

ANNUAL REPORT SUMMARY 2017/18

MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

We are pleased to present the Annual Report for the year ended 30 June 2018. This Report details Council's overall performance as well as the performance across the 10 activity areas for the 2017/18 financial year.

The Elected Council continues to apply our guiding principles of prudent financial management, 'fit for purpose' asset infrastructure and the efficient delivery of services. Actual debt has continued to reduce against forecast levels over the last three years, despite a continued investment in planned capital upgrades. The investments made now extend the useful life of assets, enhance the quality of services, and reduce future operating costs. This in turn benefits current and future generations that rely on our roads, water, wastewater and community services.

The implementation of our vision to **create a better future with vibrant communities and thriving business** is well underway. An increase in local business, property sales, and more people choosing to visit the Waitomo District and live locally are all examples of progress towards this vision. We would like to thank our key stakeholders and community partners for their collaboration and efforts to ensure our District remains vibrant and welcoming.

Residents have confirmed we are on the right track, with 88% of respondents this year satisfied that Council is doing things the right way and using sound judgement to make decisions. 82% of respondents are satisfied that Council is moving towards this vision for the Waitomo District. The effort to deliver a consistently high level of public service and customer service can be observed through the positive results of our resident survey. Residents are more satisfied with the overall condition of the unsealed roads, Council's provision of a Water Supply Service, the kerbside rubbish collection service, provision of/and safety of the waste transfer stations, the quality of the Les Munro Centre, and effective and useful Council communications.

Our top financial results for the 2017/18 Financial Year are:

- Public debt is at \$41.7 million, compared with the \$53.65 million forecast in the 2015-25 Long Term Plan.
- Total expenditure was \$1.9 million less than budgeted.
- Interest costs are also lower than last financial year at \$1.8 million.
- We invested \$9.87 million in Capital Projects to renew and/or improve our public assets.

Our highlights for the past year include:

- Draft, consult and adopt the 2018-28 Long Term Plan.
- Development of a new entrance to Brook Park. We constructed an accessible ramp, improving the access to the Band Rotunda. We would like to acknowledge the work completed by the Rotary Club, in establishing a limestone gravel track from the carpark gate to the Rotunda.
- Consultation on the Development of Coastal Reserves is in progress.
- Upgrade of the main street public toilets in Te Kuiti.
- Installation of a new public toilet facility in Marokopa and Benneydale.
- Improvements to our District cemetery information and sites.
- Upgrades and improvements to the Waitomo District Aquatic Centre.
- Pavement rehabilitation work on Totoro Road and Rangitoto Road.
- Upgraded 716 streetlights from sodium bulbs to new LED luminaries, to improve efficiency and reduce ongoing costs.

Inframax Construction Limited (ICL) continues to deliver excellent results. This is very encouraging and will provide benefits to the wider district. ICL has reported a **net profit after tax of \$2.1 million** for the 2017/18 year. The equity of the company has increased substantially to **\$8.98 million** at 30 June 2018. The progress made by ICL reflects a lot of hard work by the Board, Management and Staff and of course the support of the Council over time as shareholder. We would like to take this opportunity to congratulate the Board, Management and Staff on this stellar performance.

We also continue to work closely with community stakeholders like the Maniapoto Maori Trust Board, Legendary Te Kuiti, Project Piopio Trust, Tere Waitomo Community Trust and others to gain their views and inputs on key matters.

In conclusion, the 2017/18 financial year has been a good year and 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.

BRIAN HANNA
WAITOMO DISTRICT MAYOR



CHRIS RYAN
CHIEF EXECUTIVE



AUDIT OPINION



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAITOMO DISTRICT COUNCIL AND GROUP'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

The summary of the annual report was derived from the annual report of the Waitomo District Council (the "District Council") and subsidiaries (the "Group") for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 5 to 8:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor's report dated 30 October 2018.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have carried out engagements in the areas of the audit of the 2018 – 28 Long Term Plan and a limited independent assurance engagement on certain matters stated in the District Council's Debenture Trust Deed. Other than these engagements, we have no relationship with, or interests in the District Council or its subsidiaries.



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

16 November 2018

PURPOSE OF THE ANNUAL REPORT

Every three years in June the Council adopts a renewed Long Term Plan. In June 2015 the Council adopted its 2015-2025 Long Term Plan. This is the third and final Annual Report relating to this Long Term Plan. In 2019 the first Annual Report of the 2018-28 Long Term Plan will be completed. The 2017-2018 Annual Report focuses on how Council has delivered on its plan for the year as it relates to the 2015-25 Long Term Plan commitments (and as reviewed in the 2017/18 Annual Plan).

For every activity, this report details what Council did compared to what was planned and what it cost. This reporting format benefits the community through :

- ensuring consistent decisions and actions are undertaken across Council business
- promoting transparency to the Community through showing what has and hasn't been achieved
- driving efficiency in the way we work; and
- enables Council to meet legal requirements.

On 2 May 2017 we adopted the Exceptions Annual Plan for 2017/18. While this does not impact on our reporting for the 2017/18 year or change any of our performance targets or levels of service, it is an important document for understanding our programme for this year. You can check it out on our website www.waitomo.govt.nz

“**CREATING A BETTER FUTURE WITH VIBRANT COMMUNITIES AND THRIVING BUSINESS.**”

Everything we do at WDC is linked to our vision.

