



KAWERAU DISTRICT COUNCIL

Annual Report

For the Year Ended 30 June 2014



KAWERAU DISTRICT COUNCIL

ANNUAL REPORT FOR 2013/14

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MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

Welcome to Council's annual report for the year ended 30 June 2014. The purpose of the annual report is to inform the Community and the wider public about Council's activities for the year, the levels of service provided and the cost of those services. The report compares Council's achievements and results against the financial and the non-financial performance forecasts in the Long Term Plan. The Annual Report enables the reader to assess how well Council has performed in relation to these targets, and determine the efficiency and effectiveness of Council's operations.

Council has maintained a very strong financial position throughout the year. There was an operating surplus of \$300,218 for the year compared to a budgeted deficit of \$340,000. Council had budgeted for a deficit because it had previously made a conscious decision not to fund all the depreciation on road renewals as these costs continue to be funded by NZTA and also not fund the depreciation on some buildings which are unlikely to be replaced with similar buildings.

During the year Council received additional revenue of \$392k and incurred \$248k less operating expenditure than budgeted.

The following is a brief summary of the financial results for 2013/14:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Income	9,986,930	10,378,703	391,773
Operating Expenditure	10,326,930	10,078,485	248,445
Operating Surplus/(Deficit)	(340,000)	300,218	640,218

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	67,022,990	67,364,263	341,273
Liabilities	1,880,210	2,533,183	(652,973)
Ratepayers Equity	65,142,780	64,831,080	(311,700)

The reasons for the operating surplus were:

- Savings on insurance and power costs for the year of \$140k
- Lower maintenance undertaken than budgeted \$36k
- External funding of \$204k received for Tarawera River Walkway, Tarawera Park Entrance Lighting, Christmas Lights and Walkway Lighting projects
- Additional grant revenue received for "Healthy Homes" and Youth Development projects of \$65k
- Increased income for rate penalties of \$52k
- Additional interest income because less was spent on renewals during the year than anticipated \$40k.
- Council had planned on replacing approximately 4 kilometres of water supply pipes and 500 metres of wastewater pipes in the older part of town during the year but both assets were found to be in better condition than initially thought so the pipe replacement was deferred.

The major achievements during the 2013/14 financial year included:

- Continuation of the “Neighbourhoods of Healthy Homes” project which is helping improve the home environment for Kawerau residents and developing the sense of “community” among the neighbourhoods where this programme has been undertaken.
- Successful management of a number of iconic events for Kawerau including Woodfest, King of the Mountain Race and Christmas in the Park. Also the very successful World Rafting Championships were held on the Tarawera River which involved considerable input from Council.
- At the 2014 Local Government NZ conference Council won the inaugural LGNZ Excellence Award for Community Impact for its “Adopt a Nation” project. The awards recognise and celebrate the outstanding leadership role local government plays within communities
- Ongoing improvements to Council reserves, including: new lighting for Hansen Walk and for the entrance to Tarawera Park, continued upgrade of Keith McKenzie Park, replacement of the retaining wall and bridge in Stoneham Walk and new playground equipment for the town centre playground
- 90% of Council’s performance targets were achieved and good progress was made for the targets that were not achieved.
- Continued high satisfaction levels by residents with Council services (exceeding the national average level of satisfaction for most activities) as measured by the National Research Bureau Satisfaction Survey
- Renewal of 550 metres of Kerb and Channel in Vogel and Galway streets as well as replacement of 1.1 Kilometres of footpaths in various parts of the town mostly as a result of damage from tree roots.

We would like to acknowledge the ongoing contributions made by both elected members and staff toward Council’s achievements during the year. Council also benefits greatly from the valuable efforts of volunteers and the goodwill of the Kawerau Community. To you we say a big “Thank You”.

Malcolm Campbell, JP
MAYOR



Russell George, CA
CHIEF EXECUTIVE OFFICER



<p style="text-align: center;">KAWERAU DISTRICT COUNCIL COUNCIL & STAFF INFORMATION</p>
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The Council is made up of a Mayor and 8 Councillors. A Committee (Regulatory and Services) has been established with full delegated authority to make most decisions.

Mayor : M J (Malcolm) Campbell, JP 323-7772

Deputy Mayor : A J Holmes 323-7817

Councillors :

W (Warwick) Godfery	323-7771
C J (Carolyn) Ion	323-9046
B J (Berice) Julian	323-9190
C B (Chris) Marjoribanks	312-5570
R G K (Rex) Savage	323-7287
S H (Stephen) Tuhoro	323-9373
F K N (Faylene) Tunui	323-7574

Committee: Regulatory & Services (Chairperson: Cr C J Ion)

Chief Executive Officer and Heads of Departments:

Chief Executive Officer	R B (Russell) George, CA
Manager, Operations & Services	T D (Tom) McDowall, BE(Civil), NZCE
Manager, Regulatory & Planning	C W (Chris) Jensen
Manager, Finance & Corporate Services	P J (Peter) Christophers, BBS, ACA

MISSION STATEMENT

1. To represent the interests and aspirations of the Kawerau Community, within and beyond the District.
2. To promote the social, economic, environmental and cultural wellbeing of the Kawerau Community.
3. To continue to provide an industrial base within the District for established industries and their supporting businesses.
4. To promote the advantages of Kawerau in order to grow the District population and further encourage industrial investment and development.
5. To ensure that the independence of the District is maintained.

STATEMENT OF PRINCIPLES

To achieve its Mission, the Council will -

1. Provide services, facilities and infrastructure that can support a high quality of life in Kawerau.
2. Engender an attitude of cost effectiveness, customer service and Community responsiveness.
3. Engage with all sectors of the Community to determine their needs and priorities.
4. Maintain a fair system of rating to ensure that Council services are sustainable and satisfy Community needs.
5. Inform and seek feedback from the Community about Council's current and planned activities.
6. Work cooperatively with government agencies, territorial authorities and other stakeholders to maintain or improve Council services.
7. Maintain relationships with industry and business groups represented in the District.
8. Promote the District to attract development.

COMPLIANCE WITH COUNCIL POLICIES

All local authorities are required to prepare the following funding and financial policy documents:

- Revenue and Financing Policy
- Investment Policy
- Liability Management Policy
- Development Contributions or Financial Contributions Policy
- Rates Remission and Rates Postponement on Maori Freehold Land Policy

This report provides an overview of the extent to which Council has complied with its policies.

REVENUE AND FINANCING POLICY

Council reviewed and adopted its Revenue and Financing Policy in June 2012 as part of the 2012 - 2022 Long Term Plan. The objective of this policy is to ensure that the costs of Council's activities are met by those benefiting from, or contributing to, the need for the activity.

The overall funding mix achieved by Council for 2013/14 was consistent with its Revenue and Financing Policy.

INVESTMENT POLICY

Council delegates responsibility for the management, monitoring and reporting of its investments to its Regulatory and Services Committee. The Investment Policy document sets out the parameters for the operation of the investments that Council will be involved with. The mix of investments between current and non-current is determined according to Council's working capital needs.

There were no significant variations or material departures from Council's objectives for its investment activities as reported in the Investment Policy. Council's investments returned \$280,169 compared to the Annual Plan estimate for 2013/14 of \$240,210.

LIABILITY MANAGEMENT POLICY

Council's Liability Management Policy was adopted in June 2009. The policy ensures that Council's debt and associated risks are maintained at prudent levels.

There were no significant variations or material departures from Council's Liability Management Policy during the year.

FINANCIAL CONTRIBUTIONS POLICY

Council's Financial Contributions Policy retains the provisions of its District Plan that allows the assessment of financial contributions.

No financial contributions were received during the 2013/14 financial year.

RATES REMISSION AND POSTPONEMENT FOR MAORI FREEHOLD LAND POLICY

This Policy sets out the conditions and criteria for the remission and postponement of rates on Maori Freehold Land.

There were no variations or departures during the year from Council's policy as reported in the 2012 - 2022 Long Term Plan.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

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

RESPONSIBILITY

The Council and Management accept responsibility for the preparation of the Annual Report and the judgement used in it.

The Council and Management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and non-financial reporting.

In the opinion of the Council and Management, the Annual Report for the year ended 30 June 2014 fairly reflects the financial position and operations of the Council.

M J Campbell, JP
MAYOR

R B George, CA, MBA
CHIEF EXECUTIVE OFFICER

Independent Auditor's Report

To the readers of Kawerau District Council's annual report for the year ended 30 June 2014

The Auditor-General is the auditor of Kawerau District Council (the District Council). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District that comprise:
 - the statement of financial position as at 30 June 2014 on page 18;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 17, 19 and 20;
 - the funding impact statement of the District Council on page 21;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 70 to 114; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 22 to 57;
- the statement of service provision (referred to as the statement of service performance) of the District Council on pages 64 to 114 and the funding impact statements in relation to each group of activities of the District Council on pages 70 to 113; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 58 to 63.

In addition, the Auditor-General has appointed me to report on whether the District Council'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 47;
 - council-controlled organisations on pages 115 to 117;
 - reserve funds on page 46;
 - each group of activities carried out by the District Council on pages 64 to 114;

- remuneration paid to the elected members and certain employees of the District Council on page 50;
- employee staffing levels and remuneration on page 50;
- severance payments on page 50;
- rating base units on page 57; and
- insurance of assets on page 57.
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 118; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 11.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 17 to 57:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2014; and
 - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 21, 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.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 70 to 114, 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.
- the statement of service performance of the District Council on pages 64 to 114:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.

- the funding impact statements in relation to each group of activities of the District Council on pages 70 to 113, fairly reflects 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 58 to 63 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

In our opinion, which is not an audit opinion, the District Council'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 2014. 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's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control 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'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 have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our 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;
 - fairly reflect the District Council's financial position, financial performance and cash flows;
 - fairly reflect 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 fairly reflects 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; and
- 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 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.

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

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 and section 99 of the Local Government Act 2002.

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.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

KAWERAU DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2014

<u>2012/13</u>		<u>Note</u>	<u>Budget</u>	<u>2013/14</u>
Income				
8,171,162	Rates, excluding targeted water supply rates	2	8,285,510	8,465,721
1,099,159	Fees, charges and targeted water supply rates	3	1,119,450	1,288,457
314,288	Subsidies and grants		341,760	344,356
233,598	Finance income		240,210	280,169
<u>9,818,207</u>	Total Income		<u>9,986,930</u>	<u>10,378,703</u>
Expenditure				
3,399,739	Employee benefit expenses	4	3,505,970	3,456,127
2,471,776	Depreciation and amortisation expense	11-13	2,511,240	2,584,026
7,582	Finance costs	6	8,010	6,566
4,000,317	Other expenses	5	4,301,710	3,981,568
67,572	Loss on disposal of property, plant and equipment		0	50,198
<u>9,946,986</u>	Total Operating Expenditure		<u>10,326,930</u>	<u>10,078,485</u>
(128,779)	SURPLUS/(DEFICIT)		(340,000)	300,218
3,038,742	Gains on re-valuation	11	0	0
<u>2,909,963</u>	TOTAL COMPREHENSIVE INCOME		<u>(340,000)</u>	<u>300,218</u>

Explanations of significant variances against budget are detailed in Note 32

The accompanying notes, including Accounting Policies, form part of these financial statements.

KAWERAU DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION

For the Year Ended 30 June 2014

2012/13		Note	Budget	2013/14
ASSETS				
Current assets				
1,059,012	Cash and cash equivalents	7	4,697,450	742,950
1,138,449	Debtors and other receivables	8	1,140,750	1,254,023
5,050,000	Other financial assets	10	0	7,475,000
27,620	Prepayments		0	49,331
82,210	Inventories	9	56,660	93,792
7,357,291	Total current assets		5,894,860	9,615,096
Non-current assets				
32,161	Investment in CCOs	10	32,160	36,252
58,978,528	Property, plant and equipment	11	61,033,380	57,649,928
72,254	Intangible assets	12	62,590	62,987
59,082,943	Total non-current assets		61,128,130	57,749,167
66,440,234	TOTAL ASSETS		67,022,990	67,364,263
LIABILITIES				
Current liabilities				
1,241,507	Creditors and other payables	14	1,245,400	1,875,492
13,762	Borrowings	17	0	15,189
421,012	Employee benefit liabilities	16	402,930	425,117
10,000	Provisions	15	9,070	10,000
1,686,281	Total current liabilities		1,657,400	2,325,798
Non-current liabilities				
47,519	Borrowings	17	0	32,329
89,137	Employee benefit liabilities	16	120,000	94,947
86,435	Provisions	15	102,810	80,109
223,091	Total non-current liabilities		222,810	207,385
1,909,372	TOTAL LIABILITIES		1,880,210	2,533,183
EQUITY				
38,735,409	Retained earnings	18	45,208,280	38,075,041
25,795,453	Other reserves	18	19,934,500	26,756,039
64,530,862	TOTAL EQUITY		65,142,780	64,831,080

M.J Campbell, JP
MAYOR

R.B. George, CA
CHIEF EXECUTIVE OFFICER

Date:

The accompanying notes, including Accounting Policies, form part of these financial statements.

Explanations of significant variances against budget are detailed in Note 32

KAWERAU DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

<u>2012/13</u>	Total Equity	<u>Note</u>	<u>Budget</u>	<u>2013/14</u>
61,620,899	Balance at 1 July		65,482,780	64,530,862
<u>2,909,963</u>	Total Comprehensive Income		<u>(340,000)</u>	<u>300,218</u>
<u>64,530,862</u>	Closing Balance		<u>65,142,780</u>	<u>64,831,080</u>

The accompanying notes, including Accounting Policies, form part of these financial statements.

KAWERAU DISTRICT COUNCIL STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2014

2012/13		Note	Budget	2013/14
CASH FLOWS FROM OPERATING ACTIVITIES				
8,058,535	Receipts from rates revenue excluding water supply		8,223,770	8,472,671
247,707	Interest received		240,210	280,169
0	Dividends received		0	0
1,421,755	Receipts from other revenue		1,461,210	1,761,979
(7,316,349)	Payments to suppliers and employees		(7,722,430)	(7,437,306)
(7,582)	Interest paid		(8,010)	(6,566)
44,240	Goods and services tax (net)		0	(25,061)
16,182	Regional Council rates		0	133,439
2,464,488	Net cash from operating activities	21	2,194,750	3,179,325
CASH FLOWS FROM INVESTING ACTIVITIES				
80,956	Receipts from sale of property, plant and equipment		0	65,132
0	Receipts from sale of investments		0	0
(58,786)	Purchase of intangible assets		0	(2,346)
100,000	(Purchase)/Sale of investments		0	(2,425,000)
(1,709,267)	Purchase of property, plant and equipment		(2,350,810)	(1,119,410)
(1,587,097)	Net cash to investing activities		(2,350,810)	(3,481,624)
CASH FLOWS FROM FINANCING ACTIVITIES				
54,738	Proceeds from finance leases		0	0
(536)	Repayment of borrowings		(280)	(282)
(11,299)	Payment of finance leases		0	(13,481)
42,903	Net cash from/(to) financing activities		(280)	(13,763)
920,294	Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(156,340)	(316,062)
138,718	Cash, cash equivalents and bank overdrafts at the beginning of the year		4,853,790	1,059,012
1,059,012	Cash, cash equivalents and bank overdrafts at the end of the year	7	4,697,450	742,950

The accompanying notes, including Accounting Policies, form part of these financial statements.

Explanations of significant variances against budget are detailed in Note 32

KAWERAU DISTRICT COUNCIL FUNDING IMPACT STATEMENT

2012/13		For the Year Ended 30 June 2014	2013/14	
Long Term Plan	Actual		Annual Plan	Actual
SOURCES OF OPERATING FUNDS				
7,012,200	7,170,558	General rates, UAGC and rate penalties	7,414,010	7,478,062
982,950	1,000,605	Targeted rates (other than targeted rates for water supply)	966,250	987,659
147,710	155,682	Subsidies and grants for operating purposes	354,120	169,490
755,430	1,044,039	Fees, charges and water supply rates	642,020	1,229,127
224,470	233,598	Interest and dividends from investments	230,210	280,169
71,720	55,120	Local Authorities Fuel tax, fines, infringements and other receipts	92,690	59,330
9,194,480	9,659,602	TOTAL OPERATING FUNDING (A)	9,699,300	10,203,837
APPLICATIONS OF OPERATING FUNDING				
7,440,230	7,400,086	Payment to staff and suppliers	7,807,680	7,437,695
9,070	7,582	Finance costs	8,010	6,566
0	0	Other operating funding applications	0	0
7,449,300	7,407,668	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	7,815,690	7,444,261
1,745,180	2,251,934	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	1,883,610	2,759,576
SOURCES OF CAPITAL FUNDING				
250,600	158,606	Subsidies and grants for capital purposes	187,640	174,866
0	0	Development and Financial contributions	0	0
(145,840)	(145,831)	Increase/(decrease) in debt	(152,230)	(151,951)
0	0	Gross proceeds from sale of assets	0	0
0	0	Lump sum contributions	0	0
104,760	12,775	TOTAL SOURCES OF CAPITAL FUNDING (C)	35,410	22,915
APPLICATIONS OF CAPITAL FUNDS				
Capital expenditure:				
0	0	- to meet additional demand	0	0
0	0	- to improve level of service	0	0
2,185,510	1,775,895	- to replace existing assets	2,350,870	1,361,516
(335,570)	488,814	Increase/(decrease) in reserves	(431,850)	1,416,884
0	0	Increase/(decrease) of investments	0	4,091
1,849,940	2,264,709	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,919,020	2,782,491
(1,745,180)	(2,251,934)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(1,883,610)	(2,759,576)
0	0	FUNDING BALANCE ((A-B)+(C-D))	0	0

The accompanying notes, including Accounting Policies, form part of these financial statements.

KAWERAU DISTRICT COUNCIL

NOTES TO FINANCIAL STATEMENTS

1. Statement of accounting policies for the year ended 30 June 2014

Reporting Entity

Kawerau District Council (KDC) is a territorial local authority governed by the Local Government Act 2002.

The primary objective of KDC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, KDC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of KDC are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 28 October 2014.

Basis of preparation

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, and financial instruments.

The financial statements are presented in New Zealand dollars. The functional currency of KDC is New Zealand dollars.

Changes in Accounting Policies

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

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted and which are relevant to KDC, include:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting.
- Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets.

The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, KDC will be eligible to apply the reduced disclosure regime (Tier 2 reporting entity) of the public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, KDC will transition to the new standards in preparing its 30 June 2015 financial statements. KDC has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 2 reporting entity and it will be required to apply the Public Benefit Entity Accounting Standards applicable to these entities. The effective date for the new standards for public sector entities is for reporting period beginning on or after 1 July 2014. Therefore, the Council will transition to the new standards in preparing its 30 June 2015 financial statements. The Council has not assessed the implications of the new Accounting Standards Framework at this time.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised when payable.

