



KAWERAU DISTRICT COUNCIL
Annual Report
For the Year Ended 30 June 2017



KAWERAU DISTRICT COUNCIL

ANNUAL REPORT FOR 2016/17

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Message from the Mayor and Chief Executive Officer

Welcome to Council's annual report for the year ended 30 June 2017. The Annual Report compares Council's achievements and results against the financial and the non-financial targets in the Annual Plan. It enables residents to assess how well Council has performed as well as determine the state of Council's finances.

Council achieved an operating deficit of \$724,410 for the year compared to a budgeted deficit of \$454,840.

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.

The following is a brief summary of the financial results for 2016/17:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	10,795,500	11,636,998	841,498
Operating Expense	<u>11,250,340</u>	<u>12,361,408</u>	<u>1,111,068</u>
Operating Surplus/(Deficit)	(454,840)	(724,410)	(269,570)
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	68,894,314	71,318,121	2,423,807
Liabilities	2,776,054	2,753,303	22,751
Ratepayers Equity	66,118,260	68,564,818	2,446,558

During the year Council received additional revenue of \$841.5k and incurred \$1.1m more in operating expenditure than budgeted. Most of the additional revenue received was for events, refuse disposal and removal of tyres, which was spent on these activities.

However, there was also additional unfunded expenditure during the year for flooding clean up and repairs \$120k and consultants and additional engineering resource \$130k. These additional costs were necessary and will help ensure that the likelihood of future damage to property is minimised.

Council revalued its assets as at 30 June 2016, and the value increased significantly more than had been anticipated, which is why the budget for assets was less than the actual.

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 most of the pipe replacement was deferred. Council has set aside funds to pay for this work when it is undertaken, and as the renewals were not done, the funds are retained until needed.

The major achievements during the 2016/17 financial year included:

- 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.
- 77% 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 a number of significant construction projects undertaken during the year including: completion of the swimming pool changing rooms and Firmin Lodge accommodation building, a new splash pad for the pool complex, new public toilets in the town centre, new netball court lights and the establishment of a new museum storage and archives building.

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

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

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

There were council elections held earlier in the year which resulted in two new councillors being elected. Both the elected members and staff worked together as an excellent team throughout the year which helped contribute to the many positive outcomes for the community.

Finally, we would 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. The local body elections were held in October 2016 which resulted in two new councillors being elected on Council.

Mayor :	M J (Malcolm) Campbell, JP	027 457 6122
Deputy Mayor :	F K N (Faylene) Tunui	022 320 8840
Councillors :	W (Warwick) Godfery	027 204 5278
	C J (Carolyn) Ion	027 415 6458
	B J (Berice) Julian	323-9190 (res)
	S (Sela) Kingi	027 509 2328
	C B (Chris) Marjoribanks, JP	021 223 3761
	R G K (Rex) Savage	323-7287 (res)
	D (David) Sparks	027 321 0740

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 2016/17 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 \$277,295 compared to the Annual Plan estimate for 2016/17 of \$294,320.

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 2016/17 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 2017 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



Independent Auditor's Report

To the readers of Kawerau District Council's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of Kawerau District Council (the District Council). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 13 to 51:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2017;
 - 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 in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the funding impact statement on page 17, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service performance on pages 58 to 111:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, 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
- o complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 65 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 65 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.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 52 to 57, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

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 enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant

doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 8 and 116 to 118, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council.



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

KAWERAU DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2017

2015/16		Note	Budget	2016/17
	Revenue			
9,024,746	Rates revenue	2	9,051,280	9,211,671
924,942	Subsidies and grants	3	451,760	861,796
726,169	Fees and charges	4	938,310	1,220,256
356,232	Interest revenue	7	294,320	277,295
61,572	Other revenue	4	59,830	65,980
11,093,661	Total Revenue		10,795,500	11,636,998
	Expenses			
3,852,651	Personnel costs	5	4,062,680	4,189,274
2,765,401	Depreciation and amortisation expense	12-14	2,567,580	2,845,263
3,298	Finance costs	7	2,710	2,639
4,547,303	Other expenses	6	4,617,370	5,267,902
25,591	Loss on disposal of property, plant and equipment		0	56,330
11,194,244	Total Expenses		11,250,340	12,361,408
(100,583)	SURPLUS / (DEFICIT)		(454,840)	(724,410)
	Other comprehensive revenue and expense			
4,128,227	Gain on revaluation		0	0
4,027,644	TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(454,840)	(724,410)

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 2017

2015/16		Note	Budget	2016/17
ASSETS				
Current assets				
863,952	Cash and cash equivalents	8	8,130,010	2,426,460
1,267,314	Receivables	9	1,355,700	964,641
8,100,000	Other financial assets	11	0	5,600,000
117,353	Prepayments		0	102,317
136,536	Inventory	10	107,420	167,678
<u>10,485,155</u>	Total current assets		<u>9,593,130</u>	<u>9,261,096</u>
Non-current assets				
36,252	Investment in CCOs	11	36,250	36,252
61,647,823	Property, plant and equipment	12	59,197,894	61,942,150
73,570	Intangible assets	13	67,040	78,623
<u>61,757,645</u>	Total non-current assets		<u>59,301,184</u>	<u>62,057,025</u>
<u>72,242,800</u>	TOTAL ASSETS		<u>68,894,314</u>	<u>71,318,121</u>
LIABILITIES				
Current liabilities				
2,183,479	Payables and deferred revenue	15	2,101,517	1,867,190
14,009	Borrowings and other financial liabilities	18	1,200	9,353
412,378	Employee entitlements	17	499,730	499,598
10,000	Provisions	16	10,000	10,000
<u>2,619,866</u>	Total current liabilities		<u>2,612,447</u>	<u>2,386,141</u>
Non-current liabilities				
177,143	Payables and deferred revenue	15	0	171,429
1,204	Borrowings and other financial liabilities	18	0	41,628
88,721	Employee entitlements	17	111,610	94,635
66,638	Provisions	16	51,997	59,470
<u>333,706</u>	Total non-current liabilities		<u>163,607</u>	<u>367,162</u>
<u>2,953,572</u>	TOTAL LIABILITIES		<u>2,776,054</u>	<u>2,753,303</u>
<u>69,289,228</u>	NET ASSETS		<u>66,118,260</u>	<u>68,564,818</u>
EQUITY				
37,325,994	Accumulated Funds	19	35,942,993	37,016,580
31,963,234	Reserves	19	30,175,267	31,548,238
<u>69,289,228</u>	TOTAL EQUITY		<u>66,118,260</u>	<u>68,564,818</u>



M.J. Campbell, JP
MAYOR



R.B. George, CA, MBA
CHIEF EXECUTIVE OFFICER

Date: 31.10.17

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 2017

2015/16	Total Equity	Note	Budget	2016/17
65,261,584	Balance at 1 July		66,573,090	69,289,228
4,027,644	Total comprehensive revenue and expense		(454,840)	(724,410)
69,289,228	Balance at 30 June		66,118,250	68,564,818

