of complaints from Mokau and Piopio. The integrity and condition of some tobys, fire hydrants and water pipes is an issue to be considered given these performance results. Improvements through the replacement of tobys and fire hydrants are an ongoing process.

## How we went against our budget

Cost of Service Statement - Water Supply (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Te Kuiti Water	484	625	475
Mokau Water	839	50	6
Piopio Water	340	74	282
Benneydale Water	23	51	13
<b>Total Operating Income</b>	<b>1,686</b>	<b>800</b>	<b>776</b>
<b>Operating Expenditure</b>			
Te Kuiti Water	1,324	1,393	1,267
Mokau Water	263	338	305
Piopio Water	218	399	249
Benneydale Water	133	139	150
<b>Total Operating Expenditure</b>	<b>1,938</b>	<b>2,269</b>	<b>1,971</b>
<b>Net Operating Cost/(Surplus)</b>	<b>252</b>	<b>1,469</b>	<b>1,195</b>
<b>Capital Expenditure</b>			
Te Kuiti Water	486	84	147
Mokau Water	1,204	174	52
Piopio Water	443	688	399
Benneydale Water	72	34	9
<b>Total Capital Expenditure</b>	<b>2,205</b>	<b>980</b>	<b>607</b>
<b>Total Expenditure</b>	<b>2,457</b>	<b>2,449</b>	<b>1,802</b>
<b>Funded By</b>			
Loans	1,082	870	271
Reserves	(41)	195	163
Target Rate - Te Kuiti	839	815	780
Target Rate - Mokau/Awakino	254	249	247
Target Rate - Piopio	194	190	187
Target Rate - Benneydale	129	130	154
<b>Total Funding</b>	<b>2,457</b>	<b>2,449</b>	<b>1,802</b>

## Variations to Annual Plan

### **OPERATING INCOME**

The Mokau raw water storage dam project has been delayed in order to develop a new design of the dam at the new site. Consequently budgeted subsidy of \$808,000 was not claimed during the year.

Upgrade work at the Piopio Water Treatment Plant was scheduled to be undertaken during the 2012/13 financial year with budgeted subsidy of \$316,000. However, subsidy was obtained earlier than anticipated and the scope of the work changed with a significant part of the work completed during 2011/12. Subsidy received during 2012/13 amounted to \$50,000.

Te Kuiti metered water revenue and water connections were \$141,000 more than budget.

### **OPERATING EXPENDITURE**

Expenditure was \$331,000 more than budget due mainly to:

- (a) an increase of \$135,000 in depreciation charges on new and revalued assets.
- (b) an increase of \$157,000 in operating and maintenance costs due to fire hydrant replacement and repairs carried out to a chlorine monitor in Mokau. Additional costs were also incurred in investigation works that were carried out tracing leaks in the reticulation system at Piopio.
- (c) an increase of \$106,000 in indirect costs due to an increased allocation of staff time to water services.

### **CAPITAL EXPENDITURE**

Capital expenditure was \$1.225 million less than budget due to the deferred Mokau raw water storage dam project (\$1.030 million) and delayed upgrade work at the Te Kuiti Water Treatment Plant (\$402,000) to meet WHO drinking water standards.

Additional costs at the Piopio Water Treatment Plant were required to meet reticulation renewals (\$7,000), fencing, additional site work and upgrades to meet drinking water standards (\$238,000).

# Roads and Footpaths

## What we do

The nature of the roading activities is to manage and maintain the District's road network and to identify the need for and undertake maintenance, operations, renewals of roads and footpaths and ancillary systems such as signs and road markings.

The scope of the activities forming part of the Roads and Footpaths Group includes:

- Roads (excluding state highways),
- Footpaths, bridges,
- Traffic services,
- Carparking and
- Traffic safety programmes

The services delivered by this Group aim to provide safe and reliable transport infrastructure (including footpaths) to facilitate the movement of people and goods.

Roads	Urban (km)	Rural (km)	Total (km)
Sealed	50.22	409.04	459.26
Unsealed	2.75	552.07	554.82
<b>Total Maintained</b>	<b>52.97</b>	<b>961.11</b>	<b>1,014.08</b>

There are no passenger transport services available other than the national links via the NZ Rail Overlander service and inter-regional bus connections operating on the state highway network.

### Subsidised Roading

New Zealand Transport Agency (NZTA), the national road funding authority, provides a subsidy for works that meet their criteria via the regional council's Land Transport Programme. The Activities currently subsidised by NZTA are:

- Sealed Pavement Maintenance
- Unsealed Pavement Maintenance
- Routine Drainage Maintenance
- Structures Maintenance
- Environmental Maintenance
- Traffic Services Maintenance
- Level Crossing Warning Devices
- Emergency Reinstatement
- Network and Asset Management
- Professional Services

### Unsubsidised Roading

These are activities carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience, but are not subsidised by NZTA.

The Council has sole financial responsibility for this activity.

The functions include:

- Footpath Maintenance
- Footpath Renewals
- Amenity Lights
- Unsubsidised Miscellaneous work
- Street Cleaning
- Carpark Maintenance (other than kerbside parking)

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Roads and Footpaths Group contributes to:



**CO4. A Vibrant and Prosperous District**



**CO6. Transport Infrastructure**

Strategic Goals for the Roads and Footpaths Group:

The economic and lifestyle needs of the District are supported through provision of a safe and reliable transport network providing access to properties and an effective transportation service, and ensuring passage of through traffic.

## Key projects completed during 2012/13

- Minor structural replacements and repairs have been carried out on 13 bridges within the district.
- Installation of several areas of guard and sight rail across the district (\$100,000) completed through Traffic Services Renewals, Minor and Associated Improvements.
- Installation of new street lights to replace existing lights that were in an unsafe condition completed.
- Reseal approx 45km of road throughout the District completed. The market rates allowed this work to be completed within our allocated budget.
- Pavement Rehabilitations carried out on Te Anga Road, Taharoa Road and Rora Street.
- Minor Safety Improvements were carried out on all pavement rehabilitation sites as well as Mangaokewa and Hauturu Roads completed.
- The network deficiency database established in 2009/10 was updated this financial year and work progressed on various perceived issues. \$43,000 of the traffic services renewal budget was spent on additional safety signage district wide to start addressing the deficiency database.
- Community Focussed Activities is a joint venture between WDC and Otorohanga District Council where \$88,000 is spent on road safety education within the two districts. The joint venture allows one Road Safety Co-ordinator to be employed and educate the community through activities such as fatigue stops, child restraint stops, driver licensing, speed and alcohol awareness.
- Restoration works carried out on notorious district slumps including Oparure 2.8kms, Taharoa Road (The Staircase) and Te Anga Road (Clayton-Greene's) were all completed. These works are ongoing.

## Looking Ahead

One of Council's strategies outlined in the LTP 2012-22 is to restore the Levels of Service for this Group of Activities to what they were prior to the introduction of the austerity measures through the 2009-19 LTP. These reductions are now being phased back returning to full funding levels by 2015/16.

In May 2012, the NZTA Board confirmed in writing that it had committed to provide WDC with \$25.9M of roading subsidy for the three year period 2012 to 2015. That amounts to a 12% increase over the subsidy support previously provided. This has enabled Council to proceed with its intention to return to previous service levels by 2015/16.

Category	Approved 2013/14 Budget
Pavement Rehabilitation	\$930,000
Sealed Road Surfacing (38km per year)	\$1,280,000
Minor Improvement Works for Renewals	\$300,000
Drainage Renewals	\$400,000
Unsealed Road Metalling	\$502,900
Structures Components Replacement	\$350,000
Emergency Reinstatement Works	\$240,000
Rora Street Upgrade – Stage 3	\$200,000



WDC's roading contractor Downers, carry out pavement rehabilitation works on a rural road in the Waitomo District.

## Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2013	Key
The rideability of the roading network is maintained in good condition and is 'fit for purpose'.	The number of service complaints from ratepayers in any one month regarding the condition of the roading surface. <b>Target &lt;4 / month</b>	<b>Not Achieved</b>	<b>(a)</b>
	Sealed road lane kilometres exceeding a NAASRA roughness count rating of 150. Measured on a bi-annual basis. <b>Target &lt;8%</b>	<b>Achieved</b> NAASRA is measured on a biennial (two yearly) basis with an achieved result of 3.9% for this year.	<b>(b)</b>
The network's traffic marking and signage facilities are up to date, in good condition and 'fit for purpose'.	Number of service complaints per month regarding missing, damaged or inaccurate road signage. <b>Target &lt;3 / month</b>	<b>Not Achieved</b>	<b>(c)</b>
The roading network is open and accessible to users.	The number of road closures per month due to weather events (defined as bank slippages or blockages or flood events) lasting more than 24 hours. <b>Target ≤1* / month</b>	<b>Not Achieved</b>	<b>(d)</b>
	The number of complaints per month regarding damaged footpaths. <b>Target &lt;3</b>	<b>Not Achieved</b>	<b>(e)</b>
	Time of response to reported defects and faults. <b>Target Within 24 hours</b>	<b>Achieved</b> One service request complaint was received in December 2012 regarding defects and faults and was responded to within 24 hours of first notification.	<b>(f)</b>

\*The target has been slightly revised as sometimes severe weather events can happen causing excess damage and the resolution can be delayed. Resourcing to meet these rare events is considered financially impractical and hence the slight revision in target.

\*\* NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicate an acceptable level of ride comfort.

## Summary of Service Performance

The overall performance for Roads and Footpaths activity for the year ended 30 June 2013 was disappointing with two out of the six key performance targets being achieved, giving an overall performance result of 33% total achievement for this activity.

- (a)** The performance target of *'less than four service complaints per month in any one month regarding the condition of the roading surface'* was not achieved for the 2012/13 year.

A total of 91 service requests were received for the year, with only two out of the twelve months having achieved this target. The majority of these complaints were related to rural roads and followed inclement weather conditions causing potholes, corrugations and under slips in the carriageway, which are unavoidable. Where practicable, these issues are followed up promptly by the road maintenance contractor. Emergency work is carried out by an approved contractor as soon as possible following quotation or tender approval.

The current target is unachievable on a rural network with 550km of unsealed roads. The drought exacerbated complaints due to the inability to grade the road surface as a result of water restrictions in place across the Waitomo district.

- (c)** The performance target of *'three or less service complaints per month regarding missing, damaged or inaccurate road signage'* was not achieved for the 2012/13 year.

A total of 19 service request complaints were received for the year, with two months out of the year not achieving the required target of three or less complaints. The number of complaints for missing, damaged and inaccurate road signs was much the same and spread between both rural and urban roads. Four of the missing street/road signs were as a result of vandalism or theft. As in previous years, this issue is difficult to remedy and investigations rarely produce the results that Waitomo District Council require in order to improve on this performance measure. Missing and damaged streets signs are promptly replaced or repaired by the Councils road maintenance contractor.

- (d)** The performance target of *'one or less road closures per month due to weather events (defined as bank slippages or blockages or flood events) lasting more than 24 hours'* was not achieved for the 2012/13 year. A total of 20 service request complaints regarding road closures were received, with 43% (9) being achieved and 57% (12) not achieving the required target with the road closures lasting more than 24 hours. The complaints received were mainly relating to slips or fallen trees blocking the carriageway on rural roads, which often occurred following heavy rainfall. There was one urban slip on View Road that Council were notified about.

Although this target was not met, WDC takes all care to ensure that the road maintenance contractor deals with these issues as quickly as possible for the safety and expediency of the road users and residents. WDC will ensure that adequate communication is maintained with its' contractor to assist in the achievement of this performance target.

- (e)** The performance target of *'three or less complaints per month regarding damaged footpaths'* was not achieved for the 2012/13 year.

A total of 28 service request complaints were received for the year, with three months out of the year not achieving the required target of three or less. There has been a significant increase in the number of complaints for the key performance indicator this year from nine last year to 28 this year. The complaints received mainly related to the surface condition of the footpaths requiring repair to maximise safety to the road user. In most cases these complaints were resolved promptly by the road maintenance contractor.



*Council's aim is to restore the levels of service provided by the Roads and Footpaths group of activities, by 2015/16 (2012-22 Long Term Plan).*

## How we went against our budget

Cost of Service Statement - Land Transport (\$000's)	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Operating Income</b>			
Subsidised Roads	5,584	5,217	5,599
Non Subsidised Roads	60	74	75
<b>Total Operating Income</b>	<b>5,644</b>	<b>5,291</b>	<b>5,674</b>
<b>Operating Expenditure</b>			
Subsidised Roads	8,343	8,542	9,181
Non Subsidised Roads	278	293	276
<b>Total Operating Expenditure</b>	<b>8,621</b>	<b>8,835</b>	<b>9,457</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,977</b>	<b>3,544</b>	<b>3,783</b>
<b>Capital Expenditure</b>			
Subsidised Roads	4,642	4,030	3,833
Non Subsidised Roads	213	81	70
<b>Total Capital Expenditure</b>	<b>4,855</b>	<b>4,111</b>	<b>3,903</b>
<b>Total Expenditure</b>	<b>7,832</b>	<b>7,655</b>	<b>7,686</b>
<b>Funded By</b>			
Loans	201	56	973
Reserves	2,134	2,097	1,637
Uniform Annual General Charges	233	233	244
District Wide Rate	5,046	5,052	2,340
Catch Up Rate	0	0	2,312
Target Services Rate - Rural	23	23	18
Target Services Rate - Urban	195	194	162
<b>Total Funding</b>	<b>7,832</b>	<b>7,655</b>	<b>7,686</b>

## Variations to Annual Plan

### OPERATING INCOME

Subsidy revenue is based on both maintenance and capital expenditure amounts. As the combined expenditure is \$413,000 less than budget, total subsidies for the year are reduced accordingly.

### OPERATING EXPENDITURE

There was increased expenditure over budget required for environmental maintenance (\$400,000) and for emergency reinstatement works (\$400,000) as a result of weather events during the year. Savings were achieved elsewhere in the roading programme to offset these unbudgeted expenditures - e.g. traffic services (-\$198,000), street lighting (-\$140,000) and sealed pavement maintenance (-\$158,000).

### CAPITAL EXPENDITURE

Capital expenditure programme was \$744,000 less than budget as the capital expenditure programme was reduced to compensate for unbudgeted emergency reinstatement work that was completed during the year. Budgets for minor improvements, sealed road surfacing, unsealed road metalling and drainage renewals were not fully utilised.

# Financial Statements

## 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 Group Manager - Corporate Services if further assistance or clarification is required.

1. The Statement of Comprehensive Income (page 57) shows all income received including income from Rates, the Significant Activities and Council's subsidiary company.
2. The Statement of Changes in Equity (page 58) discloses movements in total equity.
3. The Balance Sheet (page 59) shows the assets and liabilities of the Council and its subsidiary.
4. The Cash Flow Statement (page 60) summarises the cash flows from operating, investing and financing activities during the year.
5. The "Notes to the Financial Statements" (pages 61 - 118) should be read in conjunction with the above statements.
6. The individual Statements of Cost of Service for Council's Significant Activities (pages 18-51) 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.

## Statement of Compliance and Responsibility

### RESPONSIBILITY

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

The Council and the Management of WDC 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 WDC, the annual Financial Statements for the year ended 30 June 2013 fairly reflect the financial position and operations of WDC.

### COMPLIANCE

The Council and Management of WDC certify that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with, except for those noted in Note 39.



BRIAN HANNA  
**MAYOR**



CHRIS RYAN  
**CHIEF EXECUTIVE**

Dated this 10th day of October 2013.





## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF WAITOMO DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

The Auditor-General is the auditor of Waitomo District Council (the District Council) and group. The Auditor-General has appointed me, Bruno Dente, using the staff and resources of Deloitte to audit:

- the financial statements of the District Council and group that comprise:
  - the balance sheet as at 30 June 2013 on page 59;
  - the statement of comprehensive income on page 57, the statement of changes in equity on page 58 and the statement of cash flows on page 60 for the year ending 30 June 2013; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 61 to 105 and pages 117 to 118;
- the funding impact statement of the District Council on page 106;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on page 97;
- the statements of service provision (referred to as statements of service performance) in relation to each group of activities of the District Council on pages 15 to 51; and
- the funding impact statements in relation to each group of activities of the District Council on pages 107 to 116.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on page 87;
  - council-controlled organisations on pages 119 to 121;
  - reserve funds on pages 77 to 80;
  - each group of activities carried out by the District Council on pages 15 to 51;
  - remuneration paid to the elected members and certain employees of the District Council on page 104;
  - employee staffing levels and remuneration on page 105; and
  - severance payments on page 105;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 13; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 52.

## Opinion

### ***Audited information***

In our opinion:

- the financial statements of the District Council and group on pages 57 to 105 and pages 117 to 118:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2013; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 106, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on page 97, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statements of service performance of the District Council on pages 15 to 51:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 107 to 116, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

### ***Compliance with the other requirements of schedule 10***

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 10 October 2013. This 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 our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.



Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statements of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statements of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

### **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and statements of service performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

# Deloitte.

- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

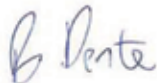
The Council's responsibilities arise under the Local Government Act 2002.

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## **Independence**

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, we have no relationship with or interests in the District Council or any of its subsidiaries.



Bruno Dente  
Deloitte  
On behalf of the Auditor-General  
Hamilton, New Zealand

# Statement of Comprehensive Income for the year ended 30 June 2013

	NOTE	Council			Group	
		2013 BUDGET \$000's	2013 ACTUAL \$000's	2012 ACTUAL \$000's	2013 ACTUAL \$000's	2012 ACTUAL \$000's
<b>Continuing Operations</b>						
Rates excluding targeted water supply rates	1	16,630	16,416	15,668	16,416	15,668
Fees, charges and targeted rates for water supply	2	562	692	505	692	505
Subsidies and Grants	3	6,569	7,863	7,740	7,863	7,740
Interest Revenue		5	92	130	107	102
Other Revenue	4	3,030	3,225	3,039	29,264	29,403
Other Gains/(Losses)	5	10	195	(887)	195	201
<b>Total Revenue and Gains/(Losses)</b>		<b>26,806</b>	<b>28,483</b>	<b>26,195</b>	<b>54,537</b>	<b>53,619</b>
Employee Benefit Expenses	6	3,037	3,402	3,256	12,076	13,373
Depreciation and Amortisation	7,22,23	4,704	5,363	4,887	6,351	6,241
Finance Costs	8	2,775	2,306	2,536	2,862	3,081
Other Expenses	9	12,851	11,817	12,875	27,739	29,556
<b>Total Expenditure</b>		<b>23,367</b>	<b>22,887</b>	<b>23,554</b>	<b>49,028</b>	<b>52,251</b>
<b>Surplus/(Deficit) Before Tax</b>		<b>3,439</b>	<b>5,596</b>	<b>2,641</b>	<b>5,509</b>	<b>1,368</b>
Income Tax Expense/(Revenue)	10	0	0	0	26	(22)
<b>Surplus/(Deficit)</b>		<b>3,439</b>	<b>5,596</b>	<b>2,641</b>	<b>5,483</b>	<b>1,390</b>
<b>Other Comprehensive Income</b>						
Items that will not be subsequently reclassified to Profit and Loss Revaluation of Property, Plant and Equipment	11	0	0	18,424	359	18,746
Items that will not be subsequently reclassified to Profit and Loss Gains/(Losses) from Cash Flow Hedges		0	551	(600)	551	(600)
<b>Other Comprehensive Income/(Loss) for the Year, Net of Tax</b>		<b>0</b>	<b>551</b>	<b>17,824</b>	<b>910</b>	<b>18,146</b>
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>3,439</b>	<b>6,147</b>	<b>20,465</b>	<b>6,393</b>	<b>19,536</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 61 to 118.

Included in Other Gains/(Losses) is the loss on sale of non current assets held for sale and the impairment loss of non current assets held for sale. Note 5 includes further details of these items.

# Statement of Changes in Equity for the year ended 30 June 2013

	NOTE	Council		Group	
		2013 ACTUAL \$000's	2012 ACTUAL \$000's	2013 ACTUAL \$000's	2012 ACTUAL \$000's
Balance at 1 July		192,232	190,449	190,879	190,748
Surplus/(Deficit) for the year		5,596	2,641	5,483	1,390
		<b>5,596</b>	<b>2,641</b>	<b>5,483</b>	<b>1,390</b>
Transfer from Retained Earnings on Asset Disposal		234	72	234	72
Transfer to Revaluation Reserve Prior Period Adjustment		0	0	0	(49)
Prior Period Adjustment		0	0	0	(352)
Transfer to Council Created Reserves		(1,197)	(930)	(1,197)	(930)
<b>Balance at 30 June</b>		<b>196,865</b>	<b>192,232</b>	<b>195,399</b>	<b>190,879</b>
<b>Other Reserves</b>					
<b>Council Created Reserves</b>					
Balance at 1 July		4,226	3,296	4,226	3,296
Transfers from Retained Earnings		1,197	930	1,197	930
		<b>5,423</b>	<b>4,226</b>	<b>5,423</b>	<b>4,226</b>
<b>Available for Sale Reserves</b>					
Balance at 1 July		4	4	4	4
Valuation Gains/(Losses)		0	0	0	0
<b>Balance at 30 June</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Hedging Reserve</b>					
Balance at 1 July		(701)	(101)	(701)	(101)
Gains/(Losses) from Cash Flow Hedges		551	(600)	551	(600)
<b>Balance at 30 June</b>		<b>(150)</b>	<b>(701)</b>	<b>(150)</b>	<b>(701)</b>
<b>Total Other Reserves at 30 June</b>		<b>5,277</b>	<b>3,529</b>	<b>5,277</b>	<b>3,529</b>
<b>Revaluation Reserves</b>					
Balance at 1 July		68,617	50,265	70,381	51,658
Revaluation Gains/(Losses)		0	18,424	359	18,746
		<b>0</b>	<b>18,424</b>	<b>359</b>	<b>18,746</b>
Transfer from Retained Earnings Prior Period Adjustment		0	0	0	49
Transfer from Retained Earnings on Asset Disposal		(234)	(72)	(234)	(72)
<b>Balance at 30 June</b>	<b>11</b>	<b>68,383</b>	<b>68,617</b>	<b>70,506</b>	<b>70,381</b>
<b>Total Equity</b>					
Balance at 1 July		264,378	243,913	264,789	245,605
Prior Period Adjustment		0	0	0	(352)
<b>Adjusted Balance at 1 July</b>		<b>264,378</b>	<b>243,913</b>	<b>264,789</b>	<b>245,253</b>
Surplus/(Deficit) for the year		5,596	2,641	5,483	1,390
<b>Other Comprehensive Income</b>					
Revaluation of Property, Plant and Equipment		0	18,424	359	18,746
Gains/(Losses) from Cash Flow Hedges		551	(600)	551	(600)
<b>Total Comprehensive Income</b>		<b>6,147</b>	<b>20,465</b>	<b>6,393</b>	<b>19,536</b>
<b>Balance at 30 June</b>		<b>270,525</b>	<b>264,378</b>	<b>271,182</b>	<b>264,789</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 61 to 118.