Water meters are read, and the usage billed, on the last day of each quarter. Unbilled usage at the year end is accrued based on the actual reading at 30 June.

Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as Council is acting as an agent for the BOPRC.

Government grants

KDC receives government grants from New Zealand Transport Agency, which subsidises part of KDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Sales of goods

Sales of goods are recognised when a product is sold to the customer.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in KDC are recognised as revenue when control over the asset is obtained.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Financial contributions

The revenue recognition point for financial contributions is at the later of the point when KDC is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

Financial contributions are classified as part of "Other Revenue".

Borrowing costs

The Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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 KDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of KDC's decision.

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, KDC recognises finance leases 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. The 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 KDC 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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade and other receivables are initially recorded at their face value less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that KDC 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.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis, are measured at the lower of cost and current replacement cost. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to current replacement cost is recognised in the surplus or deficit.

Financial assets

KDC classifies its financial assets into the following four categories; financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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

Purchases and sales of investments are recognised on trade-date, the date on which KDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the KDC has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used is the current bid price.

The four categories of financial assets are:

- Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge

accounting is applied. 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. Gains or losses on re-measurement are recognised in the surplus or deficit.

Currently, KDC does not hold any financial assets in this category.

- Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance date which are included in non-current assets.

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

Financial assets in this category include cash, cash equivalents, short term deposits (maturities 4 – 12 months) and debtors

- Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that KDC has the positive intention and ability to hold to maturity. They are included in current assets except for maturities greater than 12 months after the balance date which are included in non-current assets.

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.

Currently KDC does not hold any financial assets in this category.

- Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non current assets unless Management intends to dispose of the share investment within twelve months of balance date.

This category encompasses:

- Investments that Kawerau District Council intends to hold long term, but which may be realised before maturity.
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value with gains and losses recognised in other comprehensive income except for impairment losses which are recognised in the surplus or deficit. On de-recognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Currently, KDC has shares in BOPLASS Ltd and Local Government Insurance Corporation (Civic Assurance) which are recorded at cost.

Impairment of financial assets

At each balance date, KDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

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. 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.

Currently, KDC does not have any assets in this category.

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets — these include land, buildings, library books, plant and equipment, and motor vehicles.

Restricted assets — restricted assets are parks and reserves owned by KDC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets — infrastructure assets are the fixed utility systems owned by KDC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

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

Work in progress is recognised at cost, less impairment and is not depreciated. Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to KDC and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on either the straight-line (SL) or diminishing value (DV) basis on all property, plant and equipment other than land and pavement formation, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful lives, associated depreciation rates and depreciation basis for each major class of assets are as follows:

	Estimated Useful Life	Depreciation Rate	Basis
Operational			
Buildings	40-67 years	1.5-2.5%	SL
Computer/Electronic Office Equipment	3-5 years	20.0-33.3%	SL
Fixtures, Fittings & Equipment	5-50 years	2.0-20.0%	DV
Plant (vehicles)	5 years	20.0%	DV
Library Collections (excluding special collections)	7 years	15.0%	DV
Special Collections	Not depreciated		
Infrastructural			
Roading Network			
Street lighting	6-30 years	3.3-16%	SL
Kerb, channel & footpath	28-95 years	1.1-3.6%	SL
Pavement surface	1-13 years	7.7-100%	SL
Pavement structure	6-74 years	1.3-16.7%	SL
Stormwater	4-62 years	1.6-25%	SL
Water Systems			
Collection & Storage	5-79 years	1.3-20%	SL
Local Distribution	7-79 years	1.3-14%	SL
Sewerage System			
Reticulation system	4-68 years	1.5-25%	SL
Pumping & Treatment	2-70 years	1.4-50%	SL
Restricted			
Buildings & Other	40-53 years	1.9-2.5%	SL

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational land and buildings

Are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by CB Richard Ellis, and the valuation was effective as at 30 June 2013.

Restricted land and buildings

Are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by CB Richard Ellis, and the valuation was effective as at 30 June 2013.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems
Are recorded at fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by CB Richard Ellis, and the valuation was effective as at 30 June 2013. All infrastructural asset classes carried at valuation were valued.

Land under roads

Land under roads, was valued based on fair value of adjacent land determined by CB Richard Ellis, effective 1 July 2004. On transition to NZ IFRS, KDC elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Additions are recorded at cost. Land under roads is no longer revalued.

Library collections

Library books were valued at deemed cost as at 1 July 1991, by Beca Carter Hollings and Ferner, (Registered Valuers).

Library additions are recorded at cost less accumulated depreciation on the diminishing value basis.

Accounting for revaluations:

KDC accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income, but is recognised in the 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 then recognised in other comprehensive income.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by KDC, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

	Estimated Useful Life	Amortisation Rate	Basis
Computer Software	3 - 8 years	12.5 – 33.3%	SL

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. Assets that have a finite useful life are reviewed for impairment at balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated.

The impairment amount is 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 Council would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Investment property

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, KDC 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.

Currently, KDC does not have any investment property.

Creditors and other payables

Creditors and other payables are recorded at face value.

Employee benefits

Short-term benefits

Employee benefits that KDC expects to be settled within 12 months of balance date are measured at nominal values 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 long service leave entitlements expected to be settled within 12 months.

KDC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that KDC anticipates it will be used by staff to cover those future absences. As the amount of sick leave used during the year did not exceed the entitlements earned, no liability for sick leave has been recognised at 30 June 2014.

KDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Long service leave and retirement leave.

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis.

The calculations are based on:

- 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 the estimated future cash flows. A discount rate of 6.0%, and an inflation factor of 2.0% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive income as incurred.

Defined benefit schemes

KDC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 24.

Provisions

KDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of

money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Landfill

KDC has a responsibility under its resource consent to provide ongoing maintenance and monitoring of the Kawerau landfill after the site is closed.

KDC recognises a liability for these costs. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred and the provision has been estimated taking account of existing technology and using a discount rate of 4.25%.

Financial guarantee

A financial guarantee contract is a contract that requires KDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract were issued in a standalone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a provision is recognised based on the probability that KDC will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if KDC assesses that it is probable that expenditure will be required to settle a guarantee then the provision for the guarantee is measured at the present value of the future expenditure.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Equity

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

- Retained earnings
- Restricted and Council created reserves
- Asset revaluation reserves

Restricted and Council Created 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 KDC.

Restricted reserves are those subject to specific conditions accepted as binding by KDC and which may not be revised by KDC 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 Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

KDC's objectives, policies and processes for managing capital are described in Note 31.

Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (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.

Budget figures

The budget figures are those approved by the Council for the 2013/14 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the financial statements.

Cost allocation

KDC has derived the cost of service for each significant activity of KDC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements KDC 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 of 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 15 provides information about the estimates and assumptions surrounding the landfill after care provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Costs (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset; for example the Council 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 that are underground. This risk is minimised by Council 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 KDC could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, KDC'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 KDC's asset management planning activities, which gives KDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Critical judgements in applying KDC's accounting policies

Management has exercised the following critical judgements in applying the KDC's accounting policies for the period ended 30 June 2014:

Classification of property

KDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the KDC's social housing policy. They are leased to and operated by the Kawerau Social Services Trust in order to meet these objectives. The properties are accounted for as property, plant and equipment.

2. Rates revenue

<u>2012/13</u>		<u>2013/14</u>
7,023,687	General rate	7,326,149
	Targeted rates attributable to activities:	
149,765	Water	154,675
458,223	Wastewater	469,893
392,617	Refuse Collection	363,091
146,870	Rate penalties	151,913
<u>8,171,162</u>	Total revenue from rates	<u>8,465,721</u>

Rate Remissions

Rates revenue is shown net of rates remissions. KDC's rate remission policy allows KDC to remit rates on the categories shown below:

<u>2012/13</u>		<u>2013/14</u>
8,213,730	Total rates revenue	8,509,697
	Rates remissions	
42,568	Higher value properties	43,976
<u>8,171,162</u>	Rates revenue net of remissions	<u>8,465,721</u>

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens & reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of water, wastewater and refuse collection. Non-rateable land does not constitute a remission under KDC's remission policies.

3. Fees, charges and targeted rates for water supply

<u>2012/13</u>		<u>2013/14</u>
1,012,789	User fees and charges	1,193,284
31,250	Targeted rates for water supply	35,843
55,120	Petrol Tax	59,330
0	Vested assets	0
<u>1,099,159</u>	Total other revenue	<u>1,288,457</u>

There are no unfulfilled conditions or other contingencies attached to government grants received (2013 \$Nil)

4. Employee benefit expenses

<u>2012/13</u>		<u>2013/14</u>
3,461,333	Salaries & Wages	3,394,880
8,472	Employer contributions to multi-employer defined benefit plans	6,332
33,325	Employer contributions to Kiwisaver	45,000
(103,391)	Increase/ (decrease) in employee benefit liabilities	9,915
<u>3,399,739</u>	Total employee benefit expenses	<u>3,456,127</u>

5. Other expenses		
<u>2012/13</u>		<u>2013/14</u>
79,896	Audit fees for financial statement audit	80,747
3,920,421	Other operating expenses	3,900,821
<u>4,000,317</u>		<u>3,981,568</u>

6. Finance costs		
<u>2012/13</u>		<u>2013/14</u>
	Interest expense	
29	Interest on borrowings	0
7,553	Finance charges leased assets	6,566
<u>7,582</u>		<u>6,566</u>

7. Cash and cash equivalents		
<u>2012/13</u>		<u>2013/14</u>
659,012	Cash at bank and in hand	742,950
400,000	Short term deposits with maturities of 3 months or less	0
<u>1,059,012</u>	Total cash and cash equivalents	<u>742,950</u>

The carrying value of short-term deposits with maturity dates of 3 months or less approximates to their fair value.

8. Trade and other receivables		
<u>2012/13</u>		<u>2013/14</u>
574,434	Rates receivable	585,198
309,684	Other receivables	328,270
119,506	Sundry debtors	179,178
147,096	GST receivable	172,157
1,150,720		1,264,803
(12,271)	Less provision for impairment of receivables	(10,780)
<u>1,138,449</u>	Current portion	<u>1,254,023</u>

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. The carrying value of trade and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables, as KDC has a large number of customers.

KDC has provided for impairment on rates receivable based on anticipated non collection, however, Council does have various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

These powers allow KDC to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement then KDC can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The age of rates receivable overdue which includes BOP Regional Council rates of \$38,336 (2013 \$41,422), is as follows:

<u>2012/13</u>		<u>2013/14</u>
498,032	< 12 months	529,644
63,279	1 to 2 years	30,872
10,034	2 to 3 years	14,378
3,090	> 3 years	10,304
574,435		585,198
(8,938)	Less impairment	(8,968)
565,497	Carrying amount	576,230

Ageing of receivables (excluding rates)

<u>2012/13</u>	Gross	Impairment	Net
< 30 days	288,238		288,238
31-60 days	(6,676)		(6,676)
61-90 days	(8,001)		(8,001)
> 90 days	36,123	(3,333)	32,790
	309,684	(3,333)	306,351
<u>2013/14</u>	Gross	Impairment	Net
< 30 days	321,623		321,623
31-60 days	4,482		4,482
61-90 days	357		357
> 90 days	1,808	(1,812)	(4)
	328,270	(1,812)	326,458

As at 30 June 2014, all overdue receivables have been assessed for impairment and appropriate provisions applied. KDC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Movements in the provision for impairment of receivables are as follows:

<u>2012/13</u>		<u>2013/14</u>
3,665	At 1 July	12,271
8,606	Additional provisions made during the year	(1,491)
0	Receivables written off during the period	0
12,271	At 30 June	10,780

9. Inventories

<u>2012/13</u>		<u>2013/14</u>
	Inventories held for distribution:	
61,589	Water & sewerage reticulation spare parts	68,954
20,621	Other	24,838
<u>82,210</u>		<u>93,792</u>

No inventories are pledged as securities for liabilities (2013 \$nil)

10. Other financial assets

<u>2012/13</u>		<u>2013/14</u>
	Current portion	
	<i>Loans and receivables</i>	
5,050,000	Short term deposits with maturities of 4 -12 months	7,475,000
<u>5,050,000</u>	Total loans and receivables	<u>7,475,000</u>
	Non-current portion	
	<i>Investments in CCOs - at cost</i>	
31,161	Investment in Local Government Insurance Corporation	31,161
1,000	Investment in BoPLASS Ltd	5,091
<u>32,161</u>		<u>36,252</u>

There were no impairment provisions or expenses for other financial assets.

The carrying amount of term deposits approximates their fair value.

Shares in Local Government Insurance Corporation are held at cost. The asset backing for these shares at 31 Dec 2013 was \$1.12 (2012-\$1.17).

Maturity analysis and effective interest rates

The maturity dates for all other financial assets with the exception of equity investments, and advances to, subsidiaries and associates are as follows:

<u>2012/13</u>	Short Term Deposits	<u>2013/14</u>
5,050,000	Average investment-181days (2012/13 215 days)	7,475,000
<u>5,050,000</u>		<u>7,475,000</u>

11. Property, plant and equipment 2013

	Cost/ revaluation 1-July-12	Accum Depn and Imp. Chgs 1-July-12	Carrying Amount 1-July-12	Revaluation surplus	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Cum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-13	Accum Depn and Imp Chgs 30-Jun-13	Carrying Amount 30-Jun-13
Council operational assets											
Land	2,127,500	0	2,127,500	(127,700)	0	0	0	0	1,999,800	0	1,999,800
Buildings	4,679,160	(624,308)	4,054,852	564,793	209,494	0	0	304,933	4,586,931	(62,725)	4,524,206
Plant, machinery and vehicles	1,101,965	(671,203)	430,762	14,657	377,136	(267,365)	206,255	92,881	1,204,403	(535,838)	668,565
Fixtures, fittings and equipment	3,156,412	(2,289,343)	867,069	(21,174)	336,341	0	0	154,715	3,326,254	(2,298,732)	1,027,522
Library collections	1,231,213	(996,284)	234,929	0	49,153	0	0	38,926	1,280,366	(1,035,209)	245,157
Leased assets	118,475	(102,115)	16,360	0	54,738	0	0	18,215	173,213	(120,330)	52,883
Total operational assets	12,414,725	(4,683,253)	7,731,472	430,576	1,026,862	(267,365)	206,255	609,670	12,570,967	(4,052,834)	8,518,133
Council infrastructural assets											
Roading network	15,618,306	(1,354,737)	14,263,569	1,594,122	349,114	(26,183)	1,560	673,074	15,513,302	(4,194)	15,509,108
Water - Other	8,808,559	(729,469)	8,079,090	740,275	248,236	(46,133)	19,771	372,680	8,672,095	(3,536)	8,668,559
Water – Treatment Plant	843,678	(101,331)	742,347	76,294	25,910	(8,732)	4,220	68,298	775,060	(3,319)	771,741
Sewerage - Other	8,343,692	(585,329)	7,758,364	148,194	33,290	0	0	294,943	7,645,224	(320)	7,644,905
Sewerage – Treatment Plant	2,882,288	(182,132)	2,700,156	943,962	33,699	0	0	96,291	3,583,030	(1,504)	3,581,526
Stormwater - Network	5,951,715	(435,371)	5,516,344	131,072	0	0	0	218,227	5,429,190	0	5,429,190
Total infrastructural assets	42,448,239	(3,388,369)	39,059,870	3,633,919	690,249	(81,048)	25,551	1,723,512	41,617,901	(12,873)	41,605,028
Council restricted assets											
Land	7,990,924	0	7,990,924	(1,222,500)	0	0	0	0	6,768,424	0	6,768,424
Buildings	2,126,876	(225,166)	1,901,710	189,006	0	0	0	112,583	1,978,133	0	1,978,133
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	12,300	0	12,300
Other	97,581	(5,875)	91,706	7,741	0	0	0	2,937	96,510	0	96,510
Total restricted assets	10,227,681	(231,041)	9,996,640	(1,025,753)	0	0	0	115,520	8,855,367	0	8,855,367
Total property, plant and equipment	65,090,645	(8,302,663)	56,787,982	3,038,742	1,717,111	(348,413)	231,806	2,448,703	63,044,235	(4,065,707)	58,978,528

Property, plant and equipment 2014

	Cost/ revaluation 1 July	Accum Depn and Imp. Chgs 1 July	Carrying Amount 1 July	Reval Surplus	Curr. Yr. Additions	Curr. Yr. Disposals (Cost)	Curr. Yr. Disposals (Cum Depn)	Curr. Yr. Depn	Cost/ revaluation 30 June	Accum Depn and Imp. Chgs 30 June	Carrying Amount 30 June
Council operational assets											
Land	1,999,800	0	1,999,800	0	0	(28,400)	0	0	1,971,400	0	1,971,400
Buildings	4,586,931	(62,725)	4,524,206	0	65,851	0	0	282,030	4,652,782	(344,755)	4,308,027
Plant, machinery and vehicles	1,204,403	(535,838)	668,565	0	326,135	(272,062)	233,241	138,999	1,258,476	(441,597)	816,879
Fixtures fittings and equipment	3,326,254	(2,298,732)	1,027,522	0	343,131	0	0	132,564	3,669,385	(2,431,296)	1,238,088
Library collections	1,280,366	(1,035,209)	245,157	0	51,022	0	0	40,600	1,331,388	(1,075,810)	255,579
Leased assets	173,213	(120,330)	52,883	0	0	0	0	19,127	173,213	(139,457)	33,755
Total operational asset	12,570,967	(4,052,834)	8,518,133	0	786,139	(300,462)	233,241	613,321	13,056,643	(4,432,915)	8,623,728
Council infrastructural assets											
Roading network	15,513,303	(4,194)	15,509,108	0	401,192	(49,568)	1,459	761,772	15,864,928	(764,507)	15,100,420
Water - Other	8,672,095	(3,536)	8,668,559	0	102,322	0	0	379,513	8,774,417	(383,049)	8,391,368
Water – Treatment Plant	775,060	(3,319)	771,741	0	3,753	0	0	55,832	778,813	(59,152)	719,661
Sewerage - Other	7,645,224	(320)	7,644,905	0	10,697	0	0	287,625	7,655,921	(287,944)	7,367,977
Sewerage – Treatment Plant	3,583,030	(1,504)	3,581,526	0	21,441	0	0	127,280	3,604,471	(128,784)	3,475,686
Stormwater - Network	5,429,190	0	5,429,190	0	33,600	0	0	231,312	5,462,790	(231,312)	5,231,478
Total infrastructural assets	41,617,902	(12,873)	41,605,028	0	573,004	(49,568)	1,459	1,843,334	42,141,339	(1,854,749)	40,286,590
Council restricted assets											
Land	6,768,424	0	6,768,424	0	0	0	0	0	6,768,424	0	6,768,424
Buildings	1,978,133	0	1,978,133	0	0	0	0	112,853	1,978,133	(112,853)	1,865,280
Library - special collection	12,300	0	12,300	0	0	0	0	0	12,300	0	12,300
Other	96,510	0	96,510	0	0	0	0	2,904	96,510	(2,904)	93,606
Total restricted assets	8,855,367	0	8,855,367	0	0	0	0	115,757	8,855,367	(115,757)	8,739,610
Total property plant & equipment	63,044,235	(4,065,707)	58,978,528	0	1,359,143	(350,030)	234,700	2,572,412	64,053,349	(6,403,421)	57,649,928

Council's infrastructural assets, operational and restricted land and buildings were revalued on the depreciated cost basis as at 30 June 2013 by C B Richard Ellis Limited in accordance with New Zealand International Accounting Standard 16, Property, Plant and Equipment (NZIAS16) issued by the Institute of Chartered Accountants of New Zealand in November 2004.

