



Waitomo District Council

# Annual Report 2014-2015

*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: *Waikawau Beach, Waikawau, Waitomo District, New Zealand (Photo by Kelly Marriott)*

**ISSN:** 1170-9359

# TABLE OF CONTENTS

<b>Introduction</b> . . . . .	<b>.5</b>
Message from the Mayor and Chief Executive . . . . .	6
Elected Representatives . . . . .	7
Management Structure . . . . .	7
Statement of Compliance . . . . .	8
Audit Report . . . . .	9
Our Vision for Waitomo . . . . .	12
Through the Year - Some Statistics . . . . .	13
2014 - 2015 Highlights . . . . .	14
Performance Summary . . . . .	16
Financial Overview . . . . .	18
Maori Contribution to decision making . . . . .	22
Community Outcomes . . . . .	22
<b>Our Activities</b> . . . . .	<b>.23</b>
Community and Cultural Sustainability . . . . .	24
Governance: Leadership and Investments . . . . .	24
What we do. . . . .	24
Contribution to Community Outcomes . . . . .	25
Key projects completed during 2014/15 . . . . .	25
Statement of Service Performance. . . . .	25
How we went against our budget . . . . .	26
Variations to Annual Plan . . . . .	26
Community Service . . . . .	27
What we do. . . . .	27
Contribution to Community Outcomes . . . . .	27
Key projects completed during 2014/15 . . . . .	28
Statement of Service Performance. . . . .	29
How we went against our budget . . . . .	30
Variations to Annual Plan . . . . .	30
Community Development . . . . .	32
What we do. . . . .	32
Contribution to Community Outcomes . . . . .	32
Key projects completed during 2014/15 . . . . .	32
Statement of Service Performance. . . . .	33
How we went against our budget . . . . .	34
Variations to Annual Plan . . . . .	34
Regulation . . . . .	35
What we do. . . . .	35
Contribution to Community Outcomes . . . . .	35
Key projects completed during 2014/15 . . . . .	35
Statement of Service Performance. . . . .	36
How we went against our budget . . . . .	37
Variations to Annual Plan . . . . .	37
Environmental Sustainability . . . . .	38
Solid Waste Management . . . . .	38
What we do. . . . .	38
Contribution to Community Outcomes . . . . .	38
Key projects completed during 2014/15 . . . . .	38
Statement of Service Performance. . . . .	39
How we went against our budget . . . . .	42
Variations to Annual Plan . . . . .	42
Stormwater Drainage . . . . .	43
What we do. . . . .	43
Contribution to Community Outcomes . . . . .	43
Key projects completed during 2014/15 . . . . .	43
Statement of Service Performance. . . . .	44

How we went against our budget . . . . .	45
Variations to Annual Plan . . . . .	45
Resource Management . . . . .	46
What we do. . . . .	46
Contribution to Community Outcomes . . . . .	46
Key projects completed during 2014/15 . . . . .	46
Statement of Service Performance. . . . .	47
How we went against our budget . . . . .	47
Variations to Annual Plan . . . . .	47
Sewerage and Treatment and Disposal of Sewage . . . . .	48
What we do. . . . .	48
Contribution to Community Outcomes and Strategic Goals . . . . .	48
Key projects completed during 2014/15 . . . . .	48
Statement of Service Performance. . . . .	49
How we went against our budget . . . . .	50
Variations to Annual Plan . . . . .	50
Economic Sustainability . . . . .	52
Water Supply . . . . .	52
What we do. . . . .	52
Contribution to Community Outcomes . . . . .	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
Roads and Footpaths . . . . .	57
What we do. . . . .	57
Contribution to Community Outcomes . . . . .	57
Key projects completed during 2014/15 . . . . .	57
Statement of Service Performance. . . . .	58
How we went against our budget . . . . .	60
Variations to Annual Plan . . . . .	60
<b>Financial Statements. . . . .</b>	<b>.61</b>
Introduction to the Financial Statements . . . . .	61
Statement of Comprehensive Revenue and Expense for the year ended 30 June 2015 . . . . .	62
Statement of Changes in Equity for the year ended 30 June 2015 . . . . .	63
Statement of Financial Position 30 June 2015 . . . . .	64
Cashflow Statement for the year ended 30 June 2015. . . . .	65
Notes to the Financial Statements . . . . .	66
Statement of Accounting Policies for the year ended 30 June 2015. . . . .	66
Financial Reporting and Prudence Benchmarks . . . . .	126
Council Controlled Organisations . . . . .	134
Statement of Performance Measures: Year ended 30 June 2015 . . . . .	134
Inframax Construction Ltd . . . . .	134
Local Authority Shared Services (LASS) Limited . . . . .	135
<b>Appendices . . . . .</b>	<b>138</b>
Waitomo District Council . . . . .	138
Glossary of Terms and Acronyms . . . . .	140

# INTRODUCTION

This Annual Report details our performance over the last financial year from 1 July 2014 to 30 June 2015. It is an important way of informing our communities about how we have progressed in the achievement of our goals and provides the financial reporting on the year gone by. It is our accountability document to our community. This report also highlights the areas we performed well in and the areas we need to improve on.

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

The report is divided into the following sections:

**Introduction** - This section contains the overview of our performance.

**Our Activities** - This section contains details of the achievement in each activity area, the major projects undertaken, statements of our service performance and how we went against budget.

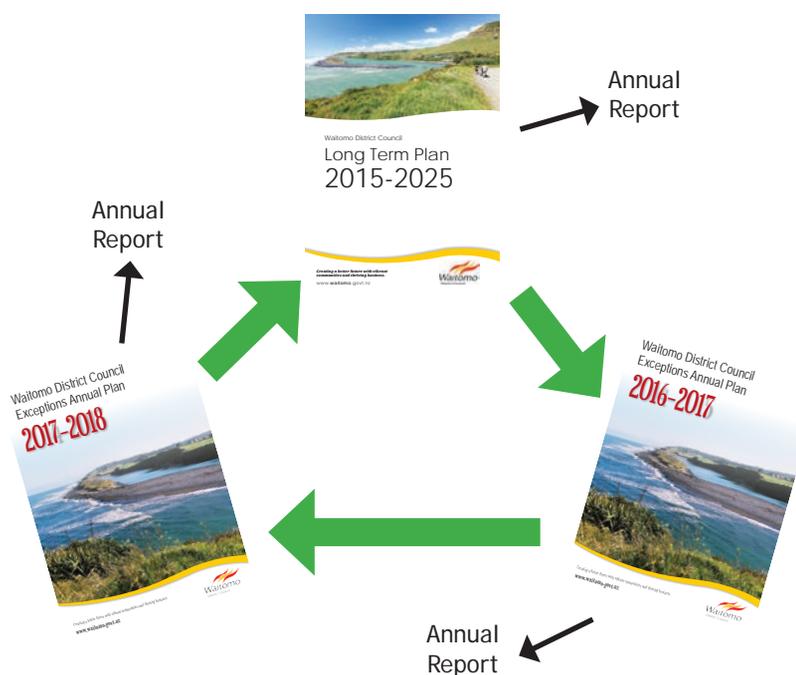
**Financial Statements** - This section provides details of our overall financial performance.

## Our planning and reporting cycles

**Long Term Plan (LTP)** is our strategic planning document. It sets the framework for Council's activities, performance measuring and monitoring. The LTP sets the plans across a ten year time frame. It is reviewed on a three yearly cycle (this means a new LTP is adopted by Council every three years).

**Annual Plan** - each year (in between the LTP review) Council prepares an Annual Plan which sets out the budget for the year and notes any variations to the plans and budget contained in the LTP for that year.

**Annual Report** - Every year we produce an Annual Report that reports against our plans, projects and budgets set out through Annual Plans and the Long Term Plan.



# MESSAGE FROM THE MAYOR AND CE

We are pleased to present the Annual Report for the year ended 30 June 2015. This Report summarises of our performance across 10 activity areas as well as the overall financial performance for the 2014/15 financial year.

Our vision of creating a better future with vibrant communities and thriving business is beginning to advance. We thank our key stakeholders and community partners for their collaboration and efforts as we work towards making this vision become a reality.

Residents have confirmed we are on the right track, with 91% of people surveyed this year satisfied that Council is moving towards this vision for the Waitomo District.

The Elected Council continues to apply our guiding principles of prudent financial management, sustainable asset infrastructure and the efficient delivery of services.

Our top financial results for the 2014/15 year are:

- Public debt sits at \$46 million, compared with \$54 million forecast by the Exceptions Annual Plan 2014/15.
- A total Capital Expenditure programme of \$10.7 million was carried out. This included \$4.7 million on roads, \$2.2 million on community service and \$2.2 million on water supply. \$1.27 million was borrowed against this spend.
- Total expenditure was \$1.5 million less than budgeted.
- Council also sourced a favourable interest rate which reduced the amount of interest costs we incurred over the year.

Our key infrastructure highlights for the past year include:

- the development of cell 2/3 at the Waitomo District Landfill,
- the completion of the upgrade to the Te Kuiti Waste Water Treatment Plant,
- and the commencement of phase 1 of the Te Kuiti Water Treatment Plant upgrade, and
- renewal of the upstairs portion of 28 Taupiri Street.

The upgrade of the brick Railway Station building is now complete. The brick building has been refurbished to a high standard and has been made available to community organisations. We are excited about the final stage of refurbishment to building 1 and to building 2 which will provide a high quality, unique and historic location for a new Te Kuiti business thereby concluding the overall development of a vibrant hub in Te Kuiti.

We have continued to seek out subsidies and grants where possible to assist in the funding of our projects. Over the past year we applied for and were successful in obtaining \$553,000 from NZ Lottery Grants Board for the restoration of the Railway buildings. A further grant of \$38,000 was also received for that project and \$60,000 was received from the North King Country Development trust for the refurbishment of the community space at the Railway station buildings. A grant of \$290,000 was received from NZ Lottery Grants Board (\$300,805 granted) towards the upstairs refurbishment project at 28 Taupiri Street.

We continue to support and encourage young people to develop the skills and attitudes they need to contribute positively to our society. Over the past year, local youth have taken part in a public speaking workshop, Waitomo's Got Talent Competition, Lower North Island Youth Council Conference, and made a submission to Council's Long Term Plan. Our youth also assisted with the organisation of the Maniapoto Bio Diversity Project and planning for the Waitomo District Young Citizenship Achievement Awards.

Our efforts to deliver a consistently high level of public service and customer service can be observed through the positive results of our resident satisfaction survey. Our targets were exceeded in terms of the number of residents who are satisfied with Council's efficiency (89%), Council is capable and competent (88%) and Council has good financial management (86%).

Resident satisfaction continues to improve across all services we deliver with the most notable ones being recycling and landfill facilities, animal control services, library facilities and service and quality public amenities and parks and reserves.

The Brook Park Incorporated Society is making significant headway with the development and improvements to the popular Park. Volunteers worked with Council to re-locate the band rotunda which now sits at within the scenic environment. A mountain bike trail has been formed and winds its way through the park. A community Guy Fawkes event is planned for the 14th November and we look forward to showcasing Brook Park to residents and visitors to our town.

Our investment in Inframax Construction Limited (ICL) continues to show positive results which is very encouraging and will provide benefits to the wider district in the medium term. ICL has reported a net profit after tax of \$987,077 which is a 79% increase over last year; net assets of the company have increased by 96% and average shareholder funds increased by \$843,000 (94%) over 2013/14.

This is a remarkable achievement for ICL and once again we would like to congratulate the Board, Management and Staff on the hard work that has gone into making this happen.

In conclusion, during the 2014/15 financial year we have kept our focus on prudent and sustainable financial management practices while leading our communities towards a vibrant and thriving future and we will continue with our endeavours into the future.

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



*Brian Hanna*  
BRIAN HANNA  
MAYOR



*Chris Ryan*  
CHRIS RYAN  
CHIEF EXECUTIVE

# 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**

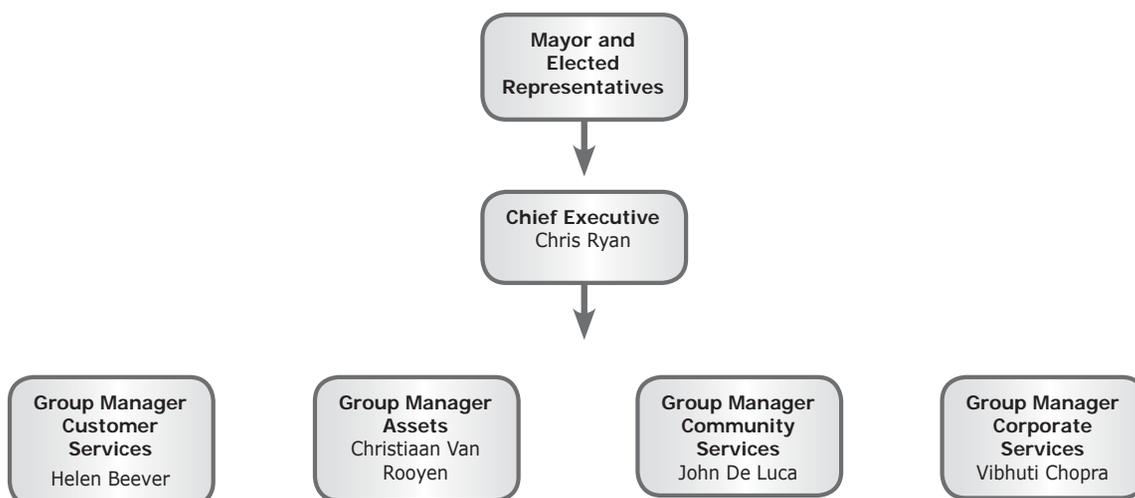
Phone/Fax: (07) 876 7518  
 Email: ss@waitomo.govt.nz  
 Address: 313 Te Waitere Road,  
 RD8, Te Kuiti 3988  
 WARD: RURAL



**Allan Goddard**

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

# MANAGEMENT STRUCTURE



# STATEMENT OF COMPLIANCE

## Statement of Compliance and Responsibility

### RESPONSIBILITY

The Council and the Management of Waitomo District Council (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 2015 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 38.



BRIAN HANNA  
MAYOR



CHRIS RYAN  
CHIEF EXECUTIVE

Dated this 28th day of October 2015.



MEADS GALLERY - WAITETE RUGBY CLUB



## INDEPENDENT AUDITOR'S REPORT TO THE READERS OF WAITOMO DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2015 on page 64;
  - the statement of comprehensive revenue and expense, statement of changes in equity and cash flow statement for the year ending 30 June 2015 on pages 62, 63 and 65;
  - the funding impact statement of the District Council on page 114;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 103 to 105; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 66 to 133;
- the statement of service provision (referred to as statement of service performance) of the District Council on pages 23 to 60 and the funding impact statements in relation to each group of activities of the District Council on pages 115 to 124; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 126 to 130.

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

- information about:
  - internal borrowing on page 92;
  - council-controlled organisations on pages 134 to 137;
  - reserve funds on pages 83 to 86;
  - each group of activities carried out by the District Council on pages 23 to 60;
  - remuneration paid to the elected members and certain employees of the District Council on page 112;
  - employee staffing levels and remuneration on page 112;
  - severance payments on page 113;
  - rating base units on page 131; and
  - insurance of assets on page 131;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 22; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 8; and

### Opinion

#### **Audited information**

In our opinion:

- the financial statements of the District Council and group on pages 62 to 133:
  - present fairly, in all material respects:
    - the District Council and group's financial position as at 30 June 2015; and
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand.
- the funding impact statement of the District Council on page 114, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 103 to 105, presents fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.

- the statement of service performance of the District Council on pages 23 to 60:
  - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan;
    - the reasons for any significant variances between the actual service and the expected service; and
  - complies with generally accepted accounting practice in New Zealand.
- the funding impact statements in relation to each group of activities of the District Council on pages 115 to 124, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 126 to 131 represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

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

The District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 28 October 2015. This is the date at which our opinion is expressed.

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

### **Basis of opinion**

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

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

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

An audit also involves evaluating:

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

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

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

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

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - present fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

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

## Responsibilities of the Auditor

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

## Independence

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



Melissa Youngson  
**DELOITTE**  
On behalf of the Auditor-General  
Hamilton, New Zealand

# OUR VISION FOR WAITOMO

## *'Creating a better future with vibrant communities and thriving business'*



Our aim is to make the District an attractive place that people will want to come and visit, work and live in.

We have been working steadily towards this vision for the past 4-5 years. This aspiration requires sustained effort over time to achieve, and we consider it critical for the future of our community which is challenged by the New Zealand wide trend of shrinking rural communities.

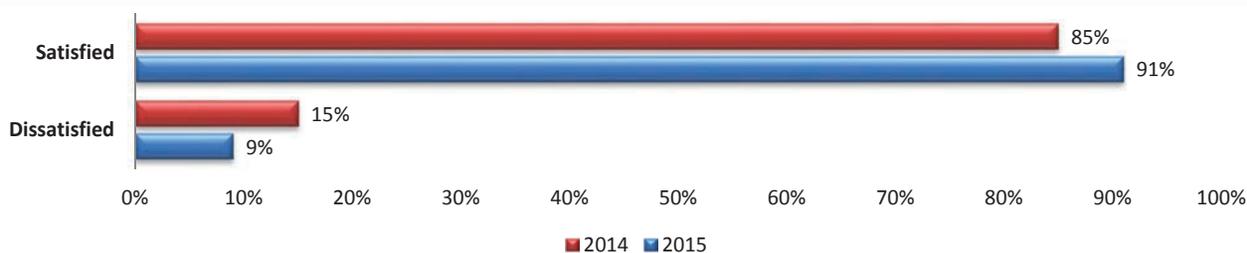
Council set objectives to drive this vision and guide our efforts. These are:

- ☆ Continue with essential infrastructure upgrades,
- ☆ Further develop community engagement,
- ☆ Drive community connectivity,
- ☆ Create economic development opportunities,
- ☆ Support stakeholder relationships, and
- ☆ Be part of regional leadership.

We have made good progress towards these objectives in the 2014/15 year. Key highlights are included in the following pages with further detail of our achievements in the activity areas included in the 'Our Activities' section of this report.

Everything we do at Council is linked to our vision. We asked the community in our recent Residents Survey whether they thought Council was moving towards its vision. It is very pleasing that the majority of responses supported Council's progress.

### Satisfaction that Council is moving towards its vision.



Source: 2015 Resident Satisfaction Survey

# THROUGH THE YEAR – SOME STATISTICS



**89%** of residents are satisfied that our Councillors are approachable and interact with the Community.



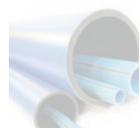
**1,014km** of roading managed and maintained by Council.



**\$11,539,788** is the value of building consents issued during the year.



**1,035,820m<sup>3</sup>** is the amount of water we produced.



**1,156,748m<sup>3</sup>** is the amount of waste water treated at Te Kuiti Waste Water Treatment plant.



**3,698** is the total number of dogs registered for the year.



**36,197** people visited the Library, **34,846** books were checked out and the internet was accessed **17,734** times.



**76%** of our Key Performance Indicators achieved.



**1,618** is the average number of customer service calls we received each month.



**96%** of Residents satisfied with the Council's communications.



**\$340m** is our total asset value.

# 2014 - 2015 HIGHLIGHTS

## Restoration of the Te Kuiti Railway Buildings



INTERNAL WORK BUILDING 3



EXTERNAL WORK BUILDING 2

The project to revitalise the Te Kuiti Railway Station Buildings began in 2012 and consisted of 5 projects. The aim of these projects is to create a vibrant central hub in Te Kuiti.

2014/15 saw the completion of the external framework of the three Railway Buildings.

The internal restoration of Building 3 was also completed this year and is available for use as a community space.

## Upgrade to 28 Taupiri Street, Te Kuiti Library

In early April 2015, WDC commenced the restoration project for the entranceway and upstairs portion of the building located at 28 Taupiri Street, Te Kuiti.

The building houses the Waitomo District Library on the ground floor, and the upper floor will be made available for the relocation of the Te Kuiti Community House Trust - an organisation that offers services to improve community well-being in the District.

\$290,000 was received from the Lottery Grants Board (\$300,805 granted) to assist with this project.



NEW ENTRANCEWAY AND FOYER, 28 TAUPIRI STREET



## Te Kuiti Waste Water Treatment Plant Upgrade



TIWHA BELL WITH MAYOR BRIAN HANNA

The Te Kuiti Waste Water Treatment Plant upgrade was officially opened on Tuesday 3rd March 2015.

The investment made in the new plant ensures optimal treatment processes, to ensure maintained water quality of the Mangaokewa River now and into the future.

The successful completion of this essential infrastructure project will serve to protect the public health of the Te Kuiti community for many years to come. The project also particularly focussed on obtaining the best value for money.

## Other Highlights:

- ▶ Completion of Phases 1 and 2 of the major upgrade to Te Kuiti Water Treatment Plant.



- ▶ 96% of Residents satisfied with the communications Council provides.
- ▶ Completion of development of cells 2 and 3 at the Waitomo District Landfill.

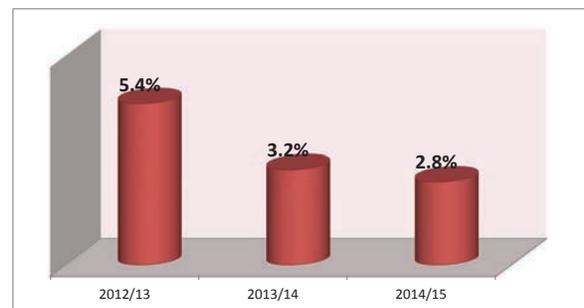


- ▶ Construction of a raw water storage dam at Mokau.
- ▶ Commencement of upgrade to Rora Street Gardens.

- ▶ Successfully obtained grants and donations for some key projects:
  - \$21,000 - Youth Council,
  - \$25,000 - Reducing Risk Project,
  - \$651,000 - Restoration and renewal of Railway Station Buildings, and
  - \$290,000 received (\$300,805 granted) - Restoration of 28 Taupiri Street (Library Building).

- ▶ Rates increases were substantially lower than Long Term Plan projections and well within our 'cap' commitment of 7.7%.

- ▶ Debt - Our actual public debt was \$46.14m at 30 June 2015 which is \$7.86m less than forecast (EAP budget: \$54m)



Actual Rates Increases 2012 - 2015



- ▶ Completion of Centennial Park Drainage.
- ▶ Playground upgrades at Redwood Park and Centennial Park.

# PERFORMANCE SUMMARY

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.

Sixteen of our performance measures are calculated through our annual Resident Satisfaction Survey. The remainder of our performance measures are calculated through a range of different methods such as our service request system which records all enquiries and complaints, user surveys, water quality readings, and Council inspection records etc.

*The following information provides a snapshot of progress made by WDC in achieving the performance targets.*

*The majority of our results are better than or consistent with previous year's results. This year we achieved 48 out of our 63 measures, compared to 47 last year.*

The most significant area of improvement was in our **Regulatory Services**.

Satisfaction Ratings	2015	2014
Environmental Health	88%	52%
Building Control	83%	48%
Animal Control	78%	46%

We also improved on the percentage of visits to both our food and liquor retail premises and dog owner's properties and achieved our targets in these areas, which we did not meet last year.

**Roading** saw a decrease in overall performance with 4 out of 6 measures not achieved, compared to 3 out of 6 last year. While we did not meet our target for the number of service complaints from ratepayers regarding the condition of the road surface, our total number of complaints reduced by 8% this year.

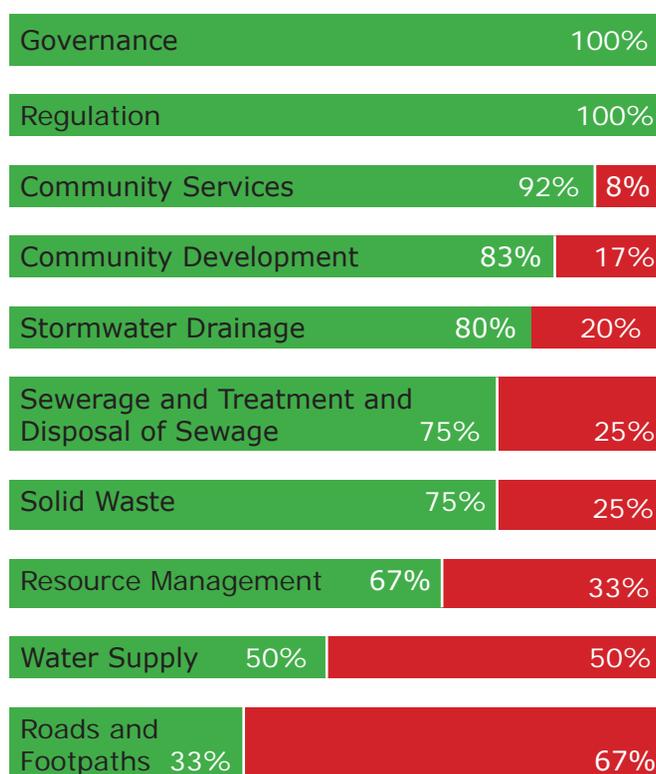
For the **Water Supply** services 4 measures were achieved and 4 not achieved. Despite this overall result there was an increase of 8% in satisfaction levels with the quality of our drinking water. Our continual improvements in this area seem to be making a difference.

Satisfaction with the **Solid Waste** services was high again. 96% of residents surveyed were satisfied with the safety of Council's recycling facilities, 95% rated rural waste transfer stations safe to use and 97% rated the landfill safe to use.

82% of respondents were satisfied with the quality of **Parks and Reserves**. Last year we did not achieve the 80% target.

In the 2015 Residents Satisfaction Survey, 96% of respondents are satisfied with the provision of **Council Communications**. This rating exceeds Council's target of greater than or equal to 55% and shows an increase of 7% in satisfaction levels from the previous year.

The following table shows the overall performance of the ten groups of Activities with green being achieved and red not achieved:



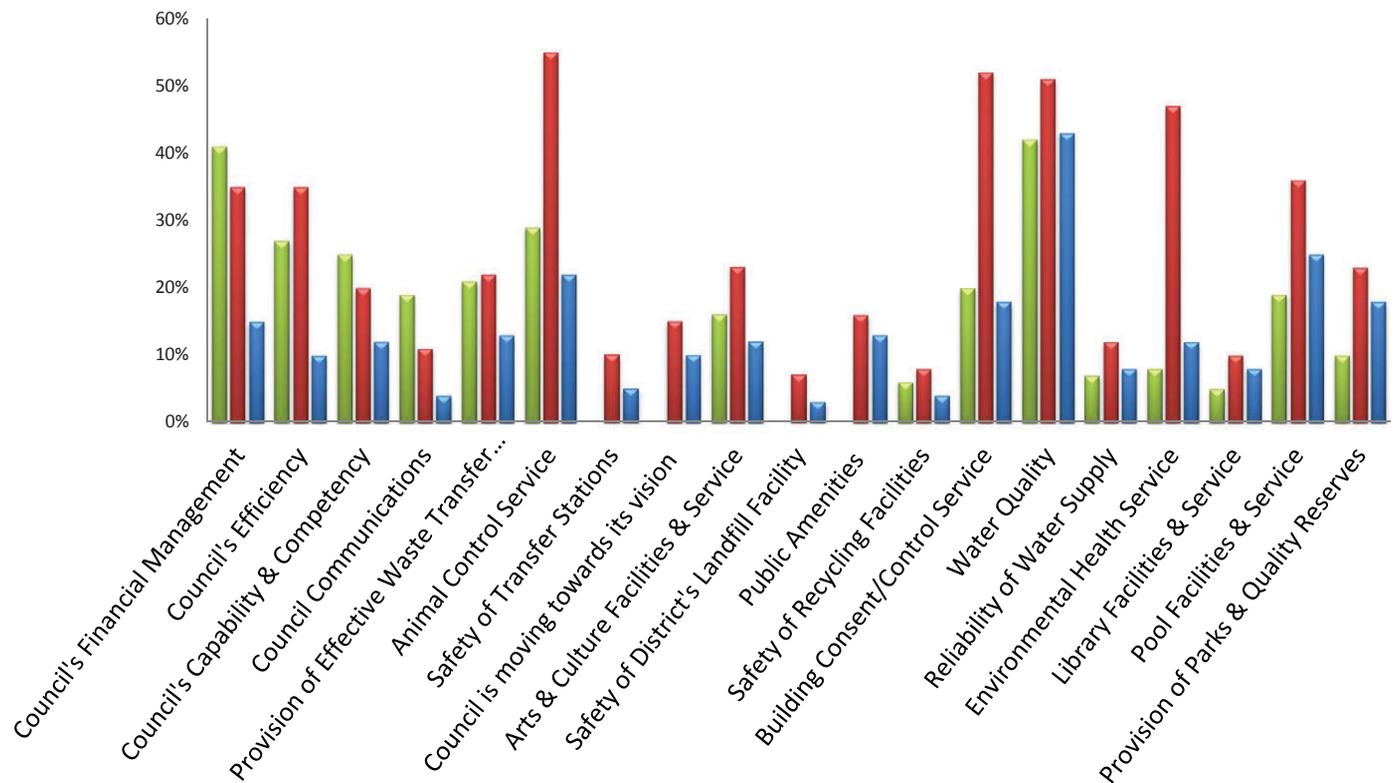
*Further details on how Council performed against its performance measures can be found in the Statements of Service Performance within the activity sections of this Annual Report.*

# Resident Satisfaction Survey

Council carries out a Resident Satisfaction Survey each year which seeks to gauge the opinion of residents on a wide range of services and activities delivered by Council.

The 2015 Residents Survey was developed and conducted in-house. It was a paper survey delivered direct to all letterboxes across the District. The survey was open to the public for a two week timeframe from Monday 27 June to Friday 3 July 2015. WDC received a good response to its survey this year, with a total of 439 completed surveys returned.

*The graph below shows a comparison of dissatisfaction levels with Council Services over the last three years. Overall the dissatisfaction of our residents decreased for all services since last year which is an excellent result.*



MAROKOPA DOMAIN

# FINANCIAL OVERVIEW

The following information provides an overview of our financial performance for the year to 30 June 2015.

## Surplus

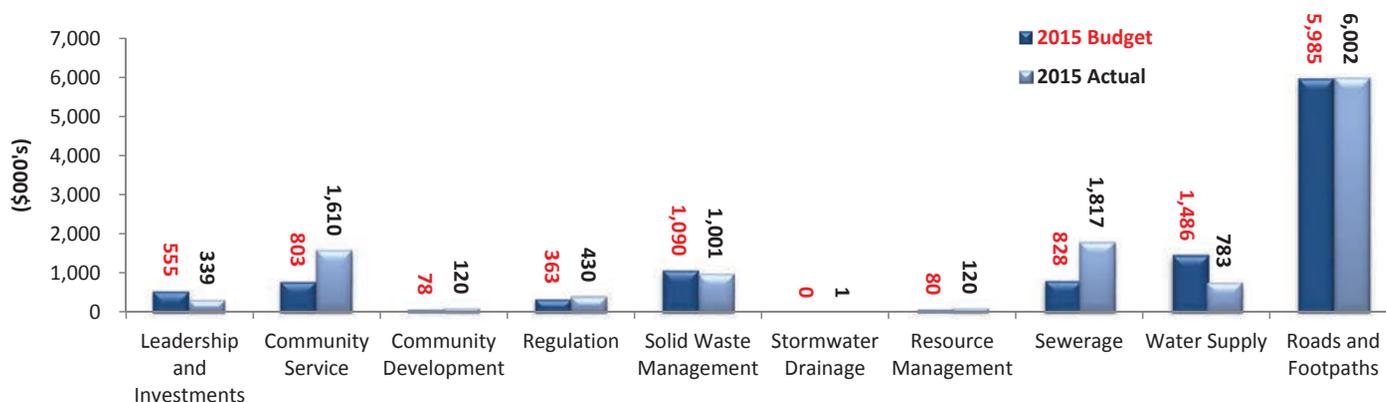
WDC reported a net surplus after tax of \$5.2 million compared to a budget surplus of \$2.6 million. This result is mainly attributable to revenue being more than budget and a reduction in our finance costs and depreciation.