# Balance Sheet as at 30 June 2013

	NOTE	Council			Group	
		2013 BUDGET \$000's	2013 ACTUAL \$000's	2012 ACTUAL \$000's	2013 ACTUAL \$000's	2012 ACTUAL \$000's
<b>Equity</b>						
Retained Earnings		199,518	196,865	192,232	195,399	190,879
Other Reserves	12	2,668	5,277	3,529	5,277	3,529
Revaluation Reserve	11	50,265	68,383	68,617	70,506	70,381
<b>Total Equity</b>		<b>252,451</b>	<b>270,525</b>	<b>264,378</b>	<b>271,182</b>	<b>264,789</b>
<b>Current Assets</b>						
Cash and Cash Equivalents	13	100	171	2,711	206	3,024
Other Financial Assets	14	2	2	2	2	2
Inventory	15	1,182	43	26	1,485	1,626
Debtors and Other Receivables	16	4,630	5,593	6,507	9,735	11,090
<b>Total Current Assets</b>		<b>5,914</b>	<b>5,809</b>	<b>9,246</b>	<b>11,428</b>	<b>15,742</b>
<b>Current Liabilities</b>						
Bank Overdraft (Secured)	19	0	0	0	3,144	2,876
Creditors and Other Payables	18	3,629	3,490	3,918	6,257	7,293
Current Portion of Borrowings	19	5,200	13,851	14,264	13,932	19,700
Provisions	20	51	15	52	15	52
Employee Entitlements	21	456	461	456	1,169	1,244
Derivative Financial Instruments	17	118	274	265	274	388
<b>Total Current Liabilities</b>		<b>9,454</b>	<b>18,091</b>	<b>18,955</b>	<b>24,791</b>	<b>31,553</b>
<b>Net Working Capital</b>		<b>(3,540)</b>	<b>(12,282)</b>	<b>(9,709)</b>	<b>(13,363)</b>	<b>(15,811)</b>
<b>Non Current Assets</b>						
Property, Plant and Equipment	22	298,242	312,979	305,353	319,589	312,704
Intangible Assets	23	80	76	91	76	91
Forestry Assets	24	39	44	39	44	39
Investment Property	25	648	653	663	653	663
Assets Held for Sale	26	0	1,063	1,112	1,063	1,112
Other Financial Assets	14	841	791	793	41	43
Deferred Tax Asset	10	0	0	0	15	41
Derivative Financial Instruments	17	54	239	46	239	46
<b>Total Non Current Assets</b>		<b>299,904</b>	<b>315,845</b>	<b>308,097</b>	<b>321,720</b>	<b>314,739</b>
<b>Non Current Liabilities</b>						
Creditors and Other Payables	18	0	790	0	790	0
Borrowings	19	42,886	31,331	32,741	35,441	32,828
Employee Entitlements	21	61	60	59	87	101
Provisions	20	928	741	727	741	727
Derivative Financial Instruments	17	38	116	483	116	483
<b>Total Non Current Liabilities</b>		<b>43,913</b>	<b>33,038</b>	<b>34,010</b>	<b>37,175</b>	<b>34,139</b>
<b>Net Assets</b>		<b>252,451</b>	<b>270,525</b>	<b>264,378</b>	<b>271,182</b>	<b>264,789</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 61 to 118.

# Cashflow Statement for the year ended 30 June 2013

	NOTE	Council			Group	
		2013 BUDGET \$000's	2013 ACTUAL \$000's	2012 ACTUAL \$000's	2013 ACTUAL \$000's	2012 ACTUAL \$000's
<b>Cash flows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Rates Revenue (including penalties)		16,630	18,435	17,860	18,435	17,860
Subsidies and Grants		6,569	11,851	7,891	11,851	7,891
Property Rentals		402	414	363	414	363
Petroleum Tax		129	123	124	123	124
Interest from Investments		5	92	238	105	238
Receipts from Other Revenue and Construction Contracts		3,060	2,379	1,953	32,727	33,994
Tax Refunds Received/(Paid)		0	0	0	0	0
		<b>26,795</b>	<b>33,294</b>	<b>28,429</b>	<b>63,655</b>	<b>60,470</b>
<b>Cash was applied to:</b>						
Payments to Suppliers and Employees		15,438	16,494	17,179	44,156	49,326
Elected Members		259	225	229	325	219
Interest Paid on Borrowings		2,775	2,283	2,499	2,962	3,044
GST Received/(Paid) (net)		0	(606)	310	826	2,046
		<b>18,472</b>	<b>18,396</b>	<b>20,217</b>	<b>48,269</b>	<b>54,635</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>29</b>	<b>8,323</b>	<b>14,898</b>	<b>8,212</b>	<b>15,386</b>	<b>5,835</b>
<b>Cash flows from Investing Activities</b>						
<b>Cash was provided from:</b>						
Proceeds from Sale of Property, Plant and Equipment		0	0	3	821	2,194
Proceeds from Sale of Assets Held for Sale		0	40	52	40	0
Repayment from Advance to Community Groups		2	2	2	2	2
		<b>2</b>	<b>42</b>	<b>57</b>	<b>863</b>	<b>2,196</b>
<b>Cash was applied to:</b>						
Purchase and Development of Property, Plant and Equipment		13,906	15,610	9,428	16,133	9,922
Purchase of Assets Held to Sale		0	0	1,269	0	0
Purchase of Intangible Assets		0	21	37	21	37
Renewals of Investment Properties		0	3	11	3	11
Investment in Subsidiary		0	0	800	0	0
Loan Advance to Subsidiary		0	0	750	0	0
Purchase of Other Shares		0	0	13	0	13
		<b>13,906</b>	<b>15,634</b>	<b>12,308</b>	<b>16,157</b>	<b>9,983</b>
<b>Net Cash Inflow from Investing Activities</b>		<b>(13,904)</b>	<b>(15,592)</b>	<b>(12,251)</b>	<b>(15,294)</b>	<b>(7,787)</b>
<b>Cash flow from Financing Activities</b>						
<b>Cash was provided from:</b>						
Cash was provided from Borrowings		10,781	11,400	16,937	11,415	16,909
		<b>10,781</b>	<b>11,400</b>	<b>16,937</b>	<b>11,415</b>	<b>16,909</b>
<b>Cash was applied to:</b>						
Repayment of Borrowings		5,200	13,246	15,341	14,593	16,673
		<b>5,200</b>	<b>13,246</b>	<b>15,341</b>	<b>14,593</b>	<b>16,673</b>
<b>Net Cash Inflow from Financing Activities</b>		<b>5,581</b>	<b>(1,846)</b>	<b>1,596</b>	<b>(3,178)</b>	<b>236</b>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		0	(2,540)	(2,443)	(3,086)	(1,716)
Cash, cash equivalents and bank overdrafts at the beginning of the year		100	2,711	5,154	148	1,864
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>		<b>100</b>	<b>171</b>	<b>2,711</b>	<b>(2,938)</b>	<b>148</b>
<b>Balance at end of year represented by:</b>						
Cash and Cash Equivalents		100	171	666	206	979
Term Deposits with maturities less than 3 months		0	0	2,045	0	2,045
Bank Overdraft		0	0	0	(3,144)	(2,876)
		<b>100</b>	<b>171</b>	<b>2,711</b>	<b>(2,938)</b>	<b>148</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 61 to 118.



# Notes to the Financial Statements

## Statement of Accounting Policies for the year ended 30 June 2013.

### Reporting Entity

Waitomo District Council is a territorial local authority governed by the Local Government Act 2002. Waitomo District Council Group (the Group) consists of the Waitomo District Council (the 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 are for the year ended 30 June 2013. The financial statements were authorised for issue by the Council on 10 October 2013.

### Basis of Preparation

The financial statements 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 Group 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 and financial instruments, investment property and forestry assets.

### Going Concern

The financial statements of the Group have been prepared on a going concern basis.

Inframax Construction Limited has over the last few years been severely impacted by the economic downturn in the roading construction industry. As a result the Company has experienced financial difficulties and its balance sheet has deteriorated due to the significant losses incurred. In the 2010/11 financial year Inframax Construction Ltd prepared a recovery plan. WDC has signed a letter of support for the recovery plan.

The going concern assumption is dependant upon the following factors:

- Continued support and lending from Westpac at the level provided at 30 June 2013
- Continued support from the shareholder for the recovery plan and the \$750,000 advance that was made to the Company in November 2011
- Additional support from Westpac by way of a month by month extension of the overdraft facility to 30 June 2014.
- The Company's ability to meet the forecasted performance.

No adjustments other than the write-down/off of assets that were impaired at balance date have been made in the Group financial statements.

The carrying value of assets and liabilities of Inframax Construction Ltd incorporated in the consolidated financial statements at 30 June 2013 is as follows:

Assets	\$12,521,919
Liabilities	\$11,896,666
Net Assets	\$625,253

No post balance date losses or costs have been accrued in the above assets and liabilities.

### Standards and Interpretations issued and not yet effective - Parent

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

The Minister of Commerce has approved a new Accounting Standards Framework developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Association is classified as a Public Benefit Entity (PBE) and will be required to apply NZ IFRS PBE and other New Zealand accounting standards and pronouncements that have authoritative support and are applicable to entities that apply NZ IFRS PBE. These standards are being developed by the XRB and is expected to be issued in late 2013. It is expected that these new standards will be effective for periods beginning on or after 1 April 2015. Management will assess the implications of the New Accounting Standards Framework when it becomes available.

Due to the change in Accounting Standards Framework for PBE's, all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to PBE's. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude PBE's from their scope.

The following standard has been amended and published and is applicable, but the Association has not early adopted it: NZ IFRS 9 Financial Instruments (effective 1 January 2015). This standard will eventually replace NZ IAS 39 Financial Instruments - Recognition and Measurement and may be adopted by the Association for the year ending 30 June 2016, subject to the implementation of the new PBE standards. Management will assess the impact of this standard.

### Standards and Interpretations issued and not yet effective - Group

In the current year the Group has adopted all of the Standards and Interpretations issued by the International Accounting Standards Board (The IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and the ASRB that are relevant to its operations and effective for the current reporting period.

At the date of authorisation of the financial report, the following Standards and Interpretations were on issue but not yet effective:

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
"New" Accounting Standards Framework - For-profit Entities XRB A1 Accounting Standards Framework.	1 December 2012	30 June 2014
NZ IFRS 10 Consolidated Financial Statements, NZ IAS 27 Separate Financial Statements (revised 2011), NZ IAS 28 Investments in Associates and Joint Ventures (revised 2011).	1 January 2013	30 June 2014
Amendments to NZ IFRS 10 Consolidated Financial Statements, NZ IFRS 12 Disclosure of Interests in Other Entities and NZ IAS 27 Separate Financial Statements - Investment Entities.	1 January 2014	30 June 2015
Amendments to NZ IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities.	1 January 2013	30 June 2014
Annual improvements to NZ IFRSs: 2009-2011 Cycle.	1 January 2013	30 June 2014
Amendments to NZ IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities.	1 January 2014	30 June 2015
Amendments to NZ IAS 36 Impairment of assets - Recoverable Amount Disclosures.	1 January 2014	30 June 2015
Amendment to NZ IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives.	1 January 2014	30 June 2015
NZ IFRS 12 - Disclosure of Interests in Other Entities.	1 January 2013	30 June 2014
NZ IFRS 13 - Fair Value Measurement.	1 January 2013	30 June 2014
NZ IFRS 19 - Employee Benefits - Amendments.	1 January 2013	30 June 2014

### Basis of Consolidation

The Group's financial statements incorporate the financial statements of the Council and entities controlled by the Council (its subsidiaries). Control is achieved where the Council has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statement of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Council.

Investments in subsidiaries are recorded at fair value in the Council's financial statements.

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group 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 Group receives government grants from NZ Transport Agency, which subsidises part of the Group's costs of maintaining local roading, and subsidies for water and wastewater projects from Ministry of Health. In addition to this, the Group has also received government grants from the NZ Defence Force for maintaining the RSA section at Te Kuiti Cemetery. The Group also received a government grant from Ministry of Social Development to provide funding to support Youth activities. 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.

### Rental Income

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

### 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 Group's construction activities in general.

Expected losses are recognised immediately as an expense in the profit or loss.

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 Group 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 Group 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 Group's decision.

## Borrowing Costs

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

The Group has chosen to defer the application of NZ IAS 23 (revised 2007).

## 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 profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly to equity, in which case it is recognised in other comprehensive income or directly to 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 Group 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 Group intends to settle its current tax assets and liabilities on a net basis.

## Cash and 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.

## Inventory

Inventory 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 profit or loss.

Metal stocks held by Inframax Construction Limited are measured using a standard cost which 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.

## Financial Assets

The Group 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.

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 profit or loss.

Purchases and sales of investments are recognised on trade-date, the date on which Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group 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 Group 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:

### *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 re-measurement are recognised in the profit or loss.

Derivative financial instrument assets are included in this class.

## 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 de-recognised are recognised in the profit or loss. Loans and receivables are classified as "trade and other receivables" in the Balance Sheet.

Loans made by the Group 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 profit or loss.

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

### Held to Maturity Investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Group 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 de-recognised are recognised in the profit or loss.

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

### Impairment of Financial Assets

At each balance sheet date the Group 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 profit or loss.

### Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. 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.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the profit or loss.

The Council and Group designate certain derivatives as either:

- hedges of highly probable forecast transactions (cash flow hedge); or
- derivatives that do not qualify for hedge accounting.

The Council and Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council and Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the

derivatives that are used in hedge transactions are highly effective in offsetting changes in fair values or cash flows of hedges items.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current of the remaining maturity of the hedges items is less than 12 months.

### Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the profit or loss as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income are classified into the profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit or loss. However, if it is expected that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the profit or loss.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to the profit or loss.

### Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are immediately in profit or loss.

### Payables

Trade payables and other payables are recognised when the Group 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 Statement of Comprehensive Income 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 Group 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*

A financial guarantee contract is a contract that requires Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are disclosed as contingent liabilities. The amount of these contingent liabilities is equal to the loan balances guaranteed.

### *Landfill Post Closure Costs*

The Group 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% (2012: 6.0%) is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Group.

## Employee Benefits

### *Short-Term Benefits*

Employee benefits that the Group 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 Group 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 Group anticipates it will be used by staff to cover those future absences.

## Long-Term Benefits

### *Retirement Gratuities*

Entitlements that are payable beyond twelve months, such as 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% (2012: 6.0%) and an inflation rate of 2% (2012: 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 Group 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 Group 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 Group 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 profit or loss. 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 Group 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	5-100 years
Plant and Equipment	2-15 years
Quarry Production and Equipment	4-15 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	2-20 years
Base course	25-120 years
Sub base	25-115 years
	Or not depreciated
Formation and running course	Not depreciated
Culverts – timber and other	40-100 years
Signs	15-30 years
Street Lights and poles	15-60 years
Bridges	70-120 years
Footpath surface and base	18-80 years

### Water Reticulation

Pipes, hydrant, valves	30-120 years
Pump station, reservoirs	25-100 years

### Sewerage Reticulation

Pipes and manholes	50-120 years
Pump station	15-100 years
Treatment plant	10-80 years

### Stormwater Systems

Pipes, cesspits	40-120 years
Flood Control Systems	10-80 years

### Refuse Systems

Retaining walls	70-90 years
Drainage	70-75 years
Signs	30 years
Kerb and channelling	30-75 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	5-100 years
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### 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 three 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

An independent valuation of the Council's land and buildings was performed by Darroch Valuations, independent registered valuers, to determine the fair market value of the land and buildings at 30 June 2012. Darroch Valuations are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo district.

The values of the assets have been considered on a Fair Value basis in accordance with NZ IAS 16 under a highest and best use scenario.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular International Valuation Application 1 and New Zealand Valuation Guidance Note 1 (effective from 1 October 2009), including changes effective 1 January 2012 to IVS 300 valuations for Financial Reporting.

Land is valued on a fair value basis determined from market based evidence and conditions that prevailed as at 30 June 2012.

All buildings have been valued on either a fair value or depreciated replacement cost basis.

The Total Value for the Waitomo District Council Operational and Restricted Property Portfolio as at 30 June 2012 was reported at:

<b>Improvements Value (30 June 2012)</b> \$9,473,900
<b>Land Value (30 June 2012)</b> \$11,120,400
<b>Total Fair Value (30 June 2012)</b> \$20,594,300

Subsequent additions are at cost less accumulated depreciation.

An independent valuation of the land and buildings held by Inframax Construction Limited (the wholly owned subsidiary of the Waitomo District Council) was carried out on 30 June 2012 by Doyle Valuations Ltd, independent registered valuers, who have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo district.

The fair value at 30 June 2012 was estimated to be \$2,206,500.

#### Library Books

A valuation of the Council's library books was carried out as at 1 July 2004 by North Langley & Associates, independent registered valuers, to determine the 'Existing Use' value of the library books.

North Langley & Associates are specialist valuers of plant, machinery and equipment (including chattels and infrastructural assets) and have the appropriate qualifications and relevant experience in the valuation of these types of assets.

The valuation was computed in strict accordance with the guidance notes and background papers issued by the International Assets Valuation Standards Committee of which the NZ Institute of Valuers is a member.

The value of the library books at 1 July 2004, subject to them having a good and marketable title, free from encumbrances, was determined as \$492,800 (excl GST).

Subsequent additions are at cost less accumulated depreciation.

#### *Revaluation of Infrastructural Assets*

#### Roads

An independent valuation of the Council's roading infrastructure was performed as at 30 June 2012 by AECOM NZ Ltd, independent consulting engineers who have the appropriate qualifications and experience in the valuation of land transport infrastructural assets to determine the depreciated replacement cost of those assets. The valuation, which conforms to New Zealand Equivalent to International Accounting Standard (NZ IAS) 16 'Property, Plant & Equipment' was determined using the optimised depreciated replacement costs (ODRC) method as described in the NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2, 2006.

The total value of Council's roading infrastructure at 30 June 2012 (as determined using the ODRC valuation method) was reported at \$224,659,672.

Subsequent additions are at cost less accumulated depreciation.

#### Sewerage, Water and Stormwater

The valuation, which conforms to New Zealand Equivalent to International Accounting Standard (NZ IAS) 16 'Property, Plant & Equipment' was determined using the optimised depreciated replacement costs (ODRC) method as described in the NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2, 2006.

The total value of Council's water utilities infrastructure as at 30 June 2012 is reported at:

<b>Asset Class</b>	<b>Optimised Depreciated Replacement Cost At 30 June 2012</b>
Waste Water Network	\$16,412,332
Water Supply Network	\$13,216,842
Storm Water Network	\$9,449,986

#### Solid Waste

A valuation of the Council's solid waste infrastructure was performed by AECOM NZ Ltd, independent consulting engineers who have the appropriate qualifications and experience in valuing community infrastructure, as at 30 June 2012 to determine the depreciated replacement cost of those assets.

The valuation, which conforms to New Zealand Equivalent to International Accounting Standard (NZ IAS) 16 'Property, Plant & Equipment' was determined using the optimised depreciated replacement costs (ODRC) method as described in the NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2, 2006.

The total value of Council's solid waste infrastructure as at 30 June 2012 was reported at:

<b>Asset Class</b>	<b>Optimised Depreciated Replacement Cost At 30 June 2012</b>
Solid Waste Assets	\$3,317,471

Subsequent additions are at cost less accumulated depreciation.

#### Infrastructure Land

An independent valuation of the Council's infrastructural land was performed by Darroch Valuations, independent registered valuers, to determine the fair market value of the land at 30 June 2012. Darroch Valuations are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo district.

The value of the land has been considered on a Fair Market Value basis in accordance with NZ IAS 16 and NZ IAS 40 under a highest and best use scenario.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular New Zealand Valuation Guidance Note 1 (effective from 1 October 2009), including changes effective 1 January 2012 to IVS 300 valuations for Financial Reporting.

The Total Value for the Waitomo District Council Operational Property Portfolio (Infrastructural Land) as at 30 June 2012 was reported at:

<b>Land Value (30 June 2012)</b>	<b>Total Fair Value (30 June 2012)</b>
\$1,254,500	\$1,254,500

## Quarry Production and Equipment

An independent valuation of the heavy quarry production equipment held by Inframax Construction Limited was carried out on 30 June 2013 by Neil Davis of Turners Auctions, an independent registered valuer, who has the appropriate qualifications and recent experience in the valuation of quarry production equipment. The fair value at 30 June 2013 was estimated to be \$382,600.