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 2017

2015/16	Note	Budget	2016/17
CASH FLOWS FROM OPERATING ACTIVITIES			
9,074,869		9,011,270	9,364,622
434,150		0	535,996
727,289		451,760	892,811
554,395		938,310	1,276,472
370,995		294,320	309,474
53,938		59,830	72,504
(4,669,609)		(4,570,242)	(5,198,455)
(3,803,964)		(4,045,680)	(4,096,140)
(3,298)		(2,708)	(2,639)
(150,375)		0	134,864
(426,936)		0	(562,440)
<u>2,161,454</u>		<u>2,136,860</u>	<u>2,727,069</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
52,811		0	20,696
(28,907)		0	(20,250)
(300,000)		0	2,500,000
(3,112,299)		(2,342,000)	(3,645,470)
<u>(3,388,395)</u>		<u>(2,342,000)</u>	<u>(1,145,024)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
0		0	0
(17,116)		(13,557)	(19,537)
<u>(17,116)</u>		<u>(13,557)</u>	<u>(19,537)</u>
(1,244,057)		(218,697)	1,562,508
2,108,009		8,348,707	863,952
<u>863,952</u>	8	<u>8,130,010</u>	<u>2,426,460</u>

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)
For the year ended 30 June 2017

	2016		2017	
	Annual Plan	Annual Report	Annual Plan	Actual
SOURCES OF OPERATING FUNDING				
General rates, UAGC and rate penalties	7,981,720	8,026,730	8,234,170	8,220,242
Targeted rates	958,550	998,017	936,950	991,428
Subsidies and grants for operating purposes	163,740	501,030	187,760	440,306
Fees and charges	717,880	726,169	783,970	1,220,255
Interest and dividends from investments	333,400	356,232	294,300	277,295
Local Authorities Fuel tax, fines, infringements and other receipts	59,000	61,572	79,330	65,980
TOTAL OPERATING FUNDING (A)	10,214,290	10,669,750	10,516,480	11,215,506
APPLICATIONS OF OPERATING FUNDING				
Payment to staff and suppliers	8,441,170	8,399,956	8,681,060	9,457,171
Finance costs	1,560	3,297	1,690	2,639
Other operating funding applications	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	8,442,730	8,403,253	8,682,750	9,459,810
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	1,771,560	2,266,497	1,833,730	1,755,696
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	262,530	423,912	279,000	421,490
Development and Financial contributions	0	0	0	0
Increase/(decrease) in debt	(17,658)	1,291,184	(13,560)	35,768
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	244,872	1,715,096	265,440	457,258
APPLICATIONS OF CAPITAL FUNDS				
Capital expenditure:				
- to meet additional demand	0	978,766	0	863,896
- to improve the level of service	250,000	0	280,000	0
- to replace existing assets	2,082,340	2,574,987	2,062,010	2,357,740
Increase/(decrease) in reserves	(315,908)	427,840	(242,840)	(1,008,682)
Increase/(decrease) of investments	0	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	2,016,432	3,981,593	2,099,170	2,212,954
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(1,771,560)	(2,266,497)	(1,833,730)	(1,755,696)
FUNDING BALANCE ((A-B)+(C-D))	0	0	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 2017

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 2017. The financial statements are authorised for issue by Council on 31 October 2017.

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 derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the KDC has transferred substantially all the risks and rewards of ownership.

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

The four categories of financial assets are:

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 derecognised are recognised in the surplus or deficit.

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

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 derecognised 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 of 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 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 derecognised. The amortisation charge for each period is recognised in surplus or deficit.

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

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

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment at balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated.

The impairment amount is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the 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 2017.

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 2016/17 in the 2016/17 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the financial statements.

Cost allocation

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

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

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

Critical accounting estimates and assumptions

In preparing these financial statements KDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

Note 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 2017:

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>2015/16</u>		<u>2016/17</u>
7,891,886	General rate	8,105,838
	Targeted rates attributable to activities:	
217,676	Water Supply – including metered water	210,901
420,719	Wastewater	406,296
359,622	Refuse Collection	374,231
134,843	Rate penalties	114,405
<u>9,024,746</u>	Total revenue from rates	<u>9,211,671</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>2015/16</u>		<u>2016/17</u>
9,076,101	Total rates revenue	9,267,611
	Rates remissions	
(51,355)	Higher value properties/Farms	(55,940)
<u>9,024,746</u>	Rates revenue net of remissions	<u>9,211,671</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>2015/16</u>		<u>2016/17</u>
343,065	NZ Transport Agency – Roading Subsidies	352,949
21,717	NZ Transport Agency – Subsidies for Stormwater	39,870
560,160	Grants for capital projects and events	468,977
<u>924,942</u>		<u>861,796</u>

There are no unfulfilled conditions or other contingencies attached to government grants received (2016 \$Nil).

4. Fees and charges and other revenue

<u>2015/16</u>		<u>2016/17</u>
726,169	User fees and charges	1,220,256
61,572	Petrol Tax	65,980
0	Vested assets	0
0	Profit on sale of asset	0
<u>787,741</u>	Total fees and charges and other revenue	<u>1,286,236</u>

5. Personnel Costs

<u>2015/16</u>		<u>2016/17</u>
3,719,547	Salaries & Wages	4,002,670
5,428	Employer contributions to multi-employer defined benefit plans	5,540
80,067	Employer contributions to Kiwisaver	87,930
47,609	Increase/ (decrease) in employee benefit liabilities	93,134
<u>3,852,651</u>	Total employee benefit expenses	<u>4,189,274</u>

6. Other expenses

<u>2015/16</u>		<u>2016/17</u>
50,821	General grants	22,932
1,354,767	Contractors	1,525,752
121,661	Insurance premiums	130,748
181,012	Consultants and legal fees	178,247
1,859	Impairment of receivables (note 9)	(12,085)
2,837,183	Other operating expenses	3,422,308
<u>4,547,303</u>		<u>5,267,902</u>

7. Interest revenue and finance costs

<u>2015/16</u>		<u>2016/17</u>
	Interest revenue:	
356,232	Term deposits	277,295
	Interest expense:	
351	Interest - other	0
2,947	Interest on finance leases	2,639
<u>352,934</u>	Net interest revenue	<u>274,656</u>

8. Cash and cash equivalents

<u>2015/16</u>		<u>2016/17</u>
863,952	Cash at bank and in hand	626,460
0	Short term deposits with maturities of 3 months or less	1,800,000
<u>863,952</u>	Total cash and cash equivalents	<u>2,426,460</u>

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

9. Receivables

<u>2015/16</u>		<u>2016/17</u>
485,885	Rates receivable	338,679
144,533	Other receivables	200,811
277,082	Sundry debtors	188,115
377,720	GST receivable	242,857
<u>1,285,220</u>		<u>970,462</u>
(17,906)	Less provision for impairment of receivables	(5,821)
<u>1,267,314</u>	Current portion	<u>964,641</u>
1,098,760	Receivables from exchange transactions	833,842
<u>168,554</u>	Receivables from non-exchange transactions	<u>130,799</u>
<u>1,267,314</u>		<u>964,641</u>

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

<u>2015/16</u>		<u>2016/17</u>
16,047	At 1 July	17,906
1,859	Additional provisions made during the year	(12,085)
<u>0</u>	Receivables written off during the period	<u>0</u>
<u>17,906</u>	At 30 June	<u>5,821</u>

10. Inventory

<u>2015/16</u>		<u>2016/17</u>
	Inventories held for distribution:	
94,922	Water & sewerage reticulation spare parts	129,404
<u>41,614</u>	Other	<u>38,274</u>
<u>136,536</u>		<u>167,678</u>

There has been no write-down of inventory during the year (2015/16 – \$nil)

No inventories are pledged as securities for liabilities (2015/16 - \$nil)

11. Other financial assets/investments in CCOs

<u>2015/16</u>		<u>2016/17</u>
	Current portion	
	<i>Loans and receivables</i>	
8,100,000	Short term deposits with maturities of 4 -12 months	5,600,000
<u>8,100,000</u>	Total loans and receivables	<u>5,600,000</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 2016 was \$1.53 (2015-\$1.45).

