



KAWERAU DISTRICT COUNCIL
Annual Report
For the Year Ended 30 June 2016



KAWERAU DISTRICT COUNCIL

ANNUAL REPORT FOR 2015/16

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Message from the Mayor and Chief Executive Officer

Welcome to Council's annual report for the year ended 30 June 2016. The Annual Report compares Council's achievements and results against the financial and the non-financial performance targets in the Annual Plan. It enables residents to assess how well Council has performed as well as determine the efficiency and effectiveness of Council.

Council continues to be in a strong financial position, and achieved an operating deficit of \$100,583 for the year compared to a budgeted deficit of \$459,540.

Council budgeted for a deficit because it does not fund all the depreciation on some buildings (halls, library, pensioner houses, depot, swimming pool and office) which are unlikely to be replaced with similar buildings. Also Council does not fund the all the depreciation for its roading assets which are eligible for NZTA subsidy.

During the year Council received additional revenue of \$616.8k and incurred \$257.9k more in operating expenditure than budgeted.

The following is a brief summary of the financial results for 2015/16:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	10,476,830	11,093,661	616,831
Operating Expense	<u>10,936,370</u>	<u>11,194,244</u>	<u>257,874</u>
Operating Surplus/(Deficit)	(459,540)	(100,583)	358,957
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	69,307,518	72,242,800	2,935,282
Liabilities	2,734,428	2,953,572	(219,144)
Ratepayers Equity	66,573,090	69,289,228	2,716,138

The reasons for the reduced operating deficit were:

- Additional rates penalties, interest and other revenue
- Reduced costs for insurance and electricity for the year
- Lower staffing costs for year resulting from vacancies

Council had planned on replacing approximately 2 kilometres of water supply pipes in the older part of town during the year but the asset was found to be in better condition than initially thought so the pipe replacement was deferred. Council has funds set aside in reserves to pay for this work when it is undertaken, and as the renewals were not done, the funds are retained.

The major achievements during the 2015/16 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, as well as securing additional funding, of the iconic events for Kawerau including Woodfest, King of the Mountain Race and Christmas in the Park.
- A winner of the 2016 Local Government NZ awards for the “seamless boundaries” project which assists local youth into employment. These awards recognise and celebrate the outstanding leadership role local government plays within communities.
- 83% of Council’s performance targets were achieved and good progress was made for the targets that were not achieved.
- Completion of various asset renewal projects and very good progress on others, to ensure that Council continues to deliver high quality services to the community

There were two significant construction projects undertaken during the year, new swimming pool changing rooms and the Firmin Lodge accommodation building. Council was very fortunate that the following grant funding was received:

- \$200,000 for the pool changing rooms from the Lottery Community Facilities Fund
- \$25,000 for the pool changing rooms from Transpower Community Care Fund

Council also received funding throughout the year for events and projects from the following organisations:

- NZ Community Trust
- Lion Foundation
- First Sovereign Trust
- Eastern Bay Energy Trust
- Bay of Plenty Community Trust
- Ministry for Youth and Development

Council very much appreciates the support it receives from these funding organisations.

The achievements and successes for this year were as a result of the contributions made by both elected members and staff and they are to be congratulated.

We would also like to thank the residents for their input throughout the year and the commitment to making Kawerau a place that we can all be proud of.

Malcolm Campbell, JP
MAYOR



Russell George, CA, MBA
CHIEF EXECUTIVE OFFICER



KAWERAU DISTRICT COUNCIL COUNCIL & STAFF INFORMATION

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 (Alistair) 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, JP	312-5570
	R G K (Rex) Savage	323-7287
	S H (Stephen) Tuhoro	323-9373
	F K N (Faylene) Tunui	323-7574

Committees:	Regulatory & Services	(Chairperson: Cr C J Ion)
	Audit and Risk	(Chairperson: Philip Jones)

Chief Executive Officer and Heads of Departments:

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

VISION

To be the best Council in New Zealand

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, 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 the Revenue and Financing Policy in June 2015 as part of the preparation of the 2015 – 2025 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 2015/16 was consistent with its Revenue and Financing Policy.

INVESTMENT POLICY

Council delegates responsibility for the management, monitoring and reporting of its investments to the 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 short-term and longer term 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 \$356,232 compared to the Annual Plan estimate for 2015/16 of \$333,400.

LIABILITY MANAGEMENT POLICY

Council's Liability Management Policy was adopted in June 2015. 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 2015/16 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 Council's 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 2016 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 2016

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, on her behalf, to:

- audit the information included in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information);
- report on whether the District Council has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 15 to 48:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime;
- the funding impact statement on page 19, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the statement of service provision on pages 55 to 110:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

- complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 55 to 110, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 55 to 110, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Compliance with requirements

The District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 49 to 54 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Our audit was completed on 25 October 2016. 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 audited information. 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 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 the disclosures in the information we audited;
- determining the appropriateness of the reported [description used by the Council Type for the statement of service provision and where included local board statements of service provision] within the District 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 District Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

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

Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.


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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, 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 REVENUE AND EXPENSE

For the Year Ended 30 June 2016

2014/15		Note	Budget	2015/16
	Revenue			
8,641,069	Rates revenue	2	8,820,250	9,024,746
530,549	Subsidies and grants	3	426,270	924,942
842,363	Fees and charges	4	837,910	726,169
403,247	Interest revenue	7	333,400	356,232
502,435	Other revenue	4	59,000	61,572
10,919,663	Total Revenue		10,476,830	11,093,661
	Expenses			
3,636,020	Personnel costs	5	3,949,720	3,852,651
2,649,816	Depreciation and amortisation expense	12-14	2,493,640	2,765,401
4,479	Finance costs	7	3,010	3,298
4,163,085	Other expenses	6	4,490,000	4,547,303
35,759	Loss on disposal of property, plant and equipment		0	25,591
10,489,159	Total Expenses		10,936,370	11,194,244
430,504	SURPLUS / (DEFICIT)		(459,540)	(100,583)
	Other comprehensive revenue and expense			
0	Gain on revaluation		2,694,770	4,128,227
430,504	TOTAL COMPREHENSIVE REVENUE AND EXPENSE		2,235,230	4,027,644

Explanations of significant variances against budget are detailed in Note 30
The accompanying notes, including Accounting Policies, form part of these financial statements.

KAWERAU DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

2014/15		Note	Budget	2015/16
ASSETS				
Current assets				
2,108,009	Cash and cash equivalents	8	8,348,707	863,952
1,098,082	Receivables	9	1,315,680	1,267,314
7,800,000	Other financial assets	11	0	8,100,000
37,375	Prepayments		0	117,353
96,885	Inventory	10	104,450	136,536
<u>11,140,351</u>	Total current assets		<u>9,768,837</u>	<u>10,485,155</u>
Non-current assets				
36,252	Investment in CCOs	11	36,250	36,252
56,824,815	Property, plant and equipment	12	59,437,031	61,647,823
58,401	Intangible assets	13	65,400	73,570
<u>56,919,468</u>	Total non-current assets		<u>59,538,681</u>	<u>61,757,645</u>
<u>68,059,819</u>	TOTAL ASSETS		<u>69,307,518</u>	<u>72,242,800</u>
LIABILITIES				
Current liabilities				
2,046,045	Payables and deferred revenue	15	2,055,858	2,183,479
17,116	Borrowings and other financial liabilities	18	13,560	14,009
355,957	Employee entitlements	17	485,830	412,378
10,000	Provisions	16	10,000	10,000
<u>2,429,118</u>	Total current liabilities		<u>2,565,248</u>	<u>2,619,866</u>
Non-current liabilities				
182,857	Payables and deferred revenue	15	0	177,143
15,213	Borrowings and other financial liabilities	18	1,200	1,204
97,533	Employee entitlements	17	108,510	88,721
73,514	Provisions	16	59,470	66,638
<u>369,117</u>	Total non-current liabilities		<u>169,180</u>	<u>333,706</u>
<u>2,798,235</u>	TOTAL LIABILITIES		<u>2,734,428</u>	<u>2,953,572</u>
<u>65,261,584</u>	NET ASSETS		<u>66,573,090</u>	<u>69,289,228</u>
EQUITY				
37,613,935	Accumulated Funds	19	36,806,173	37,325,994
27,647,649	Reserves	19	29,766,917	31,963,234
<u>65,261,584</u>	TOTAL EQUITY		<u>66,573,090</u>	<u>69,289,228</u>

M.J Campbell, JP
MAYOR

R.B. George, CA, MBA
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 30

KAWERAU DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2016

2014/15	Total Equity	Note	Budget	2015/16
64,831,080	Balance at 1 July		64,337,860	65,261,584
<u>430,504</u>	Total comprehensive revenue and expense		<u>2,235,230</u>	<u>4,027,644</u>
<u>65,261,584</u>	Balance at 30 June		<u>66,573,090</u>	<u>69,289,228</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 2016

2014/15	Note	Budget	2015/16
CASH FLOWS FROM OPERATING ACTIVITIES			
8,721,311	Receipts from rates revenue	8,764,010	9,509,017
457,836	Subsidies and grants received	426,270	727,289
1,307,855	Fees and charges received	837,910	554,395
362,748	Interest received	333,400	370,995
51,959	Receipts from other revenue	59,000	53,938
(3,996,836)	Payments to suppliers	(4,491,821)	(4,669,609)
(3,702,592)	Payment to employees	(3,902,280)	(3,803,964)
(4,479)	Interest paid	(3,010)	(3,298)
(55,188)	Goods and services tax (net)	0	(150,375)
(141,115)	Regional Council rates	0	(426,936)
3,001,499	Net cash flow from operating activities	2,023,479	2,161,454
CASH FLOWS FROM INVESTING ACTIVITIES			
49,294	Receipts from sale of property, plant and equipment	0	52,811
(6,402)	Purchase of intangible assets	0	(28,907)
(325,000)	(Acquisition)/Sale of investments (net)	0	(300,000)
(1,339,143)	Purchase of property, plant and equipment	(2,332,340)	(3,112,299)
(1,621,251)	Net cash flow from investing activities	(2,332,340)	(3,388,395)
CASH FLOWS FROM FINANCING ACTIVITIES			
0	Repayment of borrowings	0	0
(15,189)	Payment of principal for finance leases	(17,568)	(17,116)
(15,189)	Net cash flow from financing activities	(17,568)	(17,116)
1,365,059	Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(326,429)	(1,244,057)
742,950	Cash, cash equivalents and bank overdrafts at the beginning of the year	8,675,136	2,108,009
2,108,009	Cash, cash equivalents and bank overdrafts at the end of the year	8,348,707	863,952

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

Explanations of significant variances against budget are detailed in Note 30

**KAWERAU DISTRICT COUNCIL
FUNDING IMPACT STATEMENT
(Whole of Council)**

2014/15		For the Year Ended 30 June 2016		2015/16	
Annual Plan	Actual			LTP	Actual
SOURCES OF OPERATING FUNDING					
7,558,830	7,578,407	General rates, UAGC and rate penalties		7,981,720	8,026,730
1,004,330	1,062,662	Targeted rates		958,550	998,017
146,510	363,416	Subsidies and grants for operating purposes		163,740	501,030
817,570	842,363	Fees and charges		717,880	726,169
262,470	403,246	Interest and dividends from investments		333,400	356,232
56,000	60,941	Local Authorities Fuel tax, fines, infringements and other receipts		59,000	61,572
9,845,710	10,311,035	TOTAL OPERATING FUNDING (A)		10,214,290	10,669,750
APPLICATIONS OF OPERATING FUNDING					
8,107,420	7,799,109	Payment to staff and suppliers		8,441,170	8,399,956
4,240	4,479	Finance costs		1,560	3,297
0	0	Other operating funding applications		0	0
8,111,660	7,803,588	TOTAL APPLICATIONS OF OPERATING FUNDING (B)		8,442,730	8,403,253
1,734,050	2,507,447	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)		1,771,560	2,266,497
SOURCES OF CAPITAL FUNDING					
183,400	167,133	Subsidies and grants for capital expenditure		262,530	423,912
0	0	Development and Financial contributions		0	0
(120,340)	(126,962)	Increase/(decrease) in debt		(17,658)	1,291,184
0	0	Gross proceeds from sale of assets		0	0
0	0	Lump sum contributions		0	0
0	0	Other dedicated capital funding		0	0
63,060	40,171	TOTAL SOURCES OF CAPITAL FUNDING (C)		244,872	1,715,096
APPLICATIONS OF CAPITAL FUNDS					
Capital expenditure:					
0	167,052	- to meet additional demand		0	978,766
0	0	- to improve the level of service		250,000	0
1,696,950	1,719,425	- to replace existing assets		2,082,340	2,574,987
100,160	661,141	Increase/(decrease) in reserves		(315,908)	427,840
0	0	Increase/(decrease) of investments		0	0
1,797,110	2,547,618	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)		2,016,432	3,981,593
(1,734,050)	(2,507,447)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)		(1,771,560)	(2,266,497)
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 2016

REPORTING ENTITY

Council has designated itself a public benefit for financial reporting purposes.

The financial statements of Kawerau District Council are for the year ended 30 June 2016. The financial statements are authorised for issue by Council on 25 October 2016.

BASIS OF PREPARATION

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

The financial statements of Kawerau District Council 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 the reduced disclosure regime of tier 2 Public Benefit Entities, as Council:

- Has total expenses of less than \$30 million and
- Does not have debt or equity instruments nor holds assets in a fiduciary duty for a broad group of outsiders.

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.

These financial statements are prepared in accordance with the Public Benefit Entity standards and comply with these standards.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

The accounting policies for significant revenue items are explained as follows:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.

- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- 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.

New Zealand Transport Agency Subsidies

KDC receives government grants from the 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.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

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 revenue is recognised using the effective interest method.

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

Borrowing costs

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.

Receivables

Receivables are 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.

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 revenue and expense. 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 de-recognised 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:

1. 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.

2. 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 de-recognised 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

3. 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 de-recognised are recognised in the surplus or deficit.

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

4. Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense 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 revenue and expense 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 revenue and expense 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.

Loans and receivables and held-to-maturity investments

Impairment is established when there is evidence that KDC will not be able to collect amounts according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible it is written off against the allowance amount. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds and community loans are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measures as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Equity instrument impairment losses recognised in the surplus or deficit, are not reversed through the surplus or deficit.

Inventory

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.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

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

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.

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

Revaluation

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 CBRE Ltd, and the valuation was effective as at 30 June 2016.

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 CBRE Ltd, and the valuation was effective as at 30 June 2016.

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 Knight Frank Ltd, and the valuation was effective as at 30 June 2016. All infrastructural asset classes carried at valuation were valued.

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 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.