### *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. Darroch Valuations (independent Registered Valuers) valued restricted assets on 30 June 2012 at fair value based on market based evidence.

### *Accounting for Revaluations*

The Group accounts for revaluations of property, plant and equipment on a class of asset basis. Any revaluation surpluses and deficits are recognised in the other Comprehensive Income and accumulated as a separate equity in 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 profit or loss. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the profit or loss will be recognised first in the profit or loss 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 Group's website are recognised as an expense as incurred.

### *Amortisation*

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

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

Computer software	2 to 5 years	20% to 50%
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## **Forestry Assets**

An independent valuation of Council's forestry assets was performed by North Langley and Associates, independent registered valuers, to determine the fair value less estimated point of sale costs at 30 June 2013.

North Langley and Associates are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation for assets of this nature. The valuation, which conforms to the New Zealand Professional Practice Standard 2006, and in particular International Valuation Application Standard 1 'Valuation for

Financial Reporting' and International Valuation Application Standard 3 'Valuation Reporting'.

The fair value less estimated point of sale costs as at 30 June 2013 is \$44,000.

## **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 profit or loss.

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.

An independent valuation of the Group's Assets held for sale was performed by QV Asset and Advisory, independent registered valuers, to determine the fair market value of the investment properties.

QV Asset and Advisory are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo district.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular New Zealand Valuation Guidance Note 1 (effective from 1 October 2009), International Valuation Standards effective from July 2011 (including June 2013 amendments) to IVS 300 Valuations for Financial Reporting (including changes that became effective 1 January 2012). Under IVS 300, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. Accordingly, the valuation date is the date of inspection. The valuers considered the use of the valuation for financial reporting at 30 June 2013.

The fair value less costs to sell at 30 June 2013 was \$1,063,000.

## **Investment in Unlisted Shares**

Council has an interest (1.6%) in a Council Controlled Organisation (CCO), Local Authority Shared Services Limited. Council has no significant influences on operational or financial policies.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

Council has an interest (0.04%) in New Zealand National Mutual Riskpool. Council has no significant influences on operational or financial policies.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

## **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 Group 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 profit or loss.

An independent valuation of the Council's investment properties was performed by QV Asset and Advisory, independent registered valuers, to determine the fair market value of the properties at 30 June 2013. QV Asset and Advisory are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo district.

The value of the investment properties has been considered on a Fair Value basis in accordance with NZ IAS 40.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular New Zealand Valuation Guidance Note 1 (effective from 1 October 2009), International Valuation Standards effective from July 2011 (including June 2013 amendments) to IVS 300 Valuations for Financial Reporting (including changes that became effective 1 January 2012).

The Total Value for the Waitomo District Council Investment Properties as at 30 June 2013 was reported at:

<b>Improvements Value (30 June 2013)</b>	\$348,000
<b>Land Value (30 June 2013)</b>	\$305,000
<b>Total Fair Value (30 June 2013)</b>	\$653,000

#### Overhead Allocation

All overhead costs have been allocated to significant activities.

Overhead costs are allocated on a pro-rata basis to those activities of Group 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 or where there is an indication that the asset is impaired. 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 profit or loss.

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

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 Profit or loss, a reversal of the impairment loss is also recognised in the profit or loss.

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

#### Equity

Equity is the community's interest in the Group 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 Group. Restricted reserves are those subject to specific conditions accepted as binding by the Group and which may not be revised by the Group 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 Group decision. Transfers to and from these reserves are at the discretion of the Group.

#### Council Created Reserves

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.

Available for sale reserves consists of valuation gains associated with Council's investments, classified as Available for Sale.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges. Property revaluation reserves relates to the revaluation of property, plant and equipment to fair value.

#### 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 Group 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 Group and record the cash payments made for the supply of goods and services. 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 Group.

### **Budget Figures**

The budget figures are those approved by the Group 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 Group for the preparation of the financial statements.

### **Critical Accounting Estimates and Judgements**

In preparing these financial statements the Group 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 20 discloses an analysis of the exposure of the Group 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 Group 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 situated underground. This risk is minimised by the Group 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 Group could be over or under estimating the annual depreciation charge recognised as an expense in the Profit or loss.

To minimise this risk the Group'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 Group's asset management planning activities, which gives the Group further assurance over its useful life estimates.

Experienced independent valuers perform the Group's infrastructural asset revaluations. The carrying value of infrastructure assets is disclosed in Note 22.

#### Property, plant and equipment useful lives and residual values

At each balance date the Group 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 Group to consider a number of factors such as the physical condition of

the asset, expected period of use of the asset by the Group, 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 profit or loss, and carrying amount of the asset in the Balance Sheet. The Group 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 Group 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 22.

#### 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 4, the receivable in Note 16 and the payable in Note 18.

#### Valuation of Investment in Inframax Construction Ltd

As a result of the continuing poor performance of Inframax Construction Limited in relation to the breach of its bank covenants, its reliance on the lenders continued financial support and given that it is unlikely that the subsidiary will be in a position to provide a return on Council's investment in the immediate future, the Council decided to write-down the value of its investment in Inframax Construction Limited to nil in the 2009/10 year.

A subsequent equity injection of \$800,000 made in July 2011 was also written down to nil in the 2011/12 year.

#### Deferred Tax Asset

##### *Recognition*

Determining whether or not to recognise a deferred tax asset requires estimation of future cash flows. Any significant deviation from the assumptions used in forecasting future cash flows may affect the carrying value of the asset.

The evidence supporting its recognition and the outstanding balance at balance date is disclosed in Note 10.

##### *Recoverability*

It is unlikely the Group will be able to benefit from its deferred tax assets resulting from its accumulated tax losses. As such most of the Group's deferred tax balances have been written off to profit and loss. In addition to that, Council is unlikely to receive taxable income from which to offset its accumulated tax losses and continues to not recognise a deferred tax asset. The value of losses at 30 June 2013 has been disclosed in Note 10.

### **Changes in accounting policies**

There have been no changes in accounting policies during the financial year.

# 1 • Rates Revenue

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
General Rate (as per rates strike)	2,933	2,997	2,933	2,997
Less adjustment to Uniform Annual General Charges	(799)	-	(799)	-
General Rate	2,134	2,997	2,134	2,997
Uniform Annual General Charges	3,075	2,995	3,075	2,995
Plus adjustment from General Rate*	799	-	799	-
Uniform Annual General Charges	3,874	2,995	3,874	2,995
Targeted Rates - Sewerage	1,970	1,501	1,970	1,501
Targeted Rates - Water (TUAC)	1,421	1,400	1,421	1,400
Targeted Rates - Solid Waste	867	1,102	867	1,102
Targeted Rates - Land Transport	5,269	4,831	5,269	4,831
Targeted Rates - Other	799	672	799	672
Rates Penalties	400	386	400	386
<b>Sub Total</b>	<b>16,734</b>	<b>15,884</b>	<b>16,734</b>	<b>15,884</b>
Less Rates paid on Council properties	(318)	(216)	(318)	(216)
<b>Total Rates Revenue</b>	<b>16,416</b>	<b>15,668</b>	<b>16,416</b>	<b>15,668</b>

## \* Adjustment between General Rates and Uniform Annual General Charges

The Long Term Plan 2012-2022 (LTP) proposed that in the 2012/13 year an adjustment be made in the interest of Community Wellbeing (as provided by section 101 (3)(b) of the Local Government Act 2002). The LTP provided for an adjustment to be made between the General Rates and the Uniform Annual General Charge to maintain a funding equity between the urban and rural ratepayers within the Waitomo district and their respective contribution to those services with a high element of public good. See the Funding Impact Statement on page 113 of the LTP for further details.

The 2012/13 rates were struck in accordance with the LTP however the budgets within the cost of service statements reflect the pre-adjustment budgets. To ensure each activity is allocated its portion of the adjusted general rates and adjusted uniform annual general charge a transfer of \$799,231 has been made between these two rates categories.

## Targeted Water Rates (TUAC) under sections 16-18 of the Local Government (Rating) Act 2002

The Local Government (Financial Reporting) Regulations 2011 have introduced further disclosure requirements for the Financial Statements. One of the changes is to disclose separately, in the Comprehensive Income Statement, the amount of income received from targeted rates for water supply set under section 19 for the Local Government (Rating) Act 2002. The section allows local authorities to charge for water by meter. The income related to water by meter has been disclosed under Fees, Charges and Targeted Water Supply Rates in the Comprehensive Income Statement. Revenue received from the Targeted Uniform Annual Charge for Water (TUAC) has been included in the Rates, excluding Targeted water supply note. See note 2 for further details on revenue received from water by meter.

## Non-rateable Land

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

## 2• Fees, charges and targeted water supply rates

### Targeted water supply rates under section 19 of the Local Government (Rating) Act 2002

The Local Government (Financial Reporting) Regulations 2011 have introduced further disclosure requirements for the Financial Statements. One of the changes is to disclose separately, in the Comprehensive Income Statement, the amount of income received from targeted rates for water supply set under section 19 for the Local Government (Rating) Act 2002. The section allows local authorities to charge for water by meter. The income related to water by meter has been disclosed under the Fees, Charges and Targeted Water Supply Rates in the Comprehensive Income Statement and has been excluded from the Rates, excluding targeted water supply rates note.

## 3• Subsidies and Grants

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
NZTA Government Grants	5,084	5,461	5,084	5,461
Ministry of Health Government Grants	2,713	2,265	2,713	2,265
Ministry of Social Development Grants	65	13	65	13
New Zealand Defence Force Grants	1	1	1	1
<b>Total Subsidies and Grants</b>	<b>7,863</b>	<b>7,740</b>	<b>7,863</b>	<b>7,740</b>

Council entered into an agreement with the Ministry of Health to provide a subsidy for the Te Kuiti Wastewater Plant upgrade. The total approved subsidy received from Ministry of Health was \$3,650,000. The subsidy is subject to Council completing the construction and commissioning of the works before 30 June 2013. Council completed construction and commissioning of the works by 30 June 2013.

Council entered into an agreement with the Ministry of Health to provide a subsidy for the construction of the Piopio Wastewater system. The subsidy was subject to Council receiving resource consent and completion of the construction and commissioning of the work by 30 June 2012. The Council obtained the necessary consent and construction was completed in September 2012.

In January 2012 Council entered into an agreement with the Ministry of Health to provide a subsidy for upgrading the Piopio Water treatment plant. The total approved subsidy received from the Ministry of Health was \$316,419. The subsidy was subject to obtaining the necessary resource consents and completing the construction and commissioning of the works within two years of the funding agreement. The Council has obtained the necessary consents and construction was completed in September 2012.

In February 2013 Council entered into an agreement with the Ministry of Health to provide a subsidy for construction of the Mokau Water supply storage dams. The total approved subsidy available is \$725,789. The subsidy is subject to obtaining the necessary resource consents and completing the construction and commissioning of the works within two years of the funding agreement. The works are estimated to be completed in June 2014.

In January 2012 Council entered into an agreement with the Ministry of Health to provide a subsidy for the construction of Te Kuiti Water supply filtration and UV disinfection assets. The total approved subsidy available is \$780,820. The subsidy is subject to obtaining the necessary resource consents and completing the construction and commissioning of the works within two years of the funding agreement. A variation to the agreement was sought to extend the completion date to 30 June 2014. The works will be completed by June 2014.

In November 2012 Council entered into an agreement with the Ministry of Health to provide a subsidy for the upgrade of Mokau Water treatment plant. The total approved subsidy available is \$58,744. The subsidy is subject to obtaining the necessary resource consents and completing the construction and commissioning of the works within two years of the funding agreement. A variation to the agreement was sought to extend the completion date to 30 November 2013. The works will be completed by November 2013.

In October 2012 Council entered into an agreement with the Ministry of Health to provide a subsidy for the upgrade of Benneydale Water treatment plant. The total approved subsidy available is \$67,108. The subsidy is subject to obtaining the necessary resource consents and completing the construction and commissioning of the works within two years of the funding agreement. A variation to the agreement was sought to extend the completion date to 31 January 2014. The works will be completed by January 2014.

In October 2011 Council entered into an agreement with the Ministry of Social Development to provide funding to support the delivery of youth activities, including events and mentoring in line with the Te Kuiti Social Sector Youth Trials. A variation to the agreement was sought to extend the completion date to 31 December 2012. The total approved subsidy received was \$42,000 and the work associated with this agreement was completed by 31 December 2012.

During the year Council entered into an agreement with the Ministry of Social Development to provide funding to support the delivery of youth activities and mentoring in line with the Te Kuiti Social Sector Youth Trials. A variation to the agreement was sought to extend the completion date to 30 June 2014. The total approved subsidy available under this agreement is \$31,500.

## 4• Other Revenue

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Income from Construction Contracts	0	0	25,691	25,972
Regulatory Revenue	342	306	342	306
Other Revenue	2,483	2,370	2,831	2,762
Property Rentals	385	354	385	354
Rental Income from Investment Properties	15	9	15	9
<b>Total Other Revenue</b>	<b>3,225</b>	<b>3,039</b>	<b>29,264</b>	<b>29,403</b>

## 5• Other Gains/ (Losses)

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Gain/(Loss) in Change in Fair Value of Investment Property	(14)	25	(14)	25
Gain/(Loss) in Forestry Assets	5	0	5	0
Gain/(Loss) in Change in Fair Value of Available for Sale Non Current Assets	(14)	(118)	(14)	0
Impairment Loss on Available for Sale Financial Assets	0	(800)	0	0
Gain/(Loss) on Sale of Available for Sale Non Current Assets	7	6	7	0
Revenue on Acquisition of Property, Plant and Equipment at Nominal Value	211	0	211	0
Gain/(Loss) on Derivatives	0	0	0	176
<b>Total Other Gains/(Losses)</b>	<b>195</b>	<b>(887)</b>	<b>195</b>	<b>201</b>

In October 2011 Council agreed to purchase the Parkside subdivision from Inframax Construction Limited at book value. The subdivision was revalued at 30 June 2013 resulting in loss on valuation of \$13,539 (2012: \$118,351). One section was sold resulting in a gain on sale. The remaining 31 sections continue to be actively marketed on a sale by section basis. See Note 26 for details on Assets Held for Sale.

In July 2012 council purchased the Te Kuiti Railway building located in Rora Street, Te Kuiti for \$1. As the building was purchased for nominal value, Council have recognised \$194,000 of revenue on acquisition of the buildings which was the fair value of the building at 30 June 2013. In addition to this Council also acquired four sections at Benneydale during the year. As the sections were purchased for at a nominal value, Council has recognised \$17,000 as revenue on acquisition which was the fair value of the sections.

## 6• Employee Benefits Expenses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Salaries and Wages	3,396	3,258	12,165	13,555
Increase/(Decrease) in Employee Benefit Liabilities	6	(2)	(89)	(182)
<b>Total Employee Benefit Expenses</b>	<b>3,402</b>	<b>3,256</b>	<b>12,076</b>	<b>13,373</b>

## 7• Depreciation

(\$000's)	Waitomo District Council			Waitomo District Group	
	2013 BUDGET	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Leadership and Investments	283	359	332	359	332
Community Services	577	650	557	650	557
Community Development	6	5	6	5	6
Regulation	2	2	2	2	2
Solid Waste Management	147	84	165	84	165
Stormwater Drainage	155	175	155	175	155
Sewerage	730	435	473	435	473
Water Supply	245	380	244	380	244
Roads and Footpaths	2,558	3,273	2,953	3,273	2,953
Other Activities	0	0	0	988	1,354
<b>Total Depreciation Expense</b>	<b>4,703</b>	<b>5,363</b>	<b>4,887</b>	<b>6,351</b>	<b>6,241</b>

## 8. Finance Costs

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Interest on Bank Borrowings	2,261	2,489	2,793	2,990
Interest on Finance Leases	20	22	44	66
Discount Unwinding on Provision (note 16)	25	25	25	25
<b>Total Finance Costs</b>	<b>2,306</b>	<b>2,536</b>	<b>2,862</b>	<b>3,081</b>

## 9. Other Expenditure

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Audit Fees for Financial Statements Audit	115	113	187	228
Audit Related Fees for Assurance Related Services	0	89	0	89
Bad Debts Written Off	92	78	94	199
Directors Fees	0	0	100	106
Grants	84	91	84	91
Insurance Expenses	187	366	492	732
Inventories	0	0	3,500	3,378
Impairment on Property, Plant and Equipment	0	0	0	15
(Gain)/Loss on Property, Plant and Equipment	371	103	133	(837)
Impairment of Property held as Trading Stock	0	0	0	118
Cost of Sales held as Trading Stock	0	0	0	93
Lease Expenses	62	52	1,003	1,476
Movement in Provision for Doubtful Debt	310	251	339	268
Remuneration of Elected Members	225	229	225	229
Subscriptions	72	91	88	108
Road Maintenance	3,762	4,700	3,762	4,700
Direct Contract Expenses	0	0	7,964	8,210
Other Expenditure	6,296	6,264	9,527	9,905
Investment Property Expenditure	14	21	14	21
Rates and Penalties Remissions	227	427	227	427
<b>Total Other Expenditure</b>	<b>11,817</b>	<b>12,875</b>	<b>27,739</b>	<b>29,556</b>

The audit related fees for Assurance Related Services in 2012 were for the Long Term Plan Audit.

## 10• Tax

	Waitomo District Council		Waitomo District Group	
(\$'000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Income tax Recognised in Profit or Loss</b>				
Current Tax	0	0	26	0
Deferred Tax on Temporary Differences	0	0	0	(22)
	<b>0</b>	<b>0</b>	<b>26</b>	<b>(22)</b>
<b>Reconciliation of Accounting Profit/(Loss) before tax and income tax expense</b>				
Surplus/(Deficit) before Taxation	5,596	2,641	5,509	1,368
Prima Facie Taxation at 28%	1,567	739	1,543	383
Taxation Effect of Non Deductible Expenditure	(1,641)	(823)	(1,595)	(1,030)
Non Taxable Income	0	0	(40)	(22)
Non-Recognition of Benefit of Tax Losses	74	84	138	647
Under/(Over) Provided in Prior Periods	0	0	(20)	0
<b>Taxation Expense</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>(22)</b>

	DEPRECIATION AND AMORTISATION	EMPLOYEE ENTITLEMENTS	OTHER	TAX LOSSES CARRIED FORWARD	TOTAL DEFERRED TAX ASSET/ (LIABILITY)
<b>Deferred tax balances</b>					
<b>Council</b>					

Council has not recognised any deferred tax assets or liabilities

<b>Group 2012</b>					
Opening Balance	12	7	0	(1)	18
(Charged)/Credited to Profit or Loss	8	0	0	15	23
<b>Closing Balance</b>	<b>20</b>	<b>7</b>	<b>0</b>	<b>14</b>	<b>41</b>
<b>Group 2013</b>					
(Charged)/Credited to Profit or Loss	(14)	2	0	(14)	(26)
Write down of Deferred Tax Asset					
<b>Closing Balance</b>	<b>6</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>15</b>

## Council

Council has accumulated tax losses of \$1,482,000 to 30 June 2013 (2012: \$1,218,000). Accumulated tax losses are available to offset future taxable income, thereby reducing income tax liability. Council is unlikely to benefit from its accumulated tax losses and therefore has not recognised a deferred tax asset for this.

## Group

The Group has accumulated tax losses of \$14,424,000 to 30 June 2013 (2012: \$13,861,000). The Group is unlikely to benefit from its accumulated tax losses and therefore has not recognised a deferred tax asset for this. Further to that, the Group is unlikely to benefit from deferred tax balances for other categories and so have substantially written these off last year and continue not to recognise them.

