

Waitomo District Council

# Annual Report 2013-2014



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

[www.waitomo.govt.nz](http://www.waitomo.govt.nz)

  
**Waitomo**  
District Council

Front Cover Image 37198GL00: *Marokopa River slowing winding through scenic lush farmland with beautiful evening light and cloud reflections, Marokopa, Waitomo District, New Zealand.*

**ISSN:** 1170-9359

# Table of Contents

<b>Introduction</b> .....	<b>1</b>
Message from the Mayor and Chief Executive.....	2
Snapshot of progress.....	4
Role and Direction.....	5
Financial Overview.....	8
Waitomo's Community Outcomes.....	14
<b>Our Activities</b> .....	<b>15</b>
Community and Cultural Sustainability.....	16
Governance: Leadership and Investments.....	16
What we do.....	16
Contribution to Community Outcomes and Strategic Goals.....	16
Key projects completed during 2013/14.....	17
Statement of Service Performance.....	17
How we went against our budget.....	18
Variations to Annual Plan.....	18
Community Service.....	19
What we do.....	19
Contribution to Community Outcomes and Strategic Goals.....	19
Key projects completed during 2013/14.....	19
Statement of Service Performance.....	21
How we went against our budget.....	23
Variations to Annual Plan.....	24
Community Development.....	25
What we do.....	25
Contribution to Community Outcomes and Strategic Goals.....	25
Key projects completed during 2013/14.....	25
Statement of Service Performance.....	26
How we went against our budget.....	27
Variations to Annual Plan.....	27
Regulation.....	28
What we do.....	28
Contribution to Community Outcomes and Strategic Goals.....	28
Key projects completed during 2013/14.....	28
Statement of Service Performance.....	29
How we went against our budget.....	31
Variations to Annual Plan.....	31
Environmental Sustainability.....	32
Solid Waste Management.....	32
What we do.....	32
Contribution to Community Outcomes and Strategic Goals.....	32
Key projects completed during 2013/14.....	32
Statement of Service Performance.....	33
How we went against our budget.....	36
Variations to Annual Plan.....	36
Stormwater Drainage.....	37
What we do.....	37
Contribution to Community Outcomes and Strategic Goals.....	37
Key projects completed during 2013/14.....	37
Statement of Service Performance.....	38
How we went against our budget.....	39
Variations to Annual Plan.....	39
Resource Management.....	40
What we do.....	40
Contribution to Community Outcomes and Strategic Goals.....	40
Key projects completed during 2013/14.....	40
Statement of Service Performance.....	41

How we went against our budget . . . . .	42
Variations to Annual Plan . . . . .	42
Sewerage and Treatment and Disposal of Sewage . . . . .	43
What we do. . . . .	43
Contribution to Community Outcomes and Strategic Goals . . . . .	43
Key projects completed during 2013/14 . . . . .	43
Statement of Service Performance. . . . .	44
How we went against our budget . . . . .	45
Variations to Annual Plan . . . . .	46
Economic Sustainability . . . . .	47
Water Supply . . . . .	47
What we do. . . . .	47
Contribution to Community Outcomes and Strategic Goals . . . . .	47
Key projects completed during 2013/14 . . . . .	47
Statement of Service Performance. . . . .	48
How we went against our budget . . . . .	50
Variations to Annual Plan . . . . .	51
Roads and Footpaths . . . . .	52
What we do. . . . .	52
Contribution to Community . . . . .	52
Outcomes and Strategic Goals. . . . .	52
Key projects completed during 2013/14 . . . . .	52
Statement of Service Performance. . . . .	53
How we went against our budget . . . . .	55
Variations to Annual Plan . . . . .	55
<b>Financial Statements. . . . .</b>	<b>56</b>
Introduction to the Financial Statements . . . . .	56
Statement of Compliance and Responsibility. . . . .	56
Audit Report . . . . .	57
Statement of Comprehensive Income for the year ended 30 June 2014 . . . . .	61
Statement of Changes in Equity for the year ended 30 June 2014 . . . . .	62
Balance Sheet as at 30 June 2014 . . . . .	63
Cashflow Statement for the year ended 30 June 2014. . . . .	64
Notes to the Financial Statements . . . . .	65
Statement of Accounting Policies for the year ended 30 June 2014. . . . .	65
Council Controlled Organisations . . . . .	131
Statement of Performance Measures: Year ended 30 June 2014 . . . . .	131
Inframax Construction Ltd - Statement of Comprehensive Income: Year ended 30 June 2014 . . . . .	131
Local Authority Shared Services (LASS) Limited . . . . .	132
<b>Appendices . . . . .</b>	<b>134</b>
Waitomo District Council . . . . .	134
Elected Representatives. . . . .	137
Management Structure . . . . .	137
Glossary of Terms and Acronyms . . . . .	138
Index :. . . . .	140

# Introduction

This Annual Report tells the story of our performance over the last financial year from 1 July 2013 to 30 June 2014. It is an important way of informing our communities about how we have progressed in the achievement of 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 our 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 sets the plans across a ten year time frame. However, it 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 test its plans and projections and then project what is going to happen and how best to provide for any changes. The LTP is currently in development for the 2015-2025 period.

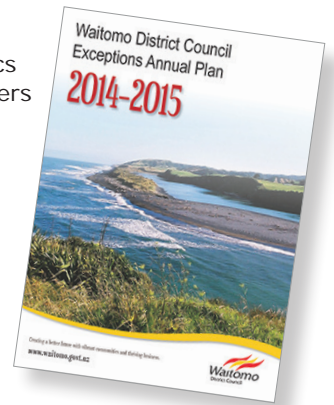


### Annual Plan

Each year Council is required to prepare an Annual Plan which sets out the budget for the year. This should be aligned with the projection in the LTP and any change or variance that is projected to occur which is not accounted for in the LTP needs to be highlighted.

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 2014/15 (dEAP) was made available for public consultation from 8th April to 8th May 2014. A total of 21 submissions covering 42 topics were received and three submitters wished to be heard in support of their submissions.



### Annual Report

Every year we are required to produce an Annual Report, that reports against our Annual Plan 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 the Annual Report for the year ended 30 June 2014. This Report summarises our performance across different activity areas as well as the overall financial performance for the 2013/14 financial year.

The present Council, elected in 2013 has continued the application of our guiding principles of prudent financial management, sustainable asset infrastructure and the efficient delivery of services.

We worked closely with our key stakeholders and community partners to ensure our vision "Creating a better future with vibrant communities and thriving business" becomes a reality over time.

Our residents have confirmed we are on the right track through very good survey ratings. A total of 85% of residents surveyed were satisfied that we are moving towards this vision for the Waitomo District.

Our key infrastructure highlights for the past year include:

- the successful completion of the Te Kuiti Wastewater Treatment Plant upgrade;
- the completion of a large portion of the necessary storm water renewal and rehabilitation work in Te Kuiti; and
- the construction of the new Mokau Raw Water Storage Dam. The dam has doubled the capacity of the town's raw drinking water storage to 20,000 cubic metres and provides a secure and adequate water supply for the residents and visitors of Awakino and Mokau.

We have supported a strong and focussed Youth Council which through its efforts improved the Te Kuiti Skate Park and made this facility safer for the public. We look forward to continuing the engagement with our Youth through the Social Sector Trials, by developing Youth leadership skills and confidence so they can make a difference in our communities.

As an organisation, we have been focussed on delivering high quality services and again the measure of this is recorded by the positive results of our resident satisfaction survey. Overall, our targets were exceeded in terms of satisfied residents on our efficiency (73%), that we are capable and competent (81%) and we have good financial management (65%).

Our provision of safe waste management facilities was again recognised. A rating of 92% satisfaction was given for safety of the recycling facilities and transfer stations and 94% satisfaction with the safety of Councils landfill facility in this year's resident survey. We have also conducted audits at our refuse and recycling facilities to identify areas where safety could be further improved.

We continually review the way we deliver our very wide range of services, to ensure that we are delivering the best possible outcomes for our residents and ratepayers.

In 2012 the decision was taken to extend the in house delivery of maintenance for public amenities, gardens and playgrounds and interment services to include mowing and lawn maintenance. That arrangement reflects our new approach of providing a wide range of community services and amenities that are fit for purpose at best value.

In this year's survey, 77% of residents were satisfied with the quality of Parks and Reserves. Our parks and facilities team also played an integral part in the timely completion of the Rora Street Gardens project ahead of our annual 'The Great New Zealand Muster' event.

The team also supported a creation of the Meadsville Gallery at the Waitete Rugby Club.

The revitalisation of the Te Kuiti Railway Buildings project has made good progress through the financial year. We are excited about the opportunities this vibrant hub will bring to Te Kuiti.

The Brook Park Incorporated Society is making great progress with their efforts to increase awareness of Brook Park and increase the membership of its volunteer management committee.

Volunteers have completed a major makeover of the park and walking tracks. The redevelopment includes signage and information boards, new track markers, post and rail fencing, maintenance work in the arboretum, bush and woodlots and improvements to the barbecue and picnic area.

In terms of our financial performance, we continue to manage our finances prudently on behalf of the community.

Our public debt at the end of the financial year is \$4.9 million less than originally forecast by the 2013/14 Exceptions Annual Plan and is now recorded at \$44.8 million.

Operating expenditure was less than budgeted for at the end of the financial year. This result highlights the attention that is paid to ensuring service delivery is done in the most cost effective manner.

The capital expenditure was less than budgeted for reflecting in part the delay in the start of the planned Te Kuiti Water Treatment Plant upgrade work. This project is however underway at the time of writing this report.

We have continued to seek out subsidies and grants where possible to assist in the funding for our infrastructure works. In the 2013/14 year WDC received approximately \$7.1 million in subsidies and grants. This figure does not include the subsidy that is expected for the Te Kuiti Water Treatment Plant upgrade or the grant received for the restoration of the Te Kuiti Railway Buildings.

One significant financial change has been the revaluation of the investment in Inframax Construction Limited (ICL), confirming that the Company fair value sits in the range of \$2.6 - \$3.8 Million at the end of the 2013/14 financial year.

Council's investment in ICL has delivered an outstanding result posting an after tax profit of \$511,399.

The Board and Management are well on the way to completing the task of making ICL a very viable and competitive company with a strong focus on Health and Safety and industry innovation. The company can look forward to a bright trading future.

We would like to take this opportunity to congratulate the Board, Management and Staff on their consistent efforts which has resulted in the much improved trading margins, greater efficiencies and smart contracting that has lead to this great outcome.

This achievement confirms that Councils decision in 2010 as the Shareholder; to fully back the recovery plan of the Company was the right decision to make.

ICL returning to profit also allows an ongoing sound contribution to the wider district and this will provide a huge benefit for the business community that ICL deals with.

In conclusion, during the 2013/14 financial year we have made excellent progress towards our goal of being a Council with sound financial management practices and sustainable infrastructure assets that will lead our communities towards a vibrant and thriving future.

We have a committed elected Council and staff working collectively to achieve good outcomes for our ratepayers and the community as a whole.



A handwritten signature in black ink that reads "Brian Hanna".

**BRIAN HANNA**  
**MAYOR**



A handwritten signature in black ink that reads "Chris Ryan".

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



*View of Awakino coast.*

## Snapshot of progress

Council has a range of performance targets that allow the measurement, over time, of whether or not the performance in the delivery of services has been properly focused on WDC's priorities. 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.

### 2014 Resident Satisfaction Survey

This year the Council changed from the commissioned telephone survey approach it used in 2013 to a paper survey. The paper based survey was supported by the option of completing the same survey online using Survey Monkey. In total 4,000 paper surveys were distributed to letterboxes, Post Office boxes, rural delivery addresses and the remaining copies were made available at the Visitor Information Centre, Library, Customer Services counter and Te Kuiti New World.

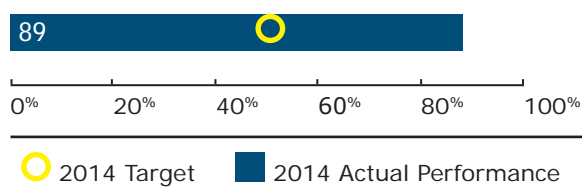
Residents were asked to provide their opinion on the level of satisfaction with the services provided by WDC using a five point rating scale. The percentage of neutral responses received was high. Neutral responses were not included in the calculations for the purpose of reporting as these responses do not indicate whether the user is satisfied or dissatisfied. Although it would have been fair to read neutral responses as a measure of satisfaction since if the respondents were dissatisfied they would rate so, however, it was decided that not including neutral responses at all was probably the more conservative approach and certainly less likely to be construed as interpretation. This approach is consistent with the 2013 Resident Satisfaction Survey.

WDC received a good response to its residents survey this year, with a total of 470 completed surveys returned by the 30th May.

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

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

In the 2014 Residents Satisfaction Survey (RSS), 89% of residents surveyed are satisfied or very satisfied with the provision of Council communications. This rating exceeds Council's target of greater than or equal to 50% and shows an increase of 9% in satisfaction levels from the previous year.



### *90% of library users are satisfied with the quality of library facilities and service.*

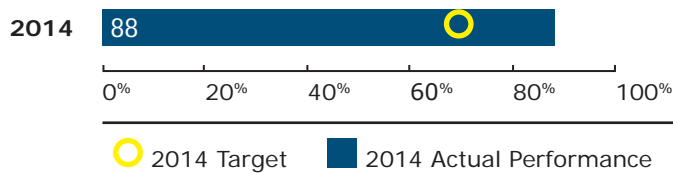
90% of residents surveyed were satisfied or very satisfied with the Council's library facilities and service. This rating exceeds Council's target for 2013/14 of greater than or equal to 85%.

### *We provide quality Public Amenities.*

The performance result of 84% resident satisfaction with the provision of public toilets and cemeteries, has exceeded Council's target of greater than or equal to 75%.

### *We provide a reliable water supply.*

88% of the residents surveyed are satisfied with the reliability of Council's water supply. The rating exceeds Council's target for 2013/14 of greater than 75% by 13%.



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

The 2014 Resident Satisfaction Survey indicates that:

- 92% of residents surveyed are satisfied with the safety of Council's recycling facilities; and
- 92% of residents are satisfied with the safety of the District's waste transfer stations.

There are some areas where our performance has fallen short of the target, for example:

- Results for resident satisfaction in regards to water quality show that it did not meet the target of 75%. Only 49% of residents surveyed indicating they were satisfied or very satisfied with the district's water quality.
- Animal control service fell short of its target of 50% or more residents surveyed satisfied with the service. 46% of residents surveyed were satisfied or very satisfied with this service.
- Provision of parks & quality reserves also showed a decline in satisfaction. 77% of residents surveyed indicating they were satisfied or very satisfied with this service. The target rate for 2013/14 of equal to or greater than 80% 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 also 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 within the activity sections of this Annual Report.



## Role and Direction

Under the Local Government Act 2002, the purpose of Local Government (Council) is:

1. To enable democratic local decision-making and action by, and on behalf of communities; and
2. To meet the current and future needs of the 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 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 and other recreational facilities, and community amenities.

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 provides Council with the general authority and responsibility to take actions that are wholly or principally for the benefit of Waitomo district, including gathering rates (property tax) and setting bylaws.

## Our Reporting

In order to enable good governance oversight, 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 on what we have achieved or not and what we plan on doing to improve our future performance results.

In this report, 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 intended to provide a full picture about how WDC is performing.

## Measuring Resident Satisfaction

Assessing the satisfaction of the residents of the District with the services and facilities we provide is important for Council. We undertake a 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 Guiding Principles

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 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 focus for the 2013/14 year was to maintain existing service levels in all its activities, strive towards operational efficiency and carry out capital renewals in keeping with sound asset management practices.

The 2013/14 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 the community through the delivery of services.

Council carefully considered rates affordability and at the same time focussed on its goal to maintain robust financial health and meet the wishes of our residents. The average rate increase for the 2013/14 year was 3.2% for all properties in the District, against the original LTP forecast of 7% for the 2013/14 financial year.

A key example of Council's commitment to prudent financial management is taking advantage of debt funding options and opportunities arise. This has meant that the net cost of debt funding in 2013/14 on average has been just over 5%, when interest costs have been rising .

Council is progressing with the infrastructure renewals and upgrades wherever it is considered essential and has maintained service levels in all of its activities.

### Legislative Considerations

December 2012 saw the introduction of further amendments the Local Government Act 2002.

The key change was to the purpose clause of the Local Government Act which now directs Councils to "meet the current and future needs of 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", instead of a broader role in meeting the social, economic, cultural and environmental well-beings of communities.

Council assessed all its activities and determined that they were all aligned with the new purpose.

## Progress against Strategic Priorities

### Council's Vision

Council's vision for our District is "Creating a better future with vibrant communities and thriving business". Our plan is to facilitate better economic and social outcomes for our District. Our goal is to make Waitomo District an attractive place that people will choose to come and live, visit or work in. This is important for our District and it is not only about attracting outsiders but also retaining our youth and ensuring that relevant opportunities exist for them within the District.

We have been and will continue to work closely with all our key stakeholders towards achieving our vision, including our local Police and other government agencies along with numerous community groups in Te Kuiti, Waitomo, Piopio and Benneydale to make our communities a better place to live in. We work closely with our youth and youth services, to give them a sense of pride and purpose and belonging to our district.

### Community Development

The activities under this group involve a common theme of promoting a better quality of life and a better living environment within the District.

A priority for Community Development in the 2013/14 year has been the youth in our community. The key areas of youth engagement included:

- Supporting and mentoring the Waitomo Youth Council
- Mayor's Taskforce for jobs
- Tuia Programme
- Social Sector Youth Trials; and
- Social Sector Youth Mentoring Programme.

The Council also received funding from the Ministry of Social Development to set up the Youth Hub, which involved the purchase of computers and other equipment. Funding was also received to make improvements to the Te Kuiti Skate park.

### Te Kuiti Railway Buildings

The Te Kuiti Railway Buildings restoration projects are progressing as planned. These projects were consulted upon and endorsed through the 2013/14 Annual Plan. The funding application work as well as tendering and contracting work for the external restoration and structural strengthening of these historic buildings was completed in 2013/14 and construction work has commenced in 2014. The "Roading Renewal" for the area adjacent to the railway buildings is largely complete with initial pipe work completed in October 2013 and renewal of the carriageway completed in early 2014.

Council will continue to engage with the community on this development. Council aspires to create a 'hub' in the centre of Te Kuiti which will contribute to the vibrancy of the township and these projects are a key element in achieving this goal. Once completed, it is expected to have a positive impact on economic and community development for Te Kuiti and the District as a whole.

### Regional Collaboration

WDC has been working closely with other Councils where opportunities for collaboration are identified, as part of a co-operative approach to local governance in the region. Council has been an active participant in the Waikato Mayoral Forum (WMF), a group involving the Mayors and Chief Executives of local authorities within the Waikato Region. The workstreams covered by the WMF are:

- Economic Development
- Roads
- Water, wastewater and Stormwater
- Planning and Governance (i.e. alignment of District Plans and Governance Structures), and
- Policy and Bylaws

These workstreams have been involved in examining the potential for economies of scale if services were provided in a collaborative manner across the region. Some of the outputs have been – "Waikato Means Business: An Economic Development Strategy" for the Waikato Region, establishment of a Centre of Excellence (named RATA) involved in collaborative asset planning for roads (for all Councils in the Waikato region), development of a common policy development process and collaborative development of the Significance and Engagement Policy.

The Waikato Spatial Plan development is a key project of the Planning and Governance work stream. The outcome of the Spatial Plan process is to provide a collective voice in high priority regional and sub-regional issues that affect the wellbeing of the communities of the region.

Other collaborative initiatives that WDC has participated in are common procurement and development work in the Information Technology area, procurement of joint insurance and joint agreement for postal services.

### 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, in order to support public health outcomes and to meet its Resource Consent and other legislative requirements. Upgrades have also been planned to other community assets to ensure consistent and good quality services are delivered to its communities.

Key achievements in the 2013/14 year included:

- Construction works on the new Mokau storage dam to increase the holding capacity was completed in 2013/14. This upgrade has doubled the capacity of the town's raw drinking water storage to 20,000 cubic metres and provides a secure and adequate water supply to Awakino and Mokau.
- Disinfection upgrades were completed at Mokau and Benneydale Water Supplies.
- The Te Kuiti Wastewater Plant rebuild has been completed and is performing exceptionally well. This has been one of the largest infrastructure projects undertaken in our district.
- Previously deferred Reseals and Unsealed Road Metaling from the 2012/13 year had were completed as part of the 2013/14 programme
- Emergency works in the Roothing activity far exceeded the budget and significant expenditure was incurred to reinstate three retaining walls in the Te Kuiti Township in order to keep roads open.
- Capital expenditure at the landfill was brought forward to the 2013/14 year as operational experience deemed it necessary to carry out this work.
- Majority of the Duke and George Streets and Hospital Road stormwater renewal projects identified as a priority were completed in the 2013/14 year.
- Upgrade works were carried out at Brook Park and the Japanese Garden in Rora Street
- Remedial works to the sea wall at Marokopa was completed

Council sought, and was successful in obtaining, Central Government subsidies for essential projects. Government subsidies received or approved were:

- \$725,789 Mokau Water supply storage dams (amount of subsidy claimed \$548,100)
- \$780,820 Te Kuiti Water (not claimed)
- \$58,744 Mokau Water Treatment Plant
- \$67,108 Benneydale Water Treatment Plant
- \$20,000 Youth Council funding
- \$108,495 Te Kuiti Social Sector Youth Trails
- \$15,823 World War 1 Commemorations

These subsidies will ensure the successful completion of the upgrades to essential services and the delivery of important projects in the community.



## 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 2014. 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 **\$3.9 million** compared to a budget surplus of \$3.7 million. This result is mainly attributable to expenditure being less than budget due in the areas of finance costs, solid waste management, sewage and community services.

### Summary Cost of Service Statement

(\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Revenue</b>			
Rates Revenue (including penalties)	17,248	16,931	16,416
Leadership and Investments	246	146	161
Community Service	599	392	591
Community Development	232	194	254
Regulation	409	389	342
Solid Waste Management	1,111	899	885
Stormwater Drainage	0	3	68
Resource Management	80	50	73
Sewerage	629	1,154	3,602
Water Supply	2,117	1,292	800
Roads and Footpaths	5,671	6,628	5,291
<b>Total Revenue</b>	<b>28,343</b>	<b>28,078</b>	<b>28,483</b>
<b>Expenditure</b>			
Leadership and Investments	2,531	2,433	2,289
Community Service	3,503	3,030	3,046
Community Development	1,192	1,202	1,187
Regulation	722	701	830
Solid Waste Management	1,848	1,657	1,578
Stormwater Drainage	380	343	471
Resource Management	198	131	227
Sewerage	2,993	2,731	2,155
Water Supply	2,164	2,230	2,269
Roads and Footpaths	9,065	9,629	8,835
<b>Total Expenditure</b>	<b>24,596</b>	<b>24,087</b>	<b>22,887</b>
<b>Net Operating Surplus/ (Deficit)</b>	<b>3,747</b>	<b>3,991</b>	<b>5,596</b>

The major variances in overall performance are explained below:

## Revenue

Revenue was **\$0.27 million** less than budget due to:

- Rates revenue being \$0.3 million less than budget. This was a result of excluding rates revenue on Council owned properties, which was included in the budgeted figure.
- Grants forecast to be received from the Lotteries Grant Commission for restoration of the Railway Building was received after 30 June 2014.
- A \$0.5 million increase in trade waste revenue due to increased activity at local meat works.
- Refuse dump charges and sales of recycled materials at the Landfill were \$0.2 million less than budget due to reduced volumes being received.
- As the combined roading maintenance and renewals expenditures were more than budgeted, total subsidies claimed during the year were correspondingly \$1.0 million more than budget.

## Expenditure

Expenditure was **\$0.51 million** less than budget due to:

- Finance costs being \$0.4 million less than budget due to a reduced public debt level than what was budgeted for and interest rates were less than anticipated.
- Depreciation costs were \$0.1 million more than budget as the useful life estimates for capital additions were shorter than what was anticipated at the time the budget was prepared.
- Solid waste management costs were \$0.2 million less than budget due to reduced volumes of refuse entering the landfill which has reduced the landfill operational costs.
- Sewerage costs being \$0.2 million less than budget due to reduced electricity and maintenance costs.
- Community service costs were \$0.5 million less than budget as a result of excluding rates paid on Council owned properties which were included in budgeted figures. Repairs and maintenance expenditure was also less than budget as this work is only carried out as required.
- Roads expenditure was \$0.6 million more than budget due to increased expenditure on first response emergency maintenance and additional sealed and unsealed pavement maintenance work carried out during the year.

## Balance Sheet

- Total equity was \$6.7 million more than budget due to the gain in 'revaluation of assets available for sale' reserve (this relates to the change in value of investment in Inframax Construction Ltd). There was also an increase in the revaluation reserve as a result of the revaluation of road and solid waste assets.
- Current assets were \$0.5 million less than budget due to a reduced level of Debtors and Other Receivables than what was anticipated at the time the budgets were prepared. This was partially offset by a higher level of Cash and Cash Equivalents than was anticipated.
- Current liabilities were \$5.5 million less than budget as there is a reduction in creditors and also a significant reduction in the current portion of borrowings than what was budgeted.
- Non current assets were \$1.9 million more than budget due to the increase in the value of Other Financial Assets from the valuation of the investment of Inframax Construction Ltd of \$2.6 million. Property, Plant and Equipment was less than budget due to delays in the capital expenditure programme and the increase in asset valuations for roads and solid waste that were more than anticipated. Derivative Financial Assets were also \$0.4 million more than budget.

## Inframax Construction Limited

Economic conditions facing the roading construction and roading maintenance industry have been difficult with intense competition for any available work leading to extremely low tender prices and subsequently low profit margins.

However, the Company restructured at all levels and in all areas of operations, and re-focussed on its core objectives - roading maintenance and construction. The company is now exceeding the targets set in its business plan.

The result is that the Company's performance has improved tremendously during 2013/14 with a net profit of \$551,399. This is an excellent result in a very competitive market and particularly given the net pre-tax loss of \$92,000 that ICL posted in the previous 2012/13 year.

When combined with the result from Independent Roadmarkers Taranaki Limited (IRT), the two subsidiaries produced a net pre-tax profit of \$535,299, a significant increase on the combined net pre-tax profit of \$75,110 at 30 June 2013.

Council recently commissioned an independent valuation of ICL as at 30 June 2014. This valuation estimated ICL's enterprise value to be between \$9.2 - \$10.4 million and its fair value (net of debt and surplus assets) to be in the range of \$2.6 - \$3.82 million, with a mid-point of \$3.2 million.

This is most encouraging for ICL and for Council as shareholder particularly since the value of Council's investment in ICL has been recorded in our books at zero value for the past four years. The value of our investment in ICL has now been included at \$2.6 million.

## 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 - 16%
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 - 116% of access to committed funding lines available at 30 June 2014.
Where practicable, no more than 50% of debt is subject to refinancing in any 12 month period.	Achieved - 30.8% of debt subject to refinancing during the year ending 30 June 2014.

## Capital Projects

Total capital expenditure amounted to \$8.74 million.

Overall, the capital expenditure was under spent by \$3.06 million during the year. The majority of this variance relates to delay in the commencement of planned upgrade of the Te Kuiti Water Treatment Plant (further details below).

### Water Supply

Total capital expenditure on water supplies was under spent by \$2.78 million .

- The design work for the Te Kuiti water treatment plant has been completed; however, there were delays in commencing with the upgrade.
- Delays have been experienced with the upgrade of the existing dams in Mokau.

(\$000's)	Actual	Budget	Underspent
Te Kuiti	319	3,242	2,923
Piopio	44	41	(3)
Benneydale	29	3	(26)
Mokau	925	810	(115)
	<b>1,317</b>	<b>4,096</b>	<b>2,779</b>

### Community Facilities

Total capital expenditure was \$729,000 less than budget.

- Upgrade works at the Taupiri Street building for the relocation of the Community House has not commenced fully as it is subject to grants from the Lotteries Commission.
- Work on the railway building restoration has not been completed and will be undertaken in the 2014/15 year.
- Additional capital expenditure was spent upgrading the fencing at Brook Park and the Japanese Garden in Rora Street and constructing the sea wall at Marokopa.

### Stormwater

Capital Expenditure was \$184,000 less than budget. Works on the renewal projects in George Streets and Hospital Road in Te Kuiti were commenced however were not completed by 30 June.