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>2015/16</u>	Short Term Deposits	<u>2016/17</u>
8,100,000	Average investment - 242 days (2015/16 262 days)	5,600,000
<u>8,100,000</u>		<u>5,600,000</u>

12. Property, plant and equipment 2017

	Cost/ revaluation 1-July-16	Accum Depn and Imp. Chgs 1-July-16	Carrying Amount 1-July-16	Revaluation adjustment	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-17	Accum Depn and Imp Chgs 30-Jun-17	Carrying Amount 30-Jun-17
Council operational assets											
Land	2,361,600	0	2,361,600	0	0	0	0	0	2,361,600	0	2,361,600
Buildings	7,439,912	0	7,439,912	0	1,479,808	0	0	423,069	8,919,720	(423,069)	8,496,651
Plant, machinery and vehicles Fixtures, fittings and equipment	1,500,600	(585,806)	914,794	0	344,911	(66,701)	40,192	181,723	1,778,810	(723,338)	1,051,472
Library collections	4,183,418	(2,527,260)	1,656,158	0	376,862	(19,050)	19,050	231,824	4,541,230	(2,740,034)	1,801,197
Leased assets	1,449,279	(1,163,059)	286,220	0	64,821	0	0	47,795	1,514,100	(1,210,853)	303,246
	173,213	(161,353)	11,860	0	55,303	(150,364)	143,978	11,004	78,152	(28,379)	49,773
Total operational assets	17,108,022	(4,437,478)	12,670,544	0	2,321,705	(236,115)	203,220	895,415	19,193,612	(5,129,673)	14,063,939
Roading network											
Water - Other	15,784,309	0	15,784,309	0	658,169	(42,948)	0	801,742	16,399,530	(801,742)	15,597,788
Water - Treatment Plant	8,208,256	0	8,208,256	0	60,546	(1,183)	0	361,158	8,267,619	(361,158)	7,906,462
Sewerage - Other	815,806	0	815,806	0	41,283	0	0	63,458	857,089	(63,458)	793,631
Sewerage - Treatment Plant	7,529,296	0	7,529,296	0	46,724	0	0	276,244	7,576,020	(276,244)	7,299,776
Stormwater - Network	3,535,500	0	3,535,500	0	34,733	0	0	116,743	3,570,233	(116,743)	3,453,489
	5,035,188	0	5,035,188	0	38,259	0	0	208,294	5,073,447	(208,294)	4,865,153
Total infrastructural assets	40,908,355	0	40,908,355	0	879,714	(44,131)	0	1,827,639	41,743,938	(1,827,639)	39,916,299
Council restricted assets											
Land	6,021,424	0	6,021,424	0	0	0	0	0	6,021,424	0	6,021,424
Buildings	1,947,100	0	1,947,100	0	0	0	0	104,362	1,947,100	(104,362)	1,842,738
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	12,300	0	12,300
Other	88,100	0	88,100	0	0	0	0	2,650	88,100	(2,650)	85,450
Total restricted assets	8,068,924	0	8,068,924	0	0	0	0	107,012	8,068,924	(107,012)	7,961,912
Total property, plant and equipment	66,085,301	(4,437,478)	61,647,823	0	3,201,419	(280,246)	203,220	2,830,066	69,006,474	(7,064,324)	61,942,150

Property, plant and equipment 2016

	Cost/ revaluation 1-July-15	Accum Depn and Imp. Chgs 1-July-15	Carrying Amount 1-July-15	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	2,361,600	0	2,361,600
Buildings	\$5,468,908	(644,165)	4,824,743	7,439,912	0	7,439,912
Plant, machinery and vehicles	\$1,338,449	(517,946)	820,504	1,500,600	(585,806)	914,794
Fixtures fittings and equipment	\$3,962,145	(2,571,465)	1,390,680	4,183,418	(2,527,260)	1,656,158
Library collections	\$1,385,326	(1,118,192)	267,134	1,449,279	(1,163,059)	286,220
Leased assets	\$173,213	(150,405)	22,807	173,213	(161,353)	11,860
Total operational assets	14,371,960	(5,002,173)	9,369,787	17,108,022	(4,437,478)	12,670,544
Council infrastructural assets						
Roading network	16,217,747	(1,547,709)	14,670,038	15,784,309	0	15,784,309
Water - Other	8,789,293	(763,246)	8,026,047	8,208,256	0	8,208,256
Water -- Treatment Plant	778,119	(111,435)	666,684	815,806	0	815,806
Sewerage - Other	7,664,597	(575,627)	7,088,970	7,529,296	0	7,529,296
Sewerage -- Treatment Plant	3,620,928	(256,725)	3,364,203	3,535,500	0	3,535,500
Stormwater - Network	5,478,532	(463,299)	5,015,233	5,035,188	0	5,035,188
Total infrastructural assets	42,549,216	(3,718,041)	38,831,175	40,908,355	0	40,908,355
Council restricted assets						
Land	\$6,768,424	0	6,768,424	6,021,424	0	6,021,424
Buildings	\$1,978,133	(225,706)	1,752,427	1,947,100	0	1,947,100
Library - special collection	\$12,300	0	12,300	12,300	0	12,300
Other	\$96,510	(5,808)	90,702	88,100	0	88,100
Total restricted assets	8,855,367	(231,514)	8,623,853	8,068,924	0	8,068,924
Total property plant & equipment	65,776,543	(8,951,728)	56,824,815	66,085,301	(4,437,478)	61,647,823

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 \$56,330 (2016 - \$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 \$49,773 (2016 - \$11,860).

Impairment

There were no impairment losses incurred for the year to 30 June 2017 (2016 – 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.

2017	Closing book value	Additions (constructed)	Most recent replacement cost estimate for revalued assets (30 June 2016)
Water Supply:			
-Treatment plant	793,631	41,283	1,405,100
-Other assets (reticulation)	7,906,462	60,546	24,981,800
Sewerage:			
-Treatment plant	3,453,489	34,733	5,569,600
-Other assets (reticulation)	7,299,776	46,724	22,108,700
Stormwater drainage	4,865,153	38,259	16,515,400
Roads and Footpaths	15,597,788	658,169	32,873,400
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

13. Intangible assets

<u>2015/16</u>		<u>2016/17</u>
	Acquired computer software	
	Balance at 1 July	
338,675	Cost	367,581
(280,274)	Accumulated amortisation and impairment	(294,011)
58,401	Opening carrying amount	73,570
28,906	Additions	20,250
(13,737)	Amortisation charge	(15,197)
73,570	Closing carrying amount	78,623
	Balance at 30 June	
367,581	Cost	387,831
(294,011)	Accumulated amortisation and impairment	(309,208)
73,570	Closing carrying amount	78,623

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>2015/16</u> <u>Actual</u>	Depreciation and amortisation expense (for group of activity)	<u>2016/17</u> <u>Budget</u>	<u>2016/17</u> <u>Actual</u>
18,426	Democracy	24,460	21,621
88,395	Economic and community development	101,930	145,457
19,206	Environmental services	18,680	26,158
756,340	Roading	732,290	739,845
232,198	Stormwater	189,660	208,534
444,455	Water supply	455,690	431,710
426,562	Wastewater	428,940	407,062
23,960	Solid waste	26,140	28,033
583,917	Leisure and recreation	590,010	701,235
171,942	Other activities	0	135,608
2,765,401	Total	2,567,580	2,845,263