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

The intention is to enhance the livability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner.

WDC set areas of focus to drive this vision and guide our efforts.

These are:

- facilitate economic development,
- encourage and support community connectivity and development, and
- good stewardship and development of assets.

We have made good progress in our focus areas in the 2017/18 year.

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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 the full Annual Report available at www.waitomo.govt.nz

SHAPSHOT OF OUR SERVICES



ACTIVITY HIGHLIGHTS FOR 2017/18

Council's areas of focus, as contained in the LTP 2015-25 are Economic Development, Community Connectivity and Development, and Good Asset Stewardship and Management.

Council's intention is to enhance the livability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. We have been working towards these focus areas. Some key work streams in support of these focus areas, carried out in 2017/18 are outlined below.

ECONOMIC DEVELOPMENT

Our aim is to support the growth of our local economy by effectively promoting our district. We partner with Hamilton and Waikato Regional Tourism to market our district as a 'must visit' destination, both nationally and internationally. Publications, events and marketing initiatives include:

- Kia Ora magazine, Arrivals magazine and Go Travel magazine (to name a few).
- 'Explore Central North Island' collective which is an international marketing alliance with Rotorua, Taupō, Coromandel, Bay of Plenty, Ruapehu and Hawke's Bay regional tourism organisations.
- 'Explore your Own Backyard' campaign; encouraging locals to explore the Hamilton & Waikato region over the Christmas period, and purchase activity vouchers as Christmas gifts.
- Short Escapes domestic marketing campaign; targeted key markets of Auckland, Wellington & Christchurch, and our neighbouring regions of Bay of Plenty and Taranaki.
- A Travel Trade event in Sydney for the Middle-earth Partnership Product - Experience The Trilogy. 100 Australian Travel Traders attended the event.
- Waitomo Adventures was featured in the Air New Zealand safety video and Hairy Feet Waitomo was used as a television commercial backdrop during the Superbowl.



MANGAOTAKI ROCKS PIOPIO - HAIRY FEET TOURS

District Plan Review

Our new District Plan will manage the use of land in the Waitomo District by setting out a policy framework and rules to achieve the sustainable management of natural and physical resources.

We commenced stage one of the review process in 2017/18. Our focus was on gathering information to identify our key land use issues and talking with central and regional government about the major topics our District Plan must cover.

The following are key aspects covered by our research:

- identifying the features, issues and opportunities in our communities.
- identification and management of natural hazards.

ACTIVITY HIGHLIGHTS FOR 2017/18

District Plan Review continued

- identify and evaluate the Significant Natural Areas in our district, and identify and assess the Outstanding Natural Features and Landscapes.
- identification of coastal areas that could be impacted by coastal erosion and flooding over the next 100 years, and to appropriately manage these areas.

Open days were held in Te Kuiti, Piopio, Mokau, Waitomo and Benneydale to discuss ideas to develop town concept plans and structure plans.

We also held a series of open days at Mokau/Awakino, Marokopa/Kiritehere and Te Waitere/Kinohaku in January and February 2018. Community members kindly brought along maps, photos, books and newspaper articles, and shared their knowledge with the coastal scientists who are helping Council to manage the risk of coastal hazards.

COMMUNITY CONNECTIVITY AND DEVELOPMENT

2018-28 Long Term Plan

Council developed a Consultation Document for the 2018-28 Long Term Plan (LTP), and presented it for community feedback in April-May 2018.

As a result of the feedback received from the community, Council deliberated and resolved to confirm its preferred options for the LTP.

Council also agreed to include an additional \$60,000 in the budget to further support community partnerships.

The LTP, which sets out the future direction for the district, was adopted by Council on Tuesday 26 June 2018, and is available to view on our website and at the WDC Office.

Community Grants

We distributed around \$200,000 in grants throughout the year through the Community Development Fund. The Grants supported a range of activities, some of which were:

- Programmes for Alzheimer's caregivers.
- First Aid Certification for Te Kuiti Play Centre.
- Signs for a Benneydale District Historical display.
- Accommodation for Counselling Services.
- Documentary promoting Te Kuiti and talented local musicians.

GOOD ASSET STEWARDSHIP AND MANAGEMENT

Development of Brook Park

The Brook Park entranceway project was confirmed as part of the 2017/18 Annual Plan.

The existing concrete kerb, stone wall and cattle stop were removed and the existing stormwater drainage infrastructure was relocated and upgraded.

In March 2018, we completed the construction of a wider, safer entrance for vehicles entering Brook Park from Te Kumi Road, along with the installation of a new sign and fence. We constructed an accessible ramp, improving the access to the Band Rotunda, and the Rotary Club established a limestone gravel track from the carpark gate to the Rotunda.

Public Toilets

Benneydale

A new public toilet facility was installed on Ellis Road Benneydale (SH30) in July 2017. The facility has male and female toilets, a unisex accessible toilet with baby change facility and 24 hours access, replacing the old concrete block facility which consisted of one male and one female toilet. The exterior features a wrap-around mural by Taupo Artist Gary Bennett, that is inspired by The Timber Trail. A graffiti resistant base paint was applied to protect the art work.

Marokopa

A new public toilet facility was installed on Moana Quay in Marokopa, in May 2018.

The installation involved connecting and inspecting the drainage, electrical work, reinstatement of the ground area, installing a water tank, filters and outdoor shower.