## Sewerage Systems

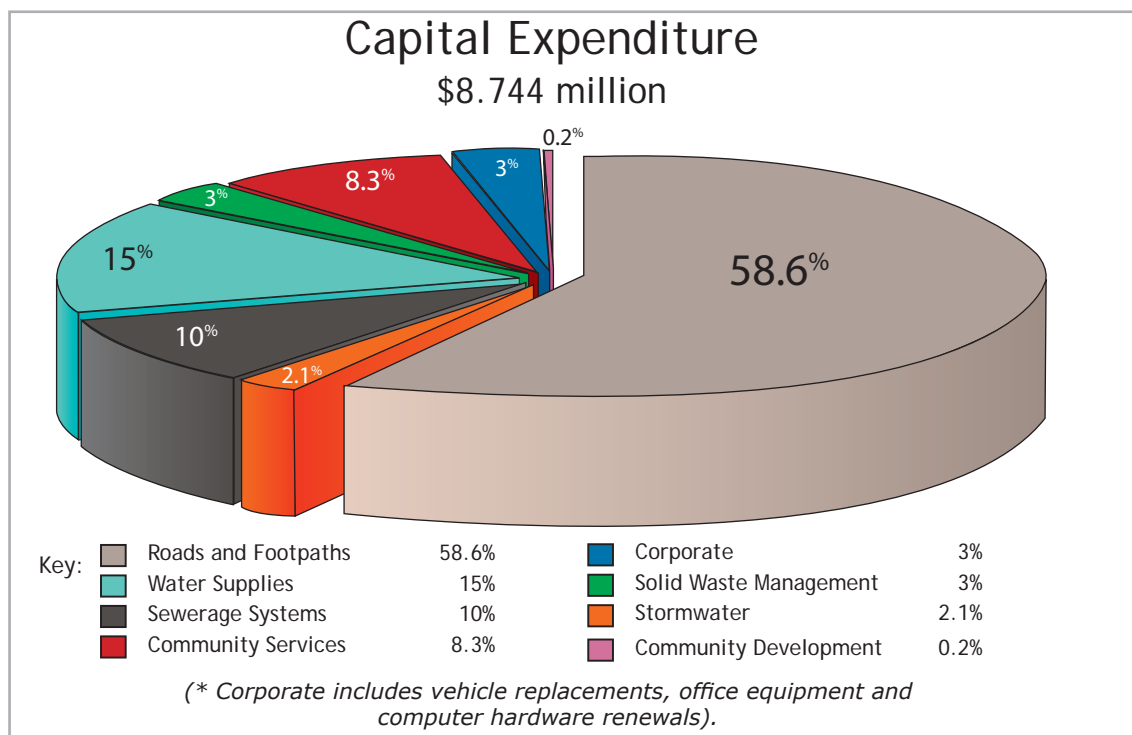
- Total Capital expenditure in the Sewerage activity was less than budget.
- Capital expenditure for Te Kuiti Sewerage exceeded budget by \$135,000 due to work on the ultra violet disinfection unit and some minor modifications required to the Te Kuiti Waste Water Treatment Plant required to optimise treatment.
- Additional expenditure was required to replace the main pump line at Te Waitere due to failure.
- Upgrade works expenditure planned for Piopio to meet growth demand was not incurred.
- Planned renewals for Benneydale were not carried out this year and have been deferred to 2014/15.

(\$000's)	Actual	Budget	Variance
Te Kuiti	806	671	(135)
Piopio	21	101	80
Benneydale	11	78	67
Te Waitere	0	10	10
	<b>838</b>	<b>860</b>	<b>22</b>

## Roads and Footpaths

- The total capital expenditure for this activity exceeded budget by \$428,000.
- There was over-expenditure in the Subsidised works which is mainly attributable to unplanned emergency works that needed to be carried out during the year.
- Additional amount was also spent on Sealed Road surfacing and Unsealed Road metalling which relates to deferred maintenance from 2012/13 which became urgent.
- 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 2014/15.

(\$000's)	Actual	Budget	Variance
<b>Subsidised Works</b>			
Drainage Renewals	383	400	17
Pavement Rehabilitation	872	930	58
Sealed Road Surfacing	1,624	1,280	(344)
Traffic Services Renewals	183	116	(67)
Unsealed Road Metalling	789	503	(286)
Emergency Reinstatement Works	663	240	(423)
Structures Component Replacements	115	350	235
Minor Renewals	1	300	299
Other Renewals	254	316	62
Stock Effluent Facilities	142	0	(142)
<b>Total Subsidised Works</b>	<b>5,026</b>	<b>4,435</b>	<b>(591)</b>
<b>Non-Subsidised Works</b>	<b>102</b>	<b>265</b>	<b>163</b>
<b>Total All Roothing Works</b>	<b>5,128</b>	<b>4,700</b>	<b>(428)</b>



## Miscellaneous Capital Works and Purchases

Other minor capital projects completed during the year included:

» Vehicle Replacements	126
» Railway Station Buildings (revalued)	107
» Land Purchase – Te Kuiti Cemetery	4
» Upgrade Waitomo Cultural & Arts Centre	194
» Stormwater Renewals (Urban)	183
» Landfill & Transfer Stations	212
» Purchase Library Books	40
» Renewal and improvements to Council Buildings	49
» Computer & Office Equipment	88
» Land Purchases (incl. easements)	31
» Parks & Reserves	13
» Retaining Wall Marokopa	122
» Improvements to other Assets	98
» Renewals of other Assets	119
<b>Total Miscellaneous Capital Works and Purchases</b>	<b>1,386</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.

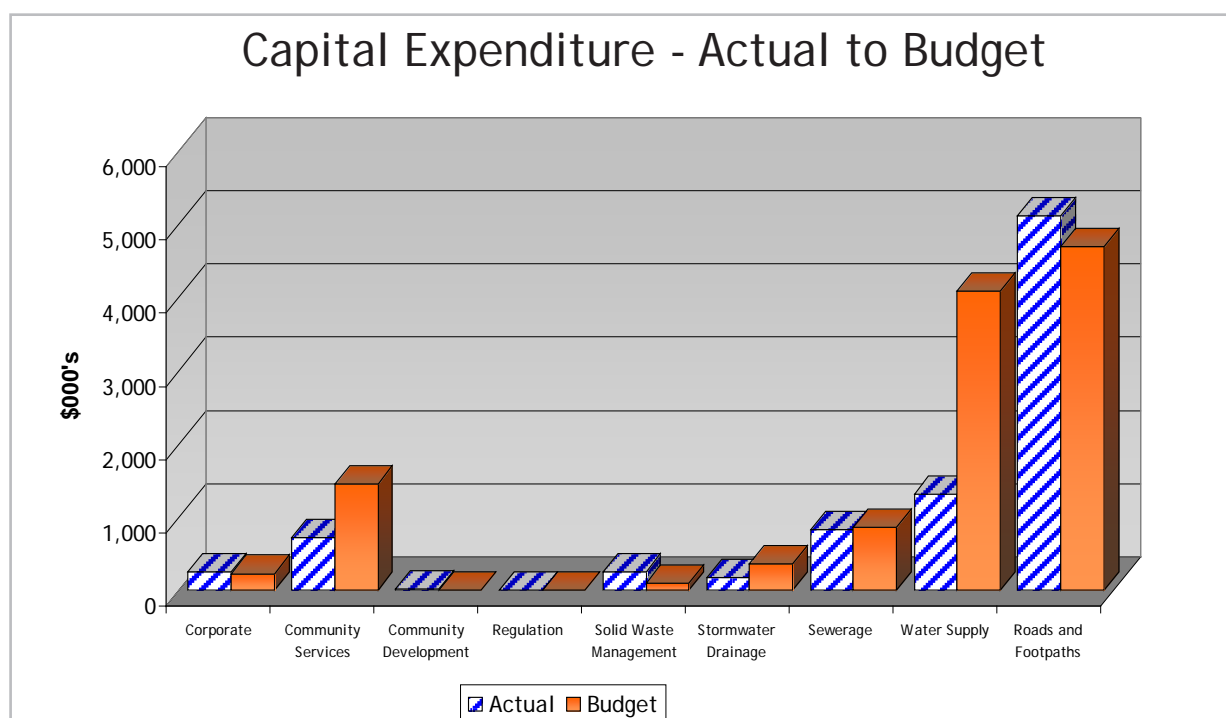
The following tables illustrate favourable trends in the levels of public debt and reserve funds over the last 3 financial years, as follows:

Public Debt	30 June		
	2012	2013	2014
Forecast Public Debt (LTPs)	53,123,000	48,086,000	49,890,000
Actual Public Debt	47,005,000	45,182,000	44,865,000
<b>\$ Trend</b>	<b>-6,118,000</b>	<b>-2,904,000</b>	<b>-5,025,000</b>
<b>% Trend</b>	<b>-11.5%</b>	<b>-6.0%</b>	<b>-10.0%</b>

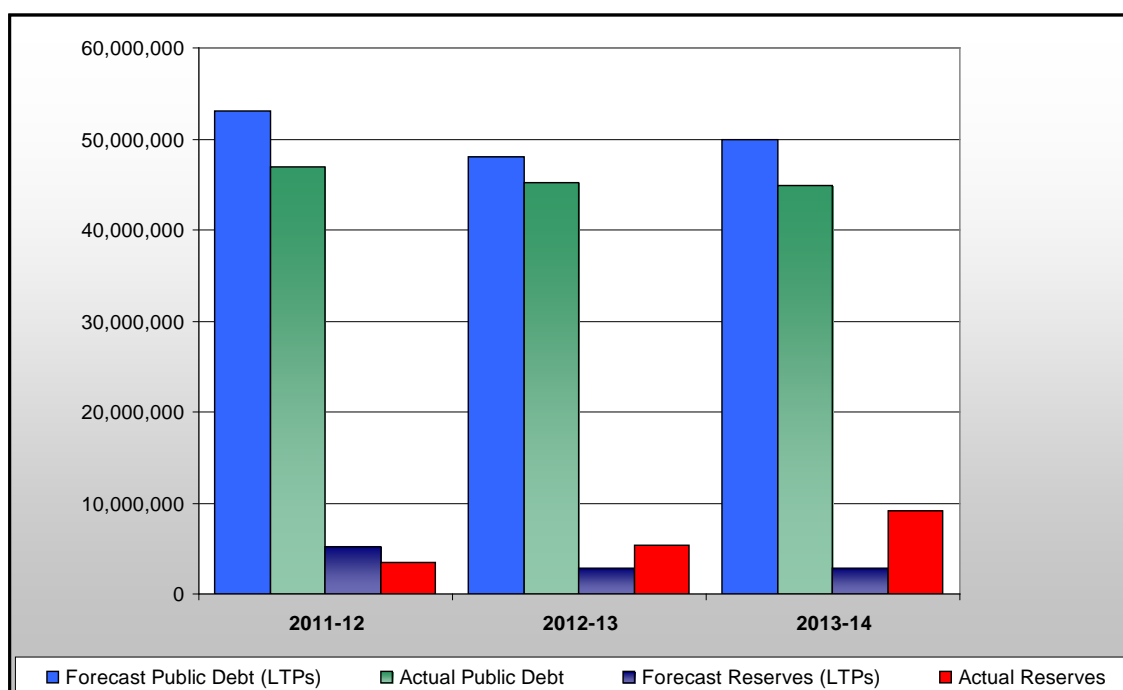
These trends show that the actual public debt has been reducing over the last 3 years and the actual debt requirements were considerably less than forecast. This is despite major capital works (\$32.05 million) having been completed over the last 3 years, (particularly on water and wastewater networks 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		
	2012	2013	2014
Forecast Reserves (LTPs)	5,257,000	2,765,000	2,826,000
Actual Reserves	3,529,000	5,277,000	9,083,000
<b>\$ Trend</b>	<b>-1,728,000</b>	<b>2,512,000</b>	<b>6,257,000</b>
<b>% Trend</b>	<b>-32.9%</b>	<b>+90.8%</b>	<b>+221%</b>



## Trend Analysis - Public Debt and Reserves



### 2013/2014 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 \$4.6 million.

Council had to make some tough decisions with regard to its subsidiary in 2011. It was decided to replace the Board and then back the new Board including funding of additional equity. Council also adopted a recovery plan for its subsidiary which included rationalisation of its staffing levels and operating bases.

These initiatives have proven successful. Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd have reported a net profit of \$0.55 million for the year ending 30 June 2014. This is remarkable result given the tough market conditions that the company has been operating under for the past few years and is well up on the combined before tax profit of \$75,110 achieved in the 2012/13 financial year.

This result is a reflection of the hard work and effort of the Board of Directors and Management.

#### Balance Sheet

At 30 June 2014 total equity for the Group was \$278 million. There was a \$7 million increase in equity reflecting:

- The Group's after tax profit of \$4.6 million.
- A gain of \$0.4 million from cash flow hedges.
- Current assets increased by \$0.6 million mainly due to increase in cash and cash equivalents, and a decrease in debtors and other receivables.
- Overall current liabilities decreased by \$14.4 million mainly as a result of the decrease in the current portion of borrowings.
- Non-current liabilities increased by \$13.8 million due mainly to an increase in non current borrowings.
- Non-current assets increased by \$5.9 million due mostly to the increase in property, plant and equipment assets at 30 June 2014 and derivative financial instruments.



## 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 2013/14 and those prescribed in the Policy.

### Treasury Policy

Council's Treasury Policy (TP) 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 TP 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 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. 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.
- 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 in meeting the current and future needs of its community for good quality local infrastructure, local public services and performance of regulatory functions. 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.

Council must in both its planning and reporting indicate which Community Outcomes each Group of Activities primarily contributes too.

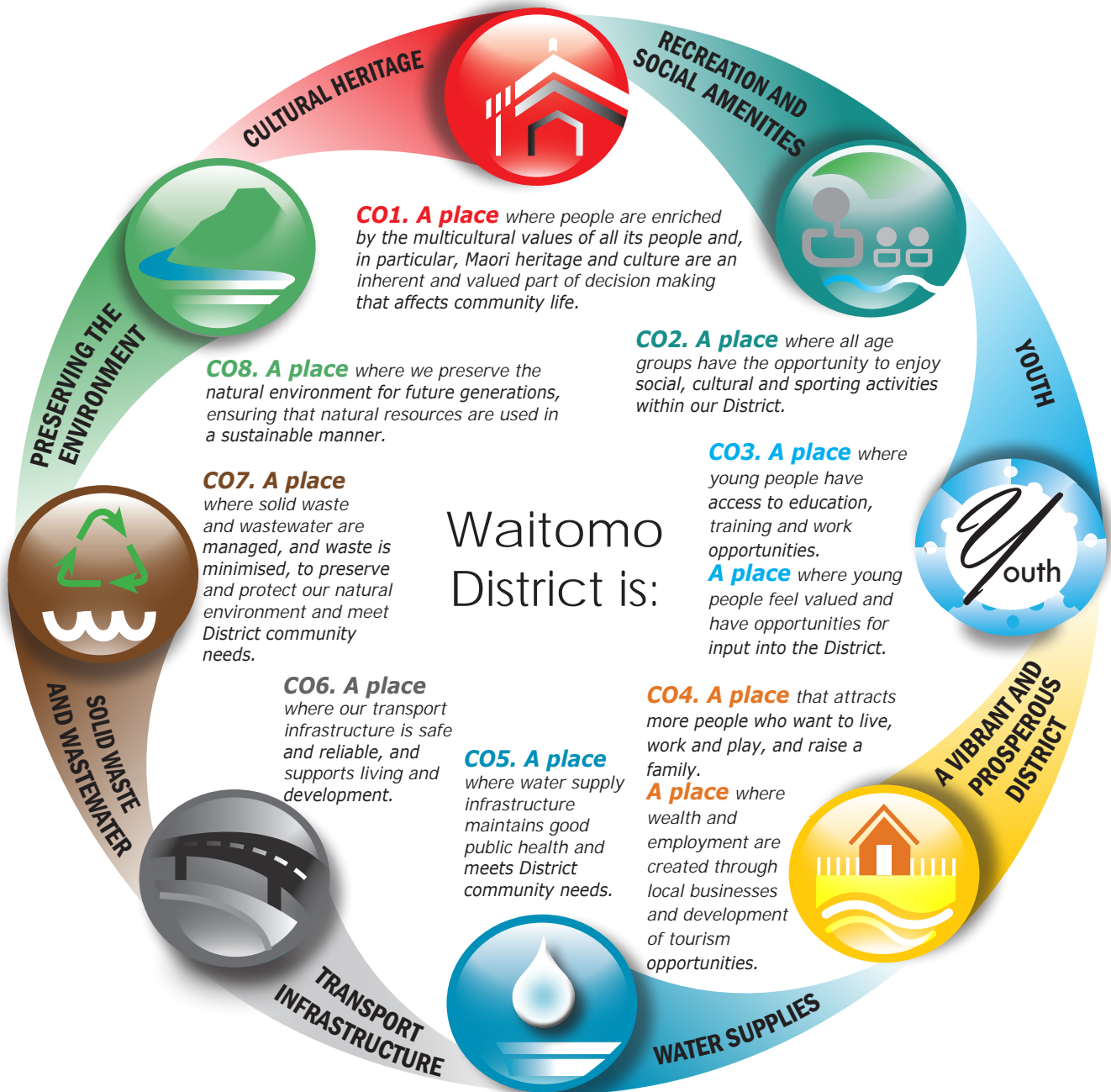


Figure 1.2

# 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 Groups of Activities. We set out the Levels of Service we aim to deliver, the performance measures for the 2013/14 year as well as our actual results for the year. The measures have targets based on the results to be achieved in Year 2 of the 2012-22 LTP. The performance measures used are either customer or technical focussed.

### 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.

In an effort to increase responses to the residents annual survey, the Council changed from the commissioned telephone survey approach it used in 2013, to a paper survey. The paper survey was supported by the option of completing the same survey online using Survey Monkey. In total 4,000 paper surveys were distributed to letterboxes, Post Office boxes, rural delivery addresses and the remaining copies were made available at the Visitor Information Centre, Library, Customer Services counter and Te Kuiti New World.

WDC estimated that it would take residents 10 minutes to complete the survey. Residents were given a two-week timeframe between Monday 19 May and Friday 30 May 2014 to complete and submit the survey. An incentive price draw was incorporated into the survey to encourage residents to contribute their opinions. Residents who took part in the survey and provided their contact details went into the draw to win one of five \$200 Te Kuiti New World Vouchers.

WDC received a good response to its residents survey this year, with a total of 470 completed surveys returned by the 30th May. Two online surveys were received.

Residents were asked to provide their opinion on the level of satisfaction with the services provided by WDC using a five point rating scale. The percentage of neutral responses received was high. Neutral responses were not included in the calculations for the purpose of reporting as these responses do not indicate whether the user is satisfied or dissatisfied. This approach is consistent with the 2013 Resident Satisfaction Survey, which removed the 'don't know' responses for the purpose of calculating the results.

Results concerning water supply, refuse and recycling and regulatory services were based only on those residents who specified that they were users of the service. The rest of the survey was asked generally.

### Supporting Commentary

We have provided additional information for the measure where targets were not achieved 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 targets and what plans have been made to improve the performance 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 four 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 32 sections located near the centre of Te Kuiti of which 28 remained available for sale at the end of June

##### 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 2013/14

- Preparation, consultation and adoption of the Annual Plan for 2014/15.
- 2012/13 Annual Report prepared and adopted.
- Pre-election report prepared and published prior to elections in October 2013.
- Triennial Local Government elections conducted in October 2013.
- Triennial Agreements with Waikato and Manawatu – Wanganui Regional Councils were to be prepared no later than 1 March 2014. The Triennial Agreement with the Manawatu-Wanganui Regional Councils was operative by 1 March 2014. It was also anticipated that the Waikato Regional Triennial Agreement would also meet this timescale, however, the agreement was subject to a further review by participants and the final form was not presented to Council until July 2014.
- Council's Governance Statement prepared and published.
- Actively participated in the Waikato Mayoral Forum (involving 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.
- Council's Code of Conduct reviewed by the end of November 2013.
- Completion of the 2014 Residents Satisfaction Survey.
- Continued development of Council's Facebook page and promotion of the Waitomo Way to increase online subscriptions.



## 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 2014	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 the decision making process as at 30 June 2014.	(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 the decision making process, in regards to the special consultative procedure, as at 30 June 2014	(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> 89% of Residents are 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> Two reports were presented to council on 25 March 2014	(d)

### Summary of Service Performance

The overall performance of the Governance: Leadership and Investments Activity for the period ending 30 June 2014 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)	2013/2014 BUDGET	2013/2014 ACTUAL	2012/2013 ACTUAL
<b>Operating Income</b>			
Representation	480	14	27
Investments	113	85	98
Treasury Management and Overhead Accounts	53	47	36
<b>Total Operating Income</b>	<b>646</b>	<b>146</b>	<b>161</b>
<b>Operating Expenditure</b>			
Representation	777	739	693
Strategic Planning and Policy	515	577	533
Monitoring and Reporting	374	434	344
Investments	812	363	683
Treasury Management and Overhead Accounts	53	47	36
<b>Total Operating Expenditure</b>	<b>2531</b>	<b>2433</b>	<b>2,289</b>
<b>Net Operating Cost/(Surplus)</b>	<b>1,885</b>	<b>2,287</b>	<b>2,128</b>
<b>Capital Expenditure</b>			
Renewal	232	262	441
<b>Total Capital Expenditure</b>	<b>232</b>	<b>262</b>	<b>441</b>
<b>Total Expenditure</b>	<b>2,117</b>	<b>2,549</b>	<b>2,569</b>
<b>Funded By</b>			
Reserves	240	324	74
General Rates	656	620	703
UAGC	1,221	1,183	1,392
Rates Penalties	0	422	400
<b>Total Funding</b>	<b>2,117</b>	<b>2,549</b>	<b>2,569</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$500,000 less than budget. The budget of \$480,000 for Representation included \$400,000 for rates penalties. A subsequent change in accounting treatment has resulted in the actual rates penalties received of \$422,000 being disclosed in the funding section at the bottom of the cost of service statement. In addition, revenue was not received from an external contracting service to be provided by Internal Services Unit as this contract was not entered into as expected. A revaluation loss on Parkside subdivision and a reduced gain on sale from the sale of two sections also contributed to this result.

### OPERATING EXPENDITURE

Expenditure was \$98,000 less than expected due to:

- (a) Reduced elected members remuneration and travel costs.
- (b) Favourable loan interest rates achieved during the year
- (c) Rates paid on Council owned properties being excluded. The budget figure includes rates paid on Council owned properties.

# 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 2013/14

### Parks and Reserves

- Replacement of playground equipment ordered for delivery and instalment in the 2014/15 year.
- New signage within the reserve at Brook Park was installed by Brook Park Society.
- Brook Park Entrance and Carpark fencing project completed.



Brook Park directional signage - Red track.

## Housing and Other Property

- Tender and contract documentation for Te Kuiti Railway building was completed.
- Expressions of Interest process undertaken for community space and commercial space within the Te Kuiti Railway Buildings once completed.
- New ablution block constructed at Marokopa Campground.
- Piopio Hall toilet rebuild in conjunction with Piopio Hall Committee.
- Agreement with Benneydale Hall Committee for establishment of Incorporated Society for ownership transition of Benneydale Hall.
- The process of the disposal of 4 Jennings Street, which is a residential house and section, currently leased to the Te Kuiti Community House, has been put on hold until the relocation of the Te Kuiti Community House has been completed.



*Te Kuiti Community House- 4 Jennings Street Te Kuiti.*



*Replacement of the bearers - Railway Buildings.*

## Recreation and Culture

- Repairs to water leaks were undertaken where necessary, at the Waitomo District Aquatic Centre.
- Council resolved to support relocation of Te Kuiti Community House to 28 Taupiri Street. Application to New Zealand Lotteries successful to part fund building refurbishment.
- Internal committee established to lead investigation into consolidation of delivery of Council services which is scheduled for completion 2014/15 year.



*The Esplanade Carpark.*

## Public Amenities

- Repainting of several toilet blocks completed.
- Agreement reached with Te Kuiti Community Child Care Centre (The Cottage) to establish a shared carpark, known as the Esplanade Carpark, for Waitomo Cultural and Arts Centre. Documents prepared for carpark construction and tendered.
- Ongoing negotiations for purchase of crown land for establishment of effluent disposal system for Mokau Public Toilets.

## Emergency Management

Shared services arrangement established with Waipa and Otorohanga District Councils to provide service delivery of Civil Defence capability. This has been going well through the 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 2014	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>Not achieved</b> 77% of Residents are satisfied or very satisfied with the quality of Parks and Reserves in the 2014 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> 85% (or 17/20) of users surveyed are satisfied with the provision and maintenance of Elderly Persons 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> 84% of Residents are satisfied or very satisfied with the quality of public amenities in the 2014 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> 90% of Residents are satisfied or very satisfied with the quality of the library facilities and service in the 2014 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> 64% of Residents are satisfied or very satisfied with the quality of the pool facilities and service in the 2014 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> 77% of Residents are satisfied or very satisfied with the quality of the Arts and Culture facilities and service in the 2014 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> Pool accreditation is in place to 30 April 2015	(h)
	Number of pool non complying water quality readings per year. <b>Target &lt; 5</b>	<b>Achieved</b> The number of non-complying water quality readings as at 30 June 2014 was one (11 February 2014).	(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> 88% of Residents understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event; in the 2014 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> Staff completed foundation and refresher exercises before taking part in a full Emergency Operating Centre (EOC) activation exercise in June 2014.	(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 recorded that are directly attributable to the failure of playground equipment.	(l)

### *Summary of Service Performance*

The overall performance of the Community Service Activity was very satisfactory with 11 out of the 12 performance targets achieved for the period ending 30 June 2014.

**(a)** The performance target of '≥ 80% of community satisfied with the quality of parks and reserves' was not achieved for the 2013/14 year. Overall, 77% of residents (244 residents out of the 315 who provided response on the quality of the parks and reserves), were very satisfied or satisfied.

The main reasons given for dissatisfaction were the stray cat colony present at the park/ playground, followed by the quality of the viaduct (Mangaokewa Reserve).

The installation of bollards at the Mangaokewa Reserve is aimed at stopping vehicles driving onto and damaging the grass /picnic areas. WDC will investigate the cost involved in locking the entry/exit gates into the reserve at night. WDC does however need to consider the tourists/ visitors who wish to camp at the reserve.

The stray cat colony is currently attended to by SPCA. WDC intends to discuss with SPCA how to address this problem in the future.

## How we went against our budget

Cost of Service Statement - Community Service (\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
Parks and Reserves	11	6	9
Housing and Other Property	420	211	421
Recreation and Culture	114	100	117
Public Amenities	54	40	33
Safety	0	35	11
<b>Total Operating Income</b>	<b>599</b>	<b>392</b>	<b>591</b>
<b>Operating Expenditure</b>			
Parks and Reserves	603	512	499
Housing and Other Property	931	698	744
Recreation and Culture	1,041	975	1,063
Public Amenities	734	688	637
Safety	194	157	103
<b>Total Operating Expenditure</b>	<b>3,503</b>	<b>3,030</b>	<b>3,046</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,904</b>	<b>2,638</b>	<b>2,455</b>
<b>Capital Expenditure</b>			
Parks and Reserves	99	156	28
Housing and Other Property	722	287	308
Recreation and Culture	398	50	182
Public Amenities	233	230	133
<b>Total Capital Expenditure</b>	<b>1,452</b>	<b>723</b>	<b>651</b>
<b>Total Expenditure</b>	<b>4,356</b>	<b>3,361</b>	<b>3,106</b>
<b>Funded By</b>			
Loans	1,024	343	143
Reserves	328	165	531
General Rates	981	908	767
Uniform Annual General Charge	1,793	1,713	1,428
Target Rates	230	232	237
<b>Total Funding</b>	<b>4,356</b>	<b>3,361</b>	<b>3,106</b>

# Variations to Annual Plan

## **OPERATING INCOME**

Revenue was \$207,000 less than budget as \$201,000 of grant revenue for the restoration of the railway building was not received during the year in Housing and Other Property. This revenue has been received in the 2014/15 year. The Safety activity received un-budgeted revenue from the recovery of costs incurred in extinguishing rural fires.

## **OPERATING EXPENDITURE**

Expenditure was \$473,000 was less than budget due to:

- (a) Rates paid on Council owned properties being excluded, the budget figure includes these rates
- (b) Asset management planning costs and leisure strategy budgets not being spent
- (c) Repairs and maintenance work budgets (some of which is on 'as required basis) not being fully spent during the year.

## **CAPITAL EXPENDITURE**

Total capital expenditure was \$729,000 less than budget due mainly to:

- (a) Upgrade works at the Taupiri Street building for the relocation of the Community House users is subject to accessing funds from the Lotteries Commission so only minor costs have been spent on this project during the year.
- (b) In Public amenities activity, Piopio toilets, Mokau public toilet effluent renewal, work on Te Kuiti main street redesign and renewal of carparking around the Cottage and Cultural and Arts Centre have not been completed.
- (c) Work on the railway building restoration has not been completed and will be undertaken in the 2014/15 year.
- (d) Capital expenditure was made in upgrading the fencing at Brook Park and the Japanese Garden in Rora Street and constructing the sea wall at Marokopa.

# 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 and has continued to do so in 2013/14. WDC found these projects to be beneficial in interconnecting and engaging young people within the community in a number of different ways. 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



The Youth Council held a basketball and skate competition as part of their project to enhance the Te Kuiti Skate Park.

**Customer Services** – which enables service delivery and support for residents across three 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 2012-2022 LTP agreed to the establishment of a District Economic Development Board (Board) in 2013/14. This project was deferred 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 2013/14

- Administration of the Community Development Fund.
- Continued delivery of district events, The Great NZ Muster and Waitomo District Christmas Parade.
- Continued promotion of community events via the Te Kuiti i-SITE Facebook page.
- Participation and support of youth engagement projects.
- Development of a Waitomo District Customer Service Charter and Customer Service Strategy.
- Continued support of district promotion via the Hamilton and Waikato Regional Tourism organisation.
- Event promotions, including the Great NZ Muster.
- Continued long-standing Sister City relationships.
- Project to undertake a needs and gaps analysis of economic development practice and opportunities within the district commenced.

# 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 2014	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>Achieved</b> All funding rounds were advertised in Waitomo News, WDC Website and Facebook page, as per the Community Development Fund Policy.	(a)
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 draft Local Alcohol Policy in September 2013.	(b)
	Youth Council undertakes two youth related projects per year. <b>Target 2 per annum</b>	<b>Achieved</b> 1. The Youth Council hosted 'Waitomo's Got Talent' on 23 August 2013. 2. The Skate Park Project was completed on 25 May 2014. The project was initiated to enhance the facility while also improving safety for users of the park.	(c)
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 Christmas Parade was held 13 December 2013. 2. The Muster was held on 29 March 2014. Both events were held on time and to budget.	(d)
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> Thirteen District promotion opportunities were taken in key publications and industry events.	(e)
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>	Not measurable at this time.	(f)

## Summary of Service Performance

The overall performance of the Community Development Activity for the period ending 30 June 2014 was good with five of the six performance targets achieved.

