

## 7. Summary Financial Report for the Year ended 30 June 2010

The Summary Financial Report has been extracted from the full Annual Report which was authorised for issue on 8 October 2010 by the Mayor and Chief Executive. An unqualified audit report with an explanatory paragraph in relation to the serious financial difficulty of Waitomo District Council's subsidiary was issued and signed as part of the Annual Report on 8 October 2010. Deloitte have audited this Summary Financial Report and have issued an unqualified opinion with an explanatory paragraph on 28 October 2010. The Summary Financial Report was authorised for issue on 28 October 2010 by the Mayor and Chief Executive. The information included in this report has been prepared in accordance with FRS 43: Summary Financial Statements.

A Summary Financial Report cannot provide as complete an understanding of the financial and non-financial performance of Waitomo District Council as the full Annual Report. For further detailed information please refer to the following sections in the full Annual Report: Section 3; Groups of Activities, Section 4; Financial Statement and Section 5, Report of the Audit Office. A full copy of the Annual Report is available from Waitomo District Council Office, Te Kuiti Public Library or on our website [www.waitomo.govt.nz](http://www.waitomo.govt.nz).

The primary objective of the Council is to provide goods or services to the community for social benefit rather than for making a financial return. Accordingly the Council has designated itself as a public benefit entity for the purposes of NZ IFRS. The full set of financial statements complies with NZ GAAP and other applicable financial reporting standards, as appropriate for public benefit entities.

The financial statements at 30 June 2010 comprise the Waitomo District Council and its wholly owned subsidiary Inframax Construction Limited incorporated in New Zealand, and its wholly owned subsidiary Independent Roadmarkers Ltd incorporated in New Zealand.

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

### Going Concern

The financial statements of the Group have been prepared on a going concern basis. The going concern assumption is dependent on two key factors as follows:

- 1) Continued support from the lender to Inframax Construction Ltd at the level provided at 30 June 2010 (that being \$3.75 million overdraft facility and \$6.8 million term loan) for the 12 months from the date the accounts are approved. If the lender was to call the loan or reduce the overdraft facility, Inframax may have insufficient funds to continue.
- 2) Inframax's ability to meet the forecasted financial performance and to operate within the cash flow forecasts estimated to be required for the 12 months from the date the accounts are approved.

Whilst the Board of Directors are confident that Inframax Construction Ltd will be able to continue as a going concern, this is however dependent on the factors listed above.

If Inframax Construction Limited or its subsidiary were unable to continue to operate and pay their debts as and when they become due and payable, adjustments may have to be made to reflect the situation that assets may need to be realised and liabilities extinguished, other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the Group's Balance Sheet. The total value of assets recorded in Inframax's Accounts at 30 June 2010, was \$21,502,795 and the total net assets was \$7,501,101.