Imputation Credit Account (\$000's)	Waitomo District Group	Waitomo District Group
	2013 ACTUAL	2012 ACTUAL
Balance 1 July	3,416	3,416
<b>Closing Balance 2013</b>	<b>3,416</b>	<b>3,416</b>

11• Revaluation Reserves (\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Revaluation Reserves</b>				
Balance at 1 July	68,617	50,265	70,381	51,658
Revaluation Gains/(Losses)	0	18,424	359	18,746
Transfer to/(from) Retained Earnings on Asset Disposal	(234)	(72)	(234)	(72)
Prior Period Adjustments	0	0	0	49
<b>Balance at 30 June</b>	<b>68,383</b>	<b>68,617</b>	<b>70,506</b>	<b>70,381</b>
This is made up of:				
Operational Land	3,653	3,653	4,019	4,020
Operational Buildings	2,886	2,921	2,934	2,969
Library Books	69	98	69	98
Restricted Land	5,387	5,387	5,387	5,387
Restricted Buildings	706	706	706	706
Infrastructural Land	710	710	710	710
Roading Assets	39,683	39,715	41,033	41,064
Water Reticulation Assets	5,195	5,212	5,195	5,212
Sewerage Reticulation Assets	3,141	3,166	3,141	3,166
Stormwater Reticulation Assets	6,473	6,560	6,473	6,560
Refuse System Assets	480	489	480	489
Quarry Plant Assets	0	0	359	0
<b>Total Revaluation Reserves</b>	<b>68,383</b>	<b>68,617</b>	<b>70,506</b>	<b>70,381</b>



## 12• Reserves

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2012	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2013
<b>Operational Reserves</b>				
<b>Leadership and Investments</b>				
Leadership	225	257	(22)	460
Investments	(3,254)	139	(172)	(3,287)
	<b>(3,029)</b>	<b>396</b>	<b>(194)</b>	<b>(2,827)</b>
<b>Community Service</b>				
Parks and Reserves	217	23	(18)	222
Housing and Other Property	(166)	5	(131)	(292)
Recreation and Culture - Library	(119)	0	(65)	(184)
Recreation and Culture - Swimming Pool	(108)	15	(5)	(98)
Recreation and Culture - Culture and Arts Centre	141	0	(40)	101
Recreation and Culture - Aerodrome	59	0	(5)	54
Public Amenities	151	43	(23)	171
Safety	28	45	0	73
	<b>203</b>	<b>131</b>	<b>(287)</b>	<b>47</b>
<b>Community Development</b>				
Community Development	502	103	(41)	564
	<b>502</b>	<b>103</b>	<b>(41)</b>	<b>564</b>
<b>Regulation</b>				
Regulation	(174)	0	(175)	(349)
	<b>(174)</b>	<b>0</b>	<b>(175)</b>	<b>(349)</b>
<b>Solid Waste Management</b>				
Collection	(14)	68	(29)	25
Management - Landfill and Transfer Stations	376	144	0	520
Management - Waste Minimisation	97	0	(9)	88
	<b>459</b>	<b>212</b>	<b>(38)</b>	<b>633</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	111	0	(122)	(11)
Rural Stormwater	117	10	0	127
	<b>228</b>	<b>10</b>	<b>(122)</b>	<b>116</b>
<b>Resource Management</b>				
District Plan Administration	(45)	0	(38)	(83)
	<b>(45)</b>	<b>0</b>	<b>(38)</b>	<b>(83)</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	(376)	852	(18)	458
Te Waitere Sewerage	56	0	(2)	54
Benneydale Sewerage	(157)	0	(38)	(195)
Piopio Sewerage	263	74	0	337
	<b>(214)</b>	<b>926</b>	<b>(58)</b>	<b>654</b>

## 12• Reserves

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2012	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2013
<b>Water Supply</b>				
Te Kuiti Water	(444)	47	(22)	(419)
Mokau Water	(337)	0	(81)	(418)
Piopia Water	(132)	0	(190)	(322)
Benneydale Water	(115)	13	(6)	(108)
	<b>(1,028)</b>	<b>60</b>	<b>(299)</b>	<b>(1,267)</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	(1,487)	0	(495)	(1,982)
Non Subsidised Roads	512	0	(2)	510
	<b>(975)</b>	<b>0</b>	<b>(497)</b>	<b>(1,472)</b>
<b>Corporate Support</b>				
Gratuities	83	0	0	83
Long Service Leave	35	0	0	35
Natural Disaster	426	0	0	426
	<b>544</b>	<b>0</b>	<b>0</b>	<b>544</b>
<b>Total Operational Reserves</b>	<b>(3,529)</b>	<b>1,838</b>	<b>(1,749)</b>	<b>(3,440)</b>
<b>Depreciation Reserves</b>				
<b>Leadership and Investments</b>				
Investments	(28)	0	(59)	(87)
	<b>(28)</b>	<b>0</b>	<b>(59)</b>	<b>(87)</b>
<b>Community Service</b>				
Parks and Reserves	7	24	(31)	0
Housing and Other Property - Housing	112	21	(14)	119
Housing and Other Property - Community Halls	586	101	(18)	669
Housing and Other Property - Other Land and Buildings	312	84	(109)	287
Recreation and Culture - Library	329	110	(70)	369
Recreation and Culture - Swimming Pool	(73)	27	(32)	(78)
Recreation and Culture - Culture and Arts Centre	77	128	(136)	69
Recreation and Culture - Aerodrome	2	10	(6)	6
Public Amenities	122	62	(34)	150
	<b>1,474</b>	<b>567</b>	<b>(450)</b>	<b>1,591</b>
<b>Community Development</b>				
I-SITE	26	5	(3)	28
	<b>26</b>	<b>5</b>	<b>(3)</b>	<b>28</b>
<b>Regulation</b>				
Animal Control	(11)	2	(6)	(15)
	<b>(11)</b>	<b>2</b>	<b>(6)</b>	<b>(15)</b>

## 12• Reserves

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2012	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2013
<b>Solid Waste Management</b>				
Management - Landfill and Transfer Stations	42	84	(210)	(84)
	<b>42</b>	<b>84</b>	<b>(210)</b>	<b>(84)</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	729	171	(41)	859
Rural Stormwater	14	4	(1)	17
	<b>743</b>	<b>175</b>	<b>(42)</b>	<b>876</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	547	288	(243)	592
Te Waitere Sewerage	(2)	5	0	3
Benneydale Sewerage	158	29	(32)	155
Piopia Sewerage	90	200	(258)	32
	<b>793</b>	<b>522</b>	<b>(533)</b>	<b>782</b>
<b>Water Supply</b>				
Te Kuiti Water	38	234	(78)	194
Mokau Water	(20)	48	(47)	(19)
Piopia Water	130	66	(8)	188
Benneydale Water	89	32	(18)	103
	<b>237</b>	<b>380</b>	<b>(151)</b>	<b>466</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	3,586	3,169	(2,251)	4,504
Non Subsidised Roads	(126)	104	(103)	(125)
	<b>3,460</b>	<b>3,273</b>	<b>(2,354)</b>	<b>4,379</b>
<b>Corporate Support</b>				
Corporate Support	138	225	(88)	275
Plant	604	134	(352)	386
	<b>742</b>	<b>359</b>	<b>(440)</b>	<b>661</b>
<b>Total Depreciation Reserves</b>	<b>7,478</b>	<b>5,367</b>	<b>(4,248)</b>	<b>8,597</b>
<b>Investment Revaluation Reserves</b>				
<b>Leadership and Investments</b>				
Investment Property - Forestry	(35)	5	(2)	(32)
	<b>(35)</b>	<b>5</b>	<b>(2)</b>	<b>(32)</b>
<b>Community Services</b>				
Housing and Other Property - Other Land and Buildings	296	0	(14)	282
	<b>296</b>	<b>0</b>	<b>(14)</b>	<b>282</b>

## 12• Reserves

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2012	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2013
<b>Available for Sale Reserves</b>				
Shares in Other Companies	4	0	0	4
	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>Total Investment Revaluation Reserves</b>	<b>265</b>	<b>5</b>	<b>(16)</b>	<b>254</b>
<b>Special Purpose Reserves</b>				
<b>Community Development</b>				
District Development	16	0	0	16
	<b>16</b>	<b>0</b>	<b>0</b>	<b>16</b>
<b>Hedging Reserve</b>				
Cashflow Hedging Reserve	(701)	551	0	(150)
	<b>(701)</b>	<b>551</b>	<b>0</b>	<b>(150)</b>
<b>Total Special Purpose Reserves</b>	<b>(685)</b>	<b>551</b>	<b>0</b>	<b>(134)</b>
<b>Total Other Reserves</b>	<b>3,529</b>	<b>7,761</b>	<b>(6,013)</b>	<b>5,277</b>

The Council maintains reserves as a sub-set of its equity. There are four categories of reserves held.

### Operational Reserves

Operational reserves are created to hold short-term funding surpluses (deficits) arising from the various activities of Council. A deficit may occur when operating expenditure exceeds budget, operating revenue is less than budget or a combination of both. A balance in the operational reserve forms part of the Council's funding considerations for a particular activity in the subsequent years budget. Council ensures that rates collected for a particular activity from an identified group of ratepayers are used only for that activity and for the benefit of that identified ratepayer.

### Depreciation Reserves

The Council sets aside accumulated funds from rates in specific Depreciation Reserves to fund repayments on loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives. Council ensures that funds accumulated for a particular activity from an identified group of ratepayers can only be used for that activity and for the benefit of that identified group. The purpose of the Depreciation Reserves is to ensure that Council's ability to provide services to the District's communities is maintained.

### Investment Revaluation Reserves

Council investment activities include its subsidiary companies, Parkside subdivision, Housing and Other Property and a small forestry holding at the Rangitoto Landfill site. Council is obliged to periodically review the value its investment in these activities. Investment revaluation reserves are therefore created when the value of Council's investment either increases or decreases as a result of that revaluation.

### Special Purpose Reserves

Council maintains special purpose reserves to hold specific funds in relation to an activity. There are currently two special purposes reserves held as follows:

- District Development Reserve - funds were received from Development King Country Trust in April 2012 with the intention to set up a Waitomo District Development Board.
- Cashflow Hedging Reserve - comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

## 13• Cash and Cash Equivalents

(\$000's)	NOTE	Waitomo District Council		Waitomo District Group	
		2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Cash and Cash Equivalents</b>					
Cash at Bank and In Hand		171	666	206	979
Term Deposits With Maturities of Less Than 3 months		0	2,045	0	2,045
<b>Total Cash and Cash Equivalents</b>		<b>171</b>	<b>2,711</b>	<b>206</b>	<b>3,024</b>
<b>Cash and bank overdrafts include the following for the purposes of the Statement of Cash Flows</b>					
Cash at Bank and In Hand		171	666	206	979
Term Deposits With Maturities of Less Than 3 Months		0	2,045	0	2,045
Bank Overdrafts	19	0	0	(3,144)	(2,876)
<b>Total Cash and Cash Equivalents</b>		<b>171</b>	<b>2,711</b>	<b>(2,938)</b>	<b>148</b>

## 14• Other Financial Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Current</b>				
Loans and Advances	2	2	2	2
<b>Total Current Investments</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Non Current</b>				
Loans and Advances	771	773	21	23
Shares in Companies	20	20	20	20
<b>Total Non Current Investments</b>	<b>791</b>	<b>793</b>	<b>41</b>	<b>43</b>
<b>Total Investments</b>	<b>793</b>	<b>795</b>	<b>43</b>	<b>45</b>

### Shares in Companies

Council is a shareholder in Local Authority Shared Services Ltd (LASS). LASS is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. Council also holds 16,940 shares in NZ Local Government Insurance Company (2012: 2,470). The investment is recorded at cost because it cannot be measured reliably. Refer to note 31 for further detail.

### Shares in Subsidiaries

Council has 100% shareholding in Inframax Construction Ltd (2012:100%). The principal activity of the company is roading. The balance date of the company is 30 June.

In July 2011 Council agreed to introduce \$800,000 of additional equity in the form of an increased shareholding investment to that value. This was paid to the Company in July 2011. As a result of continuing poor performance of Inframax Construction Ltd, its reliance on its lender for continued financial support and given that it is unlikely that the subsidiary will be in a position to provide a return on Council's investment in the immediate future, the Council decided to write-down the value of its investment in Inframax Construction Ltd to nil as at 30 June 2012. This has resulted in an impairment loss of \$800,000 being recorded in the 2011/12 year. The impairment loss was recorded in Other Gains/(Losses) in the profit and loss. Refer to Note 5 for details.

## 15• Inventory

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Subdivision Property	0	0	0	0
Metal Stockpiles and Landfill Stock	19	11	1,273	1,486
Fuels, Spares and Consumables	24	15	212	140
<b>Total Inventories</b>	<b>43</b>	<b>26</b>	<b>1,485</b>	<b>1,626</b>

The Group's 2012 Inventory balance has been restated to exclude the Parkside Subdivision assets which were incorrectly classified as Inventory in 2011/12 year.

The Parkside Subdivision assets have been included in the Group's 2012 Asset held for sale balance as detailed within Note 26.

## 16• Debtors and Other Receivables

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Construction Contracts Accrued Income	0	0	125	28
Rates Receivables *	3,455	3,029	3,455	3,029
Related Party Receivables	18	13	0	0
General Debtors	3,415	4,496	5,166	8,111
Amounts due from Customers for Contract Work	0	0	2,004	569
Retentions Receivable	0	0	374	353
Prepayments	78	32	106	156
	<b>6,966</b>	<b>7,570</b>	<b>11,230</b>	<b>12,246</b>
Provision for Doubtful Debts	(1,373)	(1,063)	(1,495)	(1,156)
<b>Total Debtors and Other Receivables</b>	<b>5,593</b>	<b>6,507</b>	<b>9,735</b>	<b>11,090</b>

\* Included in the rates receivable figure is an amount of \$1,021,806 (2012: \$859,941) relating to rates penalties.

### Impairment

As of 30 June 2013 and 2012, 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 2013 and 2012 for both Council and Group are detailed below:

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Gross Receivables</b>				
Current	4,237	4,911	8,327	8,567
Past due 1-30 days	103	52	103	52
Past due 31-60 days	6	21	25	765
Past due 61-90 days	190	671	196	715
Past due > 90 days	2,352	1,883	2,473	1,991
<b>Total Gross Receivables</b>	<b>6,888</b>	<b>7,538</b>	<b>11,124</b>	<b>12,090</b>
<b>Impairment of Receivables</b>				
Current	(285)	(271)	(285)	(271)
Past due 1-30 days	0	(1)	0	(1)
Past due 31-60 days	0	(1)	0	(1)
Past due 61-90 days	(1)	(1)	(2)	(1)
Past due > 90 days	(1,087)	(789)	(1,208)	(882)
<b>Total Impairment of Receivables</b>	<b>(1,373)</b>	<b>(1,063)</b>	<b>(1,495)</b>	<b>(1,156)</b>
<b>Net Receivables</b>				
Current	3,952	4,640	8,042	8,296
Past due 1-30 days	103	51	103	51
Past due 31-60 days	6	20	25	764
Past due 61-90 days	189	670	194	714
Past due > 90 days	1,265	1,094	1,265	1,109
<b>Total Net Receivables</b>	<b>5,515</b>	<b>6,475</b>	<b>9,629</b>	<b>10,934</b>
Plus Prepayments	78	32	106	156
<b>Total Trade and Other Receivables</b>	<b>5,593</b>	<b>6,507</b>	<b>9,735</b>	<b>11,090</b>
Individual Impairment	1,373	1,063	1,495	1,156
Collective Impairment	0	0	0	0
<b>Total Provision for Impairment</b>	<b>1,373</b>	<b>1,063</b>	<b>1,495</b>	<b>1,156</b>
Current	285	271	285	271
Past due 1-30 days	0	1	0	1
Past due 31-60 days	0	1	0	1
Past due 61-90 days	1	1	2	1
Past due > 90 days	1,087	789	1,208	882
<b>Total Individual Impairment</b>	<b>1,373</b>	<b>1,063</b>	<b>1,495</b>	<b>1,156</b>
Balance at 1 July	(1,063)	(812)	(1,156)	(887)
Additional provisions made during the year	(401)	(329)	(437)	(421)
Receivables written off during the period	91	78	98	152
<b>Balance at 30 June</b>	<b>(1,373)</b>	<b>(1,063)</b>	<b>(1,495)</b>	<b>(1,156)</b>

\* Rates receivable for the current year have been categorised as current.

## 17• Derivative Financial Instruments

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Non Current Asset Portion</b>				
Interest rate swaps - cash flow hedges	239	46	239	46
<b>Total Derivative Financial Instrument Assets</b>	<b>239</b>	<b>46</b>	<b>239</b>	<b>46</b>
<b>Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	274	265	274	388
<b>Non Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	116	483	116	483
<b>Total Derivative Financial Instrument Liability</b>	<b>390</b>	<b>748</b>	<b>390</b>	<b>871</b>

### Interest Rate Swaps

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

The full fair value of interest rate swaps held by the Group, other than Council are classified as a non-current asset or liability if the remaining maturity of the derivative is more than 12 months and is a current asset or liability if the maturity of the derivative is less than 12 months.

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$33,500,000 (2012: \$33,500,000) and for the Group were \$33,500,000 (2012: \$37,256,000). At 30 June 2013, the fixed interest rates of cash flow hedge interest rate swaps varied from 3.49% to 4.36% for the Council (2012: 3.49% to 4.36%) and 3.49% to 4.36% for the Group (2012: 3.49% to 8.29%).

Gains and Losses for swap contracts qualifying as being effective as cash flow hedges under hedge accounting are recognised in the hedging reserve in equity on interest rate swap contracts as at 30 June 2013 and will be released to the surplus or deficit as interest is paid on the underlying debt. Gains and losses for swap contracts that do not qualify as being effective under hedge accounting are recognised in profit or loss.

The Council and Group has no fair value hedges.

## 18• Creditors and Other Payables

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Trade Payables	3,251	3,095	6,055	6,190
Related Party Payables	238	56	0	0
Deposits and Bonds	96	105	96	105
Retention Monies	495	385	495	385
Revenue in Advance	190	267	190	267
Councillors and Directors Fees Payable	10	10	10	10
Amounts due to Customers for Contract Work	0	0	201	336
<b>Total Creditors and Other Payables</b>	<b>4,280</b>	<b>3,918</b>	<b>7,047</b>	<b>7,293</b>
<b>This is made up of:</b>				
Current	3,490	3,918	6,257	7,293
Non Current	790	0	790	0
<b>Total Creditors and Other Payables</b>	<b>4,280</b>	<b>3,918</b>	<b>7,047</b>	<b>7,293</b>

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



## 19• Borrowings

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Bank Overdraft	0	0	3,144	2,876
<b>Current</b>				
Secured Loans	13,791	14,208	13,791	19,453
Lease Liabilities	60	56	141	247
<b>Total Current</b>	<b>13,851</b>	<b>14,264</b>	<b>13,932</b>	<b>19,700</b>
<b>Non Current</b>				
Secured Loans	30,497	31,847	34,588	31,847
Unsecured Loans	750	750	750	750
Lease Liabilities	84	144	103	231
<b>Total Non Current</b>	<b>31,331</b>	<b>32,741</b>	<b>35,441</b>	<b>32,828</b>
<b>Total Borrowings</b>	<b>45,182</b>	<b>47,005</b>	<b>49,373</b>	<b>52,528</b>

### Council

The Council has a wholesale advance facility which has a limit of \$19,000,000 (2012: \$26,797,000). There was \$3,453,000 (2012: \$15,810,000) available on this facility as at 30 June 2013.

### Security

Council borrowings are secured over annual rates on every rateable property within the Waitomo district.

On the 6 August 2010 a Debenture Trust Deed was executed, whereby security in the form of a charge over rates revenue is held by a trustee for the benefit of Council's lenders. Prior to that security was offered by way of Deed of Charge in favour of Council's bank who was Council's sole lender at the time.

At 30 June 2013 the total amount of Stock issued and outstanding under the Debenture Trust Deed was;

(\$000's)	Waitomo District Council	Waitomo District Council
	2013 ACTUAL	2012 ACTUAL
Debenture Stock	28,500	23,500
Security Stock*	45,000	45,000
<b>Total Stock Issued</b>	<b>73,500</b>	<b>68,500</b>

\*Security Stock issued is a general security instrument issued to Westpac Banking Corporation Limited for security for a number of Wholesale Term Loans, Wholesale Advance Facility and Interest Rate Swap contracts. The principal money owing under the Security Stock were Wholesale Term Loans Nil (2012: \$11,350,000), a Call Advance of \$50,000 (2012: \$2,640,000) and Term Advances of \$15,497,000 (2012: \$8,347,000). The total borrowings outstanding are less than the security held by the bank under the Security Stock.

### Group

The current portion of secured loans for the Group was made up of the Council current loans as noted above and the current portion of lease liabilities of Inframax Construction Limited and Independent Roadmarkers Taranaki Limited.

At 30 June 2013, Inframax Construction Limited had a multi option credit line facility of \$3,250,000 (2012: \$3,250,000) of which \$nil (2012: \$nil) was undrawn at 30 June 2013. Support from the lender to Inframax Construction Limited under this facility is dependent on the company meeting its forecast financial performance and operating within its cash flow estimates. This multi option credit line facility has had its expiry date extended to 30 June 2014.

At 30 June 2013, Inframax Construction Limited had a wholesale term loan of \$4,090,369 (2012: \$5,163,369) which has had its expiry date extended to 31 July 2014.

### Security

The overdraft facility and loans of Inframax Construction Ltd are secured by way of debenture over the assets of the business.

The repayment terms for borrowings are:

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Repayment Terms</b>				
Payable in less than 1 year	13,851	14,264	13,932	19,700
Payable in 1-2 years	15,543	14,310	19,653	14,397
Payable in 2-5 years	15,788	18,431	15,788	18,431
<b>Total</b>	<b>45,182</b>	<b>47,005</b>	<b>49,373</b>	<b>52,528</b>

Analysis of Finance Lease Liabilities

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Total Minimum Lease Payments Payable</b>				
Not later than one year	73	77	152	293
Later than one year and not later than five years	93	166	104	258
<b>Present Value of Minimum Lease Payments</b>	<b>166</b>	<b>243</b>	<b>256</b>	<b>551</b>
Future Finance Charges	(22)	(43)	(27)	(73)
<b>Present Value of Minimum Lease Payments</b>	<b>144</b>	<b>200</b>	<b>229</b>	<b>478</b>
Not later than 1 year	60	56	141	247
Later than 1 Year but not more than 5 years	84	144	103	231
<b>Present Value of Minimum Lease Payments</b>	<b>144</b>	<b>200</b>	<b>244</b>	<b>478</b>
<b>Lease liabilities</b>				
Weighted average interest rates	10.52%	10.56%	10.52%	10.56%

#### Variations from/Changes to the Policy on Liability Management

Council's Policy on Liability Management contained within Council's Treasury Management Policy 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.

## Internal Borrowings

Internal borrowings are eliminated on consolidation of activities of Council's financial statements. The following table summarises the internal loans held for each group of activities.

(\$000's)	Opening Balance 1 July 2012	Loan Repayments	Loans Raised	Closing Balance 30 June 2013	Internal Interest Paid
<b>Activity Loans</b>					
Leadership and Investments	3,726	(58)	0	3,668	148
Community Services	1,933	(149)	143	1,927	76
Community Development	36	(3)	0	33	1
Regulation	46	(5)	0	41	2
Solid Waste Management	6,259	(148)	0	6,111	249
Stormwater Drainage	170	(11)	0	159	7
Sewerage	9,454	(516)	4,619	13,557	375
Water Supply	4,271	(145)	870	4,996	170
Roads and Footpaths	24,888	(642)	56	24,302	989
<b>Total</b>	<b>50,783</b>	<b>(1,677)</b>	<b>5,688</b>	<b>54,794</b>	<b>2,017</b>

## 20• 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. The responsibility for closed landfills consists of obligations imposed under the resource consents issued. Non compliance with these consents may lead to prosecution under the Resource Management Act.