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

- Tour the North Island Australian Campaign
- Short Escapes Domestic Campaigns x 2
- Explore Your Own Backyard Domestic Campaign
- Two Landscapes, Twice the Fun Domestic Waitomo Campaign – partnered with Destination Waitomo
- Chinese New Zealanders Domestic Campaign
- Hamilton and Waikato Convention Bureau Planner 2014
- Hamilton and Waikato Official Regional Visitor Guide 2014
- Profile at tradeshows including Explore Central North Island, Australian Insights, TRENZ and Kiwilink UK/Europe
- Media and travel trade familiarisation tours
- Advertorial in domestic and international publications including NZ Fitness magazine (NZ), Onboard magazine (NZ), Bulldogs magazine (Aus), NZ & Australia magazine (UK)
- Consumer, trade and media e-Newsletters
- Hamiltonwaikato.com website and social media channels

(f) At the Council workshop held in December 2013, it was agreed that the Regional Economic Strategy be leveraged rather than developing one specific to WDC. The Regional Economic Development Strategy will set the broader economic development goals and direction, whilst providing the baseline for WDC in developing an Economic Development Action Plan.

## How we went against our budget

Cost of Service Statement - Community Development (\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
Community Support	0	0	69
Youth Engagemnet	62	134	0
Sister City	0	3	2
District Development	150	35	164
Agencies	20	22	19
<b>Total Operating Income</b>	<b>232</b>	<b>194</b>	<b>254</b>
<b>Operating Expenditure</b>			
Community Support	542	536	629
Youth Engagement	124	176	0
Sister City	4	8	8
District Development	496	451	521
Agencies	26	31	29
<b>Total Operating Expenditure</b>	<b>1,192</b>	<b>1,202</b>	<b>1,187</b>
<b>Net Operating Cost/(Surplus)</b>	<b>960</b>	<b>1,008</b>	<b>933</b>
<b>Capital Expenditure</b>			
Youth Engagement	0	22	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>22</b>	<b>0</b>
<b>Total Expenditure</b>	<b>960</b>	<b>1,030</b>	<b>933</b>
<b>Funded By</b>			
General Rates	207	208	258
Uniform Annual General Charge	576	576	554
Target Rates	151	151	183
Reserves	26	95	(62)
<b>Total Funding</b>	<b>960</b>	<b>1,030</b>	<b>933</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$38,000 less than budget:

Youth Engagement revenue was \$72,000 more than budget due to additional grant funding from Ministry of Social Development received during the year to support youth activities.

Decrease in revenue at the Visitor Information Centre (I-site) (included in the District Development activity) due to a change in accounting treatment for revenue. Only the commission earned on bookings are being recorded as revenue. The budgets included the gross revenue received for bookings.

### OPERATING EXPENDITURE

As additional funding has been received from the Ministry of Social Development for youth activities, the scope of work was increased compared to what was included in the budgets. This increase in expenditure has been offset but a decrease in expenditure for District Development. The main contributor is the change in accounting treatment for I-site bookings expenditure due to the nature of the agency relationship as detailed above. The budgets included the gross cost of bookings.

### CAPITAL EXPENDITURE

Youth Engagement capital expenditure included expenditure for setting up the Youth Hub which involved the purchase of computers and other equipment and improvements to the Skatepark. These works were funded by the additional grant funding received from the Ministry of Social Development.

# 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:	
 <b>CO2. Recreation and Social Amenities</b>	 <b>CO4. A Vibrant and Prosperous District</b>
Strategic Goals for the Regulation Group:	
<p>To ensure health and safety is protected by effectively and efficiently administering statutes regulations and bylaws including environmental health, liquor control and noise control.</p> <p>To protect the health and safety of building users by effectively and efficiently administering the provisions of the Building Act 2004.</p> <p>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.</p>	

## Key projects completed during 2013/14

- Council joined the Waikato Building Consent Group and implemented the groups quality assurance system.
- Council had its accreditation as a Building Consent Authority renewed with no corrective actions requiring attention.
- Council is required to establish a District Licensing Committee to consider and determine all alcohol licence applications under the new Sale and Supply of Alcohol Act. WDC established a joint District Licensing Committee with Otorohanga and Waipa District Councils.
- The development of a draft Local Alcohol Policy to control the location, number and opening hours of licensed premises.
- A review of the delivery of animal control services was carried out with the service now being delivered in house.



# 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 2014	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>Not Achieved</b> 89% of premises were inspected as at 30 June 2014 Eleven small rural sports clubs were not inspected.	<b>(a)</b>
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> 52% of Residents who had used the Environmental Health service are satisfied or very satisfied with the provision of an effective environmental health service, in the 2014 Resident Satisfaction Survey.	<b>(b)</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> 91% of building consents and PIM's were issued within 15 working days.	<b>(c)</b>
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 to ensure compliance.	<b>(d)</b>
Provision of an effective building control service to the community.	Customer satisfaction survey rating on Building Control. <b>Target &gt; 50%</b>	<b>Not Achieved</b> 48% of Residents who had used the Building Control service are satisfied or very satisfied with the provision of an effective building control service, in the 2014 Resident Satisfaction Survey.	<b>(e)</b>
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> 70% of urban dog owners' properties were inspected.  2% of rural dog owners' properties were inspected.	<b>(f)</b>
High level of customer satisfaction with animal control service.	Customer satisfaction survey rating on Animal Control. <b>Target ≥ 50% good or above</b>	<b>Not Achieved</b> 46% of Residents who had used the Animal Control service are satisfied or very satisfied with the provision of an effective animal control service, in the 2014 Resident Satisfaction Survey.	<b>(g)</b>

## Summary of Service Performance

Only three out of the seven performance targets were achieved in the Regulation Activity for the period ending 30 June 2014.

- (a)** Inspections of all food and liquor premises were not completed within the timeframe. The provision of both liquor licensing and environmental health services will be provided via a shared service arrangement with Waipa District Council which will provide the necessary resource to achieve this performance target.
- (e)** Overall, 41% of residents (14 out of 34 residents who had used the service) were very satisfied or satisfied. 85% (401) of residents stated they had not used this service. WDC's in-house customer satisfaction survey (of those using the building control service) indicates much higher levels of customer satisfaction. Survey forms are sent out to all applicants who complete a consented building project and surveys to date have been returned by approximately 20% of those surveyed. Results indicate that of the returned surveys, in excess of 80% indicate satisfaction with the delivery of building control services.

- (f)** WDC undertook a review of its animal control services and changes to service delivery took place in the last quarter of the 2013/14 financial year which affected WDC's ability to complete property inspections. WDC is committed to ensuring that all the required property inspections are undertaken and levels of service are maintained. Property inspections will be carried out over the 2014/2015 year.
- (g)** The main reason for dissatisfaction was stray dogs roaming around and horses being ridden in town. In comparison 71% of residents were satisfied with the provision of effective animal control service in 2013. WDC will put in place proactive programmes to address the issue of stray dogs and the riding of horses in urban areas.

## How we went against our budget

Cost of Service Statement - Regulation (\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
Regulation	409	389	342
<b>Total Operating Income</b>	<b>409</b>	<b>389</b>	<b>342</b>
<b>Operating Expenditure</b>			
Regulation	722	701	830
<b>Total Operating Expenditure</b>	<b>722</b>	<b>701</b>	<b>830</b>
<b>Net Operating Cost/(Surplus)</b>	<b>313</b>	<b>312</b>	<b>488</b>
<b>Capital Expenditure</b>			
Regulation	0	13	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>13</b>	<b>0</b>
<b>Total Expenditure</b>	<b>313</b>	<b>325</b>	<b>488</b>
<b>Funded By</b>			
Loans	0	13	0
Reserves	5	4	166
General Rates	226	226	229
UAGC	82	82	93
<b>Total Funding</b>	<b>313</b>	<b>325</b>	<b>488</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$20,000 less than budget due to reduced building consent activity. The consent activity reflects a reduced number of applications and lower cost projects being undertaken.

### OPERATING EXPENDITURE

Expenditure was less than budget due to reduced costs for Animal control with the contract now being undertaken in-house and inspection costs for liquor licensing being less than budget.

### CAPITAL EXPENDITURE

Minor capital expenditure was spent on the installation of a power supply for the dog pound to bring the facility up to standard.

# 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:	
 <b>CO7. Solid Waste and Wastewater</b>	 <b>CO8. Preserving the Environment</b>
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 2013/14

- Continuation of waste reduction initiatives in the District - the Enviroschools programme, Paper for trees with schools and the Compost bins at schools programme.
- Audits conducted at waste management facilities to identify hazards and safety improvements.
- Two waste audits, completed in 2014. Waste audit data showed positive improvements in waste minimisation behaviour.
- Commenced development of an additional cell at the Waitomo landfill site, which will be completed over the summer.

In the 2013/14 year the Council was scheduled to continue the assessment of the possibility of Waitomo District Landfill becoming a clean fill site only.

This assessment is on hold while the Council investigates increasing capacity at the landfill site.



Waitomo District Landfill

# Statement of Service Performance

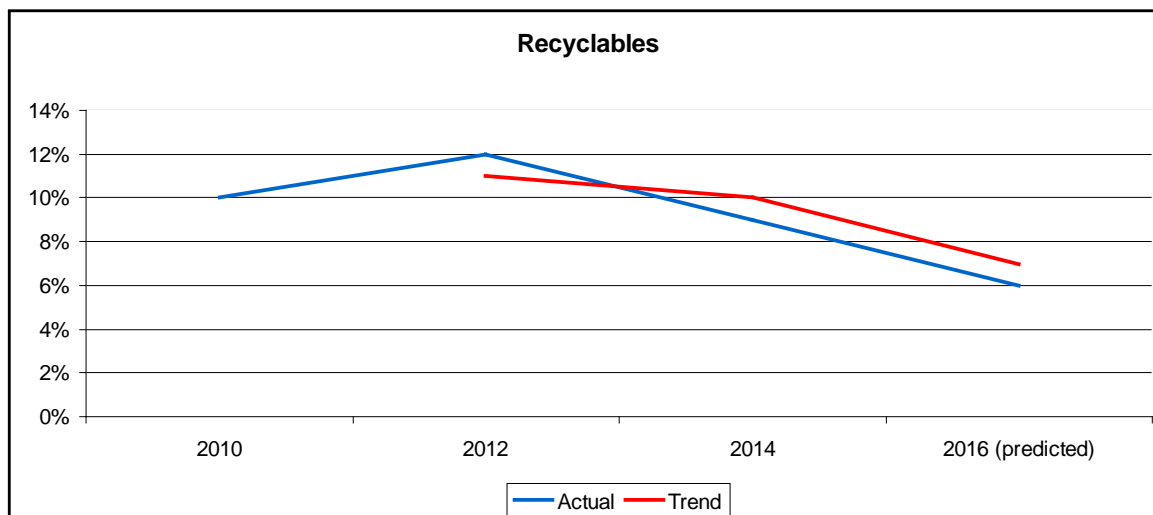
The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2014	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> 92% of users rated the safety of the recycling facilities as satisfactory or better in the 2014 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> 78% of Residents are satisfied or very satisfied with provision of effective waste transfer stations in the 2014 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> 90% of Residents are satisfied or very satisfied with the safety of the districts waste transfer stations in the 2014 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> 94% of Residents are satisfied or very satisfied with the safety of the Councils Landfill facility in the 2014 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 received for the year ended 30 June 2014.	(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>Not Achieved</b>	(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>Not Achieved</b>	(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> Total of 19 complaints were received for the year. Each month was reported to have well under the required 10 or less target.	(h)

## Summary of Service Performance

The overall performance for the Solid Waste Management for the quarter ended 30 June 2014 was good. Four out of the eight Performance targets (a, b, c and d) were assessed through the 2014 Resident Satisfaction Survey, all of which were achieved. Two of the eight Performance targets (e and h) were achieved, and the remaining two performance targets (f and g) were measured against the 2014 Waste Audit shown in the table below, which were not achieved.

- (f) The results from the 2014 Waste Audit identified a decrease in recyclables compared against the 2012 Waste Audit, however it was not significant enough to allow for this target to be met over the following two year period. (The 2010 Waste Audit has been graphed to show how recyclable waste is trending in the future) WDC provides community education articles about the importance of waste minimisation and to encourage residents to assist in the diversion of recyclable waste from landfill. WDC will continue to provide targeted educational programmes to raise awareness of the benefits of waste reduction and services available in support of this, plus promotion of and support for community initiatives.



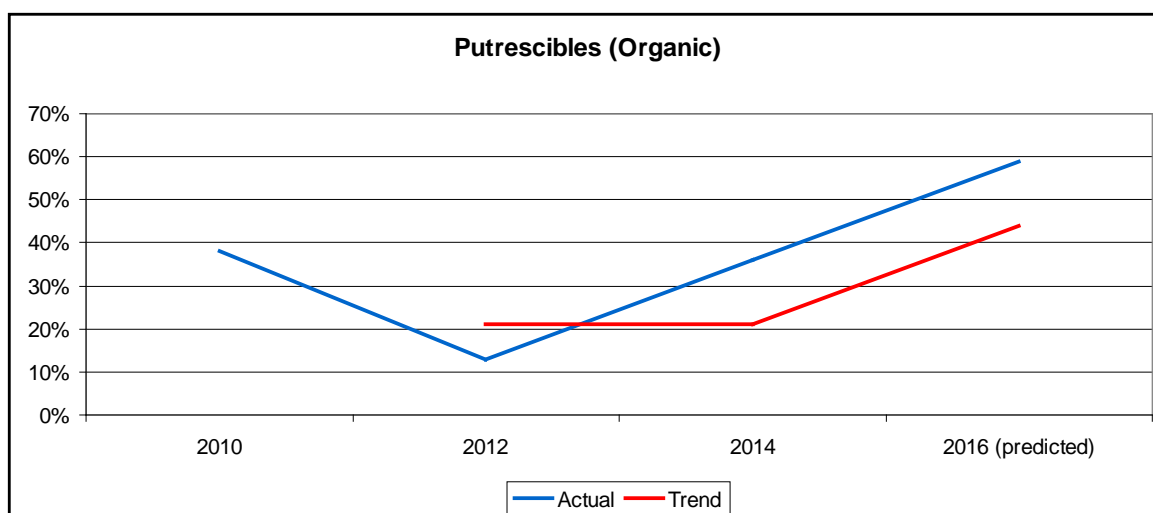
<b>Recyclables (Average)</b>	<b>2012</b>	<b>2014</b>	<b>2016 (predicted)</b>
	12%	9%	6%
Percentage Change		-3%	

(g) The performance target for 'the percentage of reduction per annum achieved through continual education leading to 10% reduction by 2022 (measured against the 2012 Waste Audit)' was not achieved.

A total average of 36.31% of putrescibles (organic/food waste) was identified through the Waste Audit as being disposed of within the kerbside refuse bags, indicating a significant increase since the 2012 Waste Audit.

The below graph and table shows a reversal in trend for putrescibles, in turn indicates that it is unlikely to meet the required target by 2022 should this trend continue. Continual education to the public for home composting may minimise this particular type of waste.

WDC publish waste minimisation articles in the Waitomo News to raise public awareness as part of their plan to reduce organic waste. (The 2010 Waste Audit has been graphed to show how Putrescible (Organic) Waste is trending in the future).



<b>Organic (Average)</b>	<b>2012</b>	<b>2014</b>	<b>2016 (predicted)</b>
	13%	36%	59%
Percentage Change		+23%	

Waste Audit Results		
Type of waste in refuse bags	2014 Waste Audit (Percentage of waste contained in refuse bags)	2012 Waste Audit (Percentage of waste contained in refuse bags)
Putrescibles ( <i>organic/ food waste</i> )	36.31%	15.4%
Sanitary and Nappies ( <i>non recyclable</i> )	22.20%	Not reported
Plastic Wrap ( <i>non recyclable</i> )	17.25%	47.2%
Paper ( <i>recyclable</i> )	16.34%	29.4%
Textiles ( <i>eg: fabric</i> )	11.30%	Not reported
Plastic ( <i>recyclable</i> )	9.83%	Negligible
Glass ( <i>recyclable</i> )	8.16%	2.30%
Metal ( <i>ferrous metals</i> )	5.43%	4.00%
Potentially Hazardous ( <i>eg: hair dye, chemicals</i> )	3.57%	Not reported
Metal - non ferrous metals ( <i>recyclable</i> )	0.67%	4.10%
Rubble, concrete, timber and rubber	Negligible	Negligible

The amount of rubble, concrete, timber and rubber in the refuse bags collected for the 2014 audit was negligible. The 2014 audit results show a dramatic increase since the 2012 Waste Audit in putrescibles (organic materials/food waste).

Minor increases since the 2012 Waste Audit included plastic and glass which are both included in the recyclables.

Significant waste items previously audited but not reported were, sanitary products and nappies which have been evaluated and carried 22.20% of the total waste contained in kerbside refuse bags.

Other items previously audited but not reported were, potentially hazardous, textiles and other (generally the unclassified items which are negligible).

On the positive, there has been a significant decrease in plastic wrap and paper wrap in comparison to the previous 2012 waste audit.

## How we went against our budget

Cost of Service Statement - Solid Waste Management (\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
Collection	100	128	115
Management	1,011	771	770
<b>Total Operating Income</b>	<b>1,111</b>	<b>899</b>	<b>885</b>
<b>Operating Expenditure</b>			
Collection	344	338	311
Management	1,504	1,319	1,267
<b>Total Operating Expenditure</b>	<b>1,848</b>	<b>1,657</b>	<b>1,578</b>
<b>Net Operating Cost/(Surplus)</b>	<b>737</b>	<b>758</b>	<b>693</b>
<b>Capital Expenditure</b>			
Management	96	258	63
<b>Total Capital Expenditure</b>	<b>96</b>	<b>258</b>	<b>63</b>
<b>Total Expenditure</b>	<b>833</b>	<b>1,016</b>	<b>756</b>
<b>Funded By</b>			
Loans	52	212	0
Reserves	41	80	(112)
General Rate	5	5	7
Uniform Annual General Charge	5	5	7
Target Rate - District	485	472	618
Target Rate - Mokau	46	45	43
Target Rate - Piopio	32	32	30
Target Rate - Te Kuiti	121	120	118
Target Rate - Waitomo	46	45	45
<b>Total Funding</b>	<b>833</b>	<b>1,016</b>	<b>756</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$212,000 less than budget due to reduced volumes of refuse entering the landfill than what was expected at the time the budgets were prepared.

### OPERATING EXPENDITURE

Expenditure was \$191,000 less than budget. Landfill operating expenditure and expenditure on waste minimisation levy were less than anticipated as a result of reduced refuse volumes being received into the landfill.

### CAPITAL EXPENDITURE

Capital expenditure was \$162,000 more than budget due to construction on the next cell at the landfill being bought forward. This work was originally budgeted for in the 2014/15 year.



# 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:	
<p>To protect public health and property.</p> <p>To protect the environment from the adverse effects of stormwater.</p> <p>To enable economic development.</p>	

## Key projects completed during 2013/14

- Commencement of critical renewal/rehabilitation works in Ngatai Street, George Street and Duke Street. New large diameter pipes were laid across Ngatai Street to replace the severely corroded steel pipes. Road resealing still needs to be done.
- Approximately 4,000 liner metres of Stormwater reticulation system cleaned and surveyed. Necessary repairs identified in the survey will be completed as part of contracts let in the 2014/15 year.
- Asset management data (physical attributes, asset performance/ condition, and costs) collected as the reticulation system is cleaned and surveyed.
- Information on the condition and decay rates of the networks continues to be collected by analysing condition reports provided by contractors and/or works staff during the day to day operation of stormwater assets.



*The new inlet structure at the Ward Street open space. The open storm water drain accepts water from Elizabeth Street and Hill Street.*



*A section of new 500mm concrete pipe was installed to replace the old 200mm pipe. Better storm water drainage is provided with new manholes.*

## 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 2014	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>Achieved</b> A total of 37 complaints were received for the year ended 30 June 2014, <b>ALL</b> of which were completed within the required one working day timeframe.	(a)
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>Achieved</b> A total of 8 complaints were received for the year ended 30 June 2014, <b>ALL</b> of which were followed up and completed within the required five working days timeframe.	(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 for the year ended 30 June 2014.	(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> No service request complaints were received for the year ended 30 June 2014. Achieved – No service request complaints were received for the year ended 30 June 2014.	(d)
	Number of stormwater abatement notices issued. <b>Target Nil</b>	<b>Achieved</b> No service request complaints were received for the year ended 30 June 2014.	(e)

### Summary of Service Performance

The overall performance for Stormwater Drainage for the quarter ended 30 June 2014 was excellent, with all five performance targets being achieved.

## How we went against our budget

Cost of Service Statement - Stormwater (\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
Te Kuiti Stormwater	0	3	68
Rural Stormwater	0	0	0
<b>Total Operating Income</b>	<b>0</b>	<b>3</b>	<b>68</b>
<b>Operating Expenditure</b>			
Te Kuiti Stormwater	346	307	452
Rural Stormwater	34	36	19
<b>Total Operating Expenditure</b>	<b>380</b>	<b>343</b>	<b>471</b>
<b>Net Operating Cost/(Surplus)</b>	<b>380</b>	<b>340</b>	<b>403</b>
<b>Capital Expenditure</b>			
Te Kuiti Stormwater	362	183	96
Rural Stormwater	5	0	0
<b>Total Capital Expenditure</b>	<b>367</b>	<b>183</b>	<b>96</b>
<b>Total Expenditure</b>	<b>747</b>	<b>523</b>	<b>499</b>
<b>Funded By</b>			
Loans	0	0	0
Reserves	366	170	143
Target Rate Urban	346	317	323
Target Rate Rural	35	36	33
<b>Total Funding</b>	<b>747</b>	<b>523</b>	<b>499</b>

## Variations to Annual Plan

### OPERATING EXPENDITURE

Expenditure was \$37,000 less than budget due to resource management compliance and operating costs being less than budget for the year.

### CAPITAL EXPENDITURE

Capital Expenditure was \$184,000 less than budget. Renewal projects were identified as a priority for Duke and George Streets and Hospital Road in Te Kuiti. These works commenced however were not completed by 30 June.

# 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:



**CO4. A Vibrant and Prosperous District**



**CO8. Preserving the Environment**

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.

## Key projects completed during 2013/14

- Continued effective administration of the Resource Management Act 1993 and the District Plan so as to facilitate responsible development within the District
- The District Plan was amended to give effect to the following National Environmental Standards:

NES for Telecommunications Facilities

NES for Electricity Transmission Activities

NES for Assessing and Managing Contaminants in Soil to Protect Human Health



*Marokopa Estuary*



*Limestone rocks at Mangapohue*

## 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 2014	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 notified resource consents have been processed during the 2013/14 financial year.	(a)
	Percentage of non-notified consents processed within 20 working days. <b>Target 90%</b>	<b>Achieved</b> 92% of non notified resource 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> 57% of premises where resource consents have been issued have been monitored.	(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 2014 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)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
District Plan Administration	80	50	73
<b>Total Operating Income</b>	<b>80</b>	<b>50</b>	<b>73</b>
<b>Operating Expenditure</b>			
District Plan Administration	198	131	227
<b>Total Operating Expenditure</b>	<b>198</b>	<b>131</b>	<b>227</b>
<b>Net Operating Cost/(Surplus)</b>	<b>118</b>	<b>81</b>	<b>154</b>
<b>Funded By</b>			
General Rates	59	59	59
Uniform Annual General Charges	59	59	59
Reserves	0	(37)	36
<b>Total Funding</b>	<b>118</b>	<b>81</b>	<b>154</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$30,000 less than budget due to lower than expected resource consent applications being received during the year.

### OPERATING EXPENDITURE

Expenditure was \$67,000 less than budget. Budgeted costs for legal expenses and consultants fees which are usually charged to resource consent applicants were not spent due to the lower number of applications received.

# 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 sewage 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 under sized 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:	
 <p><b>CO7. Solid Waste and Wastewater</b></p>	 <p><b>CO8. Preserving the Environment</b></p>
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 2013/14

- Completion of the upgrade to the Te Kuiti Wastewater Treatment plant. This was one of the largest infrastructure projects undertaken in our district.
- Update of information to improve accuracy and completeness, as data becomes available.
- As information becomes available additional detailed information is collated on critical assets and a greater focus on risk identification and management is developed as part of the asset management programmes.



*Te Kuiti Wastewater Treatment Plant.*



*Stock truck effluent disposal facility - Te Kuiti.*

# 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 2014	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> No service request complaints were received for the year ended 30 June 2014.	(a)
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>Achieved</b> One service request complaint was received for the year ended 30 June 2014.	(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>	(c)
Resource Consent for TKWWTP is renewed and complied with.	Percentage compliance with renewed TKWWTP Resource Consent <b>Target N/A</b>	<b>Achieved</b> WDC currently operate under the old consent sampling. A new draft consent has been drawn up and is currently in negotiation with Waikato Regional Council pertaining to the term of the consent. This is anticipated to come into effect within the next few months.	(d)

*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 quarter ended 30 June 2014 was good. Three out of the four performance targets were achieved, one was not achieved.

- (c) The performance target of the 'number of sewage overflow events per year at any one wastewater scheme' was not achieved for the year ended 30 June 2014. A total of 62 service request complaints were received over the 2013/14 year in relation to the following schemes 55 (Te Kuiti), 2 (Te Waitere), 2 (Piopio) and 3 (Benneydale).

The main identified cause of these blockages were due to rags, solidified fats, stones and an increase in rainfall causing infiltration to the sewerage system.

A significant increase of discharge to the Te Kuiti Wastewater system was identified in the months of May and June 2014 where rainfall statistics indicated a drastic increase. This in turn has identified that a large amount of Te Kuiti residential households have their Stormwater discharging to the council sewerage system.

When these properties are identified by Council water services staff, the owner is advised in writing to have their Stormwater altered to be discharged to the kerb and channel or other means to reduce future influx of Stormwater being treated through the Wastewater plant, incurring higher operational and maintenance expenses to the district ratepayers.



## How we went against our budget

Cost of Service Statement - Sewerage (\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
Te Kuiti Sewerage	627	1,146	3,242
Benneydale Sewerage	1	1	1
Piopio Sewerage	1	7	359
<b>Total Operating Income</b>	<b>629</b>	<b>1,154</b>	<b>3,602</b>
<b>Operating Expenditure</b>			
Te Kuiti Sewerage	2,627	2,326	1,718
Te Waitere Sewerage	30	34	32
Benneydale Sewerage	139	134	173
Piopio Sewerage	197	237	232
<b>Total Operating Expenditure</b>	<b>2,993</b>	<b>2,731</b>	<b>2,155</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,364</b>	<b>1,577</b>	<b>(1,447)</b>
<b>Capital Expenditure</b>			
Te Kuiti Sewerage	671	806	6,870
Te Waitere Sewerage	10	21	0
Benneydale Sewerage	78	11	16
Piopio Sewerage	101	0	159
<b>Total Capital Expenditure</b>	<b>860</b>	<b>838</b>	<b>7,045</b>
<b>Total Expenditure</b>	<b>3,224</b>	<b>2,415</b>	<b>5,598</b>
<b>Funded By</b>			
Loans	772	806	4,619
Reserves	394	(404)	(965)
Target Rate - Te Kuiti	1,529	1,496	1,578
Target Rate - District	158	155	0
Target Rate - Te Waitere	30	30	30
Target Rate - Benneydale	125	120	115
Target Rate - Piopio	216	212	221
<b>Total Funding</b>	<b>3,224</b>	<b>2,415</b>	<b>5,598</b>

# Variations to Annual Plan

## **OPERATING INCOME**

Revenue was \$525,000 more than budget due to trade waste revenue and sewer connection fees being more than budget. It should be noted, however that the larger trade waste users are actively pursuing cleaner levels of discharge which could impact on future revenue levels.

## **OPERATING EXPENDITURE**

Expenditure was \$262,000 less than budget due to:

- (a) A reduction in electricity costs as a result of a more energy efficient sewerage plant which meant less power was used during the year.
- (b) Favourable loan interest rates achieved during the year meant less interest costs were incurred.
- (c) These savings were offset by increased costs of chemicals to maintain consent conditions.

## **CAPITAL EXPENDITURE**

Capital expenditure for Te Kuiti Sewerage exceeded budget by \$135,000 due to work on the ultra violet disinfection unit and some minor modifications required to optimise treatment. Additional expenditure was also required to replace the main pump line at Te Waitere due to failure. Upgrade works of \$101,000 planned for Piopio to meet growth demand was not incurred. Planned renewals for Benneydale were not carried out this year and have been deferred to 2014/15.

# 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 regular 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 2013/14

- Development of a phased 10 year plan of improvements to the Council's water supply system to:
  - Ensure adequate supply volume,
  - Meet the Drinking-water Standards for New Zealand 2005 (Revised 2008),
  - Address aesthetic concerns raised by residents (taste, odour, colour).
- Residents concerns relating to colour is from residual iron and manganese which is present in the reticulation system. To mitigate this, flushing through the hydrants are carried out on a regular basis. The chlorine taste in the water is as a result of treatment requirements of the new Drinking Water Standards.
- The first phase of the 10 year plan of improvements involves the installation of UV sterilisation units to improve the quality of the water supply. UV sterilisation units are a key aspect of the Te Kuiti water treatment upgrade which was due to commence in the 2013/14 year. This project has been delayed and is now incorporated into the 10 year plan of improvements. In the later stages of the plan, automated flow proportional carbon dosing units will be installed which will mitigate the earthy taste/odour that occurs in the water supply during summer.
- Construction works on the Mokau storage dam to increase the holding capacity was completed in 2013/14. This upgrade has doubled the capacity of the town's raw drinking water storage to 20,000 cubic metres and provides a secure and adequate water supply to Awakino and Mokau.
- Disinfection upgrades were completed at Mokau and Benneydale in 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 2014	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 Budget Manual (100%)	(b)
	Confirmed illnesses attributable to consumption of Council water supply services. <b>Target Nil</b>	<b>Achieved</b> No service request complaints were received for the year ended 30 June 2014.	(c)
	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> 49% of Residents are satisfied or very satisfied with the quality of their drinking water	<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 meet compliance test with fire fighting standards.	(f)
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> 88% of Residents are satisfied or very satisfied with the reliability of their water supply services, in the 2014 Resident Satisfaction Survey	(g)
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 quarter ended 30 June 2014 was average. Four out of the eight performance targets were achieved and four were not achieved.