Land (operational and restricted), library and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values revalued assets are assessed annually to ensure that they do not differ materially from the asset's fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve inequity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised other comprehensive revenue and expense 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, and then recognised in other comprehensive revenue and expense.

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, (non-exchange transaction), it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in 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 is as follows:

	Estimated Useful Life	Depreciation Rate	Basis
Operational			
Buildings	10-67 years	1.5-10.0%	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	5-53 years	1.8%-20.0%	SL

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

Some assets components classified as buildings have a shorter life than others and therefore there is a significant range for the estimated useful lives of these assets,

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 de-recognised. 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 assets 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.

Payables

Short-term creditors and other payables are recorded at face value.

Employee entitlements

Short-term employee 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 2016.

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 employee entitlements

These are employee entitlements that are payable beyond 12 months, which include long service leave and retirement leave, and 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 revenue and expense as incurred.

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 was 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.

KDC currently is not a guarantor for any group or individual.

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:

1. Accumulated Funds
2. Restricted and Council created reserves
3. Property revaluation reserves

Restricted and Council Created Reserves

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.

Property Revaluation Reserves

This reserve relates to the revaluation of property, plant and equipment to fair value.

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 2015/16 in the 2015 – 2025 Long Term 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 16 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 revenue and expense. 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 2016:

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>2014/15</u>		<u>2015/16</u>
7,436,923	General rate	7,891,886
	Targeted rates attributable to activities:	
201,309	Water Supply – including metered	217,676
489,091	Wastewater	420,719
372,262	Refuse Collection	359,622
141,484	Rate penalties	134,843
<u>8,641,069</u>	Total revenue from rates	<u>9,024,746</u>

Rates revenue is shown net of rates remissions. KDC's rate remission policy allows KDC to remit rates (for the purpose of ensuring the rates charged to these properties are fair and equitable) shown below:

<u>2014/15</u>		<u>2015/16</u>
8,688,475	Total rates revenue	9,076,101
	Rates remissions	
(47,406)	Higher value properties/Farms	(51,355)
<u>8,641,069</u>	Rates revenue net of remissions	<u>9,024,746</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. Subsidies and Grants

<u>2014/15</u>		<u>2015/16</u>
308,859	NZ Transport Agency – Roading Subsidies	343,065
15,041	NZ Transport Agency – Subsidies for Stormwater	21,717
206,649	Grants for capital projects and events	560,160
<u>530,549</u>		<u>924,942</u>

There are no unfulfilled conditions or other contingencies attached to government grants received (2015 \$Nil).

4. Fees and charges and other revenue

<u>2014/15</u>		<u>2015/16</u>
842,363	User fees and charges	726,169
60,941	Petrol Tax	61,572
422,800	Vested assets	0
18,694	Profit on sale of asset	0
<u>1,344,798</u>	Total fees and charges and other revenue	<u>787,741</u>

5. Personnel Costs

<u>2014/15</u>		<u>2015/16</u>
3,630,806	Salaries & Wages	3,719,547
6,540	Employer contributions to multi-employer defined benefit plans	5,428
65,246	Employer contributions to Kiwisaver	80,067
(66,572)	Increase/ (decrease) in employee benefit liabilities	47,609
<u>3,636,020</u>	Total employee benefit expenses	<u>3,852,651</u>

6. Other expenses

<u>2014/15</u>		<u>2015/16</u>
42,775	General grants	50,821
1,197,106	Contractors	1,354,767
133,707	Insurance premiums	121,661
164,107	Consultants and legal fees	181,012
5,267	Impairment of receivables (note 9)	1,859
2,620,123	Other operating expenses	2,837,183
<u>4,163,085</u>		<u>4,547,303</u>

7. Interest revenue and finance costs

<u>2014/15</u>		<u>2015/16</u>
	Interest revenue:	
403,247	Term deposits	356,232
	Interest expense:	
0	Interest - other	351
4,479	Interest on finance leases	2,947
<u>398,768</u>	Net interest revenue	<u>352,934</u>

8. Cash and cash equivalents

<u>2014/15</u>		<u>2015/16</u>
1,608,009	Cash at bank and in hand	863,952
500,000	Short term deposits with maturities of 3 months or less	0
<u>2,108,009</u>	Total cash and cash equivalents	<u>863,952</u>

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

9. Receivables

<u>2014/15</u>		<u>2015/16</u>
519,363	Rates receivable	485,885
148,885	Other receivables	144,533
218,537	Sundry debtors	277,082
227,345	GST receivable	377,720
1,114,129		1,285,220
(16,047)	Less provision for impairment of receivables	(17,906)
1,098,082	Current portion	1,267,314
178,927	Receivables from exchange transactions	1,098,760
919,155	Receivables from non-exchange transactions	168,554
1,098,082		1,267,314

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

<u>2014/15</u>		<u>2015/16</u>
10,780	At 1 July	16,047
5,267	Additional provisions made during the year	1,859
0	Receivables written off during the period	0
16,047	At 30 June	17,906

10. Inventory

<u>2014/15</u>		<u>2015/16</u>
	Inventories held for distribution:	
66,927	Water & sewerage reticulation spare parts	94,922
29,958	Other	41,614
96,885		136,536

There has been no write-down of inventory during the year (2014/15 – Nil)

No inventories are pledged as securities for liabilities (2014/15 - \$nil)

11. Other financial assets/investments in CCOs

<u>2014/15</u>		<u>2015/16</u>
	Current portion	
	<i>Loans and receivables</i>	
7,800,000	Short term deposits with maturities of 4 -12 months	8,100,000
<u>7,800,000</u>	Total loans and receivables	<u>8,100,000</u>
	Non-current portion	
	<i>Investments in CCOs - at cost</i>	
31,161	Investment in Local Government Insurance Corporation	31,161
5,091	Investment in BOPLASS Ltd	5,091
<u>36,252</u>		<u>36,252</u>

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

Shares in Local Government Insurance Corporation are held at cost. The asset backing for these shares at 31 Dec 2015 was \$1.45 (2014-\$1.20).

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>2014/15</u>	Short Term Deposits	<u>2015/16</u>
7,800,000	Average investment - 262 days (2014/15 236 days)	8,100,000
<u>7,800,000</u>		<u>8,100,000</u>

12. Property, plant and equipment 2016

	Cost/ revaluation 1-July-15	Accum Depn and Imp. Chgs 1-July-15	Carrying Amount 1-July-15	Revaluation adjustment	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-16	Accum Depn and Imp Chgs 30-Jun-16	Carrying Amount 30-Jun-16
Council operational assets											
Land	\$2,043,920	0	2,043,920	317,680	0	0	0	0	2,361,600	0	2,361,600
Buildings	\$5,468,908	(644,165)	4,824,743	874,912	2,070,105	0	0	329,845	7,439,912	0	7,439,912
Plant, machinery and vehicles	\$1,338,449	(517,946)	820,504	0	323,355	(161,204)	99,599	167,461	1,500,600	(585,806)	914,794
Fixtures, fittings and equipment	\$3,962,145	(2,571,465)	1,390,680	0	456,187	(234,934)	234,914	190,709	4,183,418	(2,527,260)	1,656,158
Library collections	\$1,385,326	(1,118,192)	267,134	0	63,953	0	0	44,867	1,449,279	(1,163,059)	286,220
Leased assets	\$173,213	(150,405)	22,807	0	0	0	0	10,948	173,213	(161,353)	11,860
Total operational assets	14,371,960	(5,002,173)	9,369,787	1,192,592	2,913,600	(396,118)	334,513	743,830	17,108,022	(4,437,478)	12,670,544
Roading network	16,217,747	(1,547,709)	14,670,038	1,490,794	440,399	(16,797)	0	800,125	15,784,309	0	15,784,309
Water - Other	8,789,293	(763,246)	8,026,047	537,695	24,956	0	0	380,442	8,208,256	0	8,208,256
Water – Treatment Plant	778,119	(111,435)	666,684	117,899	90,106	0	0	58,884	815,806	0	815,806
Sewerage - Other	7,664,597	(575,627)	7,088,970	689,427	38,696	0	0	287,797	7,529,296	0	7,529,296
Sewerage – Treatment Plant	3,620,928	(256,725)	3,364,203	304,038	0	0	0	132,741	3,535,500	0	3,535,500
Stormwater - Network	5,478,532	(463,299)	5,015,233	234,955	17,088	0	0	232,088	5,035,188	0	5,035,188
Total infrastructural assets	42,549,216	(3,718,041)	38,831,175	3,374,808	611,245	(16,797)	0	1,892,077	40,908,355	0	40,908,355
Council restricted assets											
Land	\$6,768,424	0	6,768,424	(747,000)	0	0	0	0	6,021,424	0	6,021,424
Buildings	\$1,978,133	(225,706)	1,752,427	307,526	0	0	0	112,853	1,947,100	0	1,947,100
Library - Special Collection	\$12,300	0	12,300	0	0	0	0	0	12,300	0	12,300
Other	\$96,510	(5,808)	90,702	301	0	0	0	2,904	88,100	0	88,100
Total restricted assets	8,855,367	(231,514)	8,623,853	(439,173)	0	0	0	115,757	8,068,924	0	8,068,924
Total property, plant and equipment	65,776,543	(8,951,728)	56,824,815	4,128,227	3,524,845	(412,915)	334,513	2,751,664	66,085,301	(4,437,478)	61,647,823

Property, plant and equipment 2015

	Cost/ revaluation 1 July 14	Accum Depn and Imp. Chgs 1 July 14	Carrying Amount 1 July 14	Cost/ revaluation 30 June 15	Accum Depn and Imp. Chgs 30 June 15	Carrying Amount 30 June 15
Council operational assets						
Land	1,971,400	0	1,971,400	\$2,043,920	0	2,043,920
Buildings	4,652,782	(344,755)	4,308,027	\$5,468,908	(644,165)	4,824,743
Plant, machinery and vehicles	1,258,476	(441,597)	816,879	\$1,338,449	(517,946)	820,504
Fixtures fittings and equipment	3,669,385	(2,431,296)	1,238,088	\$3,962,145	(2,571,465)	1,390,680
Library collections	1,331,388	(1,075,810)	255,579	\$1,385,326	(1,118,192)	267,134
Leased assets	173,213	(139,457)	33,755	\$173,213	(150,405)	22,807
Total operational assets	13,056,643	(4,432,915)	8,623,728	14,371,960	(5,002,173)	9,369,787
Council infrastructural assets						
Roading network	15,864,927	(764,507)	15,100,420	16,217,747	(1,547,709)	14,670,038
Water - Other	8,774,417	(383,049)	8,391,368	8,789,293	(763,246)	8,026,047
Water – Treatment Plant	778,813	(59,152)	719,661	778,119	(111,435)	666,684
Sewerage - Other	7,655,921	(287,944)	7,367,977	7,664,597	(575,627)	7,088,970
Sewerage – Treatment Plant	3,604,471	(128,785)	3,475,686	3,620,928	(256,725)	3,364,203
Stormwater - Network	5,462,790	(231,312)	5,231,478	5,478,532	(463,299)	5,015,233
Total infrastructural assets	42,141,339	(1,854,749)	40,286,590	42,549,216	(3,718,041)	38,831,175
Council restricted assets						
Land	6,768,424	0	6,768,424	\$6,768,424	0	6,768,424
Buildings	1,978,133	(112,853)	1,865,280	\$1,978,133	(225,706)	1,752,427
Library - special collection	12,300	0	12,300	\$12,300	0	12,300
Other	96,510	(2,904)	93,606	\$96,510	(5,808)	90,702
Total restricted assets	8,855,367	(115,757)	8,739,610	8,855,367	(231,514)	8,623,853
Total property plant & equipment	64,053,349	(6,403,421)	57,649,928	65,776,543	(8,951,728)	56,824,815

Core asset disclosures

Valuation

Land and Buildings

Council's operational and restricted land and buildings were revalued by independent registered valuer Peter Schellekens of CBRE Limited as at 30 June 2016. These assets were revalued on the basis of depreciated replacement cost in accordance with PBE IPSAS 17. Non-specialised buildings (residential and commercial) were valued using market based evidence (income and lease data). Specialised assets were valued on the basis of depreciated cost replacement method.

Depreciated replacement cost is determined using a number of significant assumptions, which include:

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

Infrastructural assets

Council's Infrastructural assets were revalued by independent registered valuer Mike Morales of Knight Frank Ltd, on the depreciated replacement cost basis as at 30 June 2016 in accordance with NZ IAS 16. These assets were considered to be specialised as they were unlikely to be sold on the open market.

The depreciated replacement cost is determined using a number of significant assumptions, which include:

- Estimating any obsolescence or surplus capacity of the asset
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of benefits of the asset, Council could be over or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The library collection was initially valued at deemed cost in accordance by Beca Carter Hollings and Ferner (Valuers) in 1991 and since then additions have been recorded at cost and depreciation charged on the diminishing value basis.

Disposals

The net loss on disposal of property, plant and equipment (\$25,591) has been recognised in the statement of comprehensive revenue and expense.

Leases

The net carrying amount of plant and equipment held under finance leases is \$11,860 (2015 - \$22,801).

Impairment

There were no impairment losses incurred for the year to 30 June 2016 (2015 – nil).

Restrictions

Land and buildings in the Restricted Assets category are subject to either restrictions on use or disposal or both. This includes restrictions from legislation (such as a reserve under the Reserves Act 1977) or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used). No restricted assets are used as security for Council liabilities.

Core infrastructure asset disclosure

Included within the Council infrastructure assets (above) are the following core Council assets.