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.

The Rangitoto Landfill has a remaining capacity of 128,156 cubic metres. The estimated remaining life of the landfill is 23 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% (2012: 6%).

### Provision for Riskpool Insurance Calls

Council is a member of RiskPool. RiskPool is a mutual fund created and owned by local authorities to provide long term, affordable legal and professional liability protection. The purpose of RiskPool is to replace conventional Public Liability and Professional Indemnity insurance products with discretionary mutual fund to provide protection from risk.

RiskPool has been under financial pressure as a result of the leaky building issue, where Councils' and RiskPool have found themselves as respondents to legal claims from property owners. Council has been advised that the Board of RiskPool will be making a call on member Councils for a shortfall in the mutual pool's funds. Council provided for a future call for \$37,000 which was paid in July 2012. During the year, Riskpool advised no further call would be required so the remaining provision was reversed.

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Provision for Landfill Aftercare</b>				
<b>Balance at 1 July</b>	705	905	705	905
Additional Provisions Made During the Year	0	0	0	0
Amounts Used During the Year	(15)	(15)	(15)	(15)
Discount Unwinding	25	25	25	25
Unused Amounts Reversed	41	(210)	41	(210)
<b>Balance at 30 June</b>	<b>756</b>	<b>705</b>	<b>756</b>	<b>705</b>
<b>Provision for Riskpool Insurance Liability</b>				
<b>Balance at 1 July</b>	74	74	74	74
Additional Provisions Made During the Year	0	37	0	37
Unused Amounts Reversed	(37)	0	(37)	0
Amounts Used During the Year	(37)	(37)	(37)	(37)
<b>Balance at 30 June</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>74</b>
<b>Total Provisions</b>	<b>756</b>	<b>779</b>	<b>756</b>	<b>779</b>
<b>This is made up of:</b>				
Current	15	52	15	52
Non Current	741	727	741	727
<b>Total Provisions</b>	<b>756</b>	<b>779</b>	<b>756</b>	<b>779</b>

## 21• Employee Entitlements

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Accrued Pay	126	121	402	446
Annual, Long Service and Sick Leave	327	327	759	790
Gratuities and Retirement Provision	68	67	95	109
<b>Total Employee Entitlements</b>	<b>521</b>	<b>515</b>	<b>1,256</b>	<b>1,345</b>
<b>This is made up of:</b>				
Current	461	456	1,169	1,244
Non Current	60	59	87	101
<b>Total Employee Entitlements</b>	<b>521</b>	<b>515</b>	<b>1,256</b>	<b>1,345</b>

## 22• Property, Plant and Equipment

Council 2013	Cost/ Revaluation 30.06.12	Acc Depn & Impairment Charges 30.06.12	Carrying Value 30.06.12	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.13	Acc Depn & Impairment Charges 30.06.13	Carrying Value 30.06.13
<b>Operational Assets</b>											
Land	4,683	0	4,683	19	0	0	0	0	4,702	0	4,702
Buildings	6,964	1,087	5,877	132	(1)	0	437	0	7,097	1,524	5,573
Plant and equipment	229	114	115	94	(1)	0	18	0	324	132	192
Motor Vehicles	766	563	203	309	(1)	0	124	0	1,076	687	389
Furniture and fittings	1,146	976	170	21	0	0	40	0	1,167	1,016	151
Computers	1,614	1,479	135	12	0	0	46	0	1,626	1,525	101
Library Books	869	651	218	61	5	0	64	0	925	715	210
Finance leases - office equipment	682	488	194	0	4	0	60	0	678	548	130
<b>Total Operational Assets</b>	<b>16,953</b>	<b>5,358</b>	<b>11,595</b>	<b>648</b>	<b>6</b>	<b>0</b>	<b>789</b>	<b>0</b>	<b>17,595</b>	<b>6,147</b>	<b>11,448</b>
<b>Restricted Assets</b>											
Land	6,438	0	6,438	115	1	0	0	0	6,552	0	6,552
Buildings	4,130	535	3,595	318	21	0	197	0	4,427	732	3,695
<b>Total Restricted Assets</b>	<b>10,568</b>	<b>535</b>	<b>10,033</b>	<b>433</b>	<b>22</b>	<b>0</b>	<b>197</b>	<b>0</b>	<b>10,979</b>	<b>732</b>	<b>10,247</b>
<b>Infrastructural Assets</b>											
Land	1,256	0	1,256	0	0	0	0	0	1,256	0	1,256
Buildings	0	0	0	0	0	0	0	0	0	0	0
Roads	232,969	8,310	224,659	4,543	159	0	3,272	0	237,353	11,582	225,771
Water Reticulation	13,932	714	13,218	1,222	28	0	380	0	15,126	1,094	14,032
Sewerage Reticulation	17,509	1,100	16,409	6,258	70	0	435	0	23,697	1,535	22,162
Stormwater Systems	9,915	465	9,450	80	85	0	175	0	9,910	640	9,270
Refuse Systems	3,988	413	3,575	63	32	0	79	0	4,019	492	3,527
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>289,452</b>	<b>11,002</b>	<b>278,450</b>	<b>12,166</b>	<b>374</b>	<b>0</b>	<b>4,341</b>	<b>0</b>	<b>301,244</b>	<b>15,343</b>	<b>285,901</b>
Contract Work in Progress	5,275	0	5,275	115	7	0	0	0	5,383	0	5,383
<b>Total Council Assets</b>	<b>322,248</b>	<b>16,895</b>	<b>305,353</b>	<b>13,362</b>	<b>409</b>	<b>0</b>	<b>5,327</b>	<b>0</b>	<b>335,201</b>	<b>22,222</b>	<b>312,979</b>

Council 2012	Cost/ Revaluation 30.06.11	Acc Depn & Impairment Charges 30.06.11	Carrying Value 30.06.11	Current Year Additions	Current Year Disposals	Reclassifica- tion	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.12	Acc Depn & Impairment Charges 30.06.12	Carrying Value 30.06.12
<b>Operational Assets</b>											
Land	4,613	0	4,613	0	0	(30)	0	100	4,683	0	4,683
Buildings	5,152	720	4,432	27	(1)	(25)	367	1,809	6,964	1,087	5,877
Plant and equipment	223	106	117	5	(1)	0	8	0	229	114	115
Motor Vehicles	660	442	218	110	4	0	121	0	766	563	203
Furniture and fittings	1,125	933	192	21	0	0	43	0	1,146	976	170
Computers	1,528	1,443	85	86	0	0	36	0	1,614	1,479	135
Library Books	817	592	225	55	3	0	59	0	869	651	218
Finance leases - office equipment	501	420	81	218	37	0	68	0	682	488	194
<b>Total Operational Assets</b>	<b>14,619</b>	<b>4,656</b>	<b>9,963</b>	<b>522</b>	<b>42</b>	<b>(55)</b>	<b>702</b>	<b>1,909</b>	<b>16,953</b>	<b>5,358</b>	<b>11,595</b>
<b>Restricted Assets</b>											
Land	6,553	0	6,553	0	1	(2)	0	(112)	6,438	0	6,438
Buildings	3,378	361	3,017	236	1	57	174	460	4,130	535	3,595
<b>Total Restricted Assets</b>	<b>9,931</b>	<b>361</b>	<b>9,570</b>	<b>236</b>	<b>2</b>	<b>55</b>	<b>174</b>	<b>348</b>	<b>10,568</b>	<b>535</b>	<b>10,033</b>
<b>Infrastructural Assets</b>											
Land	1,256	0	1,256	0	0	0	0	0	1,256	0	1,256
Buildings	0	0	0	0	0	0	0	0	0	0	0
Roads	217,308	5,357	211,951	3,608	59	0	2,953	12,112	232,969	8,310	224,659
Water Reticulation	11,460	470	10,990	90	2	0	244	2,384	13,932	714	13,218
Sewerage Reticulation	13,154	626	12,528	4,529	0	0	474	(174)	17,509	1,100	16,409
Stormwater Systems	8,471	310	8,161	85	0	0	155	1,359	9,915	465	9,450
Refuse Systems	3,678	253	3,425	8	184	0	160	486	3,988	413	3,575
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>265,210</b>	<b>7,016</b>	<b>258,194</b>	<b>8,320</b>	<b>245</b>	<b>0</b>	<b>3,986</b>	<b>16,167</b>	<b>289,452</b>	<b>11,002</b>	<b>278,450</b>
Contract Work in Progress	5,763	0	5,763	(481)	7	0	0	0	5,275	0	5,275
<b>Total Council Assets</b>	<b>295,523</b>	<b>12,033</b>	<b>283,490</b>	<b>8,597</b>	<b>296</b>	<b>0</b>	<b>4,862</b>	<b>18,424</b>	<b>322,248</b>	<b>16,895</b>	<b>305,353</b>

Group 2012	Cost/ Revaluation 30.06.11	Acc Depn & Impairment Charges 30.06.11	Carrying Value 30.06.11	Current Year Additions	Current Year Disposals	Reclassification/ Prior Period Adjustment (NOTE 35)	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.12	Acc Depn & Impairment Charges 30.06.12	Carrying Value 30.06.12
<b>Operational Assets</b>											
Land	5,226	0	5,226	0	0	(30)	0	41	5,237	0	5,237
Buildings	7,354	892	6,462	27	3	(25)	441	1,560	8,913	1,333	7,580
Plant and equipment	223	106	117	5	(1)	0	8	0	229	114	115
Motor Vehicles	21,975	14,566	7,409	441	934	(349)	1,315	0	21,133	15,881	5,252
Furniture and fittings	1,864	1,573	291	34	0	(3)	108	0	1,895	1,681	214
Computers	1,528	1,443	85	86	0	0	36	0	1,614	1,479	135
Library Books	817	592	225	55	3	0	59	0	869	651	218
"Finance leases - office equipment"	501	420	81	218	37	0	68	0	682	488	194
<b>Total Operational Assets</b>	<b>39,488</b>	<b>19,592</b>	<b>19,896</b>	<b>866</b>	<b>976</b>	<b>(407)</b>	<b>2,035</b>	<b>1,601</b>	<b>40,572</b>	<b>21,627</b>	<b>18,945</b>
<b>Restricted Assets</b>											
Land	6,553	0	6,553	0	1	(2)	0	(112)	6,438	0	6,438
Buildings	3,378	361	3,017	236	1	57	174	460	4,130	535	3,595
<b>Total Restricted Assets</b>	<b>9,931</b>	<b>361</b>	<b>9,570</b>	<b>236</b>	<b>2</b>	<b>55</b>	<b>174</b>	<b>348</b>	<b>10,568</b>	<b>535</b>	<b>10,033</b>
<b>Infrastructural Assets</b>											
Land	1,256	0	1,256	0	0	0	0	0	1,256	0	1,256
Buildings	0	0	0	0	0	0	0	0	0	0	0
Roads	216,746	5,357	211,389	3,541	59	0	2,953	12,742	232,970	8,310	224,660
Water Reticulation	11,460	470	10,990	90	2	0	244	2,384	13,932	714	13,218
Sewerage Reticulation	13,154	626	12,528	4,529	0	0	474	(174)	17,509	1,100	16,409
Stormwater Systems	8,471	310	8,161	85	0	0	155	1,359	9,915	465	9,450
Refuse Systems	3,678	253	3,425	8	184	0	160	486	3,988	413	3,575
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>264,648</b>	<b>7,016</b>	<b>257,632</b>	<b>8,253</b>	<b>245</b>	<b>0</b>	<b>3,986</b>	<b>16,797</b>	<b>289,453</b>	<b>11,002</b>	<b>278,451</b>
Contract Work in Progress	5,763	0	5,763	(481)	7	0	0	0	5,275	0	5,275
<b>Total Council Assets</b>	<b>319,830</b>	<b>26,969</b>	<b>292,861</b>	<b>8,874</b>	<b>1,230</b>	<b>(352)</b>	<b>6,195</b>	<b>18,746</b>	<b>345,868</b>	<b>33,164</b>	<b>312,704</b>

Group 2013	Cost/ Revaluation 30.06.12	Acc Depn & Impairment Charges 30.06.12	Carrying Value 30.06.12	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation and Impairment	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.13	Acc Depn & Impairment Charges 30.06.13	Carrying Value 30.06.13
<b>Operational Assets</b>											
Land	5,237	0	5,237	19	0	0	0	0	5,256	0	5,256
Buildings	8,913	1,333	7,580	132	(1)	0	497	0	9,046	1,830	7,216
Plant and equipment	229	114	115	94	(1)	0	18	0	324	132	192
Motor Vehicles	21,133	15,881	5,252	607	365	(42)	1,010	0	21,333	16,891	4,442
Quarry Production Equipment	0	0	0	0	0	42	19	360	402	19	383
Furniture and fittings	1,895	1,681	214	38	0	0	63	0	1,933	1,744	189
Computers	1,614	1,479	135	12	0	0	46	0	1,626	1,525	101
Library Books	869	651	218	61	5	0	64	0	925	715	210
Finance leases - office equipment	682	488	194	0	4	0	60	0	678	548	130
<b>Total Operational Assets</b>	<b>40,572</b>	<b>21,627</b>	<b>18,945</b>	<b>963</b>	<b>372</b>	<b>0</b>	<b>1,777</b>	<b>360</b>	<b>41,523</b>	<b>23,404</b>	<b>18,119</b>
<b>Restricted Assets</b>											
Land	6,438	0	6,438	115	1	0	0	0	6,552	0	6,552
Buildings	4,130	535	3,595	318	21	0	197	0	4,427	732	3,695
<b>Total Restricted Assets</b>	<b>10,568</b>	<b>535</b>	<b>10,033</b>	<b>433</b>	<b>22</b>	<b>0</b>	<b>197</b>	<b>0</b>	<b>10,979</b>	<b>732</b>	<b>10,247</b>
<b>Infrastructural Assets</b>											
Land	1,256	0	1,256	0	0	0	0	0	1,256	0	1,256
Buildings	0	0	0	0	0	0	0	0	0	0	0
Roads	232,970	8,310	224,660	4,481	159	0	3,272	0	237,292	11,582	225,710
Water Reticulation	13,932	714	13,218	1,222	28	0	380	0	15,126	1,094	14,032
Sewerage Reticulation	17,509	1,100	16,409	6,258	70	0	435	0	23,697	1,535	22,162
Stormwater Systems	9,915	465	9,450	80	85	0	175	0	9,910	640	9,270
Refuse Systems	3,988	413	3,575	63	32	0	79	0	4,019	492	3,527
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>289,453</b>	<b>11,002</b>	<b>278,451</b>	<b>12,104</b>	<b>374</b>	<b>0</b>	<b>4,341</b>	<b>0</b>	<b>301,183</b>	<b>15,343</b>	<b>285,840</b>
Contract Work in Progress	5,275	0	5,275	115	7	0	0	0	5,383	0	5,383
<b>Total Council Assets</b>	<b>345,868</b>	<b>33,164</b>	<b>312,704</b>	<b>13,615</b>	<b>775</b>	<b>0</b>	<b>6,315</b>	<b>360</b>	<b>359,068</b>	<b>39,479</b>	<b>319,589</b>



### Fair Value (Council)

The Council considers the valuations, as currently reflected in the Council and Group'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 Group's financial statements, to be the fair value of land and buildings. Land and buildings were revalued at 30 June 2012 by Doyle Valuations Ltd.

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

## 23• Intangible Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Software</b>				
<b>Cost</b>				
Balance at 1 July	733	696	1,398	1,361
Additions	21	37	21	37
<b>Balance at 30 June</b>	<b>754</b>	<b>733</b>	<b>1,419</b>	<b>1,398</b>
<b>Accumulated Amortisation</b>				
Balance at 1 July	642	617	1,307	1,262
Amortisation Expense for the Year	36	25	36	45
<b>Balance at 30 June</b>	<b>678</b>	<b>642</b>	<b>1,343</b>	<b>1,307</b>
<b>Net Book Value at 30 June</b>	<b>76</b>	<b>91</b>	<b>76</b>	<b>91</b>
<b>Carrying Book Value</b>				
Software	76	91	76	91
<b>Total Carrying Value at 30 June</b>	<b>76</b>	<b>91</b>	<b>76</b>	<b>91</b>

## 24• Forestry Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Balance at 1 July	39	39	39	39
"Gains/(Losses) due to change in fair value less estimated point of sale costs"	5	0	5	0
<b>Balance at 30 June</b>	<b>44</b>	<b>39</b>	<b>44</b>	<b>39</b>

The Council owns 15.7 hectares of pinus radiata which mature in 15 years. No forests have been harvested during the year (2012: Nil).

An independent valuation of Council's forestry assets was performed by North Langley and Associates, independent registered valuers, to determine the fair value less estimated point of sale costs at 30 June 2013.

North Langley and Associates are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation for assets of this nature. The valuation, which conforms to the New Zealand Professional Practice Standard 2006, and in particular International Valuation Application Standard 1 'Valuation for Financial Reporting' and International Valuation Application Standard 3 'Valuation Reporting'.

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.

## 25• Investment Property

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Balance at 1 July	663	627	663	627
Additions	4	11	4	11
Gains/(Losses) Due to Change in Fair Value	(14)	25	(14)	25
<b>Balance at 30 June</b>	<b>653</b>	<b>663</b>	<b>653</b>	<b>663</b>

An independent valuation of the Group's investment properties was performed by QV Asset and Advisory Valuations, independent registered valuers, to determine the fair market value of the investment properties.

QV Asset and Advisory Valuations are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo district.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular New Zealand Valuation Guidance Note 1 (effective from 1 October 2009), International Valuation Standards effective July 2011 (including June 2013 amendments and IVS 300 valuations for Financial Reporting (including changes effective January 2012)).

Under IVS 300, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. Accordingly, the valuation date is the date of inspection. The valuers considered the use of the valuation for financial reporting at 30 June 2013.

## 26• Asset held for sale

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Balance at 1 July	1,112	0	1,112	0
Additions	0	1,269	0	1,269
Disposals	(35)	(39)	(35)	(39)
Gains/(Losses) Due to Change in Fair Value	(14)	(118)	(14)	(118)
<b>Balance at 30 June</b>	<b>1,063</b>	<b>1,112</b>	<b>(1,063)</b>	<b>1,112</b>

In October 2011 Council agreed to purchase the Parkside subdivision from Inframax Construction Ltd at book value. The subdivision was subsequently revalued at 30 June 2013 resulting in loss on valuation of \$135,539 (2012: \$118,351). One section was sold resulting in a gain on sale. The remaining 30 sections continue to be actively marketed on a sale by section basis.

An independent valuation of the Group's Assets held for sale was performed by QV Asset and Advisory Valuations, independent registered valuers, to determine the fair market value of the investment properties.

QV Asset and Advisory Valuations are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo district.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular New Zealand Valuation Guidance Note 1 (effective from 1 October 2009), International Valuation Standards effective July 2011 (including June 2013 amendments and IVS 300 valuations for Financial Reporting (including changes effective January 2012)).

Under IVS 300, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. Accordingly, the valuation date is the date of inspection. The valuers considered the use of the valuation for financial reporting at 30 June 2013.

The Group's 2012 Asset held for sale balance has been restated to include the Parkside Subdivision sections which were incorrectly classified as Inventory in the 2011/12 year.

## 27• Capital Commitments and Operating Leases

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Commitments for capital contracted but not provided for:</b>				
<b>Capital Expenditure</b>	<b>464</b>	<b>3,388</b>	<b>464</b>	<b>3,388</b>
<b>Non Cancellable Operating Leases as Lessee</b>				
Not later than one year	60	56	141	247
Later than one year but not later than five years	46	144	65	231
Later than five years	38	0	38	0
<b>Total Non Cancellable Operating Leases</b>	<b>144</b>	<b>200</b>	<b>244</b>	<b>478</b>
<b>Operational Commitments</b>				
Not later than one year	7,489	7,155	7,921	8,003
Later than one year but not later than five years	9,863	11,221	10,836	12,558
Later than five years	0	0	395	522
<b>Total Operational Commitments</b>	<b>17,352</b>	<b>18,376</b>	<b>19,152</b>	<b>21,083</b>
<b>Total Commitments</b>	<b>17,960</b>	<b>21,964</b>	<b>19,860</b>	<b>24,949</b>

### Emissions Trading Scheme

The regulations for landfill methane emissions under the New Zealand Emissions Trading Scheme (NZ ETS) require waste disposal facility operators to surrender New Zealand Units (NZU) by 31 May 2014 to match their emissions from 1 January 2013 to 31 December 2013.

The cost of meeting ETS obligations is mandatory and the Rangitoto Landfill is obliged to make good the associated payments. Provisions for ETS payments were included in the financial projections contained in the 2012-22 LTP. Given the volatility of the value of NZU's, and in order to minimise price risk, Council purchased forward contracts in August 2012 to fix the price of NZU's for the calendar years 2013, 2014 and 2015, as follows:

Calendar Year	No. of NZUs	Price per NZU	Commitment \$
2013/14	8,600	5.30	45,580
2014/15	11,500	5.85	67,275
2015/16	10,000	5.55	55,500
Total Commitment for ETS			<b>168,355</b>

The first payment under the Act will be due on **31 May 2014** covering the calendar year 2013.

The level of forward contracts will be reviewed annually and 'rolling' purchases considered - i.e. it may be prudent to annually extend Council's horizon so that it is always 2-3 years out.

## 28• Contingencies

### Council

In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of \$10,700 (2012: \$10,700), in lieu of a cash deposit.

Council is a shareholder in Local Authority Shared Services Ltd. LASS is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. There is uncalled capital of \$34,221 (2012: \$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.

In 2012 Council provided in its provisions amounts for calls for New Zealand National Mutual Riskpool of which Council is a member of (Note 20). During the year Riskpool advised no immediate calls were required so the remaining provision was reversed. It is possible further calls may be demanded of Council in the future. The timing and amount of further calls is currently unknown.