Leases

The net carrying amount of plant and equipment held under finance leases is \$33,755 (2013 \$52,883).

Impairment

There were no impairment losses incurred for the year to 30 June 2014 (2013 – nil).

Replacement cost disclosure

<u>2012/13</u>		Date of estimate	<u>2013/14</u>
	Infrastructural assets		
30,944,346	Roading	30 June 2013	30,944,346
1,383,520	Water – Treatment Plant	30 June 2013	1,383,520
22,719,825	Water - Other	30 June 2013	22,803,570
5,066,880	Wastewater – Treatment Plant	30 June 2013	5,066,880
20,079,080	Wastewater - Other	30 June 2013	20,079,080
15,741,968	Stormwater	30 June 2013	15,741,968

12. Intangible assets

<u>2012/13</u>		<u>2013/14</u>
	Acquired computer software	
	Balance at 1 July	
271,140	Cost	329,926
(234,598)	Accumulated amortisation and impairment	(257,672)
36,542	Opening carrying amount	72,254
58,786	Additions	2,347
(23,074)	Amortisation charge	(11,614)
72,254	Closing carrying amount	62,987
	Balance at 30 June	
329,926	Cost	332,273
(257,672)	Accumulated amortisation and impairment	(269,286)
72,254	Closing carrying amount	62,987

13. Depreciation and amortisation expenses

<u>2012/13</u> <u>Actual</u>	Depreciation and amortisation expense (for group of activities)	<u>2013/14</u> <u>Budget</u>	<u>2013/14</u> <u>Actual</u>
19,544	Democracy	25,090	17,122
95,634	Economic and community development	101,850	76,811
21,912	Environmental services	24,620	17,747
627,597	Roading	662,190	746,264
218,237	Stormwater	236,200	189,498
447,229	Water supply	464,780	439,891
401,725	Wastewater	413,110	421,774
28,653	Solid waste	53,870	22,970
507,583	Leisure and recreation	529,530	507,466
103,662	Other activities	0	144,483
2,471,776	Total	2,511,240	2,584,026

14. Trade and other payables

<u>2012/13</u>		<u>2013/14</u>
607,718	Trade payables	578,328
22,240	Deposits and bonds	33,061
90,545	Accrued expenses	362,762
389,892	Income in advance	605,701
57,775	Rates due to BOP Regional Council	191,214
73,337	Other payables	104,426
1,241,507	Total trade and other payables	1,875,492

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates to their fair value.

Trade payables includes money that is owed to related parties \$6,405.96(2013 \$4,154.96) – refer Note 25

15. Provisions

<u>2012/13</u>		<u>2013/14</u>
	Current provisions are represented by:	
10,000	Landfill aftercare provision	10,000
10,000		10,000
	Non-current provisions are represented by:	
86,435	Landfill aftercare provision	80,109
86,435		80,109
	Landfill aftercare provision	
102,504	Opening balance	96,435
(4,001)	Amount utilised	(5,286)
3,931	Discounting changes	3,674
(5,999)	Increase/(Decrease) in provision	(4,714)
96,435	Closing Balance	90,109

KDC gained a resource consent in late 2002 to operate the Kawerau Landfill. KDC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The landfill closed in July 2006 and the cash outflows for landfill post-closure are expected to occur until 2024/25.

The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The provision, taking into account existing technologies and known legal requirements, is estimated at \$110,000 (2013 - \$120,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$90,109 (2013 - \$96,435) using a discount rate of 4.25% (2013 – 4.25%).

16. Employee Benefit Liabilities

<u>2012/13</u>		<u>2013/14</u>
292,778	Annual leave	310,282
101,489	Retirement gratuities	107,654
<u>115,882</u>	Accrued salaries	<u>102,128</u>
<u>510,149</u>	Total employee benefit liabilities	<u>520,064</u>
	Comprising:	
421,012	Current	425,117
<u>89,137</u>	Non-current	<u>94,947</u>
<u>510,149</u>	Total employee benefit liabilities	<u>520,064</u>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2013/14 did not exceed the sick leave entitlement for the year.

The present value of retirement gratuities, depends on a number of factors and are determined on an actuarial basis. Two key assumptions are used in calculating this liability: the discount rate and the salary inflation factor. Any changes to these assumptions will affect the carrying amount of the liability. A weighted average discount rate of 6% (2013 6%) and an inflation factor of 2.0% (2013 2.5%) were used.

17. Borrowings

<u>2012/13</u>		<u>2013/14</u>
	Current	
282	Secured loans	0
<u>13,480</u>	Finance leases	<u>15,189</u>
<u>13,762</u>	Total current borrowings	<u>15,189</u>
	Non-current	
<u>47,519</u>	Finance leases	<u>32,329</u>
<u>47,519</u>	Total non-current borrowings	<u>32,329</u>

Security

KDC's loans are secured over either targeted or general rates of the District.

KDC currently has no secured loans.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Refinancing

KDC manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted using the special consultative process.

Maturity analysis of loans and effective interest rates

The following is a maturity analysis of KDC's borrowings (excluding finance leases, which are shown separately below).

<u>2012/13</u>		<u>2013/14</u>
282	Less than one year	0
<u>0</u>	Later than one year, but not more than five years	<u>0</u>
<u>282</u>		<u>0</u>

The carrying amounts of borrowings repayable within one year approximate their fair value, as the effect of discounting is not significant.

Analysis of finance lease liabilities

<u>2012/13</u>		<u>2013/14</u>
	Total minimum lease payments are payable	
20,068	Not later than one year	20,068
<u>55,684</u>	Later than one year and not later than five years	<u>36,336</u>
75,752	Total minimum lease payments	56,404
<u>(14,753)</u>	Future finance charges	<u>(8,886)</u>
<u>60,999</u>	Present value of minimum lease payments	<u>47,518</u>
	Present value of minimum lease payments are payable	
13,480	Not later than one year	15,189
<u>47,519</u>	Later than one year and not later than five years	<u>32,329</u>
<u>60,999</u>	Total	<u>47,518</u>
13,480	Current	15,189
<u>47,519</u>	Non-current	<u>32,329</u>
<u>60,999</u>	Total	<u>47,518</u>

Description of material leasing arrangements

KDC has entered into finance leases for various items of equipment. The net carrying amount of the leased items within each class of property, plant and equipment is shown in Note 11.

The finance leases can be renewed at KDC's option with the agreement of the lessor, with rents equal to the original terms. KDC does not have the option to purchase the assets at the end of the lease terms.

There are no restrictions placed on KDC by any of the finance leasing arrangements.

18. Equity		<u>2013/14</u>
		<u>2012/13</u>
	RETAINED EARNINGS	
39,153,788	As at 1 July	38,735,409
	Transfers to:	
(1,895,032)	Council created reserves	(2,073,658)
	Transfers from:	
0	Restricted reserves	0
1,605,432	Council created reserves	1,113,072
(128,779)	Total Comprehensive Income	300,218
<u>38,735,409</u>	As at 30 June	<u>38,075,041</u>
	Council created reserves	
6,589,476	As at 1 July	6,879,076
	Transfers to:	
(1,605,432)	Retained earnings	(1,113,072)
	Transfers from:	
1,895,032	Retained earnings	2,073,658
6,879,076	As at 30 June	7,839,662
	Asset revaluation reserves	
15,877,635	As at 1 July	18,916,377
3,038,742	Total Comprehensive Income	0
<u>18,916,377</u>	As at 30 June	<u>18,916,377</u>
<u>25,795,453</u>	TOTAL OTHER RESERVES	<u>26,756,039</u>
	Asset revaluation reserves consist of:	
	Operational Assets	
337,300	Land	337,300
74,548	Landscaping	74,548
1,491,742	Buildings	1,491,742
95,916	Other Equipment	95,916
<u>1,999,506</u>		<u>1,999,506</u>
	Infrastructural Assets	
5,886,390	Roading Network	5,886,390
3,270,778	Water System	3,270,778
2,478,591	Wastewater System	2,478,591
1,691,990	Stormwater Network	1,691,990
<u>13,327,749</u>		<u>13,327,749</u>
	Restricted Assets	
2,674,450	Land	2,674,450
914,672	Buildings	914,672
<u>3,589,122</u>		<u>3,589,122</u>
<u>18,916,377</u>		<u>18,916,377</u>

Reserve funds are held to ensure that funds received for a particular purpose are used for that purpose.

Surpluses held in reserves are credited with interest. The Council created reserves are discretionary reserves which are funds set aside for the renewal of assets in each activity. Council also has revaluation reserves, which reports the amount that Council's assets have increased in value.

19. Reserves

2012/13 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure \$	2013/14 \$
	Asset Renewal Reserve (All Activities) To set funds aside for the renewal of assets utilised by the following activities:			
50,068	Democracy	5,274	-	55,342
527	Building & Inspection	21	-	548
3,879	Environmental Health	67	-	3,946
(19,569)	Dog Control	6,994	(10,733)	(23,308)
1,519,463	Roading/Footpaths	362,472	(231,323)	1,650,612
74,543	Stormwater	83,293	(11,760)	146,076
2,323,583	Water Supply	477,433	(106,074)	2,694,942
2,262,970	Wastewater	402,237	(77,208)	2,587,999
(60,783)	Refuse Disposal	9,492	(21,085)	(72,376)
45,421	Zero Waste	13,409	-	58,830
(211,885)	Library	100,442	(86,073)	(197,516)
(12,445)	Museum	5,196	(2,347)	(9,596)
(138,779)	Swimming Pool	54,849	(47,988)	(131,918)
(94,678)	Rec Centre	60,378	(61,961)	(96,261)
143,083	Town Hall	38,826	(508)	181,401
69,920	Concert Chamber	17,550	(6,409)	81,061
40,458	Town Centre Toilets	3,529	(3,457)	40,530
187,278	Sportfields	51,273	(18,918)	219,633
(159,183)	Passive Reserves	51,735	(109,210)	(216,658)
235	Road Berms	(1)	-	234
10,337	Street Trees	608	-	10,945
1,144	Bedding Displays	30	-	1,174
216,337	Playgrounds	43,861	(11,446)	248,752
17,105	Pensioner Housing	(87)	-	17,018
26,280	Cemetery	5,602	-	31,882
(55,893)	Commercial Rental Buildings	4,165	-	(51,728)
(59,865)	District Office & Depot	40,649	(50,852)	(70,068)
379,804	Finance	101,279	(14,536)	466,547
5,938	Operations & Services	(25)	-	5,913
305,243	Plant	132,771	(241,184)	196,830
8,540	Development Feasibility Fund	336		8,876
6,879,076	Total	2,073,658	(1,113,072)	7,839,662
2012/13 \$	Revaluation Reserve – Purpose of Fund	Additions \$		2013/14 \$
18,916,377	Revaluation Reserve - records the amount that Council's assets have increased in value.	0	0	18,916,377

20. Internal Loans

Internal Loans are used to fund capital works from reserves where there is insufficient funds set aside in the specific council created depreciation reserve. The internal loans are charged approximately the same interest rate as Council's average return on bank investments and the remaining repayment periods for these loans ranges between 1 and 15 years. Internal loan costs (interest and principal) are funded by the activity for which the loan was raised and the corresponding income is recognised in interest revenue.

Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

2012/13		Internal Loans	2013/14			
Interest \$	Loans \$		Interest \$	New Loans \$	Repayments \$	Loans \$
		Solid waste:				
9,772	209,076	Refuse Disposal - Transfer Station Loan	9,183	0	13,461	195,615
		Wastewater:				
3,252	45,069	Wastewater Plant Loan	1,275	0	45,069	0
		Leisure and Recreation:				
2,743	47,118	Swimming Pool Loan – No 1	1,735	0	23,032	24,086
4,769	103,016	Swimming Pool Loan – No 2	4,553	0	4,928	98,088
8,320	166,616	Public Hall - Recreation Centre Loan	6,989	0	30,409	136,207
5,900	110,040	Library - Building Loan	4,366	0	35,051	74,989
34,756	680,935	Total	28,101	0	151,950	528,985

21. Reconciliation of net surplus/(deficit) to net cash flow from operating activities

<u>2012/13</u>	<u>2013/14</u>
(128,779) Surplus/(Deficit)	300,218
Add/(less) non-cash items:	
2,471,776 Depreciation and amortisation	2,584,026
Add/(less) items classified as investing or financing activities	
67,572 Losses on disposal of property, plant and equipment	50,198
Add/(less) movements in working capital items	
(29,281) Trade & other receivables	(115,574)
(24,620) Prepayments	(21,711)
(31,960) Inventory	(11,582)
249,251 Trade & other payables	390,161
(6,080) Provisions	(6,326)
(103,391) Employee benefits	9,915
<u>2,464,488</u> Net cash inflow/(outflow) from operating activities	<u>3,179,325</u>

22. Capital commitments and operating leases

Nil (2013 \$nil)

23. Contingencies

Nil (2013 \$nil)

Council currently has no outstanding loan guarantees for community organisations.

Council subscribed to Riskpool (a mutual liability fund) for its professional indemnity and public liability insurance. As a result of claims arising for housing weather tightness issues against Councils, Kawerau District Council (along with other Councils subscribing to Riskpool) incurred an annual cost of \$21,984 pa to meet these claims initially until July 2012. The administrators have indicated there may be further claims to meet the costs of weather tightness issues, however, there was no claim for 2014 (2013 Nil).

24. Multi Employer Defined Benefit Scheme

KDC is a participating employer in the DBP Contributors Scheme ("the Scheme") which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, KDC could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the Scheme, KDC could be responsible for an increased share of the deficit.

Insufficient information is available to use defined benefit accounting as it is not possible to determine from the terms of the Scheme the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2014, the Scheme had a past service surplus of \$16.2 million (8.0% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19. Employers are not expected to contribute to the scheme in the future, provided the experience of the scheme is in line with the valuation assumptions used for the actuarial examination.

25. Related Party Transactions

<u>2012/13</u>		<u>Company</u>	<u>Related Party</u>	<u>2013/14</u>
	Goods/Services purchased during year:			
848	Meat Products	Campbell's Meat Market	M J Campbell	849
23,090	Disposal of Sewerage Screenings	T&J McDowall	T D McDowall (Staff)	18,260
15,436	Shared services annual levies	BOPLASS Ltd		34,720
1,840	Hire and lease of equipment	Ecocast Ltd	T D McDowall (Staff)	0
0	Release of shares – BOPLASS Ltd	BOPLASS Ltd		4,091
	Goods/Services provided during year:			
0	Hire of wastewater treatment land (0.5 hectares)	M J Campbell	M J Campbell	1,800
	Balances owed by KDC at 30 June 2014 to any of the related parties' companies		- T & J McDowall \$2,314.96 (2013 - \$4,154.96) - BOPLASS Ltd \$4,091.00 (2013 – Nil)	
	Balances owed to KDC at 30 June 2014 by any related parties' companies		- M J Campbell \$1,800.00 (2013 – Nil)	
	Key management personnel compensation			
723,478	Salaries and other short term employee benefits			721,230
1,484	Post employment benefits			6,882
0	Other long term benefits			0
0	Termination benefits			0

Key management personnel include the Mayor, Elected Members, Chief Executive Officer and other senior management.

During the year Elected Members and key management were involved in minor transactions with KDC, such as payment of rates as part of a normal customer relationship.

26. Remuneration

<u>2012/13</u>		<u>2013/14</u>
194,701	Chief Executive Officer	194,701

The Chief Executive Officer received no additional benefits.

<u>2012/13</u>		<u>2013/14</u>
	<i>Elected Members</i>	
57,167	Mayor - M J Campbell JP	58,134
20,440	Councillor - B H Joyes	6,154
20,440	Councillor - A J Holmes	18,972
11,770	Councillor - R J Chase	3,544
11,770	Councillor - C J Ion	14,988
11,770	Councillor - B J Julian	12,700
11,770	Councillor - A L Moore	3,544
11,770	Councillor - S H Tuhoro	12,700
11,770	Councillor - R G K Savage	12,700
	- Councillor - W Godfery	9,156
	- Councillor - C J Marjoribanks	9,156
	- Councillor - F K N Tunui	9,156

27. Staffing Levels and Remuneration

For the year to 30 June 2014 there were 51 staff which received annual salaries of less than \$60,000 (2012/13 58 employees)

<u>2012/13</u>	Total annual remuneration (in bands) as at 30 June	<u>2013/14</u>
No of staff		No of Staff
58	Salary < \$60,000	51
8	Salary \$60,000 - \$79,999	7
4	Salary \$80,000 - \$200,000	5
70	Total	63

<u>2012/13</u>		<u>2013/14</u>
52	Number of staff which were full time employees (>30 hours per week)	51
8.5	Number of part time staff (ie < 30 hours per week) expressed as FTE	7.9

28. Severance Payments

During the year, there were no severance payments made to Council employees (2012/13: one \$12,500)

29. Events after balance date

In 2013/14 there were no significant events after balance date (2012/13 nil).

30. Financial Instruments

Financial instrument categories

<u>2012/13</u>	-	-	-	-	-	-	<u>2013/14</u>
	Financial Assets						
	Loans and receivables						
1,059,012							742,950
991,353							1,081,866
<u>5,050,000</u>							<u>7,475,000</u>
<u>7,100,365</u>							<u>9,299,816</u>
	Fair value through other comprehensive income						
<u>32,161</u>							<u>36,252</u>
<u>32,161</u>							<u>36,252</u>
<u>7,132,526</u>							<u>9,336,068</u>
	Financial Liabilities						
	Financial liabilities at amortised cost						
851,615							1,269,791
<u>13,762</u>							<u>15,189</u>
<u>865,377</u>							<u>1,284,980</u>
	Non-current liabilities						
47,519							32,329
<u>47,519</u>							<u>32,329</u>
<u>912,896</u>							<u>1,317,309</u>

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.