2016	Closing book value	Additions (constructed)	Most recent replacement cost estimate for revalued assets (30 June 2016)
Water Supply:			
-Treatment plant	815,806	90,106	1,405,100
-Other assets (reticulation)	8,208,256	24,956	24,981,800
Sewerage:			
-Treatment plant	3,535,500	0	5,569,600
-Other assets (reticulation)	7,529,296	38,696	22,108,700
Stormwater drainage	5,035,188	17,088	16,515,400
Roads and Footpaths	15,784,309	440,399	32,873,400
2015			
Water Supply:			
-Treatment plant	666,684	12,192	1,383,520
-Other assets (reticulation)	8,026,047	14,876	22,803,570
Sewerage:			
-Treatment plant	3,364,203	36,975	5,066,880
-Other assets (reticulation)	7,088,970	8,676	20,079,080
Stormwater drainage	5,015,233	15,742	15,741,968
Roads and Footpaths	14,670,038	365,710	30,944,346

13. Intangible assets

<u>2014/15</u>		<u>2015/16</u>
	Acquired computer software	
	Balance at 1 July	
332,273	Cost	338,675
(269,286)	Accumulated amortisation and impairment	(280,274)
62,987	Opening carrying amount	58,401
6,402	Additions	28,906
(10,988)	Amortisation charge	(13,737)
58,401	Closing carrying amount	73,570
	Balance at 30 June	
338,675	Cost	367,581
(280,274)	Accumulated amortisation and impairment	(294,011)
58,401	Closing carrying amount	73,570

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

14. Depreciation and amortisation expense by group of activity

<u>2014/15</u>	Depreciation and amortisation expense (for	<u>2015/16</u>	<u>2015/16</u>
Actual	group of activity)	Budget	Actual
16,992	Democracy	18,960	18,426
80,420	Economic and community development	76,180	88,395
18,155	Environmental services	18,010	19,206
766,888	Roading	722,330	756,340
190,041	Stormwater	189,760	232,198
442,313	Water supply	455,600	444,455
424,659	Wastewater	431,530	426,562
21,795	Solid waste	24,890	23,960
524,582	Leisure and recreation	556,380	583,917
163,971	Other activities	0	171,942
2,649,816	Total	2,493,640	2,765,401

15. Payables and deferred revenue

	Current portion:	
<u>2014/15</u>	Payables and deferred revenue under exchange transactions:	<u>2015/16</u>
1,088,415	Trade payables	1,211,048
234,735	Accrued expenses	353,573
5,714	Revenue in advance	5,714
1,328,864	Total	1,570,335
	Payables and deferred revenue under non-exchange transactions:	
629,544	Rates fees and grants received in advance	517,810
50,098	Rates due to BOP Regional Council	57,312
37,539	Deposits and bonds	38,022
717,181	Total	613,144
2,046,045	Total payables and deferred revenue	2,183,479
	Non-current portion:	
	Payables and deferred revenue under exchange transactions:	
182,857	Income in advance	177,143

16. Provisions

<u>2014/15</u>		<u>2015/16</u>
	Current provisions are represented by:	
10,000	Landfill aftercare provision	10,000
	Non-current provisions are represented by:	
73,514	Landfill aftercare provision	66,638
	Landfill aftercare provision	
90,109	Opening balance	83,514
(4,648)	Amount utilised	(3,100)
3,405	Discounting changes	3,124
(5,352)	Increase/(Decrease) in provision	(6,900)
83,514	Closing Balance	76,638

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 \$90,000 (2015 - \$100,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$76,638 (2015 - \$83,514) using a discount rate of 4.25% (2015 – 4.25%).

17. Employee Entitlements

<u>2014/15</u>		<u>2015/16</u>
320,118	Annual leave	359,885
115,359	Retirement gratuities	91,726
18,013	Accrued salaries	49,488
453,490	Total employee benefit liabilities	501,099
	Comprising:	
355,957	Current	412,378
97,533	Non-current	88,721
453,490	Total employee benefit liabilities	501,099

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2015/16 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% (2015 6%) and an inflation factor of 2.0% (2015 2%) were used.

18. Borrowings and other financial liabilities

<u>2014/15</u>		<u>2015/16</u>
	Current	
17,116	Finance leases	14,009
17,116	Total current borrowings	14,009
	Non-current	
15,213	Finance leases	1,204
15,213	Total non-current borrowings	1,204

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.

Internal borrowings

Information about internal borrowings is provided in note 21 of the annual report. Internal borrowings are eliminated on consolidation of activities in the financial statements.

Analysis of finance lease liabilities

<u>2014/15</u>		<u>2015/16</u>
	Total minimum lease payments are payable	
20,068	Not later than one year	15,052
15,052	Later than one year and not later than five years	1,216
35,120	Total minimum lease payments	16,268
(2,791)	Future finance charges	(1,055)
32,329	Present value of minimum lease payments	15,213
	Present value of minimum lease payments are payable	
17,116	Not later than one year	14,009
15,213	Later than one year and not later than five years	1,204
32,329	Total	15,213
17,116	Current	14,009
15,213	Non-current	1,204
32,329	Total	15,213

Description of material leasing arrangements

KDC has entered into finance leases for the phone system and the printer/copiers. The net carrying amount of the leased items within each class of property, plant and equipment is shown in Note 12.

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.

Security

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

19. Equity

2014/15		2015/16
	Accumulated Funds	
38,075,041	As at 1 July	37,613,935
	Transfers to:	
(1,953,157)	Council created reserves	(2,077,930)
	Transfers from:	
0	Restricted reserves	0
1,061,547	Council created reserves	1,890,572
430,504	Total Comprehensive Revenue and Expense	(100,583)
37,613,935	As at 30 June	37,325,994
	Council created reserves	
7,839,662	As at 1 July	8,731,272
	Transfers to:	
(1,061,547)	Accumulated Funds	(1,890,572)
	Transfers from:	
1,953,157	Accumulated Funds	2,077,930
8,731,272	As at 30 June	8,918,630
	Property revaluation reserves	
18,916,377	As at 1 July	18,916,377
0	Total Comprehensive Revenue and Expense	4,128,227
18,916,377	As at 30 June	23,044,604
27,647,649,	TOTAL OTHER RESERVES	31,963,234
	Asset revaluation reserves consist of:	
	Operational Assets	
337,300	Land	654,980
74,548	Landscaping	74,548
1,491,742	Buildings	2,366,650
95,916	Other Equipment	95,916
1,999,506		3,192,094
	Infrastructural Assets	
5,886,390	Roading Network	7,377,188
3,270,778	Water System	3,926,372
2,478,591	Wastewater System	3,472,056
1,691,990	Stormwater Network	1,926,945
13,327,749		16,702,561
	Restricted Assets	
2,674,450	Land	1,927,450
914,672	Buildings	1,222,499
3,589,122		3,149,949
18,916,377		23,044,604

Council created reserve funds are held to fund the required renewals for each activity and to ensure they 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.

20. Reserves

2014/15 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure \$	2015/16 \$
	Asset Renewal Reserve (All Activities) To set funds aside for the renewal of assets utilised by the following activities:			
60,961	Democracy	14,700	0	75,661
571	Building & Inspection	5	0	576
4,026	Environmental Health	10	0	4,036
(16,916)	Dog Control	6,436	(15,065)	(25,545)
1,813,127	Roading/Footpaths	381,311	(277,689)	1,916,749
216,032	Stormwater	62,509	(5,810)	272,731
3,130,006	Water Supply	458,895	(91,768)	3,497,133
2,917,750	Wastewater	398,886	(60,988)	3,255,648
(83,103)	Refuse Disposal	9,836	(37,845)	(111,112)
72,380	Zero Waste	5,902	(12,650)	65,632
(192,853)	Library	90,541	(126,881)	(229,193)
(4,305)	Museum	8,373	(32,733)	(28,665)
2,567	Swimming Pool	73,482	(485,605)	(409,554)
(206,966)	Rec Centre	50,733	(117,418)	(273,651)
162,640	Town Hall	34,475	(13,452)	183,663
86,193	Concert Chamber	12,764	(11,648)	87,309
43,894	Town Centre Toilets	(343)	(2,860)	40,691
216,028	Sportfields	77,790	(66,189)	227,629
(254,730)	Passive Reserves	61,494	(142,277)	(335,513)
234	Road Berms	(2)	0	232
11,551	Street Trees	987	0	12,538
1,206	Bedding Displays	8	0	1,214
267,960	Playgrounds	42,927	(10,142)	300,745
(13,742)	Pensioner Housing (Bert Hamilton Hall)	(1,248)	0	(14,990)
30,806	Cemetery	8,032	(600)	38,238
(144,260)	Commercial Rental Buildings	(6,444)	(28,766)	(179,470)
(61,607)	District Office & Depot	60,190	(104,044)	(105,461)
513,169	Finance	34,727	(53,005)	494,891
5,909	Operations & Services	(47)	0	5,862
143,487	Plant	190,671	(193,137)	141,021
9,256	Development Feasibility Fund	327	0	9,583
8,731,272	Total	2,077,930	(1,890,572)	8,918,630
2014/15 \$	Revaluation Reserve – Purpose of Fund	Additions \$		2015/16 \$
18,916,377	Revaluation Reserve - records the amount that Council's assets have increased in value.	4,128,227	0	23,044,604

21. 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 revenue is recognised in interest revenue. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

2014/15			2015/16			
Interest \$	Loans \$	Internal Loans	Interest \$	New Loans \$	Repayments \$	Loans \$
		Solid waste:				
8,567	182,154	Refuse Disposal - Transfer Station Loan	7,923		(15,336)	166,818
		Leisure and Recreation:				
681	0	Swimming Pool Loan – No 1				
4,328	92,934	Swimming Pool Loan – No 2	4,092		(5,390)	87,544
5,598	104,406	Public Hall - Recreation Centre Loan	4,142		(33,257)	71,149
2,762	38,334	Library - Building Loan	1,084		(38,334)	0
0	0	Swimming Pool Loan – No 3	0	450,000	0	450,000
0	0	Firmin Lodge	0	950,000	0	950,000
21,936	417,828	Total	17,241	1,400,000	(92,317)	1,725,511

22. Capital commitments and operating leases

During the year Council had entered into contracts for the construction of swimming pool changing rooms and splash pad. At the 30 June 2016 there was outstanding on the contracts (for work still to be done): \$73,636 for the changing rooms and \$127,121 for the splash pad. (2015 \$nil).

Also there were two leases where Council was the lessor:

<u>2014/15</u>		<u>2015/16</u>
	Total minimum lease payments	
4,544	Not later than one year	5,316
<u>1,000</u>	Later than one year and not later than five years	<u>3,544</u>
<u>5,544</u>	Total minimum lease payments	<u>8,860</u>

23. Contingencies

Nil (2015 \$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 up to 30 June 2014. 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 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 2016 (2015 Nil).

24. Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Council would have adopted in dealing with the party at arm's length in the same circumstances.

Key management personnel compensation:

<u>2014/15</u>		<u>2015/16</u>
174,810	Councillors: Remuneration	187,768
9	Full-time equivalent members (NB number of elected members)	9
Senior management team including Chief Executive Officer		
568,479	Remuneration	573,606
4	Full-time equivalents	4
743,289	Total key management personnel remuneration	761,374
13	Total full-time equivalent personnel	13

25. Remuneration

<u>2014/15</u>		<u>2015/16</u>
200,594	Chief Executive Officer	201,637
	The Chief Executive Officer also received additional benefits of \$600.00 (\$600.00 2015) for telephone rental	

<u>2014/15</u>		<u>2015/16</u>
	Elected Members	
		<u>Communication Allowance</u>
		<u>Salary</u>
		<u>Total</u>
58,900	Mayor - M J Campbell JP	0
18,760	Councillor - A J Holmes	500
16,750	Councillor - C J Ion	500
13,400	Councillor - B J Julian	500
13,400	Councillor - S H Tuhoro	500
13,400	Councillor - R G K Savage	500
13,400	Councillor - W Godfery	500
13,400	Councillor - C J Marjoribanks	500
13,400	Councillor - F K N Tunui	500

26. Staffing Levels and Remuneration

For the year to 30 June 2016 there were 54 staff which received annual salaries of less than \$60,000 (2015 58 employees)

<u>2014/15</u>	Total annual remuneration (in bands) as at 30 June	<u>2015/16</u>
No of Staff		No of Staff
58	Salary < \$60,000	54
5	Salary \$60,000 - \$79,999	7
5	Salary \$80,000 - \$210,000	6
68	Total	67
<u>2014/15</u>		<u>2015/16</u>
52	Number of staff which were full time employees (>30 hours per week)	49
7.2	Number of part time staff (ie < 30 hours per week) expressed as FTE	6.8

27. Severance Payments

During the year, there were two severance payments made to Council employees of \$30,000 and \$3,600 (2015 \$nil)

28. Events after balance date

In 2015/16 there were no significant events after balance date (2014/15 nil).

29. Financial Instruments

Financial instrument categories

The accounting policies for financial instruments have been applied to the items below:

<u>2014/15</u>		<u>2015/16</u>
	Financial Assets	
	Loans and receivables	
2,108,009	Cash and cash equivalents	863,952
870,737	Debtors and other receivables	889,594
<u>7,800,000</u>	Held to maturity investments of 4-12 months	<u>8,100,000</u>
<u>10,778,746</u>	Total loans and receivables	<u>9,853,546</u>
	Fair value through other comprehensive revenue and expense	
<u>36,252</u>	Investments in unlisted shares	<u>36,252</u>
<u>36,252</u>	Total fair value through other comprehensive revenue and expense	<u>36,252</u>
<u>10,814,998</u>	Total financial assets	<u>9,889,798</u>
	Financial Liabilities	
	Financial liabilities at amortised cost	
1,410,787	Creditors and other payables	1,659,952
<u>17,116</u>	Borrowings	<u>14,009</u>
<u>1,427,903</u>	Total financial liabilities at amortised cost	<u>1,673,961</u>
	Non-current liabilities	
<u>15,213</u>	Borrowings	<u>1,204</u>
<u>15,213</u>	Total non-current liabilities	<u>1,204</u>
<u>1,443,116</u>	Total financial liabilities	<u>1,675,165</u>

30. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the Long Term Plan for 2015/16 are as follows:

Statement of comprehensive revenue and expense

The significant variances from KDC's estimated figures include: additional grants received for events and projects undertaken during the year, reduced fees and charges resulting from changes to the civil defence activity and water by meter revenue being included in rate revenue (not fees and charges). Also there was additional expenditure for events (which was offset by the additional funding) and reduced expenditure for insurance, power and chemicals.

There are descriptions of variances compared to budget disclosed in the group Funding Impact Statements.

Statement of financial position

Cash and Cash Equivalents were lower than budget while Other Financial Assets was higher as term deposits were invested for longer periods than 90 days to obtain the best interest rates.

Also Cash and Other Financial Assets overall was higher than budget because it was anticipated that there would be greater expenditure on capital projects during the year which would have been funded from council reserves. Property Plant and Equipment was higher than budget because the revaluation was higher than anticipated.

Liabilities were higher than budget due to there being more creditors at year end.

Statement of cash flow

Cash flow from rates was more than budget because of: increased revenue from penalties, the inclusion of water by meter revenue and payment of previous year's rate arrears.

Interest received was higher than budget because of more funds being available for investment.

Subsidies and grants were higher than budget because of additional grants received for projects as well as events

Receipts from fees and charges were lower than budget because there was no civil defence revenue because of the changes to how this activity was delivered and the water by meter revenue was recognised in rates revenue.

Payments to suppliers and employees were higher than budget because of additional expenditure for events that was funded from additional revenue.

Purchases of plant, property and equipment was more than budget because some projects had been carried forward from the previous year.

Expenditure for Purchase of Investments exceeded the budget because all short term deposits were invested for longer periods (> 90 days) to obtain the best interest rates which is why "cash and cash equivalents" is significantly lower than budget.