Health and Safety

We implemented a number of health and safety improvements during the year including:

- Installation of safety barriers in four of the five waste transfer stations.
- Installation of a security gate at the Waitomo District Landfill and Piopio Transfer Station (along with security fencing).
- Safety improvements to the entranceway of the Piopio Transfer Station.

Emergency Repairs to Roads

A number of severe weather events that occurred throughout 2017 caused widespread flooding, slips, and damage to our roading network:

- Ex-Cyclone Debbie and Cyclone Cook.
- Prolonged heavy rain resulting in storm damage and failures of the road surface, and culverts.
- A large landslip of about 50 acres of private farmland fell into the Mangaokewa River, and caused the temporary closure of Mangaokewa Road. Clean-up work commenced immediately. The road was fully reinstated the following month thanks to a concerted effort of WDC and our Roding contractor Inframax Construction Ltd.

Emergency repair work totalling \$966,155 was completed on various roads across the district during 2017/18. Funding assistance was applied for and received from the NZ Transport Agency emergency funds budget.



TAHAROA ROAD

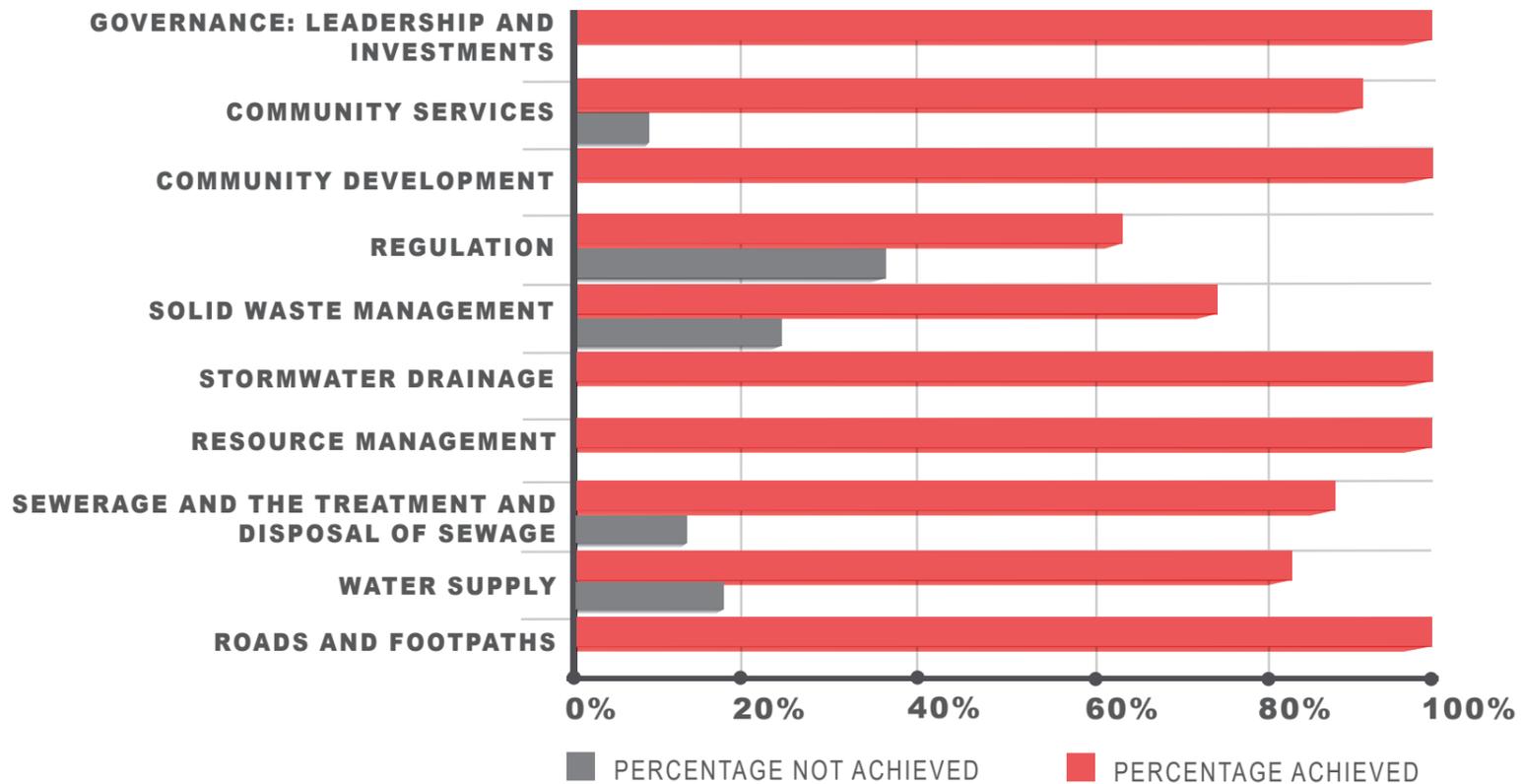
PERFORMANCE SUMMARY

WDC has a range of performance targets that allow the measurement, over time, of how well the service delivery and performance has been focused on WDC's priorities. Fourteen of our performance measure are calculated through our annual Resident Survey. The remainder of our performance measures are calculated through a range of methods such as our service request system - which records all enquiries and complaints, user surveys, water quality readings, and WDC inspection records.

This year we achieved 72 of our 81 measures (89%).

