

Waitomo District Council

Summary Annual Report 2008-2009



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1. Introduction

Welcome to this snapshot of the Waitomo District Council's activities for the year 1 July 2008 to 30 June 2009. This Summary Annual Report was authorised for issue by the Chief Executive on 17 November 2009. The information contained in this Summary has been extracted from our full Annual Report which contains detailed information about our finances and service performance.

The full Annual Report was adopted by Council on 28 October 2009. Copies of the full Annual Report are available on Council's website www.waitomo.govt.nz, the Queen Street Office and Te Kuiti Public Library.

What is the Annual Report?

The Annual Report sets out what we have achieved over the past year and looks at the progress we have made in providing the sort of district that you have told us is important to you.

The Annual Report compares our achievements and progress in the year to what we planned to achieve as set out in the 2008/09 Annual Plan.

In April 2008, the Waitomo District Council published its draft Annual Plan for the 2008/09 financial year, forming the third year of the 2006-16 LTCCP. The community of the District were encouraged to have their say on the proposals it contained.

The Waitomo District Council considered 30 public submissions, and after an amendment, adopted the Annual Plan on 24 June 2008.

The Annual Report compares the 2008/09 performance, achievements and financial results against the goals which were set out in the Annual Plan and third year of the 2006-16 LTCCP.

Service Performance

One of the service performance targets in the Annual Plan was to measure resident satisfaction. The target in the Annual Plan was set as good or above. After the adoption of the Annual Plan the measure was changed to a 4-point scale to enable residents to provide a clear indication as to the level of perceived satisfaction with the services provided. That is, they were asked to choose if they were happy or unhappy with a service, to give clarity around their perception of the service.

For the 2009 Resident Satisfaction Survey "Satisfied" and "Very Satisfied" have been determined to be the same as "Good" and "Excellent", which are the ratings included in the Annual Plan.



View of Marokopa

2. Message from the Mayor and Chief Executive

We are pleased to present the Annual Report for the year ended 30 June 2009. It provides a record of our activities, achievements and financial performance for the 2008/09 year.

This year our Report mirrors the format of the 2008/09 Annual Plan. We have done this by including a community outcomes section that defines the scope of Council's planning process. This flows into our Groups of Activities section that records Council's key achievements and service performance.

A significant achievement was the adoption of the 2009-2019 Long Term Plan which received an unqualified Audit Opinion from the Auditor General. This rewarded Waitomo District Council's two years of concerted effort in addressing the shortcomings inherent in the 2006-2016 LTP. The LTP process included the implementation of a new Revenue and Financing Policy and significant change, in the delivery of services at the Waitomo District Landfill and Te Kuiti Visitor Information Centre, to improve service and outcomes.

The adoption of Council's Solid Waste Management and Minimisation Plan (SWaMMP) was another significant achievement. This introduced a combination of pricing and waste minimisation strategies along with community education to ensure that rubbish disposal to landfill is the last choice for residents. This direction has been supported by the recent move to provide all households currently receiving the Kerbside Recycling Collection Service, access to recycling containers.

Council's sewerage disposal and treatment activity provides for efficient, environmentally safe and sustainable urban wastewater systems. Significant improvements were completed during the year including refurbishment of the existing Te Kuiti pump station and the associated installation of larger storage tanks thereby allowing Council to better manage for "shock" loadings that in the past have adversely affected the performance of our Te Kuiti treatment system.

The upgrade of the Benneydale water supply in 2008, means the community now has a much improved water system providing high quality drinking water. The upgrade included an auxiliary bore supply which is available for use during spikes in turbidity in the raw surface water supply which sometimes follows heavy rainfall events.

A new charging system for the disposal of Trade Waste was developed and applied to commercial customers in Te Kuiti. Council's plans to fully implement this change in a phased manner over four years. The charging system will be a substantial increase in their contribution; therefore Council intends to continue with the rates contribution made by Ratepayers towards the cost of disposing of trade waste throughout the phase in period.

A new sewerage scheme committed for Piopio is currently delayed pending resolution of an appeal against the resource consents. Progress forward will be determined by the Environment Court process. Council will continue to work through the Consent process in the most timely and effective manner possible.

Waitomo District Council produced a good financial result for the 2008/09 year. Council's performance was within overall LTP budget forecasts and records a pleasing outcome given the economic environment. The financial performance of Council's wholly owned subsidiary, Inframax Construction Limited, changed this positive result to a negative one when the outcomes of the two entities was combined for Group reporting. One of the outcomes of that financial performance was the need to write down the investment value of Inframax Construction Limited.

In the year under report, WDC has taken action to assist Inframax to return to being a positive contributor to its ratepayer owners. This has included a refresh of its Board and Executive.

The 2008/09 financial year was a challenging time for WDC. The response of some parts of the Waitomo Community reflected the impact of Council's continued drive for financial prudence and an improvement in the fairness of the allocation of rates burden. Significant resource was dedicated to maintaining community communication through this time and as WDC continued to build capability in terms of its own operating efficiency and improving asset condition.

The process of implementing Council's Revenue and Financing Policy included a review of the Rating Information Database (RID). This review was necessary to ensure the RID accurately recorded all separately used or Inhabited Parts (SUIP's) of properties in the Waitomo District. As a result of this, the rates liability for some properties previously undercharged for services, was increased. This process ensured alignment with Council's Revenue and Financing Policy ensuring wherever possible, users of services, paid for that usage.

Inevitably in order to make rates more affordable, a number of Council services has been reduced. One of these affordability changes is the reduction in the length of the Te Kuiti Swimming Pool Season from 12 months to 7 months of the year.

Council has used the 2008/09 year to develop and adopt a Long Term Plan that ensures that appropriate levels of service are maintained. As an organisation, WDC has made significant progress and continues on the pathway of prudent financial management essential for a sustainable future.



Mark Ammon
Mayor



Chris Ryan
Chief Executive

3. Statement of compliance and responsibility

Responsibility

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

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

In the opinion of the Council and the Management of Waitomo District Council, the annual Financial Statements for the year ended 30 June 2009 fairly reflect the financial position and operations of Waitomo District Council.

Compliance

The Council and Management of Waitomo District Council certify that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.



Mark Ammon
Mayor



Chris Ryan
Chief Executive

Date: 17 November 2009

4. Audit Report

Deloitte.

AUDIT REPORT

TO THE READERS OF WAITOMO DISTRICT COUNCIL AND GROUP'S SUMMARY ANNUAL FINANCIAL STATEMENTS, PERFORMANCE INFORMATION AND THE OTHER REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2009

We have audited the summary financial statements, performance information and the other requirements as set out on pages 5 to 30

Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements complies with FRS-43: *Summary Financial Statements* and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, and referred to serious financial difficulties being experienced by one of the group's subsidiaries, in our report dated 28 October 2009, on:

- the full financial statements;
- the performance information; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Serious financial difficulties

We noted that in forming our unqualified opinion, the group incurred a loss of \$4.0 million and had a working capital deficit of \$13.3 million. A substantial amount of the working capital deficit for the group had arisen from one of the group's subsidiaries borrowings being classified as current liabilities as a result of the subsidiary breaching its banking covenants. Since year end, the subsidiary had managed the situation by re-negotiating its banking covenants with its lender. Details of the circumstances relating to financial difficulties were described in the full financial statements and are described on page 25 and pages 27 to 28 of the summary financial statements.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor and in carrying out the audit of the Long Term Council Community Plan, we have no relationship with or interests in Waitomo District Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.