	EAP 2014/15 \$000's	2014/15 ACTUAL \$000's	2014 ACTUAL \$000'S
<b>Cost of Service Statement for All Council</b>			
Total Income	10,858	12,223	11,147
Total Expenditure	26,041	24,528	24,087
<b>Net Operating Cost/ (Surplus)</b>	<b>15,183</b>	<b>12,305</b>	<b>12,940</b>
Total Capital Expenditure	10,838	10,663	8,744
<b>Total Net Expenditure</b>	<b>26,021</b>	<b>22,968</b>	<b>21,684</b>
<b>Funded By</b>			
Internal Loans Drawn	3,451	4,032	2,190
Reserves	4,821	1,452	2,563
Rates and Penalties	17,749	17,484	16,931
<b>Total Funding</b>	<b>26,021</b>	<b>22,968</b>	<b>21,684</b>

The EAP Budgets have been reclassified to align with the annual report. Rates penalties revenue has been included under Rates and Penalties and Total Capital includes Corporate capital which was excluded from the table on page 6 of the EAP 2014/15.

## Operating Revenue was \$1.1 million more than budget.

The graph below shows for each activity area how our budgeted revenue compared to the revenue we actually received.

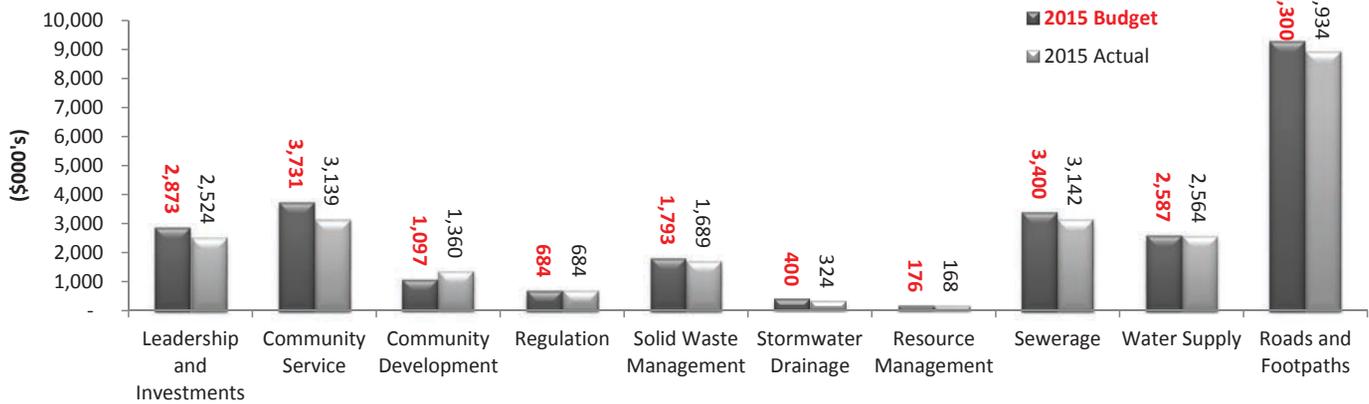


The main reasons for the difference between our budgeted and actual revenue received were:

- Receipt of grants for the restoration of the Railway Station Buildings (\$0.7m).
- An increase in trade waste revenue.
- Contributions towards carpark renewals, railway security fencing, and Piopio Hall.

## Operating Expenditure was \$1.5 million less than budget.

The graph below shows for each activity area how our budgeted expenditure compared to what we actually spent.



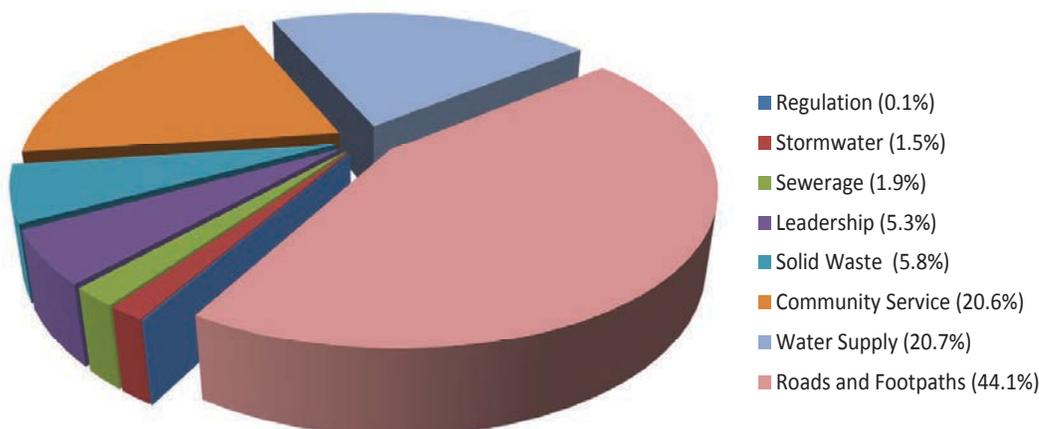
The main reasons for the difference between our budgeted and actual expenditure were:

- Finance costs were \$0.6m less than budget due to a reduced public debt level against interest rates being less than anticipated.
- Depreciation costs were \$0.6m less than budget mainly due to the delay to the completion of the Te Kuiti Water Treatment Plant upgrade, depreciation on the Te Kuiti Waste Water Treatment Plant being less than budgeted and the results of the road revaluation.
- Community Service costs were \$0.6m less than budget due mainly to rates paid on Council owned properties being excluded. The budget figure includes rates on Council owned properties. Repairs and maintenance expenditure was less than budget as this work is only carried out as required.
- Community development costs were \$0.3m more than budget due to additional rates and penalty remission applications being processed during the year.

## We invested \$10.66 million in Capital Projects.

Some key projects undertaken were:

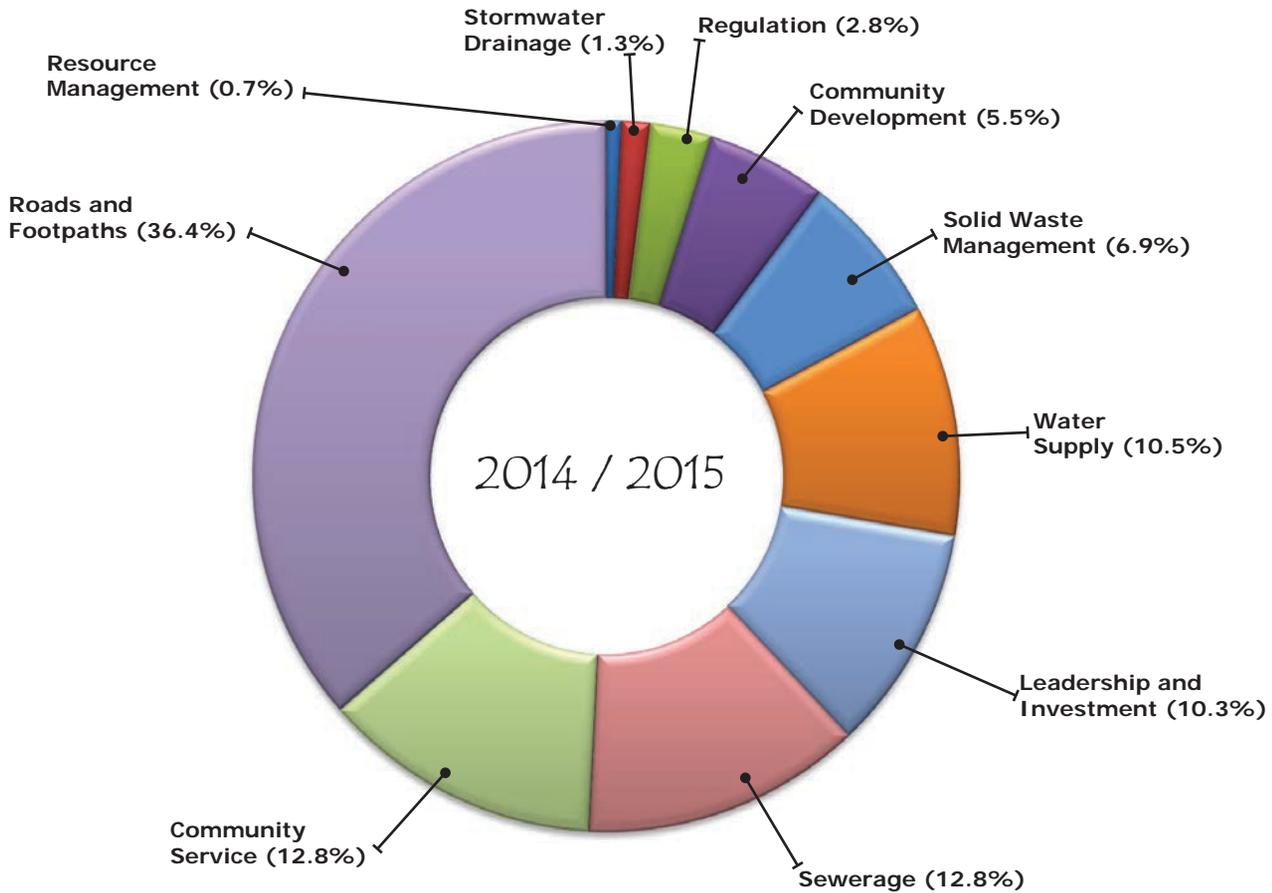
- Road Maintenance and renewals,
- Emergency Roadworks,
- Development of Cell 2 and 3 at the Landfill,
- Extensive external works to all three Railway Station Buildings and internal restoration of Building 3,
- Refurbishment of upper floor of 28 Taupiri Street,
- Safety upgrades at the District pound,
- Railway security fencing,
- Carpark renewals adjacent to the Cultural and Arts Centre,
- Purchase of land for soakage field for Mokau Public Toilets,
- Stormwater renewals in Duke and George Streets and Hospital Rd Te Kuiti, and
- Completion of phase 1 and 2 of the Te Kuiti Water Treatment Plant Upgrade.



*This graph shows capital expenditure in our different activity areas.*

# How Your Rates Were Spent

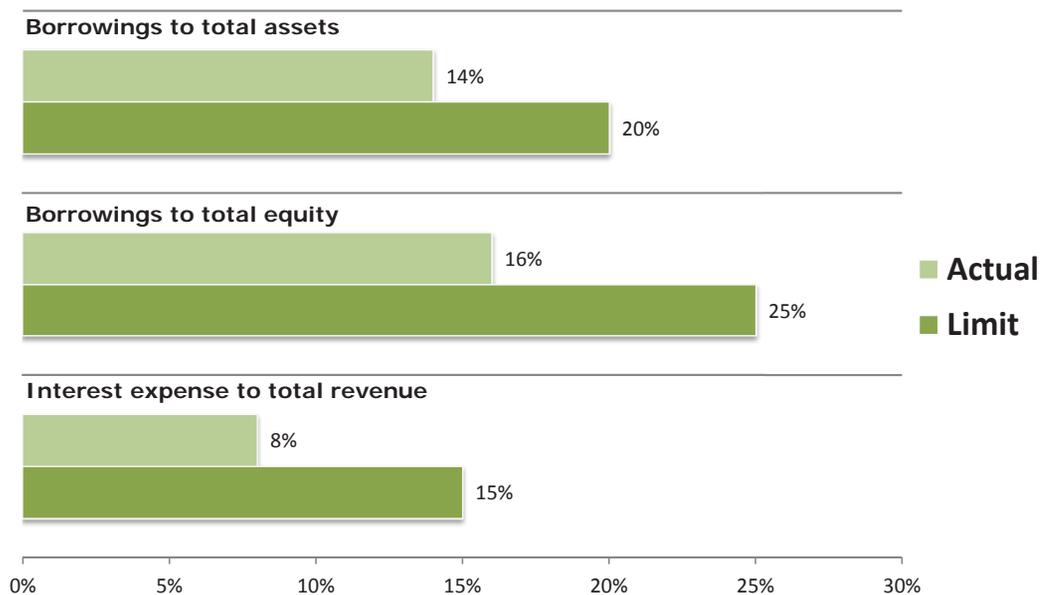
This graph shows the percentage of Council's spending on each Group of Activity.



## Debt

WDC borrows money to pay for large projects that will provide services to the community for a long period of time. This ensures that today's ratepayers pay only for the services and assets which they use now and not for benefits that will be received by the community in the future.

In keeping with the financial prudence and sustainability principle, Council has established borrowing parameters to ensure that investment priorities are carefully managed and within the reach of Waitomo Community.



The reduction in interest costs demonstrate Council's efforts towards liability management and the objective of lowering of cost of funds.

Debt was forecast in the Exceptions Annual Plan 2014/15 to be \$54 million and \$52.1 million in the 2012-22 Long Term Plan. **Actual debt was \$46.14 million at 30 June 2015.**

The following table illustrates favourable trends in the levels of debt over the last 3 financial years as follows:

	2013	2014	2015
Forecast Public Debt (LTP)	\$48,086,000	\$49,890,000	\$52,120,000
Actual Public Debt	\$45,182,000	\$44,865,000	\$46,140,000
<b>\$ Trend</b>	<b>-2,904,000</b>	<b>-5,025,000</b>	<b>-5,980,000</b>
<b>% Trend</b>	<b>-6.0%</b>	<b>-10.0%</b>	<b>-11.5%</b>

These trends show that actual debt has continued to reduce against forecast levels over the last 3 years. Despite the significant capital investment and upgrades carried out as planned our relative increase in debt levels has been low indicating Council's prudent financial and debt management.

## Overall Group Performance

The Group's overall performance for the year was an after-tax **profit of \$6.0 million.**

The initiatives put in place over the last several years have been successful and show in the improved financial performance of the subsidiary.

Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd have reported a net profit before tax of \$0.87 million for the year ended 30 June 2015. This is a positive result given the tough market conditions that these companies continue to operate under and is well up on the previous years combined net profit before tax of \$0.38 million.

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

## Statement of Financial Position

At 30 June 2015 total equity for the Group was \$287 million.

There was an \$11.2 million increase in equity reflecting net asset increases due to:

- The Group's after tax profit of \$6.0 million.
- Current assets increased by \$1.9 million mainly due to an increase in cash and cash equivalents and inventory and this has been offset by a decrease in receivables.
- Current liabilities increased by \$10.3 million mainly due to an increase in the current portion of borrowings offset by a decrease in payables.
- Non current assets increased by \$10.2 million due mostly to an increase in property, plant and equipment and investment property.
- Non current liabilities decreased by \$9.4 million due mainly to a decrease in non current borrowings offset by an increase in derivative financial instruments.

# 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.

As part of its current processes, Council seeks to identify any issues of particular interest to Maori, gather information on Maori perspectives on any significant work programmes and also perseveres to build on relationships already established through its current work programmes.

The Local Government Act 2002 and the Resource Management Act 1991 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.

Council intends to continue with the following current initiatives to assist Maori contribution to Council's decision making processes:

- Co-management of the Waipa River with Tangata Whenua through the Joint Management Agreement,
- Invite Maori representatives to be part of any groups established by Council for the purpose of seeking community feedback or understanding community views,
- Maori representation at the Youth Council which provides opportunity for issues particular to Maori to be brought to the attention of Council, and
- Iwi and Hapu representatives are consulted to discuss specific proposals which may involve a significant decision in relation to land or a body of water.

# 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 the community and where it wants to head towards in the future. Council in both its planning and reporting indicates which Community Outcomes each Group of Activities primarily contributes to.



## 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 2014/15 year as well as our actual results for the year. The measures have targets based on the results to be achieved in Year 3 of the 2012-22 LTP. The performance measures used are either customer or technical focussed.

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. Green indicates target achieved and red indicates not achieved. Note: Explanations are included where the target has not been achieved. The keys link the performance result to the related explanation.

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.

## Governance: Leadership and Investments

### What we do

This group comprises the Leadership and Investments 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, and
- 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 small forestry located predominantly at Waitomo District Landfill. The forestry was predominantly planted in 1994 and comprises approximately 15.7 hectares of pine trees.

##### **Parkside Subdivision**

As part of the restructure and capital raising of Inframax Construction Ltd in 2011, WDC purchased the Parkside Subdivision which is located near the centre of Te Kuiti. The subdivision consisted of 32 sections of which 28 remain available for sale.

##### 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

Outcomes the Leadership Group contributes to:	
 <b>CO1. Cultural Heritage</b>	 <b>CO4. A Vibrant and Prosperous District</b>

Outcomes the Investments Group contributes to:
 <b>CO4. A Vibrant and Prosperous District</b>

### Key Projects Completed during 2014-2015

- ☑ Preparation, consultation and adoption of the 2015-25 Long Term Plan.
- ☑ 2013/14 Annual Report prepared and adopted.
- ☑ Rates Remission/Postponement Policy (including rates on Maori freehold land) reviewed as part of development of 2015-25 LTP.
- ☑ Actively participated in the Waikato Mayoral Forum (including 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.
- ☑ Completion of the 2015 Residents Satisfaction Survey.

### 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 2015	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 2015.	(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 2015.	(b) ●
Effective communication with the community.	Customer satisfaction rating of effectiveness and usefulness of Council communications "good or better". <b>Target ≥ 55%</b>	<b>Achieved</b> Achieved – 95% of respondents to the Council's Resident Satisfaction Survey are satisfied that the Council provides effective and useful 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 2015.	(d) ●

#### Summary of Service Performance

The overall performance of the Governance: Leadership and Investments Activity for the period ending 30 June 2015 was excellent with all four key performance targets achieved.

## How we went against our budget

Cost of Service Statement - Governance: Leadership and Investments (\$000's)	2014/2015 BUDGET	2014/2015 ACTUAL	2013/2014 ACTUAL
<b>Operating Income</b>			
Representation	470	20	14
Investments	77	203	85
Treasury Management and Overhead Accounts	8	116	47
<b>Total Operating Income</b>	<b>555</b>	<b>● 339</b>	<b>146</b>
<b>Operating Expenditure</b>			
Representation	774	763	739
Strategic Planning and Policy	900	653	577
Monitoring and Reporting	384	420	434
Investments	807	627	636
Treasury Management and Overhead Accounts	8	61	47
<b>Total Operating Expenditure</b>	<b>2,873</b>	<b>● 2,524</b>	<b>2,433</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,318</b>	<b>● 2,185</b>	<b>2,287</b>
<b>Capital Expenditure</b>			
Renewal	683	565	262
<b>Total Capital Expenditure</b>	<b>683</b>	<b>● 565</b>	<b>262</b>
<b>Total Expenditure</b>	<b>3,001</b>	<b>● 2,750</b>	<b>2,549</b>
<b>Funded By</b>			
Internal Loans Drawn	230	0	0
Reserves	789	374	324
General Rates	1,009	973	620
UAGC	973	932	1,183
Rates Penalties	0	471	422
<b>Total Funding</b>	<b>3,001</b>	<b>● 2,750</b>	<b>2,549</b>

The 2014/15 EAP budgets have been reclassified to include the budget for interest received of \$8,000 that forms part of the Treasury Management activity. Capital expenditure budgets of \$683,000 have also been included for Treasury Management and Overhead Accounts Activity. Both items were previously excluded from the Leadership Cost of Service Statement but are required to be included to give a complete reconciliation from the Cost of Service Statement to the Statement of Comprehensive Revenue and Expenses.

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$216,000 less than budget. The budget of \$470,000 for Representation included \$410,000 for rates penalties. A subsequent change in accounting treatment has resulted in the actual rates penalties received of \$471,000 being disclosed in the 'Funded by' section of the Cost of Service Statement. In addition to this more interest revenue and quarry royalties revenue being received than expected and a gain on the revaluation on Parkside subdivision sections was recognised. This additional revenue was offset by a loss in the valuation of forestry assets.

### OPERATING EXPENDITURE

Expenditure was \$349,000 less than budget due to:

- The review of the District Plan was not undertaken during the year.
- Favourable loan interest rates achieved during the year meaning less interest costs were incurred.
- Rates paid on Council owned properties were 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 and 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 the interests of the community.

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 and strategic land holdings).

### 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 – Aquatic Centre, Aerodrome, Reserve and Community Facilities, Camp Grounds, Te Kuiti Waitomo Cultural and Arts Centre and Waitomo District Library.

Assisted voluntary community libraries are located at Awakino, Mokau and Benneydale.

### Public Amenities and Safety

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 public amenities Council provides are – Cemeteries, Public Toilets, Public Carparks, Street Furniture/Amenity Area, Emergency Management delivery, Rural Fire delivery.

### Contribution to Community Outcomes and Strategic Goals



RESTORATION WORK UNDER WAY ON TE KUITI RAILWAY BUILDING

## Key Projects Completed during 2014/15

### Parks and Reserves

- ☑ Completion of Centennial Park Playground upgrade.
- ☑ Relocation of Band Rotunda to Brook Park.
- ☑ The process for the renewal of the walking bridge at Benneydale Reserve was commenced and is due for completion in 2015/16 once resource consent is obtained.
- ☑ Investigation and drainage for Centennial Park completed as recommended by NZ Sports Turf Institute.
- ☑ Ongoing renewals were undertaken associated with Parks and Reserves pontoons, jetties and bridges on an as required basis.



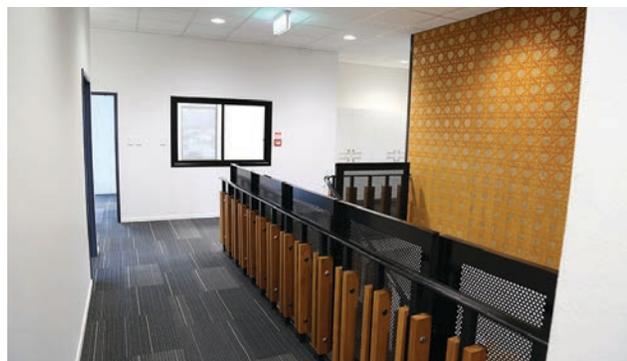
BAND ROTUNDA BEING INSTALLED AT BROOK PARK

### Housing and Other Properties

- ☑ The restoration associated with the external framework of the three Te Kuiti Railway Buildings was completed and the internal refurbishment of Building 3 was also completed in the 2014/2015 financial year.
- ☑ The refurbishment of 28 Taupiri Street upper level prior to the relocation of the Te Kuiti Community House commenced with partial funding granted from Lotteries Board.
- ☑ Commencement of the upgrade to the Piopio Hall entrance ramp with completion due 2015/2016.

### Recreation and Culture

- ☑ Development of the Te Kuiti Aerodrome Reserve Management Plan commenced with completion due 2015/2016.
- ☑ Renewal works associated with the library building completed.
- ☑ Design for the courtyard upgrade at the Waitomo Cultural and Arts Centre commenced.



RECEPTION AREA OF THE NEW COMMUNITY SPACE  
28 TAUPIRI STREET

### Public Amenities

- ☑ Commencement of the upgrade of Rora Street gardens. This project will be completed in 2015/16.
- ☑ Piopio Public toilet renewal/replacement was commenced with continuing investigations into the provision of a new toilet facility in Benneydale.
- ☑ The purchase of land for the Mokau toilet effluent field has been finalised with the works due for completion in 2015/2016.
- ☑ Cottage carpark development (adjacent to the Cultural and Arts Centre) undertaken on a shared cost basis with the Cottage Daycare Centre.



NEW PUBLIC TOILETS AT PIOPIO

# Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2015	Key
High quality Parks and Reserves will be provided.	Percentage of community satisfied with the quality of Parks and Reserves in annual and research surveys. <b>Target ≥ 80%</b>	<b>Achieved</b> - 82% of respondents were satisfied with the quality of Parks and Reserves as measured by the 2015 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; 60%</b>	<b>Achieved</b> – 100%. 15 out of the 20 tenants responded to the survey. 15 out of the 15 tenants were satisfied or very satisfied with the provision and maintenance of Elderly Pensioner Housing.	(b) 
Quality public amenities will be provided.	Percentage of community satisfied with the quality of public amenities (Public Toilets and Cemeteries). <b>Target ≥ 80%</b>	<b>Achieved</b> - 87% of respondents were satisfied with the quality of Public Amenities as measured by the 2015 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> - 92% of respondents were satisfied with the quality of library facilities and services as measured by the 2015 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 ≥ 70%</b>	<b>Achieved</b> - 75% of respondents were satisfied with the quality of pool facilities and services as measured by the 2015 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> - 88% of respondents were satisfied with the quality of the Arts and Cultural facilities as measured by the 2015 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 2016.	(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 2015 was nil.	(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 40%</b>	<b>Achieved</b> – 89% of respondents that responded to this question in the Residents Satisfaction Survey stated they could survive on their own for 3 or more days.	(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> – One major exercise was held on 6 May 2015 involving Civil Defence headquarters staff in a welfare exercise. Additional staff training held included Foundational training and Welfare training.	(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>Not Achieved</b> One minor accident recorded that was directly attributable to the failure of playground equipment.	(l) 

The overall performance for Community Services for the year ended 30 June 2015 was more than satisfactory with eleven out of the twelve performance targets achieved and one not achieved.

(l) The target for playground equipment is safe to use was not achieved due to a loose board on the bridge at Piopio Playground. This was inspected and rectified immediately with a complete overhaul of the unit undertaken promptly.

## How we went against our budget

Cost of Service Statement - Community Service (\$000's)	2014/2015 BUDGET	2014/2015 ACTUAL	2013/2014 ACTUAL
<b>Operating Income</b>			
Parks and Reserves	5	53	6
Housing and Other Property	635	1,290	211
Recreation and Culture	109	119	100
Public Amenities	54	139	40
Safety	0	9	35
<b>Total Operating Income</b>	<b>803</b>	<b>1,610</b>	<b>392</b>
<b>Operating Expenditure</b>			
Parks and Reserves	659	531	512
Housing and Other Property	1,080	732	698
Recreation and Culture	1,059	1,034	975
Public Amenities	748	713	688
Safety	185	129	157
<b>Total Operating Expenditure</b>	<b>3,731</b>	<b>3,139</b>	<b>3,030</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,928</b>	<b>1,529</b>	<b>2,638</b>
<b>Capital Expenditure</b>			
Parks and Reserves	107	130	156
Housing and Other Property	874	1,604	287
Recreation and Culture	304	75	50
Public Amenities	79	393	230
<b>Total Capital Expenditure</b>	<b>1,364</b>	<b>2,202</b>	<b>723</b>
<b>Total Expenditure</b>	<b>4,292</b>	<b>3,731</b>	<b>3,361</b>
<b>Funded By</b>			
Internal Loans Drawn	599	978	343
Reserves	477	(336)	165
General Rates	1,542	1,481	908
Uniform Annual General Charge	1,430	1,363	1,713
Target Rates	244	245	232
<b>Total Funding</b>	<b>4,292</b>	<b>3,731</b>	<b>3,361</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$807,000 more than budget. Grant revenue of \$613,000 was received for the restoration of the railway station buildings. The budget for this revenue was included in the 2013/14 year. A further donation of \$38,000 was also received from Trust Waikato for this project. Contributions of \$114,000 were received for the capital expenditure associated with the Piopio Hall, the carpark adjacent the Te Kuiti Childcare Centre in Te Kuiti and the railway security fencing. A gain on revaluation of investment properties was also recognised in revenue.

## OPERATING EXPENDITURE

Expenditure was \$592,000 less than budget due to:

- a. Rates on Council properties being excluded, the budget figure includes these rates.
- b. Parks and Reserves Management Plan and strategy expenditure was not spent.
- c. Repairs and maintenance expenditure budgets (some of which is on an "as required" basis) was not fully spent during the year.

## CAPITAL EXPENDITURE

Total capital expenditure was \$838,000 more than budget due to:

- a. The renewal of playground equipment at Redwood Park and Centennial Park playgrounds in Te Kuiti was undertaken. The budgets were included in the previous years.
- b. The restoration of the railway station buildings was completed during the year. The budget for some of this project was included in the previous year. Additional grant revenue was received to assist with funding the capital expenditure.
- c. The upgrade of the Cultural and Arts Centre was completed in the prior year and therefore the budget allowed for this work was not required.
- d. Renewal of car parking around the Cultural and Arts Centre and adjacent to the Te Kuiti Childcare Centre was completed during the year. A contribution was received to fund part of this expenditure. Expenditure on railway security fencing, security cameras and the purchase of land for the soakage field for the Mokau public toilets also occurred during the year. These items were not included in the budgets. A contribution was received to fund part of the railway security fencing.

# 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** - 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 over the last 3 years. 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 Trial; and
- Social Sector Youth Mentoring Programme.

**Customer Services** - 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.

Council has confirmed its intention to not proceed with the implementation of a Board at this time.

As an alternative to meeting its objective of supporting businesses, an Economic Development Action Plan for the Waitomo District has been implemented and actions will be advanced as per plan timelines.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Community Development Group contributes to:		
 CO1. Cultural Heritage	 CO3. Youth	 CO4. A Vibrant and Prosperous District

## Key Projects Completed during 2014/15

- ☑ 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.
- ☑ Continued support of district promotion via the Hamilton and Waikato Regional Tourism organisation.
- ☑ Events promotion, including the Great NZ Muster.
- ☑ Continued long-standing Sister City relationships.
- ☑ Development of an Economic Development Action Plan.



# 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 2015	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 advertised in the 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 Long Term Plan in May 2015.	(b) 
	Youth Council undertakes two youth related projects per year. <b>Target 2 per annum</b>	<b>Achieved</b> The Youth Council hosted 'Waitomo's Got Talent' on 12 September 2014.  Youth Council Members promoted and assisted with the Youth Bio Diversity Forum at the Ruakuri reserve on 29 May 2015. Ninety youth attended the forum.	(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> The Christmas Parade was held on Friday 12 December 2014. The Muster was successfully held on Saturday 11 April 2015. Both events were held on time and within 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> Seventeen 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 25% of the programmes identified within the District Economic Development Board are implemented.</b>	<b>Not measurable.</b> Council has confirmed its intention to not proceed with the implementation of a Board at this time.  As an alternative to meeting its objective of supporting businesses, an Economic Development Action Plan for the Waitomo District has been implemented and actions will be advanced as per planned timelines.	(f) 

## Summary of Service Performance

The overall performance for the Community Development Activity for the period ending 30 June 2015 was good with five of the six performance targets achieved and one not measurable.

- (e) The District was profiled through a range of activities, initiatives and events, including the following:
- Cricket World Cup 2015 & FIFA u-20 World Cup pre and during tournament media and consumer activities,
  - Explore Central North Island Collective and Cycling & Mountain Biking Tourism Marketing Network,
  - Tour the North Island Australian Campaign,
  - Short Escapes Domestic Campaigns x 3,
  - Explore Your Own Backyard Domestic Campaign x 2,
  - Chinese New Zealanders Domestic Campaign,
  - Hamilton and Waikato Convention Bureau Planner 2,
  - Hamilton and Waikato Official Regional Visitor Guide,
  - International and domestic media, business events and travel trade familiarisation tours,
  - Profile at tradeshows including the Explore Central North Island Travel Trade Expo, Australian Insights, TRENZ and Kiwilink India, China, Convene,
  - Advertorial in domestic and international publications including Onboard magazine, NZ Today magazine, Fitness Journal, AA Cycle Guide,
  - Consumer, trade and media e-Newsletters,
  - Regional cycling brochure and museum trail guide, and
  - Hamiltonwaikato.com website, video and social media channels.