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

## 7.1 Summary Statement of Comprehensive Income for the Year Ended 30 June 2010

	Note	2010 Council Budget \$000's	2010 Council Actual \$000's	2009 Council Actual \$000's	2010 Group Actual \$000's	2009 Group Actual \$000's
<b>Continuing Operations</b>						
Rates Revenue (including Penalties)		14,053	13,840	12,331	13,840	12,331
Other Revenue		10,777	8,411	9,379	44,081	55,517
Other Gains/(Losses)		0	(8,741)	(2,814)	(244)	(8)
<b>Total Revenue and Gains/(Losses)</b>	<b>1</b>	<b>24,830</b>	<b>13,510</b>	<b>18,896</b>	<b>57,677</b>	<b>67,840</b>
Employee Benefit Expenses		2,857	2,928	3,105	16,460	19,276
Depreciation and Amortisation		4,215	4,098	3,983	6,012	5,946
Finance Costs		3,285	2,231	2,312	2,846	3,294
Other Expenses		11,102	10,658	11,780	31,987	44,673
	<b>2</b>	<b>21,459</b>	<b>19,915</b>	<b>21,180</b>	<b>57,305</b>	<b>73,189</b>
<b>Surplus/(Deficit) Before Tax</b>		<b>3,371</b>	<b>(6,405)</b>	<b>(2,284)</b>	<b>372</b>	<b>(5,349)</b>
Income Tax Expense/(Revenue)		0	163	(63)	322	(1,300)
<b>Surplus/ Deficit</b>		<b>3,371</b>	<b>(6,568)</b>	<b>(2,221)</b>	<b>50</b>	<b>(4,049)</b>
<b>Other Comprehensive Income</b>						
Revaluation of Property, Plant and Equipment		15,793	17,629	0	18,349	395
Gains/(Losses) from Available-For-Sale Financial Assets		0	0	(7,637)	0	0
Income Tax relating to components of other Comprehensive Income		0	0	0	6	(55)
<b>Other Comprehensive Income/(Loss) for the Year Net of Tax</b>		<b>15,793</b>	<b>17,629</b>	<b>(7,637)</b>	<b>18,355</b>	<b>340</b>
<b>Total Comprehensive Income/(Loss) for the Year, Net of Tax</b>		<b>19,164</b>	<b>11,061</b>	<b>(9,858)</b>	<b>18,405</b>	<b>(3,709)</b>

## Explanation of variances to budget (Council)

### Note 1: Revenue

Revenue and other gains/(losses) were \$11.3 million less than budget due to:

- As Inframax has not performed in line with expectations over the last three years and given that it is not probable the Company will be in a position to provide a return on the WDC's investment in the immediate future, WDC decided to write-down the value of its investment in Inframax Construction Ltd to nil as at 30 June 2010 incurring a loss of \$8.4 million.
- Subsidy revenue for Benneydale Sewerage and Piopio Sewerage was not received due to capital works for which the subsidy relates to was not undertaken. The delay in the completion of the Piopio scheme is due to Environment Court action over the granting of resource consents. Changes were made to the scope of the Benneydale project which required Ministry of Health approval, delays in receiving this approval have been experienced and therefore the project did not commence during the year. The budget for the subsidy was \$2.6 million.
- A revaluation loss of \$0.3 million for Council's Investment Properties was recognised against revenue this year.
- Rates revenue was \$0.2 million less than budget due to the actual rates revenue excluding rates paid on Council properties. The budget figure includes the rates revenue paid on Council property.

### Note 2: Expenditure

Expenditure was \$1.5 million less than budget due to the following factors:

- Finance costs for the Council were \$1 million less than budgeted due to unplanned economic conditions resulting in external interest rates falling to historic lows.
- Depreciation was \$0.1 million less than budget due to the infrastructural assets and land and buildings being revalued during the year. The budgets were prepared based on preliminary revaluation information that was available at the time the budgets were completed.
- Savings were made in the Community Services Activity due to Garden maintenance service now being delivered internally. In addition to this parks and property maintenance expenditure was only spent where needed.
- Solid Waste expenditure was less than budget for the year due to the landfill operational costs being less than anticipated and savings made from new contract arrangements put in place during the year.
- Roads expenditure was less than budget due to unsealed road maintenance expenditure not being spent. Changes in the road programme resulted in more unsealed road metalling capital expenditure being undertaken during the year.