Bruce Taylor, Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand
17 November 2009

This audit report relates to the summary financial statements, performance information and the other requirements of Waitomo District Council and group for the year ended 30 June 2009 included on the Waitomo District Council and group's website. The Waitomo District Council and group's Council is responsible for the maintenance and integrity of the Waitomo District Council and group's website. We have not been engaged to report on the integrity of the Waitomo District Council and group's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements, performance information and the other requirements as well as the related audit report dated 17 November 2009 to confirm the information included in the audited summary financial statements, performance information and the other requirements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

5. Our activities at a glance

This section of the summary provides an overview of the Council's Groups of Activities. It includes key achievements, service performance and financial performance for the year ended 30 June 2009.

The Waitomo District Council is responsible for providing the district with a wide range of services. These are organised into three groups according to their contribution to the sustainable development of the well-being areas which are Community and Cultural Sustainability, Environmental Sustainability and Economic Sustainability. The 11 significant activities under the three Group of Activities are as follows:

Community Well-being		
Community (Social) and Cultural Sustainability	Environmental Sustainability	Economic Sustainability
Leadership	Solid Waste Management	Water Supply
Community Facilities	Stormwater	Land Transport
Community Development	Resource Management	Investments
Regulation and Safety	Sewerage	



Te Tokanganui-a-Noho Marae

5.1 Community and Cultural Sustainability

Outcomes and Activities

The Community and Cultural Sustainability group of activities promotes outcomes that 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.

Activities Comprised in this Group

- Leadership
- Community Facilities
- Community Development
- Regulation and Safety

Leadership

Activities

There are three activities under this significant activity:

- Representation
- Strategic Planning and Policy Development
- Monitoring and Reporting

Representation

This activity involves the provision of leadership and governance for the District through the Mayor's Office and the Council/Committee structure. The Mayor is elected "at large" by the District as a whole, irrespective of the existence of wards, and chairs the meetings of full Council.

In the interests of efficiency, and to provide separation between the Council's regulatory and non-regulatory roles, the Council may choose to establish committees. Representation on, and delegations to, committees is decided by the Council, usually after each triennial election. A committee chairperson is responsible for presiding over meetings of a committee and ensuring that the committee acts within the powers delegated by Council.

The Waitomo District Council has established two committees for the current triennium, being the Hearings Committee and the Inframax Construction Limited Relationship Committee.

A fundamental role of the Council is to represent the views of its electors. Representation encompasses being accessible to the community to receive and understand their views, and if appropriate explain Council's reasoning behind a particular decision or policy, to those who might be interested. Representation also includes representation of Council through membership on various Council and community organisations.

Strategic Planning and Policy Development

This 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 helping to achieve the Community Outcomes. The Long Term Plan is produced on a three yearly cycle.

Communicating and consulting with the community is fundamental to the Council's strategic planning role. Apart from the formal consultation required before certain decisions can be made, the trigger for the extent of consultation is determined by Council based on the extent to which the Council is already aware of the issues and interests of those affected by a particular proposal, having regard to the circumstances in which a decision is being made.

The activity also involves planning and strategy development around urban and district growth to ensure growth is sustainable and infrastructural planning for the future can be carried out with certainty within clearly defined boundaries. Reviews of the Council's District Plan are included in this activity. Policy development arising from this activity provides the framework for the community's strategic direction.

Monitoring and Reporting

Monitoring of Community Outcomes takes place on a three yearly cycle. The objective is to measure the impact of Council's role and programmes on achieving the outcomes, and to report on the progress made.

After each financial year the Council is also required to prepare an Annual Report setting out information on the level of achievement against the key financial and performance targets for the year ended 30 June. The Annual Plan identifies what the Council plans to do over the next 12 months. The Annual Report explains what actually took place and the financial position at year end.

Leadership

Key Achievements for 2008/09

- Completion of the 2008-2009 Annual Report.
- The planning, consultation and adoption of the 2009–2019 LTP with an unqualified audit opinion.
- The development, consultation and adoption of the Solid Waste Asset Minimisation and Management Plan.

Service Performance

Level of Service	Key Performance Indicator	Performance to 30/06/09
Decision making in compliance with provisions of the Local Government Act 2002.	Number of challenges to the process for decision-making. Target = 0	Achieved - no challenges received.
Conduct customer focus groups, ratepayer associations and other mechanisms to ensure ratepayers' views are heard.	Number of consultations with interested parties and public groups. Target = 10 parties per consultation	Achieved - Council received an average of 24 submissions on each consultation process undertaken throughout the 2008/09 financial year.
Provision of public information and consultation on key issues affecting the District.	Customer satisfaction survey rating on 'Inform You'. Target = >35% good or above	Achieved - 69% of respondents to the July 2009 resident satisfaction survey were "satisfied or very satisfied" with Council's "ability to inform you" service. (See page 1)
Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance.	Not achieved - 42%



Te Kuiti Township

Community Facilities

Activities

There are four activities comprising this significant activity as follows:

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

Parks and Reserves

Active Reserves

The provision of areas for organised sporting activity and other recreational activity for residents and visitors to the District.

Passive Reserves

The provision of open space, including public gardens, to enhance the visual amenity of the locality and to provide informal and impromptu recreational activities.

Esplanade Reserves

Esplanade reserves control/reduce the risk from natural hazards, protect conservation values and promote/improve recreational opportunities along the District's principal waterways.

Leased Reserves

Land held by Council but not currently used by Council as reserves, but is land-banked for future recreational purposes should the need arise.

Playgrounds

Provision of playground equipment to provide opportunities for recreation and physical development of children.

Housing and Other Property

Elderly Persons Housing

Provision of affordable housing for the elderly. There are currently 20 pensioner units owned by Council, all located in Te Kuiti and on one site.

Community Halls

Provision and maintenance of rural halls through the support of Hall Committees throughout the District. It includes 11 rural halls owned by the Council, plus the hall in Piopio township.

Other Land and Buildings

Maintenance and management of other miscellaneous Council owned properties, including:

- Three formal camping grounds at Te Kuiti, Marokopa and Piopio (Note: The informal camping areas at Mangaokewa Reserve and Brook Park are included in the Parks and Reserves activity).
- 20 buildings and structures.
- 8 residential houses, located in Te Kuiti and Piopio.
- 4 commercial buildings, all located in Te Kuiti and Piopio.
- The dog pound.

Recreation and Culture

District Libraries

Provision of library services to support culture, education, economic and personal development in the District. The main library is located at Te Kuiti with assisted voluntary community libraries at Awakino, Mokau and Benneydale.

District Swimming Pool

Provision and maintenance of aquatic facilities for leisure and competitive recreation opportunities for the community. Current swimming pool assets are limited to the public swimming pool in Te Kuiti.

Arts, Culture and Heritage

Maintenance and management of Culture and Heritage Buildings in the District including the Cultural and Arts Centre in Te Kuiti.

Aerodrome

Provision of an aerodrome facility in Te Kuiti to provide leisure and recreational opportunities for residents and visitors to the District. Provision of a base for commercial aerial activities.

Public Amenities

Public Toilets

Provision of public toilet facilities in the District to ensure visitors and residents have access to safe, clean and sanitary facilities. The Council presently owns and maintains 18 public toilets located throughout the District.