## How we went against our budget

Cost of Service Statement - Community Development (\$000's)	2014/2015	2014/2015	2013/2014
	BUDGET	ACTUAL	ACTUAL
<b>Operating Income</b>			
Youth Engagement	5	53	134
Sister City	0	2	3
District Development	54	43	35
Agencies	19	22	22
<b>Total Operating Income</b>	<b>78</b>	<b>120</b>	<b>194</b>
<b>Operating Expenditure</b>			
Community Support	552	755	536
Youth Engagement	71	139	176
Sister City	4	8	8
District Development	440	427	451
Agencies	30	31	31
<b>Total Operating Expenditure</b>	<b>1,097</b>	<b>1,360</b>	<b>1,202</b>
<b>Net Operating Cost/(Surplus)</b>	<b>1,019</b>	<b>1,240</b>	<b>1,008</b>
<b>Capital Expenditure</b>			
Youth Engagement	0	0	22
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>22</b>
<b>Total Expenditure</b>	<b>1,019</b>	<b>1,240</b>	<b>1,030</b>
<b>Funded By</b>			
Reserves	52	274	95
General Rates	346	346	208
Uniform Annual General Charge	447	446	576
Target Rates	174	174	151
<b>Total Funding</b>	<b>1,019</b>	<b>1,240</b>	<b>1,030</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$42,000 more than budget due to grant funding being received to support youth activities.

### OPERATING EXPENDITURE

Expenditure was \$263,000 more than budget due to additional rates and penalty remission applications being processed during the year. As additional funding was received for youth activities, the scope of the work increased compared to what was included in the budgets.

# 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.

In July 2013 WDC joined the Waikato Building Consent Group. The purpose of the Group is to foster co-operation, collaboration and provide an excellent and consistent service to customers across the Waikato Region.

Member Councils include Waitomo District, Waipa District, Hamilton City, Waikato District, Otorohanga District, Matamata-Piako District and Hauraki District Councils.

**Alcohol Licensing** - Oversees the administration of the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee on behalf of the Alcohol Regulatory and 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 licensing 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 within the activity.

**Animal and Dog 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.

## 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>

## Key Projects Completed during 2014/15

- ☑ The Public Amenities, Water Services and Land Transport Bylaws were reviewed in accordance with the requirements of the Local Government Act.
- ☑ Council maintained its membership of the Waikato Building Consent Group.
- ☑ Continued implementation of the Waitomo District Provisional Local Alcohol Policy.



MANGAOKEWA RIVER

# 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 2015	Key
All food and liquor retail premises will be inspected and appropriately registered and licensed.	Percentage of registration or licensing of food and liquor retail premises inspected annually. <b>Target 100%</b>	<b>Achieved</b> All inspections of licensed food and alcohol retail premises were completed.	(a) 
Provision of an effective environmental health service for the community.	Customer satisfaction survey rating on Environmental Health Service. <b>Target &gt; 50%</b>	<b>Achieved</b> 88% of respondents who had used this service in the last 12 months were satisfied with the provision of an effective environmental health service as measured by the 2015 Resident Satisfaction Survey.	(b) 
Building consents and project information memoranda issued within 15 working days.	Percentage of building consents and project information memoranda issued within 15 working days. <b>Target 90%</b>	<b>Achieved</b> 93% of building consents were processed within 15 working days.	(c) 
Council will ensure that consented building works adhere to the Building Code.	Percentage of consented buildings under construction (inspected) to ensure code compliance. <b>Target 100%</b>	<b>Achieved</b> 100% of consented buildings under construction were inspected to ensure compliance.	(d) 
Provision of an effective building control service to the community.	Customer satisfaction survey rating on Building Control. <b>Target &gt; 50%</b>	<b>Achieved</b> 82% of respondents who had used this service in the last 12 months were satisfied with the provision of an effective building control service as measured by the 2015 Resident Satisfaction Survey.	(e) 
Dog owners' properties will be inspected to ensure compliance with the Dog Control Act 1996 and Council's bylaws.	Percentage of dog owners' properties inspected per year. <b>Target Urban 100%</b> <b>Rural 10%</b>	<b>Achieved</b> All property inspections in both the urban and rural areas were completed.	(f) 
High level of customer satisfaction with animal control service.	Customer satisfaction survey rating on Animal Control. <b>Target ≥ 50% good or above</b>	<b>Achieved</b> 78% of respondents who had used this service in the last 12 months were satisfied with the provision of an effective animal control service as measured by the 2015 Resident Satisfaction Survey	(g) 

## Summary of Service Performance

The overall performance for Regulation for the year ended 30 June 2015 was excellent with all seven performance targets achieved.

## How we went against our budget

Cost of Service Statement - Regulation (\$000's)	2014/2015	2014/2015	2013/2014
	BUDGET	ACTUAL	ACTUAL
<b>Operating Income</b>			
Regulation	363	430	389
<b>Total Operating Income</b>	<b>363</b>	<b>430</b> ●	<b>389</b>
<b>Operating Expenditure</b>			
Regulation	684	684	701
<b>Total Operating Expenditure</b>	<b>684</b>	<b>684</b> ●	<b>701</b>
<b>Net Operating Cost/(Surplus)</b>	<b>321</b>	<b>254</b> ●	<b>312</b>
<b>Capital Expenditure</b>			
Regulation	0	7	13
<b>Total Capital Expenditure</b>	<b>0</b>	<b>7</b> ●	<b>13</b>
<b>Total Expenditure</b>	<b>321</b>	<b>261</b> ●	<b>325</b>
<b>Funded By</b>			
Internal Loans Drawn	0	0	13
Reserves	(117)	(177)	4
General Rates	398	398	226
UAGC	40	40	82
<b>Total Funding</b>	<b>321</b>	<b>261</b> ●	<b>325</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$67,000 more than budget due to more revenue received from alcohol licencing and building control activities. There has been a minor increase in the number of building consents issued during the year.

### CAPITAL EXPENDITURE

Minor capital expenditure was spent on the renewal of the access-way and installation of a ventilation system at the Dog Pound facility to improve safety.

# ENVIRONMENTAL SUSTAINABILITY

The Group of Activities 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.

## 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.

There are four activities under this Group:

**Waste Minimisation** - The focus of this activity is 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, Kinohaku and Mokau/Awakino. A fully consented District landfill is located at Te Kuiti.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Solid Waste Management Group contributes to:



CO7. Solid Waste and Wastewater



CO8. Preserving the Environment

## Key Projects completed during 2014/15

- ☑ Completion of development of Cells 2 and 3 at the landfill to ensure viability of the site and to maintain capacity up to the 232 000 tone consent.
- ☑ Construction of a roof over the recycling area at the landfill to create a recycle shed in order to promote recycling and provide a customer friendly, all weather recycling service.
- ☑ Completion of high wall shaping at the landfill which involves the removal and shaping of earth above the landfill space for safety purposes.
- ☑ Continuation of waste reduction initiatives in the District - various media campaigns have been run promoting waste reduction initiatives in the local Waitomo News, Waitomo Way and using electronic media. Council also joined forces with other local government institutions on the Hate Waste Love Food project.
- ☑ Audits conducted at waste management facilities to identify hazards and safety improvements. Improvements made include; increased PPE protection for transfer station attendants and hazard identification at the start of their shifts, and enhanced documentation on the process and systems which operate within the landfill.

# Statement of Service Performance

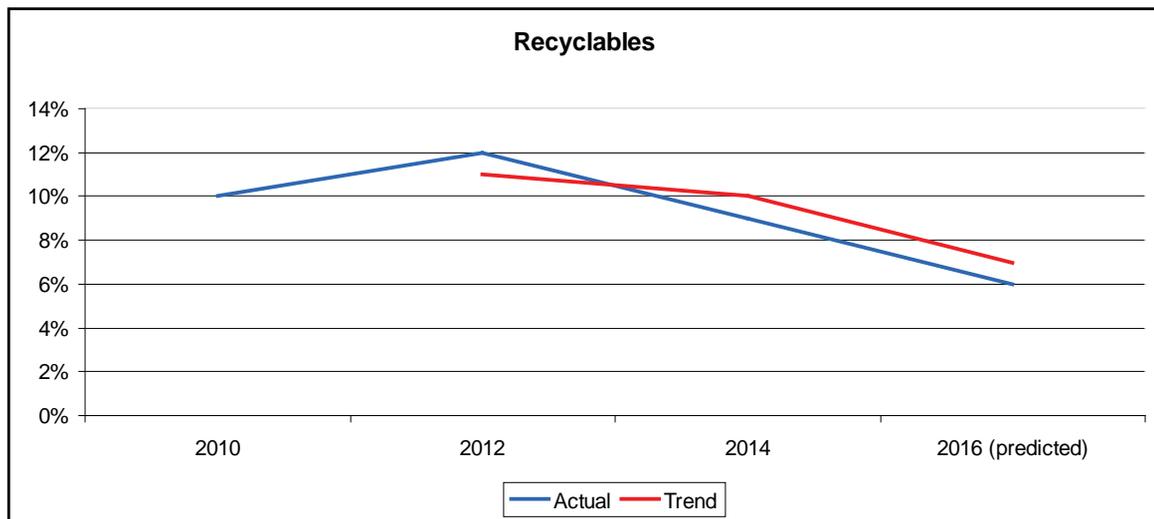
The Levels of Service and Key Performance Indicators for this Group of Activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2015	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> – 96% of respondents rated the safety of the recycling facilities as satisfactory or better as measured by the 2015 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> – 87% of respondents who used this service are satisfied with the provision of waste transfer stations to the rural community as measured by the 2015 Resident Satisfaction Survey.	(b) ●
The solid waste management facilities feel safe to the user.	Percentage of users rate the District's waste transfer stations safe to use. <b>Target 70%</b>	<b>Achieved</b> – 95% of respondents rated rural waste transfer stations safe to use and 97% of respondents rated the Waitomo District Landfill (location of urban waste transfer station) safe to use; as measured by the 2015 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> – 97% of respondents are satisfied with the safety of the landfill facility as measured by the 2015 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 2015.	(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> – All months within the year ended 30 June 2015 had ten or less complaints for this performance target.	(h) ●

*Summary of Service Performance*

The overall performance for the Solid Waste Management for the year ended 30 June 2015 was good. Six out of the eight Performance targets were achieved. Two performance targets (f and g) were measured against the 2010 Waste Audit shown in the table below, which were not achieved.

- (f) The performance target for 'the percentage of reduction of the quantity of recyclables such as paper and plastics entering the landfill per annum leading to 10% reduction by 2016 and 15% by 2022 (both measured against the 2010 Waste Audit)' was not achieved. 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 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.



<i>Recyclables (Average)</i>	<i>2012</i>	<i>2014</i>	<i>2016 (predicted)</i>
	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 2010 Waste Audit)' was not achieved.

A total average of 36.31% of putrescibles (organic/food waste) was identified through the 2014 Waste Audit as being disposed of within the kerbside refuse bags, indicating a significant increase since the 2012 Waste Audit.

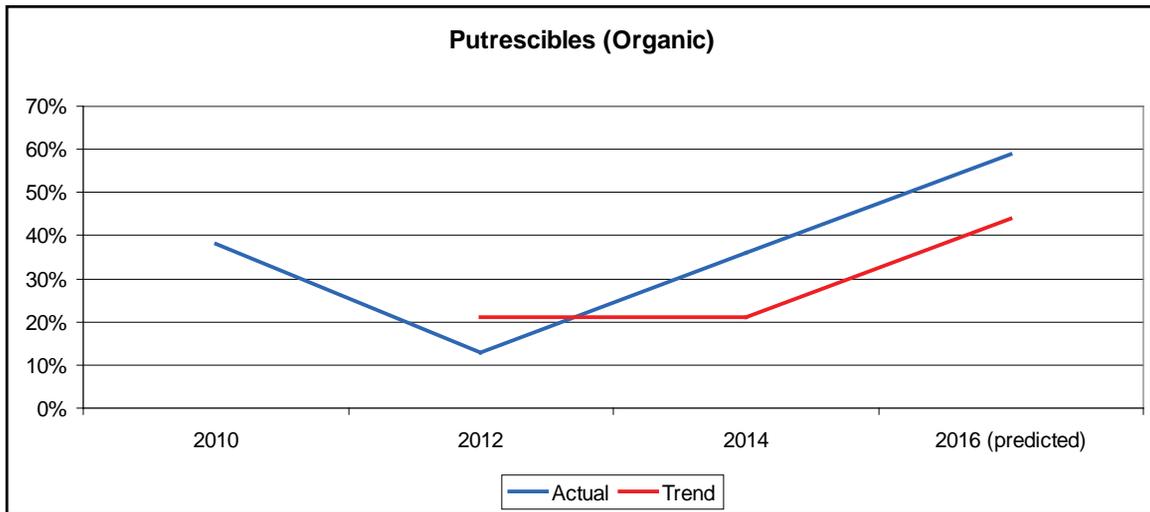
In September 2014, WDC staff met with Year 7 Piopio College students to discuss Reduce, Re-use and Recycle and how the environment can benefit from these initiatives.

Reducing food waste is a key strategy for meeting the goals of the Waste Minimisation Act. WDC joined a collective of councils around New Zealand to implement a national 'Love Food Hate Waste' campaign to reduce food waste sent to landfill. Articles promoting ways to reduce food waste featured in the Waitomo News 12 March 2015. Ongoing updates promoting Love Food Hate Waste are made to WDC's website and Facebook page.

Other targeted educational materials include the publication of 'A guide to composting' brochure' and promotion of composting at home in the Waitomo Way newsletter (December 2014, February 2015).

WDC has also developed 'Keep our District Vibrant and Thriving' brand to support Waste Minimisation efforts. Advertisements are published in the Waitomo News and on the WDC website.

The following graph and table shows a reversal in trend for putrescibles, which in turn indicates that we are 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.



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

### Summary of Audit Report

The 2014 Waste Audit was carried out over four Waitomo District townships. The following number of kerbside refuse bags were collected from random properties in the following towns - Te Kuiti (20) Waitomo (10) Mokau (10) and Piopio (10).

The purpose of this audit is to get a gauge of the types of waste that get disposed of into landfills, detailing the quantity of each type of waste by weight and percentage. This provides WDC with information as to how we form our policies around waste management such as access to recycling facilities, landfill design and the cost of Council rubbish bags. The audit uses the twelve primary waste categories in the Ministry for the Environment's Waste Analysis Protocol 2002; being paper, plastics, putrescibles (organic materials/food waste), ferrous metals, non-ferrous metals, glass, textiles, nappies and sanitary, rubble and concrete, timber, rubber and potentially hazardous.

<b>Waste Audit Results</b>		
<b>Type of waste in refuse bags</b>	<b>2014 Waste Audit (Percentage of waste contained in refuse bags)</b>	<b>2012 Waste Audit (Percentage of waste contained in refuse bags)</b>
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)	2014/2015	2014/2015	2013/2014
	BUDGET	ACTUAL	ACTUAL
<b>Operating Income</b>			
Collection	120	136	128
Management	970	865	771
<b>Total Operating Income</b>	<b>1,090</b>	● <b>1,001</b>	<b>899</b>
<b>Operating Expenditure</b>			
Collection	316	314	338
Management	1,477	1,375	1,319
<b>Total Operating Expenditure</b>	<b>1,793</b>	● <b>1,689</b>	<b>1,657</b>
<b>Net Operating Cost/(Surplus)</b>	<b>703</b>	● <b>688</b>	<b>758</b>
<b>Capital Expenditure</b>			
Management	901	595	258
<b>Total Capital Expenditure</b>	<b>901</b>	● <b>595</b>	<b>258</b>
<b>Total Expenditure</b>	<b>1,604</b>	● <b>1,283</b>	<b>1,016</b>
<b>Funded By</b>			
Internal Loans Drawn	831	556	212
Reserves	66	31	80
General Rate	8	8	5
Uniform Annual General Charge	4	4	5
Target Rate - District	505	493	472
Target Rate - Mokau	38	37	45
Target Rate - Piopio	25	25	32
Target Rate - Te Kuiti	92	93	120
Target Rate - Waitomo	35	36	45
<b>Total Funding</b>	<b>1,604</b>	● <b>1,283</b>	<b>1,016</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$89,000 less than budget due to the volume of rubbish being deposited at the landfill being less than estimated volumes. Recycling quantities have increased contributing to the downward trend of rubbish volumes. The reduction in landfill revenue was offset slightly by an increase in sales of rubbish bags.

### OPERATING EXPENDITURE

Expenditure was \$104,000 less than budget due to:

- Expenditure on closed landfill post closure, resource consent compliance and asset management plans were less than budget.
- Expenditure on the Emissions Trading Scheme units was also less than budget as units were purchased significantly cheaper than expected.

### CAPITAL EXPENDITURE

Total capital expenditure was \$306,000 less than budget. Development of Cell 2 and 3 at the District landfill is now complete. Some of the budgeted expenditure relating to the development was spent in the prior 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 report.

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.

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

**Maintenance** - This is the on-going day to day work required to keep assets serviceable and prevent premature deterioration or failure.

**Renewals** - The renewals programme comprises an essential part of this activity. Maintaining levels of service is dependent on replacing assets at the end of their useful lives.



**New Works / Augmentation** - This involves the provision of additional stormwater drainage either by installing new or extending/upgrading existing pipe networks, storage structures or treatment plants.

Outcomes the Stormwater Drainage Group contributes to:	
 <p>CO4. A Vibrant and Prosperous District</p>	 <p>CO8. Preserving the Environment</p>

## Key Projects Completed during 2014/15

- ☑ Stormwater mains replacement in Ngatai Street, Hospital Road and Duke Street.
- ☑ Stormwater mains in Cotter Street identified as in need of replacement under the minor capital works project. This work was commenced and will be completed in 2015/16.
- ☑ The requirement to renew pipework at King Street, Massey Street and Mary Street was identified and will be started in 2015/16.
- ☑ The collection of asset management data continued as the reticulation system was cleaned and surveyed.



STORMWATER WORKS - COTTER STREET

## 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 2015	Key
Threats to public health and property will be limited.	Percentage of urgent requests dealt with within one working day. <b>Target 90%</b>	<b>Not Achieved</b>	(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> - The completion time for customer follow up on outstanding requests or complaints was less than 5 working days.	(b) 
Stormwater quality will be managed effectively.	Percentage of stormwater pollution incidents are corrected within time frames agreed with Waikato Regional Council. <b>Target 100%</b>	<b>Achieved</b> - No service request complaints were received regarding stormwater pollution incidents for the year ended 30 June 2015.	(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 regarding pollution incidents associated with stormwater discharge for the year ended 30 June 2015.	(d) 
	Number of stormwater abatement notices issued. <b>Target Nil</b>	<b>Achieved</b> - There were no stormwater abatement notices issued for the year ended 30 June 2015.	(e) 

### Summary of Service Performance

The overall performance for Stormwater Drainage for the year ended 30 June 2015 was good with four out of five performance targets being achieved.

- (a) The performance target of '90 percent of urgent requests dealt with within one working day' was not achieved. A total of 5 requests were received for the year, with 80% (4 out of 5) being dealt with within one working day, and 20% (1 request) not being completed within the required timeframe. In the case where the request was not dealt with within one working day the target was not achieved as WDC and the contractor had to wait until the water drained away from the site before work could commence.

## How we went against our budget

Cost of Service Statement - Stormwater (\$000's)	2014/2015	2014/2015	2013/2014
	BUDGET	ACTUAL	ACTUAL
<b>Operating Income</b>			
Te Kuiti Stormwater	0	1	3
Rural Stormwater	0	0	0
<b>Total Operating Income</b>	<b>0</b>	<b>1</b>	<b>3</b>
<b>Operating Expenditure</b>			
Te Kuiti Stormwater	362	299	307
Rural Stormwater	38	25	36
<b>Total Operating Expenditure</b>	<b>400</b>	<b>324</b>	<b>343</b>
<b>Net Operating Cost/(Surplus)</b>	<b>400</b>	<b>323</b>	<b>340</b>
<b>Capital Expenditure</b>			
Te Kuiti Stormwater	349	166	183
Rural Stormwater	5	0	0
<b>Total Capital Expenditure</b>	<b>354</b>	<b>166</b>	<b>183</b>
<b>Total Expenditure</b>	<b>754</b>	<b>489</b>	<b>523</b>
<b>Funded By</b>			
Loans	0	0	0
Reserves	365	133	170
Target Rate Urban	343	311	317
Target Rate Rural	46	45	36
<b>Total Funding</b>	<b>754</b>	<b>489</b>	<b>523</b>

## Variations to Annual Plan

### OPERATING Expenditure

Expenditure was \$76,000 less than budget due to sampling and maintenance costs being less than budget for the year.

### CAPITAL EXPENDITURE

Total capital expenditure was \$188,000 less than budget due to:

- Cotter Street piping contract work will now be completed in the 2015/16 year.
- NZTA assumed responsibility for the Awakino Rd project that was included in the budgets.
- Other renewal projects budgeted for were not completed during the year.

# 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, and
- Making amendments to the District Plan.

This Group exists to 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 implement and review objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the District.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Resource Management Group contributes to:	
 <i>CO4. A Vibrant and Prosperous District</i>	 <i>CO8. Preserving the Environment</i>

## Key Projects Completed during 2014/15

- Continued effective administration of the Resource Management Act 1991 and the District Plan so as to facilitate responsible development within the District.



AWAKINO RIVER - MOKAU

# 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 2015	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>Not Achieved</b> Two notified resource consents were granted during the year outside the 80 working day timeframe.	(a) 
	Percentage of non-notified consents processed within 20 working days. <b>Target 90%</b>	<b>Achieved</b> 100% of non notified consents were 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> All premises where resource consents have been issued have been monitored.	(c) 

## Summary of Service Performance

The overall performance for Resource Management was good with two out of the three performance targets achieved for the period ending 30 June 2015.

- (a) The Council processed two notified resource consents for the period ending 30 June 2015. Both of the consents were from the same applicant for the same project, one consent being for land use and the other concerned a notice of requirement. These applications were processed simultaneously. Three extensions of time (pursuant to section 37 of the Resource Management Act 1991 ('RMA')) were processed for these applications to allow a total of 144 working days for processing pursuant to the RMA. Council granted both of these resource consents at the same time within 116 working days of receipt, 28 days earlier than statutorily required.

## How we went against our budget

Cost of Service Statement - Resource Management (\$000's)	2014/2015 BUDGET	2014/2015 ACTUAL	2013/2014 ACTUAL
<b>Operating Income</b>			
District Plan Administration	80	120	50
<b>Total Operating Income</b>	<b>80</b>	 <b>120</b>	<b>50</b>
<b>Operating Expenditure</b>			
District Plan Administration	176	168	131
<b>Total Operating Expenditure</b>	<b>176</b>	 <b>168</b>	<b>131</b>
<b>Net Operating Cost/(Surplus)</b>	<b>96</b>	 <b>48</b>	<b>81</b>
<b>Funded By</b>			
Reserves	(10)	(58)	(37)
General Rates	70	70	59
Uniform Annual General Charges	36	36	59
<b>Total Funding</b>	<b>96</b>	 <b>48</b>	<b>81</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$40,000 more than budget due to increased revenue from resource consent applications and LIM's processed.

### OPERATING EXPENDITURE

Expenditure was \$8,000 less than budget due to legal expenses usually oncharged to resource consent applicants being less than expected for the year.

# 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 waste water) 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 report.

There are three activities under this Group, namely:

- Maintenance,
- Renewals and replacements, and
- 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 undersized pipes will be replaced with larger diameter pipes.

With the exception of Te Waitere all of the Council's sewerage schemes have been upgraded over the past six years and re-consented. The Piopio scheme is new, commissioned in 2012.

## Contribution to Community Outcomes and Strategic Goals

Outcomes the Sewerage and Treatment and Disposal of Sewage Group contributes to:	
 <p><i>CO7. Solid Waste and Waste water</i></p>	 <p><i>CO8. Preserving the Environment</i></p>

## Key Projects completed during 2014/15

- ☑ The Te Kuiti Waste Water Treatment Plant was officially opened on the 3rd March 2015. Since commissioning the plant has had a number of adjustments made to fine tune the day to day operations. The UV units initially installed needed replacing and new units are currently being trialled. The replacement was done under warranty by the manufacturer.
- ☑ Areas of significant storm water inflow into the waste water reticulation were identified and rectified. These include:
  - Two manholes in Hill Street,
  - Colin Brooke Place,
  - Te Kuiti Landfill, and
  - Te Kumi Pump Station.
- ☑ Pipe displacements at the railway crossings on Awakino Road and George Street were identified and have been programmed for repair in the 2015/16 year.
- ☑ The first part of the accurate survey data for the sewer network was obtained and updated in Council's GIS system. This will greatly assist in the identification and management of critical assets and help prioritise work programmes accordingly.
- ☑ Negotiations with the current owners of the water assets at Waitomo Caves Village regarding potential acquisition of the assets by Council was identified as a focus area in the 2014/15 EAP. Negotiations are still ongoing.

# 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 2015	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 2015.	(a) 
Sewage is managed without risk to public health.	Number of sewage overflows into habitable buildings due to faults in the waste water system (measured by RFS system). <b>Target ≤ 1</b>	<b>Achieved</b> No service request complaints were received for the year ended 30 June 2015.	(b) 
A reliable removal and treatment service is provided.	Number of sewage overflow events per year at any one waste water 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 100%</b>	<b>Achieved</b> Council began complying with the renewed Resource Consent for TKWWTP in January 2015. Compliance reports are submitted to Waikato Regional Council as required and no compliance issues have been identified* for the year ended 30 June 2015.	(d) 

## Summary of Service Performance

The overall performance for Sewerage and Treatment and Disposal of Sewage for the quarter ended 30 June 2015 was good with three out of the four performance targets being achieved.

- (c) The performance target for the 'number of sewage overflow events per year at any one waste water scheme' was not achieved for the year ended 30 June 2015. A total of 21 service request complaints were received for the year ended 30 June 2015 in relation to the following schemes; 7 (Te Kuiti), 13 (Piopio), 1 (Benneydale) and 0 (Te Waitere).

Most of these complaints were as a result of blockages caused by prohibited items entering the sewerage pipes and restricting the flow such as rags, other clothing items, toys and so on, causing the waste water to back up and overflow.

The majority of the complaints were received from Piopio residents who are on a simplified (or conventional) sewerage system which, if not managed correctly by the householder, presents more blockages which is the case with most of these complaints. Piopio township residents are sent a reminder and guide to their on site waste water collection and treatment system every six months to educate them and assist in the reduction of these issues.

\*There was a low priority non compliance for a short time due to maintenance being carried out on equipment. This was known and unavoidable.

## How we went against our budget

Cost of Service Statement - Sewerage (\$000's)	2014/2015 BUDGET	2014/2015 ACTUAL	2013/2014 ACTUAL
<b>Operating Income</b>			
Te Kuiti Sewerage	825	1,812	1,146
Benneydale Sewerage	2	1	1
Piopio Sewerage	1	4	7
<b>Total Operating Income</b>	<b>828</b>	<b>1,817</b>	<b>1,154</b>
<b>Operating Expenditure</b>			
Te Kuiti Sewerage	2,927	2,734	2,326
Te Waitere Sewerage	48	38	34
Benneydale Sewerage	159	128	134
Piopio Sewerage	266	242	237
<b>Total Operating Expenditure</b>	<b>3,400</b>	<b>3,142</b>	<b>2,731</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,572</b>	<b>1,325</b>	<b>1,577</b>
<b>Capital Expenditure</b>			
Te Kuiti Sewerage	515	185	806
Te Waitere Sewerage	5	5	21
Benneydale Sewerage	65	3	11
Piopio Sewerage	0	11	0
<b>Total Capital Expenditure</b>	<b>585</b>	<b>204</b>	<b>838</b>
<b>Total Expenditure</b>	<b>3,157</b>	<b>1,529</b>	<b>2,415</b>
<b>Funded By</b>			
Internal Loans Drawn	515	185	806
Reserves	456	(807)	(404)
Target Rate - Te Kuiti	1,614	1,586	1,496
Target Rate - District	176	176	155
Target Rate - Te Waitere	42	42	30
Target Rate - Benneydale	139	136	120
Target Rate - Piopio	215	211	212
<b>Total Funding</b>	<b>3,157</b>	<b>1,529</b>	<b>2,415</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$989,000 more than budget due to an increase in trade waste revenue. The extra revenue is from exceedance charges, where nutrient loads discharged are more than the allowable limits. 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 \$258,000 less than budget due to:

- a. Favourable loan interest rates achieved during the year meaning less interest costs were incurred.
- b. Depreciation for Te Kuiti waste water plant assets was less than budget.
- c. These savings were offset by increased chemical costs required for the Te Kuiti plant and additional sampling required for compliance of the ultra violet plant.

## CAPITAL EXPENDITURE

Total capital expenditure was \$381,000 less than budget as expenditure on pump station improvements and increasing the capacity of the main sewer pipe crossing near the Esplanade bridge in Te Kuiti was not completed during the year. This project has been deferred to 2015/16.

# ECONOMIC SUSTAINABILITY GROUP

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.

## 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.

There are three aspects of operations under this group.

**Maintenance** - Maintenance can be defined as the regular work and immediate repairs necessary to preserve an asset in a condition, which allows it to perform its required function. For example, repairing leaks and broken mains, servicing pump stations, cleaning reservoirs, repairing and replacing water meters, hydrants and valves, operating the water treatment plants and intake systems.

**Renewals** Renewal/replacement of water supply infrastructure (principally water supply mains) involves replacement of these assets at the end of their effective lives.

**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:	
 CO4. A Vibrant and Prosperous District	 CO5. Water Supplies

### Key Projects completed during 2014/15

- ☑ The main focus for 2014/15 was the completion of phases one and two of the major upgrade of the Te Kuiti Water Treatment Plant. This included the new pump station and buffer tanks and the construction of the new main building. Included in this was upgrades to the filter backwash system, installation of ultra violet light treatment and repositioning of the water intake equipment.
- ☑ Renewal of the Water Take Resource Consent as part of the Water Treatment Plant upgrade was commenced and will be completed in the 2015/16 year.
- ☑ A water meter reading programme for Te Kuiti was implemented along with bulk reticulation monitoring. This has resulted in the identification and elimination of a considerable number of leaks. This programme is ongoing.
- ☑ Completion of the construction of a raw water storage dam at Mokau to help ensure security of supply.
- ☑ Other works completed were:
  - Kent Street Water Main Augmentation,
  - Cotter Street Water Augmentation,
  - Ngatai Street Water Main Replacement, and
  - Mary Street Water Main Replacement.
- ☑ Negotiations with the current owners of the water assets at Waitomo Caves Village regarding potential acquisition of the assets by Council was identified as a focus area in the 2014/15 EAP. Negotiations are still ongoing.

# 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 2015	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>	(a) 
	Public Health Risk Management plans adopted and implemented. <b>Target 100%</b>	<b>Achieved</b>	(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 2015.	(c) 
	Number of complaints per annum regarding water supply quality, at any supply scheme. <b>Target &lt;10</b>	<b>Not Achieved</b>	(d) 
	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> 57% of respondents are satisfied with the quality of their drinking water as measured by the 2015 Resident Satisfaction Survey	(e) 
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 bi-annual compliance tests 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> 92% of respondents are satisfied with the reliability of their water supply as measured by the 2015 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>	(h) 

## Summary of Service Performance

The overall performance for Water Supply for the year ended 30 June 2015 was average with four performance targets being achieved and four not achieved.