Valuation techniques using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instrument values using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

Valuation Technique

	Total \$	Quoted market price \$	Observable inputs \$	Significant non- observable inputs \$
30 June 2013				
Financial assets				
Shares	<u>32,161</u>	-	<u>32,161</u>	-
30 June 2014				
Financial assets				
Shares	<u>36,252</u>	-	<u>36,252</u>	-

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3).

There were no movements in financial instruments for level 3 fair value measurements in either 2013 or 2014.

Financial instrument risks

Maximum exposure to credit risk

KDC's maximum credit exposure for each class of financial instrument is as follows:

<u>2012/13</u>		<u>2013/14</u>
6,109,012	Cash at bank and term deposits	8,217,950
991,353	Debtors and other receivables	1,081,866
<u>7,100,365</u>	Total credit risk	<u>9,299,816</u>

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 & Poor's credit ratings or to historical information about counterparty default rates.

Counterparties with credit ratings

Cash at bank and term deposits		
6,109,012	AA	
0	AA-	7,917,950
0	A+	300,000
<u>6,109,012</u>		<u>8,217,950</u>

KDC has a series of policies to manage the risks associated with financial instruments. KDC is risk averse and seeks to minimise exposure from its treasury activities. KDC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. KDC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through other comprehensive income. This price risk arises due to market movements in listed securities.

Equity securities price risk is not managed as the only quoted share investments are in BOPLASS Ltd and the Local Government Insurance Corporation which are held for strategic reasons.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. KDC is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing and investments issued at fixed rates exposes the KDC to fair value interest rate risk.

KDC's Liability Management policy outlines the level of borrowing that is to be secured using fixed rate instruments.

During the current and previous years, KDC's investments have been held mainly in bank deposits with less than 6 months term. As a result, there has been no significant interest rate risk in either year.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose KDC to cash flow interest rate risk.

During the current and previous years KDC's borrowing and investments have been held at fixed rates over their terms and there has been no significant cash flow interest rate risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to KDC, causing KDC to incur a loss.

KDC has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and KDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

In 2013 and 2014, KDC invested its funds only in deposits with registered banks and its Investment policy limits the amount of credit exposure to any one institution or organisation. Accordingly, KDC does not require any collateral or security to support these financial instruments.

Liquidity risk

Liquidity risk is the risk that KDC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

KDC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, KDC maintains a target level of investments that must mature within the next 12 months.

KDC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of the KDC's Long Term Plan.

The maturity profiles of the KDC's interest bearing investments and borrowings are disclosed in Notes 7 and 10 respectively.

Contractual maturity analysis of financial liabilities

The table below analyses KDC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-5 years	>5 years
<u>2012/13</u>						
Creditors and other payables	851,615	851,615	851,615	0	0	0
Finance leases	60,999	75,752	20,068	20,068	35,616	0
Secured loans	282	309	309	0	0	0
	912,896	927,676	871,992	20,068	35,616	0

2013/14

Creditors and other payables	1,269,791	1,269,791	1,269,791	0	0	0
Finance leases	47,518	56,404	20,068	20,068	16,268	0
Secured loans	0	0	0	0	0	0
	1,317,309	1,326,195	1,289,859	20,068	16,268	0

Contractual maturity analysis of financial assets

The table below analyses KDC's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-5 years	>5 years
<u>2012/13</u>						
Cash and cash equivalents	1,059,012	1,059,012	1,059,012	0	0	0
Debtors and other receivables	991,353	991,353	991,353	0	0	0
Short term deposits with maturities of 4-12 months	5,050,000	5,050,000	5,050,000	0	0	0
	7,100,365	7,100,365	7,100,365	0	0	0

2013/14

Cash and cash equivalents	742,950	742,950	742,950	0	0	0
Debtors and other receivables	1,081,866	1,081,866	1,081,866	0	0	0
Short term deposits with maturities of 4-12 months	7,475,000	7,475,000	7,475,000	0	0	0
	9,299,816	9,299,816	9,299,816	0	0	0

Sensitivity analysis

Short term deposits total \$7,475,000 (2013 - \$5,450,000) and a movement in the interest rates of plus or minus 1% has an effect on interest income of \$74,750 (2013 - \$54,500).

Cash and cash equivalents include deposits at call of \$502,147 (2013 - \$583,819) which are at floating rates. A movement in the interest rates of plus or minus 1% has an effect on interest income of \$5,015 (2013 - \$5,838).

KDC has no financial assets or liabilities which would expose it to foreign exchange or equity price risks.

31. Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprises retained earnings and reserves.

Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the Community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's 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 and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets 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 funding and financial policies in the Council's Long-Term Plan.

KDC has the following Council created reserves:

Plant Replacement Funds
Depreciation Reserves

Plant replacement funds and depreciation reserves have been set up to maintain the funds necessary for the replacement of assets. Interest is added to the funds/reserves and deductions made when assets are replaced.

32. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures for 2013/14 in the 2013/14 Annual Plan are as follows:

Statement of comprehensive income

The significant variances from KDC's estimated figures include: some additional revenue for community projects, additional grant funding received for capital projects undertaken during the year, increased interest income resulting from more funds available for investment and increased rate penalties. Also there was reduced expenditure for insurance, power and major maintenance.

There are also descriptions of variances compared to budget (2013/14 Long Term Plan) disclosed in the group Funding Impact Statements.

Statement of financial position

Cash and Cash Equivalents were lower than budget and Other Financial Assets was higher.

This was because \$7,475,000 of the short term deposits were invested for periods longer than 90 days to manage Council's cashflow and obtain the best interest rates, and are classified as being "Other Financial Assets" for the purposes of the Statement of Financial Position.

Also Cash and Other Financial Assets was a lot more than budget because it was anticipated that there would be greater expenditure on capital projects during the year. Consequently Property Plant and Equipment was less than budget because of the reduced expenditure on renewals.

Statement of cash flow

Cash flow from rates was more than budget because of increased income from penalties and rates in advance.

Interest received was higher than budget because of the timing of investment maturities and increased funds available for investment.

Receipts from Other Revenue exceeded the budget as Council received during the year a number of unbudgeted grants to undertake community programmes and projects.

Payments to suppliers and employees were less than budget because of timing differences and savings for insurance, power and maintenance. Purchases of plant, property and equipment were also less than budget because some projects have been deferred to the following year.

Expenditure for Purchase of Investments exceeded the budget because short term deposits were invested for longer periods (> 90 days) to obtain the best interest rates.

33. Rating Base

<u>30 June 2012</u>		<u>30 June 2013</u>
2,874	Number of rating units	2,876
\$659,954,500	Capital value of rating units	\$660,796,000
\$145,959,400	Land value of rating units	\$146,219,900

34. Insurance disclosure

The total value of all assets of council that are covered by insurance contracts is \$11.1 million, and the maximum amount to which they are insured is \$38.4 million for fire, and \$38.4 million for other natural disasters.

The total value of all assets of council that were covered by financial risk sharing arrangements was \$26.3 million, and the maximum amount available to the council under those arrangements was \$52.2 million. Council has withdrawn from this arrangement from 1 July 2014 and has obtained equivalent cover under a standard insurance agreement. Council does not have any assets that are self-insured.

KAWERAU DISTRICT COUNCIL DISCLOSURE STATEMENTS FOR YEAR ENDING 30 JUNE 2014

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 council 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.

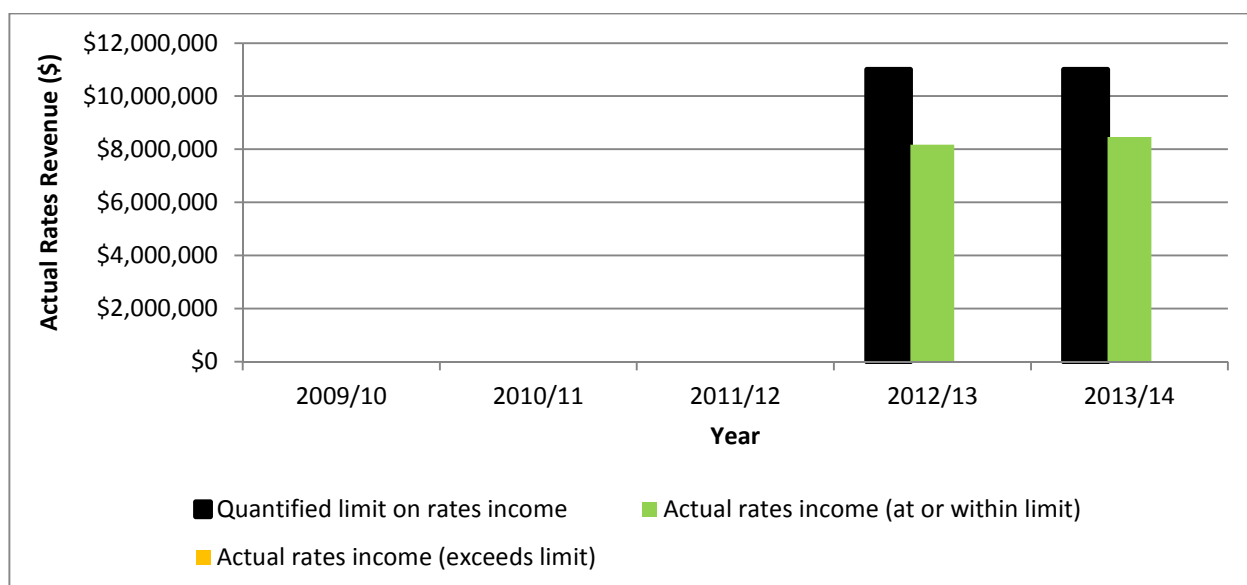
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

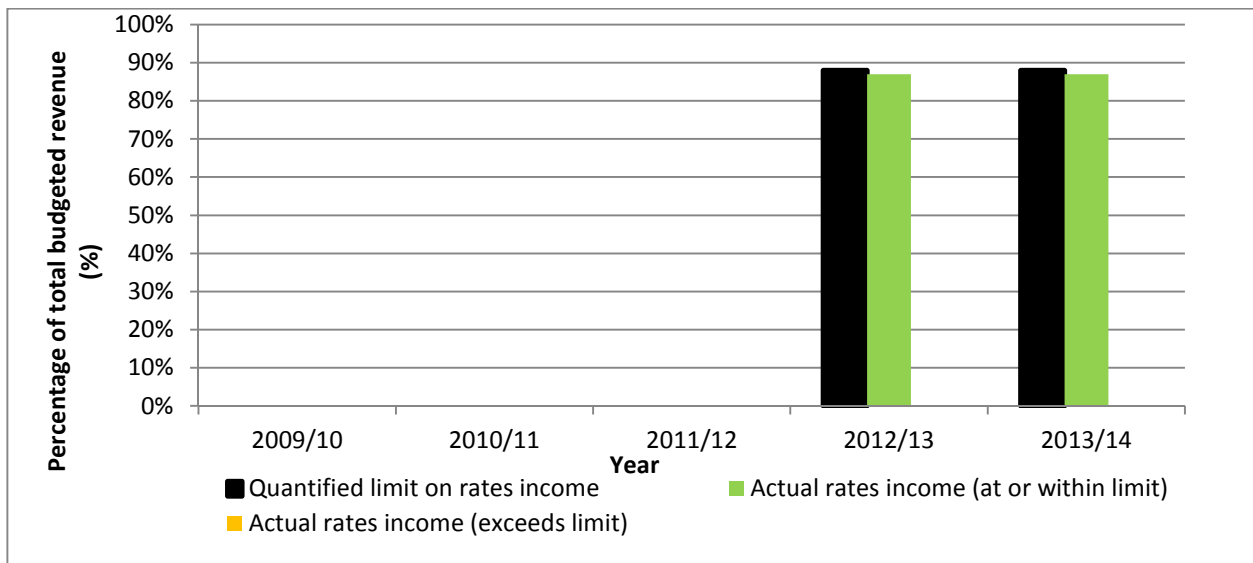
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

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 is \$11,000,000.

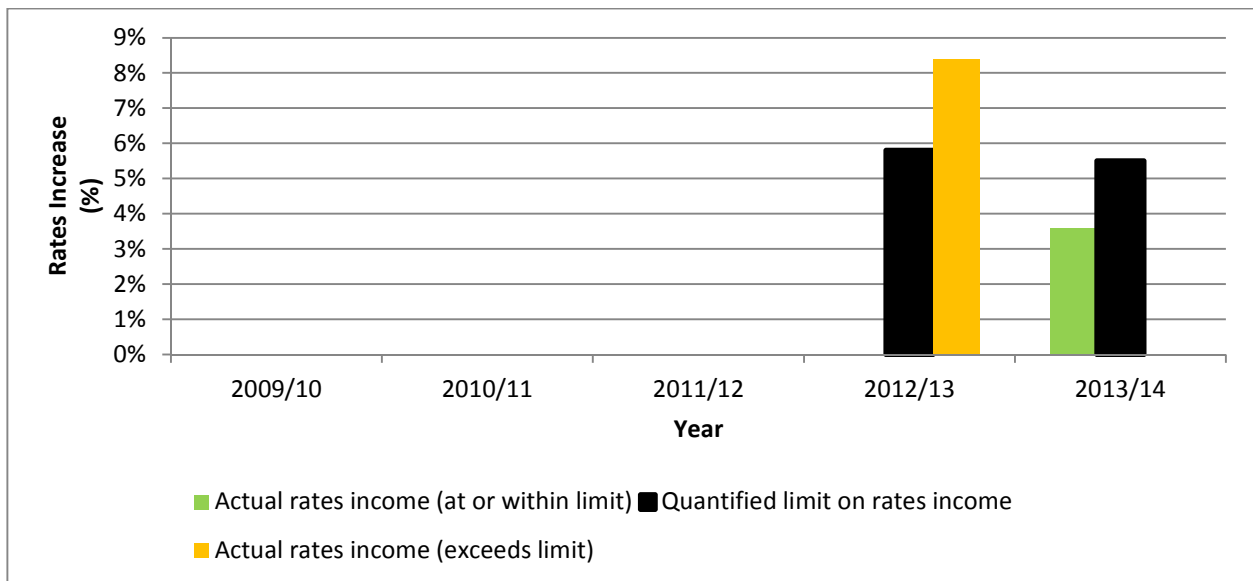


The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is the underlying average rate of inflation (for Council costs) plus 2%.



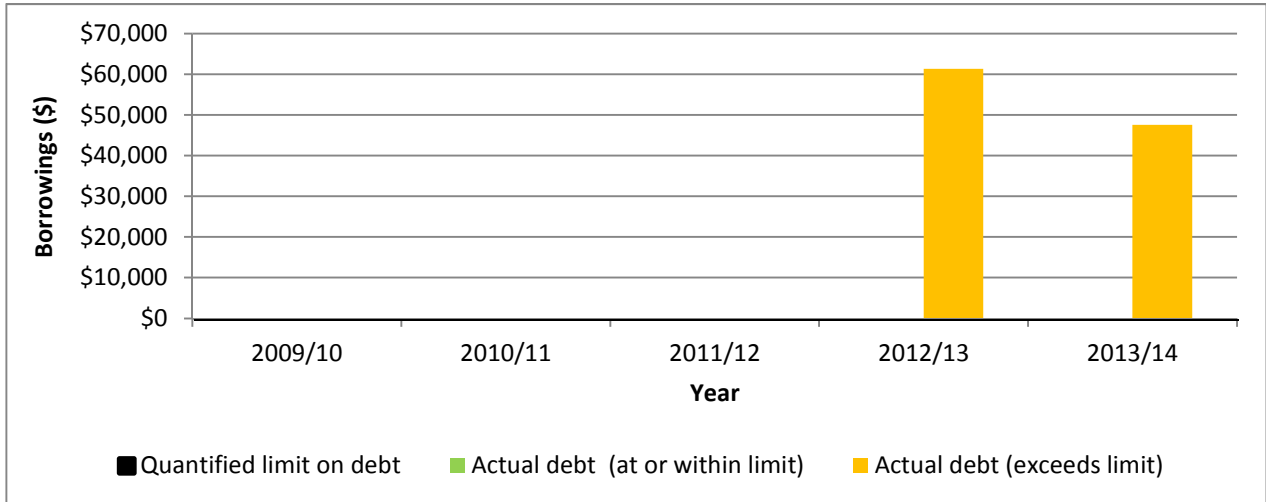
Comment:

As disclosed in the 2012-2022 Long-Term Plan, this limit was exceeded in 2012/13. \$300,000 of prior year surpluses were utilised in the 2011/12 rating year to lower the rate requirement. The 2012/13 rate increase would have been within the limit at 2.8% if these surpluses had not been utilised.

DEBT AFFORDABILITY BENCHMARK

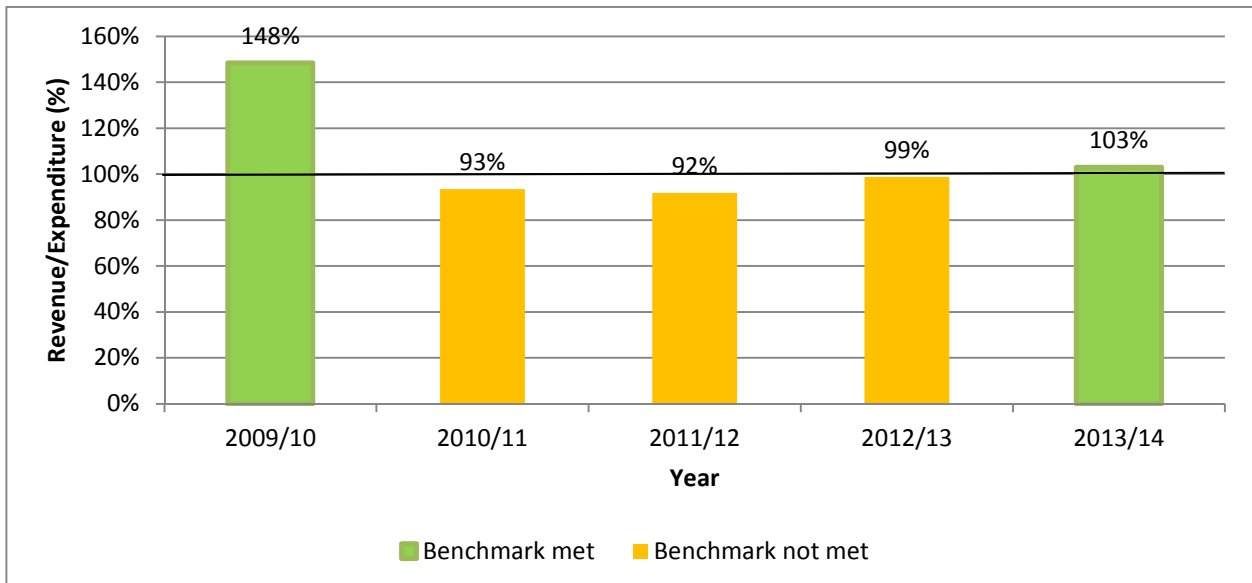
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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 \$0.