31. Rating Base

<u>30 June 2014</u>		<u>30 June 2015</u>
2,885	Number of rating units	2,929
\$548,666,600	Capital value of rating units	\$574,015,600
\$90,402,100	Land value of rating units	\$93,576,100

32. Insurance Disclosure

The following information relates to the insurance of Council assets as at 30 June:

<u>30 June 2015</u>		<u>30 June 2016</u>
48,012,000	Total value of all Council assets covered by insurance contracts	53,447,220
91,707,000	Maximum amount to which insured assets are insured	98,627,956
0	Total value of all Council assets covered by financial risk sharing arrangements (Council withdrew from this arrangement on 1 June 2014)	0
0	Maximum amounts available to Council under financial risk sharing arrangements.	0
	Council does not have any assets that are self-insured (2015 Nil)	

KAWERAU DISTRICT COUNCIL DISCLOSURE STATEMENTS FOR YEAR ENDING 30 JUNE 2016

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.

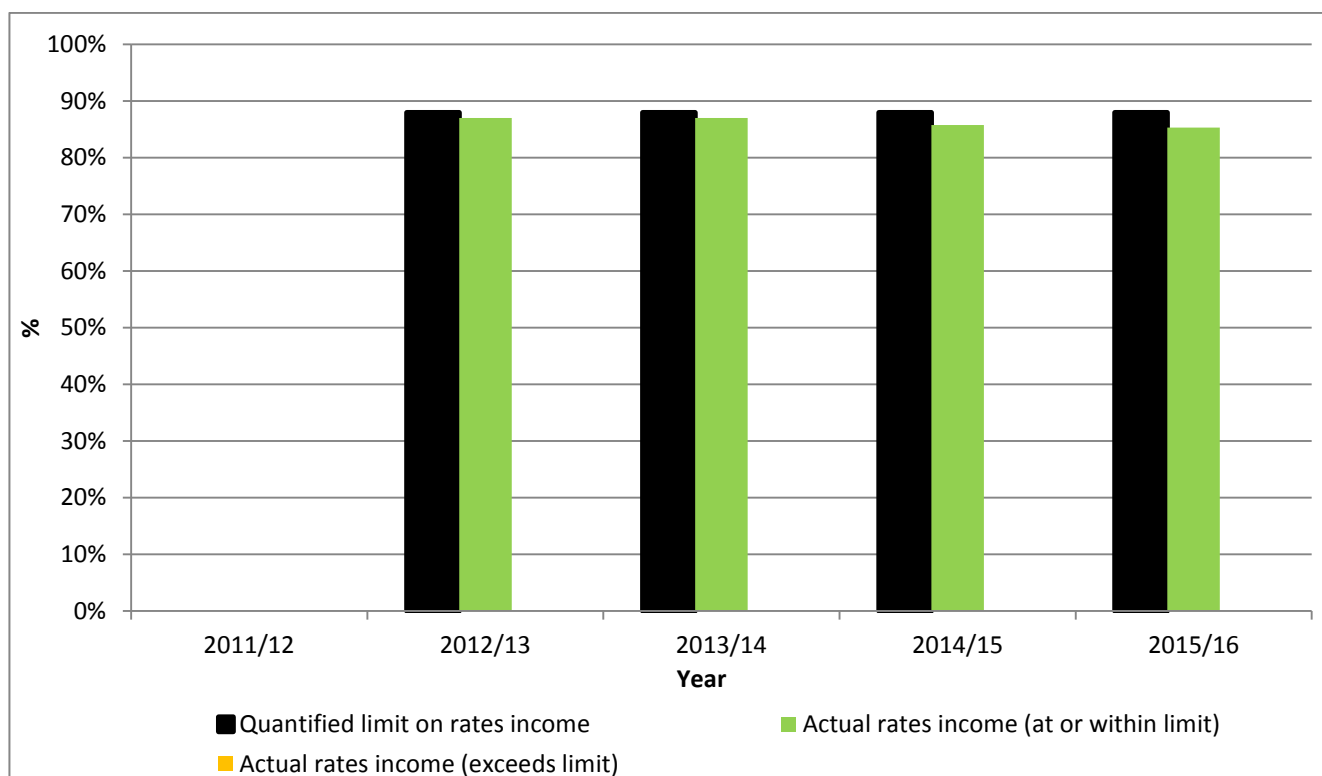
RATES AFFORDABILITY BENCHMARK

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

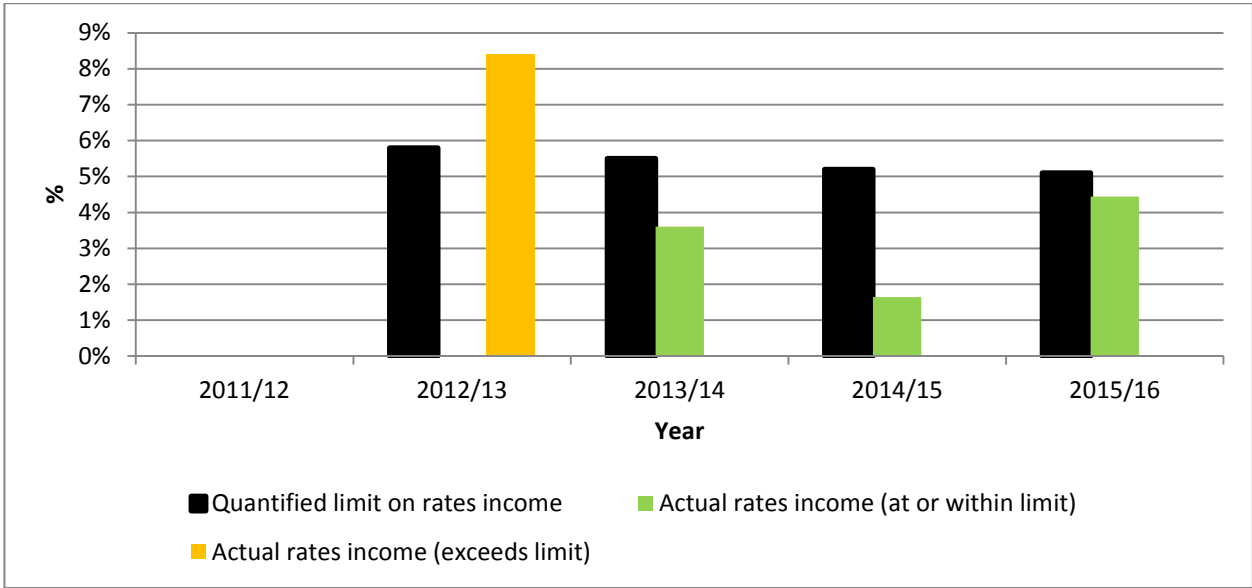
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



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 in council's long-term plan. The quantified limit is the underlying average rate of inflation (for Council costs) plus 2%. Council has used the actual rate of inflation each year (plus 2%), rather than budgeted inflation, as its quantified limit on rates.

Actual rates income is the rates revenue reported in the annual report compared to the rates revenue for the previous year.



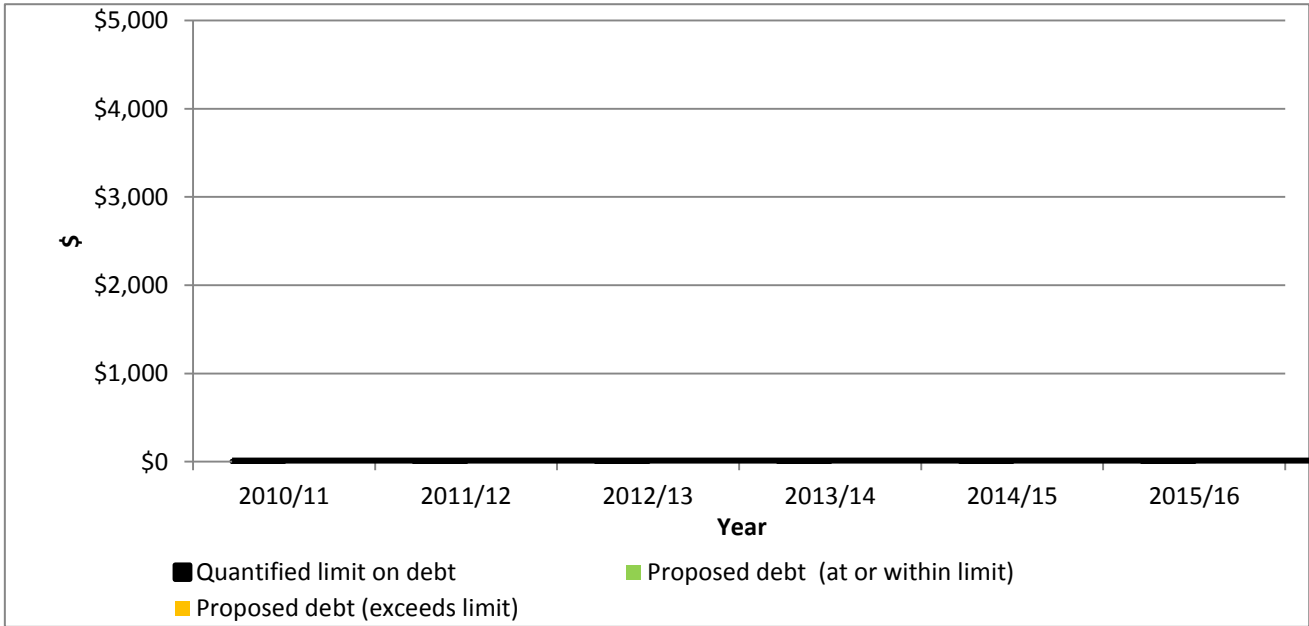
Comment:

As disclosed in the 2012-2022 Long-Term Plan, the 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 in the previous year. For the subsequent three years Council has kept the rate increase within the quantified limit set in the financial strategy.

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 excluding finance leases.

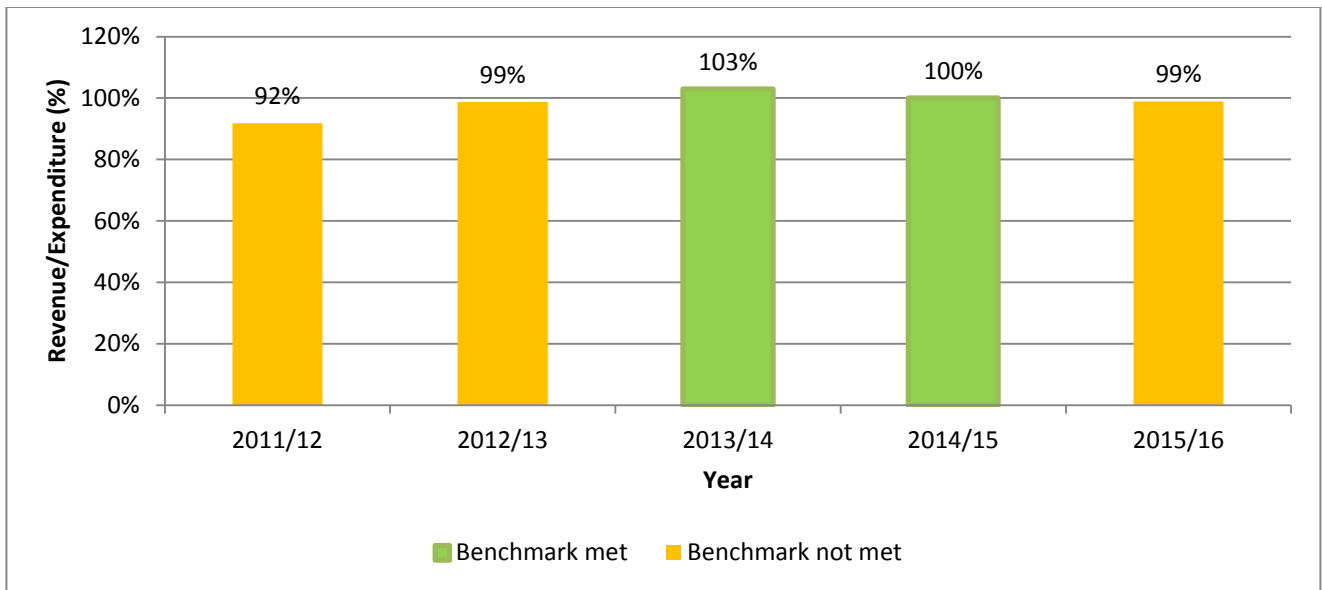


Comment:

Council does not have any debt as it has sufficient funds to meet all anticipated expenditure except for finance leases. KDC entered into finance lease agreements for the acquisition of its telephones and copier/printers. Finance leases are included as debt in Council's financial statements.

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:

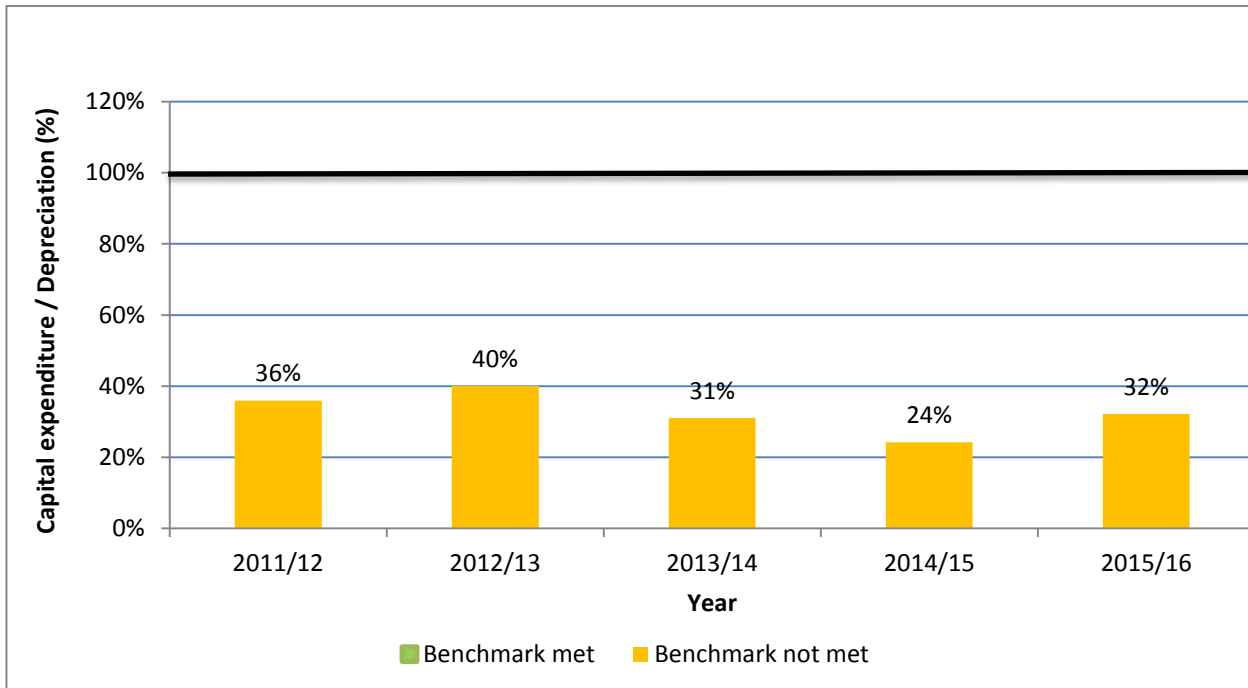
Council does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rate of 66%. The benefit of not funding the portion of 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.