Cemeteries

Provision and maintenance of cemeteries in the District as required under the provisions of the Burials and Cremations Act 1964. The Council is responsible for 7 cemeteries, located at Te Kuiti, Piopio, Aria, Mokau and Te Waitere as well as the closed cemeteries at Mapiu and Kiritehere.

Street Furniture

Provision and maintenance of street furniture, bins and other structures to visually enhance the town environments and provide facilities for people to relax and enjoy the environment.

Public Carparks

Provision and maintenance of carpark areas to ensure residents and visitors to the District can access conveniently located off street parking in our towns.

Community Facilities

**Key Achievements
for 2008/09**

Parks and Reserves

- An independent annual audit was completed for all playground equipment.
- Playground safety improvements were undertaken including "Category 1" safety and compliance issues identified in the audit.

Housing and Other Property

- Renewal and upgrade work was completed for Elderly Person Housing which included an upgraded laundry and refurbishment of three housing units.
- A study funded by Housing New Zealand, was started to identify the needs for modernising the existing pensioner housing stock. Unfortunately midway through the project funding was halted and the study remains incomplete.
- Investigations were completed for wharf and jetty conditions to establish maintenance and renewal priorities, for inclusion in the Asset Management Plans.
- The development of procedures for the strategic review of property assets commenced and when completed will form a basis for reviewing all property holdings.

Recreation and Culture

- Sustainable level of service and closer management of the Te Kuiti Swimming Pool assisted in bringing the operation of the pool in line with budget expectations.
- Library books stock was renewed within an increased budget.
- The contractual process for installing a new library data management system which includes cataloguing and book issuing was started and is due to be fully implemented within the next financial year.
- The three year programme of refurbishment of the Cultural and Arts Centre was to be started in the 2008/09 financial year but was delayed due to further community consultation through the Long Term Plan 2009 -2019 process.

Service Performance	Level of Service	Key Performance Indicator	Performance to 30/06/09
	Parks and Reserves		
	Provision of sports grounds/parks facilities for the community.	Customer satisfaction survey rating on "Sports Grounds" question. Target = >35% good or above	Achieved - 86% of respondents to the July 2009 resident satisfaction survey were "satisfied or very satisfied" with Council's parks and sports grounds services. (See page 1)
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = <5% variance	Not Achieved - 20% less than budget deficit. Savings were achieved in maintenance expenditure.
Housing and other property			
	Maintain buildings at a safe and healthy environment for building users.	Public buildings requiring a warrant of fitness are compliant. Target = 100%	Achieved 100%
	All operations with accordance with Councils Bylaw and the Burials and Crematoria Act 1964.	Compliance complaints/ investigations Target = 0	Not Achieved - one complaint received to date in relation to Piopio Cemetery.
Recreation and Culture <i>Waitomo Cultural and Arts Centre</i>			
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved - 3% less than budget deficit
	Water quality meets safety standards.	<i>District Swimming Pool</i>	Achieved - 42 samples were taken during the year of which one failed the microbiological test.
		<i>District Libraries</i>	
	To have a library strategy that guides the improvement of the information services	Complete review of library strategy. Target = Review completed	Achieved - review completed December 2008.
Public Amenities			
	Maintain buildings at a safe and healthy environment for building users.	Number of non-performance notices issued for toilet cleaning contracts. Target = < 5 per year	Achieved - 4 notices issued to date.
	Services will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = <5% variance	Not Achieved- 11% less than budget deficit. Cost savings were mainly achieved through reduced maintenance expenditure.
	All operations in accordance with Councils Bylaw and the Burials and Crematoria Act 1964.	Compliance with legal obligations. Target = 100%	Achieved - 100% compliance with legal obligations.

Community Development

Activities

There are 4 activities under Community Development, namely:

Community Support

Community Support includes strategy development and grant funding to assist community groups and organisations that provide services benefitting local residents. Access to community information via Council's website, providing local events (e.g. the annual Christmas Parade), monitoring, advocacy and facilitation of the community's health related issues, funding of "Get Active" recreation programmes for youth and other residents and liaison with NZ Police on community safety issues and projects, are all part of Council's involvement in this activity.

Economic Development

Economic Development includes economic growth opportunities including Sister City relationships, urban infrastructure, business programmes, employment initiatives, and new business development are well documented catalysts for economic growth. Of these, continuation of Council's current Sister City relationship with Tatsuno in the Nagano province of Japan and consultation with the business sector during the development of urban structure plans are the main areas of the Council's current strategic focus.

Regional Tourism

Regional Tourism is facilitated through the Council's visitor information centre in Te Kuiti, major event coordination (e.g. the Great NZ Muster), and strategy development. At a regional level, the strategy is to promote regional tourism growth at both domestic and international levels, using Waikato regional branding rather than individual district brands. Local tourism products and experiences are coordinated through the regional approach in partnership with Tourism NZ and other tourist organisations.

Agencies

This activity aims to facilitate community access to government services through a combination of monitoring, advocating and providing. With regard to the latter, the Council currently acts as an agency for the Automobile Association (AA), including provision of driver licensing services.



Te Kuiti i-Site Visitor and Information Centre

Community Development

Key Achievements for 2008/09

- Completion of the Community Development Strategy which identifies Council's opportunities and commitment to the community. This strategy was adopted by Council on 25 March 2008.
- Establishment of a new Community Development Fund policy. This policy was adopted by Council on 25 November 2008.
- Change in the service delivery method for the Te Kuiti Visitor Information Centre, which involves Council implementing a restructure of the Te Kuiti Visitor Information Centre from 1 November 2008.
- Continued membership of Great New Zealand Touring Route which is part of the strategy to increase visitor numbers to the Waitomo District.

Service Performance

Level of Service	Key Performance Indicator	Performance to 30/06/09
Four District events held by 30 June 2008 within budget.	Number of events held. Target = 4	Achieved – Events completed include: - Parliamentary Special - Garden Competition - Te Kuiti Xmas Parade - Mayoral Challenge - Earth Hour - Great NZ Muster - ITO Graduation Ceremony - Rally of Waitomo
Identify and action marketing opportunities that will promote the District and community based activities.	Number of marketing opportunities identified and put into action. Target = 4	Achieved: - Hamilton/Waitomo visitors guide - Explore Waitomo brochure reprint - AA Visitors Guide - A-Z Business Directory - Rotary Community Telephone Book - Ultimate Guide - Arrival Magazine - Great New Zealand Touring Route
Policy in place for allocation of new Community Development Fund.	All approved grants to be paid to recipients. Target = 100% paid by 31 January 2009.	Not Achieved – All but one grant paid by 31 January 2009. All approved grants paid by 30 June 2009.
Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance	Not Achieved- 9% less than budget deficit. Net operating cost was reduced by additional revenues received from the i-Site and sales of a joint visitor guide.

Regulation and Safety

Activities

The activities include:

- Regulation
- Safety

Regulation

There are three functions making up the regulation activity, namely:

Environmental Health

Provision of environmental health services, including food premises licensing, liquor licensing and noise control. The Council has specific statutory responsibilities under each of these functions.

Animal Control

Provision of an animal control service for the District, including wandering livestock, dog registration and control.

Building Control Services

Provision of building control services, including issuing and monitoring of building consents.

Safety

The Safety activity comprises:

Emergency Management

Provision of emergency response capability, including public education and administration of the Civil Defence and Emergency Management Act 2002.

Rural Fires

Provision of rural fire fighting capability and support for the Tainui Rural Fire Party.