## Group

A contingent liability of \$1,270,283 exists at 30 June 2013 (2012: \$1,348,851) being bonds guaranteed by Westpac New Zealand Ltd and will be payable if the Group cannot fulfil its contractual obligations.

### Provision for Financial Guarantees

Council was listed as sole guarantor to a community organisation's bank loan for a total of \$70,000 in 2012. The Council was 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 considered it unlikely that the group will default on the loan arrangement and therefore did not provide for this guarantee in 2012.

This guarantee expired in 31 January 2013.

## 29• Operating Cash Flow Reconciliation

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Net Surplus/(Deficit) After Tax</b>	<b>5,596</b>	<b>2,641</b>	<b>5,483</b>	<b>1,390</b>
<b>Add/(Less) Non Cash Items</b>				
Depreciation and Amortisation	5,363	4,887	6,350	6,240
Gain/(Loss) in Change of Fair Value of Investment Property	14	(25)	14	(25)
Impairment Loss on Available for Sale Financial Assets	0	800	0	0
Loss on Revaluation of Subdivision Properties	14	0	14	0
Gain on Revaluation of Forestry Assets	(5)	0	(5)	0
Loss/(Gain) on Disposal of Assets or Impairment of Assets	371	221	133	(704)
Non Cash Acquisition of Assets	(211)	0	(211)	0
Change in Unrealised Derivative Financial Instrument	0	0	0	(175)
Change in Deferred Taxation Asset/Liability	0	0	26	(23)
<b>Add/(Less) Movements in Working Capital Items</b>				
Increase/(Decrease) in Trade and Other Payables	(430)	177	(1,037)	351
(Increase)/Decrease in Trade and Other Receivables	916	(1,524)	1,355	(1,644)
(Increase)/Decrease in Inventories	(17)	10	141	(19)
(Increase)/Decrease in Taxation Receivable	0	0	0	0
Increase/(Decrease) in Employee Entitlements	5	(2)	(75)	(182)
Increase/(Decrease) in Provisions	(37)	(200)	(37)	(200)
Add/(Less) Items Classified as Investing or Financing Activities	3,319	1,227	3,235	826
<b>Net Cash Flows from Operating Activities</b>	<b>14,898</b>	<b>8,212</b>	<b>15,386</b>	<b>5,835</b>

## 30• Capital Expenditure

Waitomo District Council

(\$000's)	NOTE	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
<b>Capital by Significant Activity</b>				
Leadership and Investments		453	441	1,736
Community Services		809	651	259
Community Development		1	0	0
Solid Waste Management		6	63	5
Stormwater Drainage		127	96	85
Sewerage		5,450	7,045	3,318
Water Supply		2,205	980	608
Roads and Footpaths		4,855	4,111	3,903
<b>Total Capital Expenditure</b>		<b>13,906</b>	<b>13,387</b>	<b>9,914</b>
<b>Shown as Additions to</b>				
Property, Plant and Equipment	22	13,869	13,362	8,597
Intangible Assets	23	37	21	37
Investment Property	25	0	4	11
Assets Held for Sale	26	0	0	1,269
<b>Total Capital Expenditure</b>		<b>13,906</b>	<b>13,387</b>	<b>9,914</b>
<b>Funded by</b>				
Loans		7,174	5,688	2,818
Subsidy Revenue		3,970	5,063	3,685
Reserves		2,762	2,636	3,411
<b>Total</b>		<b>13,906</b>	<b>13,387</b>	<b>9,914</b>

## Summary of Significant Capital Additions and Replacements

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
<b>Leadership</b> (Total spend \$441)	Office furniture and equipment, computer hardware and licences, vehicles and radio telephones required to meet business unit and other organisational needs	452	0	352	89
<b>Community Facilities</b> (Total spend \$651)	Railway Buildings (revaluation and concept drawings for development), Main Street re-design and garden upgrade	55	0	199	12
	Land purchase for future cemetery extension at Te Kuiti	80	0	0	115
	Sound system and refurbishment of the Cultural & Arts Centre, Te Kuiti	130	0	46	65
	Library book stock renewal to maintain the standard of books available at the District library	64	0	0	61
	Land purchases (including easements)	0	0	40	0
	Stock yards and sundry renewals at Brook Park	30	0	0	9
	Renewal Te Waitere Wharf stairs	30	0	0	6
	Miscellaneous renewals for Elderly Persons Housing, Mahoenui Hall floor and water supply, camping grounds, public toilets, parks and reserves, plant & equipment, Council-owned buildings	420	0	0	98
<b>Solid Waste</b> (Total spend \$63)	Replace automated security gate at Rangitoto Landfill	0	0	0	31
	Hazardous waste, recycling containers and landfill aftercare	6	0	0	32
<b>Stormwater</b> (Total spend \$96)	Ongoing renewals of Council stormwater infrastructure for the management of rain water runoff for property protection	127	0	0	30
	Piping of open drains (St Andrews Court). \$20,000 contribution received from St Andrews towards project costs.	0	0	66	0
<b>Sewerage</b> (Total spend \$7,045)	Te Kuiti Wastewater Treatment Plant – establish wetland area, design and specifications, upgrade and renewal of existing plant to increase the plant's performance and meet discharge consent compliance.	5,260	0	6,785	0
	Benneydale Wastewater Network – completion of upgrade to, and extension of, existing network	0	0	17	0
	Piopio Wastewater Network – installation of separator tanks and minor upgrade of treatment plant	0	159	0	0
	Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants	190	0	0	84
<b>Water</b> (Total spend \$980)	Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply	1,204	0	173	0
	Piopio Water Treatment Plant upgrade and renewals to meet drinking water standards	443	0	538	0
	Benneydale Water Treatment Plant upgrade and renewals to meet drinking water standards	72	0	34	9
	Various pipe and plant renewals to maintain the reticulation network	487	0	10	216
<b>Roads</b> (Total spend \$4,111)	Sealed road surfacing - 44kms of reseal across the District to improve the smoothness of the road surface where the existing surface has deteriorated beyond normal capacity.	1,280	0	0	1,058
	Stock effluent disposal facility to improve the environment of and around the roading network	0	0	22	0
	Pavement rehabilitation carried out to reduce future road maintenance costs.	930	0	0	961
	Unsealed road metalling to renew structural support to unsealed roads district-wide	548	0	0	249
	Emergency reinstatement work to repair damage to roads as a result of bad weather events	240	0	0	623
	Drainage renewals to renew culverts in roading network	400	0	0	340
	Structures components replacement, including bridge and abutment maintenance throughout the District	350	0	0	327
	Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights	193	0	0	229
	Minor safety improvements, including guard rails and re-alignment of roads to improve road safety	485	0	117	0
	Other minor works, including preventative maintenance	217	0	0	104
	Footpath renewals, retaining wall maintenance, road improvements and property purchases not eligible for NZTA subsidy	212	0	0	81
<b>Community Development</b> (Total spend \$0)	Installation of door counter	1	0	0	0
<b>(Total spend \$13,387)</b>		<b>\$13,906</b>	<b>\$159</b>	<b>\$8,399</b>	<b>\$4,829</b>

Refer to **Our Activities** section for commentary on Significant Variation to Budget.

## 31• Financial Instruments

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Financial Instrument Categories</b>				
<b>Financial Assets</b>				
<b>Fair Value through Profit and Loss - held for trading</b>				
Derivative Financial Instrument Assets	239	46	239	46
<b>Loans and Receivables</b>				
Cash and Cash Equivalents	171	2,711	206	3,024
Trade and Other Receivables	5,515	6,475	9,629	10,934
Loans and Advances - Current	2	2	2	2
Loans and Advance - Non Current	773	773	23	23
<b>Total Loans and Receivables</b>	<b>6,461</b>	<b>9,961</b>	<b>9,860</b>	<b>13,983</b>
<b>Fair Value through Equity</b>				
Shares in Companies	20	20	20	20
Shares in Subsidiaries	0	0	0	0
<b>Total Fair Value through Equity</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities</b>				
<b>Fair Value through Profit and Loss - held for trading</b>				
Derivative Financial Instrument Liabilities	390	748	390	871
<b>Financial Liabilities at Amortised Cost</b>				
Trade and Other Payables - Current	3,490	3,918	6,257	7,293
Trade and Other Payables - Non Current	790	0	790	0
Bank Overdraft	0	0	3,144	2,876
Secured Loans - Current	13,791	14,208	13,791	19,453
Secured Loans - Non Current	30,497	31,847	34,588	31,847
Unsecured Loans - Non Current	750	750	750	750
Lease Liabilities - Current	60	56	141	247
Lease Liabilities - Non Current	84	144	103	231
<b>Total Financial Liabilities at Amortised Cost</b>	<b>49,462</b>	<b>50,923</b>	<b>59,564</b>	<b>62,697</b>

### Credit Risk

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

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

The Group 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:

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Cash and Cash Equivalents	171	2,711	206	3,024
Debtors and Other Receivables	5,515	6,475	9,629	10,934
Loans and Advances	775	775	25	25
<b>Total Credit Risk</b>	<b>6,461</b>	<b>9,961</b>	<b>9,860</b>	<b>13,983</b>

### 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:

	Waitomo District Council		Waitomo District Group	
(\$000's)	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Counterparties with Credit Ratings:</b>				
<b>Cash and Cash Equivalents</b>				
AA-	171	2,711	206	3,024
<b>Derivative Financial Instrument Assets</b>				
AA-	239	46	239	46
<b>Counterparties without Credit Ratings:</b>				
<b>Other Financial Assets - Loans and Advances</b>				
Existing counterparty with no defaults in the past	25	25	25	25
Existing counterparty with defaults in the past	750	750	0	0

Debtors and other receivables mainly arise from Group's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings.

The Group has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has a range of powers under the Local Government (Rating) Act 2002 to recover outstanding debts from the ratepayers, the property mortgagee and/or through property sales.

### Liquidity Risk

#### Management of Liquidity Risk

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



## Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Group'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 \$000's	Contractual Cashflows \$000's	Less than 1 Year \$000's	1-2 Years \$000's	2-5 Years \$000's
<b>Council 2013</b>						
Creditors and other payables (Current)	0.00%	3,490	3,490	3,490	0	0
Creditors and other payables (Non-current)	0.00%	790	790	0	158	632
Bank Overdraft	0.00%	0	0	0	0	0
Secured Loans - Current	5.56%	13,791	14,100	14,050	50	0
Secured Loans - Non-current	4.58%	30,497	33,342	1,397	16,371	15,574
Unsecured Loans - Non-current	7.40%	750	884	56	56	772
Lease Liabilities - Current & Non-current	10.56%	144	166	73	53	40
Derivative Financial Instruments	0.00%	151	120	278	121	(279)
<b>Total</b>		<b>49,313</b>	<b>52,892</b>	<b>19,344</b>	<b>16,809</b>	<b>16,739</b>

<b>Council 2012</b>						
Creditors and other payables (Current)	0.00%	3,918	3,918	3,918	0	0
Bank Overdraft	0.00%	0	0	0	0	0
Secured Loans - Current	5.88%	14,208	14,637	11,886	111	2,640
Secured Loans - Non-current	5.16%	31,847	35,778	1,643	14,698	19,437
Unsecured Loans - Non-current	7.30%	750	827	55	772	0
Lease Liabilities - Current & Non-current	10.56%	200	243	77	73	93
Derivative Financial Instruments	0.00%	702	722	268	262	192
<b>Total</b>		<b>51,625</b>	<b>56,125</b>	<b>17,847</b>	<b>15,916</b>	<b>22,362</b>

### Total Contractual Cashflows - Group 2013

	Effective Interest Rates %	Carrying Amount	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
Creditors and other payables (Current)	0.00%	6,791	6,791	6,791	0	0
Creditors and other payables (Non-current)	0.00%	790	790	0	158	632
Bank Overdraft	5.42%	3,144	3,314	3,314	0	0
Secured Loans - Current	5.56%	13,791	14,100	14,050	50	0
Secured Loans - Non-current	4.65%	34,588	37,856	1,610	20,672	15,574
Unsecured Loans - Non-current	7.40%	750	884	56	56	772
Lease Liabilities - Current & Non-current	11.33%	244	271	158	73	40
Derivative Financial Instruments	0.00%	151	120	278	121	(279)
<b>Total</b>		<b>60,249</b>	<b>64,126</b>	<b>26,257</b>	<b>21,130</b>	<b>16,739</b>

### Total Contractual Cashflows - Group 2012

Creditors and other payables (Current)	0.00%	7,243	7,243	7,243	0	0
Creditors and other payables (Non-current)	0.00%	0	0	0	0	0
Bank Overdraft	5.18%	2,876	3,025	3,025		
Secured Loans - Current	5.73%	19,452	20,150	17,399	111	2,640
Secured Loans - Non-current	5.16%	31,847	35,778	1,643	14,698	19,437
Unsecured Loans - Non-current	7.30%	750	827	55	772	0
Lease Liabilities - Current & Non-current	12.04%	479	551	293	154	104
Derivative Financial Instruments	0.00%	825	845	391	262	192
<b>Total</b>		<b>63,472</b>	<b>68,419</b>	<b>30,049</b>	<b>15,997</b>	<b>22,373</b>

## 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 Group's financial instrument exposures at balance date. The impact on Equity is the same as, the profit and loss impact below except for cashflow hedges which only have an impact on equity. A movement of 50bps (basis points), which is 0.50% and represents managements assessment of the reasonably possible change in interest rates:

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
<b>Interest Rate Risk</b>				
Market Interest Rates increase by 50bps	(106)	(68)	(150)	(96)
Market Interest Rates decrease by 50bps	106	68	150	96

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 \$21,297,000 (2012: \$13,447,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$106,000 (2012: \$67,000). 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

Group has floating rate debt with a principal amount totalling \$29,923,800 (2012: \$19,003,800). A movement in interest rates of plus or minus 50bps would result in a movement of \$150,000 (2012: \$95,000). 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.

## Fair Value

The carrying value of cash and cash equivalents, debtors and other receivables, loans, advances, current borrowings, bank overdraft and creditors and other payables approximates their fair value. The fair value of non-current portion of borrowings of Council is \$31,693,000 (2012: \$33,130,000) and for the Group \$35,803,000 (2012: \$33,220,000).

Council holds a small shareholding interest in NZ Local Government Insurance Corporation Limited and Local Authority Shared Services Limited, of which it has no intention of disposing of. The fair value of these unlisted companies cannot be reliably measured, due to a lack of an active market and lack of appropriate projected cash flow and revenue stream information for these securities.

The assumptions for fair value of non-current portion of bank borrowing (bank term loans) is based on yields in the secondary market for Government Bonds for 2,5 and 10 year maturities plus Council's bank customer margin (interest rate margin) quoted at or near balance date. Fair value of the non-current portion of Floating Rate Notes is based on mark to mark valuations based on the inter-bank interest rate yield curve at balance date.

### Fair Value Measurement

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(\$000's)	Level 1	Level 2	Level 3	Total
<b>Council 2013</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	239	0	239
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	20	20
	<b>0</b>	<b>239</b>	<b>20</b>	<b>259</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	390	0	390
	<b>0</b>	<b>390</b>	<b>0</b>	<b>390</b>
<b>Group 2013</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	239	0	239
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	20	20
	<b>0</b>	<b>239</b>	<b>20</b>	<b>259</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	390	0	390
	<b>0</b>	<b>390</b>	<b>0</b>	<b>390</b>
<b>Council 2012</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	46	0	46
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	20	20
	<b>0</b>	<b>46</b>	<b>20</b>	<b>66</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	748	0	748
	<b>0</b>	<b>748</b>	<b>0</b>	<b>748</b>
<b>Group 2012</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	46	0	46
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	20	20
	0	46	20	66
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	871	0	871
	<b>0</b>	<b>871</b>	<b>0</b>	<b>871</b>

#### Recognition of Level 3 fair value measurements of financial assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Balance at 1 July	20	7	20	7
Purchases of Shares	0	813	0	13
Impairment loss recognised in profit or loss	0	(800)	0	0
<b>Balance at 30 June</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>

## 32 • 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

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

(\$000's)	Waitomo District Council	
	2013 ACTUAL	2012 ACTUAL
<b>Transactions with Inframax Construction Ltd</b>		
Road Construction and Maintenance Expenditure	733	1,730
Other Revenue	83	79
Interest on Advance	56	31
Sale of Parkside Subdivision	0	1,269
<b>Balances Outstanding with Inframax Construction Ltd</b>		
Creditors	238	56
Debtors	18	13
Advance	750	750

### Inframax Construction Limited

The Company paid plant hire fees of \$21,557 (2012: \$27,720) to R & M Simpson Contracting, a business owned by R Simpson, an employee of the Company. There was nil owing at year end (2012: \$5,095).

### Remuneration of the Chief Executive (Council)

In the 2012/13 financial year the total remuneration paid to the Council's Chief Executive was \$221,448 (2012: \$216,147).

### Elected Representatives

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Mayor Hanna	66	68	66	68
Deputy Mayor Goddard	32	34	32	34
Councillor Hickey	25	25	25	25
Councillor Whitaker	25	25	25	25
Councillor Digby	26	26	26	26
Councillor Brodie	26	26	26	26
Councillor Te Kanawa	25	25	25	25
Directors Fees	0	0	100	106
<b>Total Elected Members Remuneration and Directors Fees</b>	<b>225</b>	<b>229</b>	<b>325</b>	<b>335</b>

## Key Management Personnel

(\$000's)	Waitomo District Council		Waitomo District Group	
	2013 ACTUAL	2012 ACTUAL	2013 ACTUAL	2012 ACTUAL
Short Term Employee Benefits	1,015	1,018	1,279	1,386
Post Employment Benefits	0	0	0	0
Other Long Term Benefits	0	0	0	0
Termination Benefits	0	0	0	0
Share Based Payments	0	0	0	0
<b>Total Payments made to Key Management Personnel</b>	<b>1,015</b>	<b>1,018</b>	<b>1,279</b>	<b>1,386</b>

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 (2012: Nil).

## Council Employees

(\$000's)	Waitomo District Council	
	2013 ACTUAL	2012 ACTUAL
Total number of employees per remuneration band at 30 June:		
<\$60,000	35	32
\$60,000 - \$79,999	9	10
\$80,000 - \$119,999	7	6
<b>\$120,000 - \$219,999</b>	<b>5</b>	<b>6</b>
<b>Total Employees</b>	<b>56</b>	<b>54</b>

The number of full time employees at 30 June 2013 was 56.

## 33• Construction Contracts

(\$000's)	NOTE	Waitomo District Group	
		2013 ACTUAL	2012 ACTUAL
Construction costs incurred plus recognised profits less recognised losses to date		4,037	3,215
Progress Billings		(4,113)	(3,523)
<b>Contracts in Progress at 30 June</b>		<b>(76)</b>	<b>(308)</b>
Amounts due to Customers (note 18)		(201)	(336)
Construction Contract Accrued Income (note 16)		125	28
<b>Contracts in Progress at 30 June</b>		<b>(76)</b>	<b>(308)</b>

## 34• Severance payments

### Council

There were no severance payments made during the year (2012: nil).

### Group

The Company made payments to eleven former employees in respect of termination of employment totalling \$69,872 (2012: \$110,635).

## 35• Funding Impact Statements (Local Government (Financial Reporting) Regulations 2011)

The following information is presented in compliance with the Local Government (Financial Reporting) Regulations 2011 and should not be relied on for any other purpose than compliance with those regulations. The purpose of the statements is to present information about sources and applications of funding. This information is derived from accrual accounting records, prepared under GAAP, however transactions with no funding impact, such as depreciation and asset revaluations have been eliminated.