**(a)** The performance target of 'Ninety-five percent compliance with NZ Drinking Water Standards 2005 (revised 2008) as measured in Water Information New Zealand (WINZ) database' was not achieved for the year ended 30 June 2014 with a result of 50%. WDC is still in the process of upgrading water plants to comply with Drinking Water Standards 2005 (revised 2008). Waikato District Health Board (WDHB) confirms council's compliance on an annual basis, and are running one year behind.

The project to construct and commission the upgrades to Te Kuiti Water Treatment Plant has commenced during the 2013/14 year.

Mokau Water Treatment plant upgrade was completed at the end of 2013 and the dam upgrade is due to be completed by the end of September 2014.

The Benneydale disinfection upgrades were completed during 2013.

**(d)** The performance target of 'less than 10 complaints per annum regarding water supply quality at any supply scheme' was not achieved as at the year ended 30 June 2014.

A total of 256 service request complaints were received for the year with a majority of these complaints pertaining to the Te Kuiti, Piopio and Mokau schemes – (150 or 59%) Te Kuiti, (67 or 26%) Piopio, (37 or 14%) Mokau and (2 or 1%) Benneydale.

The main reasons for the complaints were from leaks, lack of water supply (generally caused due to a leak or blockage), water toby issues, discoloration, smell and taste.

Looking back (a comparison to last year's annual report):

A total of 172 complaints last year compared to 256 this year were received, giving a total increase in water complaints of 84 (or 49%).

### **Piopio**

A large increase in complaints for leaking tobies and fire hydrants, little or no pressure and/or no water were received for Piopio. These issues were largely due to power failures that caused problems at the Water Treatment Plant and the difficulty in treating sufficient water to satisfy demand during these occurrences. In addition a number of valves, hydrants and tobies failed due to the age of the reticulation system.

### **Mokau**

The Summer season showed an increase in complaints with issues relating taste and odour. This was a result of the impact of a worse than normal seasonal drought that caused the raw water supply to reduce substantially. As a result, this effected the level of algae in the supply causing these taste and odour problems, which was an issue beyond Councils control. This issue was made worse by several major leaks that occurred in the distribution pipe work.

The Mokau raw water storage upgrade is anticipated to eliminate water supply issues, by increasing the volume of water available so that the reservoirs are not severely low through periods of drought which often causes raw water supply issues which in turn effect the water quality causing poor taste, colour and odour issues. The Mokau Dam upgrade endured delays due to archaeological findings, which required further investigation by the Historical Places Trust and formal consultation with the local Iwi. This incurred further design related expenses to alter the structure in order to protect the archeological finds. This issue has since been resolved and the dam upgrade is near completion.

In March 2014 there was an influx of complaints when an increase in turbidity (cloudiness of the water from the stirring up of sediment) at the water treatment plant caused discoloration and undesirable odour to the drinking water supply. Bottled water was supplied and distributed to residents in need, namely the local primary school, butcher, motel and pub.

A large leak was located under State Highway 3 north of Mokau near Awakino Heads Road. The investigation into locating the leak took longer than anticipated, as a limited number of shut-off valves made finding the leak more difficult. It required emergency works to be carried out to get the system back up and operational to ensure adequate supply to the public.

### **Te Kuiti**

The design phase has been completed and the initial preconstruction stages commenced for the water treatment plant upgrade. This upgrade has been delayed to coincide with finer weather, as deep excavations are planned to install Enviro Tanks. Large assets with long lead times have been ordered and some have been delivered on site to date.

The Summer season showed an increase in complaints relating to taste and odour. Due to drought conditions the Mangaokewa Stream levels dropped significantly, the low flow is conducive to the increase of the level of algae in the towns water supply which is the main cause of these problems. This issue was beyond Councils control.

### **Benneydale**

There were minimal complaints this year for the Benneydale water plant which has operated well and regular site visits are had by WDC water engineering staff.

Overall the renewal and replacement of water supply infrastructure (principally water supply mains) involves replacement of these assets at the end of their effective lives.

- (e) The performance target of 'Seventy five percent of community satisfied with the quality of their drinking water as measured by the resident satisfaction survey' was not achieved for the 2013/14 year. Overall, 49% of residents (122 out of 248 residents who responded that they use town supply for their drinking water) were very satisfied or satisfied. In comparison to 2013 resident satisfaction survey there was an overall decrease in satisfaction of 9%.

The main reason for dissatisfaction was poor taste and/or chlorine taste.

As per above in Te Kuiti drought conditions over summer caused the Mangaokewa Stream levels to drop significantly. Low flow levels are conducive to the level of algae in the town's water supply which can lead to poor taste. This issue is beyond council's control.

Mokau this year over the summer months also experienced a drought which led to poor raw water quality and disrupted supply. This will be remedied this year with the new dam due for completion by the end of September.

- (h) The performance target of 'ninety percent of supply disruptions restored within 4 hours after first notification' was not achieved for 2013/14 year. A total of 143 complaints were received for the year of which (74 or 52%) were achieved, and (69 or 48%) were not achieved.

The main reasons for these complaints were for odour, taste and colour , minor leaks in pipework and leaking tobies. Most complaints were from Te Kuiti and Mokau.

Te Kuiti water plant is in the early stages of receiving an upgrade to its reticulation system. Mokau water supply has undergone a major upgrade with the construction of a new water storage dam. These complaints are anticipated to reduce following these upgrades by way of improvement to the raw water supplies and the volume of water supplied to each towns residents.

There has been a significant decrease from the 200 complaints received in the 2012/13 year.

## How we went against our budget

Cost of Service Statement - Water Supply (\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
Te Kuiti Water	1,287	601	625
Mokau Water	812	622	50
Piopio Water	16	26	74
Benneydale Water	2	43	51
<b>Total Operating Income</b>	<b>2,117</b>	<b>1,292</b>	<b>800</b>
<b>Operating Expenditure</b>			
Te Kuiti Water	1,397	1,385	1,393
Mokau Water	344	302	338
Piopio Water	273	414	399
Benneydale Water	150	129	139
<b>Total Operating Expenditure</b>	<b>2,164</b>	<b>2,230</b>	<b>2,269</b>
<b>Net Operating Cost/(Surplus)</b>	<b>47</b>	<b>938</b>	<b>1,469</b>
<b>Capital Expenditure</b>			
Te Kuiti Water	3,242	319	84
Mokau Water	810	925	174
Piopio Water	41	44	688
Benneydale Water	3	29	34
<b>Total Capital Expenditure</b>	<b>4,096</b>	<b>1,317</b>	<b>980</b>
<b>Total Expenditure</b>	<b>4,143</b>	<b>2,255</b>	<b>2,449</b>
<b>Funded By</b>			
Loans	2,505	714	870
Reserves	103	52	195
Target Rate - Te Kuiti	890	869	815
Target Rate - Mokau/Awakino	310	297	249
Target Rate - Piopio	194	186	190
Target Rate - Benneydale	141	137	130
<b>Total Funding</b>	<b>4,143</b>	<b>2,255</b>	<b>2,449</b>

# Variations to Annual Plan

## OPERATING INCOME

Revenue was \$825,000 less than budget due mainly to:

- (a) Subsidy revenue of \$780,000 was budgeted to be received for the upgrade of the water treatment plant in Te Kuiti however due to delays in starting this project no subsidy was received. A variation has been agreed with Ministry of Health with the new completion date of 28 February 2016.
- (b) The construction works of the new dam at Mokau were completed and subsidy has been claimed for this work. The remainder of the subsidy of \$234,000 relates to upgrading of the two existing dams which will be completed by December 2015.
- (c) Metered water revenue for the year was more than budget due to greater than expected consumption for both Te Kuiti and Mokau.

## OPERATING EXPENDITURE

Expenditure was \$66,000 more than budget due mainly to:

- (a) Additional operational and maintenance costs being incurred at Piopio including several power related failures that have caused costly repairs to the treatment plant.
- (b) These costs were offset by excluding rates paid on Council owned properties which were included in the budget figure and a reduction in electricity costs incurred for Te Kuiti Water.

## CAPITAL EXPENDITURE

Capital expenditure was \$2,779,000 less than budget due mainly to:

- (a) Delays in the Te Kuiti water treatment plant upgrade work being delayed until dry weather starts again. The design work has largely been completed. This work will be completed by 28 February 2016.
- (b) Due to delays experienced with the construction of the new Mokau Dam, the costs associated with this project were \$115,000 more than budget. The remaining upgrade of the existing dams will be completed by December 2015.



*The newly constructed raw water storage dam at Mokau.*

# 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 2013/14

- Pavement Rehabilitation Package - rehabilitation of sections of Mangaokewa Road and Aria Roads pavement completed.
- Installation of new street lights to replace existing lights that were in an unsafe condition completed.
- 40km of road resealed (The target for the 2013/14 year was 38km of sealed road resurfaced) Pavement Rehabilitations carried out on Te Anga Road, Taharoa Road and Rora Street.
- Structural metal was placed on 42km of unsealed road
- Rora Street upgrade Stage three completed.
- Detailed maintenance plans form part of contracts with our external roading contractors.

Council budgeted \$240,000 for emergency works for the 2013/2014 year. However, due to unexpected ground movement / weather events, expenditure on emergency works increased to approximately \$950,000.

Significant expenditure was required to reinstate three retaining walls in the Te Kuiti Township in order to keep roads open.

As a result of this additional work, the \$350,000 allocated to minor improvement works in the 2013/14 year was diverted to help fund emergency works.

Council continues to work towards returning to previous services levels for this group of activities by 2015/16, however achieving this is constrained by expenditure on emergency works and budgetary limitations.



# 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 2014	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 biennial result 6.5%	(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>Achieved</b> Nine complaints received for the year. All months met target of less than three.	(e)
	Time of response to reported defects and faults. <b>Target Within 24 hours</b>	<b>Achieved</b> No complaints received for the year ended 30 June 2014.	(f)

\*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. Measure is calculated as sealed road kilometres, exceeding rating of 150, as a percentage of total sealed road kilometres.

## Summary of Service Performance

The overall performance for Roads and Footpaths for the quarter ended 30 June 2014 was average. Three out of the six performance targets were achieved, three were not achieved.

**(a)** The target of 'less than four service complaints per month in any one month regarding the condition of the road surface' was not achieved for the 2013/14 year. A total of 168 complaints were received for the year ended 30 June 2014, with all 12 months exceeding the target. This is a significant increase to the previous years' reported complaints of 91.

The main reasons for a large portion of the complaints throughout the year were due to corrugations on rural metal roads from vehicular traffic that required grading and filling. Grading is generally effective when the ground has moisture in it, however given the hot seasonal climate over Summer a majority of the grading works were put on hold due to the road surface being too dry. Grading with a dry road surface does not allow the aggregate to bind into a suitable surface and will result in the surface separating and leading to further corrugations. Periodic forestry activities have a large effect on some of these roads.

The Councils road maintenance contractor is immediately advised of all road surface incidents and these are attended to according to urgency, and reviewed on a weekly basis through operations and maintenance meetings with Council.

**(c)** The performance target of 'three or less service complaints per month regarding missing, damaged or inaccurate road signage' was not achieved for the 2013/14 year. A total of 10 complaints were received for the year ended 30 June 2014, a reduction from the previous years' 19 complaints. Eight of the complaints were for damaged or missing signs, one was for poor visibility of a road sign and one was for a flooding sign required. Eleven out of the twelve months were achieved, with January receiving three complaints contributing to this target not being achieved.

Historically, the issue of damaged and missing road signs have been the result of theft and vandalism. It is difficult to investigate these occurrences with any prosecutions being achieved as there is no method in place to monitor or police this. Damaged and missing signs and posts are rectified promptly by the Councils road maintenance contractor. A programme is in place to identify any non-compliant signage and replace.

**(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 2013/14 year.

A total of 39 complaints were received for the year ended 30 June 2014, of which 62% (24) were resolved within twenty four hours and 38% (15) were not. A majority of these events occurred on rural roads, with 26 of these caused by fallen trees and 13 caused by slips within the carriageway, both causing obstruction to vehicular traffic.

Historically these events occur as a result of high winds and storm events with inclement weather. The Councils road maintenance contractor has the responsibility of ensuring that the carriageway for all Council owned roads across the network are kept clear and are accessible by the public. The contractor attends to these events where the availability of resources and machinery allow.

Weekly operations meetings are held with the Contractor to review any outstanding issues and discuss a resolution for these. Minutes of these meetings are communicated back to WDC.



*Rora Street roading renewal project.*

## How we went against our budget

Cost of Service Statement - Land Transport (\$000's)	2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Operating Income</b>			
Subsidised Roads	5,611	6,552	5,217
Non Subsidised Roads	60	76	74
<b>Total Operating Income</b>	<b>5,671</b>	<b>6,628</b>	<b>5,291</b>
<b>Operating Expenditure</b>			
Subsidised Roads	8,759	9,247	8,542
Non Subsidised Roads	306	382	293
<b>Total Operating Expenditure</b>	<b>9,065</b>	<b>9,629</b>	<b>8,835</b>
<b>Net Operating Cost/(Surplus)</b>	<b>3,394</b>	<b>3,001</b>	<b>3,544</b>
<b>Capital Expenditure</b>			
Subsidised Roads	4,435	5,026	4,030
Non Subsidised Roads	265	102	81
<b>Total Capital Expenditure</b>	<b>4,700</b>	<b>5,128</b>	<b>4,111</b>
<b>Total Expenditure</b>	<b>8,094</b>	<b>8,129</b>	<b>7,655</b>
<b>Funded By</b>			
Loans	379	102	56
Reserves	1,821	2,114	2,097
Uniform Annual General Charges	249	249	233
District Wide Rate	5,399	5,418	5,052
Target Services Rate - Rural	27	27	23
Target Services Rate - Urban	219	219	194
<b>Total Funding</b>	<b>8,094</b>	<b>8,129</b>	<b>7,655</b>

## Variations to Annual Plan

### OPERATING INCOME

Subsidy revenue is based on both maintenance and capital expenditure amounts. As the combined expenditure is more than budget, total subsidy for the year was more than budget.

### OPERATING EXPENDITURE

Expenditure is \$564,000 more than budget due over-expenditure in emergency work, environmental maintenance, sealed pavement maintenance and unsealed pavement maintenance categories. There was additional emergency first response works required in the district due to the impact of weather events on the road assets and the extensive grading and metalling catch-up across the unsealed network. Previously deferred sealed road maintenance and environmental maintenance work was undertaken in the 2013/14 year due to urgent need to address asset condition.

### CAPITAL EXPENDITURE

Capital expenditure was \$428,000 more than budget mainly due to:

- Emergency works was \$423,000 over budget as a result of weather events that impacted on the road network.
- Previously deferred reseals and unsealed road metalling from the prior year were added to the 2013/14 programme due to urgent need.

# 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 61) shows all income received including income from Rates, the Significant Activities and Council's subsidiary company.
2. The Statement of Changes in Equity (page 62) discloses movements in total equity.
3. The Balance Sheet (page 63) shows the assets and liabilities of the Council and its subsidiary.
4. The Cash Flow Statement (page 64) summarises the cash flows from operating, investing and financing activities during the year.
5. The "Notes to the Financial Statements" (pages 65 - 132) should be read in conjunction with the above statements.
6. The individual Statements of Cost of Service for Council's Significant Activities (pages 16-55) 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 2014 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 40.



**BRIAN HANNA**  
**MAYOR**



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

Dated this      day of October 2014.

# Audit Report









# Statement of Comprehensive Income for the year ended 30 June 2014

	NOTE	Council			Group	
		2014 COUNCIL BUDGET \$000's	2014 COUNCIL ACTUAL \$000's	2013 COUNCIL ACTUAL \$000's	2014 GROUP ACTUAL \$000's	2013 GROUP ACTUAL \$000's
<b>Continuing Operations</b>						
Rates excluding targeted water supply rates	1	17,248	16,931	16,416	16,931	16,416
Fees, charges and targeted rates for water supply	2	529	685	692	685	692
Subsidies and Grants	3	7,120	7,068	7,863	7,068	7,863
Interest Revenue		107	91	92	35	107
Other Revenue	4	3,307	3,327	3,225	32,026	29,264
Other Gains/(Losses)	5	32	(24)	195	(24)	195
<b>Total Revenue and Gains/(Losses)</b>		<b>28,343</b>	<b>28,078</b>	<b>28,483</b>	<b>56,721</b>	<b>54,537</b>
Employee Benefit Expenses	6	3,355	3,757	3,402	12,287	12,076
Depreciation and Amortisation	7,22,23	5,303	5,433	5,363	6,530	6,351
Finance Costs	8	2,738	2,311	2,306	2,918	2,862
Other Expenses	9	13,200	12,586	11,817	30,551	27,739
<b>Total Expenditure</b>		<b>24,596</b>	<b>24,087</b>	<b>22,887</b>	<b>52,286</b>	<b>49,028</b>
<b>Surplus/(Deficit) Before Tax</b>		<b>3,747</b>	<b>3,991</b>	<b>5,596</b>	<b>4,435</b>	<b>5,509</b>
Income Tax Expense/(Revenue)	10	0	0	0	(152)	26
<b>Surplus/(Deficit)</b>		<b>3,747</b>	<b>3,991</b>	<b>5,596</b>	<b>4,587</b>	<b>5,483</b>
<b>Other Comprehensive Income</b>						
Revaluation of Property, Plant and Equipment	11	0	2,112	0	2,112	359
Gains/(Losses) from Cash Flow Hedges		0	383	551	383	551
Revaluation of Available for Sale Assets	14	0	2,600	0	0	0
Income Tax relating to Components of Other Comprehensive Income	10	0	0	0	0	0
<b>Other Comprehensive Income/(Loss) for the Year, Net of Tax</b>		<b>0</b>	<b>5,095</b>	<b>551</b>	<b>2,495</b>	<b>910</b>
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>3,747</b>	<b>9,086</b>	<b>6,147</b>	<b>7,082</b>	<b>6,393</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 65 to 132.

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 2014

	NOTE	Council		Group	
		2014 ACTUAL \$000's	2013 ACTUAL \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's
Balance at 1 July		196,865	192,232	195,399	190,879
Surplus/(Deficit) for the year		3,991	5,596	4,587	5,483
		<b>3,991</b>	<b>5,596</b>	<b>4,587</b>	<b>5,483</b>
Transfer from Retained Earnings on Asset Disposal		30	234	30	234
Transfer to Council Created Reserves		(823)	(1,197)	(823)	(1,197)
<b>Balance at 30 June</b>		<b>200,063</b>	<b>196,865</b>	<b>199,193</b>	<b>195,399</b>
<b>Other Reserves</b>					
<b>Council Created Reserves</b>					
Balance at 1 July		5,423	4,226	5,423	4,226
Transfers from Retained Earnings		823	1,197	823	1,197
		<b>6,246</b>	<b>5,423</b>	<b>6,246</b>	<b>5,423</b>
<b>Available for Sale Reserves</b>					
Balance at 1 July		4	4	4	4
Valuation Gains/(Losses)		2,600	0	0	0
<b>Balance at 30 June</b>		<b>2,604</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Hedging Reserve</b>					
Balance at 1 July		(150)	(701)	(150)	(701)
Gains/(Losses) from Cash Flow Hedges		383	551	383	551
<b>Balance at 30 June</b>		<b>233</b>	<b>(150)</b>	<b>233</b>	<b>(150)</b>
<b>Total Other Reserves at 30 June</b>		<b>9,083</b>	<b>5,277</b>	<b>6,483</b>	<b>5,277</b>
<b>Revaluation Reserves</b>					
Balance at 1 July		68,383	68,617	70,506	70,381
Revaluation Gains/(Losses)		2,112	0	2,112	359
		<b>2,112</b>	<b>0</b>	<b>2,112</b>	<b>359</b>
Transfer from Retained Earnings Prior Period Adjustment		0	0	0	0
Transfer from Retained Earnings on Asset Disposal		(30)	(234)	(30)	(234)
<b>Balance at 30 June</b>	<b>11</b>	<b>70,465</b>	<b>68,383</b>	<b>72,588</b>	<b>70,506</b>
<b>Total Equity</b>					
Balance at 1 July		270,525	264,378	271,182	264,789
Prior Period Adjustment		0	0	0	0
<b>Adjusted Balance at 1 July</b>		<b>270,525</b>	<b>264,378</b>	<b>271,182</b>	<b>264,789</b>
Surplus/(Deficit) for the year		3,991	5,596	4,587	5,483
<b>Other Comprehensive Income</b>					
Revaluation of Property, Plant and Equipment		2,112	0	2,112	359
Revaluation of Available for Sale assets		2,600	0	0	0
Gains/(Losses) from Cash Flow Hedges		383	551	383	551
<b>Total Comprehensive Income</b>		<b>9,086</b>	<b>6,147</b>	<b>7,082</b>	<b>6,393</b>
<b>Balance at 30 June</b>		<b>279,611</b>	<b>270,525</b>	<b>278,264</b>	<b>271,182</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 65 to 132.

# Balance Sheet as at 30 June 2014

	NOTE	Council			Group	
		2014 BUDGET \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's
<b>Equity</b>						
Retained Earnings		200,041	200,063	196,865	199,193	195,399
Other Reserves	12	4,272	9,083	5,277	6,483	5,277
Revaluation Reserve	11	68,617	70,465	68,383	72,588	70,506
<b>Total Equity</b>		<b>272,930</b>	<b>279,611</b>	<b>270,525</b>	<b>278,264</b>	<b>271,182</b>
<b>Current Assets</b>						
Cash and Cash Equivalents	13	100	955	171	966	206
Other Financial Assets	14	2	2	2	2	2
Inventory	15	27	34	43	1,396	1,485
Debtors and Other Receivables	16	6,702	5,258	5,593	9,329	9,735
Capitalised Quarry Development Asset	27	0	0	0	196	0
Assets held for sale	26	0	67	69	67	69
Deferred Tax Asset	10	0	0	0	143	0
<b>Total Current Assets</b>		<b>6,831</b>	<b>6,316</b>	<b>5,878</b>	<b>12,099</b>	<b>11,497</b>
<b>Current Liabilities</b>						
Bank Overdraft (Secured)	13, 19	0	0	0	1,948	3,144
Creditors and Other Payables	18	4,036	3,490	3,490	6,489	6,257
Current Portion of Borrowings	19	5,200	380	13,851	448	13,932
Provisions	20	52	17	15	17	15
Employee Entitlements	21	470	505	461	1,330	1,169
Derivative Financial Instruments	17	265	171	274	171	274
<b>Total Current Liabilities</b>		<b>10,023</b>	<b>4,563</b>	<b>18,091</b>	<b>10,403</b>	<b>24,791</b>
<b>Net Working Capital</b>		<b>(3,192)</b>	<b>1,753</b>	<b>(12,213)</b>	<b>1,696</b>	<b>(13,294)</b>
<b>Non Current Assets</b>						
Property, Plant and Equipment	22	319,259	318,349	312,979	325,416	319,589
Intangible Assets	23	91	88	76	88	76
Forestry Assets	24	39	44	44	44	44
Investment Property	25	728	635	653	635	653
Assets Held for Sale	26	958	889	994	889	994
Other Financial Assets	14	815	3,389	791	39	41
Deferred Tax Asset	10	0	0	0	24	15
Derivative Financial Instruments	17	46	409	239	409	239
<b>Total Non Current Assets</b>		<b>321,936</b>	<b>323,803</b>	<b>315,776</b>	<b>327,544</b>	<b>321,651</b>
<b>Non Current Liabilities</b>						
Creditors and Other Payables	18	0	618	790	618	790
Borrowings	19	44,543	44,485	31,331	49,490	35,441
Employee Entitlements	21	61	61	60	87	87
Provisions	20	727	781	741	781	741
Derivative Financial Instruments	17	483	0	116	0	116
<b>Total Non Current Liabilities</b>		<b>45,814</b>	<b>45,945</b>	<b>33,038</b>	<b>50,976</b>	<b>37,175</b>
<b>Net Assets</b>		<b>272,930</b>	<b>279,611</b>	<b>270,525</b>	<b>278,264</b>	<b>271,182</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 65 to 132

# Cashflow Statement for the year ended 30 June 2014

	NOTE	Council			Group	
		2014 BUDGET \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's
<b>Cash flows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Rates Revenue (including penalties)		17,053	19,095	18,435	19,095	18,435
Subsidies and Grants		7,120	8,367	11,851	8,385	11,851
Property Rentals		415	462	414	462	414
Petroleum Tax		129	125	123	125	123
Interest from Investments		107	91	92	35	105
Receipts from Other Revenue and Construction Contracts		3,291	4,145	2,379	37,754	32,727
Tax Refunds Received/(Paid)		0	0	0	0	0
		<b>28,115</b>	<b>32,285</b>	<b>33,294</b>	<b>65,856</b>	<b>63,655</b>
<b>Cash was applied to:</b>						
Payments to Suppliers and Employees		15,936	17,256	16,494	46,715	44,156
Elected Members		293	220	225	320	325
Interest Paid on Borrowings		2,738	2,268	2,283	2,881	2,962
GST Received/(Paid) (net)			1,253	(606)	2,626	826
		<b>18,967</b>	<b>20,997</b>	<b>18,396</b>	<b>52,542</b>	<b>48,269</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>30</b>	<b>9,148</b>	<b>11,288</b>	<b>14,898</b>	<b>13,314</b>	<b>15,386</b>
<b>Cash flows from Investing Activities</b>						
<b>Cash was provided from:</b>						
Proceeds from Sale of Property, Plant and Equipment		0	46	0	260	821
Proceeds from Sale of Assets Held for Sale		0	95	40	95	40
Repayment from Advance to Community Groups		14	2	2	2	2
		<b>14</b>	<b>143</b>	<b>42</b>	<b>357</b>	<b>863</b>
<b>Cash was applied to:</b>						
Purchase and Development of Property, Plant and Equipment		11,803	10,223	15,610	12,211	16,133
Purchase of Assets Held to Sale		0	0	0	0	0
Purchase of Intangible Assets		0	64	21	56	21
Renewals of Investment Properties		0	0	3	0	3
		<b>11,803</b>	<b>10,287</b>	<b>15,634</b>	<b>12,267</b>	<b>16,157</b>
<b>Net Cash Inflow from Investing Activities</b>		<b>(11,789)</b>	<b>(10,144)</b>	<b>(15,592)</b>	<b>(11,910)</b>	<b>(15,294)</b>
<b>Cash flow from Financing Activities</b>						
<b>Cash was provided from:</b>						
Cash was provided from Borrowings		7,841	11,050	11,400	12,469	11,415
		<b>7,841</b>	<b>11,050</b>	<b>11,400</b>	<b>12,469</b>	<b>11,415</b>
<b>Cash was applied to:</b>						
Repayment of Borrowings		5,200	11,410	13,246	11,917	14,593
		<b>5,200</b>	<b>11,410</b>	<b>13,246</b>	<b>11,917</b>	<b>14,593</b>
<b>Net Cash Inflow from Financing Activities</b>		<b>2,641</b>	<b>(360)</b>	<b>(1,846)</b>	<b>552</b>	<b>(3,178)</b>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		0	784	(2,540)	1,956	(3,086)
Cash, cash equivalents and bank overdrafts at the beginning of the year		100	171	2,711	(2,938)	148
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>		<b>100</b>	<b>955</b>	<b>171</b>	<b>(982)</b>	<b>(2,938)</b>
<b>Balance at end of year represented by:</b>						
Cash and Cash Equivalents		100	955	171	966	206
Term Deposits with maturities less than 3 months		0	0	0	0	0
Bank Overdraft		0	0	0	(1,948)	(3,144)
		<b>100</b>	<b>955</b>	<b>171</b>	<b>(982)</b>	<b>(2,938)</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 65 to 132

# Notes to the Financial Statements

## Statement of Accounting Policies for the year ended 30 June 2014.

### 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 2014. The financial statements were authorised for issue by the Council on 29 October 2014.

### 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 2014
- 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 2015.
- 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 2014 is as follows:

Assets	\$12,952,696
Liabilities	\$5,735,824
Net Assets	\$1,176,652

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

The External Reporting Board (XRB) has introduced a revised Accounting Standards Framework. The revised framework introduces Public Benefit Entity Accounting Standards largely based on International Public Sector Accounting Standards, modified as appropriate for New Zealand circumstances. These standards will apply for years beginning on or after 1 July 2014. The council will transition to the new standards when preparing its 30 June 2015 financial statements. The Group has not assessed the full implication of the new Accounting Standards Framework at this time, but other than certain changes to disclosure requirements, the Group does not expect the recognition and measurement of transactions to differ significantly to those prescribed in NZ IFRS.

Financial reporting requirements for PBEs are frozen in the short-term and all new NZ IFRS and amendments to existing NZ IFRS with a mandatory effective date for annual reporting periods commencing on or after 1 January 2012 are not applicable to PBEs. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude PBEs from their scope.