Te Kuiti mainstreet.

Regulation and Safety

Key Achievements for 2008/09

- Investigation of resourcing options for environmental health, sale of liquor and noise control functions.
- Ongoing review of all Council bylaws as required by the Local Government Act 2002.
- Completion of the building accreditation process as required by the Building Act 2004. (Accreditation is necessary to allow the Council to continue to process and issue building consents as a Building Consent Authority.)

Service Performance

Level of Service	Key Performance Indicator	Performance to 30/06/09
Environmental Health		
Provision of effective environmental health service for the community.	Customer satisfaction survey rating on 'Environmental Health Service'. Target = >35% good or above	Achieved - 72% of respondents to the July 2009 resident satisfaction survey were "satisfied or very satisfied" with Council's environmental health services. (See page 1)
Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance	Not Achieved- Additional health inspection resource was engaged.
Animal Control		
Contractor to provide immediate response to public safety complaints.	Time of contractors' response to the incident. Target = <1 hr for greater than 30% of events	Achieved - All after hour's calls have been completed within required timeframe.
Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget Target = < 5% variance	Achieved - 0% variance to budget deficit.
Building Control		
Building consents and project information memoranda issued within fifteen working days.	Percentage of building consents and project information memoranda issued within fifteen working days of receipt of application. Target = 90%	Not Achieved - 38% of consents currently issued within 15 working days. Accreditation process diverted resources.
To have Waitomo District Council Accredited as a Building Consent Authority in the Building Act 2004.	Appropriate accreditation confirmed by due date.	Achieved - Accreditation
Rural Fire and Emergency Management (Civil Defence)		
Tainui Rural Fire Party (Mokau) is resourced in accordance with the Rural Fire Management Code of Practice.	Training provided and fire equipment assessed once per year to ensure compliance with Rural Fire Management Code of Practice. Target = 100% compliance with code	Achieved - 100% compliance with code

5.2 Environmental Sustainability

Outcomes and Activities

The Environmental Sustainability group of activities promotes Community Outcomes that target environmental well-being. These activities aim to minimise the impact of community's lifestyles and growth on the natural environment. The broad issues relating to the environment are primarily managed by Regional Councils, however it is the responsibility of every local authority to carry out activities that promote sustainable management and protection of the environment.

Activities Comprised in this Group

- Solid Waste Management
- Stormwater
- Resource Management
- Sewerage

Solid Waste Management

Activities

The Solid Waste Activity comprises the following:

Collection

Collection includes a kerbside collection of residual waste for the residents of Te Kuiti, Piopio, Mokau and Waitomo Village (part only) and the provision of a kerbside recycling service for the residents of Te Kuiti, Piopio, Mokau, Mahoenui and Waitomo Village.

Recycling stations are located at Marokopa, Waitomo Village, Benneydale, Piopio, Kinohaku and at the Waitomo District Landfill in Te Kuiti.

Management

Management includes maintenance and management of the Waitomo District Landfill in Te Kuiti by a contractor, and transfer stations at urban settlements in the District by local contractors.

Management also includes waste minimisation activities to help preserve the environment and minimise potentially negative effects of solid waste disposal. It includes education programmes aimed at drawing attention to the benefits of waste minimisation and recovery.



Kinohaku Transfer Station

Solid Waste Management

Key Achievements for 2008/09

- Continuation of existing services while the current Waste Management Strategy is reviewed, leading to preparation of a new Waste Management Plan for inclusion in the 2009-2019 LTP.
- The cancellation (by mutual agreement) of the Landfill Management Deed with Inframax Construction Limited (ICL) and direct control and management of the Waitomo District Landfill by WDC.
- Development, consultation and adoption of the Solid Waste Minimisation and Management Plan (SWaMMP).

Service Performance

Level of Service	Key Performance Indicator	Performance to 30/06/09
Monitoring of landfill at Te Kuiti to ensure it is operated in manner in compliance with resource consent.	Percentage compliance with resource consent conditions. Target = 85%	Achieved- 100% compliance.
Waste minimisation education reduces household waste.	Establish a waste stream monitoring project to quantify refuse collected from residents serviced by weekly kerbside collection and from transfer and recycling stations.	Achieved - Waste stream monitoring process in place.
Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance	Not Achieved: Additional interest and depreciation expenditure on additional, unbudgeted capital for the resumption of direct management of Landfill.

Stormwater

Activities

Stormwater Reticulation and Disposal

This entails providing, maintaining and expanding Council's urban stormwater disposal systems.

Stormwater	
Key Achievements for 2008/09	<ul style="list-style-type: none"> • Completion of asset inventory and condition assessment for Asset Management Purposes. • Preparation of a programme for the replacement and extension of stormwater pipe networks, having regard to urban areas where high inflow/infiltration of the existing sewerage reticulation network is an ongoing concern. • Upgrading of drain capacity in identified areas, including the junction of Carroll Street and Awakino Road stormwater and Rata Street was renewed and extended.

	Level of Service	Key Performance Indicator	Performance to 30/06/09
Service Performance	Compliance with resource consent conditions.	Percentage compliance with resource consent conditions. Target = 70%	Achieved- 100% compliance.
Service Performance	Implement a functional Stormwater Asset Management Plan	Percentage of Stormwater Asset Management Plan developed. Target = Basic Plan completed	Achieved - Completed in June 2008
Service Performance	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance	Achieved: 1% less than budget deficit.



Stormwater Drain, Walker Road Te Kuiti.