- (a) The performance target of 'ninety-five percent compliance with NZ Drinking Water Standards 2005 as measured in Water Information New Zealand (WINZ) database' was not achieved to the year ended 30 June 2015 with a result of 50%.

WDC is still in the process of upgrading water treatment 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 commenced in 2014 and is still in progress with the installation of pipework and electrical equipment currently underway. This project is progressing well as planned. Upgrades have also previously taken place at the water treatment plants at Mokau, Benneydale and Piopio.

- (d) The performance target of 'less than 10 complaints per annum regarding water supply quality at any supply scheme' was not achieved for the year ended 30 June 2015. A total of 266 service request complaints were received for the entire year pertaining to the schemes as follows - Te Kuiti (196 or 74%), Piopio (44 or 17%), Mokau (22 or 8%) and Benneydale (4 or 1%). This was an increase of 10 complaints over all schemes from the 2013/14 year.

The main reasons for the complaints were leaks, lack of water supply generally caused due to a leak, water toby issues, discolouration and odour.

#### **Te Kuiti**

Te Kuiti received nearly three quarters of the total complaints due to it's higher population. The Te Kuiti Water Treatment Plant upgrade commenced late 2014 consisting of a major refurbishment of the infrastructure throughout the whole plant. This is still in progress but is expected to be completed by April 2016. The aim of this upgrade is to allow for better quality water supply to the public.

#### **Mokau**

The Mokau raw water storage upgrade for the lower dam was completed late 2014. The upgrade of the existing upper dam, involving redesign to comply with earthquake standards has been delayed. Extensive consultation with local Iwi is envisaged due to the sensitive nature of the location of the upper dam as the area has been identified as having Maori gardens with archaeological significance. These upgrades are an essential requirement for the raw water to be fed into the recently constructed lower dam. Consultation is due to commence later in 2015.

#### **Piopio**

The main reason for the number of complaints in Piopio was leaks. These leaks are largely due to pipework and fittings that have come to the end of their effective life, and will require upgrading in the short to medium term. Installation of a new pumping line to the reservoir is proposed for Piopio for an estimated cost of \$147,000 spread over two years from 2016 to 2017. This should improve the quality and supply of water to the public.

#### **Benneydale**

No major water issues were reported for Benneydale.

- (e) The performance target of 75% of customers who are satisfied with the quality of their drinking water was not achieved. Overall 57% of respondents were satisfied with the quality of their drinking water. In comparison to the 2014 Resident Satisfaction Survey there was an overall increase in satisfaction levels of 8%.

The main reasons given for dissatisfaction were similar to last year with poor taste and chlorine taste the most common reasons for dissatisfaction and a few respondents mentioning dirty water. Some of our respondents commented that water quality is getting better.

The upgrade of the Water Treatment Plant in Te Kuiti is expected to make a difference to the earthy taste complained about by Te Kuiti respondents which is a result of low carbon dosing. This will be remedied through the upgrades which will enable automated adjustment of the dosing plant.

At all our water treatment plants, the current 'taste and odour' treatment practices will continue with ongoing reviews of chemical dosage levels with the aim to provide pleasant tasting drinking water to the community. Some of the continual improvements seem to be making a difference as evidenced by the improvement in satisfaction ratings.

- (h) The performance target of 'ninety percent of supply disruptions restored within 4 hours after first notification' was not achieved for the year ended 30 June 2015. A total of 170 complaints were received for the year, of which (96 or 56%) were achieved, and (74 or 44%) were not achieved.

The main reasons for these complaints were leaks in water supply from minor leaks in pipework and damaged or leaking tobies. Complaints pertained to the following townships as follows: Te Kuiti (126 or 74%), Mokau (12 or 7%) and Piopio (32 or 19%) and Benneydale (nil).

All efforts are made to attend to supply disruptions as promptly as possible. Those complaints that are not dealt with within the four hour timeframe are generally due to either availability of staff and/or contract staff or where further investigation is required.

Mains replacement programmes in place for the Te Kuiti, Mokau and Piopio schemes should reduce the number of supply disruptions to these communities in the future.

## How we went against our budget

Cost of Service Statement - Water Supply (\$000's)	2014/2015 BUDGET	2014/2015 ACTUAL	2013/2014 ACTUAL
<b>Operating Income</b>			
Te Kuiti Water	1,407	721	601
Mokau Water	30	19	622
Piopio Water	26	33	26
Benneydale Water	23	10	43
<b>Total Operating Income</b>	<b>1,486</b>	<b>783</b>	<b>1,292</b>
<b>Operating Expenditure</b>			
Te Kuiti Water	1,784	1,620	1,385
Mokau Water	306	344	302
Piopio Water	315	441	414
Benneydale Water	182	159	129
<b>Total Operating Expenditure</b>	<b>2,587</b>	<b>2,564</b>	<b>2,230</b>
<b>Net Operating Cost/(Surplus)</b>	<b>1,101</b>	<b>1,781</b>	<b>938</b>
<b>Capital Expenditure</b>			
Te Kuiti Water	1,540	1,963	319
Mokau Water	80	155	925
Piopio Water	65	29	44
Benneydale Water	3	70	29
<b>Total Capital Expenditure</b>	<b>1,688</b>	<b>2,217</b>	<b>1,317</b>
<b>Total Expenditure</b>	<b>2,789</b>	<b>3,998</b>	<b>2,255</b>
<b>Funded By</b>			
Loans	905	2,218	714
Reserves	353	299	52
Target Rate - Te Kuiti	901	870	869
Target Rate - Mokau/Awakino	258	251	297
Target Rate - Piopio	213	206	186
Target Rate - Benneydale	159	154	137
<b>Total Funding</b>	<b>2,789</b>	<b>3,998</b>	<b>2,255</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$703,000 less than budget due to :

- 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 with this project no subsidy has been received. A variation has been agreed with the Ministry of Health with the new completion date of 28 February 2016.
- Metered water revenue for Mokau and Benneydale was less due to reduced consumption of water.

## OPERATING EXPENDITURE

Expenditure was \$23,000 less than budget due to:

- a. Favourable loan interest rates achieved during the year meaning less interest costs were incurred.
- b. Depreciation for Te Kuiti water assets was less than budget.
- c. This reduced expenditure was offset by additional operational and maintenance costs being incurred in Te Kuiti, Piopio and Mokau.

## CAPITAL EXPENDITURE

Total capital expenditure was \$529,000 more than budget due to:

- a. A significant amount of work was completed on the Te Kuiti Water Treatment Plant Upgrade project which commenced in the prior year. Some of the budget for this project was included in the 2013/14 year. This work is expected to be completed by 28 February 2016.
- b. Further capital works was completed on the raw water storage dam in Mokau. The remaining work relating to the upper dam will be completed by April 2016.
- c. Expenditure on the Benneydale plant access easement and fencing was completed during the year. This was not included in the budgets.

# Roads and Footpaths

## What we do

The scope of the activities forming part of the Roads and Footpaths Group in the Waitomo District is almost entirely related to the roading assets. This includes:

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

## Road Network

Roads	Urban (km)	Rural (km)	Total (km)
Maintained	52.97	961.11	1014.08
Sealed	50.22	409.04	459.26
Unsealed	2.75	552.07	554.82

The nature of Council's roading activities is:

- Managing and maintaining the District's road network, and
- Identifying the need for and undertaking maintenance, operations and renewals of the roading network and footpaths and ancillary systems such as signs and road markings.

**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 current Funding Assistance Rate (FAR) is 61% for the Waitomo District Council, and is expected to increase by an additional 1% for each of the next two financial years.

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, and
- Professional Services.

**Non subsidised 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 and Renewals,
- Amenity Lights,
- Unsubsidised miscellaneous work,
- Street Cleaning, and
- 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

## Key Projects completed during 2014/15

The following work programmes were completed during 2014/15:

- ☑ Pavement rehabilitation on Aria Road (749m), Kopaki Road (1,022m), and Totoro Road (578m),
- ☑ 40.4km of road reseals,
- ☑ Unsealed roads re-metalling was completed on approximately 40km of unsealed roads,
- ☑ General roading maintenance of urban roads (50km sealed and 3km unsealed),
- ☑ General roading maintenance of rural roads (409km sealed and 552km unsealed),
- ☑ General maintenance of 156 bridges,
- ☑ 568m of footpath renewals/repairs,
- ☑ 680m of drainage/culvert renewals,
- ☑ 165m of kerb and channel renewals,
- ☑ 107km of side drains maintenance,
- ☑ One bridge renewal,
- ☑ 290 square metres of new retaining wall, and
- ☑ Emergency repair work worth \$1.25 million was done at slip and erosion sites, including the following large sites:
  - Oparure Road wash out,
  - Tawa Street slip,
  - Gribbon Road slip,
  - Mangarino Road slip, and
  - Point Road erosion.

During 2014/15 the new Road Maintenance and Reseals Contract tender document was developed and tendered for the period 2015/16 to 2017/18. This new contract was developed with a new concept by which the District is divided into zones for cyclic maintenance programmes. The intention with changes to the new contract is to enhance programme predictability and oversight while improving on economies of scale. New directive changes from the Transport Agency were incorporated like the One Network Road Classification system (ONRC). ONCR is a strategy to develop a country wide roading classification and maintenance standard. The Transport Agency has developed a new set of Levels of Service, which are now being implemented and the corresponding new Performance Measures are still under development, with an expected final implementation by 2018.

## 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 2015	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>	(a) 
	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> 6.50% as per the bi-annual NAASRA roughness audit results.	(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>	(c) 
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>Achieved</b>	(d) 
	The number of complaints per month regarding damaged footpaths. <b>Target &lt;3</b>	<b>Not Achieved</b>	(e) 
	Time of response to reported defects and faults. <b>Target Within 24 hours</b>	<b>Not Achieved</b>	(f) 

\* NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates 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 year ended 30 June 2015 was poor. Two out of the six performance targets were achieved, four 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. A total of 155 complaints were received for the year ended 30 June 2015, with all 12 months exceeding the target. This is however a decrease from the previous years reported complaints of 168.

The main reasons for a large portion of the complaints throughout the year were due to potholes on rural roads and bitumen bleeding on sealed roads (both urban and rural) due to higher temperatures over the warmer summer/autumn season.

The problems with potholes on our rural roads occurs mainly on our unsealed roads. As we are a large rural district a significant part of our road network is unsealed. These potholes are exacerbated by weather conditions (anything from moderate to heavy rainfall) and increased heavy traffic flow. We are increasingly experiencing more heavy vehicle movements on our rural unsealed roads from the likes of stock and logging trucks. Periodic forestry activities continue to have a significant effect on some of these roads. Overweight permits have increased for quarries and this is also having a detrimental effect.

It is likely that the high number of complaints in relation to potholes is reflective of more reporting of this problem over time, as two independent audits during the year indicated an improvement over previous years in technical levels of maintenance of our roading network.

Bitumen bleeding on sealed roads is a reflection of climatic conditions and age of the tarseal. Our summers are getting hotter and this is having an adverse effect on bitumen on our sealed roads.

The Council's roading staff team and the road maintenance contractor are 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 between Council and the road maintenance contractor.

- (c) The performance target of 'three or less service complaints per month regarding missing, damaged or inaccurate road signage' was not achieved for the 2014/15 year. A total of 14 complaints were received for the year ended 30 June 2015, an increase on the previous year's 10 complaints.

Five of the complaints were for damaged or missing signs, six were for missing signage, two were for replacement/removal of signage and one was for graffiti on signage. Ten out of the twelve months were achieved, with January and April both receiving three complaints resulting in this target not being achieved.

Historically, the issue of damaged and missing road signs have been the result of theft and vandalism. Vehicles damaging signs is also a factor. 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 Council's road maintenance contractor. Ongoing monitoring is in place to identify any non-compliant signage and replace.

- (e) The performance target for "the number of complaints per month regarding damaged footpaths being less than 3" was not achieved for the 2014/15 year. A total of nine complaints were received for the year ended 30 June 2015, with March having three complaints resulting in this performance target not being achieved. All other months achieved this target. A significant programme of ongoing footpath improvements has commenced and should improve WDC's performance in this area for the coming year.
- (f) The performance target of 'time of response to reported defects and faults within 24 hours' was not achieved. A total of 82 complaints were received for the year ended 30 June 2015. 39 (48%) notifications were responded to within the required timeframe and 43 (52%) notifications were responded to outside the 24 hour timeframe.

The Council's roading staff and road maintenance contractor are immediately advised of all road defects and faults, which are attended to according to urgency, and reviewed on a weekly basis through operations and maintenance meetings with Council. Often these works are programmed into the contractor's operations and maintenance schedule. Urgency of the matter is determined on whether it bears an immediate health and safety risk to road users. Unfortunately our contractual response times do not always align with the timeframe in this performance target. Due to the nature of the defect it is not always possible to fix the defect or fault within the agreed response time with the contractor. Response times are being followed up with the Council's contractor and revised procedures to be put in place should improve achievement of this target.



REPAIRED SLIP - MANGARINO ROAD

## How we went against our budget

Cost of Service Statement - Roads and Footpaths (\$000's)	2014/2015 BUDGET	2014/2015 ACTUAL	2013/2014 ACTUAL
<b>Operating Income</b>			
Subsidised Roads	5,911	5,911	6,552
Non Subsidised Roads	74	91	76
<b>Total Operating Income</b>	<b>5,985</b>	<b>6,002</b>	<b>6,628</b>
<b>Operating Expenditure</b>			
Subsidised Roads	8,994	8,585	9,247
Non Subsidised Roads	306	349	382
<b>Total Operating Expenditure</b>	<b>9,300</b>	<b>8,934</b>	<b>9,629</b>
<b>Net Operating Cost/(Surplus)</b>	<b>3,315</b>	<b>2,932</b>	<b>3,001</b>
<b>Capital Expenditure</b>			
Subsidised Roads	4,923	4,612	5,026
Non Subsidised Roads	340	95	102
<b>Total Capital Expenditure</b>	<b>5,263</b>	<b>4,707</b>	<b>5,128</b>
<b>Total Expenditure</b>	<b>8,578</b>	<b>7,639</b>	<b>8,129</b>
<b>Funded By</b>			
Loans	371	95	102
Reserves	2,390	1,719	2,114
Uniform Annual General Charges	186	186	249
District Wide Rate	5,399	5,409	5,418
Target Services Rate - Rural	26	23	27
Target Services Rate - Urban	206	207	219
<b>Total Funding</b>	<b>8,578</b>	<b>7,639</b>	<b>8,129</b>

## Variations to Annual Plan

### OPERATING INCOME

Revenue was \$17,000 more than budget due to increased sundry revenue including revenue from road closure applications and overweight permits.

### OPERATING EXPENDITURE

Expenditure was \$366,000 less than budget due to:

- Favourable loan interest rates achieved during the year meaning less interest costs were incurred.
- Depreciation for roads assets was less than budget.
- There were no losses on asset disposals recognised during the year.

### CAPITAL EXPENDITURE

Total capital expenditure was \$556,000 less than budget due to:

- Additional expenditure for emergency works was incurred during the year as a result of weather events that impacted on the road network.
- These costs were offset by reduced expenditure for pavement rehabilitation, sealed road surfacing, drainage renewals and minor improvements.

## 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 Revenue and Expense (page 62) shows all revenue received including revenue from Rates, the Significant Activities and Council's subsidiary company.
2. The Statement of Changes in Equity (page 63) discloses movements in total equity.
3. The Statement of Financial Position (page 64) shows the assets and liabilities of the Council and its subsidiary.
4. The Cash Flow Statement (page 65) summarises the cash flows from operating, investing and financing activities during the year.
5. The "Notes to the Financial Statements" (pages 66 - 132) should be read in conjunction with the above statements.
6. The individual Statements of Cost of Service for Council's Significant Activities (pages 23-60) record the revenue and costs associated with the provision of each service.
7. The figures used in the Statements of Cost of Service for Budgeted and Actual Costs and Revenues are extracted from the detailed management accounts.

# Statement of Comprehensive Revenue and Expense for the year ended 30 June 2015

	NOTE	Council			Group	
		2015 COUNCIL BUDGET \$000's	2015 COUNCIL ACTUAL \$000's	2014 COUNCIL ACTUAL \$000's	2015 GROUP ACTUAL \$000's	2014 GROUP ACTUAL \$000's
<b>Revenue</b>						
Rates excluding targeted water supply rates	1	17,749	17,484	16,931	17,472	16,931
Fees, charges and targeted rates for water supply	2	699	780	685	780	685
Subsidies and Grants	3	6,865	6,734	7,068	6,734	7,068
Interest Revenue from exchange transactions		53	165	91	110	35
Fees, Charges and income from construction	4	3,233	4,035	3,147	27,574	31,846
Other Revenue including Gains/(Losses)	5	8	509	156	509	156
<b>Total Revenue and Gains/(Losses)</b>		<b>28,607</b>	<b>29,707</b>	<b>28,078</b>	<b>53,179</b>	<b>56,721</b>
<b>Expenses</b>						
Employee Benefit Expenses	6	4,117	4,083	3,757	10,941	12,287
Depreciation and Amortisation Expense	7,21,22	6,105	5,509	5,433	6,215	6,530
Finance Costs	8	3,102	2,471	2,311	3,050	2,918
Other Expenses	9	12,717	12,465	12,586	27,020	30,551
<b>Total Expenses</b>		<b>26,041</b>	<b>24,528</b>	<b>24,087</b>	<b>47,226</b>	<b>52,286</b>
<b>Surplus/(Deficit) Before Tax</b>		<b>2,566</b>	<b>5,179</b>	<b>3,991</b>	<b>5,953</b>	<b>4,435</b>
Income Tax Expense/(Revenue)	10	0	0	0	(94)	(152)
<b>Surplus/(Deficit)</b>		<b>2,566</b>	<b>5,179</b>	<b>3,991</b>	<b>6,047</b>	<b>4,587</b>
<b>Other Comprehensive Revenue and Expense</b>						
Revaluation of Property, Plant and Equipment	11	0	6,108	2,112	6,257	2,112
Gains/(Losses) from Cash Flow Hedges		0	(1,089)	383	(1,089)	383
Revaluation of Available for Sale Assets	13	0	0	2,600	0	0
<b>Total Other Comprehensive Revenue and Expense</b>		<b>0</b>	<b>5,019</b>	<b>5,095</b>	<b>5,168</b>	<b>2,495</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>2,566</b>	<b>10,198</b>	<b>9,086</b>	<b>11,215</b>	<b>7,082</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 66 to 133.

## Statement of Changes in Equity for the year ended 30 June 2015

	NOTE	Council		Group (Restated)	
		2015 ACTUAL \$000's	2014 (Restated) ACTUAL \$000's	2015 ACTUAL \$000's	2014 (Restated) ACTUAL \$000's
<b>Total Equity</b>					
Balance at 1 July		277,412	270,525	276,065	271,182
Prior Period Adjustment	41	0	(2,199)	0	(2,199)
<b>Adjusted Balance at 1 July</b>		<b>277,412</b>	<b>268,326</b>	<b>276,065</b>	<b>268,983</b>
Total Comprehensive Revenue and Expense for the year		10,198	9,086	11,215	7,082
<b>Balance at 30 June</b>		<b>287,610</b>	<b>277,412</b>	<b>287,280</b>	<b>276,065</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages **66 to 133**.

# Statement of Financial Position at 30 June 2015

	NOTE	Council			Group	
		2015 BUDGET \$000's	2015 ACTUAL \$000's	2014 (restated) ACTUAL \$000's	2015 ACTUAL \$000's	2014 (restated) ACTUAL \$000's
<b>Equity</b>						
Accumulated Funds	11	204,380	203,593	200,100	203,591	199,230
Other Reserves	11	3,510	9,850	9,083	7,250	6,483
Revaluation Reserve	11	68,383	74,167	68,229	76,439	70,352
<b>Total Equity</b>		<b>276,273</b>	<b>287,610</b>	<b>277,412</b>	<b>287,280</b>	<b>276,065</b>
<b>Current Assets</b>						
Cash and Cash Equivalents	12	171	2,457	955	2,457	966
Other Financial Assets	13	2	2	2	2	2
Inventory	14	44	71	34	1,964	1,396
Receivables Under Exchange Transactions	15	0	372	292	3,829	4,363
Receivables Under Non Exchange Transactions	15	5,761	5,189	4,966	5,189	4,966
Capitalised Quarry Development Asset	26	0	0	0	284	196
Assets Held for Sale	25	0	67	67	67	67
Deferred Tax Asset	10	0	0	0	228	143
<b>Total Current Assets</b>		<b>5,978</b>	<b>8,158</b>	<b>6,316</b>	<b>14,020</b>	<b>12,099</b>
<b>Current Liabilities</b>						
Bank Overdraft (Secured)	18	0	0	0	2,377	1,948
Payables and Deferred Revenue Under Exchange Transactions	17	3,594	3,340	2,831	4,821	5,830
Payables and Deferred Revenue Under Non Exchange Transactions	17	0	702	659	873	659
Current Portion of Borrowings	18	5,200	10,345	380	11,142	448
Provisions	19	15	17	17	17	17
Employee Entitlements	20	475	422	505	1,122	1,330
Derivative Financial Instruments	16	274	317	171	317	171
<b>Total Current Liabilities</b>		<b>9,558</b>	<b>15,143</b>	<b>4,563</b>	<b>20,669</b>	<b>10,403</b>
<b>Net Working Capital</b>		<b>(3,580)</b>	<b>(6,985)</b>	<b>1,753</b>	<b>(6,649)</b>	<b>1,696</b>
<b>Non Current Assets</b>						
Property, Plant and Equipment	21	327,633	327,056	316,150	333,481	323,217
Intangible Assets	22	76	99	88	111	88
Forestry Assets	23	44	0	44	0	44
Investment Property	24	669	1,295	635	1,295	635
Assets Held for Sale	25	909	434	889	434	889
Other Financial Assets	13	787	786	789	37	39
Investment in CCO	13	0	2,600	2,600	0	0
Deferred Tax Asset	10	0	0	0	33	24
Derivative Financial Instruments	16	239	153	409	153	409
<b>Total Non Current Assets</b>		<b>330,357</b>	<b>332,423</b>	<b>321,604</b>	<b>335,544</b>	<b>325,345</b>
<b>Non Current Liabilities</b>						
Payables and Deferred Revenue Under Non Exchange transactions	17	790	459	618	459	618
Borrowings	18	48,795	35,794	44,485	39,581	49,490
Employee Entitlements	20	62	0	61	0	87
Provisions	19	741	879	781	879	781
Derivative Financial Instruments	16	116	696	0	696	0
<b>Total Non Current Liabilities</b>		<b>50,504</b>	<b>37,828</b>	<b>45,945</b>	<b>41,615</b>	<b>50,976</b>
<b>Net Assets</b>		<b>276,273</b>	<b>287,610</b>	<b>277,412</b>	<b>287,280</b>	<b>276,065</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 66 to 133

## Cashflow Statement for the year ended 30 June 2015

	NOTE	Council			Group	
		2015 BUDGET \$000's	2015 ACTUAL \$000's	2014 ACTUAL \$000's	2015 ACTUAL \$000's	2014 ACTUAL \$000's
<b>Cash flows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Rates Revenue (including penalties)		20,181	19,585	19,095	19,573	19,095
Subsidies and Grants		7,894	8,120	8,367	8,120	8,385
Property Rentals		406	463	462	678	462
Petroleum Tax		120	125	125	125	125
Interest from Investments		53	165	91	110	35
Receipts from Other Revenue and Construction Contracts		3,918	5,003	4,145	32,848	37,754
		<b>32,572</b>	<b>33,461</b>	<b>32,285</b>	<b>61,454</b>	<b>65,856</b>
<b>Cash was applied to:</b>						
Payments to Suppliers and Employees		18,030	17,903	17,256	44,168	46,715
Elected Members		260	219	220	306	320
Interest Paid on Borrowings		3,102	2,435	2,268	3,014	2,881
GST Received/(Paid) (net)		780	1,403	1,253	2,853	2,626
		<b>22,172</b>	<b>21,960</b>	<b>20,997</b>	<b>50,341</b>	<b>52,542</b>
<b>Net Cash Inflow from Operating Activities</b>	29	<b>10,400</b>	<b>11,501</b>	<b>11,288</b>	<b>11,113</b>	<b>13,314</b>
<b>Cash flows from Investing Activities</b>						
<b>Cash was provided from:</b>						
Proceeds from Sale of Property, Plant and Equipment		0	12	46	1,047	260
Proceeds from Sale of Assets Held for Sale		77	0	95	0	95
Repayment from Advance to Community Groups		2	3	2	3	2
		<b>79</b>	<b>15</b>	<b>143</b>	<b>1,050</b>	<b>357</b>
<b>Cash was applied to:</b>						
Purchase and Development of Property, Plant and Equipment		12,464	11,207	10,223	11,7878	12,211
Purchase of Intangible Assets		0	55	64	72	56
		<b>12,464</b>	<b>11,262</b>	<b>10,287</b>	<b>11,860</b>	<b>12,267</b>
<b>Net Cash Inflow from Investing Activities</b>		<b>(12,385)</b>	<b>(11,247)</b>	<b>(10,144)</b>	<b>(10,810)</b>	<b>(11,910)</b>
<b>Cash flow from Financing Activities</b>						
<b>Cash was provided from:</b>						
Cash was provided from Borrowings		7,185	5,000	11,050	5,000	12,469
		<b>7,185</b>	<b>5,000</b>	<b>11,050</b>	<b>5,000</b>	<b>12,469</b>
<b>Cash was applied to:</b>						
Repayment of Borrowings		5,200	3,752	11,410	4,241	11,917
		<b>5,200</b>	<b>3,752</b>	<b>11,410</b>	<b>4,241</b>	<b>11,917</b>
<b>Net Cash Inflow from Financing Activities</b>		<b>1,985</b>	<b>1,248</b>	<b>(360)</b>	<b>759</b>	<b>552</b>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		0	1,502	784	1,062	1,956
Cash, cash equivalents and bank overdrafts at the beginning of the year		171	955	171	(982)	(2,938)
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>		<b>171</b>	<b>2,457</b>	<b>955</b>	<b>80</b>	<b>(982)</b>
<b>Balance at end of year represented by:</b>						
Cash at Bank and In Hand		171	457	955	457	966
Term Deposits with maturities less than 3 months		0	2,000	0	2,000	0
Bank Overdraft		0	0	0	(2,377)	(1,948)
		<b>171</b>	<b>2,457</b>	<b>955</b>	<b>80</b>	<b>(982)</b>

These financial statements should be read in conjunction with the notes to the financial statements on pages 66- 133

# NOTES TO THE FINANCIAL STATEMENTS

## Statement of Accounting Policies for the year ended 30 June 2015.

### Reporting Entity

Waitomo District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's activities is the LGA and the Local Government (Rating) Act 2002.

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

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The financial statements of the Council and the Group are for the year ended 30 June 2015. The financial statements were authorised for issue by the Council on 28 October 2015.

### Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

### Going Concern

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

Independent Roadmarkers Taranaki Ltd is dependent on the continuing financial support of its parent company, Inframax Construction Ltd. If Independent Roadmarkers Ltd were unable to continue in operational existence, and pay 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 recorded in the Statement of Financial Position.

No adjustments have been made relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that may be necessary should Independent Roadmarkers Ltd be unable to continue as a going concern.

### Statement of Compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

### Presentation Currency and Rounding

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

### Measurement Basis

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments, investment property and forestry assets. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. For investment property, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

### Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014 the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBE's with reporting periods beginning on or after 1 April 2015. Council will apply these updated standards in preparing its 30 June 2016 financial statements. Council expects that there will be minimal or no change in applying these updated accounting standards.

## Summary of Significant Accounting Policies

### 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 surplus or deficit 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.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expense of the entities within the Group on a line by line basis. All intra-group transactions, balances, revenue 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 comprises rates, revenue from operating activities, grant revenue, interest revenue and other revenue and is measured at fair value of the consideration received or receivable.

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.

Revenue may be derived from either exchange or non-exchange transactions. These are defined as:

- Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

- Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

The following specific recognition criteria must also be met before revenue is recognised.

### *Rates revenue*

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised as revenue when rates are levied. Rates arising from late payment penalties are recognised as revenue when rates become overdue. Rates revenue is classified as non-exchange revenue.

### *New Zealand Transport Agency (NZTA) roading subsidies*

The Council receives funding assistance from NZTA, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. NZTA subsidies are classified as non-exchange revenue.

### *Other Grants received*

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied. The Group received grant revenue from the NZ Defence Force for maintaining the RSA section at Te Kuiti Cemetery and from Ministry of Social Development to provide funding to support Youth activities. Grants were received from the NZ Lottery Grants Board for the restoration of the Te Kuiti Railway Station Buildings and

the refurbishment of the building at 28 Taupiri Street for the relocation of the Te Kuiti Community House. Other grants received are classified as non-exchange revenue.

### *Fees, Levies & Charges*

Other fees, 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. Fees, levies and charges are classified as non-exchange revenue with the exception of water meter revenue, quarry royalties and oncharging of consultants fees for resource consents.

### *Interest Revenue*

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. Interest revenue is classified as exchange revenue.

### *Sale of goods*

The sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer. This revenue is classified as exchange.

### *Property Rental Revenue*

Rental revenue arising on property owned by the Group is accounted for on a straight-line basis over the lease term. Property rental revenue is generally classified as non-exchange with the exception of certain market based lease rentals.

### *Donated, subsidised or vested assets*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised when the control of the asset is transferred to Council. The fair value of this asset is recognised as revenue, unless there is a use or return condition attached to the asset and is classified as non-exchange revenue.

## Rendering of Services

Revenue from construction contracting services includes revenue from building and civil contracting services. Revenue and profit are recognised on the basis of the value of work completed. Percentage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract. Profits are not recognised on building and civil contracting services during the establishment and initial stages and accordingly recognition of profit is deferred during that period. The difference between the revenue and costs is carried forward as either a contract receivable or contract payable. Once the contract result can be reliably estimated, which is not less than 20% complete by cost, the profit earned to that point is recognised in the current period. Expected losses are recognised in full as soon as they become apparent. Rendering of services is classified as exchange revenue.

## Construction Contracts

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

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.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit. 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 surpluses less recognised losses and progress billings. If there are contract costs where progress billings exceed the aggregate costs incurred plus surpluses less losses, the net amounts are presented as a liability.

### 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.

### Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

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 tax rates (and tax laws) 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 Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised 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 or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly into equity.

### Cash and Equivalents

Cash and Equivalents includes cash on hand deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank over drafts.

### Inventory

Inventory held for use in the provision 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 surplus or deficit in the period of the write-down.

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

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

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.

Financial assets are classified into the following categories for the purpose of measurement:

- financial assets at fair value through surplus or deficit,
- 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.

The fair value of financial instruments traded in active markets is based on quoted market prices at each balance 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 three categories of financial assets are:

#### *Financial Assets at Fair Value through surplus or deficit*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit 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 into a hedge accounting relationship.

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 date.

After initial recognition they are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Derivative financial instrument assets are included in this class.

#### *Loans & Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified as Receivables in the Statement of Financial Position.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans made 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 financial asset. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

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.

#### *Available for Sale*

Available for sale financial assets are those that are designated into the category at initial inception or are not classified in any of the other categories above. They are included in non current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and Group includes in this category:

- 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 revenue and expense 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 surplus or deficit. 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 surplus or deficit (as a reclassification adjustment).

#### **Impairment of Financial Assets**

Financial assets are assessed for any evidence of impairment at each balance date. Any impairment losses are recognised in the surplus or deficit.

#### *Loans and receivables*

Impairment is established when there is evidence that the Council and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying value and the present value of estimated future cash flows, discounted using the original effective interest rate.