### 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
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 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 9 + IFRS 9 Financial instruments.	1 January 2017 1 January 2018	30 June 2018 30 June 2019
NZ IFRS 15 - Revenue from Contracts with Customers.	1 January 2017	30 June 2018
NZ IAS 16 Property plant and equipment	1 January 2016	30 June 2017
Amendments to NZ IAS 19 Defined Benefit Plans: Employee Contribution	1 January 2017	30 June 2015
Amendments to NZ IAS 30 Intangibles	1 January 2016	30 June 2017

### 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 or 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.

### **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.

#### *Available for Sale*

Available for sale financial assets are those that are not classified in any of the other categories above.

This category encompasses:

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

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

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to profit or loss (as a reclassification adjustment).

#### **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 if 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% (2013: 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% (2013: 6.0%) and an inflation rate of 2% (2013: 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 three 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
-----------	-------------

### 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 2014 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 2014 was reported at \$229,807,000

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:

Asset Class	Optimised Depreciated Replacement Cost At 30 June 2012
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 2014 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 2014 was reported at:

Asset Class	Optimised Depreciated Replacement Cost At 30 June 2014
Solid Waste Assets	\$3,253,000

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:

Land Value (30 June 2012)	Total Fair Value (30 June 2012)
\$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.

### *Carbon Credits*

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment

annually. They are derecognised when they are used to satisfy carbon emission obligations.

### *Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life for software. 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%
-------------------	--------------	------------

## **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 2014.

The fair value less costs to sell at 30 June 2014 was \$956,000.

### 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 2014. 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 2014 was reported at:

<b>Improvements Value (30 June 2014)</b>	\$340,000
<b>Land Value (30 June 2014)</b>	\$295,000
<b>Total Fair Value (30 June 2014)</b>	\$635,000

### Capitalised Quarry Development Costs

The costs of stripping activity which provides a benefit in the form of improved access to rock is recognised as a non-current 'stripping activity asset' where it is probable that the future economic benefit associated with the stripping activity will flow to the entity, the entity can identify the component of the rock for which access has been improved and the costs relating to the stripping activity associated with that component can be measured reliably.

A stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the rock that becomes more accessible as a result of the stripping activity using the units of production method.

### 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.

## Emissions Trading Scheme (ETS)

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's) by 31 May of each year to match the remission from 1 January to 31 December of the preceding calendar year. The cost of meeting ETS obligations is mandatory and Council is required to surrender NZU's for the landfill methane emissions associated with Rangitoto Landfill. NZU's that are purchased to meet these liabilities are recognised at cost and subsequently recognised at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required.

## 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.

The Group through revaluation of the Roads asset class changed its accounting estimates for some asset components;

- The base useful lives of ARMCO culverts was increased from 20 to 30 years. The age of all ARMCO culverts (except one) exceeds 20 years and 10 culverts are older than 30 years out of the 19 within the district. The effect of this change in estimate increased the fair value of these assets by \$32,000.
- The valuation approach for sealed surface pavement asset component was changed whereby the likely seal replacement type was used rather than a like for like replacement approach used previously. The result of this change is that a number of road sections were valued based on a single seal cost which costs less than the two coat seals used previously. The effect of this change in account estimate cannot be reliably measured but has decreased the fair value of this asset component by approximately \$1m to \$2m.

### 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, apart from those noted above, 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

The investment in Inframax construction was revalued at 30 June 2014 resulting in a gain on revaluation of \$2,600,000. The valuation report indicated a value between \$2.6 million and \$3.8 million for the investment. Council have conservatively recognised the investment at \$2.6 million.

### 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*

The group has recognised through profit and loss a deferred tax asset for part utilisation of tax losses brought forward. This recognition is based on budgeted taxable profit recognised in the 2014/15 financial year.

### **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)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
General Rate (as per rates strike)	3,032	2,933	3,032	2,933
Less adjustment to Uniform Annual General Charges	(887)	(799)	(887)	(799)
General Rate	2,145	2,134	2,145	2,134
Uniform Annual General Charges	3,096	3,075	3,096	3,075
Plus adjustment from General Rate*	887	799	887	799
Uniform Annual General Charges	3,983	3,874	3,983	3,874
Targeted Rates - Sewerage	2,054	1,970	2,054	1,970
Targeted Rates - Water (TUAC)	1,537	1,421	1,537	1,421
Targeted Rates - Solid Waste	726	867	726	867
Targeted Rates - Land Transport	5,664	5,269	5,664	5,269
Targeted Rates - Other	766	799	766	799
Rates Penalties	422	400	422	400
<b>Sub Total</b>	<b>17,297</b>	<b>16,734</b>	<b>17,297</b>	<b>16,734</b>
Less Rates paid on Council properties	(366)	(318)	(366)	(318)
<b>Total Rates Revenue</b>	<b>16,931</b>	<b>16,416</b>	<b>16,931</b>	<b>16,416</b>

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

The Exceptions Annual Plan 2013/14 (EAP) proposed that an adjustment be made in the interest of Community Wellbeing (as provided by section 101 (3)(b) of the Local Government Act 2002). The EAP 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 55 of the EAP for further details.

The 2013/14 rates were struck in accordance with the EAP 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 \$877,446 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	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
NZTA Government Grants	6,336	5,084	6,336	5,084
Ministry of Health Government Grants	600	2,713	600	2,713
Ministry of Social Development Grants	132	65	132	65
New Zealand Defence Force Grants	0	1	-	1
<b>Total Subsidies and Grants</b>	<b>7,068</b>	<b>7,863</b>	<b>7,068</b>	<b>7,863</b>

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 the works within two years of the funding agreement. The works are estimated to be completed in June 2014. A variation to the agreement was sought to extend the completion date to 31 August 2014. The necessary consents were obtained and Council completed the construction work by 31 August 2014. The full subsidy relating to this agreement was not fully claimed as the upper dam works construction has not commenced. The amount of subsidy claimed was \$548,100. A variation has been submitted to the Ministry of Health requesting an extension to the completion date. The work will be completed in December 2015.

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 28 February 2016. The works will be completed by 28 February 2016.

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 council obtained the necessary consents and construction was completed in 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 Council obtained the necessary resource consents and construction was completed in January 2014.

During the year the Council entered into an agreement with Ministry of Youth Development for funding to support the Youth Council to develop and run events for young people. The total available funding is \$20,000. The work associated with the agreement was completed in June 2014.

In August 2013 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. The total approved subsidy available under this agreement is \$108,495. A variation to the agreement has been sought from the Ministry of Social Development. The work associated with this agreement will be completed by 30 June 2015.

During the year the Council applied for funding from New Zealand Lottery Grants Board for costs associated with the World War 1 commemorations. In July 2014 the New Zealand Lotteries Board confirmed the funding of \$15,823. The work will be completed by April 2015.

## 4• Other Revenue

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Income from Construction Contracts	0	0	28,499	25,691
Regulatory Revenue	389	342	389	342
Other Revenue	2,536	2,483	2,736	2,831
Property Rentals	382	385	382	385
Rental Income from Investment Properties	20	15	20	15
<b>Total Other Revenue</b>	<b>3,327</b>	<b>3,225</b>	<b>32,026</b>	<b>29,264</b>

## 5• Other Gains/ (Losses)

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Gain/(Loss) in Change in Fair Value of Investment Property	(18)	(14)	(18)	(14)
Gain/(Loss) in Forestry Assets	0	5	0	5
Gain/(Loss) in Change in Fair Value of Available for Sale Non Current Assets	(32)	(14)	(32)	(14)
Gain/(Loss) on Sale of Available for Sale Non Current Assets	8	7	8	7
Revenue on Acquisition of Property, Plant and Equipment at Nominal Value	2	211	2	211
Gain/(Loss) on Sale of Property, Plant and Equipment	11	0	11	0
Gain/(Loss) on Derivatives	5	0	5	0
<b>Total Other Gains/(Losses)</b>	<b>(24)</b>	<b>195</b>	<b>(24)</b>	<b>195</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 2014 resulting in loss on valuation of \$32,344 (2013: \$13,539). Two sections were sold resulting in a gain on sale. The remaining 28 sections continue to be actively marketed on a sale by section basis. See Note 26 for details on Assets Held for Sale.

## 6• Employee Benefit Expenses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Salaries and Wages	3,712	3,396	12,126	12,165
Increase/(Decrease) in Employee Benefit Liabilities	45	6	161	(89)
<b>Total Employee Benefit Expenses</b>	<b>3,757</b>	<b>3,402</b>	<b>12,287</b>	<b>12,076</b>

## 7• Depreciation

(\$000's)	Waitomo District Council			Waitomo District Group	
	2014 BUDGET	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Leadership and Investments	284	327	359	327	359
Community Services	635	642	650	642	650
Community Development	5	5	5	5	5
Regulation	2	2	2	2	2
Solid Waste Management	80	89	84	89	84
Stormwater Drainage	179	172	175	172	175
Sewerage	774	714	435	714	435
Water Supply	403	417	380	417	380
Roads and Footpaths	2,941	3,065	3,273	3,065	3,273
Other Activities	0	0	0	1,097	988
<b>Total Depreciation Expense</b>	<b>5,303</b>	<b>5,433</b>	<b>5,363</b>	<b>6,530</b>	<b>6,351</b>

## 8. Finance Costs

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Interest on Bank Borrowings	2,272	2,261	2,840	2,793
Interest on Finance Leases	13	20	52	44
Discount Unwinding on Provision (note 16)	26	25	26	25
<b>Total Finance Costs</b>	<b>2,311</b>	<b>2,306</b>	<b>2,918</b>	<b>2,862</b>

## 9. Other Expenditure

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Audit Fees for Financial Statements Audit	117	113	190	185
Audit Related Fees for Assurance Related Services	2	2	2	2
Bad Debts Written Off	111	92	111	94
Directors Fees	0	0	100	100
Grants	90	84	90	84
Insurance Expenses	241	187	325	492
Inventories	0	0	3,281	3,500
Impairment on Property, Plant and Equipment	0	0	0	0
(Gain)/Loss on Property, Plant and Equipment	5	371	(59)	133
Impairment of Property held as Trading Stock	0	0	0	0
Cost of Sales held as Trading Stock	0	0	0	0
Lease Expenses	59	62	340	1,003
Movement in Provision for Doubtful Debt	263	310	263	339
Remuneration of Elected Members	222	225	222	225
Subscriptions	83	72	93	88
Road Maintenance	4,926	3,762	4,926	3,762
Other Maintenance Expenditure	2,349	2,450	2,349	2,450
Direct Contract Expenses	0	0	10,844	7,964
Other Expenditure	3,881	3,846	7,237	7,077
Investment Property Expenditure	3	14	3	14
Rates and Penalties Remissions	234	227	234	227
<b>Total Other Expenditure</b>	<b>12,586</b>	<b>11,817</b>	<b>30,551</b>	<b>27,739</b>

## 10• Tax

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Income tax Recognised in Profit or Loss</b>				
Current Tax	0	0	(9)	26
Deferred Tax on Temporary Differences	0	0	(143)	0
	<b>0</b>	<b>0</b>	<b>(152)</b>	<b>26</b>
<b>Reconciliation of Accounting Profit/(Loss) before tax and income tax expense</b>				
Surplus/(Deficit) before Taxation	3,991	5,596	4,435	5,509
Prima Facie Taxation at 28%	1,117	1,567	1,242	1,543
Taxation Effect of Non Deductible Expenditure	(1,186)	(1,641)	(1,188)	(1,595)
Non Taxable Income	0	0	(2)	(40)
Non-Recognition of Benefit of Tax Losses	69	74	(71)	138
Under/(Over) Provided in Prior Periods			(143)	0
	<b>0</b>	<b>0</b>	<b>10</b>	<b>(20)</b>
<b>Taxation Expense</b>	<b>0</b>	<b>0</b>	<b>(152)</b>	<b>26</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 2013</b>					
Opening Balance	20	7	0	14	41
(Charged)/Credited to Profit or Loss	(14)	2	0	(14)	(26)
<b>Closing Balance</b>	<b>6</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>15</b>
<b>Group 2014</b>					
(Charged)/Credited to Profit or Loss	7	2	0	143	152
<b>Closing Balance</b>	<b>13</b>	<b>11</b>	<b>0</b>	<b>143</b>	<b>167</b>

This is made up of:

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Current	0	0	143	0
Non Current	0	0	24	15
<b>Total</b>	<b>0</b>	<b>0</b>	<b>167</b>	<b>15</b>

## Council

Council has accumulated tax losses of \$1,740,000 to 30 June 2014 (2013: \$1,482,000). Accumulated tax losses are available to offset future taxable income, thereby reducing income tax liability. Council has not recognised a deferred tax asset for the accumulated tax losses due to the unlikelyhood of receiving taxable income from its subsidiary company in the immediate future.

## Group

The Group has accumulated tax losses of \$13,954,000 to 30 June 2014 (2013: \$14,424,000). The Group is unlikely to benefit from its accumulated tax losses and therefore has not recognised a deferred tax asset for this. The group has recognised a deferred tax asset for the partial use of accumulated tax losses in the 2014/15 financial year. The amount recognised is equivalent to the taxable income budgeted for the 2014/15 year.

Imputation Credit Account	Waitomo District Group	Waitomo District Group
(\$000's)	2014 ACTUAL	2013 ACTUAL
Balance 1 July	3,416	3,416
<b>Closing Balance 2014</b>	<b>3,416</b>	<b>3,416</b>

11• Revaluation Reserves	Waitomo District Council		Waitomo District Group	
(\$000's)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Revaluation Reserves</b>				
Balance at 1 July	68,383	68,617	70,506	70,381
Revaluation Gains/(Losses)	2,112	0	2,112	359
Transfer to/(from) Retained Earnings on Asset Disposal	(30)	(234)	(30)	(234)
Prior Period Adjustments	0	0	0	0
<b>Balance at 30 June</b>	<b>70,465</b>	<b>68,383</b>	<b>72,588</b>	<b>70,506</b>
This is made up of:				
Operational Land	3,653	3,653	4,019	4,019
Operational Buildings	2,880	2,886	2,928	2,934
Library Books	63	69	63	69
Restricted Land	5,387	5,387	5,387	5,387
Restricted Buildings	702	706	702	706
Infrastructural Land	710	710	710	710
Roading Assets	41,625	39,683	42,975	41,033
Water Reticulation Assets	5,195	5,195	5,195	5,195
Sewerage Reticulation Assets	3,127	3,141	3,127	3,141
Stormwater Reticulation Assets	6,473	6,473	6,473	6,473
Refuse System Assets	650	480	650	480
Quarry Plant Assets	0	0	359	359
<b>Total Revaluation Reserves</b>	<b>70,465</b>	<b>68,383</b>	<b>72,588</b>	<b>70,506</b>

## 12• Reserves

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2013 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2014 \$000's
<b>Operational Reserves</b>				
<b>Leadership and Investments</b>				
Leadership	460	10	(167)	303
Investments	(3,287)	109	(174)	(3,352)
	<b>(2,827)</b>	<b>119</b>	<b>(341)</b>	<b>(3,049)</b>
<b>Community Service</b>				
Parks and Reserves	222	78	(8)	292
Housing and Other Property	(292)	107	(14)	(199)
Recreation and Culture - Library	(184)	0	(28)	(212)
Recreation and Culture - Swimming Pool	(98)	13	(5)	(90)
Recreation and Culture - Culture and Arts Centre	101	28	0	129
Recreation and Culture - Aerodrome	54	27	0	81
Public Amenities	171	24	(15)	180
Safety	73	72	0	145
	<b>47</b>	<b>349</b>	<b>(70)</b>	<b>326</b>
<b>Community Development</b>				
Community Development	564	33	(128)	469
	<b>564</b>	<b>33</b>	<b>(128)</b>	<b>469</b>
<b>Regulation</b>				
Regulation	(349)	27	(48)	(370)
	<b>(349)</b>	<b>27</b>	<b>(48)</b>	<b>(370)</b>
<b>Solid Waste Management</b>				
Collection	25	42	(10)	57
Management - Landfill and Transfer Stations	520	19	(59)	480
Management - Waste Minimisation	88		(26)	62
	<b>633</b>	<b>61</b>	<b>(95)</b>	<b>599</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	(11)	12	(1)	0
Rural Stormwater	127	1	0	128
	<b>116</b>	<b>13</b>	<b>(1)</b>	<b>128</b>
<b>Resource Management</b>				
District Plan Administration	(83)	37	(4)	(50)
	<b>(83)</b>	<b>37</b>	<b>(4)</b>	<b>(50)</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	458	785	0	1,243
Te Waitere Sewerage	54	0	(4)	50
Benneydale Sewerage	(195)	0	(10)	(205)
Piopio Sewerage	337	39	0	376
	<b>654</b>	<b>824</b>	<b>(14)</b>	<b>1,464</b>

## 12• Reserves

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2013 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2014 \$000's
<b>Water Supply</b>				
Te Kuiti Water	(419)	84	(21)	(356)
Mokau Water	(418)	74	(20)	(364)
Piopio Water	(322)	0	(156)	(478)
Benneydale Water	(108)	33	(5)	(80)
	<b>(1,267)</b>	<b>191</b>	<b>(202)</b>	<b>(1,278)</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	(1,982)	0	(97)	(2,079)
Non Subsidised Roads	510	0	(60)	450
	<b>(1,472)</b>	<b>0</b>	<b>(157)</b>	<b>(1,629)</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>(3,440)</b>	<b>1,654</b>	<b>(1,060)</b>	<b>(2,846)</b>
<b>Depreciation Reserves</b>				
<b>Leadership and Investments</b>				
Investments	(87)	0	(65)	(152)
	<b>(87)</b>	<b>0</b>	<b>(65)</b>	<b>(152)</b>
<b>Community Service</b>				
Parks and Reserves	0	25	(36)	(11)
Housing and Other Property - Housing	119	21	(9)	131
Housing and Other Property - Community Halls	669	99	(98)	670
Housing and Other Property - Other Land and Buildings	287	89	(46)	330
Recreation and Culture - Library	369	106	(50)	425
Recreation and Culture - Swimming Pool	(78)	32	(32)	(78)
Recreation and Culture - Culture and Arts Centre	69	126	(221)	(26)
Recreation and Culture - Aerodrome	6	10	(6)	10
Public Amenities	150	48	(38)	160
	<b>1,591</b>	<b>556</b>	<b>(536)</b>	<b>1,611</b>
<b>Community Development</b>				
I-SITE	28	5	(3)	30
	<b>28</b>	<b>5</b>	<b>(3)</b>	<b>30</b>

## 12• Reserves

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2013 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2014 \$000's
<b>Regulation</b>				
Animal Control	(15)	2	(7)	(20)
	<b>(15)</b>	<b>2</b>	<b>(7)</b>	<b>(20)</b>
<b>Solid Waste Management</b>				
Management - Landfill and Transfer Stations	(84)	89	(208)	(203)
	<b>(84)</b>	<b>89</b>	<b>(208)</b>	<b>(203)</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	859	168	(193)	834
Rural Stormwater	17	4	(1)	20
	<b>876</b>	<b>172</b>	<b>(194)</b>	<b>854</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	592	278	(316)	554
Te Waitere Sewerage	3	6	(20)	(11)
Benneydale Sewerage	155	21	(29)	147
Piopio Sewerage	32	27	(43)	16
	<b>782</b>	<b>332</b>	<b>(408)</b>	<b>706</b>
<b>Water Supply</b>				
Te Kuiti Water	194	245	(83)	356
Mokau Water	(19)	18	(51)	(52)
Piopio Water	188	27	(17)	198
Benneydale Water	103	26	(17)	112
	<b>466</b>	<b>316</b>	<b>(168)</b>	<b>614</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	4,504	2,960	(2,745)	4,719
Non Subsidised Roads	(125)	106	(22)	(41)
	<b>4,379</b>	<b>3,066</b>	<b>(2,767)</b>	<b>4,678</b>
<b>Corporate Support</b>				
Corporate Support	275	212	(136)	351
Plant	386	114	(126)	374
	<b>661</b>	<b>326</b>	<b>(262)</b>	<b>725</b>
<b>Total Depreciation Reserves</b>	<b>8,597</b>	<b>4,864</b>	<b>(4,618)</b>	<b>8,843</b>
<b>Investment Revaluation Reserves</b>				
<b>Leadership and Investments</b>				
Investment Property - Forestry	(32)	0	0	(32)
	<b>(32)</b>	<b>0</b>	<b>0</b>	<b>(32)</b>
<b>Community Services</b>				
Housing and Other Property - Other Land and Buildings	282	0	(17)	265
	<b>282</b>	<b>0</b>	<b>(17)</b>	<b>265</b>



## 12• Reserves

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2013 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2014 \$000's
<b>Available for Sale Reserves</b>				
Shares in Other Companies	4	0	0	4
Shares in Subsidiary	0	2,600		2,600
	<b>4</b>	<b>2,600</b>	<b>0</b>	<b>2,604</b>
<b>Total Investment Revaluation Reserves</b>	<b>254</b>	<b>2,600</b>	<b>(17)</b>	<b>2,837</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	(150)	383	0	233
	<b>(150)</b>	<b>383</b>	<b>0</b>	<b>233</b>
<b>Total Special Purpose Reserves</b>	<b>(134)</b>	<b>383</b>	<b>0</b>	<b>249</b>
<b>Total Other Reserves</b>	<b>5,277</b>	<b>9,501</b>	<b>(5,695)</b>	<b>9,083</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

		Waitomo District Council		Waitomo District Group	
(\$000's)	NOTE	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Cash and Cash Equivalents</b>					
Cash at Bank and In Hand		955	171	966	206
Term Deposits With Maturities of Less Than 3 months		0	0	0	0
<b>Total Cash and Cash Equivalents</b>		<b>955</b>	<b>171</b>	<b>966</b>	<b>206</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		955	171	966	206
Term Deposits With Maturities of Less Than 3 Months		0	0	0	0
Bank Overdrafts	19	0	0	(1,948)	(3,144)
<b>Total Cash and Cash Equivalents</b>		<b>955</b>	<b>171</b>	<b>(982)</b>	<b>(2,938)</b>

## 14• Other Financial Assets

		Waitomo District Council		Waitomo District Group	
(\$000's)		2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 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		769	771	19	21
Shares in Companies		20	20	20	20
Shares in Subsidiary		2,600	0	0	0
<b>Total Non Current Investments</b>		<b>3,389</b>	<b>791</b>	<b>39</b>	<b>41</b>
<b>Total Investments</b>		<b>3,391</b>	<b>793</b>	<b>41</b>	<b>43</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 (2013: 2,470). The investment is recorded at cost because it cannot be measured reliably. Refer to note 32 for further detail.

### Shares in Subsidiary

Council has 100% shareholding in Inframax Construction Ltd (2013:100%). The principal activity of the company is roading. The balance date of the company is 30 June.

As 30 June 2014 Council revalued its investment in Inframax Construction Ltd resulting in an increase of \$2,600,000. The gain on revaluation is recorded in Other Comprehensive Income and forms part of the Assets Available for sale reserve in the Equity section of the Balance Sheet.

## 15• Inventory

	Waitomo District Council		Waitomo District Group	
(\$000's)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Metal Stockpiles and Landfill Stock	19	19	1,363	1,273
Fuels, Spares and Consumables	15	24	33	212
<b>Total Inventory</b>	<b>34</b>	<b>43</b>	<b>1,396</b>	<b>1,485</b>

## 16• Debtors and Other Receivables

	Waitomo District Council		Waitomo District Group	
(\$000's)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Construction Contracts Accrued Income	0	0	0	125
Rates Receivables *	3,824	3,455	3,824	3,455
Related Party Receivables	14	18	0	0
General Debtors	2,973	3,415	5,343	5,166
Amounts due from Customers for Contract Work	0	0	1,189	2,004
Retentions Receivable	0	0	395	374
Prepayments	83	78	221	106
	<b>6,894</b>	<b>6,966</b>	<b>10,972</b>	<b>11,230</b>
Provision for Doubtful Debts	(1,636)	(1,373)	(1,643)	(1,495)
<b>Total Debtors and Other Receivables</b>	<b>5,258</b>	<b>5,593</b>	<b>9,329</b>	<b>9,735</b>

\* Included in the rates receivable figure is an amount of \$1,180,454 (2013: \$1,021,806) relating to rates penalties.

### Impairment

As of 30 June 2014 and 2013, 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 2014 and 2013 for both Council and Group are detailed below:

	Waitomo District Council		Waitomo District Group	
(\$000's)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Gross Receivables</b>				
Current	4,052	4,237	6,660	8,327
Past due 1-30 days	6	103	6	103
Past due 31-60 days	4	6	1,278	25
Past due 61-90 days	1	190	10	196
Past due > 90 days	2,748	2,352	2,797	2,473
<b>Total Gross Receivables</b>	<b>6,811</b>	<b>6,888</b>	<b>10,751</b>	<b>11,124</b>
<b>Impairment of Receivables</b>				
Current	(354)	(285)	(354)	(285)
Past due 1-30 days	0	0	0	0
Past due 31-60 days	0	0	0	0
Past due 61-90 days	0	(1)	0	(2)
Past due > 90 days	(1,282)	(1,087)	(1,289)	(1,208)
<b>Total Impairment of Receivables</b>	<b>(1,636)</b>	<b>(1,373)</b>	<b>(1,643)</b>	<b>(1,495)</b>
<b>Net Receivables</b>				
Current	3,698	3,952	6,306	8,042
Past due 1-30 days	6	103	6	103
Past due 31-60 days	4	6	1,278	25
Past due 61-90 days	1	189	10	194
Past due > 90 days	1,466	1,265	1,508	1,265
<b>Total Net Receivables</b>	<b>5,175</b>	<b>5,515</b>	<b>9,108</b>	<b>9,629</b>
Plus Prepayments	83	78	221	106
<b>Total Trade and Other Receivables</b>	<b>5,258</b>	<b>5,593</b>	<b>9,329</b>	<b>9,735</b>
Individual Impairment	1,636	1,373	1,643	1,495
Collective Impairment	0	0	0	0
<b>Total Provision for Impairment</b>	<b>1,636</b>	<b>1,373</b>	<b>1,643</b>	<b>1,495</b>
Current	354	285	354	285
Past due 1-30 days	0	0	0	0
Past due 31-60 days	0	0	0	0
Past due 61-90 days	0	1	0	2
Past due > 90 days	1,282	1,087	1,289	1,208
<b>Total Individual Impairment</b>	<b>1,636</b>	<b>1,373</b>	<b>1,643</b>	<b>1,495</b>
Balance at 1 July	(1,373)	(1,063)	(1,156)	(1,156)
Additional provisions made during the year	(374)	(401)	(370)	(437)
Receivables written off during the period	111	91	222	98
<b>Balance at 30 June</b>	<b>(1,636)</b>	<b>(1,373)</b>	<b>(1,304)</b>	<b>(1,495)</b>

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

## 17• Derivative Financial Instruments

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Non Current Asset Portion</b>				
Interest rate swaps - cash flow hedges	409	239	409	239
Interest rate swaps - held for trading	0	0	0	0
<b>Total Derivative Financial Instrument Assets</b>	<b>409</b>	<b>239</b>	<b>409</b>	<b>239</b>
<b>Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	171	274	171	274
Interest rate swaps - held for trading	0	0	0	0
<b>Non Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	0	116	0	116
Interest rate swaps - held for trading		0	0	0
<b>Total Derivative Financial Instrument Liability</b>	<b>171</b>	<b>390</b>	<b>171</b>	<b>390</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 Council are, componentised into current and non current asset or liability based on the implied cashflows from the valuation of the swap.

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$34,000,000 (2013: \$33,500,000) and for the Group were \$34,000,000 (2013: \$33,500,000). At 30 June 2014, the fixed interest rates of cash flow hedge interest rate swaps varied from 3.88% to 4.90% for the Council (2013: 3.49% to 4.36%) and 3.88% to 4.90% for the Group (2013: 3.49% to 4.36%).

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 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 have no fair value hedges.

## 18• Creditors and Other Payables

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Trade Payables	3,224	3,251	6,348	6,055
Related Party Payables	129	238	0	0
Deposits and Bonds	109	96	109	96
Retention Monies	257	495	257	495
Revenue in Advance	380	190	380	190
Councillors and Directors Fees Payable	9	10	13	10
Amounts due to Customers for Contract Work	0	0	0	201
<b>Total Creditors and Other Payables</b>	<b>4,108</b>	<b>4,280</b>	<b>7,107</b>	<b>7,047</b>
<b>This is made up of:</b>				
Current	3,490	3,490	6,489	6,257
Non Current	618	790	618	790
<b>Total Creditors and Other Payables</b>	<b>4,108</b>	<b>4,280</b>	<b>7,107</b>	<b>7,047</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	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Bank Overdraft	0	0	1,948	3,144
<b>Current</b>				
Secured Loans	334	13,791	334	13,791
Lease Liabilities	46	60	114	141
<b>Total Current</b>	<b>380</b>	<b>13,851</b>	<b>448</b>	<b>13,932</b>
<b>Non Current</b>				
Secured Loans	43,697	30,497	48,564	34,588
Unsecured Loans	750	750	750	750
Lease Liabilities	38	84	176	103
<b>Total Non Current</b>	<b>44,485</b>	<b>31,331</b>	<b>49,490</b>	<b>35,441</b>
<b>Total Borrowings</b>	<b>44,865</b>	<b>45,182</b>	<b>49,938</b>	<b>49,373</b>

### Council

The Council has a wholesale advance facility which has a limit of \$30,000,000 (2013: \$19,000,000). There was \$7,253,000 (2013: \$3,453,000) available on this facility as at 30 June 2014.