## 7.2 Summary Statement of Changes in Equity For the Year ended 30 June 2010

Note	2010 Council Actual \$000's	2009 Council Actual \$000's	2010 Group Actual \$000's	2009 Group Actual \$000's
<b>Retained Earnings</b>				
Balance at 1 July	196,530	196,741	195,809	197,848
Surplus/(Deficit) for the year	(6,568)	(2,221)	50	(4,049)
	<b>(6,568)</b>	<b>(2,221)</b>	<b>50</b>	<b>(4,049)</b>
Transfer to Retained Earnings on Asset Disposal	262	102	262	102
Transfer to Council Created Reserves	7,374	1,908	7,374	1,908
<b>Balance at 30 June</b>	<b>197,598</b>	<b>196,530</b>	<b>203,495</b>	<b>195,809</b>
<b>Other Reserves</b>				
<b>Council Created Reserves</b>				
Balance at 1 July	856	2,764	856	2,764
Transfers from Retained Earnings	(7,374)	(1,908)	(7,374)	(1,908)
	<b>(6,518)</b>	<b>856</b>	<b>(6,518)</b>	<b>856</b>
<b>Available for Sale Reserves</b>				
Balance at 1 July	4	7,641	4	4
Valuation Gains/(Losses)	0	(7,637)	0	0
<b>Balance at 30 June</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Total Other Reserves at 30 June</b>	<b>(6,514)</b>	<b>860</b>	<b>(6,514)</b>	<b>860</b>
<b>Revaluation Reserves</b>				
Balance at 1 July	33,512	33,614	34,179	33,941
Revaluation Gains/(Losses)	17,629	0	18,349	395
Related Income Tax	0	0	6	(55)
	<b>17,629</b>	<b>0</b>	<b>18,355</b>	<b>340</b>
Transfer to Retained Earnings on Asset Disposal	(262)	(102)	(262)	(102)
<b>Balance at 30 June</b>	<b>50,879</b>	<b>33,512</b>	<b>52,272</b>	<b>34,179</b>
<b>Total Equity</b>				
Balance at 1 July	230,902	240,760	230,848	234,557
Surplus/(Deficit) for the year	(6,568)	(2,221)	50	(4,049)
<b>Other Comprehensive Income</b>				
Revaluation of Property, Plant and Equipment	17,629	0	18,349	395
Gains/(Losses) from Available-For-Sale Financial Assets	0	(7,637)	0	0
Related Income Tax	0	0	6	(55)
<b>Total Comprehensive Income</b>	<b>11,061</b>	<b>(9,858)</b>	<b>18,405</b>	<b>(3,709)</b>
<b>Balance at 30 June</b>	<b>241,963</b>	<b>230,902</b>	<b>249,253</b>	<b>230,848</b>

## 7.3 Summary Balance Sheet as at 30 June 2010

	Note	2010 Council Budget \$000's	2010 Council Actual \$000's	2009 Council Actual \$000's	2010 Group Actual \$000's	2009 Group Actual \$000's
<b>Equity</b>	4	<b>249,352</b>	<b>241,963</b>	<b>230,902</b>	<b>249,253</b>	<b>230,848</b>
Current Assets	5	6,748	3,391	3,686	11,474	13,091
Current Liabilities	1	7,156	12,000	9,902	24,769	26,419
Net Working Capital	6	(408)	(8,609)	(6,216)	(13,295)	(13,328)
Total Non Current Assets	2	297,119	281,045	266,912	293,640	274,488
Total Non Current Liabilities	3	47,359	30,473	29,794	31,092	30,312
<b>Net Assets</b>		<b>249,352</b>	<b>241,963</b>	<b>230,902</b>	<b>249,253</b>	<b>230,848</b>

### Explanation of variances to budget (Council)

Note 1: Current Liabilities were \$4.8 million more than budget. This is due to the current portion of two loans totalling \$8 million being incorrectly classified as noncurrent borrowings in the budgets. This was offset by a decrease in the amount of payables compared to budget of \$2.7 million. Trade and Other Payables was less than expected due to the timing of contract payments where several road contracts were completed earlier than anticipated.

Note 2: Non Current Assets were \$16.1 million less than budget primarily due to the decrease in the value of investment in Inframax Construction Limited. In addition to this, Property, Plant and Equipment was \$7.2 million less than budget due to actual capital expenditure being less than projected in the LTCCP. Significant capital projects in the Sewerage activity did not commence as expected due to delays associated with the granting of resource consents and approval of subsidy funding (see revenue note above). Also Te Kuiti Sewerage capital expenditure was not spent as Council is currently investigating alternative upgrade proposals and pursuing associated subsidy revenue. Total budgeted capital expenditure for the Sewerage activity was \$7.5 million of this only \$1.3 million was spent during the year.