The Groups of Activities which achieved **100% of their targets** were Governance, Community Development, Stormwater Drainage, Resource Management, Roads and Footpaths. It should be noted that this is an increase from the previous year's result of 68 out of 80 measures.

2017/18 PERFORMANCE MEASURES BY GROUPS OF ACTIVITIES

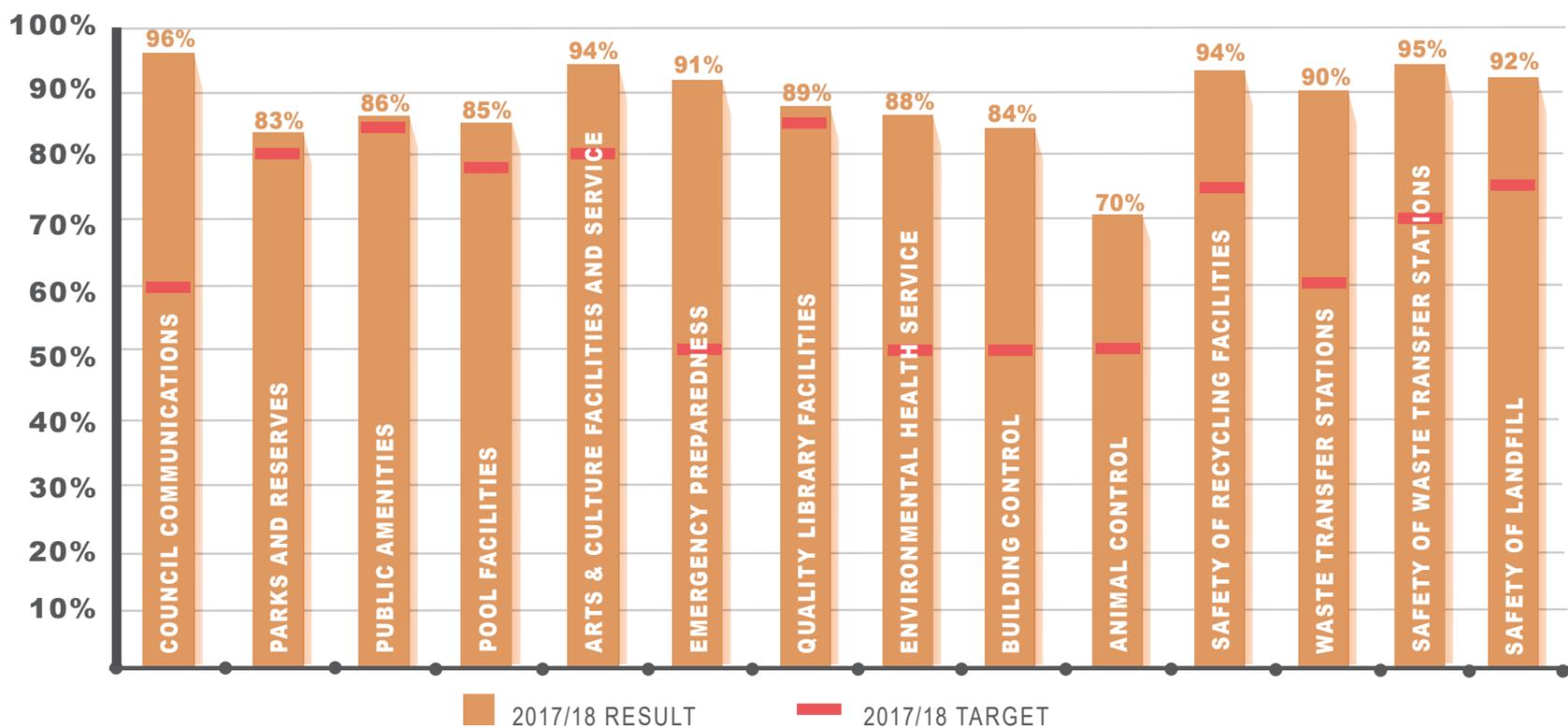


Results of our annual Resident Survey

We carry out an annual Resident Survey (RS) which aims to gauge community views and opinion on a wide range of services and activities delivered by Council and identify priorities for improvement in our service delivery. The survey was distributed district-wide and made available online via Survey Monkey; during mid-June 2018. 191 Waitomo district residents took part, of which 84% were ratepayers. Similar to previous years, the largest portion of respondents were from Te Kuiti, in the 60 years plus age bracket.

For the 2017/18 year, we have exceeded all of our target satisfaction levels.

2017/18 PERFORMANCE AGAINST RESIDENT SURVEY TARGETS



SUMMARY FINANCIAL STATEMENTS

The following pages present in summary, the financial results for the 2017/18 year. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements. The full financial statements contained within the 2017/18 Annual Report can be viewed and downloaded from our website www.waitomo.govt.nz/publications