#### *Available for sale*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists for available for sale assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset already recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

#### **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 surplus or deficit.

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 hedged 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 revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit 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 revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

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 revenue and expense 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 revenue and expense from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

#### *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 surplus or deficit.

#### **Payables**

Payables and other payables are recognised at their face value when the Group becomes obligated to make future payments resulting from the purchase of goods or services.

Payables may be derived from either exchange or non-exchange transactions. These are defined as:

- Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Payables from exchange transactions include payables to suppliers, retention monies and payables for elected members and directors fees.

- Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non exchange payables include payables for GST, deposits and bonds held and deferred grant revenue.

#### **Borrowings**

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.

Borrowings are classified as current liabilities unless Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

#### **Good and Service Tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position. 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**

A provision is recognised 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 an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the 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 and is included in finance costs.

#### *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.

#### **Employee Entitlements**

##### *Short-Term Employee Entitlements*

Employee benefits expected to be settled within 12 months after the end of the period which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and entitlements expected to be settled within 12 months, and sick leave.

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 Employee Entitlements

### Retirement Gratuities

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, 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.

### 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, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

A finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether 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 consists of:

#### Operational Assets

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

#### 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.

#### 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 infrastructural land, roads, water reticulation systems, sewerage reticulation systems, stormwater systems, refuse systems and land under roads.

Land (operational, restricted and infrastructural) is measured at fair value. Buildings (operational and restricted) and all infrastructural assets (except for land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

## Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non exchange transaction, 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 surplus or deficit. When revalued assets are sold, the amounts included in the property revaluation reserves in respect of those assets are transferred to accumulated funds.

### 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.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

### 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

### Restricted Assets

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

Buildings	5-100 years
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## 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. The residual value and useful life of an asset is reviewed, and adjusted where applicable, at each balance date.

### Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except for land under roads) are revalued with sufficient regularity to ensure that their carrying value does not materially differ from fair value and at least every three years. The carrying values of revalued items are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off cycle asset class is revalued.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to a property revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in the other comprehensive revenue and expense.

## Revaluation of Restricted Assets

Land and buildings in restricted assets are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used).

## Intangible Assets

### Computer 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. Staff training costs are recognised in the surplus or deficit when 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 surplus or deficit.

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

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

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. The calculation is based on assessment of growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

## 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 surplus or deficit.

Any increases in fair value less costs to sell are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

#### **Investment 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 property consists of miscellaneous housing properties. Investment property is held primarily for capital growth, rental or similar revenue. 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 surplus or deficit.

#### **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.

#### **Cost Allocation**

The Council has derived the cost of service for each significant activity. Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These costs are allocated to Council activities using appropriate cost drivers such as resource use, staff numbers and floor area. All overhead costs have been allocated to significant activities.

#### **Impairment of Property, Plant and Equipment and Intangible assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets that have a finite useful life are reviewed annually 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 asset's 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.

If an asset's carrying amount exceeds its recoverable amount the asset is regarded as 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 surplus or deficit.

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

#### *Value in use for non cash generating assets*

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

#### *Value in use cash generating assets*

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

#### **Equity**

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated Funds,
- Other reserves, and
- Property revaluation reserves.

#### **Other 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 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

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

#### 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 Council in its 2014/15 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these 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 19 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 surplus or deficit.

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 21.

##### 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 surplus or deficit, and carrying amount of the asset in the Statement of Financial Position. 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 21.

##### Estimating Construction Contract Revenue

Assessment of projects on a percentage of completion basis, in particular with regard to accounting for variations, the timing of surplus recognition and the amount of surplus recognised. The amount recognised in revenue is disclosed in Note 4, the receivable in Note 15 and the payable in Note 17.

##### Valuation of Investment in Inframax Construction Ltd

The investment in Inframax Construction Ltd 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 conservatively recognised the investment at \$2.6 million. After consideration of the Company's improved performance strengthened financial statements and financial forecasts, Council considers the carrying value reflects fair value at 30 June 2015.

##### 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 surplus or deficit a deferred tax asset for part utilisation of tax losses brought forward. This recognition is based on budgeted taxable surplus recognised in the 2015/16 financial year.

#### **Changes in accounting policies**

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

#### **Comparatives**

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where Council has made additional disclosure in the current year, and where greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy.

There have been changes in comparatives for Fees, Charges and income from construction and Other Revenue (including gains and losses) due to the transition to the new PBE standards and Council has also decided to no longer distinguish between gains and other revenue.

There have also been changes to comparatives on the Statement of Financial Position due to the transition to the new PBE standard.

Further information relating to these changes can be found in note 42.

# 1• Rates Revenue

	Waitomo District Council		Waitomo District Group	
(\$000's)	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
General Rate (as per rates strike)	3,376	3,032	3,374	3,032
Less adjustment to Uniform Annual General Charges	0	(887)	0	(887)
General Rate	3,376	2,145	3,374	2,145
Uniform Annual General Charges	3,110	3,096	3,109	3,096
Plus adjustment from General Rate*	0	887	0	887
Uniform Annual General Charges	3,110	3,983	3,109	3,983
Targeted Rates - Sewerage	2,193	2,054	2,192	2,054
Targeted Rates - Water (TUAC)	1,529	1,537	1,526	1,537
Targeted Rates - Solid Waste	697	726	696	726
Targeted Rates - Roads and Footpaths	5,639	5,664	5,636	5,664
Targeted Rates - Other	807	766	806	766
Rates Penalties	471	422	471	422
<b>Sub Total</b>	<b>17,822</b>	<b>17,297</b>	<b>17,810</b>	<b>17,297</b>
Less Rates paid on Council properties	(338)	(366)	(338)	(366)
<b>Total Rates Revenue</b>	<b>17,484</b>	<b>16,931</b>	<b>17,472</b>	<b>16,931</b>
Rates revenue from non exchange transactions	17,484	16,931	17,472	16,931

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

In 2013/14 an adjustment was 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.

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 was allocated its portion of the adjusted general rates and adjusted uniform annual general charge a transfer of \$877,446 was 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 introduced further disclosure requirements for the Financial Statements. One of the changes is to disclose separately, in the Statement of Comprehensive Revenue and Expense, the amount of revenue 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 revenue related to water by meter has been disclosed under Fees, Charges and Targeted Water Supply Rates in the Statement of Comprehensive Revenue and Expense. 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.

## 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 Statement of Comprehensive Revenue and Expense, the amount of revenue 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 revenue related to water by meter has been disclosed under the Fees, Charges and Targeted Water Supply Rates in the Statement of Comprehensive Revenue and Expense and has been excluded from the Rates, excluding Targeted Water Supply Rates note.

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Water Meter Revenue from exchange transactions	780	685	780	685

## 3• Subsidies and Grants

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
NZTA Rooding Subsidy	5,763	6,336	5,763	6,336
Ministry of Health Government Grants	(2)	600	(2)	600
Ministry of Social Development Grants	26	132	26	132
Grants received for Railway Building	613	0	613	0
Grants received for refurbishment for relocation of the Te Kuiti Community House	290	0	290	0
Other Grants	44	0	44	0
<b>Total Subsidies and Grants</b>	<b>6,734</b>	<b>7,068</b>	<b>6,734</b>	<b>7,068</b>
Subsidies and grants revenue from non exchange transactions	6,734	7,068	6,734	7,068

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 were 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 to the agreement was sought to extend the completion date. The work will be completed by 28 February 2016.

In January 2012 Council entered into an agreement with the Ministry of Health to provide a subsidy for the construction of Te Kuiti Water Supply filtration and UV disinfection assets. The total approved subsidy available is \$780,820. The subsidy is subject to obtaining the necessary resource consents and completing the construction and commissioning of the works within two years of the funding agreement. A variation to the agreement was sought to extend the completion date to 30 April 2016. The works will be completed by 30 April 2016.

In July 2014 the New Zealand Lottery Grants Board confirmed the funding of \$15,823 for costs associated with the World War 1 commemorations. Some costs for commemorations were spent in April 2015 with the remaining work to be completed 16 October 2015.

During the year NZ Lottery Grants Board provided grant funding of \$553,077 for the refurbishment and renewal of the Railway Buildings in Te Kuiti. The work associated with this project was completed in June 2015.

During the year NZ Lottery Grants Board provided grant funding of \$290,000 for the costs of refurbishment to the building at 28 Taupiri Street Te Kuiti to accommodate the relocation of the Te Kuiti Community House. The full subsidy amount was recognised in 2014/15 as the majority of the project was completed by June 2015. The remaining work associated with this project will be completed by August 2015.

## 4• Fees, Charges and Income from Construction

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Revenue from exchange transactions</b>				
Income from Construction Contracts	0	0	23,041	28,343
Resource Consent Revenue	78	16	78	16
Property Rentals	41	36	228	136
Rental Revenue from Investment Property	24	20	24	20
Sale of Goods	164	125	164	125
Rendering of Services	0	0	347	200
Quarry Royalties	36	44	0	0
<b>Total</b>	<b>343</b>	<b>241</b>	<b>23,882</b>	<b>28,840</b>
<b>Revenue from non exchange transactions</b>				
Regulatory Revenue	425	362	425	362
Property Rentals	339	256	339	356
Trade Waste Charges	1,814	1,140	1,814	1,140
Solid Waste Disposal Charges	817	789	817	789
Swimming Pool Revenue	53	33	53	33
Resource Consent Revenue	16	14	16	14
Other Fees and Charges	228	312	228	312
<b>Total</b>	<b>3,692</b>	<b>2,906</b>	<b>3,692</b>	<b>3,006</b>
<b>Total Fees, Charges and Income from Construction</b>	<b>4,035</b>	<b>3,147</b>	<b>27,574</b>	<b>31,846</b>

See note 42 for classification changes in comparatives.

## 5• Other Revenue (including Gains and Losses)

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Other Revenue	158	46	158	46
Donations Received	41	8	41	8
Revenue on Acquisition of Property, Plant and Equipment at nominal value	17	2	17	2
Petrol Tax	124	126	124	126
<b>Total Other Revenue from non exchange transactions</b>	<b>340</b>	<b>182</b>	<b>340</b>	<b>182</b>
Gain/(Loss) in Change in Fair Value of Investment Property	205	(18)	205	(18)
Gain/(Loss) in Forestry Assets	(44)	0	(44)	0
Gain/(Loss) in Change in Fair Value of Available for Sale Non Current Assets	(2)	(32)	(2)	(32)
Gain/(Loss) on Sale of Available for Sale Non Current Assets	0	8	0	8
Gain/(Loss) on Derivatives	0	5	0	5
Gain/(Loss) on Sale of Property, Plant and Equipment	10	11	10	11
<b>Total Other Gains/(Losses)</b>	<b>169</b>	<b>(26)</b>	<b>169</b>	<b>(26)</b>
<b>Total Other Revenue including Gains/(Losses)</b>	<b>509</b>	<b>156</b>	<b>509</b>	<b>156</b>

See note 42 for classification changes in comparatives.

## 6• Employee Benefit Expenses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Salaries and Wages	4,175	3,664	11,183	12,072
Defined Contribution plan employer contributions	52	48	53	54
Increase/(Decrease) in Employee Benefit Liabilities	(144)	45	(295)	161
<b>Total Employee Benefit Expenses</b>	<b>4,083</b>	<b>3,757</b>	<b>10,941</b>	<b>12,287</b>

## 7• Depreciation

(\$000's)	Waitomo District Council			Waitomo District Group	
	2015 BUDGET	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Leadership and Investments	363	354	327	354	327
Community Service	729	674	642	674	642
Community Development	5	5	5	5	5
Regulation	2	2	2	2	2
Solid Waste Management	70	92	89	92	89
Stormwater Drainage	179	174	172	174	172
Sewerage	1,021	734	714	734	714
Water Supply	570	426	417	426	417
Roads and Footpaths	3,166	3,048	3,065	3,048	3,065
Other Activities	0	0	0	706	1,097
<b>Total Depreciation and Amortisation Expense</b>	<b>6,105</b>	<b>5,509</b>	<b>5,433</b>	<b>6,215</b>	<b>6,530</b>

## 8• Finance Costs

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Interest on Bank Borrowings	2,443	2,272	3,011	2,840
Interest on Finance Leases	13	13	24	52
Discount Unwinding on Provision (note 19)	25	26	25	26
Interest derivatives (presented net):				
Ineffectiveness on cash flow hedges	(10)	0	(10)	0
<b>Total Finance Costs</b>	<b>2,471</b>	<b>2,311</b>	<b>3,050</b>	<b>2,918</b>

## 9. Other Expenditure

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Audit fee for Long Term Plan	88	0	88	0
Audit fee for Financial Statement Audit	120	117	208	190
Audit fee for Assurance Related Services	3	2	3	2
Bad Debts Written Off	188	111	189	111
Directors Fees	0	0	87	100
Grants Expenditure	95	90	95	90
Insurance Premiums	215	241	396	325
Inventory Consumption	0	0	1,834	3,281
(Gain)/Loss on Property, Plant and Equipment	311	5	1	(59)
Operating Lease Expenses	32	59	167	340
Impairment of Receivables	(28)	263	(19)	263
Remuneration of Elected Members	223	220	223	220
Subscriptions	102	83	109	93
Road Maintenance	4,316	4,926	4,316	4,926
Other Maintenance Expenditure	3,989	3,883	5,803	3,883
Direct Contract Expenses	0	0	9,455	10,844
Other Expenditure	2,375	2,349	3,629	5,705
Investment Property Expenditure	1	3	1	3
Rates and Penalties Remissions	435	234	435	234
<b>Total Other Expenses</b>	<b>12,465</b>	<b>12,586</b>	<b>27,020</b>	<b>30,551</b>

See note 42 for classification changes in comparatives.

The Operating lease expense relates to various items of office equipment. The lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The council does not have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

## 10. Tax

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Income tax Recognised in Surplus/(Deficit)</b>				
Current Tax	0	0	0	(9)
Deferred Tax on Temporary Differences	0	0	(94)	(143)
Income Tax Expense/(Revenue)	<b>0</b>	<b>0</b>	<b>(94)</b>	<b>(152)</b>
<b>Reconciliation of Accounting Surplus/(Deficit) before tax and income tax expense</b>				
<b>Surplus/(Deficit) before Taxation</b>	<b>5,049</b>	<b>3,991</b>	<b>5,917</b>	<b>4,435</b>
Prima Facie Taxation at 28%	1,414	1,117	1,657	1,242
Taxation Effect of Non Deductible Expenditure	(1,480)	(1,186)	(1,479)	(1,188)
Non Taxable Income	0	0	(17)	(2)
Non-Recognition of Benefit of Tax Losses	66	69	66	(71)
Partial recognition of deferred tax benefit	0	0	(125)	(143)
Movement in temporary differences not recognised	0	0	(168)	
Under/(Over) Provided in Prior Periods	0	0	(28)	10
Income Tax Expense/(Revenue)	<b>0</b>	<b>0</b>	<b>(94)</b>	<b>(152)</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</b>					
<b>Opening Balance 1 July 2013</b>	<b>6</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>15</b>
(Charged)/Credited to Profit or Loss	7	2	0	143	152
<b>Closing Balance 30 June 2014</b>	<b>13</b>	<b>11</b>	<b>0</b>	<b>143</b>	<b>167</b>
(Charged)/Credited to Profit or Loss	(5)	(7)	(3)	109	94
<b>Closing Balance 30 June 2015</b>	<b>8</b>	<b>4</b>	<b>(3)</b>	<b>252</b>	<b>261</b>

This is made up of:

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Current	0	0	228	143
Non Current	0	0	33	24
<b>Total</b>	<b>0</b>	<b>0</b>	<b>261</b>	<b>167</b>

#### Council

Council has accumulated tax losses of \$1,976,000 to 30 June 2015 (2014: \$1,740,000). 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 receiving taxable income from its subsidiary not being anticipated in the immediate future despite improved financial performance being achieved.

#### Group

The Group has accumulated tax losses of \$13,906,000 to 30 June 2015 (2014: \$13,954,000). 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 2015/16 financial year. The amount recognised is equivalent to the taxable income budgeted for the 2015/16 year.

#### Imputation Credit Account

	Waitomo District Group	Waitomo District Group
(\$000's)	2015 ACTUAL	2014 ACTUAL
Balance 1 July	3,416	3,416
<b>Closing Balance 2015</b>	<b>3,416</b>	<b>3,416</b>

# 11• Equity

(\$000's)	Note	Waitomo District Council		Waitomo District Group	
		2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Accumulated Funds</b>					
Balance at 1 July		200,100	196,865	199,230	195,399
Prior Period Adjustment	42	0	37	0	37
<b>Adjusted Balance at 1 July</b>		<b>200,100</b>	<b>196,902</b>	<b>199,230</b>	<b>195,436</b>
Surplus/(deficit) for the year		5,179	3,991	6,047	4,587
Transfer from Revaluation Reserve on asset disposal		170	30	170	30
Transfer to Council Created Reserves		(1,856)	(823)	(1,856)	(823)
<b>Balance at 30 June</b>		<b>203,593</b>	<b>200,100</b>	<b>203,591</b>	<b>199,230</b>
<b>Other Reserves</b>					
<b>Council Created Reserves</b>					
Balance at 1 July		6,246	5,423	6,246	5,423
Transfers from Retained Earnings		1,856	823	1,856	823
		<b>8,102</b>	<b>6,246</b>	<b>8,102</b>	<b>6,246</b>
<b>Available for Sale Reserves</b>					
Balance at 1 July		2,604	4	4	4
Valuation Gains/(Losses)		0	2,600		0
<b>Balance at 30 June</b>		<b>2,604</b>	<b>2,604</b>	<b>4</b>	<b>4</b>
<b>Hedging Reserve</b>					
<b>Balance at 1 July</b>		233	(150)	233	(150)
Gains/(Losses) from Cash Flow Hedges		(1,089)	383	(1,089)	383
<b>Balance at 30 June</b>		<b>(856)</b>	<b>233</b>	<b>(856)</b>	<b>233</b>
<b>Total Other Reserves at 30 June</b>		<b>9,850</b>	<b>9,083</b>	<b>7,250</b>	<b>6,483</b>
<b>Revaluation Reserves</b>					
Balance at 1 July		68,229	68,383	70,352	70,506
Prior Period Adjustment	42	0	(2,199)	0	(2,199)
Prior Period Adjustment transferred to Accumulated Funds	42	0	(37)	0	(37)
<b>Adjusted Balance at 1 July</b>		<b>68,229</b>	<b>66,147</b>	<b>70,352</b>	<b>68,270</b>
Revaluation Gains/(Losses)		6,108	2,112	6,257	2,112
Transfer to Accumulated Funds on asset disposal		(170)	(30)	(170)	(30)
<b>Balance at 30 June</b>		<b>74,167</b>	<b>68,229</b>	<b>76,439</b>	<b>70,352</b>
<b>This is made up of:</b>					
Operational Land		4,336	3,653	4,756	4,019
Operational Buildings		4,099	2,880	4,242	2,928
Library Books		17	63	17	63
Restricted Land		5,140	5,387	5,140	5,387
Restricted Buildings		386	702	386	702
Infrastructural Land		668	710	668	710
Roading Assets		41,625	41,625	42,975	42,975
Water Reticulation Assets		5,005	4,153	5,005	4,153
Sewerage Reticulation Assets		5,814	2,175	5,814	2,175
Stormwater Reticulation Assets		6,427	6,231	6,427	6,231
Refuse System Assets		650	650	650	650
Quarry Plant Assets		0	0	359	359
<b>Total Revaluation Reserves</b>		<b>74,167</b>	<b>68,229</b>	<b>76,439</b>	<b>70,352</b>

Information about reserve funds held for a specific purpose is provided below:

Waitomo District Council				
(\$000's)	OPENING BALANCE 1 JULY 2014 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2015 \$000's
<b>Operational Reserves</b>				
<b>Leadership and Investments</b>				
Leadership	303	78	(215)	166
Investments	(3,352)	220	(232)	(3,364)
	<b>(3,049)</b>	<b>298</b>	<b>(447)</b>	<b>(3,198)</b>
<b>Community Service</b>				
Parks and Reserves	292	48	(87)	253
Housing and Other Property	(199)	345	(10)	136
Recreation and Culture - Library	(212)	0	(18)	(230)
Recreation and Culture - Swimming Pool	(90)	0	(25)	(115)
Recreation and Culture - Culture and Arts Centre	129	60	0	189
Recreation and Culture - Aerodrome	81	38	(7)	112
Public Amenities	180	114	(20)	274
Safety	145	56	0	201
	<b>326</b>	<b>661</b>	<b>(167)</b>	<b>820</b>
<b>Community Development</b>				
Community Development	469	121	(395)	195
	<b>469</b>	<b>121</b>	<b>(395)</b>	<b>195</b>
<b>Regulation</b>				
Regulation	(370)	192	(27)	(205)
	<b>(370)</b>	<b>192</b>	<b>(27)</b>	<b>(205)</b>
<b>Solid Waste Management</b>				
Collection	57	27	(15)	69
Management - Landfill and Transfer Stations	480	0	(68)	412
Management - Waste Minimisation	(20)	0	(10)	(30)
	<b>517</b>	<b>27</b>	<b>(93)</b>	<b>451</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	0	13	0	13
Rural Stormwater	128	20	0	148
	<b>128</b>	<b>33</b>	<b>0</b>	<b>161</b>
<b>Resource Management</b>				
District Plan Administration	(50)	58	(2)	6
	<b>(50)</b>	<b>58</b>	<b>(2)</b>	<b>6</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	1,243	1,153	0	2,396
Te Waitere Sewerage	50	4	0	54
Benneydale Sewerage	(205)	9	(10)	(206)
Piopio Sewerage	376	23	0	399
	<b>1,464</b>	<b>1,189</b>	<b>(10)</b>	<b>2,643</b>

Waitomo District Council

(\$000's)	OPENING BALANCE 1 JULY 2014 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2015 \$000's
<b>Water Supply</b>				
Te Kuiti Water	(356)	115	(18)	(259)
Mokau Water	(364)	0	(92)	(456)
Piopia Water	(478)	0	(147)	(625)
Benneydale Water	(80)	5	(4)	(79)
	<b>(1,278)</b>	<b>120</b>	<b>(261)</b>	<b>(1,419)</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	(2,079)	3	(104)	(2,180)
Non Subsidised Roads	450	0	(28)	422
	<b>(1,629)</b>	<b>3</b>	<b>(132)</b>	<b>(1,758)</b>
<b>Corporate Support</b>				
Gratuities	83	0	0	83
Long Service Leave	35	0	(10)	25
Natural Disaster	426	0	0	426
	<b>544</b>	<b>0</b>	<b>(10)</b>	<b>534</b>
<b>Total Operational Reserves</b>	<b>(2,928)</b>	<b>2,702</b>	<b>(1,544)</b>	<b>(1,770)</b>
<b>Depreciation Reserves</b>				
<b>Leadership and Investments</b>				
Investments	(152)	0	(72)	(224)
	<b>(152)</b>	<b>0</b>	<b>(72)</b>	<b>(224)</b>
<b>Community Service</b>				
Parks and Reserves	(11)	31	(64)	(44)
Housing and Other Property - Housing	131	21	(4)	148
Housing and Other Property - Community Halls	670	163	0	833
Housing and Other Property - Other Land and Buildings	330	96	(51)	375
Recreation and Culture - Library	425	102	(56)	471
Recreation and Culture - Swimming Pool	(78)	32	(30)	(76)
Recreation and Culture - Culture and Arts Centre	(26)	129	(41)	62
Recreation and Culture - Aerodrome	10	14	(6)	18
Public Amenities	160	57	(145)	72
	<b>1,611</b>	<b>645</b>	<b>(397)</b>	<b>1,859</b>
<b>Community Development</b>				
I-SITE	30	5	(4)	31
	<b>30</b>	<b>5</b>	<b>(4)</b>	<b>31</b>
<b>Regulation</b>				
Animal Control	(20)	2	(14)	(32)
	<b>(20)</b>	<b>2</b>	<b>(14)</b>	<b>(32)</b>
<b>Solid Waste Management</b>				
Management - Landfill and Transfer Stations	(203)	91	(133)	(245)
	<b>(203)</b>	<b>91</b>	<b>(133)</b>	<b>(245)</b>

Waitomo District Council

(\$000's)	OPENING BALANCE 1 JULY 2014 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2015 \$000's
<b>Stormwater</b>				
Te Kuiti Stormwater	834	170	(178)	826
Rural Stormwater	20	4	(1)	23
	<b>854</b>	<b>174</b>	<b>(179)</b>	<b>849</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	554	287	(346)	495
Te Waitere Sewerage	(11)	6	(5)	(10)
Benneydale Sewerage	147	34	(14)	167
Piopio Sewerage	16	44	(56)	4
	<b>706</b>	<b>371</b>	<b>(421)</b>	<b>656</b>
<b>Water Supply</b>				
Te Kuiti Water	356	93	(93)	356
Mokau Water	(52)	58	(60)	(54)
Piopio Water	198	18	(18)	198
Benneydale Water	112	34	(15)	131
	<b>614</b>	<b>203</b>	<b>(186)</b>	<b>631</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	4,719	2,911	(2,418)	5,212
Non Subsidised Roads	(41)	136	(21)	74
	<b>4,678</b>	<b>3,047</b>	<b>(2,439)</b>	<b>5,286</b>
<b>Corporate Support</b>				
Corporate Support	351	219	(286)	284
Plant	374	125	(279)	220
	<b>725</b>	<b>344</b>	<b>(565)</b>	<b>504</b>
<b>Total Depreciation Reserves</b>	<b>8,843</b>	<b>4,882</b>	<b>(4,410)</b>	<b>9,315</b>
<b>Investment Revaluation Reserves</b>				
<b>Leadership and Investments</b>				
Investment Property - Forestry	(32)	32	0	0
Investment Property - Parkside	0	149	0	149
	<b>(32)</b>	<b>181</b>	<b>0</b>	<b>149</b>
<b>Community Services</b>				
Housing and Other Property - Other Land and Buildings	265	56	0	321
	<b>265</b>	<b>56</b>	<b>0</b>	<b>321</b>
<b>Available for Sale Reserves</b>				
Shares in Other Companies	4	0	0	4
Shares in Subsidiary	2,600	0	0	2,600
	<b>2,604</b>	<b>0</b>	<b>0</b>	<b>2,604</b>
<b>Total Investment Revaluation Reserves</b>	<b>2,837</b>	<b>237</b>	<b>0</b>	<b>3,074</b>

Waitomo District Council

(\$000's)	OPENING BALANCE 1 JULY 2014 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2015 \$000's
<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	233	0	(1,089)	(856)
	<b>233</b>	<b>0</b>	<b>(1,089)</b>	<b>(856)</b>
<b>Solid Waste Management</b>				
Waste Minimisation Reserve	82	28	(39)	71
	<b>82</b>	<b>28</b>	<b>(39)</b>	<b>71</b>
<b>Total Special Purpose Reserves</b>	<b>331</b>	<b>28</b>	<b>(1,128)</b>	<b>(769)</b>
<b>Total Other Reserves</b>	<b>9,083</b>	<b>7,849</b>	<b>(7,082)</b>	<b>9,850</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 three 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.
- Waste Minimisation Reserve - The waste minimisation reserve is used to record the funding and expenditure in relation to the Council's share of the waste disposal levy received from Central Government under the Waste Minimisation Act 2008. The funds received are required to be expended on initiatives and projects to promote or achieve waste minimisation in accordance with the Council's Waste Management and Minimisation Plan.

## 12• Cash and Cash Equivalents

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Cash and Cash Equivalents</b>				
Cash at Bank and In Hand	457	955	457	966
Term Deposits With Maturities of Less Than 3 months	2,000	0	2,000	0
<b>Total Cash and Cash Equivalents</b>	<b>2,457</b>	<b>955</b>	<b>2,457</b>	<b>966</b>

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value. The Council holds unspent funds, included in cash at bank and term deposits of \$110,681 (2014:\$139,858) that are subject to restrictions. These unspent funds relate to Waste Minimisation reserve (note 11) and grants received with restrictions. These restrictions generally specify how the funds are required to be spent.

Cash, cash equivalents and bank overdrafts include the following for the purpose of the Statement of Cash Flows:

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Cash at Bank and In Hand	457	955	457	966
Term Deposits With Maturities of Less Than 3 Months	2,000	0	2,000	0
Bank Overdrafts (note 18)	0	0	(2,377)	(1,948)
<b>Total</b>	<b>2,457</b>	<b>955</b>	<b>80</b>	<b>(982)</b>

## 13• Other Financial Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Current</b>				
Loans and Advances	2	2	2	2
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Non Current</b>				
Loans and Advances	766	769	17	19
Shares in Companies	20	20	20	20
<b>Total</b>	<b>786</b>	<b>789</b>	<b>37</b>	<b>39</b>
<b>Total Other Financial Assets</b>	<b>788</b>	<b>791</b>	<b>39</b>	<b>41</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 (2014: 16,940). The investment is recorded at cost because it cannot be measured reliably.

### Investment in CCO

Council has 100% shareholding in Inframax Construction Ltd (2014:100%). 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 which resulted in an increase of \$2,600,000. The gain on revaluation was recorded in Other Comprehensive Revenue and Expense and forms part of the Assets Available for Sale Reserve in the Equity section of the Statement of Financial Position. The Council considers the revaluation as currently reflected in the Council financial statements to be fair value of the investment at 30 June 2015.

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Shares in Subsidiary	2,600	2,600	0	0
<b>Total</b>	<b>2,600</b>	<b>2,600</b>	<b>0</b>	<b>0</b>

## 14• Inventory

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Metal Stockpiles and Landfill Stock	33	19	1,898	1,363
Fuels, Spares and Consumables	38	15	66	33
<b>Total Inventory</b>	<b>71</b>	<b>34</b>	<b>1,964</b>	<b>1,396</b>

## 15• Receivables

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Receivables under Exchange Transactions</b>				
Related Party Receivables	22	14	0	0
General Debtors	239	195	1,647	2,565
Amounts due from Customers for Contract Work	0	0	1,440	1,189
Retentions Receivable	0	0	563	395
Prepayments	112	83	196	221
<b>Receivables prior to impairment</b>	<b>373</b>	<b>292</b>	<b>3,846</b>	<b>4,370</b>
Less Provision for Doubtful Debts	(1)	0	(17)	(7)
<b>Total Receivables</b>	<b>372</b>	<b>292</b>	<b>3,829</b>	<b>4,363</b>
<b>Receivables under Non Exchange Transactions</b>				
Rates Receivables *	3,973	3,824	3,973	3,824
General Debtors	2,823	2,778	2,823	2,778
<b>Receivables prior to impairment</b>	<b>6,796</b>	<b>6,602</b>	<b>6,796</b>	<b>6,602</b>
Less Provision for Doubtful Debts	(1,607)	(1,636)	(1,607)	(1,636)
<b>Total Receivables</b>	<b>5,189</b>	<b>4,966</b>	<b>5,189</b>	<b>4,966</b>

\* Included in the rates receivable figure is an amount of \$1,300,510 (2014: \$1,180,454) relating to rates penalties.