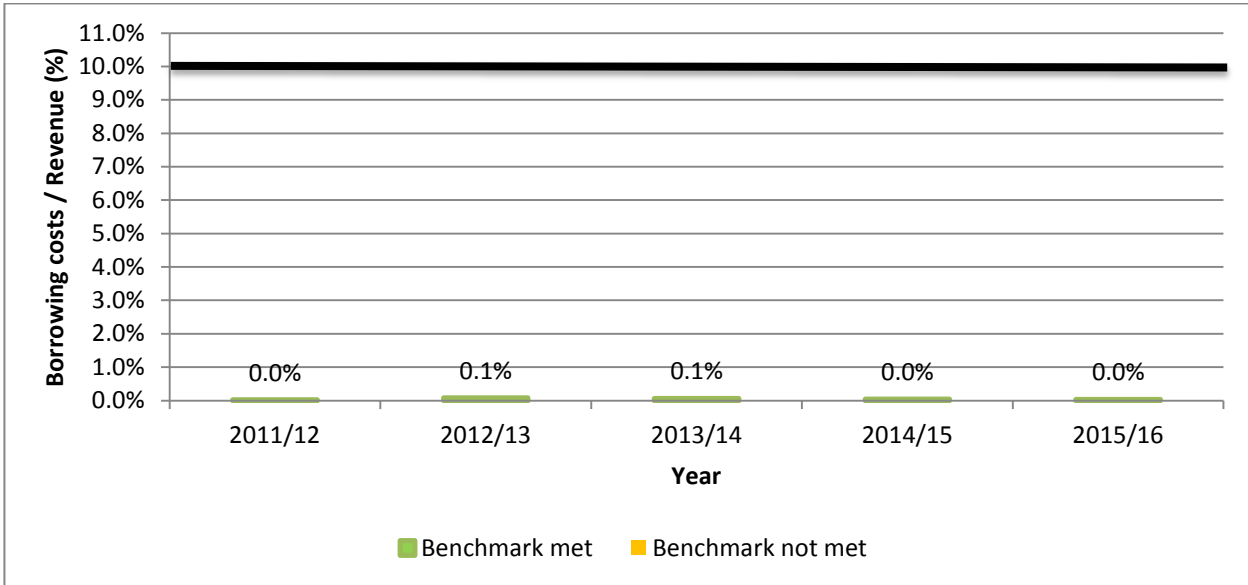
The following table broadly illustrates the age of Councils infrastructure.

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	42 years
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	37 years
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	30 years
6	Geothermal area (Rec. Centre, Pool, Bowling Club, TAB carpark).	1960	55 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 equals or is less than 10% of its revenue.

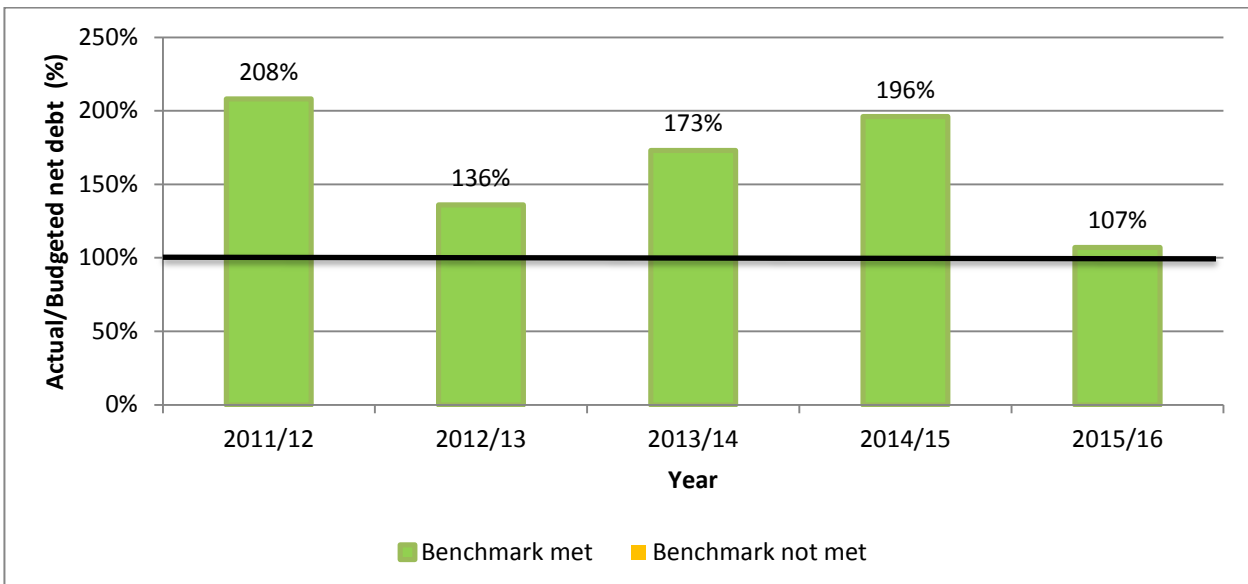


Comment:

Council's debt servicing relates to finance charges on leased assets (telephones and copiers/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.



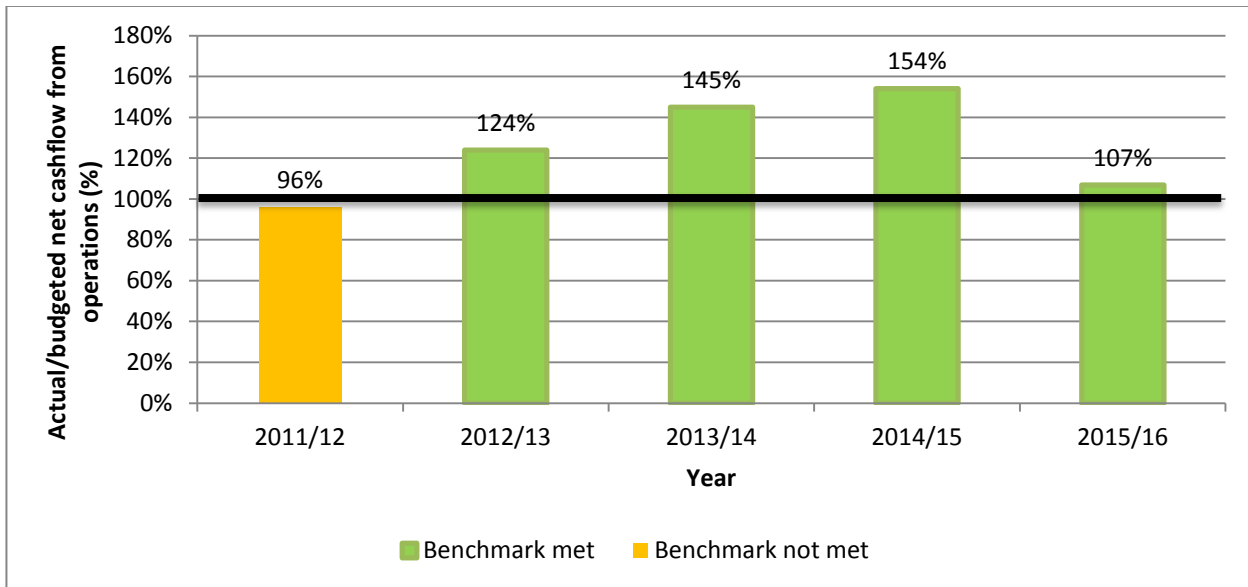
Comment:

Kawerau District Council's financial assets exceed 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.



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 a total 112 performance targets for all groups for the 2015/16 year (excluding those which were not applicable) and managed to achieve 93 (83%) of them, which was a 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 2015/16 year, Council achieved 83% of its non-financial performance targets.

Activity	2015/16 No. of Targets	2015/16 End of Year Result		2014/15 Achievement Rate
Democracy	5	4	80%	100%
Economic & Community Development	13	11	85%	89%
Environmental Services	33	26	79%	94%
Roading	11	8	73%	100%
Stormwater	4	3	75%	67%
Water Supply	13	11	85%	82%
Wastewater	8	7	88%	100%
Solid Waste Management	3	3	100%	100%
Leisure and Recreation	22	20	91%	80%
TOTAL*	112	93	83%	90%

*excludes the N/A targets

There were 19 targets that were not achieved.

For the democracy activity, Council had a target of completing its annual works programme for the year, but due to a number of delays this did not occur. Council has allocated additional resources to assist with the annual works programme.

For the economic and community development activity it programmed that: community development, healthy homes and age and disability friendly strategies would be adopted. However, these strategies are now programmed to be completed early in the new year.

For environmental services there were seven targets which were not achieved mostly as a result of timeframes being exceeded or audits/inspections being done after year end.

For the roading activity, there was one serious injury as a result of a road accident, the ride quality was 94% (compared to a target of 95% or better) and 3 reported streetlight outages were repaired outside the 28 day target. Also for stormwater the remediation took longer than 1 day following a flooding event.

Council did not achieve its target relating to the quality of the drinking water with one instance of e-coli contamination and it did not achieve the target of water loss being less than 200 litres per connection per day (226.7 litres per connection per day).

For the wastewater activity Council partially achieved its customer satisfaction targets (2/4) with the two targets not being achieved: 54 sewerage system faults reported (target 40) and 46 sewerage system blockages (target 40).

Council missed the target for active users of the library, with 29% of the population being active users compared to a target of 35% of the population. Also there were only 147 objects accessioned into the Museum collection for the year compared to a target of 200 objects.

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.

Audit & Risk Committee

The responsibilities of the audit and risk committee include: ensuring Council fulfils its legal responsibilities, monitors existing corporate policies and recommend new policies, provide a communication link between management, council and auditors, monitors performance and internal controls and ensure that risk is appropriately managed.

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 advocates within and beyond the district and governs for community needs and interest.*
- *Council embraces involvement from all sectors of the community in its democracy and decision making.*

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 2015/16 were:

- Preparation and adoption of the 2016/17 Annual Plan.
- The adoption of the 2014/15 Annual Report.
- Review of representation arrangements
- Establishment of a community awards policy and committee
- Adoption of a number of policies and strategies for the betterment of the town and residents

In 2015/16, Council used the special consultative procedure and/or Community consultation process when adopting the following:

- 2016/17 Annual Plan in conjunction with the proposal to swap reserve land
- Representation review
- A number of other policies and strategies that were adopted during the year

DEMOCRACY

PERFORMANCE

During the year there were eleven ordinary Council meetings, eleven Regulatory and Services Committee meetings, six meetings of the Audit and Risk Committee and nine Youth Council meetings.

Levels of Service	Measures	Target 2015/16	Results 2014/15	Results 2015/16	Comment
The community has confidence in their elected members	Community satisfaction with the Mayor and councillors	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 87%
Council encourages the community to contribute to Council decision-making and informs the community about key issues and activities	Community satisfaction with Council consultation	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 67%
Council provides quality democracy and representation to the community.	Number of public meetings held (Committee and Ordinary Council)	11 Ordinary Council and 10 Committee meetings	Achieved	Achieved	11 Ordinary Council meetings and 11 Committee (R&S) meetings held to date.
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 published
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	A Public Forum was provided at each Council and Committee meeting.
Financial management is prudent, effective and efficient	Community satisfaction with way rates are spent	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 86%
	Percentage completion of the annual work programme	>90%	New Target	Not achieved	Of the 198 projects, 4 were not required and a total of 174 (89.7%) were completed. Projects not required were: <ul style="list-style-type: none"> • Cemetery land • Water pipe and pump renewals • BBQ roof (Additional cemetery land is not needed at this time nor was the replacement of water pipes and pumps. The BBQ shelter is being replaced so a new roof was not required)

KAWERAU DISTRICT COUNCIL DEMOCRACY

Funding Impact Statement for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16 Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDING		
510,350	General rates, UAGC and rate penalties	569,990	563,275
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
0	Fees and charges	0	1,226
3,260	Internal charges and overheads recovered	3,030	2,368
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
513,610	TOTAL OPERATING FUNDING (A)	573,020	566,869
	APPLICATIONS OF OPERATING FUNDING		
302,270	Payment to staff and suppliers	340,640	353,474
1,370	Finance costs	2,200	1,773
186,990	Internal charges and overheads applied	211,210	253,277
0	Other operating funding applications	0	0
490,630	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	554,050	608,524
22,980	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	18,970	(41,655)
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	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
22,980	Increase/(decrease) in reserves	18,970	(41,655)
0	Increase/(decrease) of investments	0	0
22,980	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	18,970	(41,655)
(22,980)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(18,970)	41,655
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 Opotiki and Whakatane 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:

- *Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities in the district.*
- *Council facilitates a vibrant community life with opportunities for 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 2015/16 were:

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

Other achievements included:

- Continuing to manage and 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 2015/16	Results 2014/15	Results 2015/16	Comment
Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at Trustee meetings	Representation at 90% of Trustee meetings	Achieved	Achieved	CEO and/or EDM attendance at all Trust meetings during the year
Council is actively involved in the Industrial Symbiosis project	Allocation of resources to ISK	0.6 FTE staff member allocated	Achieved	Achieved	
Council encourages positive perceptions of Kawerau by supporting local events.	At least 1 event held per month from February to December	At least 1 event held per month from February to December	New Target	Achieved	There was at least 1 event held each month during the year.
Delivery of Youth Activities as agreed with the Ministry of Youth Development	Percentage of agreed activities delivered	100%	New Target	Achieved	Activities delivered: Oct 15 onwards – Do you Dig It? Dec 15-Jan 16 – Kawerau Holiday Vibes Mar 16 – Kawerau Spirit Day May 16 – Kawerau on the Rise
Council contributes to the continuation of successful events	Council employs an events co-ordinator	Events co-ordinator employed	Achieved	Achieved	A change of organisational structure in March resulted in Events & Venues Manager 1 FTE plus Events Co-ordinator 0.5 FTE
Council distributes funding for community projects and initiatives	Grants are allocated in accordance with fund criteria	100%	Achieved	Achieved	The Community Grants Committee approved grants to 7 community groups totalling \$13,640 in accordance with the fund criteria
	Facilitation of Creative Communities Scheme in accordance with fund criteria	2 funding rounds held and all available funds allocated	Achieved	Achieved	Funding rounds were held in November 2015 and May 2016. All available grant funds (totalling \$11,181) were allocated
Council provides a local information centre	Number of days open each year	At least 360 days	Achieved	Achieved	The information centre was open 364 days for the year.
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	New Youth Council appointed in February 2016 for the calendar year
	Youth council activity	At least 9 meetings held	Not achieved	Achieved	9 meetings of Youth Council were held
	Annual selection and presentation of young achievers awards	Awards presented	Achieved	Achieved	Awards presented 10 November 2015

Levels of Service	Measures	Target 2015/16	Results 2014/15	Results 2015/16	Comment
Council supports community development initiatives	Community Development Strategy which clearly defines action points	Strategy adopted by Council.	New Target	Not achieved	Development of strategy has yet to commence but it is anticipated that a draft will be prepared for early in the new year.
	Age and Disability Friendly and Healthy Housing Strategies developed	Strategies adopted.	New Target	Not achieved	Anticipated that a draft Healthy Housing strategy will go to Council for the December 2016 meeting and a draft Age and Disability Strategy will be prepared by February 2017.