Note 3: Non Current Liabilities were \$16.9 million less than budget due the planned capital works programme, particularly in the roads and sewerage activities, not being spent as expected. In addition to this \$8 million of borrowings were incorrectly classified in the budgets as Non Current Liabilities instead of Current Liabilities.

Note 4: Council's total equity was \$7.4 million less than projected. The significant part of this was due to the fair value write down of Council's investment in its wholly owned subsidiary Inframax Construction Limited.

Note 5: Current assets were \$3.3 million less than budget due mainly to a lower level of receivables at year end than expected. This was due to the budgeted subsidy revenue associated with sewerage capital expenditure not being received and therefore not forming part of the receivables balance at 30 June 2010.

### Net Working Capital

Note 6: As at 30 June 2010 the Council had negative working capital of \$8.6 million (2009: \$6.2 million) and the Group had a negative working capital of \$13.3 million (2009: \$13.3 million). The shortfall in working capital is mostly due to the current portion of borrowings, as follows:

	2010 Council Actual \$000's	2009 Council Actual \$000's	2010 Group Actual \$000's	2009 Group Actual \$000's
<b>Current</b>				
Secured Loans	8,314	6,100	15,149	13,616
Lease Liabilities	71	68	84	95
<b>Total Current</b>	<b>8,385</b>	<b>6,168</b>	<b>15,233</b>	<b>13,711</b>

### Council

The current portion of secured loans as at 30 June 2010 for the Council is made up of two amounts: \$3,514,000 term loan and \$4,800,000 term loan, both of which are due to expire on 31 July 2010. These loans have been refinanced subsequent to year end. Refer to Events after Balance Date for details. The wholesale advance facility has a limit of \$5,000,000 (2009: \$2,000,000). There was \$5,000,000 (2009: \$700,000) available on this facility as at 30 June 2010.

### Security

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

## Group

The current portion of secured loans as at 30 June 2010 for the Group is made up of the Council loans noted above and bank loans issued to Inframax Construction Limited and Independent Roadmarkers Limited. As part of Inframax Construction Limited's security arrangements with Westpac, Inframax Construction Limited is required to meet the banks covenant requirements on a quarterly basis. At balance date, Inframax Construction Limited a subsidiary of the Group was in breach of its banking covenants. Accordingly, the interest bearing borrowings for Inframax Construction Limited have been reclassified as current loans pursuant to NZ IFRS (NZ IAS 1). The carrying value of non-current loans reclassified to current borrowings is \$6,754,485 (2009: \$7,272,205). Both Westpac and the Board of Directors of Inframax Construction Limited are aware of the breaches and are committed to rectifying the breaches in the coming financial year through negotiation and business process improvements. Inframax Construction Ltd is dependent on the continuing financial support from Westpac.

If Inframax Construction Ltd (or its subsidiary Independent Roadmarkers Taranaki Ltd) were unable to operate and pay their debts as and when they become due and payable, adjustments may have to be made to reflect the situation that assets may need to be realised and liabilities extinguished, other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the Group's Balance Sheet. The total value of assets recorded in Inframax's accounts to 30 June 2010 was \$21,502,795 and the total net assets were \$7,501,101.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should Inframax be unable to continue as a going concern.

At 30 June 2010, Inframax Construction Ltd had a multi option credit line facility of \$3,750,000 (2009: \$3,750,000) of which \$1,466,021 (2009: \$835,910) was available at 30 June 2010. The multi option credit line facility matures on 31 March 2011.

## Security

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

## 7.4 Summary Cash Flow Statement for the year ended 30 June 2010

	<b>2010 Council Budget \$000's</b>	<b>2010 Council Actual \$000's</b>	<b>2009 Council Actual \$000's</b>	<b>2010 Group Actual \$000's</b>	<b>2009 Group Actual \$000's</b>
Net Cash Inflow from Operating Activities	7,493	7,931	8,070	7,383	8,988
Net Cash Outflow from Investing Activities	(16,395)	(10,442)	(13,528)	(8,647)	(11,012)
Net Cash Inflow from Financing Activities	9,733	2,690	5,321	2,190	3,022
<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	<b>831</b>	<b>179</b>	<b>(137)</b>	<b>926</b>	<b>998</b>