	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Gross Receivables</b>				
Not past due	3,988	4,052	7,162	6,660
Past due 1-30 days	45	6	45	6
Past due 31-60 days	88	4	280	1,278
Past due 61-90 days	109	1	122	10
Past due > 90 days	2,827	2,748	2,837	2,797
<b>Total Gross Receivables</b>	<b>7,057</b>	<b>6,811</b>	<b>10,446</b>	<b>10,751</b>
<b>Impairment of Receivables</b>				
Not past due	(420)	(354)	(420)	(354)
Past due 1-30 days	0	0	0	0
Past due 31-60 days	0	0	0	0
Past due 61-90 days	0	0	0	0
Past due > 90 days	(1,188)	(1,282)	(1,204)	(1,289)
<b>Total Impairment of Receivables</b>	<b>(1,608)</b>	<b>(1,636)</b>	<b>(1,624)</b>	<b>(1,643)</b>
<b>Net Receivables</b>				

Current	3,568	3,698	6,742	6,306
Past due 1-30 days	45	6	45	6
Past due 31-60 days	88	4	280	1,278
Past due 61-90 days	109	1	122	10
Past due > 90 days	1,639	1,466	1,633	1,508
<b>Total Net Receivables</b>	<b>5,449</b>	<b>5,175</b>	<b>8,822</b>	<b>9,108</b>
Plus Prepayments	112	83	196	221
<b>Total Receivables</b>	<b>5,561</b>	<b>5,258</b>	<b>9,018</b>	<b>9,329</b>
Individual Impairment	1,608	1,636	1,624	1,643
Collective Impairment	0	0	0	0
<b>Total Provision for Impairment</b>	<b>1,608</b>	<b>1,636</b>	<b>1,624</b>	<b>1,643</b>
Current	420	354	420	354
Past due 1-30 days	0	0	0	0
Past due 31-60 days	0	0	0	0
Past due 61-90 days	0	0	0	0
Past due > 90 days	1,188	1,282	1,204	1,289
<b>Total Individual Impairment</b>	<b>1,608</b>	<b>1,636</b>	<b>1,624</b>	<b>1,643</b>
Balance at 1 July	(1,636)	(1,373)	(1,643)	(1,495)
Additional provisions made during the year	(160)	(374)	(170)	(370)
Receivables written off during the period	188	111	189	222
<b>Balance at 30 June</b>	<b>(1,608)</b>	<b>(1,636)</b>	<b>(1,624)</b>	<b>(1,643)</b>

## 16• Derivative Financial Instruments

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Non Current Asset Portion</b>				
Interest rate swaps - cash flow hedges	153	409	153	409
<b>Total Derivative Financial Instrument Assets</b>	<b>153</b>	<b>409</b>	<b>153</b>	<b>409</b>
<b>Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	317	171	317	171
<b>Non Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	696	0	696	0
<b>Total Derivative Financial Instrument Liabilities</b>	<b>1013</b>	<b>171</b>	<b>1013</b>	<b>171</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.

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 surplus or deficit.

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$49,000,000 (2014: \$34,000,000), of which \$34,000,000 (2014: \$34,000,000) were effective at balance date and \$15,000,000 (2014: \$Nil) had a forward start date. At 30 June 2015, the fixed interest rates applicable the swap contracts ranged from 3.78% to 4.90% (2014: 3.88% to 4.90%).

The Council and Group have no fair value hedges.

## 17• Payables and Deferred Revenue

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Current Portion</b>				
<b>Payables and Deferred Revenue under exchange transactions</b>				
Trade Payables and Accrued Expenses	2,672	2,435	4,361	5,560
Related Party Payables	274	129	0	0
Retention Monies	390	257	390	257
Elected Members and Directors Fees Payable	4	10	8	13
Deferred Revenue	0	0	62	0
<b>Total</b>	<b>3,340</b>	<b>2,831</b>	<b>4,821</b>	<b>5,830</b>
<b>Payables and Deferred Revenue under non exchange transactions</b>				
GST Payable	221	170	392	170
Deposits and Bonds	120	109	120	109
Deferred Revenue	361	380	361	380
<b>Total</b>	<b>702</b>	<b>659</b>	<b>873</b>	<b>659</b>
<b>Total Current Portion</b>	<b>4,042</b>	<b>3,490</b>	<b>5,694</b>	<b>6,489</b>
<b>Non Current</b>				
<b>Payables and Deferred Revenue under non exchange transactions</b>				
GST Payable	459	618	459	618
<b>Total Non Current Portion</b>	<b>459</b>	<b>618</b>	<b>459</b>	<b>618</b>
<b>Total Payables and Deferred Revenue</b>	<b>4,501</b>	<b>4,108</b>	<b>6,153</b>	<b>7,107</b>

Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value.

## 18• Borrowings

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Bank Overdraft	0	0	2,377	1,948
<b>Current</b>				
Secured Loans	10,310	334	11,032	334
Lease Liabilities	35	46	110	114
<b>Total Current</b>	<b>10,345</b>	<b>380</b>	<b>11,142</b>	<b>448</b>
<b>Non Current</b>				
Secured Loans	35,000	43,697	38,642	48,564
Unsecured Loans	750	750	750	750
Lease Liabilities	44	38	189	176
<b>Total Non Current</b>	<b>35,794</b>	<b>44,485</b>	<b>39,581</b>	<b>49,490</b>
<b>Total Borrowings</b>	<b>46,139</b>	<b>44,865</b>	<b>50,723</b>	<b>49,938</b>

## Council

Council's borrowings consisted of \$26,000,000 (2014: \$21,000,000) Floating Rate Floating Notes with a range of applicable interest rates of 4.12% to 5.77% (2014: 4.22% to 5.72%), Westpac Term Advances of \$19,000,000 (2014: \$22,697,000) with a range of applicable interest rates of 4.31% to 4.45% (2014: 4.48% to 4.62%) and an unsecured Westpac Term Loan of \$750,000 (2014: \$750,000) with an applicable interest rate of 6.6% (2014: 8.20%).

All interest rates quoted above are floating rates with 90 day resets and include the interbank market interest rate (BKBM) or the Westpac prime interest rate plus credit margin. The effective weighted average interest rate for secured loans are 4.60% (2014: 4.67%) and for the unsecured loan 6.6% (2014: 8.20%). Interest rate exposure is hedged through executing Receive-floating-Pay-Fixed interest rate swaps, which effectively converts floating rate debt into fixed rate.

The maturity date for the Westpac Term Advances is July 2017 (2014: July 2015) and a range of maturity dates for the Floating Rate Notes of August 2015 to November 2017 (2014: August 2015 to April 2017).

Council has a Wholesale Advance credit facility from Westpac Banking Corporation Limited with a limit of \$25,000,000 (2014: \$30,000,000), of which \$6,000,000 (2014: \$7,253,000) was available as at 30 June 2015.

## Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$500,000 (2014: Nil) of which \$270,000 was undrawn, a Multi-option credit facility of \$3,250,000 (2014: \$3,250,000) of which \$1,120,000 (2014: \$500,000) was undrawn, drawn loans of \$4,365,000 (2014: \$4,867,000) and performance guarantees of \$1,001,000 (2014: \$945,000).

## Stock Issued under Debenture Trust Deed

At 30 June 2015 the total amount of Stock issued and outstanding under the Debenture Trust Deed was;

(\$000's)	Waitomo District Council	Waitomo District Council
	2015 ACTUAL	2014 ACTUAL
Debenture Stock	26,000	21,000
Security Stock*	45,000	45,000
<b>Total Stock Issued</b>	<b>71,000</b>	<b>66,000</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 nil (2014:\$50,000) and Term Advances of \$19,000,000 (2014:\$22,697,000). The total borrowings outstanding are less than the security held by the bank under the Security Stock.

## Security

### Council

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.

### Group

In addition to security issued by Council the overdraft facility and loans of Inframax Construction Ltd and Independent Roadmarkers Ltd are secured by way of debenture over the assets of the business and covenants of Westpac Banking Corporation which must be met on a quarterly basis. No breaches arose during the year.

Finance lease liabilities are effectively secured as the right to the leased asset reverts to the lessor in the event of default.

Analysis of Finance Lease Liabilities (\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Total Minimum Lease Payments Payable</b>				
Not later than one year	35	53	124	132
Later than one year and not later than five years	44	40	200	199
<b>Present Value of Minimum Lease Payments</b>	<b>79</b>	<b>93</b>	<b>324</b>	<b>331</b>

The finance lease is for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant, and equipment as disclosed in note 21. The finance lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

## 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 2014	Loan Repayments	Loans Raised	Closing Balance 30 June 2015	Internal Interest Paid
<b>Activity Loans</b>					
Leadership and Investments	3,607	(65)	0	3,542	141
Community Services	2,109	(183)	978	2,904	83
Community Development	30	(3)	0	27	1
Regulation	48	(7)	0	41	2
Solid Waste Management	6,165	(171)	556	6,550	241
Stormwater Drainage	147	(12)	0	135	6
Sewerage	13,987	(402)	185	13,770	547
Water Supply	5,545	(185)	2,218	7,578	217
Roads and Footpaths	23,728	(714)	95	23,109	929
<b>Total</b>	<b>55,365</b>	<b>(1,742)</b>	<b>4,032</b>	<b>57,656</b>	<b>2,167</b>

## 19• 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 111,286 cubic metres. The estimated remaining life of the landfill is 21 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 5.5% (2014: 6%).

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Balance at 1 July</b>	798	756	798	756
Additional Provisions Made During the Year	91	0	91	0
Amounts Used During the Year	(18)	(17)	(18)	(17)
Discount Unwinding	25	26	25	26
Unused Amounts Reversed	0	33	0	33
<b>Balance at 30 June</b>	<b>896</b>	<b>798</b>	<b>896</b>	<b>798</b>
<b>This is made up of:</b>				
Current	17	17	17	17
Non Current	879	781	879	781
<b>Total Provisions</b>	<b>896</b>	<b>798</b>	<b>896</b>	<b>798</b>

## 20• Employee Entitlements

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Accrued Pay	32	151	314	476
Annual, Long Service and Sick Leave	382	346	800	846
Gratuities and Retirement Provision	8	69	8	95
<b>Total Employee Entitlements</b>	<b>422</b>	<b>566</b>	<b>1,122</b>	<b>1,417</b>
<b>This is made up of:</b>				
Current	422	505	1,122	1,330
Non Current	0	61	0	87
<b>Total Employee Entitlements</b>	<b>422</b>	<b>566</b>	<b>1,122</b>	<b>1,417</b>

## 21• Property, Plant and Equipment

Council 2015	Cost/ Revaluation 30.06.14	Acc Depn & Impairment Charges 30.06.14	Carrying Value 30.06.14	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.15	Acc Depn & Impairment Charges 30.06.15	Carrying Value 30.06.15
<b>\$000's</b>											
<b>Operational Assets</b>											
Land	4,705	0	4,705	66	0	0	0	683	5,454	0	5,454
Buildings	7,502	1,964	5,538	213	7	(46)	462	1,228	6,464	0	6,464
Plant and equipment	334	158	176	26	3	0	27	0	357	185	172
Motor Vehicles	1,199	789	410	242	1	0	123	0	1,440	912	528
Furniture and fittings	1,194	1,038	156	100	0	15	29	0	1,309	1,067	242
Computers	1,690	1,558	132	29	(1)	0	52	0	1,720	1,610	110
Library Books	964	776	188	51	4	0	58	0	1,011	834	177
Finance leases - office equipment	678	607	71	108	67	0	39	0	719	646	73
<b>Total Operational Assets</b>	<b>18,266</b>	<b>6,890</b>	<b>11,376</b>	<b>835</b>	<b>81</b>	<b>(31)</b>	<b>790</b>	<b>1,911</b>	<b>18,474</b>	<b>5,254</b>	<b>13,220</b>
<b>Restricted Assets</b>											
Land	6,556	0	6,556	0	(1)	0	0	(247)	6,310	0	6,310
Buildings	4,617	932	3,685	1,412	15	31	214	(316)	4,583	0	4,583
<b>Total Restricted Assets</b>	<b>11,173</b>	<b>932</b>	<b>10,241</b>	<b>1,412</b>	<b>14</b>	<b>31</b>	<b>214</b>	<b>(563)</b>	<b>10,893</b>	<b>0</b>	<b>10,893</b>
<b>Infrastructural Assets</b>											
Land	1,256	0	1,256	104	0	0	0	(42)	1,318	0	1,318
Roads	244,454	14,647	229,807	4,707	(3)	0	3,048	0	249,164	17,695	231,469
Water Reticulation	14,428	1,541	12,887	1,614	13	0	426	866	14,928	0	14,928
Sewerage Reticulation	26,540	2,254	24,286	2,007	214	0	734	3,740	29,085	0	29,085
Stormwater Systems	9,673	815	8,858	346	(1)	0	174	196	9,227	0	9,227
Refuse Systems	4,189	576	3,613	778	0	0	86	0	4,967	662	4,305
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>310,423</b>	<b>19,833</b>	<b>290,590</b>	<b>9,556</b>	<b>223</b>	<b>0</b>	<b>4,468</b>	<b>4,760</b>	<b>318,572</b>	<b>18,357</b>	<b>300,215</b>
Contract Work in Progress	3,943	0	3,943	(1,189)	26	0	0	0	2,728	0	2,728
<b>Total Council Assets</b>	<b>343,805</b>	<b>27,655</b>	<b>316,150</b>	<b>10,614</b>	<b>344</b>	<b>0</b>	<b>5,472</b>	<b>6,108</b>	<b>350,667</b>	<b>23,611</b>	<b>327,056</b>

Council 2014 (Restated) \$000's	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 Peri- od Adjustment (Note 42)	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
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	(1,012)	417	0	14,428	1,541	12,887
Sewerage Reticulation	23,697	1,535	22,162	3,813	27	(947)	715	0	26,540	2,254	24,286
Stormwater Systems	9,910	640	9,270	0	0	(240)	172	0	9,673	815	8,858
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>(2,199)</b>	<b>4,453</b>	<b>2,112</b>	<b>310,423</b>	<b>19,833</b>	<b>290,590</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>(2,199)</b>	<b>5,396</b>	<b>2,112</b>	<b>343,805</b>	<b>27,655</b>	<b>316,150</b>

Group 2015	Cost/ Revaluation 30.06.14	Acc Depn & Impairment Charges 30.06.14	Carrying Value 30.06.14	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.15	Acc Depn & Impair- ment Charges 30.06.15	Carrying Value 30.06.15
<b>Operational Assets</b>											
Land	5,259	0	5,259	66	0	0	0	737	6,062	0	6,062
Buildings	9,456	2,328	7,128	217	7	(46)	521	1,323	8,094	0	8,094
Plant and equipment	334	158	176	26	3	0	27	0	357	185	172
Motor Vehicles	22,960	17,947	5,013	809	588	0	706	0	23,181	18,653	4,528
Quarry Production Equipment	383	105	278	21	0	0	42	0	388	131	257
Furniture and fittings	1,981	1,783	198	112	2	15	47	0	2,106	1,830	276
Computers	1,690	1,558	132	29	(1)	0	52	0	1,720	1,610	110
Library Books	964	776	188	51	4	0	58	0	1,011	834	177
Finance leases - office equipment	678	607	71	108	67	0	39	0	719	646	73
<b>Total Operational Assets</b>	<b>43,705</b>	<b>25,262</b>	<b>18,443</b>	<b>1,439</b>	<b>670</b>	<b>(31)</b>	<b>1,492</b>	<b>2,060</b>	<b>43,638</b>	<b>23,889</b>	<b>19,749</b>
<b>Restricted Assets</b>											
Land	6,556	0	6,556	0	(1)	0	0	(247)	6,310	0	6,310
Buildings	4,617	932	3,685	1,412	15	31	214	(316)	4,583	0	4,583
<b>Total Restricted Assets</b>	<b>11,173</b>	<b>932</b>	<b>10,241</b>	<b>1,412</b>	<b>14</b>	<b>31</b>	<b>214</b>	<b>(563)</b>	<b>10,893</b>	<b>0</b>	<b>10,893</b>
<b>Infrastructural Assets</b>											
Land	1,256	0	1,256	104	0	0	0	(42)	1,318	0	1,318
Roads	244,454	14,647	229,807	4,707	(3)	0	3,048	(104)	249,060	17,695	231,365
Water Reticulation	14,428	1,541	12,887	1,614	13	0	426	866	14,928	0	14,928
Sewerage Reticulation	26,540	2,254	24,286	2,007	214	0	734	3,740	29,085	0	29,085
Stormwater Systems	9,673	815	8,858	346	(1)	0	174	196	9,227	0	9,227
Refuse Systems	4,189	576	3,613	778	0	0	86	0	4,967	662	4,305
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>310,423</b>	<b>19,833</b>	<b>290,590</b>	<b>9,556</b>	<b>223</b>	<b>0</b>	<b>4,468</b>	<b>4,656</b>	<b>318,468</b>	<b>18,357</b>	<b>300,111</b>
Contract Work in Progress	3,943	0	3,943	(1,189)	26	0	0	0	2,728	0	2,728
<b>Total Council Assets</b>	<b>369,244</b>	<b>46,027</b>	<b>323,217</b>	<b>11,218</b>	<b>933</b>	<b>0</b>	<b>6,174</b>	<b>6,153</b>	<b>375,727</b>	<b>42,246</b>	<b>333,481</b>

Group 2014 (Restated)	Cost/ Revaluation 30.06.13	Acc Depn & Impairment Charges 30.06.13	Carrying Value 30.06.13	Current Year Additions	Current Year Disposals	Reclassification/ Prior Period Adjustment (Note 42)	Current Year Depreciation and Impairment	Revaluation Gain/(Loss)	Cost/ Revalua- tion 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	383	105	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>43,705</b>	<b>25,262</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
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	(1,012)	417	0	14,428	1,541	12,887
Sewerage Reticulation	23,697	1,535	22,162	3,813	27	(947)	715	0	26,540	2,254	24,286
Stormwater Systems	9,910	640	9,270	0	0	(240)	172	0	9,673	815	8,858
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>301,183</b>	<b>15,343</b>	<b>285,840</b>	<b>9,256</b>	<b>27</b>	<b>(2,199)</b>	<b>4,453</b>	<b>2,173</b>	<b>310,423</b>	<b>19,833</b>	<b>290,590</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>(2,199)</b>	<b>6,495</b>	<b>2,173</b>	<b>369,244</b>	<b>46,027</b>	<b>323,217</b>

## Valuation

### *Land (operational, restricted, and infrastructural)*

The valuations were performed by an independent registered valuer, Mairi Macdonald, an independent valuer from Quotable Value Limited for Council's and Adrian Doyle, an independent valuer from Doyle Valuations Limited for Inframax Construction Limited land and buildings. The valuation is effective as at 30 June 2015.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Asset Class	Valuation Date	Total Value
Council: Operational, Restricted and Infrastructural Land	30 June 2015	\$13,080,000
Inframax Construction Limited: Operational Land	30 June 2015	\$607,500

### *Buildings (operational and restricted)*

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For Council's earthquake prone buildings that are expected to be strengthened, the estimated earthquake strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

Asset Class	Valuation Date	Total Value
Council: Operational and Restricted Buildings	30 June 2015	\$11,050,400
Inframax Construction Limited: Operational Buildings	30 June 2015	\$1,617,000

### *Infrastructural asset classes: water utilities infrastructure, refuse systems and roads.*

The valuation of water utilities infrastructure; sewerage reticulation, water reticulation, and storm water systems was performed by an independent registered valuer, Colin Gerrard, an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2015.

The valuation of refuse systems and roads was performed by an independent registered valuer, Sarah Seel, an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2014.

Sewerage, water, stormwater, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue or expense. To minimise this risk, 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 asset management planning activities, which provides further assurance over useful life estimates.

Set out below is the summary of current valuations for infrastructural asset classes

Asset Class	Valuation Date	Total Value (Optimised Depreciated Replacement Cost)
Roads	30 June 2014	\$229,807,000
Refuse Systems	30 June 2014	\$3,253,000
Storm water systems	30 June 2015	\$9,227,000
Sewerage Reticulation	30 June 2015	\$29,086,000
Water Supply Reticulation	30 June 2015	\$14,927,000

#### *Land under roads*

Land under roads was valued based on fair value of adjacent land determined by Adrian Doyle of Doyle Valuations Limited, effective 1 July 2001. On transition to NZ IFRS, the Council elected to use the fair value of land under roads as at 1 July 2001 as deemed cost and land under roads is no longer revalued.

#### *Quarry Production Equipment*

The valuation of heavy quarry production equipment held by Inframax Construction Limited was performed by an independent registered valuer, Neil Davis, an independent valuer from Turners Auctions. The valuation is effective as at 30 June 2013.

Asset Class	Valuation Date	Total Value
Inframax Construction Limited: Quarry Production Equipment	30 June 2013	\$383,000

#### *Library collections*

The library collection was valued by North Langley & Associates as at 1 July 2004. The value of the collection at that date was \$493,000. Subsequent carrying values have been determined through subsequent additions, less accumulated depreciation and disposals. On transition to NZ IFRS the Council elected to use the fair value of library books as at 1 July 2004 as deemed cost and library books are no longer revalued.

#### *Disposals*

During the year Council derecognised parts of existing structures and asset components at the Te Kuiti Waste Water Treatment plant as part of the capitalisation process of the new plant assets. The disposal resulted in a disposal loss of \$214,000 as there were no recoverable items disposed.

During the year printing equipment held under a finance lease was replaced and the finance lease reorganised resulting in a disposal loss of \$67,000.

#### *Work in progress*

The total amount of property, plant, and equipment in the course of construction is \$2,728,000 (2014 \$3,943,000).

#### *Leasing*

The net carrying amount of plant and equipment held under finance leases is \$73,000 (2014 \$71,000).

## 22• Intangible Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Software</b>				
<b>Cost</b>				
Balance at 1 July	764	754	764	754
Additions	48	10	65	10
<b>Balance at 30 June</b>	<b>812</b>	<b>764</b>	<b>829</b>	<b>764</b>
<b>Accumulated Amortisation</b>				
Balance at 1 July	715	678	715	678
Amortisation Expense for the Year	37	37	42	37
<b>Balance at 30 June</b>	<b>752</b>	<b>715</b>	<b>757</b>	<b>715</b>
<b>Net Book Value at 30 June</b>	<b>60</b>	<b>49</b>	<b>72</b>	<b>49</b>
<b>Emission Trading Units</b>				
Balance at 1 July	39	0	39	0
Additions	1	46	1	46
Disposals	(1)	(6)	(1)	(6)
Amount surrendered during the year	0	(1)	0	(1)
<b>Balance at 30 June</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>
<b>Net Book Value at 30 June</b>	<b>99</b>	<b>88</b>	<b>111</b>	<b>88</b>

## 23• Forestry Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Balance at 1 July	44	39	44	39
Gains/(Losses) due to change in fair value less estimated point of sale costs	(44)	5	(44)	5
<b>Balance at 30 June</b>	<b>0</b>	<b>44</b>	<b>0</b>	<b>44</b>

Council owns 15.7 hectares of Pinus radiata forest located around the Landfill site, William Street, Te Kuiti. The forest is due to mature in 14 years time.

Independent registered valuers, Bruce Langley of North Langley and Associates have valued the forest assets as at 30 June 2015. The following significant valuation assumptions were used in determining the fair value of the forest:

- Current log prices at 30 June 2015 were used, under the assumption that harvest would be carried out within the next two years from valuation date.
- Current harvesting contract costs were assessed based on location and size of the forest.
- Reference to current at gate prices for hogging fuel used by various mills that use hogged fuel with chain grate boilers.
- The forest land was excluded from the forest valuation and included in the land and buildings valuation.

## 24• Investment Property

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Balance at 1 July	635	653	635	653
Transfer from Asset Held For Sale	455	0	455	0
Gains/(Losses) Due to Change in Fair Value	205	(18)	205	(18)
<b>Balance at 30 June</b>	<b>1,295</b>	<b>635</b>	<b>1,295</b>	<b>635</b>

The valuation of investment property was performed by Mairi Macdonald, an independent valuer from Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types and location of the investment properties owned by Council.

The fair value of investment property has been determined using either the Direct Sales Approach or the Income Approach. The Direct Sales Approach was used as an estimate of value based on a comparison of the asset to similar assets that have recently sold, with adjustments made for the assets physical features and condition. Where the Income Approach was used, it reflects what a prudent investor would pay for an asset given an expected return with consideration of the risks involved in the investment and two approaches were used; capitalisation of income and discounted cash flow.

Council has a contractual obligation for repairs and maintenance and capital expenditure for leased investment properties under a commercial lease agreement. Contractual obligations for capital expenditure is \$37,500 (2014: Nil) to be carried in 2015/16 financial year.

## 25• Asset held for sale

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Balance at 1 July	956	1,063	956	1,063
Transfer to Investment Property	455	0	455	0
Disposals	0	(75)	0	(75)
Gains/(Losses) Due to Change in Fair Value	0	(32)	0	(32)
<b>Balance at 30 June</b>	<b>501</b>	<b>956</b>	<b>501</b>	<b>956</b>

### This is made up of:

	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Current	67	67	67	67
Non Current	434	889	434	889
<b>Balance at 30 June</b>	<b>501</b>	<b>956</b>	<b>501</b>	<b>956</b>

In October 2011 Council purchased the Parkside subdivision from its subsidiary company Inframax Construction Limited at book value. Subsequent to that it was revalued less the sale of one section at 30 June 2012 resulting in a valuation loss of \$118,000. During the year no sections were sold (2014: Two sections were sold resulting in a gain on sale of \$7,000). 15 sections (of 28) are still being actively marketed for sale on a section by section basis, with complete disposal of this class expected by 2023.

13 sections were transferred to Investment Property as in May 2015 Council reconsidered its options with respect to these sections and has decided to hold them off from active marketing and sale until further investigations on these are completed.

## 26• Capitalised Quarry Development Costs

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Balance at 1 July	0	0	196	0
Stripping costs capitalised during the year	0	0	141	196
Stripping costs amortised during the year	0	0	(53)	0
<b>Balance at 30 June</b>	<b>0</b>	<b>0</b>	<b>284</b>	<b>196</b>

## 27• Capital Commitments and Operating Leases

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Commitments for capital contracted but not provided for:</b>				
Water assets	1,409	102	1,409	102
Stormwater assets	13	150	13	150
Road assets	60	171	60	171
Intangible assets	153	0	153	0
Solid Waste assets	26	409	26	409
Restricted buildings	638	667	638	667
Operational buildings	282	143	282	143
<b>Total Capital Commitments</b>	<b>2,581</b>	<b>1,642</b>	<b>2,581</b>	<b>1,642</b>
<b>Non Cancellable Operating Leases as Lessee</b>				
Not later than one year	35	46	126	126
Later than one year but not later than five years	44	38	201	188
Later than five years	0	0	0	0
<b>Total Non Cancellable Operating Leases</b>	<b>79</b>	<b>84</b>	<b>327</b>	<b>314</b>
<b>Operational Commitments</b>				
Not later than one year	3,353	2,477	3,721	2,879
Later than one year but not later than five years	1,786	1,320	2,444	2,279
Later than five years	0	990	139	1,255
<b>Total Operational Commitments</b>	<b>5,139</b>	<b>4,787</b>	<b>6,304</b>	<b>6,413</b>
<b>Total Commitments</b>	<b>7,799</b>	<b>6,513</b>	<b>9,212</b>	<b>8,369</b>

The operating lease is for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant and equipment is disclosed in note 21. The finance lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

### 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 2016 to match their emissions from 1 January 2015 to 31 December 2015.

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 2014/15 EAP.

Given the volatility of the value of NZU's, and in order to minimise price risk, Council purchased a forward contracts in August 2012 to fix the price of NZU's for the 2015 calendar year, as follows:

Calendar Year	No. of NZUs	Price per NZU	Commitment \$
2015/16	11,500	5.85	67,275
Total Commitment for ETS			<b>67,275</b>

The next payment under the Act will be due on **31 May 2016** covering the calendar year 2015.

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

## 28• Contingencies

### Council

In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of \$10,700 (2014: \$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 (2014: \$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.

### Group

A contingent liability of \$1,000,849 exists at 30 June 2015 (2014: \$945,054) being bonds guaranteed by Westpac New Zealand Ltd and will be payable if the Group cannot fulfil its contractual obligations.

High Court proceedings have been commenced by Concrete Structures (NZ) Ltd. The Directors of Inframax Construction Limited having considered legal advice and the facts, are of the opinion that there is no amount due.

## 29• Operating Cash Flow Reconciliation\*

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Net Surplus/(Deficit) After Tax</b>	<b>5,179</b>	<b>3,991</b>	<b>6,047</b>	<b>4,587</b>
<b>Add/(Less) Non Cash Items</b>				
Depreciation and Amortisation Expense	5,509	5,433	6,215	6,530
(Gain)/Loss on revaluation of Investment Property	(205)	17	(205)	17
(Gain)/Loss on revaluation of Assets held for sale	0	24	0	24
(Gain)/Loss on revaluation of Forestry Assets	44	0	44	0
(Gain)/Loss on Disposal or Impairment of Assets	344	(19)	50	(21)
Non Cash Acquisition of Assets	0	(2)	0	(2)
Change in Unrealised Derivative Financial Instrument	10	(5)	10	0
Change in Deferred Taxation Asset/Liability	0	0	(95)	(152)
<b>Add/(Less) Movements in Working Capital Items</b>				
Increase/(Decrease) in Payables and Deferred Revenue	581	5	(897)	231
(Increase)/Decrease in Receivables	(337)	334	246	406
(Increase)/Decrease in Inventory	(37)	9	(568)	89
Increase/(Decrease) in Employee Entitlements	(144)	45	(295)	175
Increase/(Decrease) in Provisions	97	43	98	28
Capitalised and amortisation of Quarry Development Asset	0	0	(88)	(196)
Add/(Less) Items Classified as Investing or Financing Activities	460	1,413	551	1,598
<b>Net Cash Flows from Operating Activities</b>	<b>11,501</b>	<b>11,288</b>	<b>11,113</b>	<b>13,314</b>

\*The Operating Cash Flow Reconciliation provides a link between Surplus/(Deficit) amounts in the Statement of Comprehensive Revenue and Expense and Net Cash Inflows from Operating Activities in the Cashflow Statement.