15. Payables and deferred revenue

	Current portion:	
<u>2015/16</u>	Payables and deferred revenue under exchange transactions:	<u>2016/17</u>
1,211,048	Trade payables	758,920
353,573	Accrued expenses	519,702
5,714	Revenue in advance	5,714
1,570,335	Total	1,284,336
	Payables and deferred revenue under non-exchange transactions:	
517,810	Rates fees and grants received in advance	499,622
57,312	Rates due to BOP Regional Council	30,870
38,022	Deposits and bonds	52,362
613,144	Total	582,854
2,183,479	Total payables and deferred revenue	\$1,867,190
	Non-current portion:	
	Payables and deferred revenue under exchange transactions:	
177,143	Income in advance	\$171,429

16. Provisions

<u>2015/16</u>		<u>2016/17</u>
	Current provisions are represented by:	
10,000	Landfill aftercare provision	10,000
	Non-current provisions are represented by:	
66,638	Landfill aftercare provision	59,470
	Landfill aftercare provision	
83,514	Opening balance	76,638
(3,100)	Amount utilised	(4,323)
3,124	Discounting changes	2,832
(6,900)	Increase/(Decrease) in provision	(5,677)
<u>76,638</u>	Closing Balance	<u>69,470</u>

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 \$80,000 (2016 - \$90,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$69,470 (2016 - \$76,638) using a discount rate of 4.25% (2016 - 4.25%).

17. Employee Entitlements

<u>2015/16</u>		<u>2016/17</u>
359,885	Annual leave	423,024
91,726	Retirement gratuities	100,363
49,488	Accrued salaries	70,845
<u>501,099</u>	Total employee benefit liabilities	<u>594,232</u>
	Comprising:	
412,378	Current	499,597
88,721	Non-current	94,635
<u>501,099</u>	Total employee benefit liabilities	<u>594,232</u>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2016/17 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% (2016 6%) and an inflation factor of 2.0% (2016 2%) were used.

18. Borrowings and other financial liabilities

<u>2015/16</u>		<u>2016/17</u>
	Current	
14,009	Finance leases	9,353
<u>14,009</u>	Total current borrowings	<u>9,353</u>
	Non-current	
1,204	Finance leases	41,628
<u>1,204</u>	Total non-current borrowings	<u>41,628</u>

Security

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

KDC currently has no secured loans.

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

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>2015/16</u>		<u>2016/17</u>
	Total minimum lease payments are payable	
15,052	Not later than one year	14,264
<u>1,216</u>	Later than one year and not later than five years	<u>49,925</u>
16,268	Total minimum lease payments	64,189
<u>(1,055)</u>	Future finance charges	<u>(13,208)</u>
<u>15,213</u>	Present value of minimum lease payments	<u>50,981</u>
	Present value of minimum lease payments are payable	
14,009	Not later than one year	9,353
<u>1,204</u>	Later than one year and not later than five years	<u>41,628</u>
<u>15,213</u>	Total	<u>50,981</u>
14,009	Current	9,353
<u>1,204</u>	Non-current	<u>41,628</u>
<u>15,213</u>	Total	<u>50,981</u>

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

<u>2015/16</u>		<u>2016/17</u>
	Accumulated Funds	
37,613,935	As at 1 July	37,325,994
	Transfers to:	
(2,077,930)	Council created reserves	(2,062,388)
	Transfers from:	
0	Restricted reserves	
1,890,572	Council created reserves	2,477,384
(100,583)	Total Comprehensive Revenue and Expense	(724,410)
<u>37,325,994</u>	As at 30 June	<u>37,016,580</u>
	Council created reserves	
8,731,272	As at 1 July	8,918,630
	Transfers to:	
(1,890,572)	Accumulated Funds	(2,477,384)
	Transfers from:	
2,077,930	Accumulated Funds	2,062,388
<u>8,918,630</u>	As at 30 June	<u>8,503,634</u>
	Property revaluation reserves	
18,916,377	As at 1 July	23,044,604
4,128,227	Total Comprehensive Revenue and Expense	0
<u>23,044,604</u>	As at 30 June	<u>23,044,604</u>
<u>31,963,234</u>	TOTAL OTHER RESERVES	<u>31,548,238</u>
	Asset revaluation reserves consist of:	
	Operational Assets	
654,980	Land	654,980
74,548	Landscaping	74,548
2,366,650	Buildings	2,366,650
95,916	Other Equipment	95,916
<u>3,192,094</u>		<u>3,192,094</u>
	Infrastructural Assets	
7,377,188	Roading Network	7,377,191
3,926,372	Water System	3,926,372
3,472,056	Wastewater System	3,472,056
1,926,945	Stormwater Network	1,926,945
<u>16,702,561</u>		<u>16,702,564</u>
	Restricted Assets	
1,927,450	Land	1,927,450
1,222,499	Buildings	1,222,499
<u>3,149,949</u>		<u>3,149,949</u>
<u>23,044,604</u>		<u>23,044,607</u>

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 \$	2016/17 \$
	Asset Renewal Reserve (All Activities) To set funds aside for the renewal of assets utilised by the following activities:			
75,661	Democracy	20,256	-	95,917
576	Building & Inspection	5	-	581
4,036	Environmental Health	19	-	4,055
(25,545)	Dog Control	6,365	(13,972)	(33,152)
1,916,749	Roading/Footpaths	389,618	(305,405)	2,000,962
272,731	Stormwater	60,299	(12,626)	320,404
3,497,133	Water Supply	461,774	(101,830)	3,857,077
3,255,648	Wastewater	398,235	(81,457)	3,572,426
(111,112)	Refuse Disposal	8,670	(31,822)	(134,264)
65,632	Zero Waste	5,881	-	71,513
(229,193)	Library	53,827	(68,220)	(243,586)
(28,665)	Museum	4,123	(80,286)	(104,828)
(409,554)	Swimming Pool	60,918	(302,670)	(651,306)
(273,651)	Rec Centre	59,511	(69,601)	(283,741)
183,663	Town Hall	38,009	(6,068)	215,604
87,309	Concert Chamber	13,182	(14,475)	86,016
40,691	Town Centre Toilets	(841)	(186,315)	(146,465)
227,629	Sportfields	76,344	(135,691)	168,282
(335,513)	Passive Reserves	66,742	(80,425)	(349,196)
232	Road Berms	(2)	-	230
12,538	Street Trees	1,673	-	14,211
1,214	Bedding Displays	11	-	1,225
300,745	Playgrounds	43,740	(42,498)	301,987
(14,990)	Pensioner Housing (Bert Hamilton Hall)	60	-	(14,930)
38,238	Cemetery	10,161	(4,533)	43,866
(61,684)	Commercial Rental Buildings	7,681	(49,835)	(103,838)
(117,786)	Firmin Lodge	19,226	(139,988)	(238,548)
(105,461)	District Office & Depot	60,498	(293,281)	(338,244)
494,891	Finance	25,913	(126,284)	394,520
5,862	Operations & Services	(44)	-	5,818
0	Information Centre	-	(143,065)	(143,065)
141,023	Plant	170,212	(187,037)	124,198
9,583	Development Feasibility Fund	322	-	9,905
8,918,630	Total	2,062,388	(2,477,384)	8,503,634
2015/16 \$	Revaluation Reserve – Purpose of Fund	Additions \$		2015/16 \$
23,044,604	Revaluation Reserve - records the amount that Council's assets have increased in value.	0	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.