KAWERAU DISTRICT COUNCIL
ECONOMIC AND COMMUNITY DEVELOPMENT
Funding Impact Statement
for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16 Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDING		
589,270	General rates, UAGC and rate penalties	648,890	648,888
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	281,473
17,780	Fees and charges	17,840	72,229
580	Internal charges and overheads recovered	750	0
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
607,630	TOTAL OPERATING FUNDING (A)	667,480	1,002,590
	APPLICATIONS OF OPERATING FUNDING		
440,370	Payment to staff and suppliers	484,100	820,134
1,090	Finance costs	2,160	3,258
154,550	Internal charges and overheads applied	170,900	301,578
0	Other operating funding applications	0	0
596,010	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	657,160	1,124,970
11,620	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	10,320	(122,380)
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	950,000
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
0	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	950,000
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	978,766
0	- to improve level of service	0	0
0	- to replace existing assets	7,750	0
11,620	Increase/(decrease) in reserves	2,570	(151,146)
0	Increase/(decrease) of investments	0	0
11,620	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	10,320	827,620
(11,620)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(10,320)	122,380
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

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

<u>2014/15</u>	CAPITAL RENEWALS	Budget (LTP)	2015/16
30,492	Renewals	7,750	0
72,520	Land (Additional demand)	0	0
94,532	Building (Additional demand)	0	978,766
197,544		7,750	978,766
	FUNDED BY:		
0	Loan	0	950,000
197,544	Depreciation Reserve Funding	7,750	28,766
197,544		7,750	978,766

During the year Council renovated the former rugby clubrooms on Firmin Field as there is demand to have accommodation for groups using the river and reserve.

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 Kawerau's environment through its stewardship, planning and consents.*
- *Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environment*

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 2015/16 were:

- Ongoing accreditation of Council's building consent activity by the Building Consent Authority.

Other achievements included:

- 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 2016
- Impounding 299 dogs during the year for various statutory breaches
- Adopting the Eastern Bay Local Alcohol Policy.
- Responding to and investigating 683 noise complaints in accordance with statutory requirements and practice guidelines
- Participating in 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 2015/16	Result 2014/15	Result 2015/16	Comments
Resource consents are processed in accordance with the District Plan and the Resource Management Act	Monitoring of resource consents for compliance	100%	New Target	Achieved	
Resource consents processes comply with statutory requirements.	Resource consents processed within timeframes set in the Resource Management Act 1991	100% within timeframes	Achieved	Achieved	5/5 (100%)

Building Control

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	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	IANZ undertook a routine re-assessment on 25-27 November 2015 and continued accreditation was approved in April 2016.
Service users consider Council's building control activity to be effective	Satisfaction of service users – Building Inspection Processes	90% satisfaction	Achieved	Achieved	100%
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Achieved	Achieved	100%
Building control functions are delivered within the statutory timeframes	Time taken to process building consent applications	100% within 20 working days	Achieved	Achieved	74/74 (100%)
	Time taken to process multi-proof building consent applications	100% within 10 working days	N/A	N/A	There were no multi-proof consent applications received during 2015/16
	Time taken to issue PIMs	100% within 20 working days	N/A	N/A	There were no application for PIMs received during 2015/16
	Time taken to process Code Compliance certificate applications	100% within 20 working days	Achieved	Achieved	100/100 (100%)
	Time taken to notify Compliance schedules	100% within 5 working days	Achieved	Achieved	1/1 (100%)

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
Relevant Kawerau buildings comply with Building Warrant of Fitness (WOF) requirements	Building WOF renewals checked	100% of renewals checked	Achieved	Achieved	74/74* (100%) *figure = 30/6/2016
	Buildings audited for Building WOF requirements	35% audited	Achieved	Achieved	28/74* (38%) *figure = 30/6/2016
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey conducted	Achieved	Achieved	Survey completed August 2015 and all follow up actions completed.
	Inspection of fencing – newly notified/identified swimming pools	100% of new notified pools inspected	Achieved	Achieved	1/1 (100%)
	Inspection of fencing – existing registered swimming pools	35% of existing registered pools inspected	Achieved	Achieved	24/65 (37%)

Environmental Health

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
Customers consider Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	Achieved	Achieved	100%
Registered premises comply with statutory requirements	Inspection for compliance of food premises operating under the Food Hygiene Regulations 1974 – non mobile	100% twice-yearly	Achieved	Not Achieved	First Inspection: 20/21 (95%) Second Inspection: 14/16 (88%) Council has since changed how this service is delivered and expects that the targets will be achieved
	Inspection for compliance of food premises operating under the Food Hygiene Regulations 1974 – mobile	100% annually	Achieved	Not Achieved	2/4 (50%) Council has since changed how this service is delivered and expects that the target will be achieved
	Audit of food premises operating Food Control Plans under the voluntary implementation programme	100% annually	Achieved	Not Achieved	0/18 (0.0%) Audits were undertaken in September 2016. Council has since changed how this service is delivered and expects that the target will be achieved
	Inspection of registered premises for compliance with relevant standards	100% annually	Achieved	Achieved	4/4 (100%)

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
All premises licensed under the Sale and Supply of Liquor Act 2012 will be inspected to ensure they comply with the license conditions.	Inspection of licensed premises for compliance with license conditions.	100% annually	New Target	Not achieved	11/15 (73%) Council has since changed how this service is delivered and expects that the target will be achieved
Council responds to service requests for environmental health conditions	Response to nuisance conditions and health risks	100% within 1 working day	Achieved	Achieved	75/75 (100%) Note: Comprises health nuisance, food, general enforcement & wandering stock
	Response to noise complaints	80% within 20 minutes and 100% within 30 minutes	Not Achieved	Not Achieved	650/685 (95%) within 20 minutes 683/685 (99%) within 30 minutes One noise complaint took 35 minutes to respond while the other complaint took 85 minutes
	Response to fire risk complaints	100% within 1 working day	Achieved	N/A	There were no fire risk complaints
Council keeps public places free of litter	Weekday litter patrols	At least 480 weekday patrols	Achieved	Achieved	519/480 weekday (108%)
	Removal of notified litter and abandoned cars	100% within 2 days of notification / identification	Achieved	Achieved	16/16 (100%)

Dog Control and Registration

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
Council maintain community satisfaction levels for the dog control service	Community satisfaction with dog control services	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 68%
The level of dog registration is maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	Achieved	Achieved	483/480 weekday patrols (101%) and 354/345 after-hours patrols (103%)
The level of dog registration is maximised	Annual District survey to detect unregistered dogs	All residential properties surveyed	Achieved	Achieved	Survey completed August 2015 – all follow-up completed
	Number of dogs on Council's register of known dogs that are unregistered	None as at 30 April	Achieved	Achieved	1,374/1,374 (100%)

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
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	Not achieved	Not achieved	891/896 (99%) Five dog complaints not attended in the 30 minute time frame by 8-59 minutes. These were followed up with the contractor

Civil Defence

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Kawerau District Civil Defence Emergency Management Plans are current and reviewed every three years	All plans reviewed within the past 3 years	New Target	Not Achieved	Completed Eastern BOP Recovery Plan, September 2015 Eastern BOP Earthquake Response Plan, January 2015 Eastern BOP Volcanic Response Plan, February 2015 <u>Not Completed:</u> KDC CDEM Emergency Management Plan, 2010 – currently under review – to be aligned with Group Plan (2016/17 review) and likely to become redundant KDC CDEM Emergency Evacuation Plan, 2010 – under review KDC Business Disaster Recovery Plan, 2010 – requires substantial attention - review dates to be scheduled (first meeting scheduled with Emergency Management BOP July 2016)
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Level of household planning and preparedness for a civil defence emergency	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of community preparedness was 56%

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
Council is ready to respond to a Civil Defence emergency and able to function for as long as required during an emergency	Emergency Operating Centre (EOC) is equipped and operational within two hours of the controller activating.	Twice-yearly tests	New Target	Achieved	EOC Audits completed September 2015 and May 2016.
	Sufficient numbers of staff are identified to staff EOC positions for 24 hour operation during an emergency.	Staff identified	New Target	Achieved	Staff identified for 97% of roles within EOC (EMBOP goal 80%).
	80% of staff holding EOC positions are trained to respond to an emergency.	Staff trained	New Target	Achieved	80% of identified staff trained. (EMBOP goal 80%)
	Council participates in two civil defence exercises annually	Exercises held and debriefed	New Target	Achieved	EOC setup undertaken on 27 March 2016 and Pre-Tangaroa desktop exercise held 27 June 2016
Council actively engages with the wider community to increase the level of awareness, preparedness and resilience.	Council delivers 4 public engagement initiatives to promote Community awareness, preparedness and resilience.	Initiatives delivered	New Target	Achieved	Kawerau Woodfest (25-27 Sept) Shakeout (15 Oct) Foodbank Drive (1 Dec) Summer Night Market (17 Mar)

KAWERAU DISTRICT COUNCIL ENVIRONMENTAL SERVICES

Funding Impact Statement
for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16	
		Budget (LTP)	Actual
SOURCES OF OPERATING FUNDING			
724,540	General rates, UAGC and rate penalties	767,190	767,188
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
189,450	Fees and charges	231,060	142,733
30,310	Internal charges and overheads recovered	31,330	160
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
944,300	TOTAL OPERATING FUNDING (A)	1,029,580	910,081
APPLICATIONS OF OPERATING FUNDING			
591,960	Payment to staff and suppliers	684,810	621,774
1,820	Finance costs	2,640	2,109
325,790	Internal charges and overheads applied	324,110	288,315
0	Other operating funding applications	0	0
919,570	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,011,560	912,198
24,730	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	18,020	(2,117)
SOURCES OF CAPITAL FUNDING			
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	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
4,530	- to replace existing assets	7,500	15,065
20,200	Increase/(decrease) in reserves	10,520	(17,182)
0	Increase/(decrease) of investments	0	0
24,730	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	18,020	(2,117)
(24,730)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(18,020)	2,117
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

There was reduced expenditure and revenue for the civil defence activity because of a change in the delivery of this activity. The capital expenditure was for renewals to the dog pound.

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 accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

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 2015/16 were:

- Ongoing asset renewals including pavement reseals, footpaths, kerbs and channels, and street lights.
- Replacement and upgrading of rubbish bins, Christmas lighting and security in the town centre.

ROADING

PERFORMANCE

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
Council maintains community satisfaction for the roading activity	Community satisfaction with roading assets	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 93%
Council provides a network of roads which facilitates the safe movement of people and vehicles around the district	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Increase of zero or less	New Target	Not achieved	There were no fatalities in the roads controlled by Council, however, there was 1 serious injury.
	Number of vehicle accidents where road conditions was a contributing factor	None	Achieved	Achieved	There were no accidents that the police have advised that road conditions were a contributing factor
	Road roughness rating (0 = flat, 400 = dangerous)	Average rating for district roads is less than 90	Achieved	Achieved	A roughness of 71 was achieved in the survey.
Road quality	The average quality of ride on a sealed local road network, measure by smooth travel exposure.	No less than 95%	New Target	Not achieved	The survey returned a 94% smooth travel exposure. Ongoing reseals will improve the smoothness and quality of ride.
Road maintenance	The percentage of the sealed local road network that is resurfaced.	Between 5 and 6.5% per annum	New Target	Achieved	21,716 m ³ of 339,825 sealed m ³ which equates to 6.4%.
Response to service requests	The percentage of customer service requests relating to roads to which Council responds within the time frame specified - potholes	Potholes: 90% within 14 days and 100% within 28 days	New Target	Achieved	Nine potholes reported and all repaired within four days.
	The percentage of customer service requests relating to roads to which Council responds within the time frame specified – Street lights	Streetlights: 90% within 14 days and 100% within 28 days	New Target	Not achieved	There were 96 reports of streetlights not working. All were repaired within 14 days except 3 lights in Plunket St (1 light not for 28 days, 1 light not repaired for 48 days and 1 not repaired for 64 days)
Footpath condition	Community satisfaction with footpaths	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 75%

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
Footpath condition (continued)	Percentage of footpaths that fall within the level of service or service standard for the condition of footpaths set out in the Long Term Plan	95%	New Target	Achieved	A survey of footpath lips was undertaken in April 2016 which indicated that 95.75% fell within the standard.
	Response and repair time for CBD footpaths that are classified as dangerous	100% are isolated within 1 day and repaired within 5 working days.	Achieved	Achieved	No requests for footpath repairs in the CBD.
	Response and repair time for other footpaths that are classified as dangerous	100% are isolated within 1 day and repaired within 1 month.	Achieved	Achieved	Eleven footpaths classed as dangerous. All isolated within 1 day and repaired within one to 20 days (average repair time 4 days)
Response to service requests	The percentage of customer service requests relating to footpaths to which Council responds within the time frame specified.	100% within 14 days	New Target	Achieved	8 Service requests received and attended to within one to 12 days (average repair time 4 days)

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

KAWERAU DISTRICT COUNCIL ROADING

Funding Impact Statement for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16	
		Budget (LTP)	Actual
SOURCES OF OPERATING FUNDING			
1,114,270	General rates, UAGC and rate penalties	980,190	980,191
0	Targeted rates	0	0
138,060	Subsidies and grants for operating purposes	151,200	201,637
0	Fees and charges	0	2,272
68,920	Internal charges and overheads recovered	77,580	65,697
76,530	Local authorities fuel tax, fines, infringements and other receipts	59,000	61,572
1,397,780	TOTAL OPERATING FUNDING (A)	1,267,970	1,311,369
APPLICATIONS OF OPERATING FUNDING			
498,900	Payment to staff and suppliers	441,540	430,647
0	Finance costs	0	530
547,010	Internal charges and overheads applied	427,170	335,656
0	Other operating funding applications	0	0
1,045,910	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	868,710	766,833
351,870	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	399,260	544,536
SOURCES OF CAPITAL FUNDING			
229,390	Subsidies and grants for capital expenditure	196,150	181,160
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	Other dedicated capital funding	0	0
229,390	TOTAL SOURCES OF CAPITAL FUNDING (C)	196,150	181,160
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
456,950	- to replace existing assets	666,900	506,061
124,310	Increase/(decrease) in reserves	(71,490)	219,635
0	Increase/(decrease) of investments	0	0
581,260	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	595,410	725,696
(351,870)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(399,260)	(544,536)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

There were less internal charges because of the reduced direct expenditure and overheads are allocated on the basis of direct costs. There was less capital expenditure because the streetlight upgrade and the town centre cobblestones were delayed.