## 30• Capital Expenditure

Waitomo District Council

(\$000's)	NOTE	2015 BUDGET	2015 ACTUAL	2014 ACTUAL
<b>Capital by Significant Activity</b>				
Leadership and Investments		683	565	262
Community Services		1,364	2,202	723
Community Development		0	0	22
Regulation		0	7	13
Solid Waste Management		901	595	258
Stormwater Drainage		354	166	183
Sewerage		585	204	838
Water Supply		1,688	2,217	1,317
Roads and Footpaths		5,263	4,707	5,128
<b>Total Capital Expenditure</b>		<b>10,838</b>	<b>10,663</b>	<b>8,744</b>
<b>Shown as Additions to</b>				
Property, Plant and Equipment	21	10,838	10,614	8,688
Intangible Assets	22	0	49	56
<b>Total Capital Expenditure</b>		<b>10,838</b>	<b>10,663</b>	<b>8,744</b>
<b>Funded by</b>				
Loans		3,451	4,032	2,190
Subsidy Revenue and Contributions		4,002	3,905	5,063
Reserves		3,385	2,726	1,491
<b>Total</b>		<b>10,838</b>	<b>10,663</b>	<b>8,744</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 \$565)</b>	Office furniture and equipment, computer hardware and licences, vehicles and radio telephones required to meet business unit and other organisational needs.	683	0	0	565
<b>Community Services (Total spend \$2,202)</b>	Railway Buildings upgrade and Main Street re-design and garden upgrade to revitalise buildings to enable use for a variety of potential users.	264	0	1,155	0
	Land purchase for future cemetery extension at Te Kuiti.	11	0	0	0
	Playground and sports grounds drainage improvements at Centennial Park.	0	0	85	0
	Cultural & Arts Centre improvements to enhance appeal to user groups.	191	0	0	0
	Library book stock renewal to maintain the standard of books available at the District library.	60	0	0	51
	Railway Corridor Security fencing to improve public safety.	0	0	97	0
	Security camera improvements to improve public safety.	0	0	36	0
	Land purchase for future camp grounds development.	0	0	18	0
	Brook Park improvements to improve appeal to park users.	32	0	0	0
	Improvement of building layout for use by community groups.	520	0	421	0
	Upgrade of public toilets at Benneydale for use by the community and travellers.	10	0		0
	Upgrade of public toilets at Piopio for use by the community and travellers.	0	0	72	0
	Installation of a public car park by the Arts Culture Centre for use by users of the centre and nearby Childcare centre.	0	0	99	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.	276	0	3	165
	<b>Regulation (Total spend \$7)</b>	Renewals to Dog Pound.	0	0	0
<b>Solid Waste (Total spend \$595)</b>	Development of new cell to increase landfill capacity.	774	0	0	430
	Replacement of miscellaneous assets including highway shaping for safety.	77	0	0	136
	Construction of new recycling shelter to promote recycling practices and improve safety.	50	0	28	0
	Purchase of Emissions Trading Scheme Units for surrender as part of operation of the Landfill.	0	0	0	1
<b>Stormwater (Total spend \$166)</b>	Ongoing renewals of Council stormwater infrastructure for the management of rain water runoff for property protection.	354	0	0	166
<b>Sewerage (Total spend \$204)</b>	Te Kuiti Waste water 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.	96	0	58	0
	Reticulation network improvements to improve efficiency of the network as a whole.	95	0	0	0
	Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants.	394	0	0	146
<b>Water (Total spend \$2,217)</b>	Upgrade of water treatment plant in Te Kuiti to meet new drinking water standards.	1,358	0	1,746	0
	Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply.	70	0	137	0
	Benneydale Water Treatment Plant upgrade and renewals to meet drinking water standards.	0	0	70	0
	Various pipe and plant renewals to maintain the reticulation network.	260	0	0	264

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 \$4,707)</b>	Sealed road surfacing - 43kms of reseal across the District to improve the smoothness of the road surface where the existing surface has deteriorated beyond normal capacity.	1,291	0	0	1,138
	Pavement rehabilitation carried out to reduce future road maintenance costs.	1,534	0	0	678
	Unsealed road metalling to renew structural support to unsealed roads District-wide.	503	0	0	730
	Emergency reinstatement work to repair damage to roads as a result of bad weather events.	240	0	0	1,059
	Drainage renewals to renew culverts in roading network.	459	0	0	284
	Structures components replacement, including bridge and abutment maintenance throughout the District.	350	0	0	484
	Traffic services renewals to improve road safety with additional signage District-wide and installation of new or replacement street lights.	116	0	0	153
	Minor safety improvements, including guard rails and re-alignment of roads to improve road safety.	280	0	45	7
	Other minor works, including preventative maintenance.	150	0	0	33
	Footpath renewals, retaining wall maintenance, road improvements and property purchases not eligible for NZTA subsidy.	340	0	5	91
<b>(Total spend \$10,663)</b>		<b>10,838</b>	<b>0</b>	<b>4,075</b>	<b>6,588</b>

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

## 31 • Financial Instruments

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Financial Instrument Categories</b>				
<b>Financial Assets</b>				
<b>Fair Value through Surplus/(Deficit) - held for trading</b>				
Derivative Financial Instrument Assets	153	409	153	239
	<b>153</b>	<b>409</b>	<b>153</b>	<b>239</b>
<b>Loans and Receivables</b>				
Cash and Cash Equivalents	2,457	955	2,457	966
Trade and Other Receivables	5,449	5,175	8,822	9,108
Loans and Advances - Current	2	2	2	2
Loans and Advance - Non Current	766	769	17	19
<b>Total Loans and Receivables</b>	<b>8,674</b>	<b>6,901</b>	<b>11,298</b>	<b>10,095</b>
<b>Available for Sale Financial Instruments</b>				
Shares in Companies	20	20	20	20
Shares in Subsidiaries	2,600	2,600	0	0
<b>Total Available for Sale Financial Instruments</b>	<b>2,620</b>	<b>2,620</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities</b>				
<b>Fair Value through Surplus/ (Deficit) - held for trading</b>				
Derivative Financial Instrument Liabilities	1,013	171	1,013	171
	<b>1,013</b>	<b>171</b>	<b>1,013</b>	<b>171</b>
<b>Financial Liabilities at Amortised Cost</b>				
Payables and Deferred Revenue - Current	4,042	3,490	5,694	6,489
Payables and Deferred Revenue - Non Current	459	618	459	618
Bank Overdraft	0	0	2,377	1,948
Secured Loans - Current	10,310	344	11,032	344
Secured Loans - Non Current	35,000	43,697	38,642	48,564
Unsecured Loans - Non Current	750	750	750	750
Lease Liabilities - Current	35	46	110	114
Lease Liabilities - Non Current	44	38	189	176
<b>Total Financial Liabilities at Amortised Cost</b>	<b>50,640</b>	<b>48,983</b>	<b>59,253</b>	<b>59,003</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 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-.

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

### 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)	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Cash and Cash Equivalents	2,457	955	2,457	966
Debtors and Other Receivables	5,449	5,175	8,822	9,258
Loans and Advances	768	769	17	19
<b>Total Credit Risk</b>	<b>8,674</b>	<b>6,899</b>	<b>11,296</b>	<b>10,243</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)	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Counterparties with Credit Ratings:</b>				
<b>Cash and Cash Equivalents</b>				
AA-	2,457	955	2,457	966
<b>Derivative Financial Instrument Assets</b>				
AA-	153	409	153	409
<b>Counterparties without Credit Ratings:</b>				
<b>Other Financial Assets - Loans and Advances</b>				
Existing counterparty with no defaults in the past	18	21	18	21
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, which include the Treasury Policy (incorporating Council's investment and liability management policies).

## 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 2015</b>						
Trade and other payables (Current)	0.00%	4,042	4,042	4,042	0	0
Trade and other payables (Non-current)	0.00%	459	459	0	159	300
Bank Overdraft	0.00%	0	0	0	0	0
Secured Loans - Current	5.21%	10,310	10,310	10,310	0	0
Secured Loans - Non-current	4.43%	35,000	37,860	1,551	12,286	24,023
Unsecured Loans - Non-current	6.60%	750	840	50	20	770
Lease Liabilities - Current & Non-current	10.56%	84	92	44	44	4
Derivative Financial Instruments	0.00%	1,013	866	322	326	218
<b>Total</b>		<b>51,658</b>	<b>54,469</b>	<b>16,319</b>	<b>12,835</b>	<b>25,315</b>

<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>

### Total Contractual Cashflows - Group 2015

	Effective Interest Rates %	Carrying Amount	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
Trade and other payables (Current)	0.00%	5,694	5,694	5,694	0	0
Trade and other payables (Non-current)	0.00%	459	459	0	159	300
Bank Overdraft	7.62%	2,359	2,359	2,359	0	0
Secured Loans - Current	5.31%	11,032	11,331	11,331	0	0
Secured Loans - Non-current	4.61%	38,642	41,571	1,551	15,970	24,050
Unsecured Loans - Non-current	6.60%	750	840	50	20	770
Lease Liabilities - Current & Non-current	8.79%	303	341	135	133	73
Derivative Financial Instruments	0.00%	1,013	866	322	326	218
<b>Total</b>		<b>60,252</b>	<b>63,461</b>	<b>21,442</b>	<b>16,608</b>	<b>25,411</b>

### Total Contractual Cashflows - Group 2014

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>

## Sensitivity Analysis

The table below illustrates, the potential impact on surplus/ (deficit) 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 surplus/ (deficit) 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:

	Waitomo District Council		Waitomo District Group	
(\$000's)	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
<b>Interest Rate Risk</b>				
Market Interest Rates increase by 50bps	(54)	(52)	(91)	(91)
Market Interest Rates decrease by 50bps	54	52	91	91

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 \$10,750,000 (2014: \$10,497,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$54,000 (2014: \$52,000). 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 \$18,224,000 (2014: \$18,231,800). A movement in interest rates of plus or minus 50bps would result in a movement of \$91,000 (2014: \$91,000). 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 \$35,921,000 (2014: \$44,903,000) and for the Group \$39,708,000 (2014: \$49,907,000).

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.

### Fair Value Measurement

The following table 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 2015</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	153	0	153
	<b>0</b>	<b>153</b>	<b>0</b>	<b>153</b>
<b>Available-for-sale financial assets</b>				
Shares in Subsidiaries	0	0	2,600	2,600
Shares in Companies	0	0	20	20
	<b>0</b>	<b>0</b>	<b>2,620</b>	<b>2,620</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	1,013	0	1,013
	<b>0</b>	<b>1,013</b>	<b>0</b>	<b>1,013</b>
<b>Group 2015</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	153	0	153
	<b>0</b>	<b>153</b>	<b>0</b>	<b>153</b>
<b>Available-for-sale financial assets</b>				
Shares in Subsidiaries	0	0	0	0
Shares in Companies	0	0	20	20
	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	1,013	0	1,013
	<b>0</b>	<b>1,013</b>	<b>0</b>	<b>1,013</b>
<b>Council 2014</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	409	0	409
	<b>0</b>	<b>409</b>	<b>0</b>	<b>409</b>
<b>Available-for-sale financial assets</b>				
Shares in Subsidiaries	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>0</b>	<b>171</b>	<b>0</b>	<b>171</b>
<b>Group 2014</b>				
<b>Financial Assets at FVTPL</b>				
Derivative Financial Instrument Assets	0	409	0	409
	<b>0</b>	<b>409</b>	<b>0</b>	<b>409</b>
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	0	0
Shares in Subsidiaries	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	171	0	171
	<b>0</b>	<b>171</b>	<b>0</b>	<b>171</b>

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

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Balance at 1 July	2,620	20	20	20
Gain on revaluation of Available for Sale Assets	0	2,600	0	0
<b>Balance at 30 June</b>	<b>2,620</b>	<b>2,620</b>	<b>20</b>	<b>20</b>

## 32• Related Party Transactions

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

### Council

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

(\$000's)	Waitomo District Council	
	2015 ACTUAL	2014 ACTUAL
<b>Transactions with Inframax Construction Ltd</b>		
Road construction and maintenance expenditure	1,206	828
Other expenditure	12	606
Fees and charges and Income from Construction	66	51
Interest on advance	59	58
<b>Balances Outstanding with Inframax Construction Ltd</b>		
Payables	274	129
Receivables	22	14
Advance	750	750
<b>Transactions between Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd</b>		
Other Income	98	386
Operating Expenses	28	65
<b>Balances Outstanding between Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd</b>		
Receivables	5	7
Payables	21	0
Intercompany Loan	53	167

### Inframax Construction Limited

The Company paid plant hire fees of \$16,464 (2014: \$20,550) to R & M Simpson Contracting, a business owned by R & M Simpson, employees of the Company. There was \$8,323 owing at year end (2014: \$nil).

### Remuneration of the Chief Executive (Council)

In the 2014/15 financial year the total remuneration paid to the Council's Chief Executive was \$239,774 (2014: \$233,002).

### Elected Representatives

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Mayor Hanna	66	66	66	66
Deputy Mayor Whitaker	31	29	31	29
Councillor Hickey (held office until October 2013)	0	7	0	7
Councillor Goddard	27	27	27	27
Councillor Digby (held office until October 2013)	0	8	0	8
Councillor Brodie	27	25	27	25
Councillor Te Kanawa	23	23	23	23
Councillor Davey	23	17	23	17
Councillor Smith	26	18	26	18
Directors Fees	0	0	87	100
<b>Total Elected Members Remuneration and Directors Fees</b>	<b>223</b>	<b>220</b>	<b>310</b>	<b>320</b>

## Key Management Personnel

(\$000's)	Waitomo District Council		Waitomo District Group	
	2015 ACTUAL	2014 ACTUAL	2015 ACTUAL	2014 ACTUAL
Short Term Employee Benefits	1,044	1,071	1,318	1,331
<b>Total Payments made to Key Management Personnel</b>	<b>1,044</b>	<b>1,071</b>	<b>1,318</b>	<b>1,331</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 (2014: Nil).

## Council Employees

(\$000's)	Waitomo District Council
	2015 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	41
\$60,000 - \$79,999	17
\$80,000 - \$119,999	9
\$120,000 - \$239,999	5
<b>Total Employees</b>	<b>72</b>

## 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>

The number of full time employees at 30 June 2015 was 72 (2014: 64).

## 33• Construction Contracts

Waitomo District Group

(\$000's)	NOTE	2015 ACTUAL	2014 ACTUAL
Constructions costs incurred plus recognised profits less recognised losses to date		0	0
Less Progress Billings		0	0
<b>Contracts in Progress at 30 June</b>		<b>0</b>	<b>0</b>
Deferred Revenue	17	62	0
Construction Contract Accrued Income	15	0	0
<b>Contracts in Progress at 30 June</b>		<b>62</b>	<b>0</b>

## 34• Severance payments

### Council

There were no severance payments made during the year (2014: nil).

### Group

There were no severance payments made during the year (2014: nil).

## 35• Funding Impact Statements (Local Government (Financial Reporting) Regulations 2011)

The following information is presented in compliance with the Local Government (Financial Reporting) Regulations 2011 and should not be relied on for any other purpose than compliance with those regulations. The purpose of the statements is to present information about sources and applications of funding. This information is derived from accrual accounting records, prepared under GAAP, however transactions with no funding impact, such as depreciation and asset revaluations have been eliminated.

COUNCIL	2014 LTP 2012-22	2014 ACTUAL	2015 LTP 2012-22	2015 ACTUAL
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	6,691	6,550	7,009	6,958
Targeted rates (other than a target rate for water supply)	11,088	10,748	12,108	10,865
Subsidies and grants for operating purposes	2,765	3,477	3,010	2,898
Fees, charges, and targeted rates for water supply	3,719	3,787	4,041	4,880
Interest and dividends from investments	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	150	328	146	314
<b>Total operating funding (A)</b>	<b>24,413</b>	<b>24,890</b>	<b>26,314</b>	<b>25,915</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	17,651	16,755	18,708	17,281
Finance costs	3,163	2,311	3,601	2,470
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>20,814</b>	<b>19,066</b>	<b>22,309</b>	<b>19,751</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,599</b>	<b>5,824</b>	<b>4,005</b>	<b>6,164</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	3,523	3,575	3,302	2,887
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	3,873	2,190	4,081	4,032
Gross proceeds from sale of assets	103	123	106	10
Lump sum contributions				
<b>Total sources of capital funding (C)</b>	<b>7,499</b>	<b>5,888</b>	<b>7,489</b>	<b>6,929</b>
<b>Applications of capital funding</b>				
Capital expenditure - to meet additional demand	0	0	0	0
Capital expenditure - to improve the level of service	3,750	2,619	3,144	4,081
Capital expenditure - to replace existing assets	5,359	6,046	6,638	5,801
Increase (decrease) in reserves	1,989	3,047	1,712	3,211
Increase (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>11,098</b>	<b>11,712</b>	<b>11,494</b>	<b>13,093</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,599)</b>	<b>(5,824)</b>	<b>(4,005)</b>	<b>(6,164)</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>2014 LTP 2012-2022</b>	<b>2015 LTP 2012-22</b>	<b>2015 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,580	2,780	2,451
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	49	88	62
Internal charges and overheads recovered	12,008	12,376	14,820
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	165
<b>Total operating funding (A)</b>	<b>14,642</b>	<b>15,249</b>	<b>17,498</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,067	6,292	7,310
Finance costs	3,138	3,576	2,445
Internal charges and overheads applied	5,446	5,470	7,142
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>14,651</b>	<b>15,338</b>	<b>16,897</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(9)</b>	<b>(89)</b>	<b>601</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	232	239	0
Gross proceeds from sale of assets	103	106	10
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>335</b>	<b>345</b>	<b>10</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	184	344	0
Capital expenditure - to replace existing assets	46	0	565
Increase (decrease) in reserves	96	(88)	46
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>326</b>	<b>256</b>	<b>611</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>9</b>	<b>89</b>	<b>(601)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>COMMUNITY SERVICE</b>	<b>2014 LTP 2012-2022</b>	<b>2015 LTP 2012-22</b>	<b>2015 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,592	2,744	2,971
Targeted rates (other than a target rate for water supply)	244	252	245
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	399	424	477
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	1	0
<b>Total operating funding (A)</b>	<b>3,245</b>	<b>3,421</b>	<b>3,693</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,490	1,659	1,063
Finance costs	0	0	0
Internal charges and overheads applied	1,181	1,245	1,501
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,671</b>	<b>2,904</b>	<b>2,564</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>574</b>	<b>517</b>	<b>1,129</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	501	382	978
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>501</b>	<b>382</b>	<b>978</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	206	159	1,992
Capital expenditure - to replace existing assets	556	565	210
Increase (decrease) in reserves	313	175	(95)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,075</b>	<b>899</b>	<b>2,107</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(574)</b>	<b>(517)</b>	<b>(1,129)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>COMMUNITY DEVELOPMENT</b>	<b>2014 LTP 2012-2022</b>	<b>2015 LTP 2012-22</b>	<b>2015 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	823	770	793
Targeted rates (other than a target rate for water supply)	191	200	174
Subsidies and grants for operating purposes	0	0	24
Fees, charges, and targeted rates for water supply	214	237	96
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>1,228</b>	<b>1,207</b>	<b>1,087</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	792	804	838
Finance costs	0	0	0
Internal charges and overheads applied	490	383	518
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,282</b>	<b>1,187</b>	<b>1,356</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(54)</b>	<b>20</b>	<b>(269)</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	(54)	20	(269)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(54)</b>	<b>20</b>	<b>(269)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>54</b>	<b>(20)</b>	<b>269</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

REGULATION	2014 LTP 2012-2022	2015 LTP 2012-22	2015 ACTUAL
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	326	321	439
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	420	434	418
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	2	12
<b>Total operating funding (A)</b>	<b>748</b>	<b>757</b>	<b>869</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	274	269	105
Finance costs	0	0	0
Internal charges and overheads applied	469	482	578
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>743</b>	<b>751</b>	<b>683</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5</b>	<b>6</b>	<b>186</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	7
Increase (decrease) in reserves	5	6	179
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5</b>	<b>6</b>	<b>186</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5)</b>	<b>(6)</b>	<b>(186)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>SOLID WASTE MANAGEMENT</b>	<b>2014 LTP 2012-2022</b>	<b>2015 LTP 2012-22</b>	<b>2015 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	15	18	11
Targeted rates (other than a target rate for water supply)	967	1,129	697
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	1,147	1,180	1,001
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>2,129</b>	<b>2,327</b>	<b>1,709</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,378	1,509	1,042
Finance costs	25	25	25
Internal charges and overheads applied	578	636	537
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,981</b>	<b>2,170</b>	<b>1,604</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>148</b>	<b>157</b>	<b>105</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	52	852	556
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>52</b>	<b>852</b>	<b>556</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	96	852	28
Capital expenditure - to replace existing assets	0	0	567
Increase (decrease) in reserves	104	157	66
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>200</b>	<b>1,009</b>	<b>661</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(148)</b>	<b>(157)</b>	<b>(105)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>STORMWATER</b>	<b>2014 LTP 2012-2022</b>	<b>2015 LTP 2012-22</b>	<b>2015 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)	396	419	388
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	0	0	1
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>396</b>	<b>419</b>	<b>389</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	142	146	90
Finance costs	0	0	0
Internal charges and overheads applied	92	104	92
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>234</b>	<b>250</b>	<b>182</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>162</b>	<b>169</b>	<b>207</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	111	136	166
Increase (decrease) in reserves	51	33	41
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>162</b>	<b>169</b>	<b>207</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(162)</b>	<b>(169)</b>	<b>(207)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

RESOURCE MANAGEMENT	2014 LTP 2012-2022	2015 LTP 2012-22	2015 ACTUAL
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	108	110	107
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	83	86	120
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>196</b>	<b>227</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	92	94	76
Finance costs	0	0	0
Internal charges and overheads applied	99	102	92
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>191</b>	<b>196</b>	<b>168</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>0</b>	<b>59</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	0	0	59
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>59</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>0</b>	<b>(59)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

SEWERAGE	2014 LTP 2012-2022	2015 LTP 2012-22	2015 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)	2,179	2,410	2,193
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	726	792	1,816
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>2,905</b>	<b>3,202</b>	<b>4,009</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,451	1,552	1,208
Finance costs	0	0	0
Internal charges and overheads applied	1,005	1,138	1,027
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,456</b>	<b>2,690</b>	<b>2,235</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>449</b>	<b>512</b>	<b>1,774</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	905	942	185
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>905</b>	<b>942</b>	<b>185</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	705	753	58
Capital expenditure - to replace existing assets	210	200	145
Increase (decrease) in reserves	439	501	1,756
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,354</b>	<b>1,454</b>	<b>1,959</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(449)</b>	<b>(512)</b>	<b>(1,774)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>WATER SUPPLY</b>	<b>2014 LTP 2012-2022</b>	<b>2015 LTP 2012-22</b>	<b>2015 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)	1,519	1,675	1,529
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	608	726	786
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>2,127</b>	<b>2,401</b>	<b>2,315</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,299	1,348	1,378
Finance costs	0	0	0
Internal charges and overheads applied	524	689	808
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,823</b>	<b>2,037</b>	<b>2,186</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>304</b>	<b>364</b>	<b>129</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	780	0	-2
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,746	1,147	2,218
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>2,526</b>	<b>1,147</b>	<b>2,216</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	2,353	756	1,953
Capital expenditure - to replace existing assets	177	394	264
Increase (decrease) in reserves	300	361	128
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,830</b>	<b>1,511</b>	<b>2,345</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(304)</b>	<b>(364)</b>	<b>(129)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>ROADS AND FOOTPATHS</b>	<b>2014 LTP 2012-2022</b>	<b>2015 LTP 2012-22</b>	<b>2015 ACTUAL</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	247	266	186
Targeted rates (other than a target rate for water supply)	5,592	6,023	5,639
Subsidies and grants for operating purposes	2,765	3,010	2,874
Fees, charges, and targeted rates for water supply	73	74	103
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	133	138	137
<b>Total operating funding (A)</b>	<b>8,810</b>	<b>9,511</b>	<b>8,939</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,666	5,035	4,171
Finance costs	0	0	0
Internal charges and overheads applied	1,697	1,850	1,745
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>6,363</b>	<b>6,885</b>	<b>5,916</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,447</b>	<b>2,626</b>	<b>3,023</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	2,743	3,302	2,889
Development and financial contributions	0	0	0
Increase (decrease) in debt	437	519	95
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>3,180</b>	<b>3,821</b>	<b>2,984</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	206	280	50
Capital expenditure - to replace existing assets	4,686	5,620	4,657
Increase (decrease) in reserves	735	547	1,300
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5,627</b>	<b>6,447</b>	<b>6,007</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,447)</b>	<b>(2,626)</b>	<b>(3,023)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 36• Events after balance date

### General Maintenance Contract

The general maintenance road contract was re-tendered and on the 16 September 2015 the contract was awarded to Inframax Construction Ltd for the three year period commencing 1 October 2015 for an amount of \$16,901,461. The contract was previously held by Downer NZ Ltd.

### Borrowings

Council refinanced a \$5,000,000 floating rate note that was due to mature on the 31 August 2015, through issuance of a new three year floating rate note on the 24 August 2015. Council anticipates that the remaining current portion of public debt will be refinanced on similar terms.

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

### Statement of Comprehensive Revenue and Expense

#### Revenue was \$1.1 million more than budget due to:

- Interest revenue was \$0.11 million more than budget.
- Fees and Charges were \$0.80 million more due to additional trade waste revenue being received. The additional revenue is from exceedance charges where nutrient levels are more than the allowable limits.
- Other revenue was \$0.50 million more due to contributions for carpark renewals, railway security fencing and the Piopio Hall. Gains were also recognised for the revaluation of investment property and parkside subdivision sections.
- These increases in revenue were offset by rates revenue being less than budget by \$0.27 million. This was the result of excluding rates revenue on Council owned properties. The budget figure includes the rates revenue paid on Council owned properties.
- Subsidies and grants were also \$0.13 million less than budget. This is the net result of no subsidy being received on Te Kuiti Water Treatment Plant upgrade due to delays in the project and additional grant revenue being received for the redevelopment of Railway Station Buildings.

#### Expenditure was \$1.5 million less than budget due to:

- Finance costs were \$0.63 million less than budget due to a reduced public debt level than what was budgeted for and interest rates were less than anticipated at the time the budget was prepared.
- Depreciation costs were \$0.6 million less than budget due to the delay in the completion of the Te Kuiti Water Treatment Plant upgrade. The budget assumed that the asset would have been completed in the 2013/14 year. Depreciation on the Te Kuiti Waste Water Treatment Plant assets was also less than was anticipated at the time the budgets were prepared. Roads depreciation was also lower than expected as a result of the revaluation at 30 June 2014.
- Community Service costs were \$0.59 million less than budget due to rates paid on Council owned properties being excluded. The budget figure includes rates on Council owned properties. Repairs and maintenance expenditure was also less than budget as this work is only carried out as required.
- Community Development costs were \$0.26 million more than budget due to additional rates and penalty remission applications being processed during the year.

### Statement of Financial Position

#### Total equity was \$11.3 million more than expected due to:

- The surplus was \$2.6 million more than budget.
- The increase in revaluation reserve of \$5.8 million as a result of the revaluation of water, waste water, stormwater and land and buildings assets.
- The gain on revaluation of assets available for sale reserve for the increase in value of the investment in Inframax Construction Ltd of \$2.6 million in the 2013/14 year also contributed to this result as the gain was not included in the budgets.

Current assets were \$2.2 million more due to a higher level of cash and cash equivalents at balance date than was anticipated at the time the budget was prepared. This was offset slightly by a reduced level of Receivables than what was expected.

Current liabilities were \$5.5 million more than budget due to a greater portion of borrowings being recognised as current than when the budget was prepared.

Non current assets were \$2.1 million more than expected due to the increase in the value of Other Financial Assets from the valuation of Inframax Construction Ltd of \$2.6 million in the 2013/14 year. Property, plant and equipment was more than budget due to the asset revaluations.

Non current liabilities were \$12.7 million less than budget due to a lesser portion of borrowings being recognised as non current than when the budget was prepared. Derivative financial instruments were also \$0.58 million more than expected.

## 38• Compliance with Legislation

### Group

In 2015 and 2014 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 the 2014 year 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 made amendments to the rates resolution for the 2014/15 year.

## 39• Financial reporting and prudence benchmarks

### Annual report disclosure statement for the year ending 30 June 2015.

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.

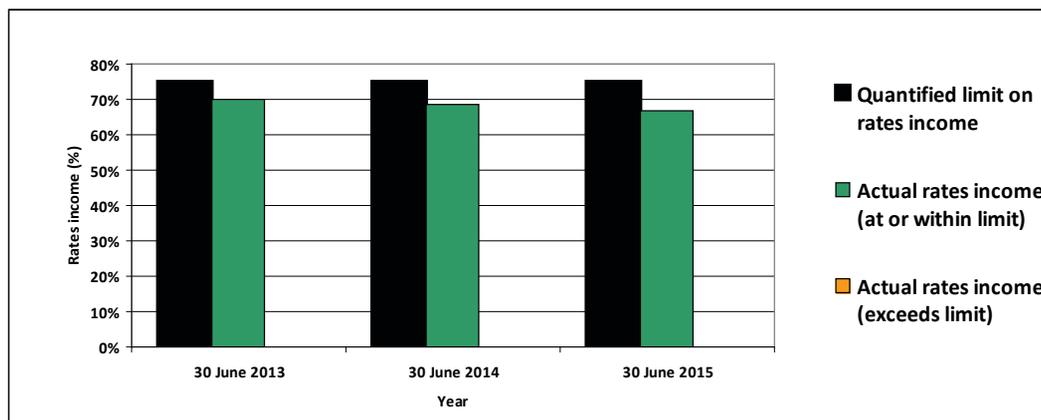
### Rates affordability benchmark

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

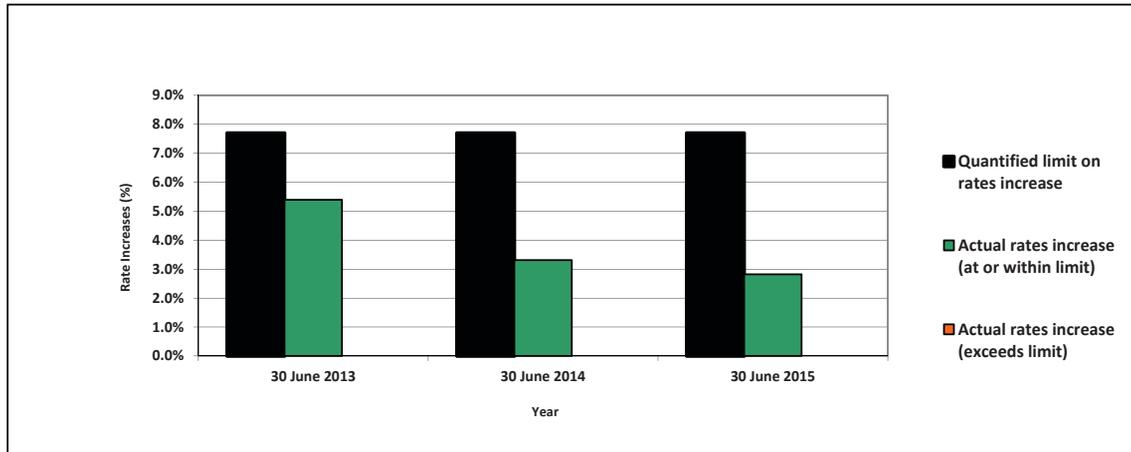
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.



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 69% of operating expenditure in 2013/14 and 67% of operating expenditure in 2014/15.

#### 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%, in the 13/14 year it was 3.2%, and in the 2014/15 year it was 2.8%.



### 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:

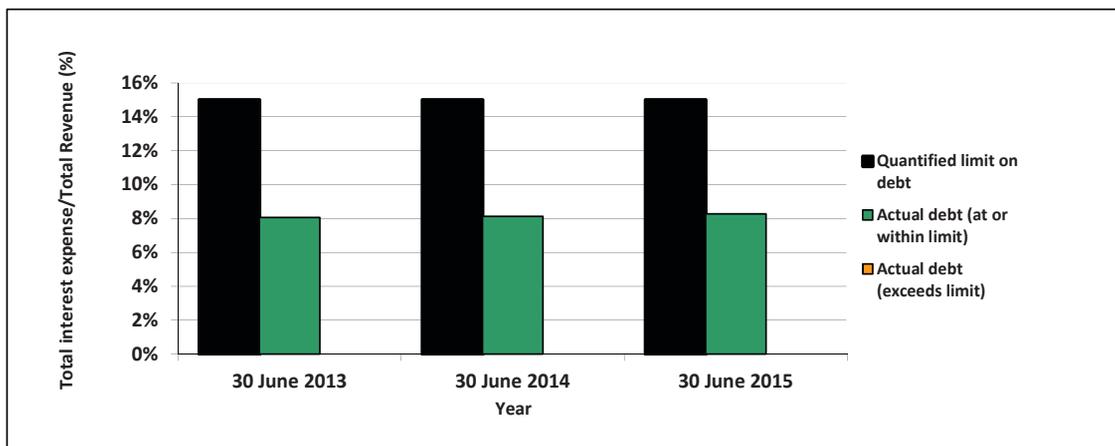
- total interest expense will not exceed 15% of total revenue,
- total borrowings will not exceed 25% of total equity, and
- total borrowings must not exceed 20% of total assets.

*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.