### 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.

At 30 June 2014 the total amount of Stock issued and outstanding under the Debenture Trust Deed was;

(\$000's)	Waitomo District Council	Waitomo District Council
	2014 ACTUAL	2013 ACTUAL
Debenture Stock	21,000	28,500
Security Stock*	45,000	45,000
<b>Total Stock Issued</b>	<b>66,000</b>	<b>73,500</b>

\*Security Stock issued is a general security instrument issued to Westpac Banking Corporation Limited for security of the Term Advance and Call Advance facilities and Interest Rate Swap contracts. The principal money owing under the Security Stock were, a Call Advance of \$50,000 (2013: \$50,000) and Term Advances of \$22,697,000 (2013: \$15,497,000). 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 2014, Inframax Construction Limited had a Multi Option credit line facility of \$3,250,000 (2013: \$3,250,000) of which \$500,000 (2013: \$nil) was undrawn at 30 June 2014. 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 2015.

At 30 June 2014, Inframax Construction Limited had a wholesale term loan of \$4,866,994 (2013: \$4,090,369 which has had its expiry date extended to 31 July 2015).

### 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	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Repayment Terms</b>				
Payable in less than 1 year	380	13,851	448	13,932
Payable in 1-2 years	33,485	15,543	38,414	19,653
Payable in 2-5 years	11,000	15,788	11,076	15,788
<b>Total</b>	<b>44,865</b>	<b>45,182</b>	<b>49,938</b>	<b>49,373</b>

### Analysis of Finance Lease Liabilities

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Total Minimum Lease Payments Payable</b>				
Not later than one year	53	73	132	152
Later than one year and not later than five years	40	93	199	104
<b>Present Value of Minimum Lease Payments</b>	<b>93</b>	<b>166</b>	<b>331</b>	<b>256</b>
Future Finance Charges	(9)	(22)	(40)	(27)
<b>Present Value of Minimum Lease Payments</b>	<b>84</b>	<b>144</b>	<b>291</b>	<b>229</b>
Not later than 1 year	46	60	114	141
Later than 1 Year but not more than 5 years	38	84	176	103
<b>Present Value of Minimum Lease Payments</b>	<b>84</b>	<b>144</b>	<b>290</b>	<b>244</b>
<b>Lease liabilities</b>				
Weighted average interest rates	10.50%	10.52%	10.50%	10.52%

### 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 2013	Loan Repayments	Loans Raised	Closing Balance 30 June 2014	Internal Interest Paid
<b>Activity Loans</b>					
Leadership and Investments	3,668	(61)	0	3,607	138
Community Services	1,927	(161)	343	2,109	73
Community Development	33	(3)	0	30	1
Regulation	41	(6)	13	48	2
Solid Waste Management	6,111	(158)	212	6,165	230
Stormwater Drainage	159	(12)	0	147	6
Sewerage	13,557	(376)	806	13,987	511
Water Supply	4,996	(165)	714	5,545	188
Roads and Footpaths	24,302	(676)	102	23,728	916
<b>Total</b>	<b>54,793</b>	<b>(1,618)</b>	<b>2,190</b>	<b>55,366</b>	<b>2,065</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 120,476 cubic metres. The estimated remaining life of the landfill is 22 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% (2013: 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 was advised that the Board of RiskPool may 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. In 2012/13 year, Riskpool advised no further call would be required so the remaining provision was reversed.

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Provision for Landfill Aftercare</b>				
<b>Balance at 1 July</b>	756	705	756	705
Additional Provisions Made During the Year	0	0	0	0
Amounts Used During the Year	(17)	(15)	(17)	(15)
Discount Unwinding	26	25	26	25
Unused Amounts Reversed	33	41	33	41
<b>Balance at 30 June</b>	<b>798</b>	<b>756</b>	<b>798</b>	<b>756</b>
<b>Provision for Riskpool Insurance Liability</b>				
<b>Balance at 1 July</b>	0	74	0	74
Additional Provisions Made During the Year	0	0	0	0
Unused Amounts Reversed	0	(37)	0	(37)
Amounts Used During the Year	0	(37)	0	(37)
<b>Balance at 30 June</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Provisions</b>	<b>798</b>	<b>756</b>	<b>798</b>	<b>756</b>
<b>This is made up of:</b>				
Current	17	15	17	15
Non Current	781	741	781	741
<b>Total Provisions</b>	<b>798</b>	<b>756</b>	<b>798</b>	<b>756</b>



## 21• Employee Entitlements

	Waitomo District Council		Waitomo District Group	
(\$000's)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Accrued Pay	151	126	476	402
Annual, Long Service and Sick Leave	346	327	846	759
Gratuities and Retirement Provision	69	68	95	95
<b>Total Employee Entitlements</b>	<b>566</b>	<b>521</b>	<b>1,417</b>	<b>1,256</b>
<b>This is made up of:</b>				
Current	505	461	1,330	1,169
Non Current	61	60	87	87
<b>Total Employee Entitlements</b>	<b>566</b>	<b>521</b>	<b>1,417</b>	<b>1,256</b>

## 22• Property, Plant and Equipment

Council 2014	Cost/ Revaluation 30.06.13	Acc Depn & Impairment Charges 30.06.13	Carrying Value 30.06.13	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.14	Acc Depn & Impairment Charges 30.06.14	Carrying Value 30.06.14
<b>Operational Assets</b>											
Land	4,702	0	4,702	3	0	0	0	0	4,705	0	4,705
Buildings	7,097	1,524	5,573	408	3	0	440	0	7,502	1,964	5,538
Plant and equipment	324	132	192	10	0	0	26	0	334	158	176
Motor Vehicles	1,076	687	389	123	0	0	102	0	1,199	789	410
Furniture and fittings	1,167	1,016	151	27	0	0	22	0	1,194	1,038	156
Computers	1,626	1,525	101	64	0	0	33	0	1,690	1,558	132
Library Books	925	715	210	40	1	0	61	0	964	776	188
Finance leases - office equipment	678	548	130	0	0	0	59	0	678	607	71
<b>Total Operational Assets</b>	<b>17,595</b>	<b>6,147</b>	<b>11,448</b>	<b>675</b>	<b>4</b>	<b>0</b>	<b>743</b>	<b>0</b>	<b>18,266</b>	<b>6,890</b>	<b>11,376</b>
<b>Restricted Assets</b>											
Land	6,552	0	6,552	4	0	0	0	0	6,556	0	6,556
Buildings	4,427	732	3,695	192	2	0	200	0	4,617	932	3,685
<b>Total Restricted Assets</b>	<b>10,979</b>	<b>732</b>	<b>10,247</b>	<b>196</b>	<b>2</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>11,173</b>	<b>932</b>	<b>10,241</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	237,353	11,582	225,771	5,159	0	0	3,065	1,942	244,454	14,647	229,807
Water Reticulation	15,126	1,094	14,032	284	0	0	417	0	15,410	1,511	13,899
Sewerage Reticulation	23,697	1,535	22,162	3,813	27	0	715	0	27,483	2,250	25,233
Stormwater Systems	9,910	640	9,270	0	0	0	172	0	9,910	812	9,098
Refuse Systems	4,019	492	3,527	0	0	0	84	170	4,189	576	3,613
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>301,244</b>	<b>15,343</b>	<b>285,901</b>	<b>9,256</b>	<b>27</b>	<b>0</b>	<b>4,453</b>	<b>2,112</b>	<b>312,585</b>	<b>19,796</b>	<b>292,789</b>
Contract Work in Progress	5,383	0	5,383	(1,439)	1	0	0	0	3,943	0	3,943
<b>Total Council Assets</b>	<b>335,201</b>	<b>22,222</b>	<b>312,979</b>	<b>8,688</b>	<b>34</b>	<b>0</b>	<b>5,396</b>	<b>2,112</b>	<b>345,967</b>	<b>27,618</b>	<b>318,349</b>

Annual Report 2013-2014

Council 2013 \$000's	Cost/ Revaluation 30.06.12	Acc Depn & Impairment Charges 30.06.12	Carrying Value 30.06.12	Current Year Additions	Current Year Disposals	Reclassifica- tion	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>

Group 2014	Cost/ Revaluation 30.06.13	Acc Depn & Impairment Charges 30.06.13	Carrying Value 30.06.13	Current Year Additions	Current Year Disposals	Reclassifica- tion/ Prior Period Adjustment (NOTE 36)	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.14	Acc Depn & Impairment Charges 30.06.14	Carrying Value 30.06.14
<b>Operational Assets</b>											
Land	5,256	0	5,256	3	0	0	0	0	5,259	0	5,259
Buildings	9,046	1,830	7,216	416	6	0	498	0	9,456	2,328	7,128
Plant and equipment	324	132	192	10	0	0	26	0	334	158	176
Motor Vehicles	21,333	16,891	4,442	1,764	181	44	1,056	0	22,960	17,947	5,013
Quarry Production Equipment	402	19	383	9	0	(44)	70	0	367	89	278
Furniture and fittings	1,933	1,744	189	48	0	0	39	0	1,981	1,783	198
Computers	1,626	1,525	101	64	0	0	33	0	1,690	1,558	132
Library Books	925	715	210	40	1	0	61	0	964	776	188
"Finance leases - office equipment"	678	548	130	0	0	0	59	0	678	607	71
<b>Total Operational Assets</b>	<b>41,523</b>	<b>23,404</b>	<b>18,119</b>	<b>2,354</b>	<b>188</b>	<b>0</b>	<b>1,842</b>	<b>0</b>	<b>43,689</b>	<b>25,246</b>	<b>18,443</b>
<b>Restricted Assets</b>											
Land	6,552	0	6,552	4	0	0	0	0	6,556	0	6,556
Buildings	4,427	732	3,695	192	2	0	200	0	4,617	932	3,685
<b>Total Restricted Assets</b>	<b>10,979</b>	<b>732</b>	<b>10,247</b>	<b>196</b>	<b>2</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>11,173</b>	<b>932</b>	<b>10,241</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	237,292	11,582	225,710	5,159	0	0	3,065	2,003	244,454	14,647	229,807
Water Reticulation	15,126	1,094	14,032	284	0	0	417	0	15,410	1,511	13,899
Sewerage Reticulation	23,697	1,535	22,162	3,813	27	0	715	0	27,483	2,250	25,233
Stormwater Systems	9,910	640	9,270	0	0	0	172	0	9,910	812	9,098
Refuse Systems	4,019	492	3,527	0	0	0	84	170	4,189	576	3,613
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural As- sets</b>	<b>301,183</b>	<b>15,343</b>	<b>285,840</b>	<b>9,256</b>	<b>27</b>	<b>0</b>	<b>4,453</b>	<b>2,173</b>	<b>312,585</b>	<b>19,796</b>	<b>292,789</b>
Contract Work in Progress	5,383	0	5,383	(1,439)	1	0	0	0	3,943	0	3,943
<b>Total Council Assets</b>	<b>359,068</b>	<b>39,479</b>	<b>319,589</b>	<b>10,367</b>	<b>218</b>	<b>0</b>	<b>6,495</b>	<b>2,173</b>	<b>371,390</b>	<b>45,974</b>	<b>325,416</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	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Software</b>				
<b>Cost</b>				
Balance at 1 July	754	733	754	1,398
Additions	10	21	10	21
Disposals	0	0	0	0
<b>Balance at 30 June</b>	<b>764</b>	<b>754</b>	<b>764</b>	<b>1,419</b>
<b>Accumulated Amortisation</b>				
Balance at 1 July	678	642	678	1,307
Amortisation Expense for the Year	37	36	37	36
<b>Balance at 30 June</b>	<b>715</b>	<b>678</b>	<b>715</b>	<b>1,343</b>
<b>Net Book Value at 30 June</b>	<b>49</b>	<b>76</b>	<b>49</b>	<b>76</b>
<b>Emmission Trading Units</b>				
Balance at 1 July	0	0	0	0
Additions	46	0	46	0
Disposals	(6)	0	(6)	0
Amount surrendered during the year	(1)	0	(1)	0
<b>Balance at 30 June</b>	<b>39</b>	<b>0</b>	<b>39</b>	<b>0</b>
<b>Net Book Value at 30 June</b>	<b>88</b>	<b>76</b>	<b>88</b>	<b>76</b>

## 24• Forestry Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Balance at 1 July	44	39	44	39
Gains/(Losses) due to change in fair value less estimated point of sale costs	0	5	0	5
<b>Balance at 30 June</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>

The Council owns 15.7 hectares of pinus radiata which mature in 15 years. No forests have been harvested during the year (2013: 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	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Balance at 1 July	653	663	653	663
Additions	0	4	0	4
Gains/(Losses) Due to Change in Fair Value	(18)	(14)	(18)	(14)
Disposals	0	0	0	0
<b>Balance at 30 June</b>	<b>635</b>	<b>653</b>	<b>635</b>	<b>653</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 2014 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 2014.

## 26• Asset held for sale

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Balance at 1 July	1,063	1,112	1,063	1,112
Additions	0	0	0	0
Disposals	(75)	(35)	(75)	(35)
Gains/(Losses) Due to Change in Fair Value	(32)	(14)	(32)	(14)
<b>Balance at 30 June</b>	<b>956</b>	<b>1,063</b>	<b>956</b>	<b>1,063</b>

### This is made up of:

Current	67	69	67	69
Non Current	889	994	889	994
<b>Total Employee Entitlements</b>	<b>956</b>	<b>1,063</b>	<b>956</b>	<b>1,063</b>

In October 2011 Council agreed to purchase the Parkside subdivision from Inframax Construction Ltd at book value. The subdivision was subsequently revalued, less the sale of one section, at 30 June 2012 resulting in loss on valuation of \$118,351. During the year two sections (2013:One) were sold resulting in a gain on sale of \$7000 (2013:\$4000) and there remains 28 (2013:29) sections that are being actively marketed for sale on a section 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 2014 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 2014.

## 27• Capitalised Quarry Development Costs

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Balance at 1 July	0	0	0	0
Stripping costs capitalised during the year	0	0	196	0
Stripping costs amortised during the year	0	0	0	0
<b>Balance at 30 June</b>	<b>0</b>	<b>0</b>	<b>196</b>	<b>0</b>

## 28• Capital Commitments and Operating Leases

	Waitomo District Council		Waitomo District Group	
(\$000's)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Commitments for capital contracted but not provided for:</b>				
<b>Capital Expenditure</b>	<b>1,642</b>	<b>464</b>	<b>1,642</b>	<b>464</b>
<b>Non Cancellable Operating Leases as Lessee</b>				
Not later than one year	46	60	126	141
Later than one year but not later than five years	38	46	188	65
Later than five years	0	38	0	38
<b>Total Non Cancellable Operating Leases</b>	<b>84</b>	<b>144</b>	<b>314</b>	<b>244</b>
<b>Operational Commitments</b>				
Not later than one year	2,477	7,489	2,879	7,921
Later than one year but not later than five years	1,320	9,863	2,279	10,836
Later than five years	990	0	1,255	395
<b>Total Operational Commitments</b>	<b>4,787</b>	<b>17,352</b>	<b>6,413</b>	<b>19,152</b>
<b>Total Commitments</b>	<b>6,513</b>	<b>17,960</b>	<b>8,369</b>	<b>19,860</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 2015 to match their emissions from 1 January 2014 to 31 December 2014.

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 2013/14 EAP. 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, 2014 and 2015, as follows:

Calendar Year	No. of NZUs	Price per NZU	Commitment \$
2014/15	11,500	5.85	67,275
2015/16	10,000	5.55	55,500
Total Commitment for ETS			<b>122,775</b>

The next payment under the Act will be due on **31 May 2015** covering the calendar year 2014.

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.

## 29• 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 (2013: \$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 (2013: \$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 \$945,054 exists at 30 June 2014 (2013: \$1,270,283) being bonds guaranteed by Westpac New Zealand Ltd and will be payable if the Group cannot fulfil its contractual obligations.



## 30• Operating Cash Flow Reconciliation

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Net Surplus/(Deficit) After Tax</b>	3,991	5,596	4,587	5,483
<b>Add/(Less) Non Cash Items</b>				
Depreciation and Amortisation	5,433	5,363	6,530	6,350
Gain/(Loss) in Change of Fair Value of Investment Property	17	14	17	14
Loss on Revaluation of Assets held for sale	24	14	24	14
Gain on Revaluation of Forestry Assets	0	(5)	0	(5)
Loss/(Gain) on Disposal of Assets or Impairment of Assets	(19)	371	(21)	133
Non Cash Acquisition of Assets	(2)	(211)	(2)	(211)
Change in Unrealised Derivative Financial Instrument	(5)	0		0
Change in Deferred Taxation Asset/Liability	0	0	(152)	26
<b>Add/(Less) Movements in Working Capital Items</b>				
Increase/(Decrease) in Trade and Other Payables	5	(430)	231	(1,037)
(Increase)/Decrease in Trade and Other Receivables	334	916	406	1,355
(Increase)/Decrease in Inventories	9	(17)	89	141
Increase/(Decrease) in Employee Entitlements	45	5	175	(75)
Increase/(Decrease) in Provisions	43	(37)	28	(37)
Capitalised Quarry Development Asset			(196)	
Add/(Less) Items Classified as Investing or Financing Activities	1,413	3,319	1,598	3,235
<b>Net Cash Flows from Operating Activities</b>	<b>11,288</b>	<b>14,898</b>	<b>13,314</b>	<b>15,386</b>

## 31• Capital Expenditure

(\$000's)	NOTE	Waitomo District Council		
		2014 BUDGET	2014 ACTUAL	2013 ACTUAL
<b>Capital by Significant Activity</b>				
Leadership and Investments		232	262	441
Community Services		1,452	723	651
Community Development		0	22	0
Regulation		0	13	0
Solid Waste Management		96	258	63
Stormwater Drainage		367	183	96
Sewerage		860	838	7,045
Water Supply		4,096	1,317	980
Roads and Footpaths		4,700	5,128	4,111
<b>Total Capital Expenditure</b>		<b>11,803</b>	<b>8,744</b>	<b>13,387</b>
<b>Shown as Additions to</b>				
Property, Plant and Equipment	22	11,803	8,688	13,362
Intangible Assets	23	0	56	21
Investment Property	25	0	0	4
Assets Held for Sale	26	0	0	0
<b>Total Capital Expenditure</b>		<b>11,803</b>	<b>8,744</b>	<b>13,387</b>
<b>Funded by</b>				
Loans		4,732	2,190	5,688
Subsidy Revenue		4,450	5,063	5,063
Reserves		2,621	1,491	2,636
<b>Total</b>		<b>11,803</b>	<b>8,744</b>	<b>13,387</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 (Total Spend \$262)</b>	Office furniture and equipment, computer hardware and licences, vehicles and radio telephones required to meet business unit and other organisational needs	232	0	126	136
<b>Community Services (Total spend \$723)</b>	Railway Buildings upgrade and Main Street re-design and garden upgrade to revitalise buildings to enable use for a variety of potential users	636	0	101	6
	Land purchase for future cemetery extension at Te Kuiti	10	0	0	4
	Replacement of Ceiling in main hall of the Cultural & Arts Centre, Te Kuiti	134	0	0	195
	Library book stock renewal to maintain the standard of books available at the District library	66	0	0	40
	Land purchases (including easements)	0	0	31	0
	Stock yards and sundry renewals at Brook Park	0	0	0	13
	Installation of retaining wall at Maropkopa for land protection against coastal erosion	58	0	122	0
	Upgrade of Piopio toilets at Piopio Hall	0	0	74	0
	Improvement of Library layout for use by community groups	162	0	6	0
	Upgrade of public toilets at Piopio for use by the community and travellers	110	0	15	0
	Installation of a public car park new the Arts Culture Centre for use by users of the centre and nearby Daycare centre	57	0	3	0
	Miscellaneous renewals for Elderly Persons Housing, Mahoenui Hall floor and water supply, camping grounds, public toilets, parks and reserves, plant & equipment, Council-owned buildings	219	0	0	113
<b>Community Development (Total spend \$22)</b>	Resourcing equipment for the Youth Centre and improvement projects completed by the Youth Council with funding from the Ministry of Social Development	0	0	22	0
<b>Regulation (Total spend \$13)</b>	Installation of power supply as part of upgrades to the Dog Pound	0	0	13	0
<b>Solid Waste (Total spend \$258)</b>	Development of new cell to increase landfill capacity	0	0	0	212
	Replacement of miscellaneous assets	96	0	0	0
	Purchase of Emissions Trading Scheme Units for surrender as part of operation of the Landfill	0	0	0	46
<b>Stormwater (Total spend \$183)</b>	Ongoing renewals of Council stormwater infrastructure for the management of rain water runoff for property protection	367	0	0	183
<b>Sewerage (Total spend \$838)</b>	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.	340	0	678	0
	Benneydale Wastewater Network – completion of upgrade to, and extension of, existing network	78	0	0	11
	Piopio Wastewater Network – installation of separator tanks and minor upgrade of treatment plant	101	0	0	0
	Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants	341	0	0	149
<b>Water (Total spend \$1,317)</b>	Upgrade of water treatment plant in Te Kuiti to meet new drinking water standards	3,024	0	198	0
	Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply	800	0	912	0
	Piopio Water Treatment Plant upgrade and renewals to meet drinking water standards	0	0	10	0
	Benneydale Water Treatment Plant upgrade and renewals to meet drinking water standards	0	0	27	0
	Various pipe and plant renewals to maintain the reticulation network	272	0	0	170

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
<b>Roads (Total spend \$5,128)</b>	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	1,624
	Stock effluent disposal facility to improve the environment of and around the roading network	0	0	142	
	Pavement rehabilitation carried out to reduce future road maintenance costs.	930	0	0	872
	Unsealed road metalling to renew structural support to unsealed roads district-wide	502	0	0	789
	Emergency reinstatement work to repair damage to roads as a result of bad weather events	240	0	0	683
	Drainage renewals to renew culverts in roading network	400	0	0	384
	Structures components replacement, including bridge and abutment maintenance throughout the District	350	0	0	94
	Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights	116	0	0	183
	Minor safety improvements, including guard rails and re-alignment of roads to improve road safety	490	0	139	0
	Other minor works, including preventative maintenance	127	0	0	116
	Footpath renewals, retaining wall maintenance, road improvements and property purchases not eligible for NZTA subsidy	265	0	6	96
<b>(Total spend \$8,744)</b>		<b>11,803</b>	<b>0</b>	<b>2,625</b>	<b>6,119</b>

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

## 32 • Financial Instruments

	Waitomo District Council		Waitomo District Group	
(\$000's)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Financial Instrument Categories</b>				
<b><u>Financial Assets</u></b>				
<b>Fair Value through Profit or Loss - held for trading</b>				
Derivative Financial Instrument Assets	409	239	409	239
<b>Loans and Receivables</b>				
Cash and Cash Equivalents	955	171	966	206
Trade and Other Receivables	5,175	5,515	9,108	9,629
Loans and Advances - Current	2	2	2	2
Loans and Advance - Non Current	769	771	19	21
<b>Total Loans and Receivables</b>	<b>6,901</b>	<b>6,459</b>	<b>10,095</b>	<b>9,858</b>
<b>Fair Value through Equity</b>				
Shares in Companies	20	20	20	20
Shares in Subsidiaries	2,600	0	0	0
<b>Total Fair Value through Equity</b>	<b>2,620</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b><u>Financial Liabilities</u></b>				
<b>Fair Value through Profit or Loss - held for trading</b>				
Derivative Financial Instrument Liabilities	171	390	171	390
<b>Financial Liabilities at Amortised Cost</b>				
Trade and Other Payables - Current	3,490	3,490	6,489	6,257
Trade and Other Payables - Non Current	618	790	618	790
Bank Overdraft	0	0	1,948	3,144
Secured Loans - Current	344	13,791	344	13,791
Secured Loans - Non Current	43,697	30,497	48,564	34,588
Unsecured Loans - Non Current	750	750	750	750
Lease Liabilities - Current	46	60	114	141
Lease Liabilities - Non Current	38	84	176	103
<b>Total Financial Liabilities at Amortised Cost</b>	<b>49,154</b>	<b>49,462</b>	<b>59,174</b>	<b>59,564</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)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Cash and Cash Equivalents	955	171	966	206
Debtors and Other Receivables	5,175	5,515	9,258	9,629
Loans and Advances	769	771	19	21
<b>Total Credit Risk</b>	<b>6,899</b>	<b>6,457</b>	<b>10,243</b>	<b>9,856</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)	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Counterparties with Credit Ratings:</b>				
<b>Cash and Cash Equivalents</b>				
AA-	955	171	966	206
<b>Derivative Financial Instrument Assets</b>				
AA-	409	239	409	239
<b>Counterparties without Credit Ratings:</b>				
<b>Other Financial Assets - Loans and Advances</b>				
Existing counterparty with no defaults in the past	21	23	21	23
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 2014</b>						
Creditors and other payables (Current)	0.00%	3,490	3,490	3,490	0	0
Creditors and other payables (Non-current)	0.00%	618	618	0	159	459
Bank Overdraft	0.00%	0	0	0	0	0
Secured Loans - Current	4.65%	334	334	334	0	0
Secured Loans - Non-current	4.67%	43,697	46,598	2,043	33,321	11,234
Unsecured Loans - Non-current	8.20%	750	839	64	775	0
Lease Liabilities - Current & Non-current	10.50%	84	93	53	40	0
Derivative Financial Instruments	0.00%	171	187	(176)	78	285
<b>Total</b>		<b>49,149</b>	<b>52,159</b>	<b>5,808</b>	<b>34,373</b>	<b>11,978</b>

<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>49,613</b>	<b>52,892</b>	<b>19,344</b>	<b>16,809</b>	<b>16,739</b>

### Total Contractual Cashflows - Group 2014

	Effective Interest Rates %	Carrying Amount	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
Creditors and other payables (Current)	0.00%	6,489	6,489	6,489	0	0
Creditors and other payables (Non-current)	0.00%	618	618	0	159	459
Bank Overdraft	6.83%	1,948	1,948	1,948	0	0
Secured Loans - Current	4.65%	334	334	334	0	0
Secured Loans - Non-current	4.98%	48,564	51,840	2,418	38,188	11,234
Unsecured Loans - Non-current	8.20%	750	839	64	775	0
Lease Liabilities - Current & Non-current	8.62%	290	322	133	114	75
Derivative Financial Instruments	0.00%	171	187	(176)	78	285
<b>Total</b>		<b>59,164</b>	<b>62,577</b>	<b>11,210</b>	<b>39,314</b>	<b>12,053</b>

### Total Contractual Cashflows - Group 2013

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>

## Sensitivity Analysis

The table below illustrates, the potential profit or 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 or 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	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
<b>Interest Rate Risk</b>				
Market Interest Rates increase by 50bps	(52)	(106)	(91)	(150)
Market Interest Rates decrease by 50bps	52	106	91	150

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 \$10,497,000 (2013: \$21,297,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$52,000 (2013: \$106,000). 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 \$18,231,800 (2013: \$29,923,800). A movement in interest rates of plus or minus 50bps would result in a movement of \$91,000 (2013: \$150,000). 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 \$44,903,000 (2013: \$31,693,000) and for the Group \$49,907,000 (2013: \$35,803,000).

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 2014</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	409	0	409
<b>Available-for-sale financial assets</b>	0	0	2,600	2,600
Shares in Companies	0	0	20	20
	<b>0</b>	<b>409</b>	<b>2,620</b>	<b>3,029</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	171	0	171
<b>Group 2014</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	409	0	409
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	0	0
Shares in Subsidiaries	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	0	409	0	409
<b>Financial Liabilities at FVTPL</b>	0	171	0	171
Derivative Financial Instrument Liabilities	<b>0</b>	<b>171</b>	<b>0</b>	<b>171</b>
<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>

#### Recognition of Level 3 fair value measurements of financial assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Balance at 1 July	20	20	20	20
Gain on revaluation of Available for Sale Assets	2,600	0	0	0
<b>Balance at 30 June</b>	<b>2,620</b>	<b>20</b>	<b>20</b>	<b>20</b>



## 33• 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	
	2014 ACTUAL	2013 ACTUAL
<b>Transactions with Inframax Construction Ltd</b>		
Road construction and maintenance expenditure	828	733
Other expenditure	606	0
Other revenue	51	83
Interest on advance	58	56
<b>Balances Outstanding with Inframax Construction Ltd</b>		
Creditors	129	238
Debtors	14	18
Advance	750	750

### Inframax Construction Limited

The Company paid plant hire fees of \$20,550 (2013: \$21,557) to R & M Simpson Contracting, a business owned by R + M Simpson, employees of the Company. There was nil owing at year end (2013: \$nil).

### Remuneration of the Chief Executive (Council)

In the 2013/14 financial year the total remuneration paid to the Council's Chief Executive was \$233,002 (2013: \$221,448).

### Elected Representatives

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Mayor Hanna	68	66	68	66
Deputy Mayor Goddard	27	32	27	32
Councillor Hickey	7	25	7	25
Councillor Whitaker	29	25	29	25
Councillor Digby	8	26	8	26
Councillor Brodie	25	26	25	26
Councillor Te Kanawa	23	25	23	25
Councillor Davey	17	0	17	0
Councillor Smith	18	0	18	0
Directors Fees	0	0	100	100
<b>Total Elected Members Remuneration and Directors Fees</b>	<b>222</b>	<b>225</b>	<b>322</b>	<b>325</b>

## Key Management Personnel

(\$000's)	Waitomo District Council		Waitomo District Group	
	2014 ACTUAL	2013 ACTUAL	2014 ACTUAL	2013 ACTUAL
Short Term Employee Benefits	1,071	1,015	1,331	1,279
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>1,071</b>	<b>1,015</b>	<b>1,331</b>	<b>1,279</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 (2013: Nil).