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 council meets this benchmark if its revenue equals or is greater than its operating expenses.



Comment:

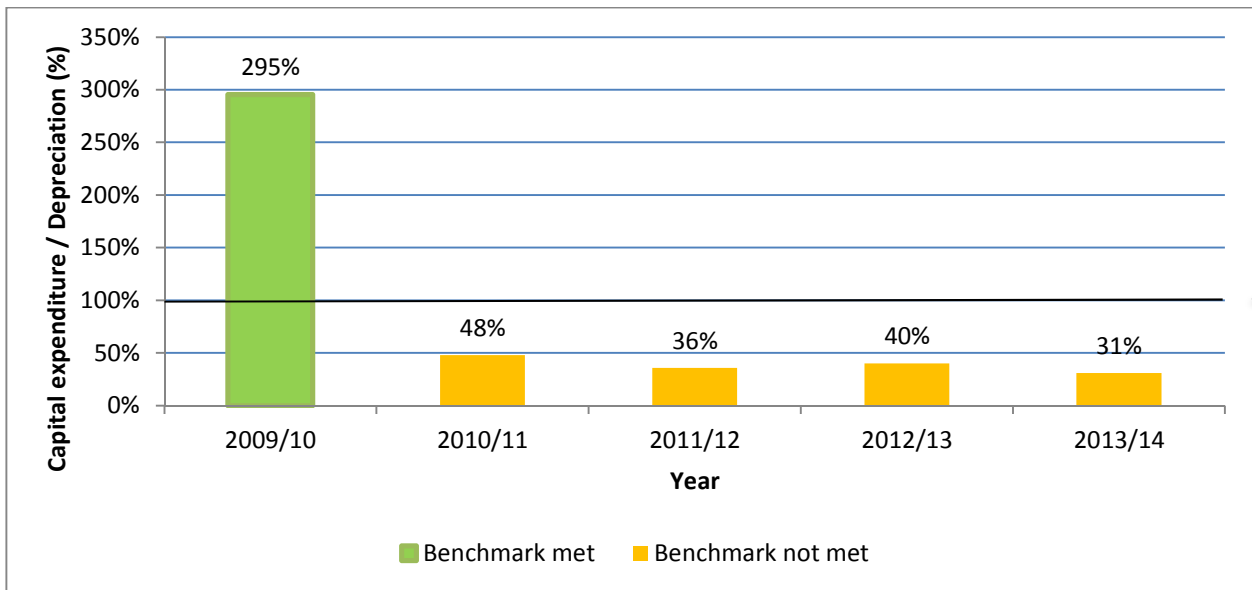
Council does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rate of 66%. The benefit of not funding the portion of depreciation where Council expects NZTA subsidies on asset renewals is that ratepayers are not funding depreciation that it believes is unlikely to be required in the future.

Council also does not fully fund depreciation for some buildings which will not be replaced, at least not as they are now.

The non-critical assets include the swimming pool complex, Town Hall, Concert Chambers, Library/Museum building, District Office, Tarawera Park Amenity Building, Ron Hardie Recreation Centre, Council Depot and pensioner housing. The advantage of not funding depreciation on non-critical buildings is that the Community is not funding depreciation on assets that are unlikely to be replaced with buildings of equivalent value.

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.



Comment:

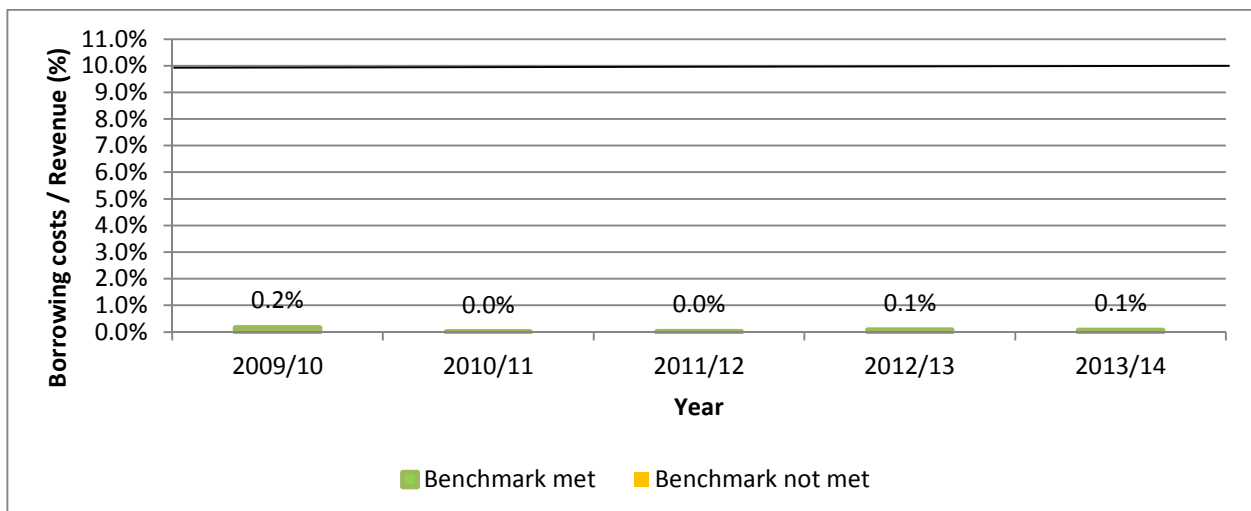
The Kawerau town was built over a period of about 30 years from 1955 to 1987. With asset lives of up to 80 years, the majority of planned renewals will not occur for another 5-10 years. In 2009/10, a new wastewater treatment plant that services the whole district was vested in Council. The following table broadly illustrates the age of Councils infrastructure.

Zone	Area	Built (Approx.)	Age (Approx)
1	Area bounded by State Highway 34 and River Road up to overflow stream and the swimming pool complex and including Ward Street and northern half of Bell, Massey Street area.	1955-58	58 years
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	49 years
3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	41 years
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	36 years
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	29 years
6	Geothermal area (Rec. Centre, Pool, Bowling Club, TAB carpark).	1960	54 years

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.

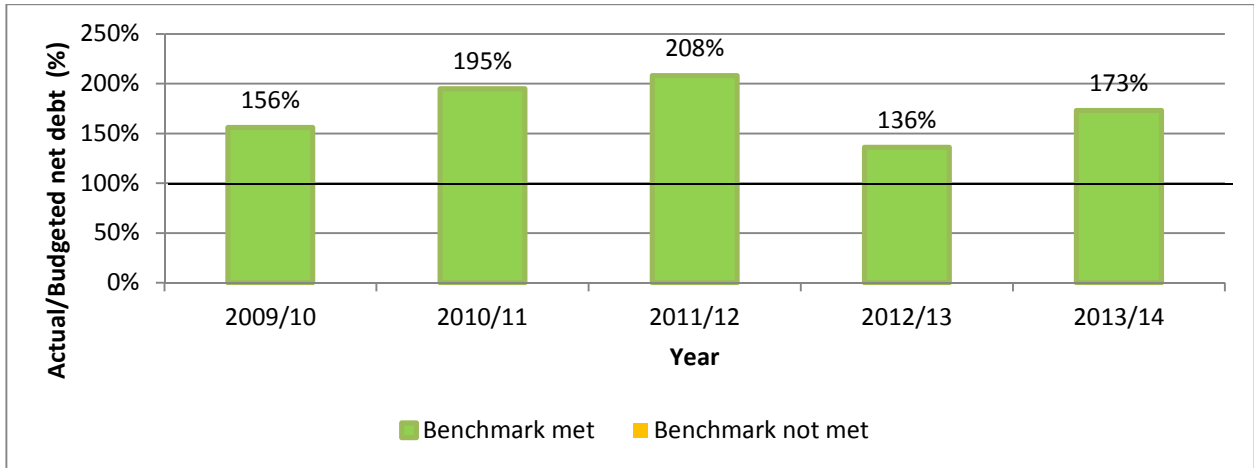


Comment:

Council's debt servicing relates to finance charges on leased assets (photocopiers, scanners and printers).

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 planned to be in a net asset position, not a net debt position and the planned net asset position was exceeded each year, therefore this benchmark was met.



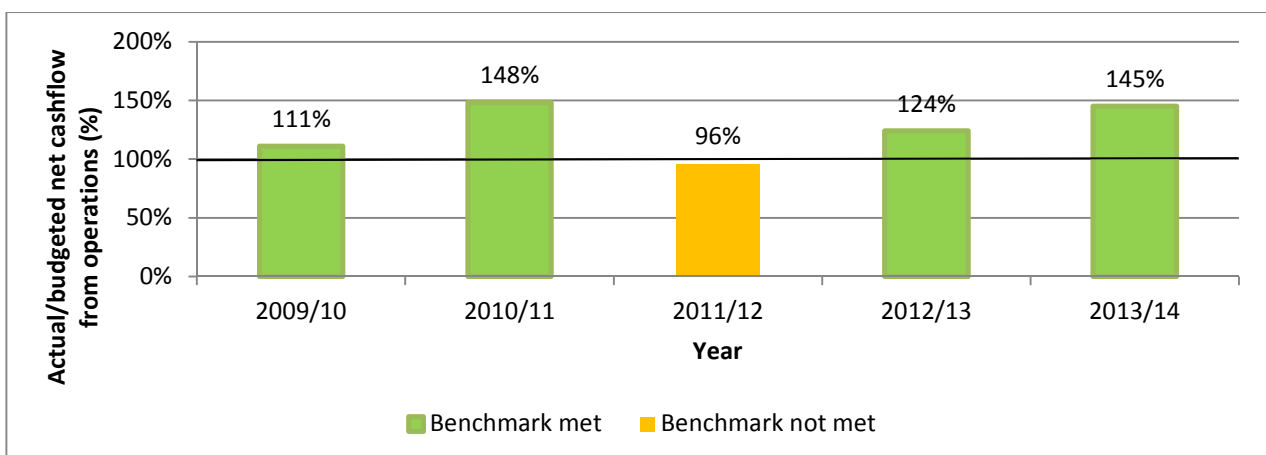
Comment:

Kawerau District Council's financial assets exceeds its financial liabilities each year and therefore is in a net asset position.

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.



Comment:

In 2012/13, \$300,000 of prior year surpluses were utilised to lower the rate requirement. If these surpluses had not been utilised the benchmark would have been met (114%).

Groups of Activities

STATEMENTS OF SERVICE PERFORMANCE & FUNDING IMPACT STATEMENTS

Council is responsible and accountable for giving effect to identified Community Outcomes and priorities in an efficient and effective manner. Council operations have been divided into nine activity groups.

Each activity group has a limited amount of funding and resources to achieve the identified outcomes.

Council had 93 performance targets for all groups (excluding Community Satisfaction Survey targets.) for the year and managed to achieve 84 (90%) of them, which was a very good result.

This section of the Annual Report details:

- The achievement of both financial and performance targets of the activities and their respective functions.
- The reasons for any significant variance between actual service provision and expected service provision.
- The reasons for any significant changes in the capital acquisitions and replacement programmes.

QUALITY

Each activity group includes performance measures which incorporate elements of quality. Quality processes are a standard feature of management control systems.

Specifically:

- **Capital Works** - are constructed to design specifications. Inspection of works is undertaken by suitably qualified engineers.
- **Maintenance Works** - are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with maintenance programmes.
- **Regulatory Functions** - are undertaken by suitably qualified and experienced employees in accordance with legislative requirements.

SUMMARY OF PERFORMANCE FOR YEAR

During the 2013/14 year, Council achieved 90% of its non-financial performance targets.

Activity	2013/2014 No. of Targets	2013/2014 End of Year Result		2012/2013 Achievement Rate
Democracy	4	4	100%	100%
Economic & Community Development	9	9	100%	100%
Environmental Services	34	31	91%	91%
Roading	5	5	100%	100%
Stormwater	3	2	67%	100%
Water Supply	11	9	82%	82%
Wastewater	4	3	75%	75%
Solid Waste Management	3	3	100%	100%
Leisure and Recreation	20	18	90%	95%
TOTAL	93	84	90%	92%

NB: Does not include community satisfaction survey targets as these are only done every 3 years.

Nine targets were not achieved. For three of these, Council achieved compliance in at least 95% of instances.

Council's measure for noise complaints is to respond within 30 minutes to all complaints. During the year Council received 591 complaints and met this standard for all but two of these complaints (a 99.7% success rate). On these two occasions, a noise control officer attended within 37 minutes and 94 minutes after dispatch.

Council's target for issuing liquor licences is 100% within 5 working days of receiving all required information. Of the 25 applications received, one was not processed within this timeframe.

Council's measure for dog control complaints is to respond, investigate and record the complaint and advise the complainant of progress or the outcome within 24 hours. During the year Council received 986 complaints and met this standard for 977 (99%) of these complaints. On 5 occasions rangers did not attend and on 4 occasions a ranger attended outside maximum response time of 30 minutes (although within 1 hour).

Council has a target of having no dwellings flooded because of stormwater system problems. During the April storm event, several garages attached to houses flooded. Since the flooding event the following actions have been taken:

- Council processes have been amended to ensure that staff inspect the culvert under River Road each time a heavy rain warning is issued by the Met Service to ensure there is no build-up of weed on the culvert entrance.
- The pipe in River Road downstream of Fraser Street was videoed. Tree roots located have been removed and the tree potentially causing the roots has been removed. The pipe will be re-videoed annually to check if the roots reappear (there are trees in adjoining properties)
- The cess pit in Holyoke Crescent has been modified to increase the flow rate.

Council did not achieve a Bb water supply health risk grading. However, Council is continuing to work on the requirements to have grading reassessed. The monthly monitoring and reporting on the UV plant performance is now occurring.

As these reports build up a history of compliance the drinking water assessor will be able to confirm that the UV plant can be given a higher grading than it is currently.

Council missed its target for the Library of an average of 9 items issued per capita. During the year, 54,133 items were issued which equates to 8.5 items per capita based on the 2013 Census population of 6,363. This is a decrease of 3.6% completed to 2012/13 when 56,158 items were issued. During the year, 88,651 people visited the library (93,317 in 2012/13).

Council mowed the sports fields 26 times during the year compared to a target of 48 times. This is in line with previous years during which the measure has been misinterpreted. The measure will be amended during the development of the 2015-2025 Long-Term Plan.

DEMOCRACY

ACTIVITIES IN THE GROUP

The Democracy group of activities is the political arm of Kawerau District Council. It includes five activities:

The Council

Comprising the Mayor and eight Councillors, Council meets monthly to develop and monitor policy, objectives and outcomes for the District. The Mayor and eight Councillors are elected by registered electors in the District every three years.

Regulatory and Services Committee

As its name suggests, this standing committee is responsible for matters relating to Council regulation and services. The Committee meets monthly on alternate fortnights to Council meetings. All nine Elected Members of Council automatically become members of the Regulatory and Services Committee, which then elects a Chairperson.

Kawerau Youth Council

Established in 2009, the Youth Council aims to create confident youth leaders who will monitor successive generations. Members meet each month to organise activities and provide a voice on matters affecting youth in our District. The Youth Council has up to 20 members aged between 14 and 24 years, for whom nominations are called each year.

Community Engagement

The consideration of Community views is fundamental to Council decision making. Legislation requires Council to use a special consultative procedure in some circumstances. A Community consultation process contained in Council's consultation policy is used to seek input into other decisions.

Local Elections

Council is responsible for holding the elections for District Council representatives every three years, concurrent with Regional Council and District Health Board elections.

NATURE AND SCOPE

Democracy is the political arm of Council. It involves the elected members making decisions and advocating on behalf of the needs and interests of the Kawerau Community both in the present and for the future.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Democracy group of activities contributes principally to Kawerau's Community Outcomes of:

- *Council providing effective governance and leadership to represent community interests and help maintain the ongoing viability of the district*
- *Council recognises and encourages the contributions of all sectors of the community in its structures and processes*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Democracy activity includes balancing the needs and wants of community members when making decisions.

Council endeavours to achieve the best outcome for the community and maximise the community's wellbeing.

THE YEAR IN SUMMARY

Highlights for the Democracy group of activities in 2013/14 were:

- Developing and adopting the 2014/15 Annual Plan.
- The adoption of the 2012/13 Annual Report.
- Undertaking the 2013 council elections.

In 2013/14, Council used the special consultative procedure and/or Community consultation process when adopting the following:

- 2014/15 Annual Plan
- Proposed closure of alleyway

DEMOCRACY

PERFORMANCE

During the year there were eleven ordinary Council meetings, eleven Regulatory and Services Committee meetings and eleven Youth Council meetings.

Levels of Service	Measures	Target 2013/14	Results 2012/13	Results 2013/14	Comment
Council provides quality democracy and representation to the community.	Number of public meetings held (Committee and Ordinary Council)	At least 20 meetings	Achieved.	Achieved	11 Ordinary Council meetings and 10 Committee meetings were held during 2013/14
	Satisfaction with the Mayor and councillors	83%	N/A	Achieved	87% of residents were happy with the performance of the Mayor and councillors.
	Satisfaction with the way rates are spent	87%	N/A	Not achieved	86% of residents were happy with way rates were spent.
Council informs the community about key issues and activities.	Public notification of meetings	100% publicly notified	Achieved.	Achieved	All meetings were publicly notified.
	Number of newsletters	At least 11 publications for year	Achieved.	Achieved	11 newsletters were published during the year.
	Satisfaction with Council consultation	70%	N/A	Not achieved	67% of residents were satisfied with Council consultation.
Council encourages the community to contribute to Council decision-making	Provision of a public forum at council and committee meetings.	Public forum available at every meeting	Achieved.	Achieved	Public Forum provided for at each Council and Committee meeting.