## 7.5 Summary of Notes

### Capital Expenditure (Council)

	Note	2010 Council Budget \$000's	2010 Council Actual \$000's	2009 Council Actual \$000's
<b>Capital by Significant Activity</b>				
Leadership		0	287	171
Community Facilities	2	544	343	259
Solid Waste		386	888	358
Stormwater		125	76	204
Sewerage	3	7,562	1,302	1,915
Water	5	514	346	1,063
Roads	4	5,081	4,603	6,312
<b>Total Capital Expenditure</b>	<b>1</b>	<b>14,212</b>	<b>7,845</b>	<b>10,282</b>
<b>Shown as Additions to:</b>				
Property, plant and equipment		14,212	7,751	10,282
Intangible assets		0	78	0
Investment property		0	16	0
		<b>14,212</b>	<b>7,845</b>	<b>10,282</b>

### Significant Variations to Budget

- Total capital expenditure was \$6.4 million less than budget.
- Community Facilities expenditure was \$201,000 less than budget. Upgrade works for Public Amenities, Te Waitere Wharf and the Te Kuiti Swimming Pool filtration were not undertaken during the year.
- Sewerage expenditure was \$6.3 million less than budget. The Benneydale capital expenditure budget was set under the assumption that the resource application would be completed on a non notified basis under the Resource Management Act, however the application has been publicly notified. The upgrade of Benneydale Sewerage is now expected to proceed in the 2010/11 financial year. The capital budgets for the Te Kuiti Waste Water Treatment Plant Upgrade were largely unspent while Council progresses the application for renewal of the resource consent. Completion of the Piopio Sewerage scheme is being held up by an Environment Court appeal.
- Roads was \$478,000 less than budget due to work coming in under budget and better than expected subsidy rates received from New Zealand Land Transport Agency (NZTA). Also Mangaokewa Pavement Rehabilitation was put on hold due to NZTA not funding the widening of the road prior to the rehabilitation.
- Water expenditure was \$168,000 less than budget. The Water Supply upgrades are dependant on receiving subsidy from the Ministry of Health, to date this has not been received so capital expenditure will be carried forward to the 2010/11 year.

### Commitments at 30 June 2010

Council's commitments on projects where contracts have been entered into but goods and services have not been received were \$11.5 million (2009: \$8.4 million). Of this, \$0.2 million (2009: \$1.3 million) related to capital expenditure, \$0.1 million (2009: \$0.2 million) related to non-cancellable operating leases and \$11.2 million (2009: \$6.9 million) related to operational commitments.

### 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 (2009: \$10,700), in lieu of a cash deposit.

Council is a shareholder in Local Authority Shared Services Ltd. LASS is jointly owned by 13 local authorities and has been set up to develop shared service initiatives, including a valuation database. There is uncalled capital of \$34,221 (2009: \$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.

Council has provided in its provisions amounts for calls for New Zealand National Mutual Riskpool of which Council a member of. It is possible further calls may be demanded of Council in the future. The timing and amount of further calls is currently unknown.

## Group

As a result of a contractual dispute a claim has been filed in the High Court for \$415,675 plus interest and costs. The Board of Directors believed this claim had been settled through an adjudication process under the Construction Contracts Act. The Board considers the claim to be without foundation and frivolous.

## Provision for Financial Guarantees

The Council is listed as sole guarantor to two community organisation bank loans for a total of \$100,000 (2009: \$100,000). The Council is obligated under the guarantee to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. Council considers it unlikely that the groups will default on the loan arrangement and therefore have not provided for these guarantees.

## 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.

	<b>2010</b>	<b>2009</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Transactions with Inframax Construction Ltd</b>		
Road construction and maintenance expenditure	6,792	8,052
Landfill expenditure	178	184
Other revenue	119	237
<b>Balances Outstanding with Inframax Construction Ltd</b>		
Creditors	883	956
Debtors	1	6

## Inframax Construction Limited

The Company paid plant hire fees of \$261,180 (2009: \$239,032) to C C Browne Contracting, a business owned by C C Browne, an employee of the Company. There was \$34,667 outstanding at year end (2009: \$41,113).