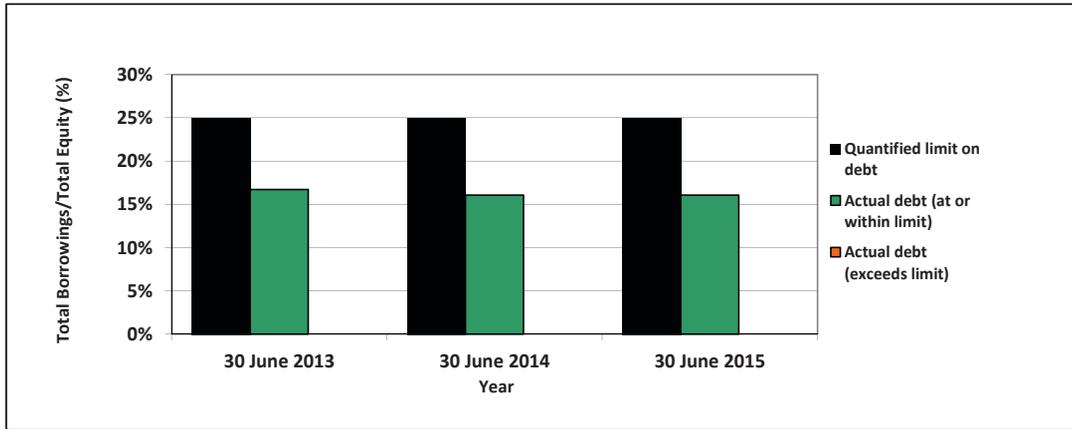
*Total interest expense will not exceed 15% of total revenue*

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.



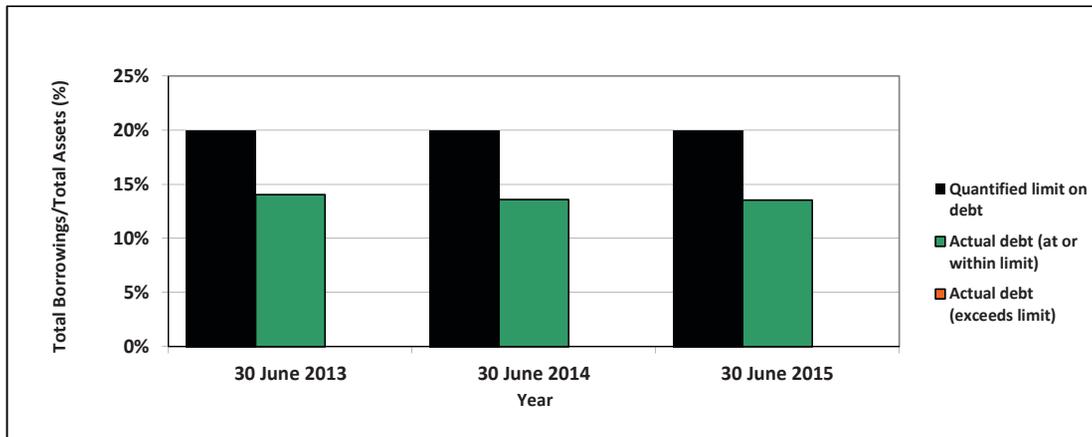
Total borrowings will not exceed 25% of total equity

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.

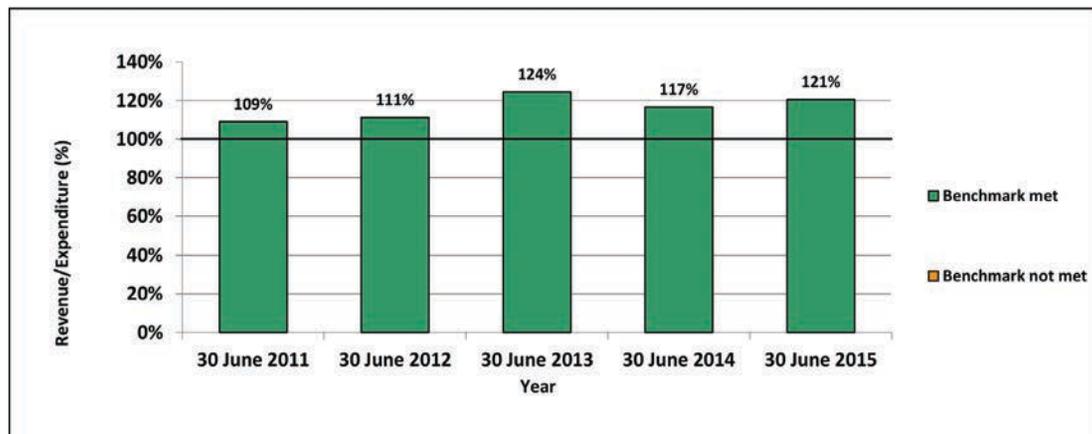
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is total borrowings as a percentage of total assets. A value less than the quantified limit of 20% indicates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



**Balanced budget benchmark**

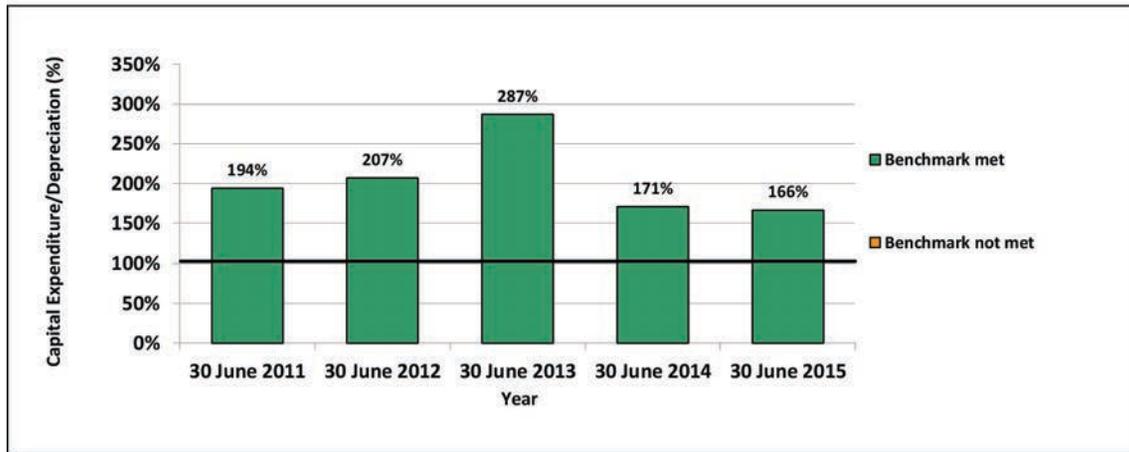
The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial 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



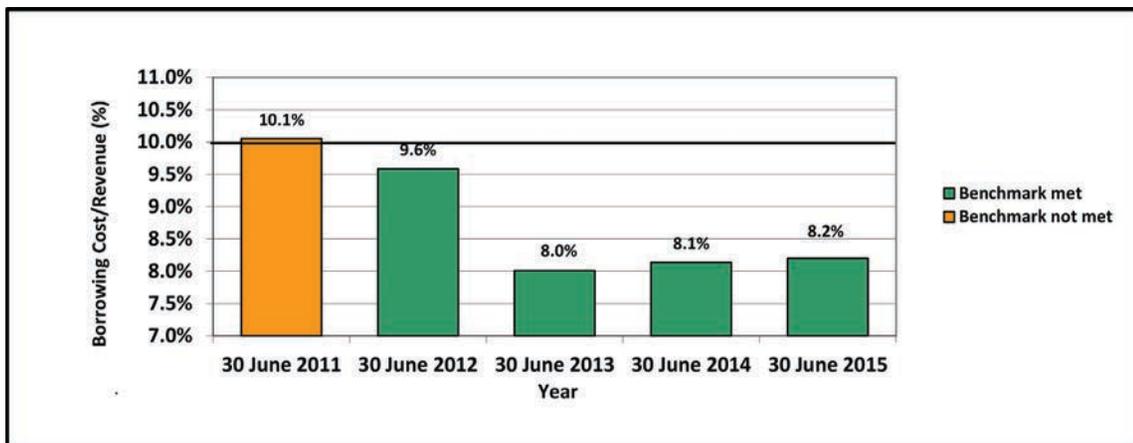
### Essential services benchmark

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

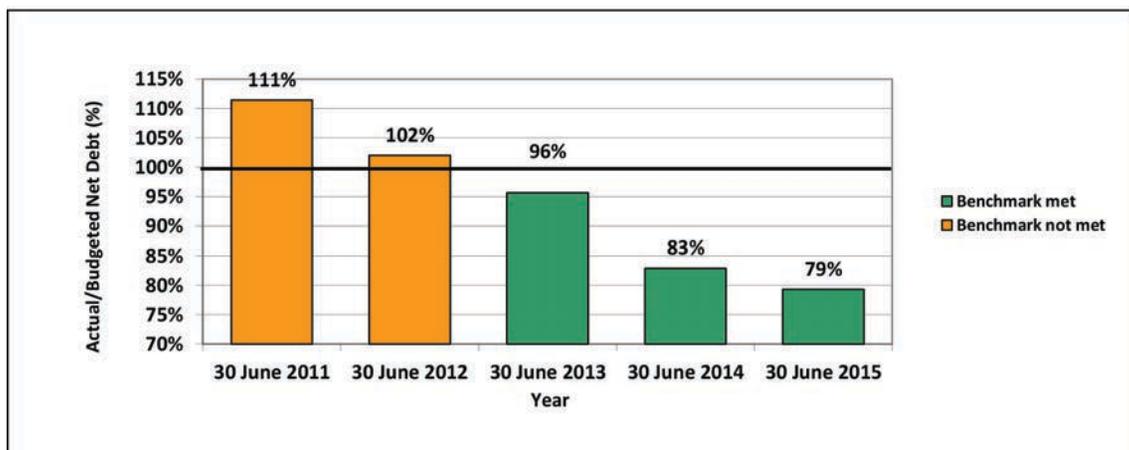
The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the 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 2011 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.

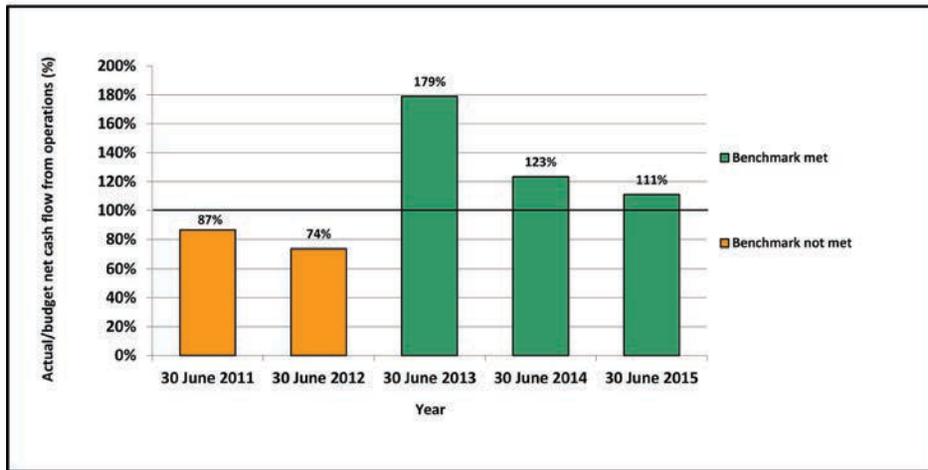


The 2011 net debt was higher than planned due to the reduction in the value of investment in Inframax Construction Ltd which reduced Other Financial Assets. The reduction in the investment occurred in June 2010.

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 in Inframax Construction Limited was subsequently written down to nil on 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 waste water 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 and waste water capital projects. For additional information, see the explanation of major variances of the relevant year's annual report.

## 40• Local Government Act Disclosures

### Rating base information

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

#### Rating base information

Council	2014 ACTUAL
Number of rating units	6,084
Total Capital value of rating units (in 000's)	2,978,371
Total land value of rating units (in 000's)	1,942,023

#### Insurance

(\$000's)	Carrying Value 30 June 2015	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Sewerage and Water Supply	53,240	27,538	44,109	426
Operational and Restricted Buildings and Contents	11,649	40,961	0	0
Motor Vehicles	528	1,058	0	0
<b>Total</b>	<b>65,417</b>	<b>69,557</b>	<b>44,109</b>	<b>426</b>

#### Network Assets

(\$000's)	Estimate of Replacement Cost 2014	Carrying Value 30 June 2015	Estimate of Replacement Cost 2015	Assets constructed during 2014/15
Roads	291,526	231,469	291,029	4,707
Stormwater Drainage	15,586	9,227	15,974	346
Sewerage - Other Assets	17,807	12,255	19,660	39
Sewerage - Treatment Plants and Facilities	16,303	16,830	17,746	1,968
Water Supply - Other Assets	14,026	8,624	13,390	1,614
Water Supply - Treatment Plants and Facilities	8,260	6,303	10,892	0
	<b>363,508</b>	<b>284,708</b>	<b>368,691</b>	<b>8,674</b>

(No assets were transferred to Council during the 2014/15 year)

## 41• Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds 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. 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 Statement of Financial Position.
- Special purpose reserves are held when Council has been donated funds that are restricted for particular purposes.

## 42• Adjustments to Comparative Year Financial Statements

(\$000's)	Note	Actual 2014			
		Before Adjustment	Reclassification Adjustments	Correction of Error	After Adjustment
<b>Council</b>					
<b>Revenue</b>					
Other Revenue	(a), (b)	3,327	(3,171)	0	156
Other Gains/(Losses)	(b)	(24)	24	0	0
Fees, Charges and Income from Construction	(a)	0	3,147	0	3,147
<b>Group</b>					
<b>Revenue</b>					
Other Revenue	(a), (b)	32,026	(31,870)	0	156
Other Gains/(Losses)	(b)	(24)	24	0	0
Fees, Charges and Income from Construction	(a)	0	31,846	0	31,846
<b>Council</b>					
<b>Equity</b>					
Accumulated funds	(e)	200,063	0	37	200,100
Revaluation reserve	(e)	70,465	0	(2,236)	68,229
<b>Current Assets</b>					
Debtors and Other Receivables	(c)	5,258	(5,258)	0	0
Receivables under Exchange Transactions	(c)	0	292	0	292
Receivables under Non Exchange Transactions	(c)	0	4,966	0	4,966
<b>Current Liabilities</b>					
Creditors and Other Payables	(d)	3,490	(3,490)	0	0
Payables and Deferred Revenue under Exchange Transactions	(d)	0	2,831	0	2,831
"Payables and Deferred Revenue under Non Exchange Transactions"	(d)	0	659	0	659
<b>Non Current Assets</b>					
Property, plant and equipment	(e)	318,349	0	(2,199)	316,150
<b>Non Current Liabilities</b>					
Creditors and Other Payables	(d)	618	(618)	0	0
Payables and Deferred Revenue under Non Exchange Transactions	(d)	0	618	0	618
<b>Group</b>					
<b>Equity</b>					
Accumulated funds	(e)	199,193	0	37	199,230
Revaluation reserve	(e)	72,588	0	(2,236)	70,352
<b>Current Assets</b>					
Debtors and Other Receivables	(c)	9,329	(9,329)	0	0
Receivables under Exchange Transactions	(c)	0	4,363	0	4,363
Receivables under Non Exchange Transactions	(c)	0	4,966	0	4,966

<b>Current Liabilities</b>					
Creditors and Other Payables	(d)	6,489	(6,489)	0	0
Payables and Deferred Revenue under Exchange Transactions	(d)	0	5,830	0	5,830
Payables and Deferred Revenue under Non Exchange Transactions	(d)	0	659	0	659
<b>Non Current Assets</b>					
Property, plant and equipment	(e)	325,416	0	(2,199)	323,217
<b>Non Current Liabilities</b>					
Creditors and Other Payables	(d)	618	(618)	0	0
Payables and Deferred Revenue under Non Exchange Transactions	(d)	0	618	0	618

### **Reclassification adjustments**

The Council and Group has adjusted its comparative year financial statements for the year ended 30 June 2014 due to reclassification adjustments and a prior period adjustment.

(a) For the Council and Group, revenue from trade waste, property rentals, sale of goods, solid waste disposal, regulation and income from construction contracts have been reclassified from Other Revenue to Fees, Charges and income from construction as this revenue category is considered more appropriate under the new PBE accounting standards. For the Council the adjustment amount was \$3,147,000 and for the Group \$31,846,000.

(b) For the Council and Group, Other Gains/(Losses) of (\$24,000) have been reclassified to Other Revenue as the Council has decided no longer to distinguish between Other Gains/(Losses) and Other Revenue on transition to the new PBE standards.

(c) For the Council, Debtors and Other Receivables of \$5,258,000 has been reclassified to Receivables under exchange transactions of \$292,000 and to Receivables under non exchange transactions of \$4,966,000 on transition to the new PBE standards.

For the Group, Debtors and Other Receivables of \$9,329,000 has been reclassified to Receivables under exchange transactions of \$4,363,000 and to Receivables under non exchange transactions of \$4,966,000 on transition to the new PBE standards.

(d) For the Council, current liabilities for Creditors and Other Payables of \$3,490,000 has been reclassified to Payables under exchange transactions of \$2,831,000 and to Payables under non exchange transactions of \$659,000 on transition to the new PBE standards. Non current liabilities for Creditors and Other Payables of \$618,000 to Payables under non exchange transactions of \$618,000 on transition to the new PBE standards.

For the Group, current liabilities for Creditors and Other Payables of \$6,489,000 has been reclassified to Payables under exchange transactions of \$5,830,000 and to Payables under non exchange transactions of \$659,000 on transition to the new PBE standards. Non current liabilities for Creditors and Other Payables of \$618,000 to Payables under non exchange transactions of \$618,000 on transition to the new PBE standards.

(e) During the 2014/15 year, the Council discovered that \$2,236,000 of assets were duplicated in the 30 June 2012 asset valuation for sewerage, water and storm water asset classes. The assets should have been disposed out of the asset listing that was subsequently used to prepare the 2012 valuations. A prior year adjustment of \$2,199,000 was made to opening revaluation reserve and adjusted through the carrying value of these asset classes. A further adjustment of \$37,000 has been made to opening revaluation and opening accumulated funds to remove the depreciation expense on the duplicate assets.

# 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 2015

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	7%	14%
Current Ratio	Neutral	229
EBITDA (\$000's)	2,000	2,223
Revenue (\$000's)	25,000	24,492
Closing bank and shareholder loans (\$000's)	8,000	7,474
Banking covenants	Unconditionally Met	Unconditionally Met

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 2015 and 30 June 2014 figures.

#### Non-financial Performance

	Statement of Corporate Intent	Actual Achievement
Lost time injury accident (LTIA) rate	0.00	4.5

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.

\$000's	2015 Actual	2014 Actual
Total Revenue	24,496	29,986
Total Expenditure (including Depreciation and Interest)	23,594	29,578
<b>Net Surplus/(Deficit) Before Tax</b>	<b>902</b>	<b>408</b>
Company Tax/(Credit)	(85)	(143)
<b>Net Surplus/(Deficit) After Tax</b>	<b>987</b>	<b>551</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 three major established operations under the LASS umbrella:

- Shared Valuation Database Service (SVDS),
- Waikato Regional Transport Model (WRTM), and
- Insurance Advisory Group.

During the year the Company has continued to pursue opportunities for additional shared services. These have included initiating a number of new projects: developing a shared regional GIS data portal, developing and implementing an on-line service for building consents (with other services (e.g. dog registration) to be progressively added once the on-line platforms are in place), and initiating energy audits to investigate energy efficiency opportunities, which have the potential to enable LASS to secure funding in the order of \$100,000 from the Energy Efficiency Conservation Authority. These projects are all expected to come to fruition during the 2015/16 financial year.

A new procurement project for testing water samples is currently in progress, and a range of further shared service opportunities are also being considered.

### Shareholders

LASS is a Council Controlled Organisation (CCO) owned equally by 12 local authorities in the Waikato Region, being Waikato Regional Council, 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.

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 Statement of Intent is informed by the annual survey and independent benefits review.	<b>Achieved.</b> A draft Statement of Intent (SOI) for 2015/16 was distributed to all shareholding councils for comment and feedback on 26 February 2015. The annual survey of shareholders was completed and presented to the Board at their meeting on 22 May. The draft benefits review was presented to the Board at their meeting on 22 May. The final SOI was adopted by the Board on 26 June 2015 and distributed to all shareholders on 29 June.
Costs Control: Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	<b>Achieved,</b> actual expenditure was \$16,439 favourable to budget.
Cashflow: The company maintains an overall positive cashflow position.	<b>Not achieved</b> this year as cashflow was intentionally operated at a negative level in order to use up surpluses. The Company still maintains a safe cash position with the cash, cash equivalents and bank accounts balances at the end of June 2015 being \$693 617.
Reporting: The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.	<b>Achieved.</b> The 2013/14 Annual Report was sent to all shareholders on 22 September 2014. A 6-month report was sent to all shareholders on 26 February 2015.
Statutory Adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	<b>Achieved.</b> All parties have confirmed that there were no legislative breaches during the year, and this will be reported to the LASS Board at their August meeting when the Annual Report is presented.
SVDS Availability: That SVDS is available to users at least 99% of normal working hours.	<b>Achieved.</b> SVDS was available to users 99.8% of normal working hours.
SVDS Sales Data Delivery: 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.	<b>Achieved.</b> 100% of agreed timelines were met.
SVDS Major Enhancement Development Hours: All capital enhancement development work is supported by a business case approved by the Advisory Group.	<b>Not applicable</b> this year, as only minor work items of \$5,000 or less have been undertaken as per the road map approved by the SVDS Advisory Group.
WRM: That all required modelling reports are actioned within the required timeframe.	<b>Achieved.</b> All modelling services were delivered within the required timeframe, or time extensions were agreed with the model partner /3rd party concerned.
WRM: That the base model adheres to "Screenline Validation Standards" as set out in the NZTA Economic Evaluation Manual (EEM) as indicated by an external independent peer review.	<b>Achieved.</b> The WRM is going through an update process to bring it up to the 2013 census base. The peer reviewer has reviewed all technical notes and has advised that the revised base model meets the EEM standards. This has been documented in the peer reviewer's report. The modelling services undertaken were all done using WRM version 7, which was last peer reviewed in 2013. No changes have been made to the model since that time.
WRM: That a full report on progress of the model be provided to the LASS Board twice each year.	<b>Achieved.</b> The WRM Contract Manager reported to the LASS Board in September 2014, October 2014, December 2014 and May 2015.

Performance Measure	Actual Outcome
Insurance: The key performance indicators from appendix 4 of the brokerage contract are met.	<p>Achieved. The KPIs in the brokerage contract are as follows:</p> <ol style="list-style-type: none"> <li>1. Failure to undertake Gap Analysis and Risk profiling for each of the Councils. <b>Achieved.</b> The Gap Analysis was completed.</li> <li>2. Not Achieving at least an overall saving of 15 % based on like for like coverage in non-property areas of the insurance profiles of LASS. <b>Achieved.</b></li> <li>3 .Failure to give appropriate strategic advice on programme structure and improve coverage for the Councils in LASS. <b>Achieved.</b> A number of discussions and amendments have been made to and around the programme since the appointment of AON. An example would be the Infrastructure Insurance programme that has been put in place and the current work being done on the JLT/ Riskpool offering.</li> <li>4. Failure to provide adequate and reasonable day to day service to the councils in the LASS group. <b>Achieved.</b> Most of the time, all Councils receive this level of service. Occasionally there are times when the response to queries may be slightly delayed. To address this, more resource has been applied to the AON team handling the LASS account. Regular advice is provided on specific areas, e.g. Contract Terms and Conditions, policy responses to specific scenarios put forward, claims.</li> </ol>
Joint Procurement: That any joint procurement projects deliver as per project approved objectives.	<b>Achieved.</b> A joint procurement initiative was completed as per the project's objectives for a Professional Services Panel for four of the shareholding councils.
Advice to the Waikato Mayoral Forum: In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum regarding progress with shared service initiatives.	<b>Achieved.</b> Written and verbal update reports were provided to the Mayoral Forum at their meetings on 30 July, 15 September and 4 November 2014, 23 February, 20 April, and 15 June 2015.
Independent Benefit Review Plan update: The independent benefit review plan will be reviewed, updated and signed off by the LASS Board by 31 May of the year immediately preceding the year the plan relates to.	<b>Achieved.</b> As part of preparing the 2015/16 Statement of Intent, a new performance measure to assess the benefits being achieved by LASS was developed and included in the SOI's revised set of performance measures.
Independent Benefit Reviews: Those reviews timetabled in the plan for the current year be completed by the end of the year.	<b>Achieved.</b> The draft benefits review was presented to the Board at their meeting on 22 May. A copy of the final benefits report will be sent to shareholders with this Annual Report.

Sourced from LINZ data, Crann and Critchlow, Copyright reserved. Census boundaries from Statistics New Zealand

# 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 Otorohanga District to the north, Taupo District to the east and Ruapehu and New Plymouth Districts to the south. 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.

Te Kuiti is the administrative centre and main township of the Waitomo District, with approximately 45% of the District population residing in this town.

The main rural communities are Benneydale, Piopio and Waitomo Village. There are several other smaller townships throughout the District, including the popular beach settlements of Mokau, Awakino, Marokopa, and Te Waitere.

Tourism, sheep and beef farming, forestry and logging and mining and quarrying are the main economic activities in the District. The Waitomo Caves, a labyrinth of glowworm caves and other caving adventures in the area, is an internationally known tourist destination attracting over 500,000 visitors every year.

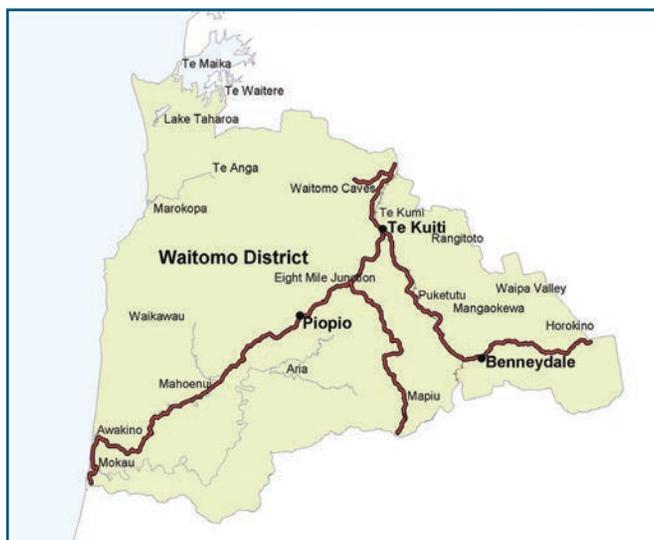
Waitomo District has higher estimated GDP per capita than the national average (Waikato Regional Economic Development Strategy). The real GDP per capita growth for the District over the 2002-12 period at 1.5% is higher than the New Zealand average of 1.14% over the same period (Source: Infometrics regional database).

Waitomo District's GDP per capita growth is also amongst the strongest in the Waikato Region. The Waikato and Waitomo Districts are the largest producers and exporters of livestock and cropping output in the Waikato Region. Despite this, there are communities within the District with high levels of social deprivation.

The resident population of Waitomo District as per the 2013 census was 8907. Waitomo District has a higher number of young people and also Maori people compared to the national average.

The age structure of the Waitomo District is among the more youthful in the Waikato Region and is projected to experience the least degree of population ageing.

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. Nearly 40% of the District's population identified as Maori in the last census.



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## District Statistics

<b>LOCATION</b>	
Latitude:	38° 21' South
Longitude:	175° 11' East of Greenwich
Altitude:	55m above mean sea level
Area:	336,357 hectares (3363.57 sq km)
<b>CLIMATE</b>	
Temperature Summer Average - 18.5°C (winter average - 9.5°C)	Frosts Average - 47 days per year
Sunshine Mean Average - 1,749 hours	Rainfall Average - 1,473 mm per year
<b>POPULATION ANALYSIS (Source data 2013 Census)</b>	
Total Population	8,907
Median age	35
Number of households	3,423
Electors	5,793
<b>RATING STATISTICS</b>	
Total Rates Revenue 2014/15 (excluding Penalties) Budget:	\$17,749,000 (excl GST)
Total Rateable Capital Value as at 30 June 2015	\$2,911,534,750
Total Capital Value at as 30 June 2015	\$2,986,104,950
<b>PUBLIC DEBT OUTSTANDING</b>	
30 June 2015 (Actual)	\$46,140,000
30 June 2015 (Budget)	\$54,000,000
<b>PUBLIC EQUITY</b>	
30 June 2015 (Actual)	\$287,610,000
30 June 2015 (Budget)	\$276,273,000
<b>OTHER INFORMATION</b>	
Number of Building Consents 2014/15	146
Value of Building Consents 2014/15	\$11,539,788
Total District Roding Sealed	459 kilometres
Total District Roding Unsealed	554 kilometres
Registered Dogs Total (30 June 2015)	3698

Terms used in the Annual Report	
<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 Outcomes that Council aims to achieve in meeting the current and future needs of its communities for good quality infrastructure, local public services and performance of regulatory functions. These outcomes inform the development of WDC's planning and co-ordinate the activities and planning of all sectors of the community.
<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 of 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 and footpaths, water supply systems, sewerage systems, stormwater systems and Solid Waste Management systems (e.g transfer stations and the Rangitoto Landfill).
<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>	Operational levels of service are stated in the activity sections of the Waitomo District Council's Long Term 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>2012-22 Long Term Plan</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>2015-25 Long Term Plan</b>	A plan covering a period of 10 years (2015-2025), 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/SUIP</b>	A separately used or Inhabited part of a rating unit includes any part of a rating unit used or inhabited by the owner or any other person, who has the right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement. As a minimum, the land or premises forming the SUIP 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 SUIP.
<b>Stakeholders</b>	People, groups and or organisations that have an interest in what happens in the District.
<b>Statement of Financial Position</b>	Also referred to as a Balance Sheet. The name of this financial table has been changed as required by the accounting standards for PBE

## Terms used in the Annual Report

<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 Rates</b>	Targeted Rates are rates set to fund a particular activity or group of activities, and may be set and assessed on a particular category or categories of rating units.
<b>Uniform Annual General Charge</b>	A uniform annual general charge that is levied on all separately used or inhabited rating units in the District
<b>Waitomo District Council</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>BLG</b>	Better Local Government Reform
<b>Board</b>	District Economic Development Board
<b>Capex</b>	Capital Expenditure
<b>CCO</b>	Council Controlled Organisation
<b>CCTO</b>	Council Controlled Trading 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>	2008 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>ISBU</b>	Internal Services Business Unit
<b>JMA</b>	Joint Management Agreement
<b>KPI</b>	Key Performance Indicator
<b>LGA 2002</b>	Local Government Act 2002
<b>LGRA</b>	Local Government (Rating) Act 2002
<b>LGCI</b>	Local Government Cost Index
<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

## Acronyms used in this document:

<b>NAASRA</b>	National Association of Australian State Roading Authorities
<b>NZWS</b>	New Zealand Waste Strategy
<b>Opex</b>	Operational Expenditure
<b>PBE</b>	Public Benefit Entity
<b>PWBRA</b>	Piopia 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 of a Rating Unit
<b>SWaMMP</b>	Solid Waste (Activity) Management and Minimisation Plan
<b>SWSS</b>	Sanitary Waste Subsidy Scheme
<b>TKWTP</b>	Te Kuiti Water Treatment Plant
<b>TKWWTP</b>	Te Kuiti Waste Water Treatment Plant
<b>TP</b>	Treasury Policy
<b>TFR</b>	Targeted Fixed Rate
<b>TR</b>	Targeted Rate
<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)