DEMOCRACY

Funding Impact Statement

2012/13		2013/14	
Budget		Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDS		
479,310	General rates, UAGC and rate penalties	564,990	609,684
0	Targeted rates (other than targeted rates for water supply)	0	0
0	Subsidies and grants for operating purposes	0	0
0	Fees, charges and targeted rates for water supply	0	19,384
2,110	Internal charges and overheads recovered	2,570	2,002
0	Local authorities fuel tax, fines, infringements and other receipts	16,410	0
481,420	TOTAL OPERATING FUNDING (A)	583,970	631,070
	APPLICATIONS OF OPERATING FUNDING		
287,530	Payment to staff and suppliers	350,540	328,015
1,190	Finance costs	1,210	1,695
170,420	Internal charges and overheads applied	208,480	234,981
0	Other operating funding applications	0	0
459,140	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	560,230	564,691
22,280	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	23,740	66,379
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital purposes	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	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
0	- to replace existing assets	0	0
22,280	Increase/(decrease) in reserves	23,740	66,379
0	Increase/(decrease) of investments	0	0
22,280	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	23,740	66,379
(22,280)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(23,740)	(66,379)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

There was no capital expenditure for this activity in the current year.

ECONOMIC AND COMMUNITY DEVELOPMENT

ACTIVITIES IN THE GROUP

Economic Development

Council is involved in economic development activity at the sub-regional level and is also taking a leadership role in local economic development initiatives.

Council works closely with the Whakatane and Opotiki District Councils and the BOP Regional Council as an active member of the Eastern BOP economic development agency, Toi EDA.

Events Management

Council supports a diverse range of events in the District and provides a strategic framework to meet future needs and demands. Council's involvement in events management takes advantage of and showcases the District's resources and helps to build capability and capacity of Community volunteers.

Grants and Funding

Council administers various grants which help to:

- Support Community organisations to help maintain Community services
- Promote artistic development
- Assist event organisers to organise new and innovative Community-run events, and
- Fund small business entrepreneurs to conduct feasibility studies of proposed new business ventures in the District.

Information Centre

The Information Centre provides services to residents and visitors ranging from tourism information, event information, travel bookings and forest permits and information. The Centre also maintains the town centre public toilets.

Youth Development

Council's youth development activities include selecting recipients and presenting Young Achievers Awards, coordinating activities during school holidays and supporting Kawerau Youth Council activities, which are funded by the Ministry of Youth Development.

NATURE AND SCOPE

Council considers it appropriate that it should be involved in local economic development. Activities in this group focus on promoting and encouraging industrial development, marketing the District as a desirable place to live and developing and extending current event activities.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Economic and Community Development group of activities contributed mainly to Kawerau's Community Outcomes of:

- *In partnership, Council encourages economic and employment opportunities for the community*
- *Council promotes community identity and cohesion by facilitating creative, cultural and recreational activities*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Economic Development activity provides funding to a number of agencies that seek to further economic development in the District including the Eastern Bay of Plenty Regional Economic Development Trust.

THE YEAR IN SUMMARY

Major highlights for the Economic and Community Development group of activities in 2013/14 were:

- Continuing the development of the Industrial Symbiosis project,
- Coordination and operation of the 'Neighbourhoods of Healthy Homes' project with BayTrust, the Eastern Bay Energy Trust (EBET) and the Energy Options Charitable Company Limited.

Other achievements included:

- Obtaining funding for a number of community projects (eg "Christmas in the Park", King of the Mountain race and Woodfest)
- Delivering a strong calendar of events
- Continued support of the Kawerau Youth Council and its activities.
- Administering and providing grants to community groups for projects which benefit Kawerau residents.

ECONOMIC AND COMMUNITY DEVELOPMENT

PERFORMANCE

Levels of Service	Measures	Target 2013/14	Results 2012/13	Results 2013/14	Comment
Council economic development activity contributes to Kawerau having a diverse and sustainable industry base.	Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at monthly meetings	Achieved	Achieved	
	Council is actively involved in the Industrial Symbiosis project	Representation on steering group	Achieved	Achieved	
Council contributes to the continuation of successful events	Council employs an events co-ordinator	Events co-ordinator employed	Achieved	Achieved	
Council distributes funding for community projects and initiatives	Facilitation of applications for community grants and distribution of designated funds	Grants allocated in accordance with fund criteria and within budget of \$17,080	Achieved	Achieved	
	Facilitation of creative communities scheme in accordance with fund criteria	2 funding rounds held	Achieved	Achieved	Funding rounds held in December 2013 and May 2014
Council provides a local information centre	Number of days open each year	Information centre open at least 360 days	Achieved	Achieved	Information Centre was open for 364 days.
Council supports young people to develop skills and attitudes needed to take a positive part in society	Youth council in place	Annual appointments made	Achieved	Achieved	Youth Council was sworn in 20 March 2014.
	Youth council activity	At least 9 meetings held	Achieved	Achieved	9 meetings were held.
	Annual selection and presentation of young achievers awards	Awards presented	Achieved	Achieved	Presentation ceremony was held 22/10/2013.

ECONOMIC AND COMMUNITY DEVELOPMENT

Funding Impact Statement

2012/13 Budget		2013/14	
		Budget (LTP)	Actual
SOURCES OF OPERATING FUNDS			
565,050	General rates, UAGC and rate penalties	563,340	608,035
0	Targeted rates (other than targeted rates for water supply)	0	0
0	Subsidies and grants for operating purposes	0	0
17,120	Fees, charges and targeted rates for water supply	17,390	460,347
610	Internal charges and overheads recovered	590	648
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
582,780	TOTAL OPERATING FUNDING (A)	581,320	1,069,030
APPLICATIONS OF OPERATING FUNDING			
428,670	Payment to staff and suppliers	428,140	840,224
1,210	Finance costs	1,250	2,875
141,520	Internal charges and overheads applied	140,670	223,498
0	Other operating funding applications	0	0
571,400	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	570,060	1,066,597
11,380	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	11,260	2,433
SOURCES OF CAPITAL FUNDING			
0	Subsidies and grants for capital purposes	0	0
0	Development and Financial contributions	0	0
(540)	Increase/(decrease) in debt	(280)	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
(540)	TOTAL SOURCES OF CAPITAL FUNDING (C)	(280)	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
9,770	- to replace existing assets	0	0
1,070	Increase/(decrease) in reserves	10,980	2,433
0	Increase/(decrease) of investments	0	0
10,840	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	10,980	2,433
(11,380)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(11,260)	(2,433)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Increased expenditure was incurred for projects and community programmes which was offset by increased income from fees and charges.

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2012/13</u>	CAPITAL RENEWALS	Budget (LTP)	<u>2013/14</u>
8,785	Renewals	0	0
8,785		0	0
FUNDED BY:			
(8,785)	Depreciation Reserve Funding	0	0

For 2012/13 Council had undertaken some renewals of the Information Centre building.

ENVIRONMENTAL SERVICES

ACTIVITIES IN THE GROUP

The activities in the Environmental Services group are:

Resource Management Planning

Resource Management Planning aims to ensure responsible stewardship of natural and physical resources. Council's resource management responsibilities include ongoing review of policies, objectives and rules contained in the District Plan and, information management and associated environmental monitoring.

Resource Consents

Council issues land use and subdivision consents for activities which balance development opportunities against the need to minimise adverse environmental effects. Consents are issued with regard to policies, objectives and rules in the District Plan.

Building Control

The Building Control activity regulates buildings to ensure public safety and health. Council's functions are to consent, inspect, monitor and certify building work and building safety.

Environmental Health Services

This activity promotes, safeguards and enhances public health by achieving compliance with environmental health and associated legislation and bylaws in particular food safety, water supply, noise control, liquor licensing and gambling.

Dog Registration and Control

Dog Registration activity is a statutory obligation under the Dog Control Act 1996 for Council to keep a register of dogs kept in the District. Dog Control activity is a community safety service focused on the control of dogs in the District and the enforcement of the Dog Control Act and Council's Dog Control Bylaw.

Civil Defence

The Civil Defence activity provides local planning for and management of civil defence emergencies. It relates to readiness, response, reduction and recovery.

NATURE AND SCOPE

Council has regulatory and enforcement duties and powers under several acts of Parliament including the Local Government Act, the Health Act, the Building Act, the Dog Control Act and the Resource Management Act. Warranted officers work autonomously and in conjunction with enforcement authorities such as the police and public health, to uphold environmental, health and safety standards.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Environmental Services group of activities contributes primarily to the Community Outcomes of:

- *Council sustainably manages the use, development and protection of Kawerau's urban and natural environment.*
- *Council aims to prevent harm and nuisance and to protect people's health and safety.*
- *Council infrastructure and services are effective, efficient and sustainable.*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

Council is committed to the protection and enhancement of the environment, and the promotion, protection and enhancement of public health and safety.

THE YEAR IN SUMMARY

Major highlights for the Environmental Services group of activities in 2013/14 were:

- Progressing the proposed rezoning of the Putauaki Industrial Block
- Registration and accreditation of Council's building consent activity by the Building Consent Authority.

Other achievements included:

- Inspecting or auditing all registered food premises in the District for compliance with food handling requirements
- Carrying out, on average, more than one patrol each day to identify illegally dumped litter, abandoned vehicles, fire hazards and health nuisances
- All dogs in listed in Council's register being registered by the target date of 30 April 2014
- On average, more than two patrols being carried out each day to detect unregistered dogs and breaches of dog-related legislation and bylaws
- Impounding 383 dogs during the year for various statutory breaches
- Establishing the Eastern Bay Provisional Local Alcohol Policy.
- Responding to and investigating notified noise complaints in accordance with statutory requirements and practice guidelines
- Continuing to support a shared service arrangement to deliver civil defence management capability across the Eastern Bay of Plenty.

ENVIRONMENTAL SERVICES

PERFORMANCE

Resource Management

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
Resource consents processes comply with statutory requirements.	Resource consents processed within timeframes set in the Resource Management Act 1991	100% within timeframes	Achieved	Achieved	

Building Control

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
Council provides in-house building consent, inspection and approval services.	Bi-annual Building Consent Authority accreditation re-assessment	Accreditation and registration retained	Achieved	Achieved	Routine assessment undertaken 16 th to 18 th December 2013.
Service users consider Council's building control activity to be effective	Satisfaction of service users – Building Inspection Processes	90% satisfaction	Achieved	Achieved	User satisfaction was 93%.
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Not achieved	Achieved	User satisfaction was 100%.
Building control functions are delivered within the statutory timeframes	Time taken to process building consent applications	100% within 20 working days	Achieved	Achieved	67/67 (100%)
	Time taken to process multi-proof building consent applications	100% within 10 working days	Achieved	Not applicable	There were no applications.
	Time taken to issue Project Information Memoranda (PIMs)	100% within 20 working days	Achieved	Not applicable	There were no PIMs issued.
	Time taken to process Code Compliance Certificate applications	100% within 20 working days	Achieved	Achieved	70/70 (100%)

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
Buildings comply with Building Warrant of Fitness (WOF) requirements	Building WOF renewals checked	100% of renewals checked	Achieved	Achieved	69/69 (100%)
	Buildings audited for Building WOF requirements	35% audited	Achieved	Achieved	24/66 (36%)
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey conducted	Achieved	Achieved	Survey completed November 2013.
	Inspection of fencing – newly notified/identified swimming pools	100% of new notified pools inspected	Achieved	Not applicable	There were no new fences notified.
	Inspection of fencing – existing registered swimming pools	35% of existing registered pools inspected	Achieved	Achieved	22/61 (36%)

Environmental Health

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
The community considers Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	Achieved	Achieved	100%
Registered food premises comply with statutory requirements	Inspection of food premises operating under the Food Hygiene Regulations 1974 – non mobile	100% twice-yearly	Achieved	Achieved	All food premises were inspected at least 2 times during the year.
	Inspection of food premises operating under the Food Hygiene Regulations 1974 – mobile	100% annually	Achieved	Achieved	6/6 inspected (100%)

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
	Audit of food premises operating under the voluntary implementation programme	100% annually	Achieved	Achieved	8/8 inspected (100%)
	Inspection of registered premises for compliance with relevant standards	100% annually	Achieved	Achieved	4/4 inspected (100%)
Council responds to service requests for environmental health conditions	Response to nuisance conditions and health risks	100% within 1 working day	Achieved	Achieved	22/22 (100%)
	Response to noise complaints	80% within 20 minutes and 100% within 30 minutes	Not achieved.	Not achieved	589/591 (99.7%) attended within 30 minutes
	Response to fire risk complaints	100% within 1 working day	Achieved	Achieved	6/6 (100%)
Liquor licences comply with statutory and District Licensing Authority requirements	Time taken to process applications	100% within five working days of receiving all required information	Achieved	Not achieved	24/25 (96%)
Council keeps public places free of litter	Weekday litter patrols	At least 480 weekday patrols	Achieved	Achieved	518 weekday patrols undertaken.
	Removal of notified litter and abandoned cars	100% within 2 days of notification / identification	Achieved	Achieved	15/15 (100%)

Dog Control and Registration

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
The level of dog registration is maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	Achieved	Achieved	502 weekday and 356 after hours patrols undertaken.
	District survey to detect unregistered dogs	All residential properties surveyed	Achieved	Achieved	Survey completed in November 2013.
	Number of dogs on Council's register of known dogs that are unregistered	No unregistered dogs (on register) at 30 April	Achieved	Achieved	There were 1301 dogs (all registered) on Council's register.
Service requests about public nuisance and intimidation by uncontrolled dogs are actioned	Adherence to complaint response process to respond, investigate and record the complaint and advise the complainant of progress or outcome within 24 hours	100% adherence to process	Not achieved	Not achieved	977/986 (99.1%) complaints dealt with in accordance with Council's process.
Council maintains customer satisfaction levels for Dog Control services.	Satisfaction with Dog Control.	73% satisfaction	N/A	Not achieved	68% of residents were satisfied with activity.

Civil Defence

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Civil defence audits	Conducted 4 monthly	Achieved	Achieved	3 Audits were undertaken during year.
	Civil defence training exercises	Exercise conducted (bi-annually)	N/A	Achieved	Exercise carried out 7 November 2013.
	Support for the Eastern BOP Civil Defence Emergency Management operating structure	Agreed funding is made	Achieved	Achieved	

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
Council has made preparations to enable it to function to the fullest possible extent during and after an emergency	Participation in BOP CDEM Group Co-ordinating executive group and joint committee	100% participation	Achieved	Achieved	
	Participation in BOP CDEM group exercises	100% participation	Achieved	Achieved	

ENVIRONMENTAL SERVICES

Funding Impact Statement

2012/13 Budget		2013/14 Budget (LTP)	Actual
SOURCES OF OPERATING FUNDS			
690,780	General rates, UAGC and rate penalties	730,450	674,009
0	Targeted rates (other than targeted rates for water supply)	0	0
0	Subsidies and grants for operating purposes	0	0
177,160	Fees, charges and targeted rates for water supply	181,450	196,148
28,470	Internal charges and overheads recovered	29,380	169
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
896,410	TOTAL OPERATING FUNDING (A)	941,280	870,326
APPLICATIONS OF OPERATING FUNDING			
568,650	Payment to staff and suppliers	598,500	630,738
2,040	Finance costs	1,810	2,484
301,520	Internal charges and overheads applied	316,290	294,220
0	Other operating funding applications	0	0
872,210	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	916,600	927,442
24,200	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	24,680	(57,116)
SOURCES OF CAPITAL FUNDING			
0	Subsidies and grants for capital purposes	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	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
0	- to replace existing assets	2,200	0
24,200	Increase/(decrease) in reserves	22,480	(57,116)
0	Increase/(decrease) of investments	0	0
24,200	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	24,680	(57,116)
(24,200)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(24,680)	57,116
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Payment to suppliers was higher than estimate due to district rezoning and noise control costs being higher than budgeted and more income was received than budgeted for the civil defence (\$38k) activities.

There was no capital expenditure related to this group of activities in the current year.

ROADING

ACTIVITIES IN THE GROUP

The roading group of activities aims to provide and maintain a system of roads and footpaths which provides safe and comfortable passage for all users. Activities in the group are:

- Managing and monitoring the transport network
- Repairing and maintaining assets and structures
- Operating roading activity assets, and
- Planning to improve operations and meet future requirements.

Council's roading group of activities provides a network of roads/footpaths for the safe and comfortable passage of vehicles and vulnerable road users such as pedestrians, cyclists and mobility scooters in and through the District.

STRATEGY

Council has developed a Roding Asset Management Plan which provides for the efficient and effective management of the roading asset. This Plan allows Council to allocate detailed funding to properly maintain the asset while also making provision for the longer term financing required.

NATURE AND SCOPE

The roading network comprises approximately 42 kilometres of roads and associated infrastructure such as bridges, street lights, kerbing, signs and markings, car parks and footpaths.

Control over the District's roads is vested in Council by the Local Government Act 2002. Land Transport New Zealand subsidises much of Council's roading expenditure, including street cleaning and the maintenance of roads and associated lighting systems. In addition to this work, Council also maintains Kawerau's footpaths and a substantial paved area in the town centre. NZTA is responsible for State Highway 34.

GOALS

To provide and maintain a system of roads/footpaths for the safe and comfortable passage of vehicles, pedestrians, cyclists and other vulnerable road users (including mobility scooters) in and through the District.

CONTRIBUTION TO COMMUNITY OUTCOMES

The roading group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are effective, efficient and sustainable*
- *Council aims to prevent harm and to protect people's health and safety*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Roothing activity delivers an efficient transport network that has minimal impact on the environment. During the year, Council carried out its programmed reseals, street lighting upgrades, road marking and safety improvements.

Significant negative effects on the roading network are traffic accidents. To reduce numbers and severity, Council is a partner in the Eastern Bay of Plenty Road Safety Management System. Council has developed the Eastern Bay of Plenty Road Safety System, undertakes safety audits and provides street lighting, signage and pavement marking.

THE YEAR IN SUMMARY

Achievements for the Roothing group of activities in 2013/14 were:

- Ongoing asset renewals including pavement reseals, footpaths, kerbing and street lights.
- Replacement and upgrading of Massey Street Lights (\$42.4k)
- Installation of Christmas lights in the town centre (\$13.6k)
- Replacement of Town Centre cobblestones (\$6.2k)

ROADING

PERFORMANCE

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
Council provides a network of roads which facilitates the safe movement of people and vehicles around the district	Repair time for identified/notified potholes	90% within 14 days and 100% within 28 days	Achieved	Achieved	100% within 14 days
	Number of vehicle accidents where road conditions was a contributing factor	No accidents for year attributed to road conditions	Achieved	Achieved	
	Road roughness rating (0 = flat, 400 = dangerous)	Average rating for district roads is less than 90	Achieved	Achieved	Average result was 84.
	Satisfaction with roads	90%	N/A	Achieved	93% of residents were satisfied with roads.
Council provides an adequate network of footpaths for pedestrian use	Response and repair time for CBD footpaths that are classified as dangerous	100% of dangerous CBD footpaths are isolated within 1 day and repaired within 5 working days.	Achieved	Achieved	No footpaths identified as dangerous and 6 footpaths in CBD repaired.
	Response and repair time for other footpaths that are classified as dangerous	100% of other dangerous footpaths are isolated within 1 day and repaired within 1 month.	Achieved	Achieved	16 footpaths deemed dangerous and were repaired within 1 month.
	Satisfaction with footpaths	80%	N/A	Not achieved	75% of residents were satisfied with footpaths.