2015/16		Internal Loans	2016/17			
Interest \$	Loans \$		Interest \$	New Loans \$	Repayments \$	Loans \$
		Solid waste:				
7,923	166,818	Transfer Station Loan	7,249		(15,395)	151,423
		Leisure and Recreation:				
4,092	87,544	Swimming Pool Loan	3,845		(5,636)	81,908
4,142	71,149	Recreation Centre Loan	2,620		(34,779)	36,370
1,084	0	Library - Building Loan				
0	450,000	Changing rooms Loan	37,775		(10,747)	439,253
0	950,000	Firmin Lodge Loan	17,894		(22,689)	927,311
0	0	Archives/Museum Loan	-	480,000		480,000
17,241	1,725,511	Total	69,383	480,000	(89,246)	2,116,265

22. Capital commitments and operating leases

During the year Council had entered into contracts for the construction of an archives and museum storage building as well as a playground fence. At the 30 June 2017 there was outstanding balance on the contract (for work still to be done) of \$62,500 (2016 \$200,757).

Also there was a lease where Council was the lessor:

<u>2015/16</u>		<u>2016/17</u>
Total minimum lease payments		
5,316	Not later than one year	5,316
<u>3,544</u>	Later than one year and not later than five years	<u>19,492</u>
<u>8,860</u>	Total minimum lease payments	<u>24,808</u>

23. Contingencies

Council currently has no outstanding loan guarantees for community organisations.

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>2015/16</u>		<u>2016/17</u>
187,768	Councillors: Remuneration	192,355
9	Full-time equivalent members (NB number of elected members)	9
Senior management team including Chief Executive Officer		
573,606	Remuneration	589,788
4	Full-time equivalents	4
761,374	Total key management personnel remuneration	782,143
13	Total full-time equivalent personnel	13

25. Remuneration

<u>2015/16</u>		<u>2016/17</u>
201,637	Chief Executive Officer The Chief Executive Officer also received additional benefits of \$600.00 (\$600.00 2016) for telephone rental	214,631

<u>2015/16</u>		<u>2016/17</u>		
Elected Members				
	<u>Communication Allowance</u>	<u>Salary</u>	<u>Total</u>	
58,343	Mayor - M J Campbell JP	0	59,270	59,270
20,800	Councillor - A J Holmes	184	5,958	6,142
18,625	Councillor - C J Ion	500	18,670	19,170
15,000	Councillor - B J Julian	500	14,935	15,435
15,000	Councillor - S H Tuhoro	184	4,256	4,440
15,000	Councillor - R G K Savage	500	14,935	15,435
15,000	Councillor - W Godfery	500	14,935	15,435
15,000	Councillor - C J Marjoribanks	500	14,935	15,435
15,000	Councillor - F K N Tunui	500	19,207	19,707
0	Councillor – D Sparks	334	10,679	11,013
0	Councillor – S Kingi	334	10,679	11,013

26. Staffing Levels and Remuneration

As at 30 June 2017 there were 55 staff which received annual salaries of less than \$60,000 (2016 54 employees)

<u>2015/16</u>	Total annual remuneration (in bands)	<u>2016/17</u>
No of Staff		No of Staff
54	Salary < \$60,000	55
7	Salary \$60,000 - \$79,999	8
6	Salary \$80,000 - \$215,000	8
67	Total	71
<u>2015/16</u>		<u>2016/17</u>
49	Number of staff which were full time employees (>40 hours per week)	53
6.8	Number of part time staff (i.e. < 40 hours per week) expressed as FTE	8.4

27. Severance Payments

During the year, there were two severance payments made to Council employees of \$9,000 and

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\$4,000 (2016 \$33,600)

28. Events after balance date

In 2016/17 there were no significant events after balance date (2015/16 nil).

29. Financial Instruments

Financial instrument categories

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

<u>2015/16</u>		<u>2016/17</u>
	Financial Assets	
	Loans and receivables	
863,952	Cash and cash equivalents	2,426,460
889,594	Debtors and other receivables	721,782
<u>8,100,000</u>	Held to maturity investments of 4-12 months	<u>5,600,000</u>
<u>9,853,546</u>	Total loans and receivables	<u>8,748,242</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>9,889,798</u>	Total financial assets	<u>8,784,494</u>
	Financial Liabilities	
	Financial liabilities at amortised cost	
1,659,952	Creditors and other payables	1,361,853
<u>14,009</u>	Borrowings	<u>9,353</u>
<u>1,673,961</u>	Total financial liabilities at amortised cost	<u>1,371,206</u>
	Non-current liabilities	
<u>1,204</u>	Borrowings	<u>41,628</u>
<u>1,204</u>	Total non-current liabilities	<u>41,628</u>
<u>1,675,165</u>	Total financial liabilities	<u>1,412,834</u>

30. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the Annual Plan for 2016/17 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, increased transfer station revenue and additional funding received to remove tyres on Council land.

There was corresponding additional expenditure for events and projects, refuse disposal as well as the removal of tyres which was offset by the additional funding.

Also there was additional expenditure for flooding clean up and repairs as well increased expenditure for consultants and additional engineering resource.

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 most term deposits were invested for longer periods than 90 days to obtain the best interest rates.

Receivables are lower than budget as a result of a reduction in the amount of outstanding rates. Council managed to clear a number of long overdue rates through property sale. Property Plant and Equipment was higher than budget because the revaluation at 30 June 2016 increased values by more than anticipated.

Liabilities were slightly lower than the budget due to reduced creditors at year end.

Statement of cash flow

Cash flow from rates was more than budget because of improved collection and water by meter revenue being included in rates income.

Interest received was slightly 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 higher than budget because of increased transfer station revenue and additional revenue for the removal of tyres.

Payments to suppliers and employees were higher than budget because of additional expenditure for events, refuse disposal, tyre removal, consultants and engineering resource as well as flooding repairs.

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

Funds from the Purchase of Investments exceeded the budget because Council had less funds to invest for >90 days

31. Rating Base

<u>30 June 2016</u>		<u>30 June 2017</u>
2,929	Number of rating units	2,931
\$574,015,600	Capital value of rating units	\$567,540,100
\$93,576,100	Land value of rating units	\$90,331,600

32. Insurance Disclosure

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

<u>30 June 2016</u>		<u>30 June 2017</u>
53,447,220	Total value of all Council assets covered by insurance contracts	53,637,751
98,627,956	Maximum amount to which insured assets are insured	98,642,326
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 2017

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.