COUNCIL	2012 ANNUAL PLAN	2012 ACTUAL	2013 LTP 2012-22	2013 ACTUAL
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	6,266	6,377	6,319	6,408
Targeted rates (other than a target rate for water supply)	9,496	9,505	10,312	10,326
Subsidies and grants for operating purposes	2,578	3,269	2,597	2,818
Fees, charges, and targeted rates for water supply	3,542	3,160	3,360	3,708
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	158	262	146	218
<b>Total operating funding (A)</b>	<b>22,040</b>	<b>22,573</b>	<b>22,734</b>	<b>23,478</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	15,844	16,353	16,264	15,250
Finance costs	2,942	2,535	2,747	2,306
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>18,786</b>	<b>18,888</b>	<b>19,011</b>	<b>17,556</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,254</b>	<b>3,685</b>	<b>3,723</b>	<b>5,922</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	7,884	4,470	3,970	5,063
Development and financial contributions	0	254	0	65
Increase (decrease) in debt	4,274	3,831	7,175	5,688
Gross proceeds from sale of assets	0	0	100	0
Lump sum contributions				
<b>Total sources of capital funding (C)</b>	<b>12,158</b>	<b>8,555</b>	<b>11,245</b>	<b>10,816</b>
<b>Applications of capital funding</b>				
Capital expenditure - to meet additional demand	0	677	0	274
Capital expenditure - to improve the level of service	9,648	4,456	7,577	8,399
Capital expenditure - to replace existing assets	4,947	4,703	5,903	4,659
Increase (decrease) in reserves	817	2,404	1,488	3,406
Increase (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>15,412</b>	<b>12,240</b>	<b>14,968</b>	<b>16,738</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,254)</b>	<b>(3,685)</b>	<b>(3,723)</b>	<b>(5,922)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>LEADERSHIP AND INVESTMENTS</b>	<b>2012 LTP 2009-2019</b>	<b>2013 LTP 2012-22</b>	<b>2013 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,286	2,483	2,572
Targeted rates (other than a target rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	96	42	70
Internal charges and overheads recovered	11,921	11,112	12,404
Local authorities fuel tax, fines, infringement fees and other receipts	433	5	92
<b>Total operating funding (A)</b>	<b>13,736</b>	<b>13,642</b>	<b>15,138</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,249	5,624	6,081
Finance costs	3,603	2,722	2,281
Internal charges and overheads applied	4,625	5,065	6,045
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>13,477</b>	<b>13,411</b>	<b>14,407</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>259</b>	<b>231</b>	<b>731</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	100	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>0</b>	<b>100</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	452	352
Capital expenditure - to replace existing assets	132	0	89
Increase (decrease) in reserves	127	(121)	290
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>259</b>	<b>331</b>	<b>731</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(259)</b>	<b>(231)</b>	<b>(731)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>COMMUNITY SERVICE</b>	<b>2012 LTP 2009-2019</b>	<b>2013 LTP 2012-22</b>	<b>2013 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,901	2,336	2,336
Targeted rates (other than a target rate for water supply)	269	238	237
Subsidies and grants for operating purposes	1	0	18
Fees, charges, and targeted rates for water supply	340	380	376
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	10	0
<b>Total operating funding (A)</b>	<b>3,511</b>	<b>2,964</b>	<b>2,967</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,712	1,355	1,012
Finance costs	0	0	0
Internal charges and overheads applied	1,256	1,115	1,530
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,968</b>	<b>2,470</b>	<b>2,542</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>543</b>	<b>494</b>	<b>425</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	309	449	143
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>309</b>	<b>449</b>	<b>143</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	80	0	115
Capital expenditure - to improve the level of service	0	246	283
Capital expenditure - to replace existing assets	587	563	253
Increase (decrease) in reserves	185	134	(83)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>852</b>	<b>943</b>	<b>568</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(543)</b>	<b>(494)</b>	<b>(425)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



<b>COMMUNITY DEVELOPMENT</b>	<b>2012 LTP 2009-2019</b>	<b>2013 LTP 2012-22</b>	<b>2013 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	831	812	812
Targeted rates (other than a target rate for water supply)	0	185	183
Subsidies and grants for operating purposes	0	0	65
Fees, charges, and targeted rates for water supply	312	227	189
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>1,143</b>	<b>1,224</b>	<b>1,249</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	661	748	707
Finance costs	0	0	0
Internal charges and overheads applied	478	471	476
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,139</b>	<b>1,219</b>	<b>1,183</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4</b>	<b>5</b>	<b>66</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	1	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	4	4	66
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>4</b>	<b>5</b>	<b>66</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(4)</b>	<b>(5)</b>	<b>(66)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

REGULATION	2012 LTP 2009-2019	2013 LTP 2012-22	2013 ACTUAL
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	558	323	323
Targeted rates (other than a target rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	346	400	337
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1	2	5
<b>Total operating funding (A)</b>	<b>905</b>	<b>725</b>	<b>665</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	265	242	230
Finance costs	0	0	0
Internal charges and overheads applied	638	478	598
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>903</b>	<b>720</b>	<b>828</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2</b>	<b>5</b>	<b>(163)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	2	5	(163)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2</b>	<b>5</b>	<b>(163)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2)</b>	<b>(5)</b>	<b>163</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>SOLID WASTE MANAGEMENT</b>	<b>2012 LTP 2009-2019</b>	<b>2013 LTP 2012-22</b>	<b>2013 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	54	14	14
Targeted rates (other than a target rate for water supply)	1,243	871	867
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	887	1,069	885
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,184</b>	<b>1,954</b>	<b>1,766</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,473	1,215	941
Finance costs	0	25	25
Internal charges and overheads applied	534	567	509
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,007</b>	<b>1,807</b>	<b>1,475</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>177</b>	<b>147</b>	<b>291</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	148	1	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>148</b>	<b>1</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	106	6	0
Capital expenditure - to replace existing assets	42	0	63
Increase (decrease) in reserves	177	142	228
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>325</b>	<b>148</b>	<b>291</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(177)</b>	<b>(147)</b>	<b>(291)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

STORMWATER	2012 LTP 2009-2019	2013 LTP 2012-22	2013 ACTUAL
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a target rate for water supply)	309	380	379
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	0	0	3
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>309</b>	<b>380</b>	<b>382</b>
Applications of operating funding			
Payments to staff and suppliers	78	136	101
Finance costs	0	0	0
Internal charges and overheads applied	84	88	134
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>162</b>	<b>224</b>	<b>235</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>147</b>	<b>156</b>	<b>147</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	65
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>0</b>	<b>0</b>	<b>65</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	66
Capital expenditure - to replace existing assets	121	127	30
Increase (decrease) in reserves	26	29	116
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>147</b>	<b>156</b>	<b>212</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(147)</b>	<b>(156)</b>	<b>(147)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

RESOURCE MANAGEMENT	2012 LTP 2009-2019	2013 LTP 2012-22	2013 ACTUAL
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	96	118	118
Targeted rates (other than a target rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	85	73	73
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>181</b>	<b>191</b>	<b>191</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	79	80	85
Finance costs	0	0	0
Internal charges and overheads applied	101	110	142
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>180</b>	<b>190</b>	<b>227</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1</b>	<b>1</b>	<b>(36)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	1	1	(36)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1</b>	<b>1</b>	<b>(36)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1)</b>	<b>(1)</b>	<b>36</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

SEWERAGE	2012 LTP 2009-2019	2013 LTP 2012-22	2013 ACTUAL
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a target rate for water supply)	1,793	1,958	1,970
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	936	535	994
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,729</b>	<b>2,493</b>	<b>2,964</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,040	1,232	1,021
Finance costs	0	0	0
Internal charges and overheads applied	1,143	668	656
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,183</b>	<b>1,900</b>	<b>1,677</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>546</b>	<b>593</b>	<b>1,287</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	2,609
Development and financial contributions	0	0	0
Increase (decrease) in debt	757	5,442	4,619
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>757</b>	<b>5,442</b>	<b>7,228</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	159
Capital expenditure - to improve the level of service	582	5,260	6,802
Capital expenditure - to replace existing assets	318	190	84
Increase (decrease) in reserves	403	585	1,470
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,303</b>	<b>6,035</b>	<b>8,515</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(546)</b>	<b>(593)</b>	<b>(1,287)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>WATER SUPPLY</b>	<b>2012 LTP 2009-2019</b>	<b>2013 LTP 2012-22</b>	<b>2013 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a target rate for water supply)	1,508	1,416	1,421
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	618	562	696
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,126</b>	<b>1,978</b>	<b>2,117</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,195	1,244	1,374
Finance costs	0	0	0
Internal charges and overheads applied	578	448	524
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,773</b>	<b>1,692</b>	<b>1,898</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>353</b>	<b>286</b>	<b>219</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	1,124	104
Development and financial contributions	0	0	0
Increase (decrease) in debt	924	1,082	870
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>924</b>	<b>2,206</b>	<b>974</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	760	1,512	756
Capital expenditure - to replace existing assets	361	694	223
Increase (decrease) in reserves	156	286	214
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,277</b>	<b>2,492</b>	<b>1,193</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(353)</b>	<b>(286)</b>	<b>(219)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>ROADS AND FOOTPATHS</b>	<b>2012 LTP 2009-2019</b>	<b>2013 LTP 2012-22</b>	<b>2013 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	345	233	233
Targeted rates (other than a target rate for water supply)	6,874	5,264	5,269
Subsidies and grants for operating purposes	2,718	2,597	2,735
Fees, charges, and targeted rates for water supply	55	72	85
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	122	129	121
<b>Total operating funding (A)</b>	<b>10,114</b>	<b>8,295</b>	<b>8,443</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,786	4,388	3,698
Finance costs	0	0	0
Internal charges and overheads applied	2,288	1,675	1,736
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>7,074</b>	<b>6,063</b>	<b>5,434</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,040</b>	<b>2,232</b>	<b>3,009</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	3,488	2,846	2,350
Development and financial contributions	0	0	0
Increase (decrease) in debt	612	201	56
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>4,100</b>	<b>3,047</b>	<b>2,406</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	526	100	140
Capital expenditure - to replace existing assets	5,933	4,756	3,971
Increase (decrease) in reserves	681	423	1,304
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>7,140</b>	<b>5,279</b>	<b>5,415</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,040)</b>	<b>(2,232)</b>	<b>(3,009)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



## 36• 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 Plan (LTP) 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 its activities. The sources and levels of funding are set out in the Revenue and Financing policies in the Council's LTP.

Council has the following council created reserves:

- Operational reserves are held for short term funding surpluses (or deficits) that arise from the various activities of Council.
- Depreciation reserves are held from accumulated funds from rates to fund repayments of loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives.
- Investment revaluation reserves are held from the periodical review of the value of its investment property. These valuation movements do not form part of the revaluation reserve shown in the equity section of the balance sheet.
- Special purpose reserves are held when Council has been donated funds that are restricted for particular purposes.

## 37• Events after balance date

There are no events of a material nature subsequent to 30 June 2013.

## 38• Explanations of Variances to Budget (Council)

### Revenue was \$1.677 million more than budgets due to:

- \$2.609 million of unbudgeted subsidies received for wastewater capital projects. These were not included in the budgets for the 2012/13 financial year as there was uncertainty at the time subsidy applications were made whether Council was eligible to receive financial assistance from central government.
- The Railway Buildings in Te Kuiti were purchased in 2012 by Council and subsequently revalued. This resulted in an increase of \$0.2 million in the value of the buildings which is disclosed as revenue on acquisition.
- An increase of \$0.5 million in trade-waste revenue due to increased activity at local meat works resulting from the drought.
- Rates revenue was \$0.2 million less than budget as a result of excluding rates paid on Council owned properties. The budget figure includes the rates revenue payable on Council property.
- Delays with commencing the Mokau raw water storage dam project meant budgeted subsidy of \$0.8 million was not able to be claimed during 2012/13.
- Refuse dump charges and sales of recycled materials at the Landfill were \$0.2 million less than budget.
- As the combined roading maintenance and renewals expenditures were less than budgeted, total subsidies claimed during the year were correspondingly \$0.4 million less than budget.

### Expenditure was \$0.5 million less than budget due to:

- Finance costs were \$0.5 million less than budget due to extended favourable economic conditions and debt restructuring resulting in lower interest rates than those used in the preparation of the 2012/13 budgets.
- Reductions of \$0.5 million in kerbside refuse collections, waste minimisation, refuse transfer stations and landfill operational costs.
- Electricity and insurance costs at the District's water and wastewater schemes were \$0.2 million less than budget due to changes in Council's insurance arrangements and delayed upgrade works.
- A \$0.8 million increase in expenditure over budget required for environmental roading maintenance and emergency reinstatement works, the latter as a result of weather events during the year. This was offset by savings of \$0.5 million in other budgeted roading categories.
- Depreciation charges were \$0.7 million more than anticipated, in particular for Council's roading network and water and wastewater infrastructural assets, due to increased asset values following the 2012 revaluations which also included a number of changes in the assumptions on the lives of assets.

### Balance Sheet

- Total equity was \$18.0 million more than budget due mainly to the increase in the revaluation reserve during 2012/13. The results of the revaluation were not known at the time budgets for 2012/13 were being prepared.
- Current assets were \$0.1 million less than budget. The \$1.2 million budget for inventory included the Parkside Subdivision. The fair value of the subdivision is now shown in non-current assets as 'Assets Held for Sale' as a result of a change in accounting treatment. Debtors and other receivables were higher than anticipated due to the subsidies that were receivable at 30 June 2013 and an increase in rates arrears.

- Current liabilities were \$8.6 million more than budget due mainly to three floating rate notes (FRNs) for \$13.8 million maturing during the 2013/14 financial year. These are recognised as current borrowings. Creditors and other payables were \$0.1 million less than forecast.
- Non-current assets were \$15.9 million more than budget due to the revaluation of assets as at 30 June 2012 and the introduction of Parkside Subdivision as Assets Held for Sale. Neither of these were recognised during preparation of the 2012/13 budgets.
- Non-current liabilities were \$10.9 million less than budgets as a greater portion of borrowings was anticipated to be non-current when the budgets were prepared. This is offset by a change in Council's banking arrangements that occurred during the year in which the maturity date for Council's wholesale advance banking facility was extended - this had been recognised in the 2012/13 budgets as current borrowings.

## 39• Compliance with Legislation

### Group

In 2013 and 2012 Inframax Construction Ltd breached Section 69 of the Local Government Act 2002 which requires consolidated financial statements and Section 9 (1) of Schedule 8 which requires the Statement of Corporate Intent to be prepared on a Group basis.

In 2013 Inframax Construction Ltd breached Section 338 of the Resource Management Act 1993. The infringement was in relation to environmental controls on a construction contract site and resulted in a \$300 fine.

In the Council Rates Resolution, penalties on unpaid rates were not explicitly set in terms of Section 57 of The Local Government Rating Act. The Rates Resolution does however, implicitly refer to the penalties in the Funding Impact Statement in the Long Term Plan. Council is in the process of seeking legal advice on this.

## 40• Prior period adjustment

In 2012, two adjustments were required in the Group's prior period results.

The first transaction involved was the de-recognition of the deferred tax asset. This transaction was recorded in its entirety as part of retained earnings however a portion (\$49,515) should have been recorded in the revaluation reserve as it related to fixed asset revaluations. This has been corrected in the current period Statement of Changes in Equity.

The second transaction was to correct the Group Property, Plant and Equipment balance. In the prior year the Group's Motor Vehicles and Furniture and Fittings was overstated and other expenditure was understated by \$352,000.

# Council Controlled Organisations

Council controlled organisations (CCOs) are essentially any company with a majority Council shareholding, or a trust or similar organisation with a majority of Council-controlled votes or Council-appointed trustees.

Council is involved in two CCOs:

- Inframax Construction Limited (a wholly owned subsidiary of the Council); and
- Local Authority Shared Services (LASS) Limited.

## Inframax Construction Limited

### Background

Inframax Construction Limited (ICL) is a roading construction and maintenance company with its head office situated in Te Kuiti.

### Shareholders

ICL is a wholly owned subsidiary of Waitomo District Council.

### Company Objectives

The principle objective of Inframax Construction Limited is to operate as a successful business and to contribute to the well-being of the communities in which it operates.

In pursuing the principle objective the Company and Directors shall:

- Maximise the long term viability and profitability consistent with the Shareholder's objectives for ownership.

- Seek and develop profitable business opportunities that make best use of the people, technical and financial resources of the Company.
- Continue to review the Company structure to ensure the most efficient structure is in place to enhance profitability.
- Ensure assets and liabilities are prudently managed consistent with the nature of a contracting business.
- Ensure transparent and informed relationships are maintained with the shareholder within the spirit of 'no surprises'.
- Act as a good employer by:
  - ◊ Providing a work environment that recruits, fosters and maintains safe, competent, motivated, committed and productive employees
  - ◊ Recognising and rewarding excellent performance of any staff.
  - ◊ Act in an environmentally and socially responsible manner and implement sustainable business practices.

### Nature and Scope of Operations

The core business of the Company will be roading maintenance and construction, quarrying and crushing of aggregates and maintenance and construction of utilities and infrastructure assets.

The Company will compete for infrastructure contracts in the central western North Island Districts and in other areas where it is identified that such contracts will yield an appropriate rate of return or where the Company believes that there are sound commercial reasons for doing so.

The Company may expand into other ventures and/or activities that are consistent with the Company's objectives and the provisions of the Local Government Act 2002.

## Performance Results

### Statement of Performance Measures: Year ended 30 June 2013

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

#### Financial Performance

	Statement of Corporate Intent	Actual Achievement
Equity ratio	0.5%	4%
Dividend and Subvention Payment	0	0

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

Average assets and average shareholder's funds are based on 30 June 2013 and 30 June 2012 figures.

#### Non-financial Performance

	Statement of Corporate Intent	Actual Achievement
Lost time injury accident (LTIA) rate	0.00	0.00

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.

### Inframax Construction Ltd - Statement of Comprehensive Income: Year ended 30 June 2013

\$000's	2013 Actual	2012 Actual
Total Revenue	26,537	29,010
Total Expenditure (including Depreciation and Interest)	26,629	30,942
Subvention Payment	0	0
<b>Net Profit/(Loss) Before Tax</b>	<b>(92)</b>	<b>(1,932)</b>
Company Tax/(Credit)	0	0
<b>Net Profit/(Loss) After Tax</b>	<b>(92)</b>	<b>(1,932)</b>

# Local Authority Shared Services (LASS) Limited

## Background

Waikato local authorities have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained both in terms of outcomes achieved and reduction in costs to the community. The local authorities believe that the company will generate savings through economies of scale and through additional purchasing power and the ability to recover costs.

There are a number of services provided by local authorities, particularly in respect of information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of the infrastructure for the service, and ongoing operation of it.

There are two major established operations under the LASS umbrella:

- Shared Valuation Database Service (SVDS)
- Waikato Regional Transport Model (WRTM)

During the year the company entered into contracts for additional shared services. A contract was entered for a joint insurance broker and a number of shared insurance policies. This has led to significant savings for the participating Councils. A joint contract was completed for postal and courier services and another for fleet tracking systems. A tender process for joint information technology strategic planning is nearing completion and the work will be carried out in the 2013/14 year.

A range of further shared service opportunities are being considered at the present time. Some opportunities in the area of procurement have been identified and the shareholders are looking to progress these opportunities.

The company is acting as the legal entity to manage contracts arising from the work of the Waikato Mayoral Forum.

## Shareholders

LASS is a Council Controlled Organisation (CCO) owned equally by 12 local authorities in the Waikato region, being Waikato Regional Council (Environment Waikato), Hamilton City Council, Hauraki, Matamata-Piako, Otorohanga, Rotorua, South Waikato, Taupo, Thames-Coromandel, Waikato, Waipa and Waitomo District Councils. The company was incorporated in December 2005.

## Company Objectives

The objective of LASS is to act as an 'umbrella' organisation providing Waikato local authorities with a corporate structure under which they can develop and promote shared services to other local authorities.

The constitution of LASS sets out principles according to which the company will be operated and governed. This includes shareholders' rights and the appointment of directors. The company's Annual Statement of Intent identifies its activities, intentions for the year and the objectives to which those activities will contribute.

## Nature and Scope of Activities

The principal nature and scope of the activity for the company is to:

1. Provide shared services to all local authorities within the Waikato region. The company also intends to sell processes and systems as set up under individual agreements to local authorities outside the region.
2. Pursue all opportunities to develop shared services that may benefit the community, either through enhanced services or reduced costs.
3. Give consideration to developing shared service products which a majority of local authorities of the region believe are of value. The objective is to provide the most effective access to regional information that may be of value to the community using modern technology and processes.
4. Explore all possible avenues to provide these services itself, or contract them from outside parties, each depending on a rigorous business case.

The initial product developed is the shared valuation database. It is envisaged that the company will continue to develop new products to be made available to the local authorities within the Waikato Regional Council boundaries. At the same time, other opportunities may be explored in partnership with local authorities outside the region to develop new products such as aerial photograph provision, Geographic Information System (GIS) and emergency management systems.

In terms of the Local Government Act 2002, Council's involvement in LASS is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in LASS was confirmed, following public consultation through its Annual Plan 2005-06.

Council at present has no formal objectives other than to maintain its current shareholding.

## Performance Results

The following performance measures were incorporated into the Statement of Intent for the 2012/13 financial year.

Performance Measure	Actual Outcome
The company will carry out an annual survey of shareholders to assist Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the service provided.	Annual survey of shareholders was completed in June 2013 with all twelve shareholder Councils responding. Ten councils responded that the concept of LASS was still delivering benefits to their council. Three Councils responded that they were satisfied with the efforts being made by LASS to advance shared services opportunities and nine were "fairly satisfied". Those who responded fairly satisfied were generally satisfied with the existing services but considered more could be achieved through other shared service opportunities.
Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$13,727 favourable to budget.
The company maintains an overall positive cash flow position.	Achieved. Cash, cash equivalents and bank accounts at end of year were \$571,147.
The Board will provide a written report on the business operations and financial position of the LASS as a minimum on a six monthly basis.	Six monthly reports have been sent to shareholders.
There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	All parties have confirmed that there were no legislative breaches during the year and this will be reported to the LASS Board at the August meeting when the Annual Report is presented.
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 99.93% of working hours.
That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	99.9% of Sales and Property files were supplied to Property IQ on time.
All CapitalSVDS enhancement work is supported by a business case approved by the Advisory Group.	All Capital enhancement work was approved by the SVDS Advisory Group.
That all required WRTM modelling reports are actioned within the required timeframe.	Achieved. No complaints received.
That a full report on progress of the WRTM model be provided to the LASS Board twice each year.	Achieved.
In response to requests from shareholders, the Company will provide regular reports and updates to the Regional Governance group regarding progress with shared service initiatives.	The Company has provided, when requested, reporting to the Waikato Mayoral Forum on shared services initiatives. The Company has supported the MayoralForum workstream projects, acting as the financial controller of funding and contractual commitments associated with these projects. Additional communications with shareholders include the formation of a Shared Services Working Party with membership from each shareholding Council.

Additional performance measures have been included in 2013/14 Statement of Intent. These include measures for insurance, joint procurement and advice to the Waikato Mayoral Forum.

# Appendices

## Waitomo District Council

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.

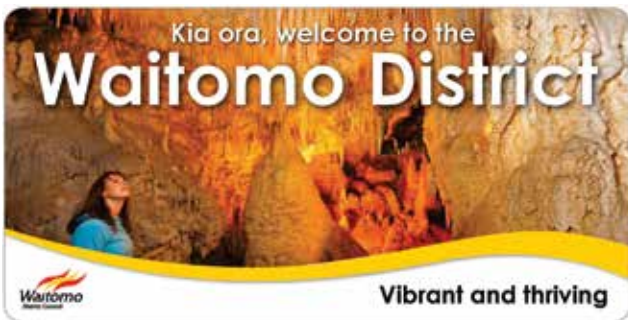
In 1922 the Awakino County was amalgamated with the Waitomo Council in an area of the then Otorohanga County to form a separate local authority.