Note: "Dangerous" refers to footpath lips greater than 20mm.

ROADING

Funding Impact Statement

2012/13 Budget		2013/14 Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDS		
999,180	General rates, UAGC and rate penalties	1,070,650	940,443
0	Targeted rates (other than targeted rates for water supply)	0	0
135,590	Subsidies and grants for operating purposes	137,590	158,836
0	Fees, charges and targeted rates for water supply	0	43,133
58,200	Internal charges and overheads recovered	63,630	62,637
71,720	Local authorities fuel tax, fines, infringements and other receipts	73,940	59,330
1,264,690	TOTAL OPERATING FUNDING (A)	1,345,810	1,264,379
	APPLICATIONS OF OPERATING FUNDING		
430,540	Payment to staff and suppliers	485,620	368,769
0	Finance costs	0	880
484,310	Internal charges and overheads applied	509,380	331,742
0	Other operating funding applications	0	0
914,850	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	995,000	701,391
349,840	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	350,810	562,988
	SOURCES OF CAPITAL FUNDING		
211,000	Subsidies and grants for capital purposes	214,180	153,026
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
211,000	TOTAL SOURCES OF CAPITAL FUNDING (C)	214,180	153,026
	APPLCATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
431,020	- to replace existing assets	419,250	383,753
129,820	Increase/(decrease) in reserves	145,740	332,261
0	Increase/(decrease) of investments	0	0
560,840	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	564,990	716,014
(349,840)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(350,810)	(562,988)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Unbudgeted income was received for "christmas lights" and the walkway lights. There were less internal charges because of the reduced direct expenditure. There was less subsidies for capital expenditure when compared to budget because the renewal of reseals budget had been overstated in error.

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2012/13</u>	CAPITAL RENEWALS	<u>Budget(LTP)</u>	<u>2013/14</u>
59,810	Streetlights renewals	61,000	64,018
87,275	Kerbs & Footpaths renewals	84,000	112,194
91,822	Reseals	170,200	82,535
119,453	Other renewals	104,050	125,006
<u>358,360</u>	Total Infrastructural	<u>419,250</u>	<u>383,753</u>
FUNDED BY:			
199,754	Depreciation Reserve Funding	205,070	230,727
158,606	Subsidies and grants for capital purposes	214,180	153,026
<u>358,360</u>		<u>419,250</u>	<u>383,753</u>

Reseals were lower than budget because the budget had been overstated. Council is confident that the work undertaken maintains the assets at the optimum level. Also expenditure on Kerb and Footpath renewals was higher than budget as more was required to be spent on the replacement of these assets than initially anticipated.

STORMWATER

ACTIVITIES IN THE GROUP

The stormwater group of activities aims to dispose of stormwater in a manner which protects the community from flooding and minimises negative impacts to the environment. Activities in the group include:

- Disposal of stormwater from the roading network
- Repairing or replacing unsound pipes and other stormwater structures
- Cleaning pipes and cesspits
- Planning to meet future requirements and improving operations

STRATEGY

Council has developed a stormwater Asset Management Plan which provides for the efficient and effective management of stormwater assets. This Plan allows Council to allocate detailed funding to properly maintain the asset while also making provision for the longer term financing required.

NATURE AND SCOPE

The stormwater system is a network of pipes, manholes and cesspits which collects stormwater from roads and transports it to natural water courses. The network is divided into six zones based on the estimated average date at which each zone was developed. Each zone is given the same installation date and the same replacement date.

Most of the stormwater network is made of concrete pipes and the rate of deterioration is very slow. To resist corrosion in the small geothermal area in the CBD, the network has a mixture of glazed earthenware and High Density Polyethylene (HDPE) black plastic pipes, which are more resistant to the sulphur.

GOALS

To provide and maintain a system for the disposal of stormwater in a manner which the community from flooding and minimises the negative impacts to the environment.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Stormwater activity contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are effective, efficient and sustainable*
- *Council aims to prevent harm and to protect people's health and safety*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The stormwater activity delivers an efficient network that has minimal impact on the environment. During the year, Council carried out its programmed renewal work.

The significant negative effects for the collection and discharge of stormwater are that it contains contaminants from road surfaces. However, the receiving water (Tarawera River) is large, clear and fast flowing and capable of dealing with the discharges.

Flooding from the stormwater network can cause property damage for residents.

THE YEAR IN SUMMARY

There was \$33,600 of new stormwater pipe installed during the year to prevent further erosion of the riverbank.

STORMWATER

PERFORMANCE

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding.	Number of rain events for which service requests about stormwater system problems are received.	No more than 10 service requests relating to stormwater problems	Achieved	Achieved	There were only 6 rain events which resulted in service requests for stormwater.
	Time within which urgent stormwater system problems are remediated.	100% remediated by end of next working day.	Achieved	Achieved	All immediate flooding was mediated within 1 working day.
	Number of dwellings flooded because of stormwater system problems.	No dwellings flooded because stormwater system problems	Achieved	Not achieved	Several garages were flooded during April event.

STORMWATER

Funding Impact Statement

2012/13 Budget		2013/14 Budget (LTP)	Actual
SOURCES OF OPERATING FUNDS			
76,100	General rates, UAGC and rate penalties	76,070	82,022
0	Targeted rates (other than targeted rates for water supply)	0	0
3,300	Subsidies and grants for operating purposes	3,350	2,204
0	Fees, charges and targeted rates for water supply	0	1,830
1,140	Internal charges and overheads recovered	3,510	4,419
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
80,540	TOTAL OPERATING FUNDING (A)	82,930	90,475
APPLICATIONS OF OPERATING FUNDING			
5,000	Payment to staff and suppliers	5,160	3,391
0	Finance costs	0	0
1,260	Internal charges and overheads applied	1,310	1,110
0	Other operating funding applications	0	0
6,260	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	6,470	4,501
74,280	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	76,460	85,974
SOURCES OF CAPITAL FUNDING			
39,600	Subsidies and grants for capital purposes	41,470	21,840
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
39,600	TOTAL SOURCES OF CAPITAL FUNDING (C)	41,470	21,840
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
60,000	- to replace existing assets	63,800	33,600
53,880	Increase/(decrease) in reserves	54,130	74,214
0	Increase/(decrease) of investments	0	0
113,880	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	117,930	107,814
(74,280)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(76,460)	(85,974)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2012/13</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2013/14</u>
0	Pipework renewals	63,800	33,600
0	Total Infrastructural	63,800	33,600
FUNDED BY:			
0	Depreciation Reserve Funding	22,330	11,760
0	Subsidies and grants for capital purposes	41,470	21,840
0		63,800	33,600

There was new stormwater pipe added to the existing outfall to help prevent further erosion of the river bank. There was no renewal of the existing pipes as these were in better condition than anticipated.

WATER SUPPLY

ACTIVITIES IN THE GROUP

The Water Supply group of activities is concerned with sourcing, treating and supplying potable (drinkable) water to more than 2400 households, four large industries and approximately 200 other businesses in the District.

NATURE AND SCOPE

The District water supply is sourced from two springs on privately owned land, one in town and the other 3.5 km to the south west. From there, water is pumped to a treatment plant for UV disinfection to comply with Drinking Water Standards of NZ guidelines. After treatment, water is pumped to three reservoirs, two on Monika Lanham Reserve and one above Beattie Road, and then gravity-fed to premises around Kawerau.

In times of peak demand, additional water can be obtained from a bore field in Tarawera Park.

The Water Supply activity also involves:

- Managing Water Supply assets: pipes, structures and plant
- Monitoring and reporting water quality
- Planning to improve operations and meet future requirements.

CONTRIBUTION TO COMMUNITY OUTCOMES

The supply of good quality water is fundamental to Community wellbeing. This group of activities contributes mainly to the Community Outcomes of:

- *Council infrastructure and services are effective, efficient and sustainable*
- *Council aims to prevent harm and nuisance and to protect people's health and safety*

IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

The provision of potable water is fundamental to a community's health and well-being.

The supply is not considered a "secure" supply as defined by the Drinking Water Standards New Zealand (DWSNZ) due to historical detection of faecal coliforms in the source water and the inability to prove that the water has been underground for more than twelve months or is not directly affected by surface or climate influences in the environment. Contaminations, when detected, are treated with chlorine.

In 2005/2006, Council considered several options for treating the water supply in order to improve the quality of water in line with the DWSNZ. Council decided to implement ultraviolet disinfection treatment of the source water and continue its current practice of treating contaminations in the water reticulation (pipes from the reservoir to taps) with chlorine on an "as required" basis.

THE YEAR IN SUMMARY

Achievements for the Water Supply group of activities in 2013/14 were:

- New 200 mm pipe was installed under the Tarawera River to improve the supply to the industrial properties.
- While the Bb grading of the water supply was not achieved, significant progress was made during the year to achieve this grading
- Renewal of water mains was not undertaken during the year as the condition of the existing pipes were found to be better than anticipated.

WATER SUPPLY

PERFORMANCE

Levels of Service	Measures	Target 2013/14	Results 2012/13	Results 2013/14	Comments
Council supplies the community with healthy good tasting water	Water supply health risk grading	Bb	Not achieved	Not achieved	Council is continuing to work on meeting the necessary requirements.
	Level of compliance with Ministry of Health DWSNZ - 2005	100% compliance	Not achieved	Not achieved	There were 3 transgressions for E. Coli and there were insufficient tests done for the treatment plant.
	Frequency of bacteriological monitoring	At least 1 per calendar week	Achieved	Achieved	Monitoring undertaken.
	Adherence to service request process to respond, investigate and record complaints about water quality and advise complainant of progress or the outcome	100% response rate by the end of the next working day	Achieved	Achieved	6 service requests received and responded to within the timeframe.
	Satisfaction with water supply	96%	N/A	Achieved	96% of residents were satisfied.
Water is sourced with minimal environmental effects	Level compliance with BOP Regional Council water supply resource consents as reported in annual "consents and compliance field sheets"	High level of compliance	Achieved	Achieved	Requirements of existing consent are being met.
The water supply is of adequate pressure and flow	Water pressure samples	All samples above 40 psi	Achieved	Achieved	

Levels of Service	Measures	Target 2013/14	Results 2012/13	Results 2013/14	Comments
	Adherence to service requests to respond, investigate and record complaints about water pressure and advise complainant of progress or outcome	95% by the end of the next working day, and 100% within 5 working days	Achieved.	Achieved	There were no issues of low pressure reported.
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Achieved	Achieved	There were only 3 instances of unplanned shutdowns during the year.
	Number of unplanned shutdowns - pump stations	None	Achieved	Achieved	There were no unplanned shutdowns during the year.
	Number of water main breaks	No more than 12	Achieved	Achieved	There were 4 water main breaks.
	Adherence to service request process to respond, investigate and record complaints about water supply and advise complainant of progress or outcome	95% within 2 hours, and 100% within 8 hours	Achieved	Achieved	There were 80 service requests for the year. (97.5% were responded within 2 hours and 100% within 8 hours)

WATER SUPPLY

Funding Impact Statement

2012/13 Budget		2013/14	
		Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDS		
891,810	General rates, UAGC and rate penalties	866,730	794,971
134,170	Targeted rates (other than targeted rates for water supply)	138,580	154,675
0	Subsidies and grants for operating purposes	0	0
49,610	Fees, charges and targeted rates for water supply	51,340	35,843
89,130	Internal charges and overheads recovered	76,120	94,934
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,164,720	TOTAL OPERATING FUNDING (A)	1,132,770	1,080,423
	APPLICATIONS OF OPERATING FUNDING		
397,060	Payment to staff and suppliers	365,380	308,071
0	Finance costs	0	460
339,560	Internal charges and overheads applied	339,880	245,814
0	Other operating funding applications	0	0
736,620	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	705,260	554,345
428,100	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	427,510	526,078
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital purposes	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	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
	APPLCATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
615,850	- to replace existing assets	837,980	106,074
(187,750)	Increase/(decrease) in reserves	(410,470)	420,004
0	Increase/(decrease) of investments	0	0
428,100	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	427,510	526,078
(428,100)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(427,510)	(526,078)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Electricity and insurance costs were less than budget (\$60k) for the year.

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2012/13</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2013/14</u>
12,886	UV Tube Replacement	0	0
234,456	Pipework renewals	816,850	87,497
6,890	Toby renewals	7,200	5,040
19,913	Other renewals	13,930	13,537
<u>274,145</u>	Total Infrastructural	<u>837,980</u>	<u>106,074</u>
FUNDED BY:			
<u>274,145</u>	Depreciation Reserve Funding	<u>837,980</u>	<u>106,074</u>

During the year, Council put a new 200 mm pipe under the Tarawera River. The pipes that were planned for replacement were found to be in better condition than initially anticipated so no renewals of existing pipework was undertaken.

WASTEWATER

ACTIVITIES IN THE GROUP

The Wastewater group of activities involves the collection and disposal of wastewater (including sewage). Council's wastewater system is a network of pipes, manholes, cleaning eyes, pumps and a treatment plant. Wastewater is collected from almost all properties in the District and treated and disposed of in accordance with consent conditions.

The wastewater activities are:

- The treatment of wastewater from properties in the district
- Repairing or replacing unsound pipes and other wastewater structures
- Cleaning pipes
- Planning to meet future requirements and improving operations

NATURE AND SCOPE

Council is involved in wastewater collection and disposal to fulfil a range of legislative duties imposed by the Health Act, the Building Act and the Local Government Act. Council's aims in providing a wastewater disposal system are to enhance public health in the District and to safeguard the local environment.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Wastewater group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council aims to prevent harm and nuisance and to protect people's health and safety*
- *Council infrastructure and services are effective, efficient and sustainable*

IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

The Wastewater activity contributes to the good health and safety of the Community.

THE YEAR IN SUMMARY

Achievements in the Wastewater group of activities in 2013/14 were:

- Achieving compliance with all resource consents for wastewater
- Renewal of 2 pumps at Blundell Avenue.
- Continuous improvement of service to high standard (with no overflows into waterways)

WASTEWATER

PERFORMANCE

Wastewater

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
Council provides a reliable domestic wastewater collection and disposal service	Continuity of wastewater collection.	Service runs every day	Achieved	Achieved	
	Number of disruptions to wastewater services	No more than 50 per annum	Achieved	Achieved	There were 29 disruptions for the year.
	Satisfaction with wastewater disposal	96%	N/A	Achieved	97% were satisfied with wastewater disposal.
The wastewater treatment plant operates effectively	Level of compliance with BOP Regional Council wastewater treatment plant resource consent as reported in the annual consents and compliance field sheet	High level of compliance	Achieved	Achieved	Monitoring undertaken to date meets the consent requirements.
Council acts promptly to ensure public health and safety are not compromised by problems in the wastewater system	Response time to service requests about wastewater collection	Within one hour on 95% of notifications	Not achieved	Not achieved	27/29 (93.1%) were responded to within 1 hour. 1 responded to within 2 hours.

WASTEWATER

Funding Impact Statement

2012/13 Budget		2013/14 Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDS		
820,910	General rates, UAGC and rate penalties	826,670	828,410
456,440	Targeted rates (other than targeted rates for water supply)	454,250	469,893
0	Subsidies and grants for operating purposes	0	0
1,000	Fees, charges and targeted rates for water supply	1,000	65,313
90,870	Internal charges and overheads recovered	102,690	92,177
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,369,220	TOTAL OPERATING FUNDING (A)	1,384,610	1,455,793
	APPLICATIONS OF OPERATING FUNDING		
563,250	Payment to staff and suppliers	568,650	486,189
3,250	Finance costs	1,280	1,720
413,380	Internal charges and overheads applied	425,320	397,757
0	Other operating funding applications	0	0
979,880	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	995,250	885,666
389,340	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	389,360	570,127
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital purposes	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	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
62,300	- to replace existing assets	69,700	32,138
327,040	Increase/(decrease) in reserves	319,660	537,989
0	Increase/(decrease) of investments	0	0
389,340	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	389,360	570,127
(389,340)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(389,360)	(570,127)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Other Revenue exceeded the budget because septic tank wastewater was disposed of at the treatment plant and the contractor was charged for this service.

Capital expenditure during the year that relates to this activity is as follows:

<u>2012/13</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2013/14</u>
31,770	Wastewater Pipework	56,930	0
<u>35,220</u>	Other renewals	<u>12,770</u>	<u>32,138</u>
<u>66,990</u>	Total Infrastructural	<u>69,700</u>	<u>32,138</u>
FUNDED BY:			
<u>66,990</u>	Depreciation Reserve Funding	<u>69,700</u>	<u>32,138</u>

No pipework replacement was undertaken as pipework was in better condition than anticipated. However, a new septic tank waste holding tank was constructed (\$14.7k) and 2 pumps at Blundell Ave were renewed.

SOLID WASTE

ACTIVITIES IN THE GROUP

The Solid Waste group of activities involves the collection and disposal of solid waste to maintain public health avoid public nuisance and retain aesthetic values in the district.

The solid waste activities are:

- The weekly residual household waste collection.
- The operation of a local transfer station which accepts all types of waste. Residual waste is transported to Tirohia landfill on the Hauraki Plains.
- A weekly “zero-waste” kerbside collection of recyclable materials and a fortnightly green waste collection

NATURE AND SCOPE

Council is involved in refuse collection to provide the community with a convenient method to remove unwanted materials from their properties, thereby upholding public health and hygiene standards.

The aim of refuse disposal is to dispose of refuse in an environmentally acceptable manner.

The recycling/zero waste activity aims to reduce the volume of waste going to the landfill by maximising the material going to reusable waste streams thereby minimising some of the negative environmental effects of human consumption.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Solid Waste group of activities contributes mainly to Kawerau’s Community Outcomes of:

- *Council aims to prevent harm and nuisance and to protect people’s health and safety*
- *Council infrastructure and services are effective, efficient and sustainable*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The potential negative effects for this group of activities are:

- Odour
- Health risks
- Vermin infestation
- Visual pollution.

THE YEAR IN SUMMARY

Achievements in the Solid Waste group of activities in 2013/14 were:

- Achieving compliance with all resource consents for Council’s landfill.
- Refuse collections continued throughout the year without disruption and to the satisfaction of residents.