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR YEAR ENDED 30 JUNE 2018	COUNCIL			GROUP	
	2018 COUNCIL BUDGET \$000's	2018 COUNCIL ACTUAL \$000's	2017 COUNCIL ACTUAL \$000's	2018 GROUP ACTUAL \$000's	2017 GROUP ACTUAL \$000's
Rates revenue excluding metered water rates	19,319	18,973	18,507	18,960	18,494
Metered water rates from exchange transactions	712	754	690	754	690
Subsidies and grants	7,424	7,627	6,359	7,627	6,359
Interest revenue from exchange transactions	31	62	45	25	8
Fees, charges and income from construction	3,283	3,889	3,327	30,900	22,669
Other revenue including gains/(losses)	29	371	849	371	849
Total Revenue and Gains/(Losses)	30,798	31,676	29,777	58,637	49,069
Employee benefit expenses	5,211	5,128	4,612	13,528	12,138
Depreciation and amortisation expense	6,005	5,813	5,839	6,635	6,572
Finance costs	2,690	1,762	1,982	2,041	2,286
Other expenses	15,474	14,759	12,956	29,801	22,770
Total Expenses	29,380	27,462	25,389	52,005	43,766
Surplus/(Deficit) Before Tax	1,418	4,214	4,388	6,632	5,303
Income tax expense/(revenue)	0	0	0	750	(1,512)
Surplus/(Deficit)	1,418	4,214	4,388	5,882	6,815
Other Comprehensive Revenue and Expense					
Revaluation of property, plant and equipment	4,620	5,975	(493)	6,521	444
Gains/(losses) from cash flow hedges	0	(53)	1,121	(53)	1,121
Revaluation of available for sale assets	0	7,300	0	0	0
Income tax relating to components of other comprehensive revenue and expense	0	0	0	(82)	0
Total Other Comprehensive Revenue and Expense	4,620	13,222	628	6,386	1,565
Total Comprehensive Revenue and Expense	6,038	17,436	5,016	12,268	8,380



WDC REPORTED A NET SURPLUS AFTER TAX OF \$4.2 MILLION COMPARED TO A BUDGETED SURPLUS OF \$1.4 MILLION.

This result is mainly attributable to expenditure being less than budgeted.

Operating Revenue was \$0.9 million more than budget.

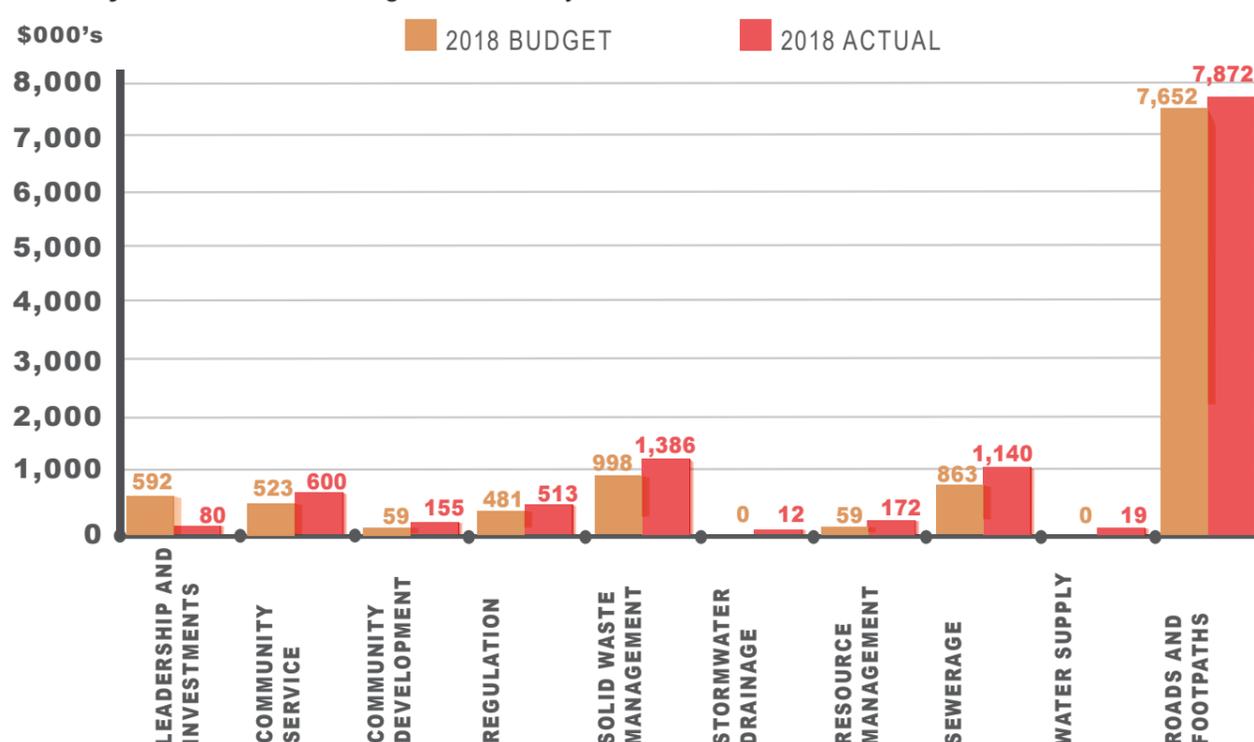
Operating revenue includes total rates revenue and operating revenue from each activity.

Rates revenue was **\$0.3 million less** than budget resulting from excluding rates revenue on Council owned properties in calculating the actuals (this revenue is included in budgets).

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

- For Leadership and Investments it is due to a change in classification for penalty revenue and actual revenue received for penalties was also less. A loss on disposal was recognised for the sale of the remaining Parkside sections. This was the result of sections being revalued upwards at 30 June 2017 as assets held for sale, which was greater than the sale proceeds.
- Community Development revenue was more due to funding contribution being received for Sir Colin Meads Public Memorial Service.
- There was an increase in revenue in the Solid Waste activity due to an increase in disposal revenue at the landfill.
- Resource management revenue was more due to an increase in complex consents.
- For the Sewerage activity, revenue was higher than budget due to an increase in trade waste revenue.
- Road subsidy revenue was more due to subsidy received for the LED street lights upgrade project.