Capital expenditure during the year for this activity is as follows:

<u>2014/15</u>	CAPITAL RENEWALS	Budget (LTP)	2015/16
60,874	Streetlights renewals and upgrade	100,000	68,629
104,786	Kerbs & Footpaths renewals	114,000	164,379
94,532	Reseals	95,000	102,899
119,451	Other renewals	357,900	170,154
<u>379,643</u>	Total Infrastructural	<u>666,900</u>	<u>506,061</u>
FUNDED BY:			
222,427	Depreciation Reserve Funding	470,750	324,901
157,216	Subsidies and grants for capital purposes	196,150	181,160
<u>379,643</u>		<u>666,900</u>	<u>506,061</u>

Expenditure on streetlights was lower than budget because the upgrade work was delayed. The replacement of the CBD cobblestones was delayed until the upcoming year. Also expenditure on Footpath renewals was higher than budget as more was required to be spent on the renewal of these assets than initially anticipated.

STORMWATER

ACTIVITIES IN THE GROUP

The stormwater activity 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 adopted a stormwater Asset Management Plan which provides for the efficient and effective management of stormwater assets. This Plan allows Council to properly maintain the asset at the optimum level 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 accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

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 \$17,088 spent on stormwater pipe replacement and there was one incident of a residential dwelling being flooded during the year.

STORMWATER

PERFORMANCE

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding. (System adequacy)	The number of flooding events that occur in the district.	No more than 10	New target	Achieved	There was 1 instance of a flood event where run off from an adjoining farm entered a habitable dwelling.
	For each flooding event, the number of habitable floors affected.	N/A	N/A	N/A	Kawerau properties are not connected to Council's stormwater system
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (Customer satisfaction)	The number of complaints received by Council about the performance of its stormwater system.	N/A	N/A	N/A	Kawerau properties are not connected to Council's stormwater system
Response Times	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Less than one hour	New Target	Not achieved	Notification of the flood event was provided some time after it had occurred and as the flooding had ceased there was no response by Council staff.
	Time within which urgent stormwater system problems are remediated.	100% by the end of the next working day	Achieved	Achieved	There were 15 stormwater service requests during the year. Five occurred during three rainfall events. All were responded to within 10-50 minutes
Discharge compliance	Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> • abatement notices • Infringement notices • Enforcement orders, and • Convictions received by Council in relation to those resource consents 	No notices, orders or convictions	New Target	Achieved	No notices, orders or convictions to date

KAWERAU DISTRICT COUNCIL STORMWATER

Funding Impact Statement for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16 Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDING		
78,300	General rates, UAGC and rate penalties	95,850	95,847
0	Targeted rates	0	0
3,360	Subsidies and grants for operating purposes	3,640	10,247
0	Fees and charges	0	0
5,950	Internal charges and overheads recovered	10,460	8,542
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
87,610	TOTAL OPERATING FUNDING (A)	109,950	114,636
	APPLICATIONS OF OPERATING FUNDING		
5,340	Payment to staff and suppliers	35,510	15,816
0	Finance costs	0	10
1,440	Internal charges and overheads applied	9,750	4,360
0	Other operating funding applications	0	0
6,780	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	45,260	20,186
80,830	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	64,690	94,450
	SOURCES OF CAPITAL FUNDING		
40,950	Subsidies and grants for capital expenditure	16,380	11,278
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	Other dedicated capital funding	0	0
40,950	TOTAL SOURCES OF CAPITAL FUNDING (C)	16,380	11,278
	APPLCATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
65,000	- to replace existing assets	24,820	17,088
56,780	Increase/(decrease) in reserves	56,250	88,640
0	Increase/(decrease) of investments	0	0
121,780	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	81,070	105,728
(80,830)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(64,690)	(94,450)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

<u>2014/15</u>	CAPTIAL RENEWALS	<u>Budget (LTP)</u>	<u>2015/16</u>
<u>15,742</u>	Pipework renewals	<u>24,820</u>	<u>17,088</u>
<u>15,742</u>	Total Infrastructural	<u>24,820</u>	<u>17,088</u>
	FUNDED BY:		
5,825	Depreciation Reserve Funding	8,440	5,810
<u>9,917</u>	Subsidies and grants for capital purposes	<u>16,380</u>	<u>11,278</u>
<u>15,742</u>		<u>24,820</u>	<u>17,088</u>

There was slightly less spent on the renewal of the existing pipes than budgeted as they 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 accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

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 2015/16 were:

- There were very few pipe breakages during the year and therefore renewal of water mains was not undertaken during the year as the condition of the existing pipes was found to be better than anticipated.

WATER SUPPLY

PERFORMANCE

Levels of Service	Measures	Target 2015/16	Results 2014/15	Results 2015/16	Comments
Customer satisfaction	Community satisfaction with water supply	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 96%
	The total number of complaints received about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) Council's response to any of these issues expressed per 1,000 connections to the networked reticulation system.	a) No more than 4 per 1,000 connections b) No more than 2 per 1,000 connections c) No more than 1 per 1,000 connections d) No more than 2 per 1,000 connections e) No more than 2 per 1,000 connections f) 0 per 1,000 connections Overall the target is no more than 11 complaints per 1,000 connections.	New target	Achieved	Council has 2,700 connections a) 1.11 per 1000 connections b) 0.37 per 1000 connections c) 0.37 per 1000 connections d) 1.11 per 1000 connections e) 0.37 per 1000 connections f) No complaints about response to above issues There were a total of 3.33 complaints per 1000 connections.
Safety of drinking water	The extent to which Council's drinking water supply complies with: a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria)	a) no more than 1 instance of bacteria criteria non-compliance, and b) no instance of protozoal criteria non-compliance	New target	Not achieved	a) One instance of e-coli contamination suspected to be due to ingress through reservoir roof. Supply chlorinated immediately with action taking place to eliminate the risk of further contamination. There was no effect on the community. b) Council was non-compliant for Protozoal criteria due to monitoring being changed from 1 minute recordings to 15min recordings during June 2016. The data collection company have subsequently been instructed to revert to 1 min monitoring.

Levels of Service	Measures	Target 2015/16	Results 2014/15	Results 2015/16	Comments
Maintenance of the reticulation network	The percentage of real water loss from the Council's networked reticulation system, measure using the minimum night flow (MNF) analysis method contained in the DIA Guidelines	<200 litres per connection per day	New Target	Not achieved	It is estimate that the average loss of water per connection is 226.7 litres per day. Council will continue to monitor water loss
Demand management	The average consumption of drinking water per day per resident within the district.	0.6 m ³	New Target	Achieved	The average consumption was 0.593 m ³ per person per day.
Fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are:				
	a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 2 hours	New Target	Achieved	One urgent call-out to a mains break during the year attended to within 1 minute *
	b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Less than 8 hours	New Target	Achieved	One urgent call-out to a mains break during the year. Time taken to resolve was 1 hour 10 minutes *
Fault response times	c) Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	24 hours	New Target	Achieved	13 non-urgent call-outs during the year. The median time for attendance was 30 minutes. *
	d) Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	48 hours	New Target	Achieved	12 non-urgent call-outs during the year. The median time for resolution was 1hr 33 minutes. *
Water is sourced with minimal environmental effects	Compliance with BOP Regional Council water supply resource consents as reported in annual "consents and compliance field sheet"	Compliance	Achieved	Achieved	Complying with old consent. Still trying to get new consent

Levels of Service	Measures	Target 2015/16	Results 2014/15	Results 2015/16	Comments
The water supply is of adequate pressure and flow	Water pressure samples	All samples above 40 psi	Achieved	Achieved	No instance of low water pressure during the year.
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Achieved	Achieved	Two unplanned shutdowns during the year
	Number of unplanned shutdowns - pump stations	None	Achieved	Achieved	No unplanned shut down of pump stations during the year
	Number of water main breaks	No more than 8	Achieved	Achieved	One water main break during the year

* Results are based on attendance and resolution times recorded by Council staff responding to the call-outs, however there is no process to independently verify the information.

KAWERAU DISTRICT COUNCIL WATER SUPPLY

Funding Impact Statement for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16 Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDING		
905,650	General rates, UAGC and rate penalties	760,980	760,976
145,810	Targeted rates	165,720	176,785
0	Subsidies and grants for operating purposes	0	0
53,700	Fees and charges	38,450	40,891
62,020	Internal charges and overheads recovered	118,490	115,501
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,167,180	TOTAL OPERATING FUNDING (A)	1,083,640	1,094,153
	APPLICATIONS OF OPERATING FUNDING		
380,580	Payment to staff and suppliers	353,450	280,190
0	Finance costs	0	240
358,700	Internal charges and overheads applied	274,590	211,355
0	Other operating funding applications	0	0
739,280	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	628,040	491,785
427,900	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	455,600	602,368
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	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
666,730	- to replace existing assets	417,590	124,727
(238,830)	Increase/(decrease) in reserves	38,010	477,641
0	Increase/(decrease) of investments	0	0
427,900	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	455,600	602,368
(427,900)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(455,600)	(602,368)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Supplier and staff costs were less than budget (\$73k) as a result of lower maintenance and electricity costs and also internal charges are less than budgeted as they are allocated on the basis of cost.

Capital expenditure for this activity during the year included:

<u>2014/15</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2015/16</u>
9,960	UV Tube Replacement	0	14,464
0	Pipework renewals	391,840	3,340
7,629	Toby renewals	10,750	10,384
9,479	Other renewals	15,000	96,539
<u>27,068</u>	Total Infrastructural	<u>417,590</u>	<u>124,727</u>
FUNDED BY:			
<u>27,068</u>	Depreciation Reserve Funding	<u>417,590</u>	<u>124,727</u>
<u>27,068</u>		<u>417,590</u>	<u>124,727</u>

The pipes that were planned for replacement were found to be in better condition than anticipated so minimal 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 infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

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 2015/16 were:

- Achieving compliance with all resource consents for wastewater
- Continuous provision of service to high standard (with no overflows into waterways)

WASTEWATER

PERFORMANCE

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 97%
Customer satisfaction	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, expressed per 1000 connections to the sewerage system.	a) No more than 1 per 1,000 connections b) No more than 15 per 1,000 connections c) No more than 15 per 1,000 connections 0 per 1,000 connections Overall the target is no more than 31 complaints per 1,000 connections.	New Target	Not achieved	Council has 2,700 connections a) No odour issues b) 54 faults (20 per 1000) c) 46 faults (17 per 1000) d) No complaints about response to service. There were a total of 100 complaints per 1,000 connections.
System Adequacy	The number of dry weather sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system.	0 per 1,000 connections to the sewerage system	New Target	Achieved	No dry weather overflows during the year. *
Fault response times	Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:				
	a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 1 hour.	New Target	Achieved	There were 2 overflows resulting from blockages. Median attendance time 45 minutes *
Fault response times	b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	Less than 8 hours.	New Target	Achieved	2 overflows. Median resolution time 2 hours 45 minutes *

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
Council provides a reliable domestic wastewater collection and disposal service	Continuity of wastewater collection	Service runs every day.	Achieved	Achieved	Service operational every day. Blockage at sewer plant for several days in October did not impact on customers.
	Number of disruptions to wastewater collection service	No more than 50.	Achieved	Achieved	46 disruptions to service during the year.
Discharge compliance	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received in relation to those resource consents.	No notices, orders or convictions.	New Target	Achieved	No notices, abatement notices, enforcement orders or convictions
The wastewater treatment plant operates effectively	Compliance with BOPRC wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Compliance. ¹	Achieved	Achieved	Inspection undertaken by BOPRC staff in May 2016. No compliance issues raised.

* Results are based on attendance and resolution times recorded by Council staff responding to the call-outs, however, there is no process to independently verify the information.

¹ BOPRC inspection reports state either compliance or non-compliance.

KAWERAU DISTRICT COUNCIL WASTEWATER

Funding Impact Statement for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16 Budget (LTP)	Actual
	SOURCES OF OPERATING FUNDING		
833,750	General rates, UAGC and rate penalties	827,430	827,427
484,260	Targeted rates	418,490	420,719
0	Subsidies and grants for operating purposes	0	0
1,000	Fees and charges	60,000	59,815
114,910	Internal charges and overheads recovered	133,300	107,319
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,433,920	TOTAL OPERATING FUNDING (A)	1,439,220	1,415,280
	APPLICATIONS OF OPERATING FUNDING		
594,190	Payment to staff and suppliers	597,480	478,110
0	Finance costs	0	370
449,800	Internal charges and overheads applied	410,200	397,177
0	Other operating funding applications	0	0
1,043,990	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,007,680	875,657
389,930	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	431,540	539,623
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	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
85,500	- to replace existing assets	38,410	60,989
304,430	Increase/(decrease) in reserves	393,130	478,634
0	Increase/(decrease) of investments	0	0
389,930	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	431,540	539,623
(389,930)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(431,540)	(539,623)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

There was operational savings for insurance, chemicals and electricity.

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

<u>2014/15</u>	CAPITAL RENEWALS	Budget (LTP)	2015/16
8,676	Wastewater Pipework	16,000	13,847
<u>36,975</u>	Other renewals	<u>22,410</u>	<u>47,142</u>
<u>45,651</u>	Total Infrastructural	<u>38,410</u>	<u>60,989</u>
FUNDED BY:			
<u>45,651</u>	Depreciation Reserve Funding	<u>38,410</u>	<u>60,989</u>
<u>45,651</u>		<u>38,410</u>	<u>60,989</u>

There was additional capital expenditure required for a new security gate (\$23k)

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 infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

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 2015/16 were:

- Achieving compliance with all resource consents for Council’s landfill.
- Refuse collections continued throughout the year without disruption
- Increased volume of material going to the recycling centre (compared to 2014/15)

SOLID WASTE

PERFORMANCE

Refuse Collection and Disposal

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
Provision of cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 97%
	Community satisfaction with refuse disposal	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 81%
	User satisfaction with refuse disposal	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 81%
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	Collection occurred every week throughout the year.
	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual consents and compliance field sheets	Compliance	Achieved	Achieved	Inspection undertaken by BOPRC staff in July 2016. No compliance issues raised. Monitoring information provided to BOPRC in accordance with consent.