## Council Employees

(\$000's)	Waitomo District Council
	2014 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	41
\$60,000 - \$79,999	10
\$80,000 - \$119,999	7
\$120,000 - \$239,999	6
<b>Total Employees</b>	<b>64</b>

## Council Employees

(\$000's)	Waitomo District Council
	2013 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	35
\$60,000 - \$79,999	9
\$80,000 - \$119,999	7
\$120,000 - \$219,999	5
<b>Total Employees</b>	<b>56</b>

The number of full time employees at 30 June 2014 was 64 (2013: 56).

## 34• Construction Contracts

Waitomo District Group

(\$000's)	NOTE	2014 ACTUAL	2013 ACTUAL
Constructions costs incurred plus recognised profits less recognised losses to date		0	4,037
Less Progress Billings		0	(4,113)
<b>Contracts in Progress at 30 June</b>		<b>0</b>	<b>(76)</b>
Amounts due to Customers	18	0	(201)
Construction Contract Accrued Income	16	0	125
<b>Contracts in Progress at 30 June</b>		<b>0</b>	<b>(76)</b>

## 35• Severance payments

### Council

There were no severance payments made during the year (2013: nil).

### Group

There were no severance payments made during the year (2013: 11 payments \$69,872).

## 36• 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	2013 LTP 2012-22	2013 ACTUAL	2014 LTP 2012-22	2014 ACTUAL
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	6,319	6,408	6,691	6,550
Targeted rates (other than a target rate for water supply)	10,312	10,326	11,088	10,748
Subsidies and grants for operating purposes	2,597	2,818	2,765	3,477
Fees, charges, and targeted rates for water supply	3,360	3,708	3,719	3,787
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	146	218	150	328
<b>Total operating funding (A)</b>	<b>22,734</b>	<b>23,478</b>	<b>24,413</b>	<b>24,890</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	16,264	15,250	17,651	16,757
Finance costs	2,747	2,306	3,163	2,311
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>19,011</b>	<b>17,556</b>	<b>20,814</b>	<b>19,068</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,723</b>	<b>5,922</b>	<b>3,599</b>	<b>5,822</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	3,970	5,063	3,523	3,575
Development and financial contributions	0	65	0	0
Increase (decrease) in debt	7,175	5,688	3,873	2,190
Gross proceeds from sale of assets	100	0	103	123
Lump sum contributions				
<b>Total sources of capital funding (C)</b>	<b>11,245</b>	<b>10,816</b>	<b>7,499</b>	<b>5,888</b>
<b>Applications of capital funding</b>				
Capital expenditure - to meet additional demand	0	274	0	0
Capital expenditure - to improve the level of service	7,577	8,399	3,750	2,619
Capital expenditure - to replace existing assets	5,903	4,659	5,359	6,046
Increase (decrease) in reserves	1,488	3,406	1,989	3,045
Increase (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>14,968</b>	<b>16,738</b>	<b>11,098</b>	<b>11,710</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,723)</b>	<b>(5,922)</b>	<b>(3,599)</b>	<b>(5,822)</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>2013 LTP 2012-2022</b>	<b>2014 LTP 2012-22</b>	<b>2014 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,483	2,580	2,302
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	42	49	71
Internal charges and overheads recovered	11,112	12,008	12,653
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	91
<b>Total operating funding (A)</b>	<b>13,642</b>	<b>14,642</b>	<b>15,117</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,624	6,067	6,484
Finance costs	2,722	3,138	2,285
Internal charges and overheads applied	5,065	5,446	6,060
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>13,411</b>	<b>14,651</b>	<b>14,829</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>231</b>	<b>(9)</b>	<b>286</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	232	0
Gross proceeds from sale of assets	100	103	0
Lump sum contributions	0	0	83
<b>Total sources of capital funding (C)</b>	<b>100</b>	<b>335</b>	<b>83</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	452	184	126
Capital expenditure - to replace existing assets	0	46	137
Increase (decrease) in reserves	(121)	96	106
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>331</b>	<b>326</b>	<b>369</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(231)</b>	<b>9</b>	<b>(286)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>COMMUNITY SERVICE</b>	<b>2013 LTP 2012-2022</b>	<b>2014 LTP 2012-22</b>	<b>2014 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,336	2,592	2,778
Targeted rates (other than a target rate for water supply)	238	244	232
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	380	399	409
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	10	0
<b>Total operating funding (A)</b>	<b>2,964</b>	<b>3,245</b>	<b>3,419</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,355	1,490	892
Finance costs	0	0	0
Internal charges and overheads applied	1,115	1,181	1,650
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,470</b>	<b>2,671</b>	<b>2,542</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>494</b>	<b>574</b>	<b>877</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	449	501	343
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>449</b>	<b>501</b>	<b>343</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	246	206	343
Capital expenditure - to replace existing assets	563	556	380
Increase (decrease) in reserves	134	313	497
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>943</b>	<b>1,075</b>	<b>1,220</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(494)</b>	<b>(574)</b>	<b>(877)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>COMMUNITY DEVELOPMENT</b>	<b>2013 LTP 2012-2022</b>	<b>2014 LTP 2012-22</b>	<b>2014 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	812	823	783
Targeted rates (other than a target rate for water supply)	185	191	152
Subsidies and grants for operating purposes	0	0	116
Fees, charges, and targeted rates for water supply	227	214	78
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>1,224</b>	<b>1,228</b>	<b>1,129</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	748	792	690
Finance costs	0	0	0
Internal charges and overheads applied	471	490	508
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,219</b>	<b>1,282</b>	<b>1,198</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5</b>	<b>(54)</b>	<b>(69)</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	1	0	22
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	4	(54)	(91)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5</b>	<b>(54)</b>	<b>(69)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5)</b>	<b>54</b>	<b>69</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

REGULATION	2013 LTP 2012-2022	2014 LTP 2012-22	2014 ACTUAL
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	323	323	309
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	400	337	356
Internal charges and overheads recovered	0		
Local authorities fuel tax, fines, infringement fees and other receipts	2	5	32
<b>Total operating funding (A)</b>	<b>725</b>	<b>665</b>	<b>697</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	242	230	269
Finance costs	0	0	0
Internal charges and overheads applied	478	598	430
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>720</b>	<b>828</b>	<b>699</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5</b>	<b>(163)</b>	<b>(2)</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	13
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>13</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	13
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	5	(163)	(2)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5</b>	<b>(163)</b>	<b>11</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5)</b>	<b>163</b>	<b>2</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



<b>SOLID WASTE MANAGEMENT</b>	<b>2013 LTP 2012-2022</b>	<b>2014 LTP 2012-22</b>	<b>2014 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	14	15	10
Targeted rates (other than a target rate for water supply)	871	967	726
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	1,069	1,147	898
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>1,954</b>	<b>2,129</b>	<b>1,634</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,215	1,378	952
Finance costs	25	25	26
Internal charges and overheads applied	567	578	595
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,807</b>	<b>1,981</b>	<b>1,573</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>147</b>	<b>148</b>	<b>61</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	1	52	212
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1</b>	<b>52</b>	<b>212</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	6	96	0
Capital expenditure - to replace existing assets	0	0	212
Increase (decrease) in reserves	142	104	61
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>148</b>	<b>200</b>	<b>273</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(147)</b>	<b>(148)</b>	<b>(61)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>STORMWATER</b>	<b>2013 LTP 2012-2022</b>	<b>2014 LTP 2012-22</b>	<b>2014 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)	380	396	383
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>380</b>	<b>396</b>	<b>386</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	136	142	84
Finance costs	0	0	0
Internal charges and overheads applied	88	92	117
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>224</b>	<b>234</b>	<b>201</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>156</b>	<b>162</b>	<b>185</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	127	111	183
Increase (decrease) in reserves	29	51	2
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>156</b>	<b>162</b>	<b>185</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(156)</b>	<b>(162)</b>	<b>(185)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

RESOURCE MANAGEMENT	2013 LTP 2012-2022	2014 LTP 2012-22	2014 ACTUAL
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	118	108	119
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	73	83	50
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>191</b>	<b>191</b>	<b>169</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	80	91	30
Finance costs	0	0	0
Internal charges and overheads applied	110	99	101
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>190</b>	<b>190</b>	<b>131</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1</b>	<b>1</b>	<b>38</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	0	38
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1</b>	<b>0</b>	<b>38</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1)</b>	<b>0</b>	<b>(38)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>1</b>	<b>0</b>

SEWERAGE	2013 LTP 2012-2022	2014 LTP 2012-22	2014 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)	1,958	2,179	2,054
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	535	726	1,144
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>2,493</b>	<b>2,905</b>	<b>3,198</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,232	1,451	1,185
Finance costs	0	0	0
Internal charges and overheads applied	668	1,005	873
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,900</b>	<b>2,456</b>	<b>2,058</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>593</b>	<b>449</b>	<b>1,140</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	5,442	905	806
Gross proceeds from sale of assets	0	0	40
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>5,442</b>	<b>905</b>	<b>846</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	5,260	705	677
Capital expenditure - to replace existing assets	190	210	161
Increase (decrease) in reserves	585	439	1,148
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>6,035</b>	<b>1,354</b>	<b>1,986</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(593)</b>	<b>(449)</b>	<b>(1,140)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>WATER SUPPLY</b>	<b>2013 LTP 2012-2022</b>	<b>2014 LTP 2012-22</b>	<b>2014 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)	1,416	1,519	1,537
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	562	608	691
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>1,978</b>	<b>2,127</b>	<b>2,228</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,244	1,299	1,316
Finance costs	0	0	0
Internal charges and overheads applied	448	524	546
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,692</b>	<b>1,823</b>	<b>1,862</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>286</b>	<b>304</b>	<b>366</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	1,124	780	600
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,082	1,746	714
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>2,206</b>	<b>2,526</b>	<b>1,314</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	1,512	2,353	1,151
Capital expenditure - to replace existing assets	694	177	165
Increase (decrease) in reserves	286	300	364
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,492</b>	<b>2,830</b>	<b>1,680</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(286)</b>	<b>(304)</b>	<b>(366)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>ROADS AND FOOTPATHS</b>	<b>2013 LTP 2012-2022</b>	<b>2014 LTP 2012-22</b>	<b>2014 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	233	247	249
Targeted rates (other than a target rate for water supply)	5,264	5,592	5,664
Subsidies and grants for operating purposes	2,597	2,765	3,361
Fees, charges, and targeted rates for water supply	72	73	87
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	129	133	205
<b>Total operating funding (A)</b>	<b>8,295</b>	<b>8,810</b>	<b>9,566</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,388	4,667	4,855
Finance costs	0	0	0
Internal charges and overheads applied	1,675	1,697	1,738
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>6,063</b>	<b>6,364</b>	<b>6,593</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,232</b>	<b>2,446</b>	<b>2,973</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	2,846	2,743	2,975
Development and financial contributions	0	0	0
Increase (decrease) in debt	201	437	102
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>3,047</b>	<b>3,180</b>	<b>3,077</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	100	206	287
Capital expenditure - to replace existing assets	4,756	4,686	4,841
Increase (decrease) in reserves	423	734	922
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5,279</b>	<b>5,626</b>	<b>6,050</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,232)</b>	<b>(2,446)</b>	<b>(2,973)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 37• 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.

## 38• Events after balance date

There are no events of a material nature subsequent to 30 June 2014.

## 39• Explanations of Variances to Budget (Council)

**Revenue was \$0.27 million more than budgets due to:**

- Rates revenue was \$0.27 million less than budget as a result of excluding rates revenue on Council owned properties. The budget figure includes the rates revenue payable on Council owned properties. of excluding rates paid on Council owned properties.

**Expenditure was \$0.51 million less than budget due to:**

- Finance costs were \$0.4 million less than budget due to a reduced public debt level than what was budgeted for and that interest rates were less than anticipated at the time the budget was prepared.
- Depreciation costs were \$0.1 million more than budget as the useful life estimates for capital additions were shorter than what was anticipated at the time the budget was prepared.
- Solid waste management costs were \$0.2 million less than budget due to reduced volumes of refuse entering the landfill which has reduced the landfill operational costs.
- Sewerage costs were \$0.2 million less than budget due to reduced electricity costs and maintenance costs. The sewerage plant energy consumption is more efficient and less power has been used during the year.
- Community service costs were \$0.5 million less than budget as a result of excluding rates paid on Council owned properties. The budget figure includes rates paid on Council owned properties. Repairs and maintenance expenditure was also less than budget as this work is only carried out as required.
- Roads expenditure was \$0.6 million more than budget due to increased expenditure on first response emergency maintenance and additional sealed and unsealed pavement maintenance work carried out during the year.

**Balance Sheet**

- Total equity was \$6.7 million more than budget due to the gain on revaluation of assets available for sale reserve for the increase in the value of the investment in Inframax Construction Ltd. This was not included in the budgets. The increase in revaluation reserve as a result of the revaluation of road and solid waste assets as also contributed to the variance.
- Current assets were \$0.5 million less than budget due to a reduced level of Debtors and other receivables than what was anticipated when the budgets were prepared. This was offset by a higher level of Cash and Cash Equivalents that was anticipated.
- Current liabilities were \$5.5 million less than budget as a greater portion of borrowings was anticipated to be current when the budgets were prepared.

- Non current assets were \$1.9 million more than budget due to the increase in the value of Other Financial Assets from the valuation of the investment of Inframax Construction Ltd of \$2.6 million. Property, Plant and Equipment was less than budget due to delays in the capital expenditure programme and the increase in asset valuations for roads and solid waste that were more than anticipated. Derivative Financial Assets were also \$0.4 million more than budget.
- Non current liabilities were \$0.1 million more than budget due to a portion of Creditors and Other Payables being recognised as non-current. The budget only allowed for current creditors and other payables. This was offset by a nil balance for Derivative Financial Instruments. The budget was prepared on the assumption that there would be a Derivative Financial Instruments balance at 30 June 2014.

## 40• Compliance with Legislation

### Group

In 2014 and 2013 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, for 2013/14 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 sought legal advice and have made amendments to the rates resolution for the 2014/15 year.

## 41• Financial reporting and prudence benchmarks

### Annual report disclosure statement for the year ending 30 June 2014

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Group is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Unless prescribed by the regulations, the quantified limit for each benchmark is calculated using financial information disclosed in the Council's Long-term Plan 2012-2022 including the prospective financial statements.

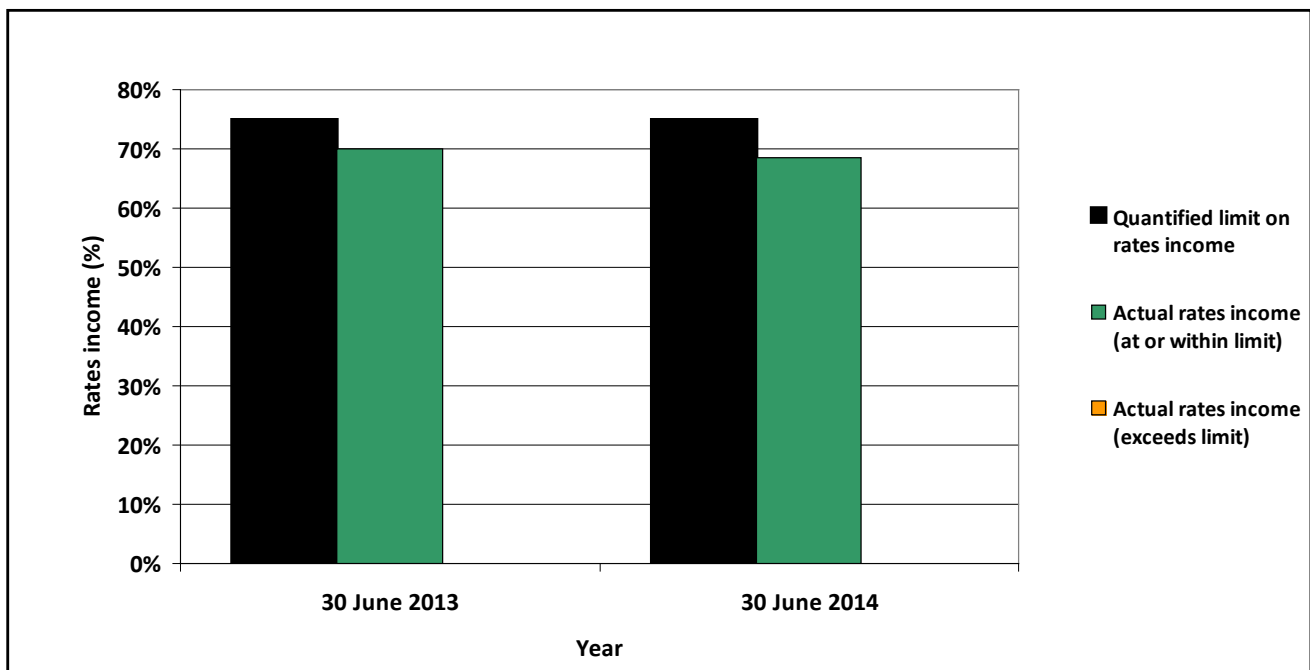
### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

#### Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.

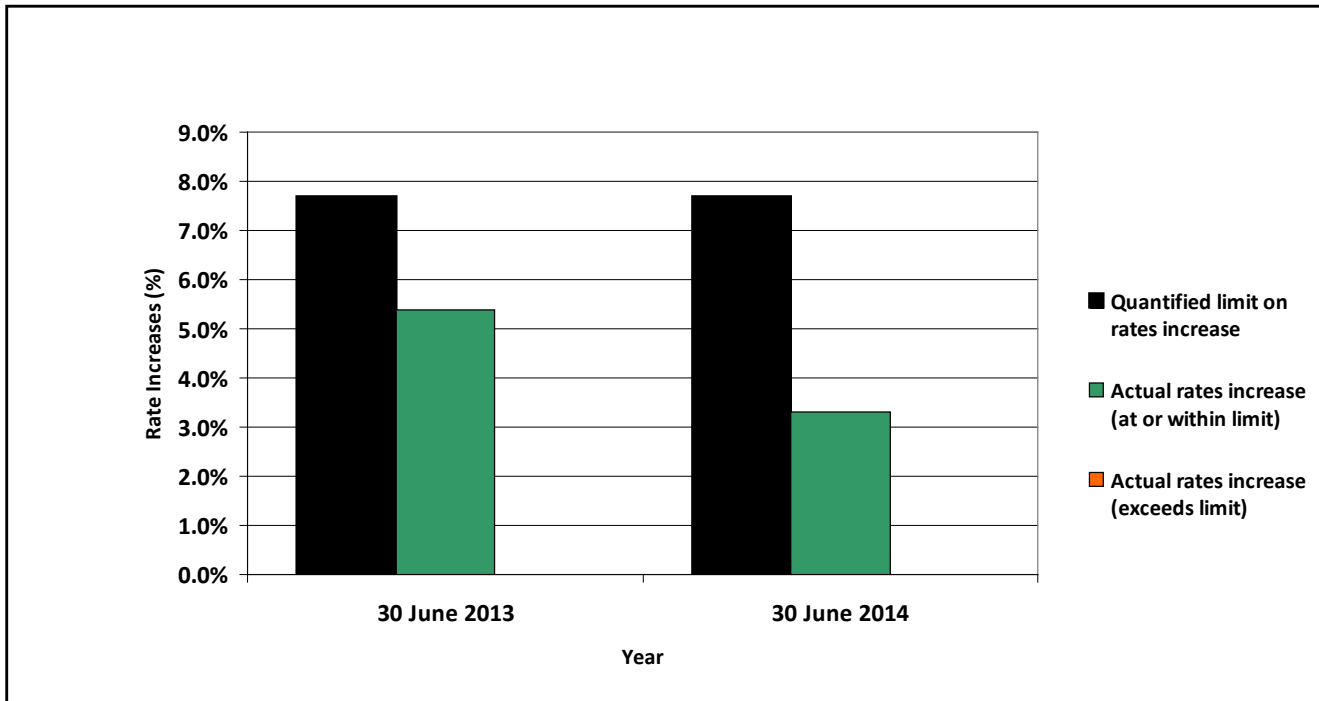




The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue excludes rates penalties and includes rates received on council properties. Total budgeted expenditure also includes rates paid on council properties. Rates income was 70% of operating expenditure in 2012/13 and 69% of operating expenditure in 2013/14.

*Rates (increases) affordability*

The following graph compares the Council's actual rates increases with a quantified limit on rates increases in the financial strategy included in the Council's long-term plan. The quantified limit is that rates increases will be limited to a cap of 7.7% over the life of the Long Term Plan. Rates revenue excludes rates penalties and includes rates paid on Council properties. Actual rates increases in 2012/13 (the year the Financial Strategy was introduced) was 5.4% and in the 2013/14 year it was 3.2%.



**Debt affordability benchmark**

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. There are three quantified limits described in the long-term plan:

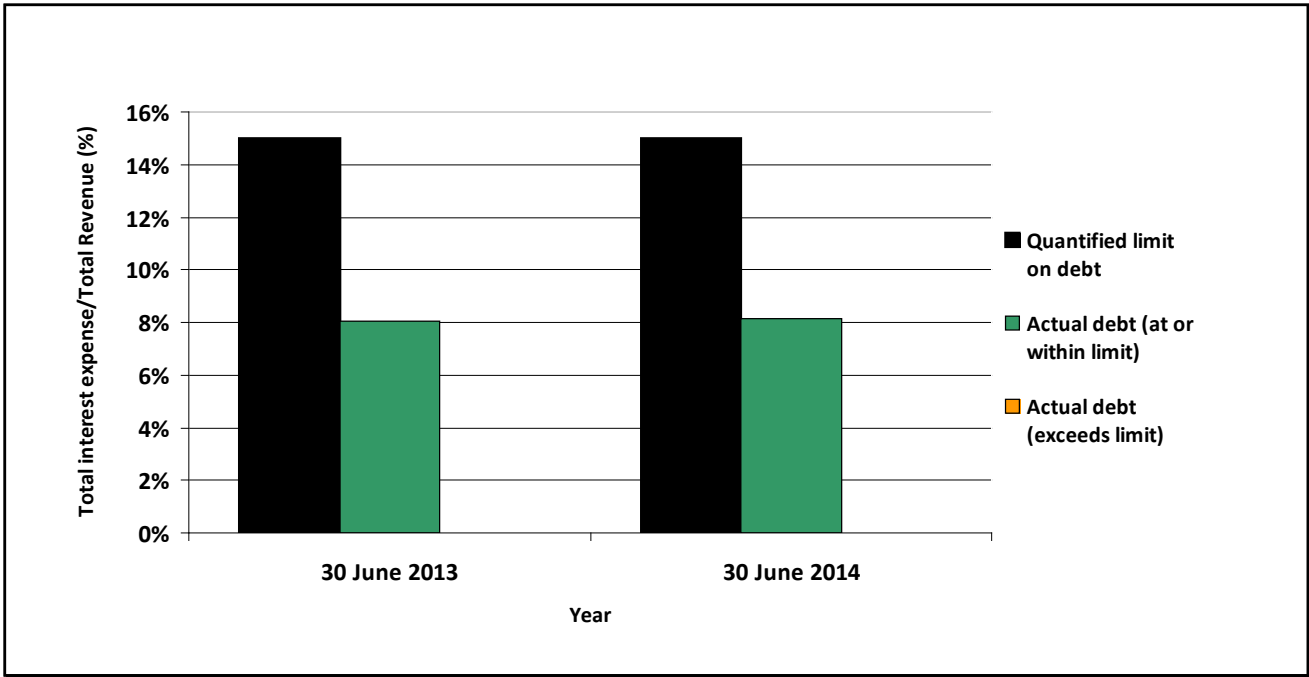
- total interest expense will not exceed 15% of total revenue
- total borrowings will not exceed 25% of total equity
- total borrowings must not exceed 20% of total assets

*Total interest expense includes interest on borrowings and finance leases.*

Total revenue includes rates revenue and penalties, government grants and subsidies for operating and capital expenditure, interest revenue, gains on sale of assets, and other revenue. Total revenue excludes losses from change in value of investment property and available for sale non current assets, gains on derivatives, gains on forestry and revenue on acquisition of property plant and equipment at nominal value.

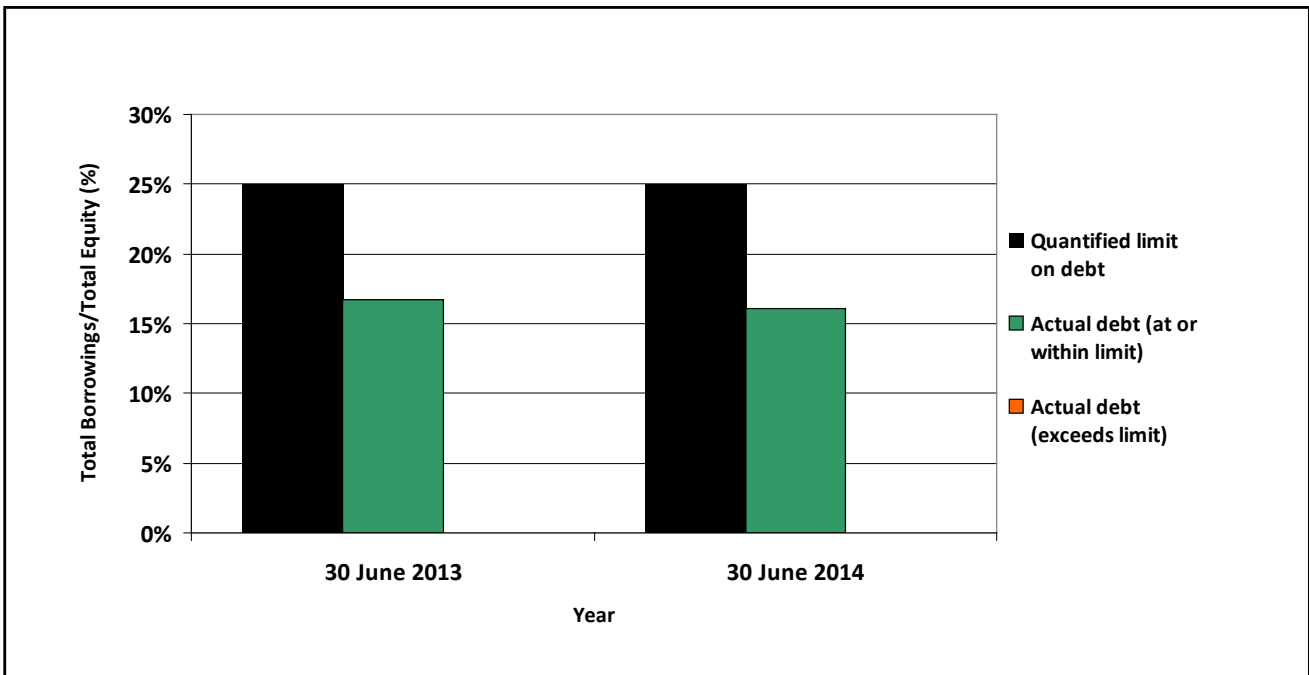
*Total interest expense will not exceed 15% of total revenue*

The following graph compares the Council's actual borrowings with quantified limit on borrowing stated in the financial strategy included in Council's long term plan. The quantified limit is total interest expense as a percentage of total revenue. A value less than the quantified limit of 15% indicates compliance with the prudential limit.



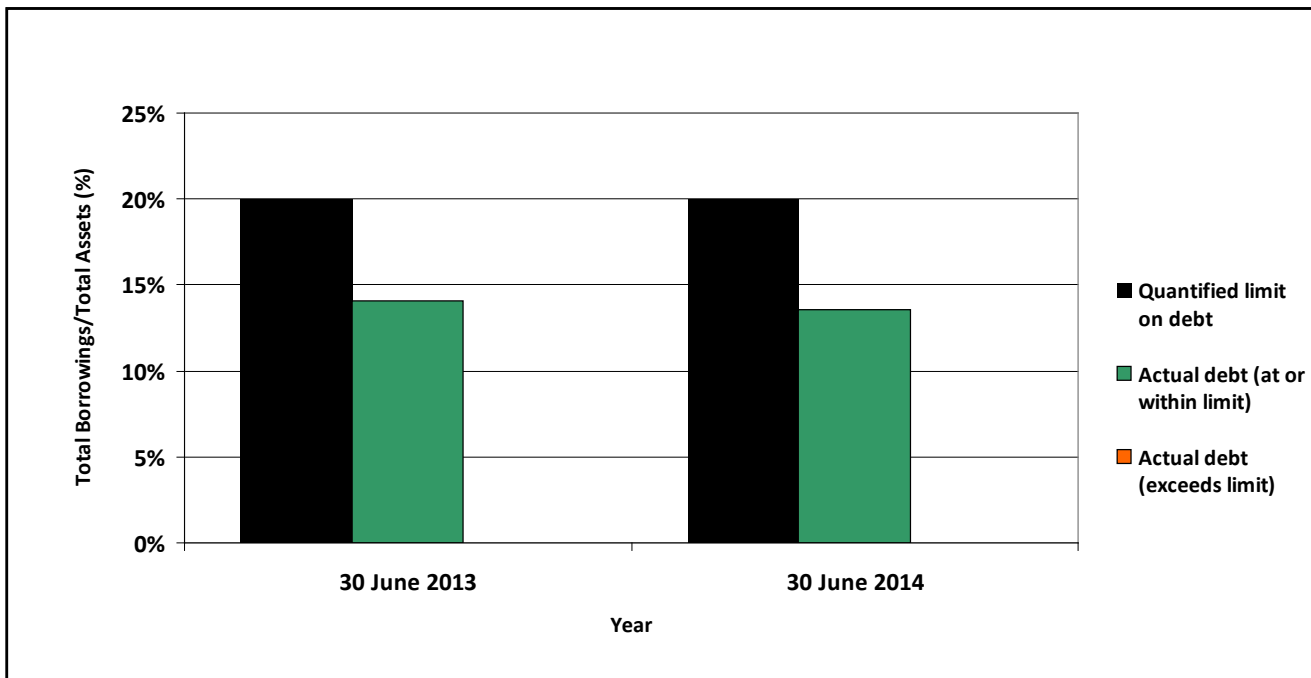
Total borrowings will not exceed 25% of total equity

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is total borrowings as a percentage of total equity. A value less than the quantified limit of 25% indicates compliance with the prudential limit.