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 remained substantially unchanged.

The present Waitomo District Council was reconstituted on 1st November 1989 as a result of the local government reorganisation process that occurred across New Zealand.

### The District



Waitomo district encompasses 354,649 hectares of predominantly rural land on the west coast of the Central North Island. The western boundary is the Sea. It is adjacent to the Otorohanga District to the north, Taupo District to the east and Ruapehu and New Plymouth Districts to the south.

Te Kuiti is the administrative and main trading centre in the District, with approximately 45% of the District population residing in this town. There are several other smaller settlements located throughout the District, including the popular beach settlements of Mokau, Awakino, Marokopa, Te Waitere and Taharoa. The main rural communities are Benneydale, Piopio and Waitomo Village.



PIOPIO

Benneydale Township is located 35 kilometres south-east of Te Kuiti. The village of Benneydale was established in the 1940's for housing coal miners and their families related to the new state-owned underground coal mine which opened at that time further up the valley.

Piopio lies in a picturesque part of the King Country amongst rolling farmland with impressive limestone formations, rugged hills and pockets of beautiful native bush. All the streets in Piopio's town centre are named after New Zealand native birds. Piopio itself is the name of an extinct native bird.

Waitomo Village (Village) is one of New Zealand's original tourist destinations and has been attracting visitors to its labyrinth of glowworm caves for over 100 years. The Village is located 15 minutes from Te Kuiti and 2 hours, 50 minutes from Auckland. Waitomo's eco-tourism and caving adventures are associated with its world famous limestone caves. For the adventurous there's cave abseiling or rappelling, Black Water Rafting and caving adventures. There are also fabulous free attractions from caves to coast.

While the District is predominantly contained within the Waikato Region, the south-eastern corner of the District is within the Manawatu-Wanganui (Horizons) Regional Council's jurisdiction.



Sourced from LINZ data, Crown and Critchlow, Copyright reserved. Census boundaries from Statistics NZ.

The District enjoys a favourable climate with an annual average of 1,750 hours of sunshine. The average temperature ranges between 18.5°C in the summer to 9.5°C in the winter. Frosts are experienced 47 days per year on average, with 1,473mm of rainfall annually.

## The People

The usual resident population for the District was 9,441 for the 2006 census. This was only 15 less than the 2001 census population and 291 less than for the 1996 census, illustrating that the District is experiencing a population decline but the decline is less than that in other rural Districts in New Zealand. The population ranks 61st out of the 73 Districts in New Zealand.

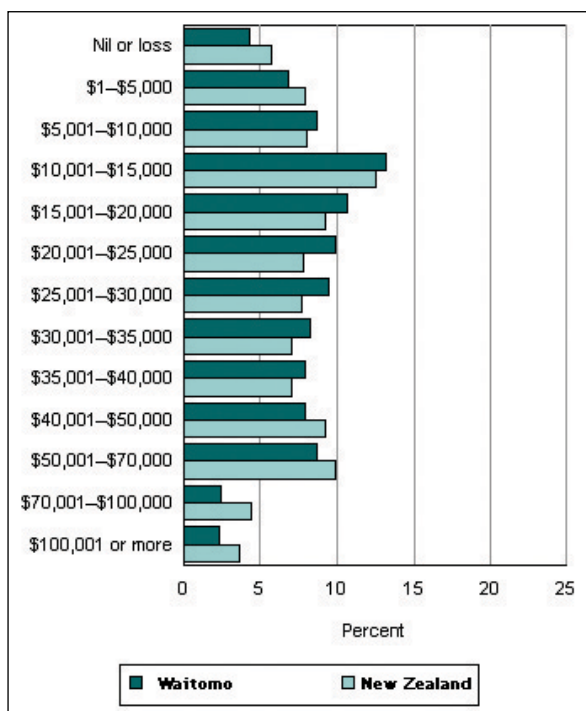
The Maori population for the 2006 Census was 38.4% whereas for the whole of New Zealand it was 17.4%.

The age distribution of people in the District is slightly larger than for New Zealand in the age group 16-65 and slightly lower in the age groups 65 and over and younger than 15.

By 2031, the District is expected to have the 3rd highest percentage of people under the age of 15 years (22%) out of all 73 territorial local authorities. The national median percentage, at that point in time, is expected to be about 17%.

The median age is projected to increase from 35 years to 40 years by 2031, the 12th youngest of all Districts at that point in time.

The median income of \$23,400 is slightly below the rest of NZ.



INCOME FOR PEOPLE AGED 15 YEARS AND OVER  
WAITOMO DISTRICT AND NEW ZEALAND,  
2006 CENSUS.

## District Statistics

### LOCATION

Latitude:	38° 21' South
Longitude:	175° 11' East of Greenwich
Altitude:	55m above mean sea level
Area:	336,357 hectares (3363.57 sq km)

### CLIMATE

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

### POPULATION ANALYSIS (Source data 2006 Census)

Total Population	9,441
2011 estimated population	9,630
Median age	35
Number of households	3,390
Electors	5,793

### RATING STATISTICS

Total Rates Revenue 2012/13 (excluding Penalties) Budget:	\$16,320,000 (excl GST)
Total Rateable Capital Value as at 30 June 2013	\$3,136,145,000
Total Capital Value as at 30 June 2013	\$3,726,761,000
Number of Rateable Properties as at 30 June 2013	5,753

### PUBLIC DEBT OUTSTANDING

30 June 2013 (Actual)	\$45,182,000
30 June 2013 (Budget)	\$48,086,000

### PUBLIC EQUITY

30 June 2013 (Actual)	\$270,525,000
30 June 2013 (Budget)	\$252,451,000

### OTHER INFORMATION

Number of Building Consents 2012/13	183
Value of Building Consents 2012/13	\$14,050,482
Total District Roading Sealed	459 kilometres
Total District Roading Unsealed	555 kilometres
Registered Dogs Total (30 June 2013)	4,001

## The Environment

The landscape varies from inland forested areas overlaying limestone and papa deposits to coastal marine areas. The main rivers are the Mokau, Awakino and Marokopa, each having high recreational and fishery values. Additionally, Te Kuiti straddles the banks of the Mangaokewa Stream with Benneydale built alongside the Mangapehi Stream. The limestone caves at Waitomo Village are fed by the waters from the Waitomo Stream.

The District is characterised by extensive areas of hill country, some of it steep, particularly the Herangi Range to the west.



THE NATURAL BRIDGE - WAITOMO

## The Economy

The District has a strong agricultural base and also contains agricultural industry such as meat freezing works. Dairy farming is increasing in the District and is replacing some pastoral uses.

- Some 206,000 hectares of land in the District is being utilised for agricultural or horticultural purposes. This represents approximately 58% of the total land in the District.
- Approximately 113,000 hectares of the District is covered in indigenous vegetation. Indigenous forests are mainly located on the west coast within the Whareorino Forest and the north-western highlands in areas such as the Tawarau Forest.

The District supports a wide variety of visitor attractions. The attractions can be divided into four distinct and largely autonomous physical characteristics which provide different levels of use, types of recreation and tourism opportunity. All four are based on important natural features of the District. These types are:

**The Coast:** The District includes about 80 kilometres of coastline stretching from Kawhia Harbour in the north to the Mokau River in the south. The attractions of this coastal environment are its sense of remoteness dominated by high energy wave action and coastal cliffs. Black, magnetite sands dominate the coast providing a contrast to the white sands of the east coast. The main types of coastal recreation are presently camping, fishing, surfing, diving and picnicking/day trips.

**Highland Forests:** The Waitomo district has some of the most extensive tracts of forested area in the Waikato Region. Two large western forests of significance to the tourist industry are the Whareorino and the Tawarau Forests. Whareorino Forest which is located 30 kilometres west of Waitomo Village, occupies a large area of land (15,903 hectares) which covers a complete altitudinal sequence of indigenous vegetation from close to sea level to the crest of the Herangi Range.

To the east, part of the massive Pureora Forest lies within the Waitomo district. The Pureora Forest, partially developed for tourist purposes, is generally well provided with access roads and tracks and contains magnificent stands of bush and associated wild life. There are also examples of exposed, partially buried, trees remnant of the Taupo eruption.



KOKAKO - PUREORA FOREST PARK

Tawarau Forest located in proximity to Waitomo Village contains significant karst and cave features within the forest. It contains numerous "clean" caves as a result of the intact indigenous forest cover and includes what is probably the largest continuous tract of virgin forest remaining on karst topography in the North Island. The forest is in both private and public ownership and contains excellent examples of the dense rimu/miro forest type which once occurred throughout the region.

Within the forest there is a wide variety of fauna. There is an elevated viewing platform at Pureora. Of particular interest are the kokako predominantly at Mapara and Pureora, and the kaka. In other areas there are giant wetas, native bats and other species, but access is restricted to special interest groups.

**Karst, including Caves:** Most of the tourism industry in Waitomo district has developed because of the karst landforms and cave formations of the area. In the Waitomo district the caves, in particular the glow-worm caves, of which Waitomo glow-worm cave is the most internationally and nationally known tourist cave. There are numerous other significant cave systems in the Waitomo area as well as other karst features of natural, scientific, educational and recreational interest including cliffs, natural tunnels and bridges, and fossil sites. In addition to the above areas of tourism there are also undeveloped wild caves, and various conventional forms of tourism development associated with the natural features.

The District's main township Te Kuiti is branded as the sheep shearing capital of the world and hosts a variety of recreational opportunities, from sea and trout fishing to the Great New Zealand Muster. Hunting, tramping and mountain biking are all popular activities ideally suited to the Districts natural environment.

Mining also forms an integral part of the District economy as represented by extensive quarrying operations and mineral extraction from the black sand in the north western part of the District. Abundant quantities of roading aggregate, limestone and coal deposits are also available across the District.

An emerging pattern of land use development comprising residential subdivision is occurring at Council's beach communities and in the form of rural lifestyle properties around the elevated perimeter of Te Kuiti.



## Elected Representatives



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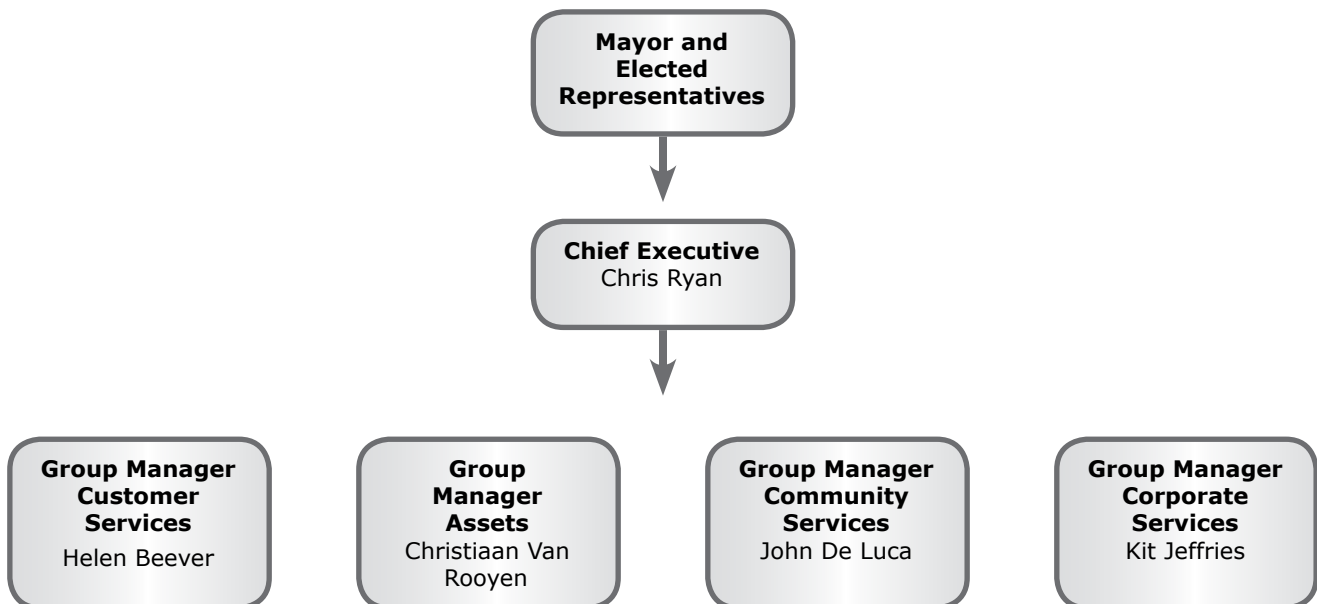
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## Management Structure



# Glossary of Terms and Acronyms

## Terms used in this document:

<b>Activity</b>	The goods or services that WDC provides to the Community.
<b>Annual Report</b>	A document that WDC prepares each year which provides the public with information on the performance of the WDC during the year (in both financial and non-financial terms).
<b>Assets</b>	Assets are things that WDC owns, such as roads, parks, buildings and cash holdings.
<b>Asset Management Plan</b>	A planning document that combines management, financial, strategic and engineering techniques to ensure an asset continues to provide the desired level of service to its customers at the lowest long term cost.
<b>Capital Expenditure</b>	The term used to describe expenditure on assets (land, infrastructure, plant and equipment) that will provide benefit to the Community for a period greater than 12 months.
<b>Capital Value</b>	The sum of the unimproved value (land value), and the value of the improvements is equal to the capital value of the land.
<b>Community</b>	A network of people and organisations linked together by common factors. This might refer to a network of people linked by place (that is, a geographic community), common interest or identity (for example, a Hapu, a voluntary organisation or society), or an administrative community (such as a District).
<b>Community Outcomes</b>	The Community's view of what is important for its current and future social, economic, environmental and cultural well-being as identified through a special consultative procedure. These outcomes inform the development of WDC's planning and co-ordinate the activities and planning of all sectors of the community.
<b>Community Well-beings</b>	One of the main purposes of councils, as stated in the LGA 2002, is to promote the social, economic, environmental and cultural well-being of communities, in the present and for the future. These four aspects are known as the 'four community well-beings'.
<b>Corporate Support</b>	Used to describe the inputs that are used by all of WDC's activities.
<b>Council</b>	The seven elected members that form the governing body (WDC) of the WDC.
<b>Current Assets</b>	Assets that can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.
<b>Current Liabilities</b>	Creditors and other liabilities due for payment within the financial year.
<b>Designated Investments</b>	Investments representing Special Funds and Reserve Accounts.
<b>Development Expenditure</b>	A form of capital expenditure that refers to an investment in an asset to improve its value. The investment in the asset results in the asset's condition being better than when it was first purchased, or built by WDC. This does not include renewing old assets to their original state; these are classed as renewal works.
<b>Exceptions Annual Plan</b>	A document adopted by WDC in each of the years between LTPs which sets out the budget and sources of funding for the year and reports on any exceptions from those forecast in the LTP.
<b>Infrastructural Assets</b>	Fixed utility systems that provide a continuing service to the Community and are not generally regarded as tradable. WDC's infrastructural assets consist of roads, waste disposal systems, sewerage, stormwater systems and landfill assets.
<b>Key Performance Indicators</b>	Targets set by WDC to enable the Community to monitor WDC's progress towards agreed outcomes each year. A table of performance measures is provided in each activity section.
<b>Levels of Service</b>	WDC has Levels of Service that it has agreed to provide to the Community. Examples include the number of times reserves are mowed per year or response times to customer concerns. Operational levels of service are stated in the activity sections of the Waitomo District WDC Long Term WDC Community Plan (LTP).
<b>Level of Service Expenditure</b>	A form of capital expenditure that refers to an investment in an asset to improve its value as a result of improving the service that the asset provides to the community. The level of service investment in the asset results in the asset's condition being better than when it was first purchased or built by WDC. This does not include improvements to assets as a result of increased need or demand for that asset due to growth, this is classed as Development Expenditure; or renewal of old assets to their original state, which is classed as Renewal Expenditure.
<b>Local Government Act 2002</b>	The Key legislation that defines the regulations and responsibilities for local authorities.
<b>2009-19 Long Term Plan</b>	A plan covering a period of 10 years (2009-2019), developed by the WDC and describing what the WDC will do to contribute to the achievement of Community Outcomes. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how much these things will cost including how they will be funded and how success will be judged.
<b>Long Term Plan 2012-2022</b>	A plan covering a period of 10 years (2012-2022), developed by the WDC and describing what the WDC will do to contribute to the achievement of Community Outcomes. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how much these things will cost including how they will be funded and how success will be judged.
<b>Operations Expenditure</b>	The expenditure required to meet the costs of normal day-to-day services provided by WDC. This includes expenditure resulting from inputs on such items as contract costs, materials, electricity and plant hire.
<b>Operating Revenue</b>	Money earned through WDC activities in return for service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include Land Transport New Zealand (LTNZ) Financial Assistance Rates (FAR) subsidies, rental income and fees and charges.
<b>Operating Surplus</b>	An accounting term meaning the excess of income over expenditure. Income and expenditure in this context excludes "capital" items such as the receipt of repayment of intergeneration loans, the cost of capital works and transfers to and from reserves. An operating surplus is inclusive of non-cash items such as income and expenditure owing but not paid (debtors and creditors) and depreciation.
<b>Outputs</b>	Goods and services the WDC will produce or provide to achieve agreed outcomes.
<b>Renewal Expenditure</b>	A form of capital expenditure that describes WDC's ongoing programme of works, which is aimed at maintaining the District's assets in a good condition by 'renewing' them back to their original state.
<b>Separately Used or Inhabited Part</b>	A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use. As a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation or actual separate use. For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one separately used or inhabited part.

<b>Stakeholders</b>	People, groups and or organisations that have an interest in what happens in the District.
<b>Strategic Goals</b>	WDC has set Strategic Goals for each of its activities. These goals are targeted at ensuring WDC's work programmes are promoting the achievement of Community Outcomes. The goals are long-term and in most cases will take many years to achieve.
<b>Sustainable Development</b>	Development that meets the needs of the present without compromising the reasonably foreseeable needs of future generations.
<b>Targeted Uniform Annual Charge</b>	A targeted rate based strictly on a uniform amount set for each separately used or inhabited rating unit, within a defined (targeted) area, e.g. stormwater, solid waste kerbside collection, etc.
<b>Uniform Annual Charge</b>	A service charge that is levied on each separately used or inhabited rating unit, e.g. solid waste management, sewerage, water supply, etc.
<b>Uniform Annual General Charge</b>	Uniform Annual General Charge that is levied on all separately used or inhabited rating units in the District.
<b>Waitomo District Council (WDC)</b>	Waitomo District WDC: the organisation established to administer WDC affairs, conduct operations and bring effect to WDC policy and strategies.
<b>WDC Organisation</b>	Any organisation in which one or more local authorities own or control any proportion of the voting rights or have the right to appoint one or more of the directors, trustees, etc.
<b>WDC Controlled Organisation</b>	Any organisation in which one or more local authorities own or control 50 percent or more of the voting rights or have the right to appoint 50 percent or more of the directors of the organisation.
<b>WDC Controlled Trading Organisation</b>	A council-controlled organisation that operates a trading undertaking for the purpose of making a profit.

### Acronyms used in this document:

<b>AMP</b>	Asset Management Plan
<b>AP</b>	Advisory Panel
<b>Board</b>	District Economic Development Board
<b>Capex</b>	Capital Expenditure
<b>CCO</b>	Council Controlled Organisation
<b>COs</b>	Community Outcomes
<b>DDR</b>	District Development Rate
<b>DEDB</b>	District Economic Development Board
<b>DLA</b>	District Licensing Agency
<b>DWS</b>	2005 Drinking Water Standards
<b>EAP</b>	Exceptions Annual Plan
<b>ETS</b>	Emissions Trading Scheme
<b>FAR</b>	Financial Assistance Rates
<b>FRN</b>	Floating Rate Notes
<b>ICL</b>	Inframax Construction Limited
<b>JMA</b>	Joint Management Agreement
<b>KPI</b>	Key Performance Indicator
<b>LGA 2002</b>	Local Government Act 2002
<b>LoS</b>	Level of Service
<b>LTP</b>	Long Term Plan
<b>LTNZ</b>	Land Transport New Zealand
<b>MoH</b>	Ministry of Health
<b>NAASRA</b>	National Association of Australian State Roading Authorities

<b>Opex</b>	Operational Expenditure
<b>PHRMP</b>	Public Health Risk Management Plans
<b>PWBRA</b>	Piopio Wider Benefit Rating Area
<b>RFS</b>	Request for Service - Waitomo District Council's service request system.
<b>RSS</b>	Resident Satisfaction Survey
<b>RTO</b>	Regional Tourism Organisation
<b>SCADA</b>	Supervisory Control and Data Acquisition
<b>SUIP</b>	Separately Used or Inhabited Part
<b>SWaMMP</b>	Solid Waste (Activity) Management and Minimisation Plan
<b>SWSS</b>	Sanitary Waste Subsidy Scheme
<b>TKISA</b>	Te Kuiti Infrastructure Support Area
<b>TKWTP</b>	Te Kuiti Water Treatment Plant
<b>TKWWTP</b>	Te Kuiti Waste Water Treatment Plant
<b>TMP</b>	Treasury Management Policy
<b>TUAC</b>	Targeted Uniform Annual Charge
<b>UAC</b>	Uniform Annual Charge
<b>UAGC</b>	Uniform Annual General Charge
<b>WDC</b>	Waitomo District Council
<b>WDHB</b>	Waikato District Health Board
<b>WINZ</b>	Water Information New Zealand
<b>WMF</b>	Waikato Mayoral Forum
<b>WRC</b>	Waikato Regional Council (formally known as Environment Waikato)

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