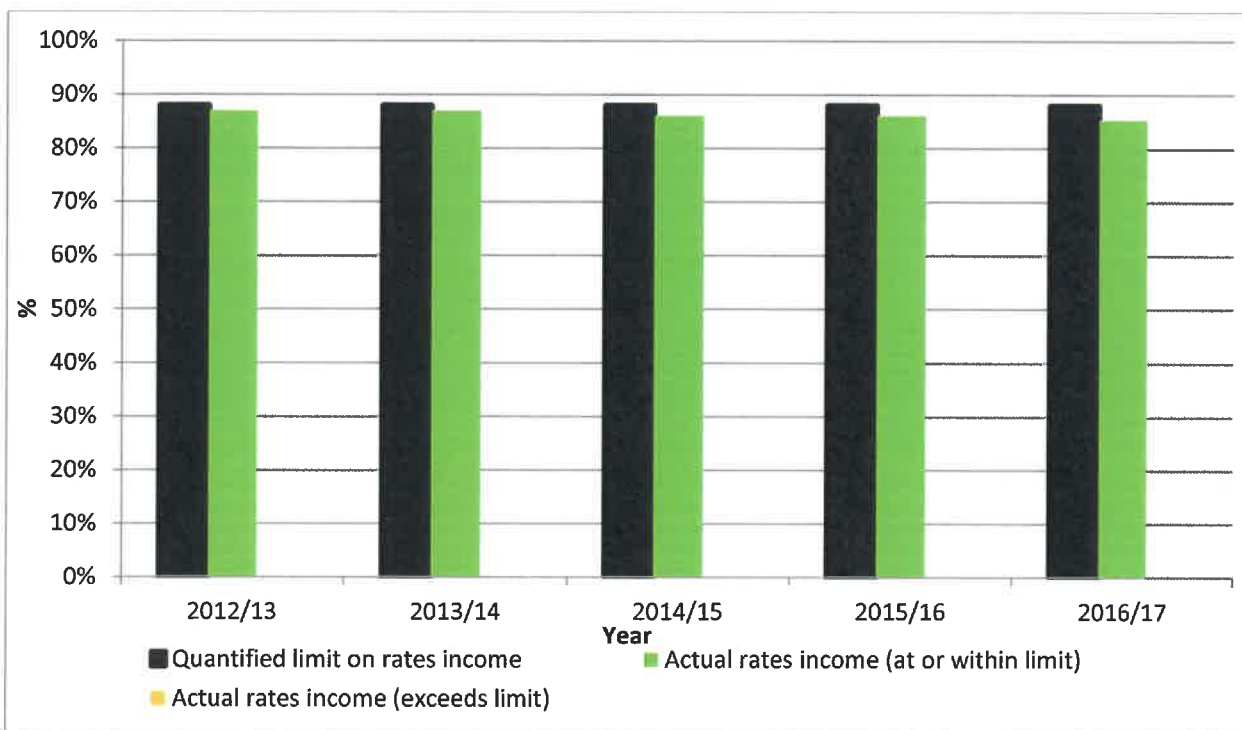
RATES AFFORDABILITY BENCHMARK

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

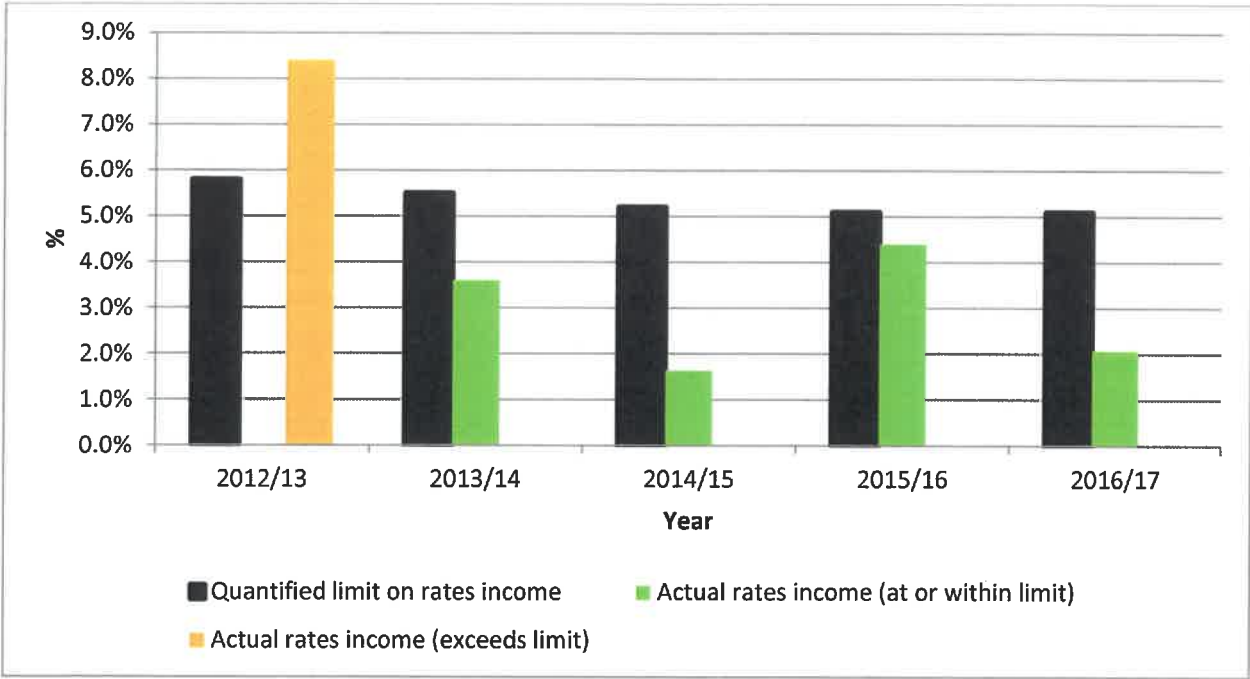
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



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.

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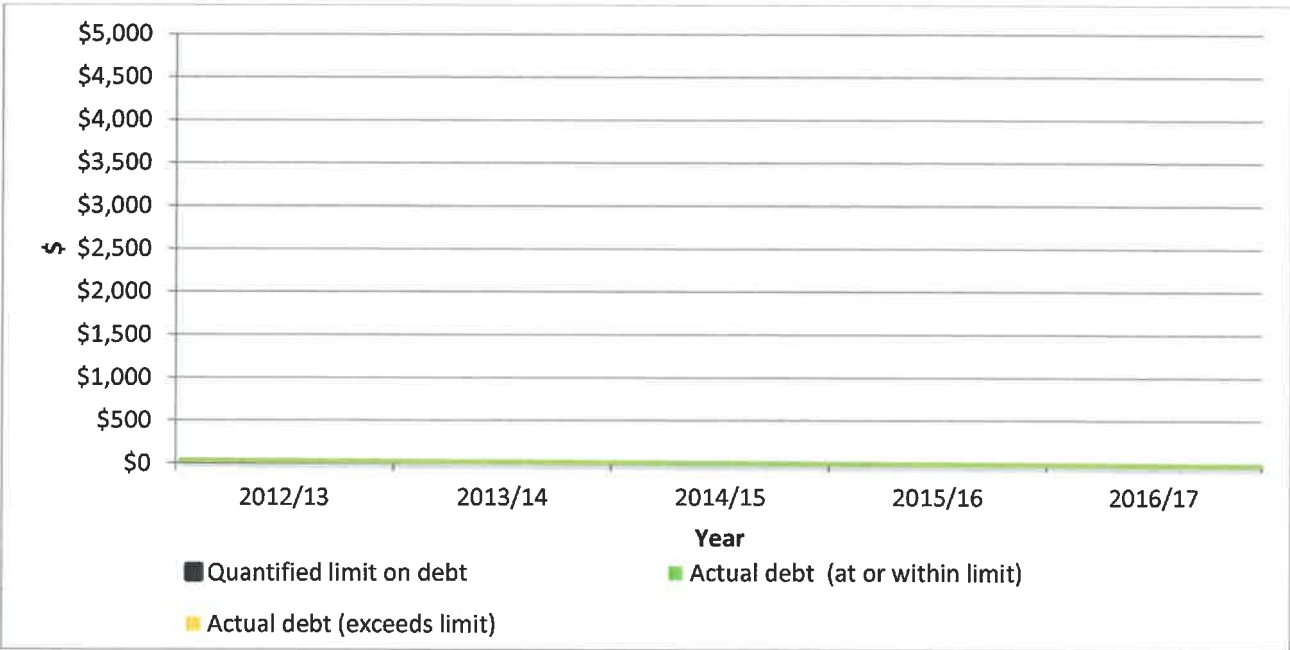
Comment:

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.