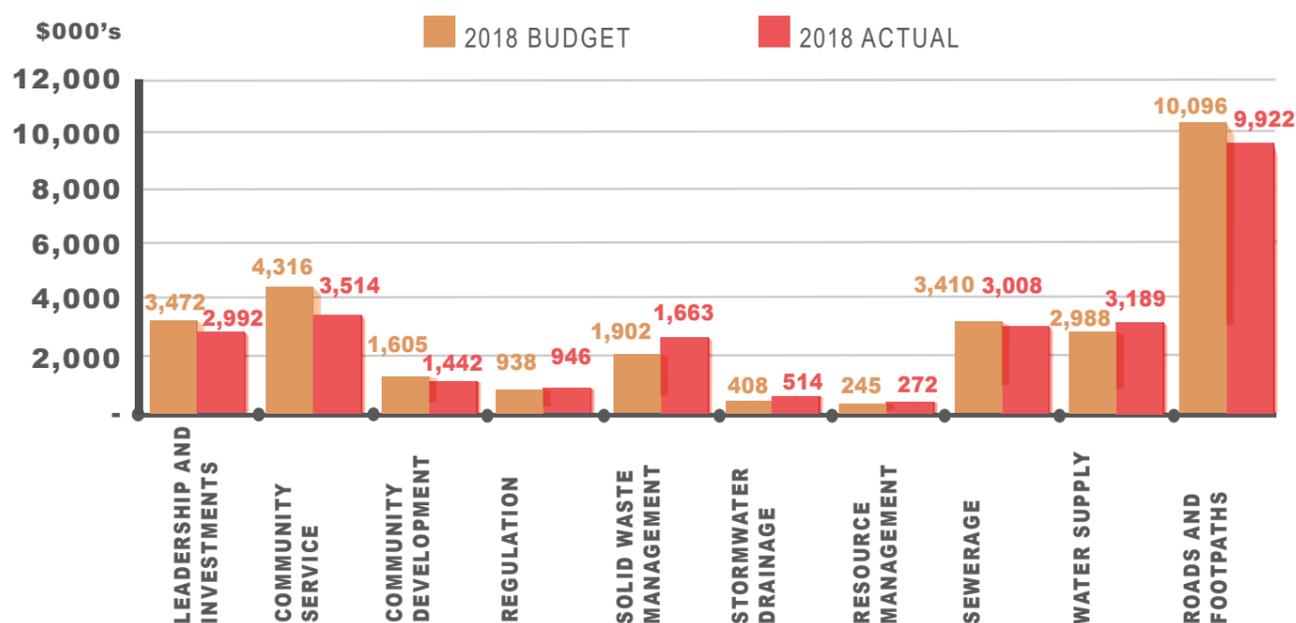
The graph below shows how budgeted revenue (excluding rates revenue) compared to the **revenue actually received**, for each significant activity.



The financial statements at 30 June 2018 comprise the Waitomo District Council (Council) and its wholly owned subsidiary Inframax Construction Limited incorporated in New Zealand (Group). Waitomo District Council has designated itself as a public benefit entity for the purposes of financial reporting. The full financial statements included in the full Annual Report have been prepared in accordance with NZ GAAP and they comply with Tier 1 Public Benefit Entity (PBE) Standards. The summary annual report has been prepared in accordance with Public Benefit Entities Financial Reporting Standard No.43 Summary Financial Statements (PBE FRS 43). The presentation currency of the financial statements is New Zealand dollars and values are rounded to the nearest thousand dollars. The summary financial statements have been extracted from the corresponding full Annual Report which was authorised for issue on 30 October 2018 by the Mayor and Chief Executive. An unmodified audit report was issued and signed as part of the Annual Report on 30 October 2018. Deloitte have audited this Summary Report and have issued an unmodified opinion on 16 November 2018. The Summary Report was authorised for issue on 16 November 2018 by the Mayor and Chief Executive.

SUMMARY FINANCIAL STATEMENTS

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



OPERATING EXPENDITURE WAS \$1.9 MILLION LESS THAN BUDGET.

WE INVESTED \$9.9 MILLION IN CAPITAL PROJECTS.

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

- Leadership costs were less due to the District Plan work-stream that will continue into next financial year.
- Community Service costs were less 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 as this work is only carried out as required.
- Solid Waste costs were less as a result of a decrease in landfill aftercare provision due to the dispensation granted from the Regional Council to cease monitoring of four closed landfill sites.
- Sewerage costs were less due to reduction in operations and maintenance costs for all schemes.
- Interest costs were lower than budget as favourable loan interest rates were achieved during the year along with a lower debt position than forecast in the EAP. This reduced expenditure for Leadership, Solid Waste, Roads, Sewerage and Water Supply.