Resource Management

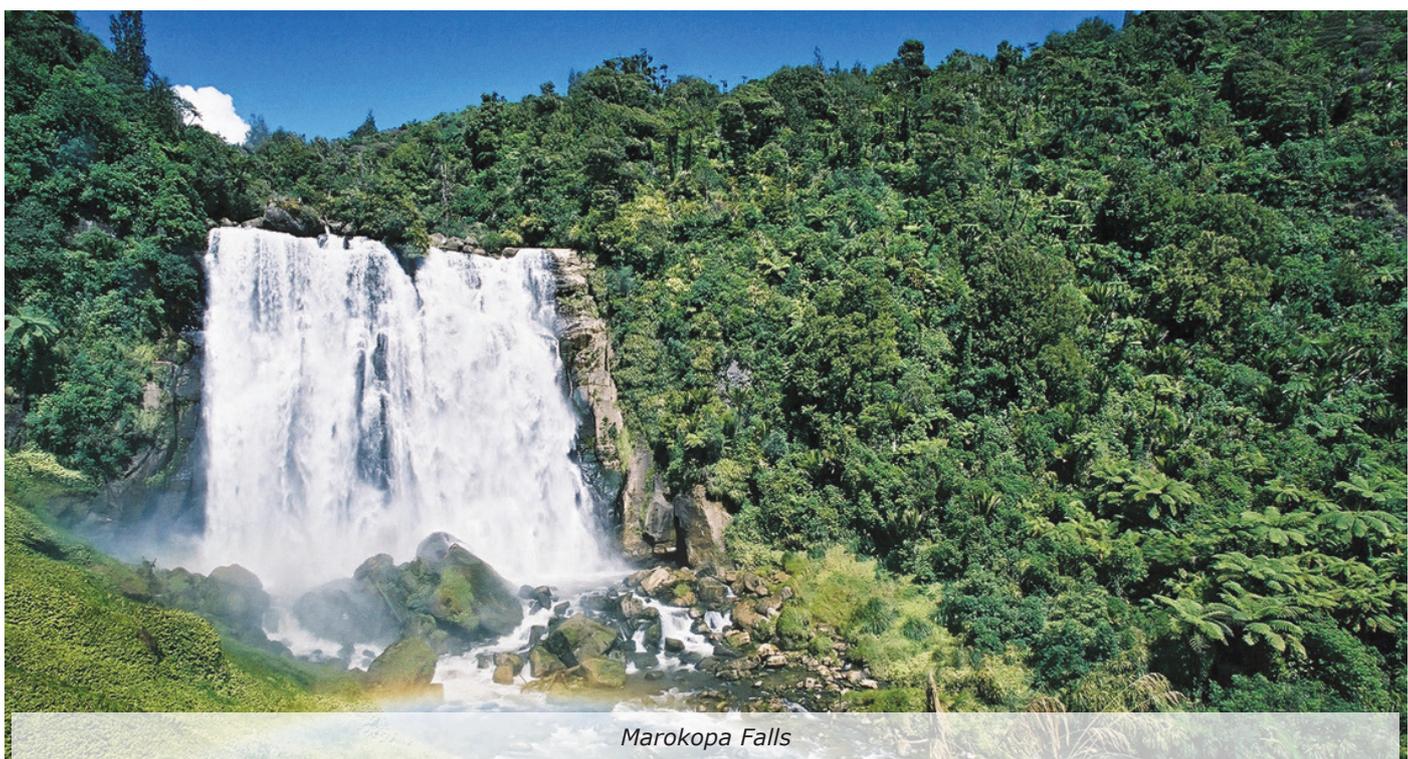
Activities

Resource Management

Administration and application of the District Plan, including the issue of resource consents for land use and subdivisional consents and monitoring consents for compliance with conditions.

Resource Management	
Key Achievements for 2008/09	<ul style="list-style-type: none"> Continued commitment to the "Shore Futures Project" – a collaborative planning approach between Environment Waikato, Otorohanga District Council, Waikato District Council and this Council for the integrated management of Kawhia Harbour. Formal adoption of the Waitomo District Plan in March 2009.

	Level of Service	Key Performance Indicator	Performance to 30/06/09
Service Performance	Non-notified resource consent applications processed within twenty (20) working days of receipt.	Percentage of non-notified resource consent applications processed within timeframe. Target = 90%	Achieved - 94% of resource consents processed within timeframe.
	Resolution of all outstanding references to the District Plan lodged with the Environment Court.	Number of outstanding references to the District Plan resolved. Target = 2	Achieved - All outstanding references have been resolved.
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance	Not Achieved: 71% Consultant and legal costs were more than budgeted for mainly for appeals to the Environment Court.



Marokopa Falls

Sewerage

Activities

In order to ensure the effective disposal of sewage in an environmentally sustainable manner and to promote and protect public health, the Council provides sewerage schemes at Te Kuiti, Te Waitere and Benneydale. A new scheme is also planned for Piopio.

Sewerage	
Key Achievements for 2008/09	<p>Te Kuiti Sewerage</p> <ul style="list-style-type: none"> • Preliminary work was completed for the reconfiguration and upgrade of the Te Kuiti wastewater treatment plant. • The main pump station located near Te Kuiti Primary was completed. • New resource consent for discharge of treated effluent from the Te Kuiti wastewater treatment plant was lodged with Environment Waikato. • Implementation of a new fees and charges regime under Council's Trade Waste Bylaw was completed. • An ongoing replacement programme for sewer reticulation which is at the end of its useful life continued. <p>Piopio Sewerage</p> <ul style="list-style-type: none"> • Progress was made on getting necessary resource consents for the new sewerage scheme at Piopio but the consent hearing process is still before the Environment Court. <p>Te Waitere Sewerage</p> <ul style="list-style-type: none"> • An assessment was made of the work to be done to provide wastewater services to Te Waitere community. <p>Benneydale Sewerage</p> <ul style="list-style-type: none"> • The application for a new resource consent for Benneydale communities was lodged. • Installation of SCADA equipment to monitor the sewerage treatment plant remotely was completed. <p>Waitomo Village Sewerage</p> <ul style="list-style-type: none"> • An assessment of the condition and performance of the Waitomo Village sewerage scheme was completed to determine the work required to bring the scheme up to an acceptable standard prior to consideration by the Council for possible take-over.

Service Performance	Level of Service	Key Performance Indicator	Performance to 30/06/09
	Treated effluent discharge test results are in accordance with resource consent conditions.	Percentage of test results in accordance with resource consent conditions. Target = 100%	Not Achieved - 60-90% of test results in accordance with resource consent conditions. Significant plant upgrades are required to meet consent limits.
	To implement and monitor compliance with bylaw.	Level of compliance with bylaw by trade waste consent holders. Target = 80%	Achieved - 80% compliance with bylaw.
	A wastewater system to be installed and operational in Piopio.	Percentage wastewater system completed and fully operational by June 2009. Target = 100% progress to completion.	Not Achieved - 40% of wastewater system completed by December 2010. Delayed - discharge consent has been appealed by Environment Court.

5.3 Economic Sustainability

Outcomes and Activities

The Economic Sustainability group of activities promotes outcomes that focus on providing the necessary infrastructure that enables communities throughout the urban environment to prosper and to ensure that the District as a whole is able to transport their 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 a reliable transport network. The provision of Council services throughout the District requires considerable financial resources and hence, in order to relieve the burden on the ratepayers, Council undertakes various investment activities.

Activities Comprised in this Group:

- Water Supply
- Land Transport
- Investments

Water Supply

Activities

The activities involve extraction, treatment and supply of public water supplies at Te Kuiti, Benneydale, Mokau and Piopio.

Water Supply

Across the water supply schemes of Te Kuiti, Piopio Benneydale and Mokau, Public Health Risk Management Plans were undertaken, completed and approved. These plans are required to support funding applications to the Ministry of Health.

Key Achievements for 2008/09

Te Kuiti Water Supply

- Increase in security of supply by providing a reticulation linkage between the Hetet and Hospital Hill Reservoirs to enable load sharing between storage facilities was planned for the year but was deferred pending the outcome of Ministry of Health subsidy application for this work.
- Ongoing mains renewal programme continued but only carried out as required.
- Implementation of Year one of the three year SCADA (Supervisory Control and Data Acquisition) programme across the District was started and is 50% complete with SCADA installations complete for Mokau Water, Benneydale Water and Benneydale Sewerage. This technology will allow the automatic gathering of data in real time from all treatment facilities including remote locations in order to improve control of treatment plant equipment and operating conditions and to meet the requirements of the Drinking Water Act. Data will be stored at a central base station at the Council offices.
- Planning for the upgrade of treatment plant in accordance with new drinking water standards was put on hold pending the outcome of Ministry of Health subsidy application for this work.

Benneydale Water Supply

- Operation of water supply continued following upgrades completed in last financial year to the treatment plant.
- Installation of SCADA equipment to monitor the water treatment plant remotely was completed.

Piopio Water Supply

- A decision was made to defer the Stage 1 replacement of old 50mm diameter asbestos cement water main as planned because the pipe did not fail during the year as had been expected.
- Investigation of options for increased storage capacity and remedy backwash capacity of supply filter was deferred until work on the outcome of the Public Health Risk Management Plan was completed and approved. The outcome of MoH funding applications are known.