Total borrowings must not exceed 20% of total assets.

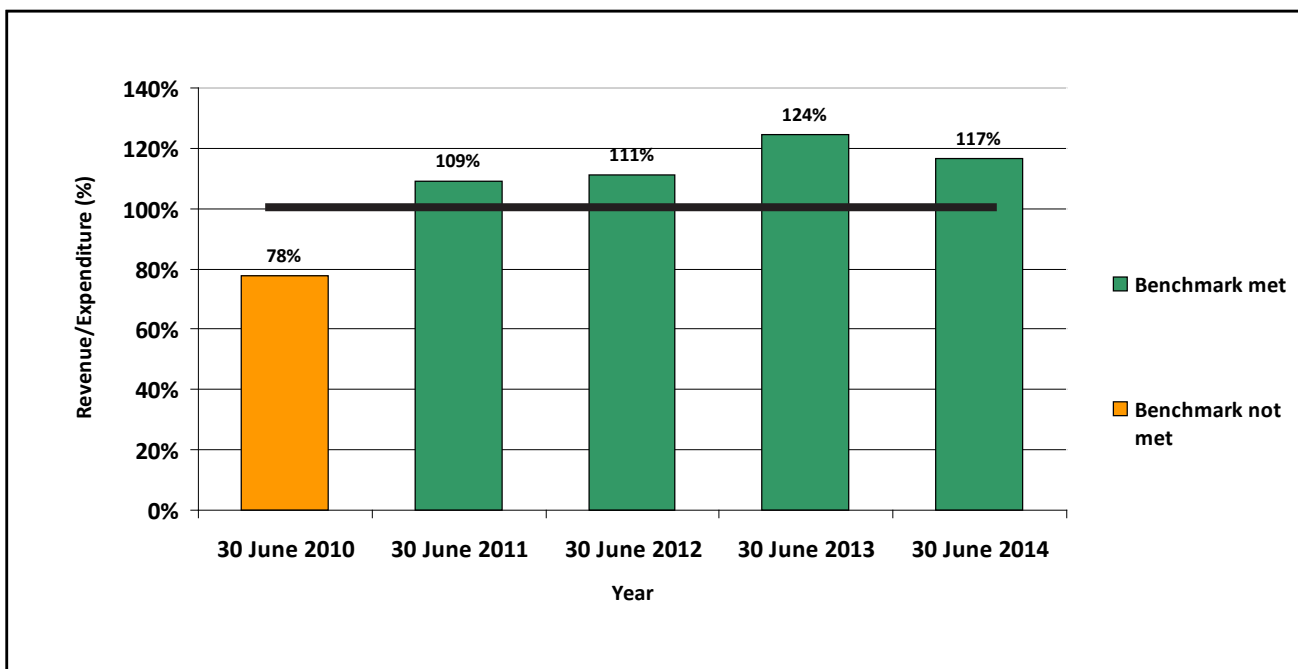
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is total borrowings as a percentage of total assets. A value less than the quantified limit of 20% indicates compliance with the prudential limit.



#### Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Group meets this benchmark if its revenue equals or is greater than its operating expenses.

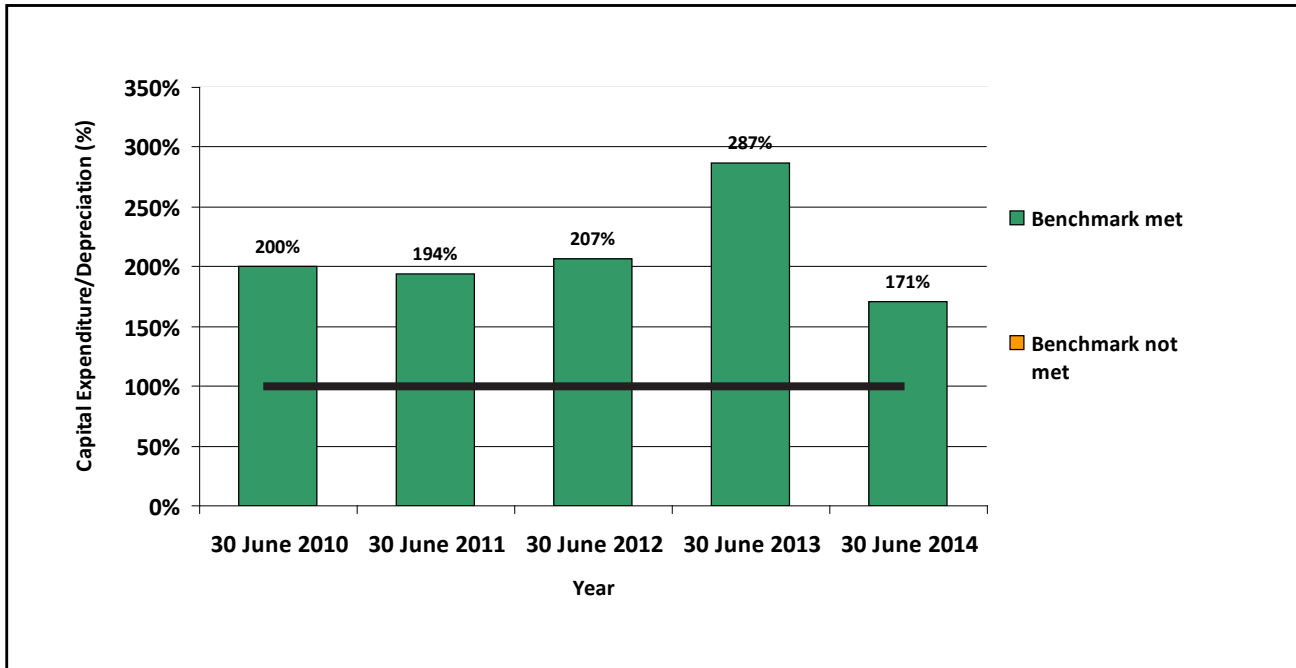
Revenue expenditure excludes rates received or paid on Council properties



In 2010 revenue was lower than expected due to the recognition of the impairment loss on Council's investment in Inframax Construction Ltd.

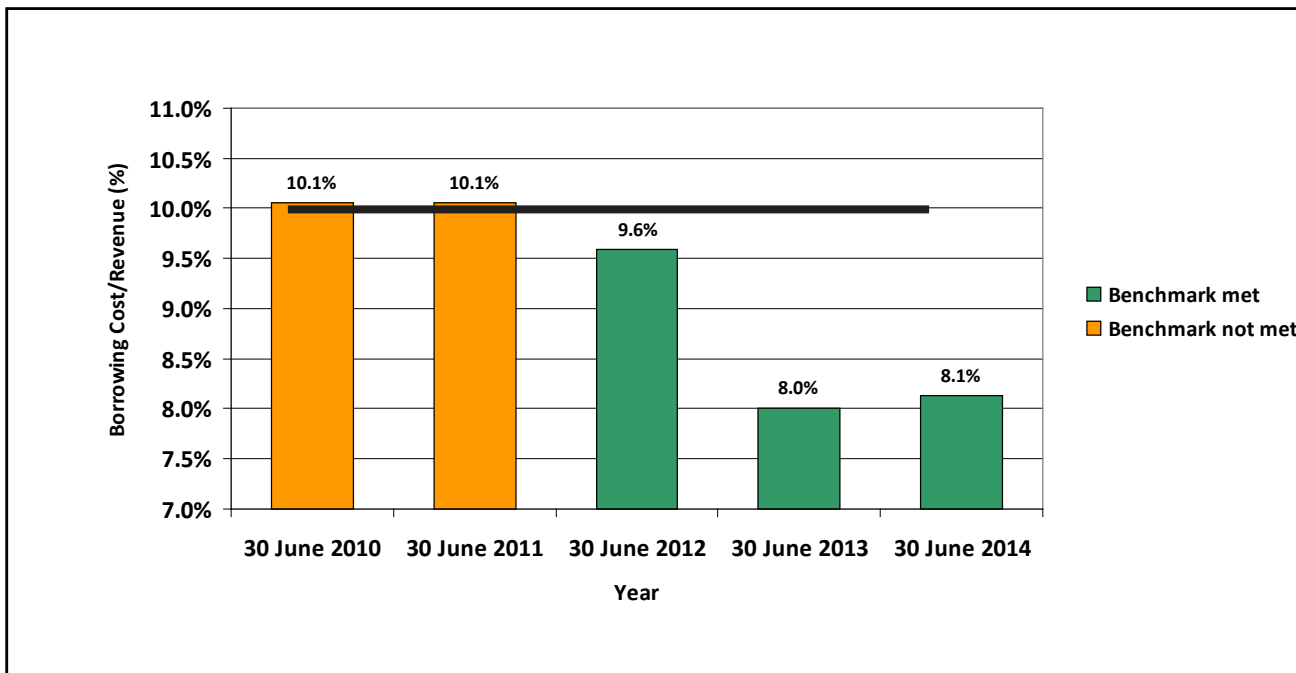
### Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Debt servicing benchmark

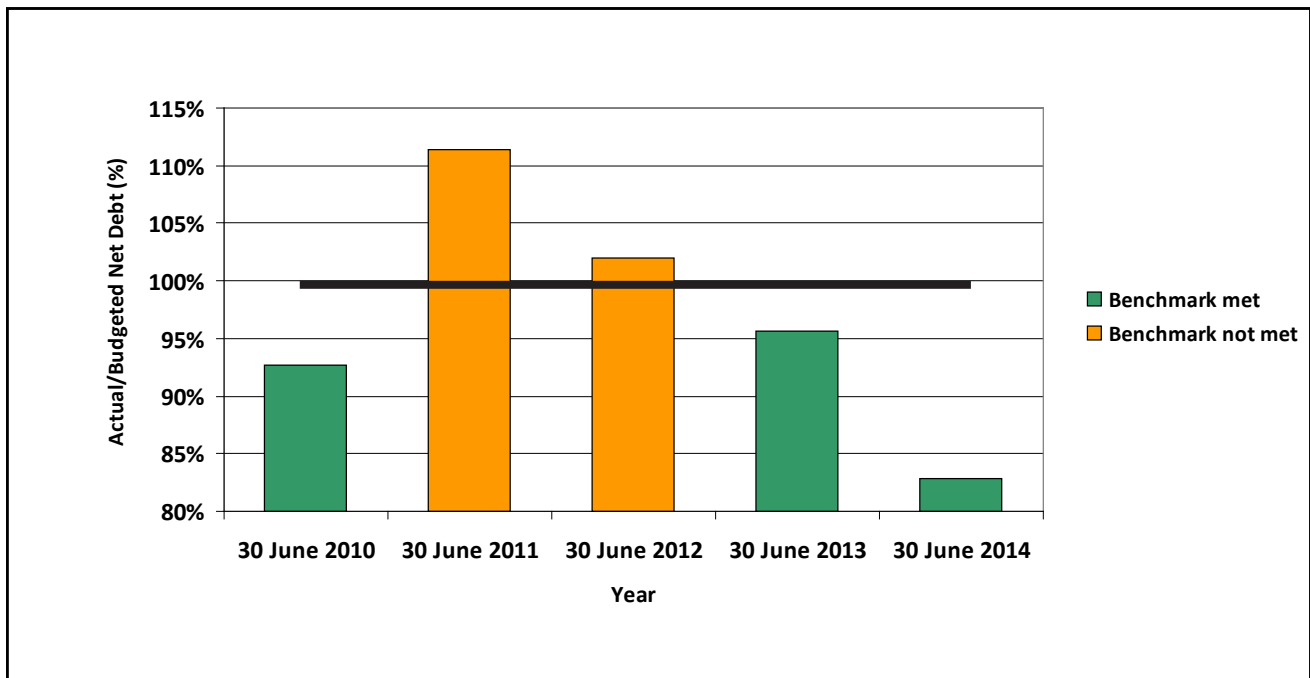
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the council's population will grow more slowly than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



In 2010, Council recognised a loss in change in value of investment property that reduced total revenue. In 2012 total revenue was also less than planned due to less revenue received from other fees than anticipated.

**Debt control benchmark**

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

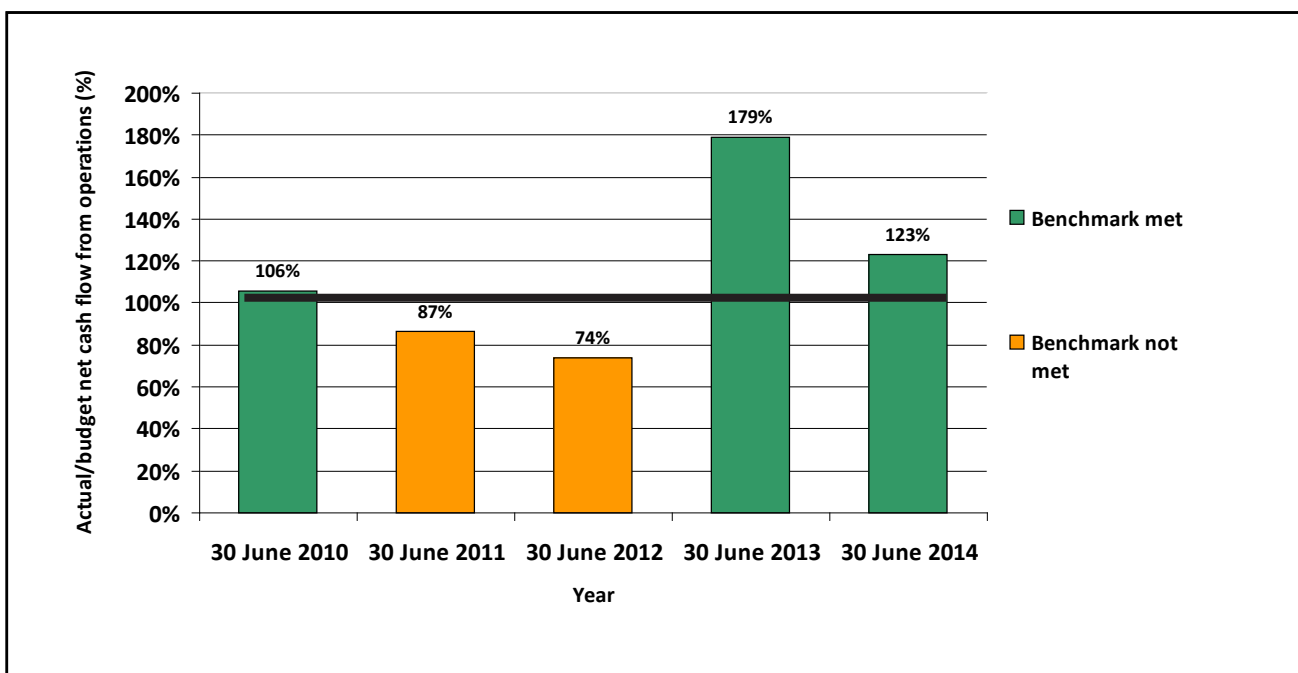


The 2011 net debt was higher than planned due to the reduction in the value of investment in Inframax Construction Ltd which reduced Other Financial Assets. The reduction in the investment occurred in June 2010.

The 2012 net debt was higher than planned due to a higher level of debt than budgeted due to the purchase of Parkside subdivision and the injection of equity into shareholding investment in Inframax Construction Ltd. This value of the investment was subsequently written down in nil 30 June 2012.

**Operations control benchmark**

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



The 2011 actual cashflow was lower than planned primarily due to budgeted subsidies not being received as a result of delays in water and wastewater capital projects. 2012 actual cashflow was less than planned due to lower than expected cash receipts from other fees and budgeted subsidies not being received as a result of the delays in water of wastewater capital projects. For additional information, see the explanation of major variances of the relevant year's annual report.

## 42• Local Government Act Disclosures

### Rating base information

Under the LGA 2002, the Council is required to disclose the following information:

#### Rating base information

Council	2013 ACTUAL
Number of rating units	6,477
Total Capital value of rating units (in 000's)	3,726,761
Total land value of rating units (in 000's)	2,438,665

#### Insurance

(\$000's)	Carrying Value 30 June 2014	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Sewerage and Water Supply	48,230	25,791	44,109	426
Operational and Restricted Buildings and Contents	9,699	41,081	0	0
Motor Vehicles	410	1,030	0	0
<b>Total</b>	<b>58,339</b>	<b>67,902</b>	<b>44,109</b>	<b>426</b>

#### Network Assets

(\$000's)	Carrying Value	Estimate of Replacement Cost	Assets constructed during 2013/14
Roads	229,807	291,526	5,159
Stormwater Drainage	9,098	15,586	0
Sewerage - Other Assets	10,668	17,807	40
Sewerage - Treatment Plants and Facilities	14,569	16,303	3,773
Water Supply - Other Assets	9,174	14,026	144
Water Supply - Treatment Plants and Facilities	4,724	8,260	140
	<b>278,040</b>	<b>363,508</b>	<b>9,256</b>

(No assets were transferred to Council during the 2013/14 year)

# 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 2014

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	Positive	5%
Current Ratio	Positive	(207)
EBITDA	1,386	2,151
Reserve	28,000	29,984
Closing overdraft	31,365	1,948
Banking covenants	Met	Breached

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 2014 and 30 June 2013 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 2014

\$000's	2014 Actual	2013 Actual
Total Revenue	29,986	26,537
Total Expenditure (including Depreciation and Interest)	29,578	26,629
Subvention Payment	0	0
<b>Net Profit/(Loss) Before Tax</b>	<b>408</b>	<b>(92)</b>
Company Tax/(Credit)	(143)	0
<b>Net Profit/(Loss) After Tax</b>	<b>551</b>	<b>(92)</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 has continued to pursue contracts for additional shared services. These include a number of shared insurance policies, a contract for computer generated print, mail and E-Services, a contract for accessing online economic profile data, a contract for postal and courier services, legal services and another for fleet tracking systems. A joint information technology strategic planning process was progressed during the year and a decision will be reached soon on the composition of a professional services panel for four of the shareholding councils.

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 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 January 2014 with nine of the twelve shareholder Councils responding. Nine councils responded that the concept of LASS was still delivering benefits to their council. Two Councils responded that they were very satisfied with the efforts being made by LASS to advance shared services opportunities and seven were fairly satisfied. The comments were made that achievements are constrained by fundamental challenges, and that more benefits could be seen with more dedicated resource.
Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$10,306 unfavourable to budget (-4.8%)
The company maintains an overall positive cash flow position.	Not achieved this year as cashflow was intentionally operated at a negative level in order to use up prior year surpluses. The Company still maintains a safe cash position with the cash, cash equivalents and bank accounts balances at the end of June 2014 being \$442,598.
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 September meeting when the Annual Report is presented.
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 100% 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.	100% 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.	All WRTM modelling reports were completed within specified timeframe's
That the base model adheres to "Screenline Validation Standards" as set out in the NZTA Economic Evaluation Manual as indicated by an external independent peer review	No peer review has been undertaken in the current year (the last report from the peer reviewer was in October 2013 which stated that the model continues to meet all the set out criteria ). As a result of the census, an update to the model is being undertaken and an independent reviewer is involved in this process. An independent review will be completed in October 2014
That a full report on progress of the WRTM model be provided to the LASS Board twice each year.	Reports were provided at the LASS Board Meetings in January and May 2014
The Key performance indicators from appendix 4 of the Insurance brokerage contract are met.	This target has been achieved
That any joint procurement projects deliver as per project approved objectives.	LASS joint procurement satisfactorily completed for computer generated print, mail and E-Services for rates, accessing online economic profile data, and postal and courier services.
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.	Updates are provided at all Mayoral Forums, the most recent being June 2014.

Additional performance measures have been included in 2014/15 Statement of Intent around Independent Benefit Reviews

# 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, and Te Waitere. The main rural communities are Benneydale, Piopio and Waitomo Village.



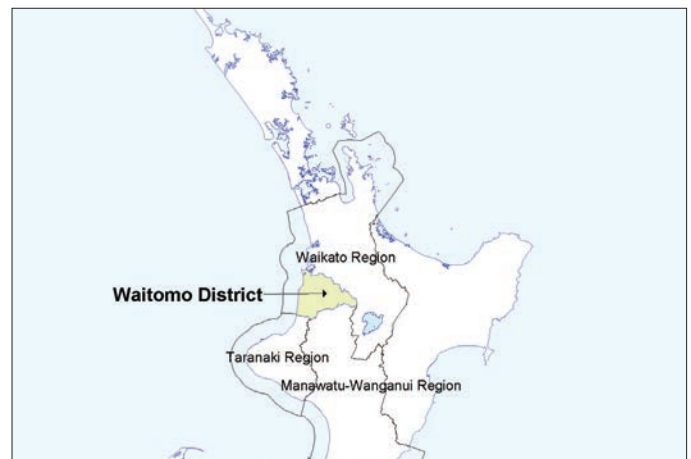
WAITOMO CAVES

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 8,910 for the 2013 Census (*9,441:2006 Census*). This illustrates that the District is experiencing a population decline.

The Maori population for the 2013 Census was 3,531 (*3,642:2006 Census*).

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 \$25,600 is slightly below the rest of NZ (*\$23,300:2006 Census*).

## 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.



SISTER CITY - TEMPLE VIEW TATSUNO JAPAN, JUNE 2013

## 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 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 Park lies within the Waitomo district. A predominantly walking and cycling trail has been developed through the Pureora Forest park - The Timber Trail. The Timber Trail is a two-day cycling experience however there are also opportunities for day trips and multi-day experiences for walkers. The Timber Trail has been accorded the highest of priorities amongst the Department of Conservation assets. It provides a new tourism asset to the Waitomo district to compliment other clusters of activity.



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.

**Karst, including Caves:** The tourism industry in Waitomo district is well developed around the karst landforms and cave formations of the area. In particular the glow-worm caves, of which Waitomo glow-worm cave is the most well known internationally and nationally. 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, 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. Roading aggregate, limestone and coal deposits are also available across the District.

## 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
	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 2013 Census)	
Total Population	8,910
Median age	35
Number of households	3,423
Electors	5,793
RATING STATISTICS	
Total Rates Revenue 2014/15 (excluding Penalties) Budget:	\$17,338,635 (excl GST)
Total Rateable Capital Value as at 30 June 2014	\$2,904,310,750
Total Capital Value at as 30 June 2014	\$3,505,622,800
Number of Rateable Properties as at 30 June 2014	5,788
PUBLIC DEBT OUTSTANDING	
30 June 2014 (Actual)	\$44,865,000
30 June 2014 (Budget)	\$49,743,000
PUBLIC EQUITY	
30 June 2014 (Actual)	\$279,611,000
30 June 2014 (Budget)	\$272,930,000
OTHER INFORMATION	
Number of Building Consents 2013/14	147
Value of Building Consents 2013/14	\$11,743,330
Total District Roading Sealed	459 kilometres
Total District Roading Unsealed	555 kilometres
Registered Dogs Total (30 June 2014)	4,021

## Elected Representatives



**Mayor Brian Hanna**

Phone: (07) 878 7227  
 Mobile: 021 726 282  
 Email: brian.hanna@waitomo.govt.nz  
 Address: 160 Tate Road, RD2,  
 Te Kuiti 3982.



**Guy Whitaker**  
 (Deputy Mayor)

Phone: (07) 878 3331  
 Phone (work): (07) 878 8147  
 Mobile: 021 151 5575  
 Email: guy.whitaker@waitomo.govt.nz  
 Address: 15 Liverpool Street,  
 Te Kuiti 3910.  
 WARD: URBAN



**Lorrene Te Kanawa**

Phone: (07) 878 7306  
 Phone (work): (07) 878 8184  
 Mobile: 027 333 8531  
 Email: lorrene.tekanawa@waitomo.govt.nz  
 Address: 23 Hetet Street,  
 Te Kuiti 3910.  
 WARD: URBAN



**Terry Davey**

Phone: (07) 878 6330  
 Mobile: 021 755 099  
 Email: td@waitomo.govt.nz  
 Address: 2 Blackman Street,  
 Te Kuiti 3910.  
 WARD: URBAN



**Phil Brodie**

Phone: (07) 877 8033  
 Mobile: 027 347 9843  
 Email: phil.brodie@waitomo.govt.nz  
 Address: 112 Auahi North Road,  
 RD2, Piopio 3970  
 WARD: RURAL



**Sue Smith**

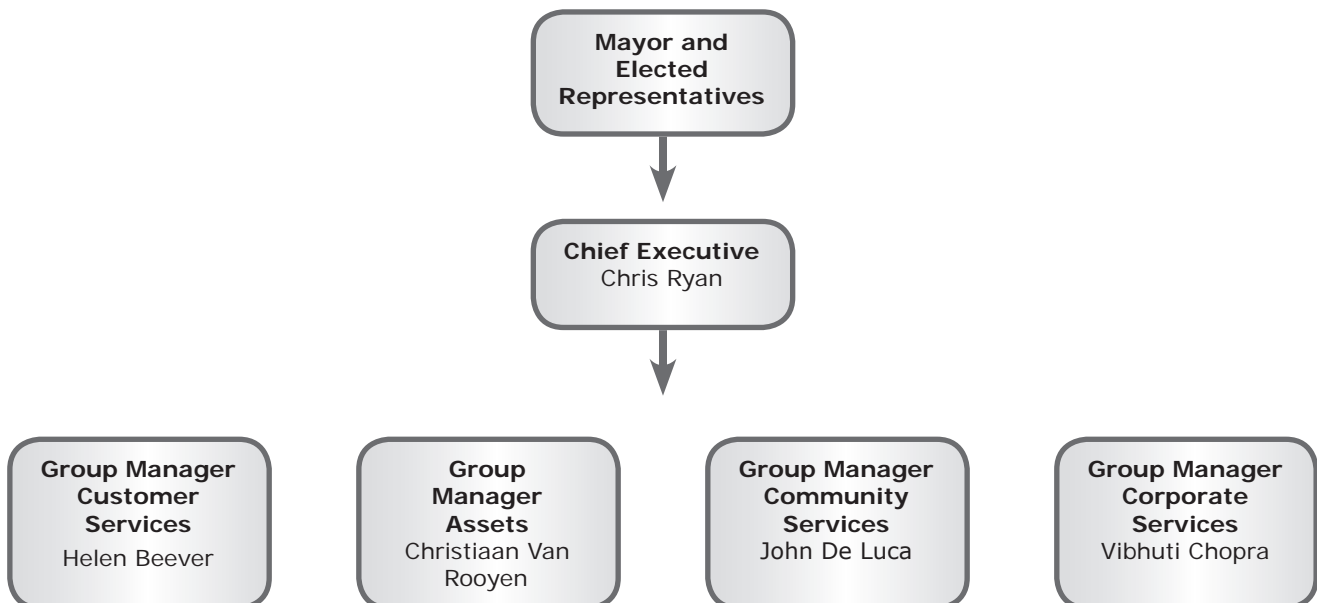
Phone/Fax: (07) 876 7518  
 Email: ss@waitomo.govt.nz  
 Address: 313 Te Waitere Road,  
 RD8, Te Kuiti 3988  
 WARD: RURAL



**Allan Goddard**

Phone: (07) 878 7865  
 Email: allan.goddard@waitomo.govt.nz  
 Address: 566 Mangaokewa Road,  
 RD7, Te Kuiti 3987.  
 WARD: RURAL

## 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)

# Index

## A

accounting policies, 65, 75  
affordability, 5  
animal control, 4, 5, 28, 29

## B

balance sheet, 9, 12, 63, 123  
building control, 28

## C

capital projects, 9  
cashflow statement, 64  
cemeteries, 19  
charges, 66, 77  
chief executive, 2, 56, 109  
civil defence. see emergency management  
communication, 16  
community and cultural sustainability, 16  
community development, 25  
community events, 26  
community support, 25, 26  
community outcomes, 14  
community well-being, 5  
community service, 19  
corporate services, 52  
customer services, 15, 25  
council controlled organisations, 16, 131  
councillors. see elected representatives  
council employees, 110

## D

district development, 25  
District Economic Development Board, 25  
district plan, 40  
dog control. see animal control

## E

economic development, 25  
economic sustainability, 47  
elderly persons housing. see housing and other property  
elected representatives, 109, 137  
emergency management, 5, 19  
environmental health, 28  
environmental sustainability, 32  
equity statement, 62

## F

fees, 77  
financial statements, 56  
financial statements (notes), 65  
financial overview, 8

## G

groups of activities, 15  
governance - leadership and investments, 16

## H

housing and other property, 19, 20

## I

income statement, 61  
Inframax Construction Limited, 2, 9, 12, 131  
infrastructure upgrades, 6  
investments, 16

## L

leadership, 16  
library, 15, 25  
Local Authority Shared Services, 131

## M

management structure, 137  
mayor, 3

## P

parks and reserves, 19-21  
performance target  
public amenities, 19-21  
public debt and reserves, 11

## R

rates. see income statement, 61  
rates revenue, 76  
regulation, 28  
resident satisfaction survey, 4, 5, 15  
resource management, 40  
roads and footpaths, 6, 10, 52  
rural fire. see emergency management

## S

sewerage and the treatment and disposal of sewage, 41  
solid waste management, 32  
statements of service performance, 17, 21, 26, 29, 33,  
38, 41, 44, 48, 53  
statistics, 136  
stormwater drainage, 37  
subsidised roading, 52  
survey. see resident satisfaction survey

## T

treasury management policy, 91

## U

unsubsidised roading, 52

## W

waste disposal, 32  
waste minimisation, 32  
water supply, 4, 6, 9, 47, 77

## Y

youth engagement, 25-26