SOLID WASTE

PERFORMANCE

Refuse collection and disposal

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
Council's refuse collection and disposal services meet the needs of the Kawerau community and help maintain public health and a clean environment.	Frequency of residual refuse collection from residential properties.	52 weekly collections	Achieved	Achieved	
	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual consents and compliance field sheets	High level of compliance	Achieved	Achieved	Annual inspections were undertaken in November and June.
	Community satisfaction with refuse collection	85%	N/A	Achieved	97% were satisfied with refuse collection
	Community satisfaction with refuse disposal	65%	N/A	Achieved	81% were satisfied with refuse disposal
	User satisfaction with refuse disposal	80%	N/A	Achieved	88% of users were satisfied with refuse disposal

Recycling (Zero Waste)

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
Material which would otherwise go to the landfill as household refuse is collected by the recycling collection service.	Percentage of solid waste received by Council which is sent to the landfill	No more than 72% of solid waste received goes to landfill	Achieved	Achieved	There was 67% of material received that was sent to the landfill.

SOLID WASTE

Funding Impact Statement

2012/13 Budget		2013/14 Budget (LTP)	Actual
SOURCES OF OPERATING FUNDS			
619,090	General rates, UAGC and rate penalties	635,020	729,176
392,340	Targeted rates (other than targeted rates for water supply)	404,890	363,091
0	Subsidies and grants for operating purposes	0	0
256,460	Fees, charges and targeted rates for water supply	264,660	263,180
17,660	Internal charges and overheads recovered	18,460	1,981
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,285,550	TOTAL OPERATING FUNDING (A)	1,323,030	1,357,428
APPLICATIONS OF OPERATING FUNDING			
929,690	Payment to staff and suppliers	957,960	861,044
12,200	Finance costs	11,930	12,853
301,220	Internal charges and overheads applied	310,330	345,748
0	Other operating funding applications	0	0
1,243,110	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,280,220	1,219,645
42,440	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	42,810	137,783
SOURCES OF CAPITAL FUNDING			
0	Subsidies and grants for capital purposes	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	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
19,000	- to replace existing assets	0	7,623
23,440	Increase/(decrease) in reserves	42,810	130,160
0	Increase/(decrease) of investments	0	0
42,440	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	42,810	137,783
(42,440)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(42,810)	(137,783)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Fees and Charges exceeded the budget because of increased recoveries for zero waste and refuse disposal. Also there were additional recoveries from the refuse collection contractor for private collections.

LEISURE & RECREATION

ACTIVITIES IN THE GROUP

The Leisure and Recreation group of activities includes Community halls and facilities, the District Library and museum, Kawerau's many parks and gardens and the Kawerau Cemetery. The activities are:

Community Halls and Public Facilities

Council owns and maintains three large public halls for recreational and cultural pursuits, four clubroom/pavilion buildings on reserves used by various sporting codes and 3 public toilet facilities on reserves. All these halls and facilities are available for public hire at reasonable rates.

District Library and Museum

The Kawerau District Library and Sir James Fletcher Kawerau Museum is a key facility which supports Community information needs, recreation, cultural interests and lifelong learning.

Parks and Reserves

Council owns and maintains a number of recreation reserves which include sports fields, passive reserves and children's playgrounds. Specimen trees and flowerbeds on roadside and amenity reserves further enhance the visual beauty of the District. Council also provides the Kawerau Cemetery to accommodate Community interment needs.

Swimming Pools Complex

Popular both with locals and visitors, the Maurie Kjar Memorial Swimming Pools Complex is a year-round facility with geothermally-heated swimming and spa pools. Entry is free.

NATURE AND SCOPE

Council maintains sporting, leisure and recreational facilities to enhance the nature of Kawerau as a recreation and leisure-conscious Community and to maximise opportunities for the Community to participate in recreational and cultural pursuits. Because this group of activities can potentially improve the quality of life of the whole Community in some way, it is important to Council that a wide range of services is provided.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Leisure and Recreation group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council sustainably manages the use, development and protection of Kawerau's urban and natural environment*
- *Council promotes community identity and cohesion.*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Leisure and Recreation group of activities provides the people of Kawerau with a quality of life second to none. The level of quality and extent of these services directly improves the quality of life of the community.

THE YEAR IN SUMMARY

Major highlights for the Leisure and Recreation group of activities in 2013/14 were:

- Creation of Tarawera River walkway which runs alongside the kayak and rafting courses. This created excellent viewing for spectators during the world rafting championships

Other achievements included:

- Planned renewal of children and adult books at the library
- Upgrade of Stoneham walkway (bridge and retaining wall)
- Entrance lighting at Tarawera Park
- Continued upgrade of Keith McKenzie Park
- New playground equipment installed at town centre playground
- Installation of lighting alongside Hansen Walk.
- Achieved the planned reserves and gardens maintenance programme for year and within budget.

LEISURE & RECREATION

PERFORMANCE

Public Library

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
The library is accessible to the public	Number of weeks open each year	Library open 50 weeks per year	Achieved	Achieved	Library was open 52 weeks of the year.
Council provides public library services and resources which suit community needs	Number of school holiday programmes offered	4 school holiday programmes offered	Achieved	Achieved	Holiday programmes occurred in July, October, January and April.
	Average number of items issued per capita	9 items (on average) issued per capita.	Not achieved	Not achieved	54,133 items were issued for the year which equates to 8.5 per capita.
	Community satisfaction with library	86%	N/A	Not achieved	84% of residents were satisfied with the library.
	User satisfaction with the library.	96%	N/A	Not achieved	95% of users were satisfied with the library.

Museum

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
The museum is accessible to the public	Number of weeks open each year	Museum open 50 weeks per year	Achieved	Achieved	Museum was open 50 weeks of the year.
Council provides a museum service which reflects community interests	Number of exhibitions held	8 exhibitions held for year	Achieved	Achieved	14 exhibitions were held during year.
	Number of historical articles produced	15 historical articles produced for year.	Achieved	Achieved	20 historical articles were produced.
	Community satisfaction with museum.	60%	N/A	Achieved	64% of residents were satisfied with the museum.
	User satisfaction with the museum.	70%	N/A	Achieved	95% of users were satisfied with the museum.

Swimming Pools

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
Council provides a swimming pool complex which is accessible to the community	Weeks open per year	Open at least 48 weeks	Achieved	Achieved	Pool was open for 50 weeks of the year.
	Community satisfaction with swimming pool.	90%	N/A	Achieved	93% of residents were satisfied with the swimming pool.
	User satisfaction with the swimming pool.	95%	N/A	Achieved	98% of users were satisfied with the swimming pool.
Swimming pool water meets water quality standards	Water quality checks	At least 336 daily undertaken for year	Achieved	Achieved	1,793 rounds of testing occurred.
	Level of compliance with standards	Full compliance in 95% of tests	Achieved	Achieved	There was 96.4% compliance.

Public Halls and Facilities

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
Three Community halls available for hire: Ron Hardie Recreation Centre, Town Hall and Concert Chambers	Provision of public halls	Halls available 50 weeks per year	Achieved	Achieved	Halls were available for 52 weeks of the year.
	Community satisfaction with public halls.	80%	N/A	Achieved	84% of residents were satisfied with public halls.
	User satisfaction with public halls.	94%	N/A	Achieved	96% of users were satisfied with public halls.
Clean public toilets are provided in the central business district	Council provides town centre public toilets	Toilets open at least 360 days	Achieved	Achieved	Open 364 days (every day except Christmas day)

Parks and Reserves

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
Council provides an adequate number of reserves for community leisure and recreation	Percentage of households situated within 500 metres of a reserve	At least 95% of households situated within 500 metres of a reserve	Achieved	Achieved	100% of households are within 500 metres of a reserve.
Playing surfaces at sports fields are maintained to the requirements of the codes for which they are used	Frequency of grass mowing	Mowed at least 48 times	Achieved	Not achieved	There were 26 rounds of mowing. (Target was overstated and existing level of service was maintained)
Road reserves are well-maintained and street trees managed to balance private needs with public interest	Frequency of mowing grass berms and other road reserves	Mowed at least 14 times	Achieved	Achieved	There were 19 rounds of mowing
Bedding displays are attractive and updated to suit the season	Number of bedding displays	2 bedding displays (1 summer and 1 winter)	Achieved	Achieved	
	Community satisfaction with flowerbed displays.	90%	N/A	Achieved	100% of residents were satisfied with flowerbed displays.

Levels of Service	Measures	Target 2013/14	Result 2012/13	Result 2013/14	Comment
Playground equipment is safe for children to use	Bi – monthly inspections of all playground equipment	6 inspections conducted	Achieved	Achieved	
	Remediation of all identified problems	All repairs completed within 2 weeks	Achieved	Achieved	
	Investigation of safety-related service requests and if necessary isolation of the hazard	100% within 1 working day	Achieved	Not applicable	There were no safety related service requests made during the year.
The Kawerau Cemetery meets community interment needs in the present and the medium term	Number of complaints about Council cemetery services	No complaints	Achieved	Achieved	
	Number of burial plots available	At least enough available for the next 5 years	Achieved	Achieved	There are currently enough plots available for a further 20 years.
	Community satisfaction with cemetery.	78%	N/A	Not achieved	77% of residents were satisfied with the cemetery.
	Visitor satisfaction with cemetery.	94%	N/A	Achieved	98% of visitors were satisfied with the cemetery.

Leisure and Recreation Funding Impact Statement

2012/13		2013/14	
Budget		Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDS		
2,700,490	General rates, UAGC and rate penalties	2,782,770	2,821,327
0	Targeted rates (other than targeted rates for water supply)	0	0
1,020	Subsidies and grants for operating purposes	1,050	892
103,910	Fees, charges and targeted rates for water supply	60,530	228,456
29,970	Internal charges and overheads recovered	32,550	33,879
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
2,835,390	TOTAL OPERATING FUNDING (A)	2,876,900	3,084,554
	APPLICATIONS OF OPERATING FUNDING		
1,639,680	Payment to staff and suppliers	1,646,810	1,477,514
45,300	Finance costs	46,860	44,924
747,100	Internal charges and overheads applied	777,830	813,909
0	Other operating funding applications	0	0
2,432,080	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,471,500	2,336,347
403,310	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	405,400	748,207
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital purposes	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	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
600,880	- to replace existing assets	138,960	405,568
(197,570)	Increase/(decrease) in reserves	266,440	342,639
0	Increase/(decrease) of investments	0	0
403,310	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	405,400	748,207
(403,310)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(405,400)	(748,207)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2012/13</u>	CAPITAL RENEWALS	Budget (LTP)	2013/14
49,153	Library Stock Renewals	51,980	51,022
7,725	Library Building Upgrade	10,200	7,900
53,874	Other Library/Museum	770	2,347
88,410	Swimming Pool Upgrades	14,300	16,107
69,035	Recreation Centre Upgrades	1,320	45,998
53,867	Town Hall Upgrades	0	0
9,670	Concert Chamber Upgrade	11,450	6,409
0	Public Toilets Upgrades	0	3,457
48,363	Sports-fields Improvements	10,330	35,598
161,932	Passive Reserves Improvements	19,710	223,784
22,940	Playground Renewals	18,900	11,446
14,213	Cemetery	0	1,500
<u>579,182</u>	Total Operational	<u>138,960</u>	<u>405,568</u>
FUNDED BY:			
<u>579,182</u>	Depreciation Reserve Funding	<u>138,960</u>	<u>405,568</u>
<u>579,182</u>		<u>138,960</u>	<u>405,568</u>

There was additional capital expenditure for Entrance lighting at Tarawera Park (\$29.1k) and the Tarawera River Walkway (\$160.8k) which Council was able to source external funding for both projects.

COUNCIL CONTROLLED ORGANISATIONS

BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES

Background

The Council Controlled Organisation was formally established in January 2008. The Company was set up by the eight local authorities in the Bay of Plenty region to foster collaboration between Councils in the delivery of services particularly back office or support services.

As a Council Controlled Organisation, the Bay of Plenty Local Authority Shared Services (BOPLASS) is a separate legal entity from Council and is responsible for delivering in accordance with an agreed Statement of Intent. The Company is governed by a Board of Directors who are the Chief Executives of the constituent local authorities.

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2014		
	Parent 2012/13 \$000's	Parent 2013/14 \$000's
Revenue	1,889	1,504
Expenditure	(1,850)	(1,502)
Net (Deficit)/Surplus Year	39	2

Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and had the Statement of Intent for 2013/14 and associated budget formally adopted by the directors at the meeting held in May 2013.

The following is a report of performance against targets set in the Statement of Intent for 2012/13.

Performance Targets for 2013/14		
Targets	Measure	Progress as at 30 June 2014
Successfully implement two identified shared services projects within a 12 month period.	Number of Shared Services projects implemented.	Not achieved. BOPLASS strategy was reset during 2013/14 and the shared service target was not applicable nor achieved.
Manage and/or renegotiate existing contracts ensuring appointed vendors remain competitive and continued best value is returned to shareholders.	Existing contracts are managed and/or renegotiated.	Achieved. The following contracts were renegotiated and renewed: <ul style="list-style-type: none"> • Telecommunications • Postal Services • ESRI contract • Aerial photography • Fuel contract • Objective management • Video conferencing

Targets	Measure	Progress as at 30 June 2014
Investigate a minimum of four joint procurement initiatives for goods and services from sources offering best value, service, and continuity of supply, and/or opportunities for integration.	Number of procurement initiatives investigated and/or completed.	<p>Achieved.</p> <p>The following joint procurement initiatives were investigated:</p> <ul style="list-style-type: none"> • Infrastructure insurance • Joint media monitoring • Radio telephony • Travel and accommodation • Document scanning service • Print and mail service • GIS software alternatives • Agenda management software • Database monitoring • Aerial drone procurement • Shared server licences
Communicate with each shareholding Council at appropriate levels with at least one meeting with each Executive Leadership Team per year.	At least one meeting with each council at Council and/or Management Team level.	<p>Achieved.</p> <p>At least one meeting was held with each council.</p>
Ensure sufficient income is available from activities to sustain a viable company.	Income received from contributing Councils and funding from activities to meet operational budget.	Achieved.
Perform self-assessment reviews of governance.	Self-assessment reviews undertaken.	<p>Achieved.</p> <p>Strategic reviews and workshops were undertaken by the board.</p>

Toi-EDA (Economic Development Agency)

Toi-EDA is the Eastern Bay of Plenty Regional Economic Development Agency. It was set up by the three territorial authorities (Kawerau, Opotiki and Whakatane), the regional council (Bay of Plenty Regional Council) and Te Rūnanga o Ngāti Awa on behalf of Mataatua Iwi Forum.

Toi-EDA operates under a Deed of Trust. It has six experienced business people and community leaders as board members or trustees. The Trust operates under the umbrella of the new Bay of Plenty regional partnership with two other groups: Tauranga's Priority One and Destination Rotorua Economic Development.

Toi-EDA is responsible for economic development activities across the Eastern Bay of Plenty Region.

Toi-EDA adopted a three-year strategic plan with a strong focus on enhancing the Eastern Bay of Plenty's economic growth and resultant wealth for its people. It is a conduit in the Eastern Bay for Central Government economic development funding, and has been involved in designing an action plan of projects for funding from New Zealand Trade and Enterprise.

The work of Toi-EDA supports Kawerau District Council's community outcome "Council encourages economic and employment opportunities for the community."

MĀORI CONTRIBUTION TO DECISION-MAKING

During the 2013/14 financial year, Council continued to recognise the key local iwi and Māori organisations as consultation partners and worked to strengthen its relationships with those organisations.

Ngati Tuwharetoa ki Kawerau is tangata whenua in the Kawerau District and Council recognises the three Ngati Tuwharetoa organisations (Ngati Tuwharetoa (Bay of Plenty) Settlement Trust, TOHU Marae Trust and Ngati Tuwharetoa Health, Education and Social Services) as consultation partners under its consultation policy. During community consultation, Council invites input and seeks to meet with designated consultation partners to understand their views on matters under consideration. During the year, Council continued working to strengthen its relationships with the tangata whenua organisations and sought to engage with each in relation to the development of Council policies, plans and bylaws.

The Settlement Trust continued to play a positive role in the Industrial Symbiosis Kawerau economic development project, a collaboration between industry, government, iwi and local government promoting energy and wood processing investment in the District. Ngāti Awa, who have a historical tribal interest and own some land in the District, are also involved in the project. Council's consultation policy also recognises Te Rūnanga o Ngāti Awa and the Rautahi Marae, an urban marae in Kawerau, as consultation partners.

Māori people make up a significant proportion of the Kawerau Community, therefore Council involves Māori in decision making as part of the mainstream Community. This is particularly true in the case of our young people, who are encouraged to formally engage with Council decision making through the Kawerau Youth Council.

Following the 2013 local body elections Council initiated a project to establish a Māori liaison committee to foster relationships and further strengthen Māori engagement in its decision making.

MONITORING OF PROGRESS TOWARDS ACHIEVING COMMUNITY OUTCOMES

One of the approaches Council uses to determine how well it is performing is the National Research Bureau's 'Communitrak' survey. Results of the survey commissioned in January 2014, the Community Outcome to which each measure primarily contributes and results from the last survey are shown in the table below.

Measure (Community satisfaction with)	Very/Fairly Satisfied 2011 %	Very/ Fairly Satisfied 2014 %
Performance of the Mayor and Councillors in the last year	91	87
The way rates are spent on services and facilities provided by Council	93	86
Consultation and Community Involvement - The way Council involves the public	76	67
Dog Control Service	79	68
Public Library	89	84
Refuse disposal (Refuse Transfer Station)	72	81
Rubbish collection	95	97
Recycling services	95	95
Community attractiveness and beautification	97	100
Museum	Not measured	64
Quality of life in Kawerau	93	87
Kawerau is definitely or mostly a safe place to live	88	86
Kawerau as a place to live is the same or better than it was three years ago	93 (agree)	93 (agree)
Emergency management – Percentage of households which have an emergency management kit	50	56
Water supply	99	96
Parks and reserves	94	94
Swimming pool	94	93
Roads	89	93
Footpaths	80	75
Wastewater (sewage disposal)	96	97
Cemetery	83	77
Public toilets	60	71
Community spirit	88	81
Public halls	82	84

Council also undertook monthly surveys of users of its services throughout the 2013/14 year. There continued to be a high level of user satisfaction with all Council services. The Summary of these survey results is as follows:

ALL SERVICES

Customer Service Satisfaction Survey (CSSS) 2013/14	
CSSS forms posted out	859
CSSS forms returned	287
Response rate	33.4%
Feedback received from Customers	
Predominantly Excellent	173
Predominantly Good	82
Predominantly Only Fair	15
Predominantly Poor	8
Not applicable	6
No boxes ticked	3
Conclusion	
% customers satisfied*	91.7%
% customers unsatisfied*	8.3%

*The not applicable boxes or no boxes categories have not been included in the percentage figures