Mokau Water Supply

- An investigation into options for supplementary raw water storage to improve supply security was completed. Work has been deferred pending the outcome of the MoH subsidy application.
- The planning for inclusion of mains replacement programme in LTP which was subject to Ministry of Health subsidy was also deferred.
- Installation of SCADA equipment to monitor the water treatment plant remotely was completed.

	Level of Service	Key Performance Indicator	Performance to 30/06/09
Service Performance	To monitor drinking water supplies to comply with New Zealand Drinking Water Standards (NZDWS: 2000).	Percentage of Microbiological waters tests meet standard of NZDWS: 2000. Across all schemes. Target = 95%	Achieved – 95% meet standard across all schemes.
	Level of compliance of water supply plants and networks with resource consent conditions.	Percentage of compliance with resource consent conditions. Target = 85%	Achieved – 90% comply with resource consent conditions.
	Provision of effective water service for the community.	Customer satisfaction survey rating on "Water" question. Target = >35% good or above	Achieved - 72% of respondents to the July 2009 resident satisfaction survey were "satisfied or very satisfied" with Council's water supply service. (See page 1)
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance	Not Achieved: Government subsidy budgeted for capital works was not received.



Benneydale Water Supply.

Land Transport

Activities

Subsidised Roading

NZTA the national road funding authority, provides a subsidy for works that meet the criteria for subsidy. 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 & Asset Management
- Professional Services
- Pavement Rehabilitation
- Sealed Surfacing
- Structures Replacements
- Drainage Renewals
- CFA
- Associated Improvements
- Minor Improvements
- Traffic Services Renewals
- Unsealed Road Metaling

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)
- Unsubsidised Roading

Land Transport

Key Achievements for 2008/09

- Implementation of the Traffic Counting Programme completed.
- Replacement of the Papakauri Road Armco culvert (\$200,000) completed.
- Replacement of the Ngakakore Road Bridge (\$75,000) completed.
- Renewal of structural components at Te Matai Bridge (\$90,000) completed.
- Continue footpath replacement programme including Waitete Road Footpath completed.
- Installation of new streetlights in new developments and replace existing lights as required with energy efficient fittings, Bayne Street completed.
- Reseal 44 km of road throughout the District completed.
- Shape correction on Mangarino Road, Waimiha Road, Taharoa Road, Rangitoto Road (x2 sites) completed.
- Minor safety improvements at Rangitoto Road, Papakauri Road and Totoro Road completed.
- Deliver road safety programme targeting driver licensing, use of child restraints, driver fatigue and intersection controls completed.
- Completion of flood damage repairs, 9 sites (\$562,000 Works, \$100,000 Investigate).
- Completion of the Pukeroa Road/ Kiwi Street construction (\$200,000).

	Level of Service	Key Performance Indicator	Performance to 30/06/09
Service Performance	Kilometres of road network sealed, resealed within annual budget.	Percentage of total sealed road network resealed within annual budget Target = > 8%	Achieved - 44km resealed = 8.8%
	Kilometres of sealed road network reconstructed within annual budget.	Percentage of total sealed road network reconstructed within annual budget. Target = < 3%	Achieved - 5.8km reconstructed = 1.3%
	Kilometres of unsealed road network reconstructed within annual budget.	Percentage of total unsealed road network reconstructed within annual budget. Target = < 3%	Achieved - Completed 10.2km = 1.8%
	Contractors' performance meets agreed standard of work within budget.	Percentage of Contractor work that meets standard within budget. Target = 100%	Not Achieved - some contractor issues. 90% for 2008/09.
	Service will be delivered within budget.	Variance of actual Cost of Service Statement Operating Surplus/ (Deficit) for the activity from the annual budget. Target = < 5% variance	Not Achieved: 38% less than budget deficit. More subsidy was received than budget because Emergency Reinstatement works attract subsidy at a higher rates than other work streams.



Harbour Road, Te Anga.

Investments

Activities

- Council Controlled Organisations
- Investment in Local Authority Shared Services (LASS)

The Council has an equal share with each of the 13 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 Trading Organisation.

As in previous years, the Council will continue to evaluate it's investment in ICL having regard to the impact of its decisions on the social and economic wellbeing of the District community, in accordance with the Local Government Act 2002.

Investment Properties

Council Owned Quarries

Maintenance and management of Council owned quarries. The Council owns 24 quarries throughout the District of which seven are currently operational. The quarries are a major source of aggregate in support of the Council's substantial road maintenance/construction activities.

Forestry located at Rangitoto Landfill

Maintenance and management of forestry located at Rangitoto Landfill. The forestry was predominantly planted in 1994 and comprises some 15.7 hectares of pine trees.

Service Performance	Level of Service	Key Performance Indicator	Performance to 30/06/09
	Forest stand assessment completed.	Stand assessment and valuation completed. Target = complete valuation by 31 December 2008	Not Achieved - No valuation or stand assessment was undertaken.
	Investments are closely monitored for performance.	Monitor and report on Investments as per Council's Investment Policy.	Achieved - Investments reported via monthly and quarterly reporting processes.

6. Summary Financial Report for the Year ended 30 June 2009

The Summary Financial Report has been extracted from the full Annual Report which was authorised for issue on 28 October 2009 by the Mayor and Chief Executive. An unqualified audit report with an explanatory paragraph in relation to the serious financial difficulty of Waitomo District Council's subsidiary was issued and signed as part of the Annual Report on 28 October 2009. Deloitte have audited this Summary Financial Report and have issued an unqualified opinion with an explanatory paragraph on 17 November 2009. The Summary Financial Report was authorised for issue on 17 November 2009 by the Mayor and Chief Executive. The information included in this report has been prepared in accordance with FRS 43: Summary Financial Statements.

A Summary Financial Report cannot provide as complete an understanding of the financial and non-financial performance of Waitomo District Council as the full Annual Report. For further detailed information please refer to the following sections in the full Annual Report: Section 3; Groups of Activities, Section 4; Financials and Section 4.6; Notes to the financial statements. A full copy of the Annual Report is available from Waitomo District Council Office, Te Kuiti Public Library or on our website www.waitomo.govt.nz.

The primary objective of the Council is to provide goods or services to 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 NZ IFRS. The full set of financial statements complies with NZ GAAP and other applicable financial reporting standards, as appropriate for public benefit entities.

The financial statements at 30 June 2009 comprise the Waitomo District Council and its wholly owned subsidiary Inframax Construction Limited incorporated in New Zealand, and its wholly owned subsidiary Independent Roadmarkers Ltd incorporated in New Zealand.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Going Concern

The financial statements of the Group have been prepared on a going concern basis. The going concern assumption is dependent on the continuing financial support from the lenders to Inframax Construction Limited and an improvement in the financial performance of Inframax Construction Limited (a material subsidiary to the Group).

Inframax Construction Limited was in breach of its loan covenants as at 30 June 2009 (refer to note 4 of the balance sheet). Subsequent to balance date Inframax Construction Limited has renegotiated its covenants with its lender with the new ratio's being effective from 1 July 2009.

If Inframax Construction Limited or its subsidiary were unable to continue to operate and pay their debts as and when they become due and payable, adjustments may have to be made to reflect the situation that assets may need to be realised and liabilities extinguished, other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the Group's Balance Sheet.

The Group financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should Inframax Construction Limited be unable to continue to operate.