Key **capital projects** undertaken were:

- The upgrade of the Brook Park entranceway.
- Installation of a new audio system at Piopio Hall.
- Aquatic centre canopy steel structural remedial work was completed.
- Upgrade of the bathroom facilities at the Les Munro Centre.
- Landfill entranceway and safety improvements at all transfer stations.
- Improvements of the sand filter, UV reactor, SCADA and sludge removal process were completed at Te Kuiti wastewater plant.
- Carroll Street sewer replacement under the railway was completed along with the sewer replacement under the Mangaokewa river.
- Te Waitere pump station renewals.
- Phase 2 and 3 of the Te Kuiti water treatment plant upgrade were progressed during the year.
- LED street lighting upgrade project commenced.
- Road rehabilitation of road sections on Totoro and Rangitoto Roads.
- Road maintenance and renewals.

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	COUNCIL			GROUP	
	2018 COUNCIL BUDGET \$000's	2018 COUNCIL ACTUAL \$000's	2017 COUNCIL ACTUAL \$000's	2018 GROUP ACTUAL \$000's	2017 GROUP ACTUAL \$000's
Current Assets	6,197	7,555	7,950	13,642	11,487
Non Current Assets	351,685	355,543	339,780	354,231	345,262
Total Assets	357,882	363,098	347,730	367,873	356,749
Current Liabilities	9,825	27,557	19,398	33,096	22,961
Non Current Liabilities	49,024	21,882	32,109	24,379	35,658
Total Liabilities	58,849	49,439	51,507	57,475	58,619
Net Assets	299,033	313,659	296,223	310,398	298,130

SUMMARY STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2018

	COUNCIL		GROUP	
	2018 COUNCIL ACTUAL \$000's	2017 COUNCIL ACTUAL \$000's	2018 GROUP ACTUAL \$000's	2017 GROUP ACTUAL \$000's
Total Equity				
Balance at 1 July	296,223	289,174	298,130	287,717
Prior Period Adjustment	0	2,033	0	2,033
Adjusted Balance at 1 July	296,223	291,207	298,130	289,750
Total Comprehensive Revenue and Expense for the year	17,436	5,016	12,268	8,380
Balance at 30 June	313,659	296,223	310,398	298,130

During the 2017/18 year, the Council discovered that \$2,102,000 of assets were not included in the 30 June 2015 asset valuation for the water, sewerage and stormwater classes. The assets should have been included in the asset listing that was subsequently used to prepare the 2015 valuations. A prior year adjustment of \$2,102,000 was made to opening revaluation reserve and adjusted through the carrying value of this asset class. A further adjustment of \$69,000 has been made to opening accumulated funds to recognise the depreciation expense on these discovered assets.

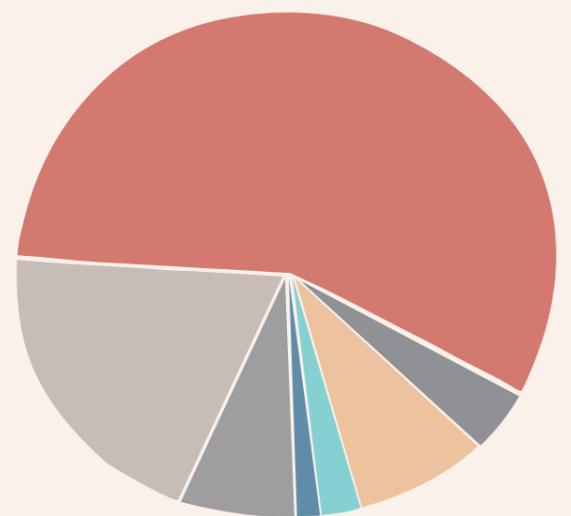
SUMMARY COMPONENTS OF EQUITY FOR YEAR ENDED 30 JUNE 2018

	COUNCIL			GROUP	
	2018 COUNCIL BUDGET \$000's	2018 COUNCIL ACTUAL \$000's	2017 COUNCIL ACTUAL \$000's	2018 GROUP ACTUAL \$000's	2017 GROUP ACTUAL \$000's
Accumulated Funds	214,879	210,881	210,298	215,649	213,398
Total Other Reserves	6,741	25,225	13,287	13,425	8,787
Revaluation Reserves	77,413	77,553	72,638	81,324	75,945
Total Equity	299,033	313,659	296,223	310,398	298,130

SUMMARY FINANCIAL STATEMENTS

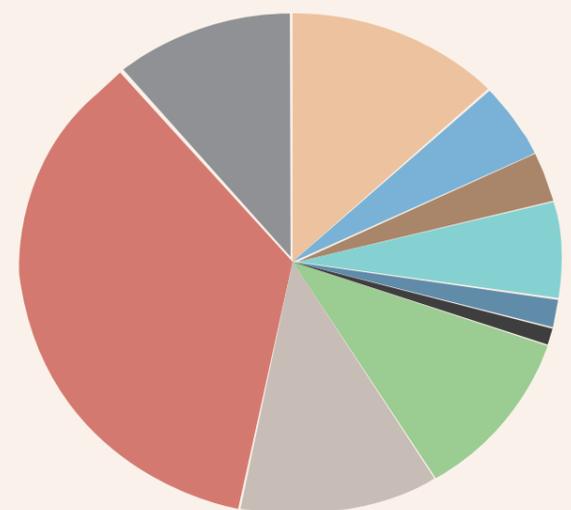
SUMMARY COMPONENTS OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2018	COUNCIL			GROUP	
	2018 COUNCIL BUDGET \$000's	2018 COUNCIL ACTUAL \$000's	2017 COUNCIL ACTUAL \$000's	2018 GROUP ACTUAL \$000's	2017 GROUP ACTUAL \$000's
Net Cash Inflow from Operating Activities	8,765	14,079	11,308	16,379	12,392
Net Cash Outflow from Investing Activities	(9,883)	(10,665)	(10,075)	(12,288)	(11,404)
Net Cash Inflow/(outflow) from Financing Activities	1,118	(1,764)	(1,295)	(1,088)	(2,176)
Net Increase/(decrease) in cash, cash equivalents and bank overdrafts	0	1,650	(62)	3,003	(1,188)
Cash, cash equivalents and bank overdraft at the beginning of the year	100	112	174	(1,289)	(101)
Cash, cash equivalents and bank overdraft at the end of the year	100	1,762	112	1,714	(1,289)