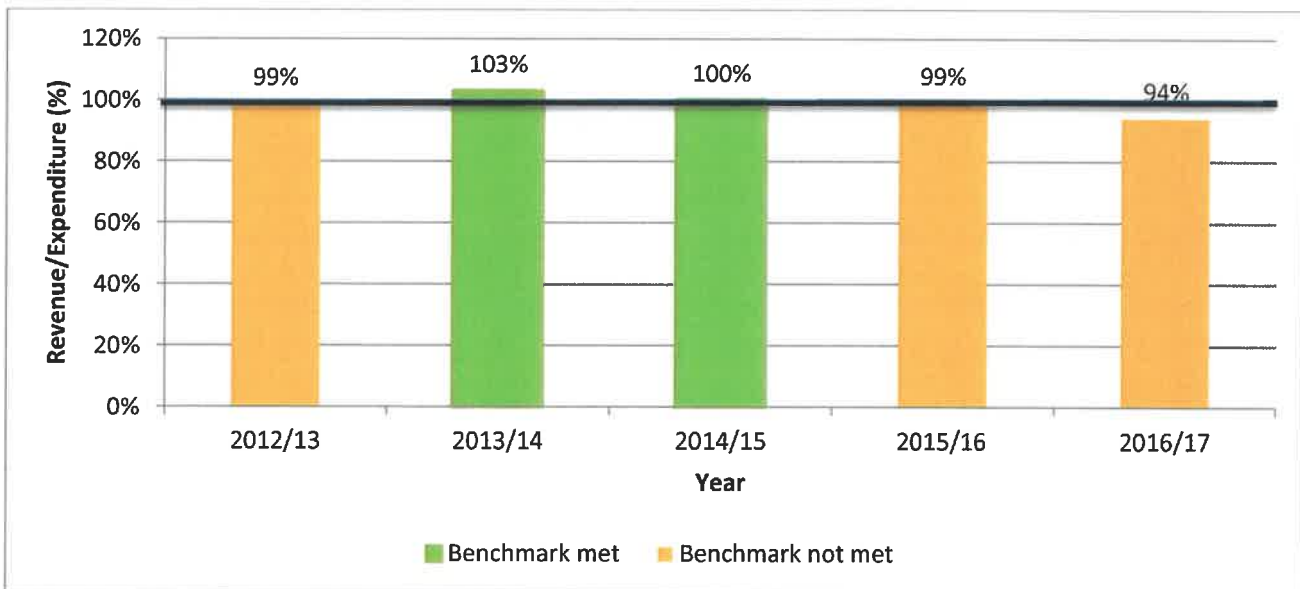
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Comment:

Council does not have any debt except for finance leases as it has sufficient funds to meet all anticipated expenditure. KDC entered into finance lease agreements for the acquisition of its 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:

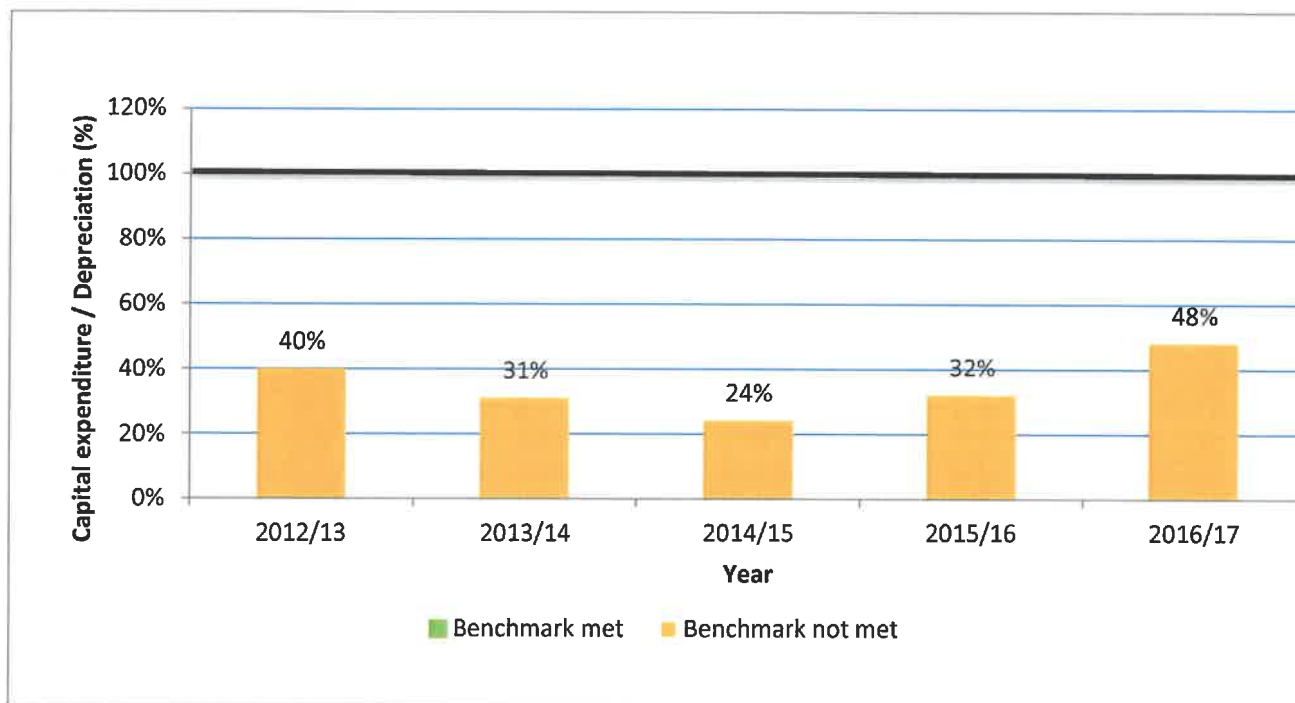
Council does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rate of 67%. The benefit of not funding the portion of 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.