6.1 Summary Income Statement for the year ended 30 June 2009

	Note	2009 Council Budget \$000's	2009 Council Actual \$000's	2008 Council Actual \$000's	2009 Group Actual \$000's	2008 Group Actual \$000's
Revenue						
Rates Revenue (including Penalties)		12,378	12,331	10,801	12,331	10,801
Other Revenue		10,328	9,379	10,005	55,517	54,582
Other Gains/(Losses)		0	(2,814)	0	486	0
Total Revenue and Gains/(Losses)	1	22,706	18,896	20,806	68,334	65,383
Expenditure						
Employee Benefit Expenses		3,009	3,105	2,761	19,276	22,872
Depreciation and Amortisation		3,924	3,983	3,734	5,946	5,913
Finance Costs		2,709	2,312	2,134	3,294	3,496
Other Expenditure		11,315	11,780	12,498	45,167	34,051
Total Expenditure	2	20,957	21,180	21,127	73,683	66,332
Surplus/(Deficit) Before Tax		1,749	(2,284)	(321)	(5,349)	(949)
Taxation Expense		0	63	100	1,300	916
Net Surplus/(Deficit)		1,749	(2,221)	(221)	(4,049)	(33)

Rates penalties were classified in the Annual Plan 2008/09 as other revenue whereas they are classified as Rates Revenue in the Annual Report. The budget figures have been restated so that they are comparable with actual results reported.

Explanation of variances to budget (Council)

Note 1: Revenue

Revenue and other gains/ losses were \$3.8 million less than budget due to five factors;

- No dividend and subvention revenue was received from Inframax Construction Limited for the 2008/09 financial year and the value of Council's investment in the company was also written down (a loss of \$3.3 million).
- Subsidy revenue for Mokau Water and Piopio Sewerage was not received as planned because the associated capital works were not started or completed. Part of subsidy income was recognised as revenue last year for Piopio Sewerage had to be reversed this year. This was due to some costs of the scheme were not being eligible for subsidy.
- Roading subsidy was also greater than expected due to subsidy being received for emergency reinstatement work that was carried out as a result of flood damage repairs. Emergency reinstatement work is subsidised at a greater rate than other classes of work carried on the road network.
- A gain on revaluation of investment properties contributed \$0.5 million in a one off gain due to revaluing these assets to fair value. These assets were previously recognised at their historic cost, which was very low.
- Revenues also increased and were more than budget due to Council's operation of the Waitomo District Landfill and the Te Kuiti Information Centre. Council became responsible for all the operating revenues (and also all the expenses) associated with these two activities which was not budgeted for in the Annual Plan.

Note 2: Expenditure

Expenditure was \$223,000 more than budget due to five factors;

- Council resumed direct management of the Waitomo District Landfill at the beginning of the financial year and the Te Kuiti Information Centre from November 2008 and became responsible for all of the operating costs of these activities. These changes in mode of service delivery were not planned for in the Annual Plan.
- Losses on disposal of assets due to them being replaced were also incurred during the year and these were not budgeted for.
- Water and sewerage operational costs increased due to the contract with Council's principal service provider United Water contract entering its second operational phase part way through the year.
- Significant savings were achieved in the Community Facilities activity because maintenance expenditure was only spent as and when required.
- Finance costs were less than budget due to the low interest rate environment enjoyed during the financial year.

6.2 Summary Statement of Recognised Income and Expense for year ended 30 June 2009

	2009 Council Budget \$000's	2009 Council Actual \$000's	2008 Council Actual \$000's	2009 Group Actual \$000's	2008 Group Actual \$000's
Balance at 1 July	245,857	240,760	246,431	234,557	234,590
Property, plant and equipment revaluation gains taken to equity	0	0	0	340	0
Loss on Available for sale Financial Assets	0	(7,637)	(5,450)	0	0
Net Income Recognised directly in Equity	0	(7,637)	(5,450)	340	0
Net Surplus/(Deficit) for the year	1,749	(2,221)	(221)	(4,049)	(33)
Total Recognised Income and expense for the Year	1,749	(9,858)	(5,671)	(3,709)	(33)
Balance at 30 June	247,606	230,902	240,760	230,848	234,557

6.3 Summary Balance Sheet as at 30 June 2009

Note	2009 Council Budget \$000's	2009 Council Actual \$000's	2008 Council Actual \$000's	2009 Group Actual \$000's	2008 Group Actual \$000's
Equity	247,606	230,902	240,760	230,848	234,557
Current Assets	3,792	3,686	6,228	13,091	20,115
Current Liabilities	1 8,548	9,902	14,809	26,419	33,561
Net Working Capital	4 (4,756)	(6,216)	(8,581)	(13,328)	(13,446)
Non Current Assets	2 282,765	266,912	271,129	274,488	270,268
Non Current Liabilities	3 30,403	29,794	21,788	30,312	22,265
Net Assets	247,606	230,902	240,760	230,848	234,557

Explanation of variances to budget (Council)

Note 1: Current liabilities were \$1.4 million more than budget due to Council's use of Wholesale Advance facility at year end that was not planned for in the Annual Plan. \$4.8 million of term loans were due for refinancing and are therefore classed as current at year end.

Note 2: The value of non current assets was \$15.9 million less than projected in the Annual Plan primarily due to the write down in the value of the investment in Inframax Construction Limited which saw a reduction in the value of Other Financial Assets to \$6.4 million from a forecast of \$22.8 million. Against this trend, Investment property increased by \$0.5 million due to a revaluation gain.

Note 3: During the year additional borrowings of \$7.8 million was undertaken. These funds were applied to the capital works programme, the reimbursement of Inframax Construction Limited for assets transferred to Council on the cancellation of the landfill management deed, part funding of land transport operating costs, and funding other Council costs that would otherwise have been funded by investment income. The Annual Plan provided for \$6.7 million to be raised by way of loan to fund Council's capital programme and part of Land Transport operating costs.

Net Working Capital

Note 4: As at 30 June 2009, the Council had negative working capital of \$6.2 million (2008: \$8.6 million) and the Group had a negative working capital of \$13.3 million (2008: \$13.4 million). The shortfall in working capital is mostly due to the current portion of borrowings as follows:

	2009 Council Actual \$000's	2008 Council Actual \$000's	2009 Group Actual \$000's	2008 Group Actual \$000's
Current				
Secured Loans	6,100	8,610	13,616	18,153
Lease Liabilities	68	69	95	90
Total Current	6,168	8,679	13,711	18,243

Council

The current portion of secured loans as at 30 June 2009 is made up of two amounts: \$1,300,000 drawn down under a wholesale advance facility and a \$4,800,000 term loan which is due to expire on 15 December 2009. The wholesale advance facility has a limit of \$2,000,000 (2008: \$6,000,000). There was \$700,000 (2008: \$2,090,000) available on this facility as at 30 June 2009. The Council's bankers, Westpac has been consulted during the strategic planning of the Council through the Annual Plan process and the LTCCP. Subsequent to year end Westpac extended the facility to 31 July 2012 and increased the limit from \$2,000,000 to \$5,000,000 and approved two wholesale term loans of \$2,000,000 each, one to fund an equity investment in Inframax Construction Limited and one to finance capital works projects.