THIS GRAPH SHOWS CAPITAL EXPENDITURE IN OUR DIFFERENT ACTIVITY AREAS



- ROADS AND FOOTPATHS 57%
- WATER SUPPLY 19%
- SEWERAGE 7%
- STORMWATER DRAINAGE 1%
- SOLID WASTE MANAGEMENT 2%
- COMMUNITY SERVICE 9%
- LEADERSHIP AND INVESTMENTS 5%

HOW YOUR RATES WERE SPENT ON OUR GROUPS OF ACTIVITIES



- ROADS AND FOOTPATHS 34%
- WATER SUPPLY 12%
- SEWERAGE 11%
- RESOURCE MANAGEMENT 1%
- STORMWATER DRAINAGE 2%
- SOLID WASTE MANAGEMENT 7%
- REGULATION 3%
- COMMUNITY DEVELOPMENT 5%
- COMMUNITY SERVICE 14%
- LEADERSHIP AND INVESTMENTS 11%

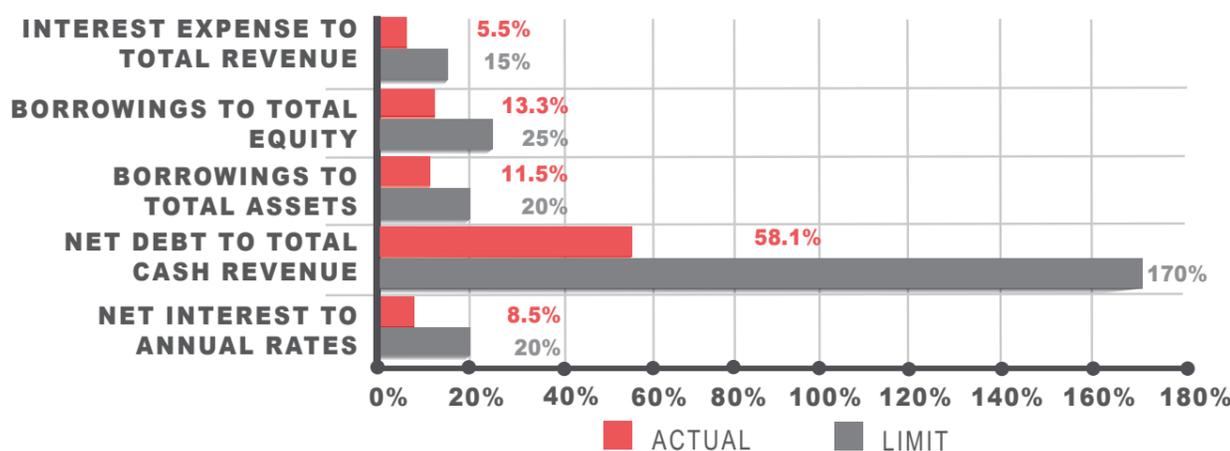
COUNCIL DEBT

We borrow money 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.

Debt was forecast in the 2015-25 Long Term Plan to be \$53.6 million in the 2017/18 year.

ACTUAL DEBT WAS \$41.74 MILLION AT 30 JUNE 2018.

In keeping with the financial prudence and sustainability principle, Council has established certain 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 the cost of funds.**



This table illustrates the favourable trends in the levels of debt over the last three financial years:

	2016	2017	2018
Forecast Public Debt (LTP) \$000's	52,834	54,628	53,645
Actual Public Debt	44,786	43,419	41,737
\$ Trend \$000's (LTP forecast and Actual)	-8,048	-11,209	-11,908
% Trend	-15.2%	-20.5%	-22.2%

THE GROUP'S OVERALL PERFORMANCE FOR THE YEAR WAS AN AFTER-TAX PROFIT OF \$5.9 MILLION.

OVERALL PERFORMANCE

Inframax Construction Ltd (ICL) reported a **net profit after tax of \$2.1 million** for the year ended 30 June 2018. This is another positive result for the company which continues to improve operational performance and position. **This result is a reflection of the continued and sustained effort of the Board of Directors, Management and staff of ICL.**

AT 30 JUNE 2018 TOTAL EQUITY FOR THE GROUP WAS \$310 MILLION.

There was a **\$12.3 million increase** in equity reflecting net asset increases due to:

- The Group's after tax profit of \$5.9 million.
- Current assets increased by \$2.2 million mainly due to an increase in cash and cash equivalents, receivables and inventories.
- Current liabilities increased by \$10.1 million due to an increase in the current portion of borrowings and payables.
- Non current assets increased by \$9.0 million due mostly to an increase in property, plant and equipment.
- Non current liabilities decreased by \$11.3 million due mainly to a decrease in non current borrowings.