Recycling (Zero Waste)

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
Material that would otherwise go to the landfill as household refuse is collected by the recycling collection service.	Average amount of recyclable material collected from each household	No less than 178 kg per annum	New Target	Achieved	2,600 households 535 tonnes of recycled material collected during the year. This equates to 206 kg per household.
Council's refuse collection and disposal services meets the needs of the Kawerau community	Community satisfaction with recycling services	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 95%

KAWERAU DISTRICT COUNCIL SOLID WASTE

Funding Impact Statement for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16 Budget (LTP) Actual	
	SOURCES OF OPERATING FUNDING		
681,350	General rates, UAGC and rate penalties	787,960	787,960
423,740	Targeted rates	374,340	359,622
0	Subsidies and grants for operating purposes	0	0
273,130	Fees and charges	249,100	301,396
19,570	Internal charges and overheads recovered	12,950	2,577
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,397,790	TOTAL OPERATING FUNDING (A)	1,424,350	1,451,555
	APPLICATIONS OF OPERATING FUNDING		
997,860	Payment to staff and suppliers	1,012,620	1,037,770
11,530	Finance costs	13,830	12,118
344,500	Internal charges and overheads applied	373,010	418,872
0	Other operating funding applications	0	0
1,353,890	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,399,460	1,468,760
43,900	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	24,890	(17,205)
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	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
0	- to replace existing assets	38,000	35,774
43,900	Increase/(decrease) in reserves	(13,110)	(52,979)
0	Increase/(decrease) of investments	0	0
43,900	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	24,890	(17,205)
(43,900)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(24,890)	17,205
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

There were more fees received for zero and residual waste disposal as well as a corresponding increase in costs because of higher volumes. The internal charges were higher than budget as these are allocated on the basis of total expenditure.

The capital expenditure was for the renewal of hotmix at the transfer station and a new storage shed at the recycling centre.

LEISURE & RECREATION

ACTIVITIES IN THE GROUP

The Leisure and Recreation group of activities includes community halls and facilities, the district library and museum, the swimming pool complex, Kawerau's many parks and gardens and the 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 infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*
- *Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.*

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 2015/16 were:

- Planned renewal of children and adult books at the library
- Construction of the swimming pool changing rooms
Council received funding for this project of:
 - Lottery Grants Board \$200,000
 - Transpower Community Care Trust \$25,000
- Upgrading and improvements to the swimming pool
- Renewal of the floor in the recreation centre
- New sound system and data projector for the town hall
- Irrigation system for Tarawera Park
- Upgrading the retaining wall along Stoneham Walk
- Ongoing improvements to the kayak course on Tarawera River
- Upgrading reserve fences (Tamarangi Drive)

LEISURE & RECREATION

PERFORMANCE

Public Library

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
The library is accessible to the public	Number of weeks open each year	Library open 50 weeks per year	Achieved	Achieved	The library was open for 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	Four holiday programmes were held in July, October, January and April
	Percentage of the population who are active members of the library	35%	New target	Not achieved	At the end of June, there were 1,857 active users of the library (29%) Council continues to promote library services
	Items per capita in the collection	5 items per capita	New target	Achieved	There are currently 46,060 items in the library collection which equates to 7.2 items per capita
	New items per 1,000 population added to the collection each year	500	New target	Achieved	There were 3,659 items added to the collection during the year which equates to 575 per 1,000 of population.
Council provides public library services and resources which suit community needs	Community satisfaction with the public library	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 84%
	User satisfaction with the public library	N/A	N/A	N/A	Users were last surveyed in 2014 and the level of satisfaction was 95%

Museum

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
Council provides a museum service which reflects community needs	Community satisfaction with the museum	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 64%
	User satisfaction with the museum	N/A	N/A	N/A	Users were last surveyed in 2014 and the level of satisfaction was 95%

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
The museum is accessible to the public	Number of weeks open each year	Museum open 50 weeks per year	Achieved	Achieved	The museum was open for 52 weeks of the year
Council provides a museum service which reflects community interests	Number of exhibitions held	6 exhibitions held for year	Achieved	Achieved	There were nine exhibitions held during the year
	Number of historical articles produced	10 historical articles produced for year.	Achieved	Achieved	There were 10 historical articles produced during the year
	Number of objects accessioned to the museum collection per annum	200	New Target	Not achieved	There were 147 objects accessioned into the museum collection during the year as there had been a staff vacancy which has subsequently been filled

Swimming Pools

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 93%
	User satisfaction with the public swimming pool	N/A	N/A	N/A	Users were last surveyed in 2014 and the level of satisfaction was 98%
Council provides a swimming pool complex which is accessible to the Community	Weeks open per year	Open at least 48 weeks	Achieved	Achieved	The complex was closed for the planned maintenance period in October (22 days). There were four other one hour shuts for various reasons.
Swimming pool water meets water quality standards	Water quality checks	At least 336 daily undertaken for year	Achieved	Achieved	1,781 rounds of sampling were taken over 342 days
	Level of compliance with standards	Full compliance in 95% of tests	Not achieved	Achieved	95.14% compliance

Public Halls and Facilities

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
Council provides public halls and facilities which reflects community needs	Community satisfaction with public halls	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 84%
	User satisfaction with the public halls	N/A	N/A	N/A	Users were last surveyed in 2014 and the level of satisfaction was 96%
	Community satisfaction with public toilets	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 71%
	User satisfaction with the public toilets	N/A	N/A	N/A	Users were last surveyed in 2014 and the level of satisfaction was 85%
Four Community halls available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall	Number of weeks public halls available for hire	Each hall is available for 50 weeks	Not achieved	Achieved	All public halls were available throughout the year.
Clean public toilets are provided in the central business district	Council provides town centre public toilets	Open at least 360 days	Achieved	Achieved	The town centre public toilets were open every day throughout the year except for Christmas Day.

Parks and Reserves

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
Council provides parks and reserves which meets community needs	Community satisfaction with parks and reserves	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 94%
	Community satisfaction with community attractiveness and beautification	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 100%
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%	Achieved	Achieved	100% of properties 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	Implement recommendations of NZ Turf Institute advisory report	N/A	N/A	N/A	New measure to be implemented in 2016/17.
	Frequency of grass mowing	At least 24 times	Achieved	Achieved	Tarawera Park was mown 27 times and Prideaux Park was mown 28 times during the year.

Levels of Service	Measures	Target 2015/16	Result 2014/15	Result 2015/16	Comment
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	17 rounds of mowing were completed during the year.
Bedding displays are attractive and updated to suit the season	Number of bedding displays	2 (1 summer and 1 winter)	Achieved	Achieved	
Playground equipment is safe for children to use	Bi – monthly inspections of all playground equipment	6 inspections conducted	Achieved	Achieved	Six inspections were completed
	Remediation of all identified problems	All repairs completed within 2 weeks	Achieved	Achieved	All defects identified from inspection were repaired within 12 days.
	Investigation of safety-related service requests and if necessary isolation of the hazard	100% within 1 working day	N/A	N/A	No safety related issues were raised by the public during the year.
The Kawerau Cemetery meets community interment needs in the present and the medium term	Community satisfaction with the cemetery	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 77%
	Visitor satisfaction with the cemetery	N/A	N/A	N/A	The community was last surveyed in 2014 and the level of satisfaction was 98%
	Number of complaints about Council cemetery services	0	Achieved	Achieved	There were no complaints about cemetery services
	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 16 years

KAWERAU DISTRICT COUNCIL
Leisure and Recreation
Funding Impact Statement
for the year ended 30 June 2016

2014/15 Budget (LTP)		2015/16 Budget (LTP)	Actual
SOURCES OF OPERATING FUNDING			
2,845,200	General rates, UAGC and rate penalties	3,272,320	3,272,271
0	Targeted rates	0	0
1,080	Subsidies and grants for operating purposes	1,080	0
62,890	Fees and charges	61,520	107,836
37,640	Internal charges and overheads recovered	37,930	29,743
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
2,946,810	TOTAL OPERATING FUNDING (A)	3,372,850	3,409,850
APPLICATIONS OF OPERATING FUNDING			
1,692,520	Payment to staff and suppliers	1,867,860	1,786,086
40,850	Finance costs	92,930	51,779
805,000	Internal charges and overheads applied	963,750	953,878
0	Other operating funding applications	0	0
2,538,370	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,924,540	2,791,743
408,440	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	448,310	618,107
SOURCES OF CAPITAL FUNDING			
0	Subsidies and grants for capital expenditure	50,000	231,474
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	450,000
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
0	TOTAL SOURCES OF CAPITAL FUNDING (C)	50,000	681,474
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	250,000	0
167,330	- to replace existing assets	598,560	1,465,095
241,110	Increase/(decrease) in reserves	(350,250)	(165,514)
0	Increase/(decrease) of investments	0	0
408,440	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	498,310	1,299,581
(408,440)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(448,310)	(618,107)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

2014/15	CAPITAL RENEWALS	Budget (LTP)	2015/16
53,937	Library Stock Renewals	63,260	63,952
1,516	Library Building Upgrade	10,500	10,600
6,685	Other Library/Museum	11,000	46,733
109,332	Swimming Pool Upgrades	348,870	930,214
133,966	Recreation Centre Upgrades	34,160	84,162
58,345	Town Hall Upgrades	36,750	58,235
11,080	Concert Chamber Upgrade	16,700	17,598
0	Public Toilets Upgrades	0	2,860
0	Sports-fields Improvements	74,580	75,984
86,772	Passive Reserves Improvements	133,240	164,015
26,625	Playground Renewals	14,500	10,142
6,275	Cemetery	105,000	600
494,533	Total Operational	848,560	1,465,095
FUNDED BY:			
0	Loan	0	450,000
0	Grants for capital renewals	0	231,474
494,533	Depreciation Reserve Funding	848,560	783,621
494,533		848,560	1,465,095

There were additional renewals compared to budget (LTP 2015/16) for:

- Museum building renovation \$32.7k
- Swimming pool changing rooms \$701k
- Recreation Centre floor \$46k
- Sound systems and chairs for Town Hall \$23.3k
- Additional projects for reserves \$30.8k

Also Council had intended to purchase additional cemetery land (\$100k) in 2015/16, however, at this time it is believed there is sufficient land for the cemetery.

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 2016		
	Parent 2014/15 \$000's	Parent 2015/16 \$000's
Revenue	1,691	1,524
Expense	(1,689)	(1,535)
Net (Deficit)/Surplus Year	2	(11)

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 2015/16 and associated budget formally adopted by the directors at the meeting held in May 2015.

The following is a report of performance against targets set in the Statement of Intent for 2015/16.

Performance Targets for 2015/16		
Targets	Measure	Progress as at 30 June 2016
Investigate new joint procurement initiatives for goods and services for BOPLASS councils.	Minimum of 4 new procurement initiatives investigated. Initiatives provide financial savings and/or improved services levels to participating councils.	Achieved. Joint procurement initiatives undertaken: <ul style="list-style-type: none"> • Internal audit services • EFTPOS services and hardware • Natural hazard insurance • Insurance loss modelling • Aerial Photography • Appointment of provider for collaborative approach to Sec 17a reviews • Collective subscription for Thomson Reuters/Brookers

Targets	Measure	Progress as at 30 June 2016
Provide support to BOPLASS councils that are managing or investigating shared services projects.	0.25 FTE resource and expertise assigned to assist councils in shared services developments and projects.	<p>Achieved.</p> <p>37% of IT Manager's time committed directly to individual council support for development of following services:</p> <ul style="list-style-type: none"> • Inter council network • Collaboration portal • Health and Safety advisory group • Radio Telephony strategy • GIS services • After hour phone services • Regionally based data centre • On-line services • Video conferencing and support
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the BOPLASS group with a minimum of five additional councils having utilised the portal.	<p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the BOPLASS group with a minimum of five additional councils having utilised the portal. Also:</p> <ul style="list-style-type: none"> • Ongoing training provided • Flyers and templates sent to other councils as well as presentation to SOLGM and LGNZ registration <p>21 councils outside BOPLASS had joined the portal in last 12 months.</p>
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.	<p>Contracts negotiated and/or renewed for:</p> <ul style="list-style-type: none"> • Video Conferencing Maintenance and Services. • ESRI Enterprise licensing agreement renegotiated and renewed. • Printer/Copier agreement review initiated. • GIS software – Geocortex Essentials, X-Tools, NZAA. • Print Media Copyright Agency (PMCA) contract renewed. • Media Monitoring services contract renewed.
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Positive feedback received from shareholding councils at least annually.	<p>Achieved.</p> <ul style="list-style-type: none"> • Strategic reviews completed by the Board. • Independent director reappointed. • Board structure altered to include position of independent Chair. • Board reviews of operations governance structure and performance. • 2016-17 Statement of Intent, including governance changes, accepted by all shareholding councils.

Targets	Measure	Progress as at 30 June 2016
Communicate with each shareholding council at appropriate levels.	At least one meeting per year.	Achieved Executive-level meetings held with councils.
Ensure current funding model is appropriate.	Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved. <ul style="list-style-type: none"> • Council contributions levied. • Contributions received from activities producing savings. • Vendor rebates collected. • Monthly and quarterly performance reviewed.

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 Ngati 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 2015/16 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. During community consultation, Council invites input and seeks to meet with our 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 them in the process of developing Council policies, plans and bylaws.

The Settlement Trust continued to play a positive role in the Industrial Symbiosis Kawerau economic development programme, promoting energy and wood processing investment in the District. Ngāti Awa, who have a historical tribal interest and own some land in Kawerau, are also involved. Council 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, and Council engages with Māori as part of the mainstream Community. This is particularly true in the case of young people, in the 12-25 year age group who are encouraged to engage with Council decision making through the Kawerau Youth Council.

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 2015/16 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) 2015/16	
CSSS forms posted out	1010
CSSS forms returned	304
Response rate	30%
Feedback received from Customers	
Predominantly Excellent	189
Predominantly Good	96
Predominantly Only Fair	1
Predominantly Poor	12
Not applicable	1
No boxes ticked	5
Conclusion	
% customers satisfied (Excellent/Good)*	95.6%
% customers unsatisfied (Fair/Poor)*	4.4%

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