Group

The current portion of secured loans as at 30 June 2009 for the Group, is comprised of Council loans noted above and loans made to Inframax Construction Limited and Independent Roadmarkers Limited. As part of Inframax Construction Limited's security arrangements with Westpac, Inframax Construction Limited is required to meet the banks covenant requirements on a quarterly basis. At balance date, Inframax Construction Limited a subsidiary of the Group was in breach of its banking covenants. Accordingly, the interest bearing borrowings for Inframax Construction Limited have been reclassified as current pursuant to NZ IFRS (NZ IAS 1). The carrying value of non-current loans reclassified to current borrowings is \$7,272,205 (2008: \$9,543,003). Both Westpac and the Board of Directors of Inframax Construction Limited are committed to rectifying the breaches in the coming financial year through negotiation and business process improvements. Since balance date the banking covenants have been re-negotiated with Westpac effective from 1 July 2009 and Inframax Construction Limited have agreed to maintain communication with the bank and obtain approval prior to considering any dividend arrangement.

At 30 June 2009, Inframax Construction Ltd had a multi option credit line facility of \$3,750,000 (2008: \$3,250,000) of which \$835,910 (2008:0) was available at 30 June 2009. The multi option credit line facility matures on 31 March 2011.

6.4 Summary Statement of Cash Flows for the year ended 30 June 2009

	2009 Council Budget \$000's	2009 Council Actual \$000's	2008 Council Actual \$000's	2009 Group Actual \$000's	2008 Group Actual \$000's
Net Cash Inflow from Operating Activities	5,673	8,070	3,093	8,988	4,043
Net Cash Outflow from Investing Activities	(11,506)	(13,528)	(8,471)	(11,012)	(10,135)
Net Cash Inflow from Financing Activities	6,675	5,321	5,399	3,022	4,899
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	842	(137)	21	998	(1,193)

6.5 Summary of Notes

Components of Equity as at 30 June 2009

	2009 Council Actual \$000's	2008 Council Actual \$000's	2009 Group Actual \$000's	2008 Group Actual \$000's
Retained Earnings	196,530	196,741	195,809	197,848
Council Created Reserves	856	2,764	856	2,764
Total Available for sale Reserves	4	7,641	4	4
Total Revaluation Reserves	33,512	33,614	34,179	33,941
Total Equity	230,902	240,760	230,848	234,557

Capital Expenditure (Council)

	Note	2009 Council Budget \$000's	2009 Council Actual \$000's	2008 Council Actual \$000's
Leadership		0	171	531
Community Facilities	1	542	259	326
Solid Waste	2	82	358	1,521
Stormwater		277	204	0
Sewerage	3	2,210	1,915	1,056
Water	4	2,426	1,063	673
Roads	5	5,972	6,312	5,287
Total Capital Expenditure		11,509	10,282	9,394

Explanations to variances to Budget (Council):

1. Community Facilities expenditure was \$283,000 less than budget. Renewal work for Piopio Hall, public toilets, Cultural and Arts Centre and wharves were not undertaken during the year. There was also a budget to upgrade the library computer system which was not spent.
2. Solid Waste expenditure was \$276,000 over budget. The expenditure for the year was mainly for earthworks to improve site safety. This work was unbudgeted but was required following the resumption of direct management.
3. Sewerage expenditure was \$295,000 less than budget due to delays experienced with the Piopio Sewerage scheme because of an appeal to the Environment Court. Only minor works have been completed during the year.
4. Water expenditure was \$1.4 million under budget. Limited works has been carried out during the year for Te Kuiti water with some of this work being deferred to 2009/10. The water treatment plant upgrade at Piopio water has also been deferred to the 2009/10 year and a decision to carry out this work is dependent on the level of subsidy funding available.
5. Roads was \$340,000 over budget due to additional costs being incurred for emergency works reinstatement that was carried out during the year as a result of flood damage.

Commitments at 30 June 2009

Council's commitments on projects where contracts have been entered into but goods and services have not been received were \$8.4m (2008: \$17.6m), of this \$1.3m (2008: \$1.2m) related to capital expenditure, \$0.2m (2008: \$0.2m) related to non-cancellable operating leases and \$6.9m (2008: \$16.2m) related to operational commitments.

Contingencies

In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of \$10,700 (2008: \$10,700), in lieu of a cash deposit.

A legal claim was lodged against Council by G and M Forde in respect of a claim for damage to two power lines on the Forde's farm as a result of a tree located on Council road reserve falling down during a storm. The amount of the claim is \$6,482.43. Council carries insurance for such claims.

Council is a shareholder in Local Authority Shared Services Ltd. LASS is jointly owned by 13 local authorities and has been set up to develop shared service initiatives, including a valuation database. There is uncalled capital of \$34,221 (2008: \$34,221) that Council may be required to pay if called. Council considers it unlikely that it will be called upon for the capital and therefore have not provided for this claim.

Westpac Banking Corporation has provided bond guarantees to Inframax Construction Ltd totalling \$2,465,616 (2008: \$3,471,913). These bond guarantees will be payable if Inframax cannot fulfil its contractual obligations.

Related Party Transactions

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

Council

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

	2009 Actual \$000's	2008 Actual \$000's
Transactions with Inframax Construction Limited		
Road construction and maintenance expenditure	8,052	8,992
Landfill expenditure	184	17
Other income	237	82
Subvention Income	0	20
Dividend Income	0	0
Balances Outstanding with Inframax Construction Limited		
Creditors	956	3,016
Debtors	6	6

Inframax Construction Limited

The Company paid plant hire fees of \$239,032 (2008: \$303,644) to C C Browne Contracting, a business owned by C C Browne, an employee of the Company. There was \$41,113 outstanding at year end (2008: \$37,798).

The Company paid plant hire fees of \$76,405 (2008: \$50,890) to R & M Simpson Contracting, a business owned by R Simpson, an employee of the Company. There was \$2,953 owing at year end (2008: \$8,308).

Remuneration of the Chief Executive (Council)

In the 2008/09 financial year the total remuneration paid to the Chief Executive was \$191,077.

Key Management Personnel

	2009 Council Actual \$000's	2008 Council Actual \$000's	2009 Group Actual \$000's	2008 Group Actual \$000's
Short Term Employee Benefits	1,065	1,028	1,821	1,798
Total Payments made to Key Management Personnel	1,065	1,028	1,821	1,798

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

In the 2008/09 financial year the total remuneration paid to Elected Members and Directors was \$200,000 (2008: \$204,000) and for the Group \$317,000 (2008: \$329,000).

There were no other related party transactions during the year (2008: Nil).

Events after balance date

Council increased its investment in Inframax Construction Ltd by way of additional share capital of \$2,000,000. This amount was paid to the company on 28 August 2009.

Inframax Construction Ltd has renegotiated its borrowing covenants with Westpac effective from the 1 July 2009.

Council has announced that an organisation restructure will be undertaken in the 2009/10 year. At this time no estimate on the financial effect of the restructuring can be made.

Westpac extended the term of the wholesale advance facility to 31 July 2012 and increased the limit from \$2,000,000 to \$5,000,000 and approved two wholesale term loans of \$2,000,000 each, one to fund the investment in additional share capital in Inframax Construction Limited and one to finance capital works projects.

Council granted Westpac a deed of charge over all rates revenue and rates receivable.

Compliance with Legislation

Council is required under Section 92 of the Local Government Act 2002, to monitor and report at least every three years on the progress made by the community in achieving the community outcomes identified by the community as being important for the district.

Council has not complied with Section 92. The reason for not completing this work was due to Council rebuilding capacity and focusing on the development of an integral planning framework to establish a revised strategic direction.