The Company paid plant hire fees of \$24,435 (2009: \$76,405) to R & M Simpson Contracting, a business owned by R Simpson, an employee of the Company. There was \$720 owing at year end (2009: \$2,953).

## Key Management Personnel

	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Short Term Employee Benefits	988	1,065	1,517	1,821
<b>Total Payments made to Key Management Personnel</b>	<b>988</b>	<b>1,065</b>	<b>1,517</b>	<b>1,821</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 (2009: Nil).



## Events after balance date

### Changes in Borrowing Security Arrangements and Current Loan Refinancing

During the year Council changed its arrangements for offering security to lenders for Council's borrowings. Prior to making the change security for debt was granted in favour of Council's bank; Westpac Banking Corporation Limited, in the form of a Deed of Charge. The security offered was a floating charge over Council's rates revenue. Council found this arrangement quite restrictive and if borrowings were required from another bank, a Deed of Security Sharing would have been required.

During the year the way security is offered was changed. The Deed of Charge between Council and its bank was replaced with a Debenture Trust Deed. Under a Debenture Trust Deed the security Council offers is transferred to a trustee to hold for the benefit of all secured lenders to Council. For Council's existing debt with Westpac, Council issued Debenture Stock with a notional value of \$45 million to the bank as security to replace the security the bank held by way of Deed of Charge. This change did not alter any terms of the existing loans, Council has with the bank.

Subsequent to balance date, two term loans totalling \$8,314,000 matured on the 31 July 2010. The bank granted a maturity extension of one month and on the 31 August 2010 these loans were refinanced through Council issuing commercial notes under the Debenture Trust Deed. Commercial notes are a floating interest rate debt instrument and \$5,000,000 was issued with a maturity of five years and \$3,500,000; three years. The commercial notes are held by an institutional investor, who is a participant in the wholesale debt market, to which Council is a new participant.

To manage interest rate risk, due to the commercial notes being on floating interest rate, Council entered into two "receive floating – pay fixed" interest rate swap contracts. Completing the swap transaction effectively converts the interest payable on this debt to a fixed interest rate for the life of the loans.

The reasons for completing these series of transactions is to allow greater flexibility in sourcing borrowing funds and extending the maturity profile of Council's debt beyond the three year time frame that banks are able to offer. There will also be greater transparency in pricing interest rates and the raising and repaying of debt will be more efficient.

### Progress payments to Inframax Construction Ltd under road maintenance contract

On 15 September 2010 Council agreed under its Road Maintenance Contract with its wholly owned subsidiary Inframax Construction Ltd to make a lump sum payment towards the costs of production of maintenance metal, dig-out repair and sealing chip. The lump sum payment is to be made in two instalments of \$400,000 each on 16 September 2010 and 18 October 2010 respectively. These instalments are to be offset against later progress payments due in February and March 2011.

### Workplace accident

In August 2010 Inframax Construction Ltd was fined \$43,000 in the District Court following charges laid by the Department of Labour. The charges related to a workplace accident that occurred in September 2009 where an employee was injured when a tree he was cutting fell on him. In addition to the fine, reparation of \$17,500 was awarded. Reparation and legal costs were recovered from Inframax's insurer.

### Leaky Homes Financial Assistance Package

On 5 October Council agreed to participate in the Ministry for Building & Construction financial assistance package for owners of leaky homes. Under the scheme both central government and local government would contribute 25% each towards the repair cost facing the homeowner. The homeowner would be required to pay the remaining 50% with the Government providing assistance to owners to access bank finance where necessary. Council agreed to participate in the financial assistance package for owners of leaky homes conditional on the capping of Council's liability at 25%. There are no known leaky homes in Waitomo District and as a consequence the expected financial impact of signing up to the scheme is nil.

## Compliance with Legislation

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

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