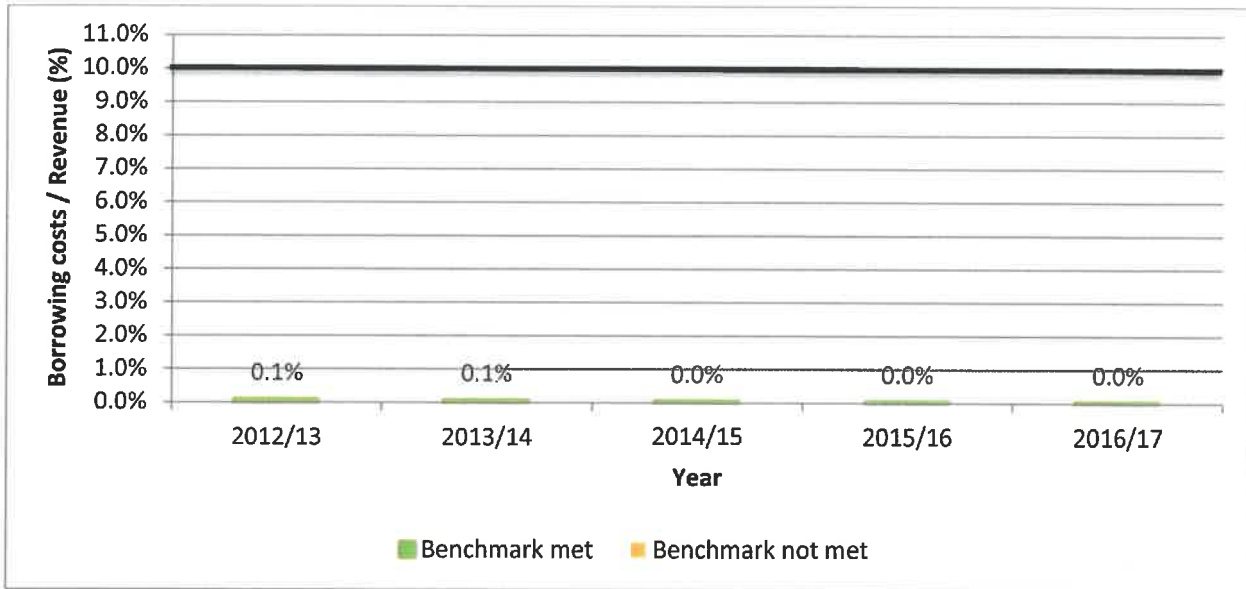
The following table broadly illustrates the age of Councils infrastructure.

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	59 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	57 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.

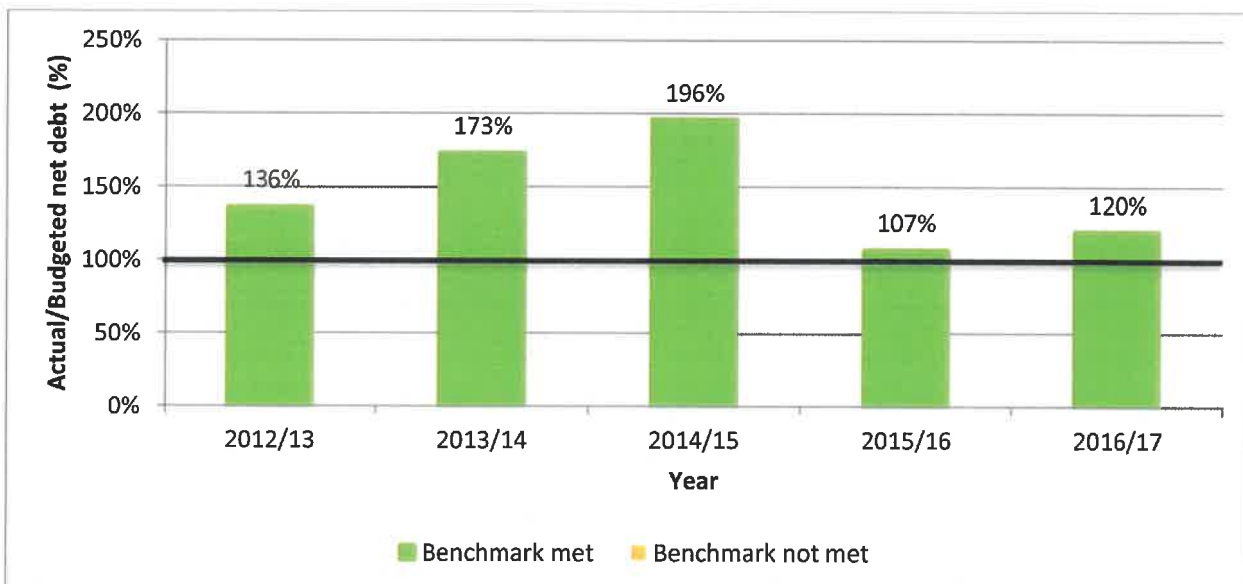


Comment:

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.



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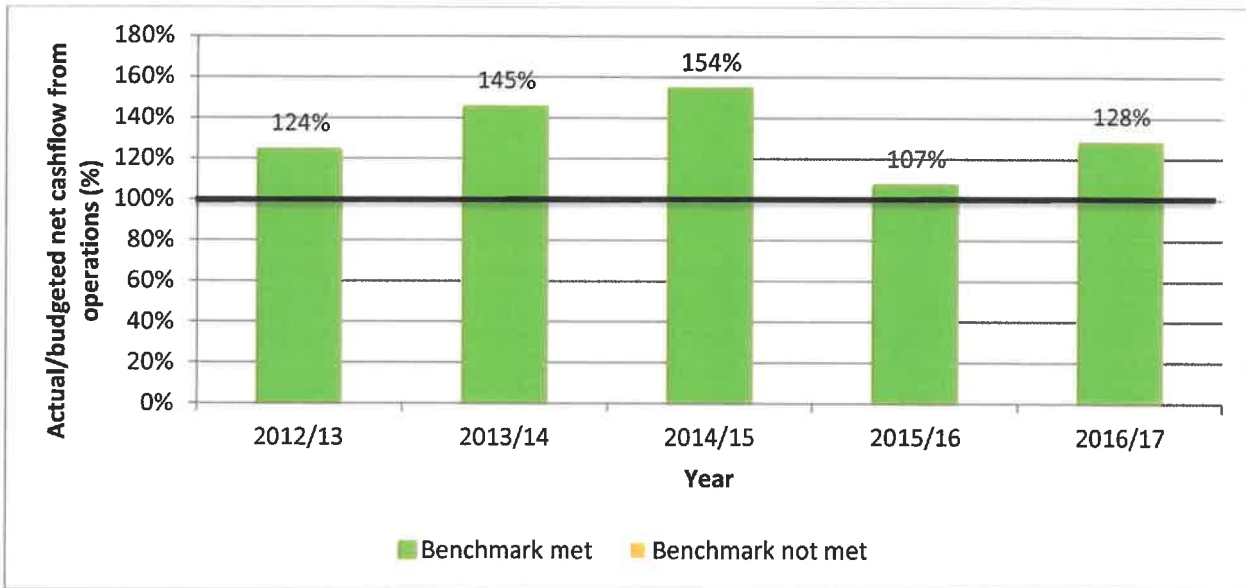
Comment:

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 137 performance targets for all groups for the 2016/17 year (excluding those which were not applicable) and managed to achieve 104 (76%) 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 2016/17 year, Council achieved 109 (77%) of its non-financial performance targets.

Activity	2016/17 No. of Targets	2016/17 End of Year Result		2015/16 Achievement Rate
Democracy	8	6	75%	80%
Economic & Community Development	13	12	92%	85%
Environmental Services	35	24	69%	79%
Roading	13	10	77%	73%
Stormwater	4	4	100%	75%
Water Supply	14	10	71%	85%
Wastewater	9	8	89%	88%
Solid Waste Management	7	6	86%	100%
Leisure and Recreation	38	29	76%	91%
TOTAL*	141	109	77%	83%

*excludes the N/A targets

Of the 32 targets not achieved, 12 relate to the NRB Community Satisfaction Survey.

Highlights of the Survey were:

- Council has maintained or increased community satisfaction for most of the measures since 2011.
- Also the community satisfaction rating is higher than the peer group and national averages for most measures.
- Community satisfaction with the performance of the Mayor and Councillors is 89% higher than peer group average and 78% above the national average.

The only activities that had 10% or more not very satisfied were Dog Control (29%), Public Toilets (22%), Footpaths (14%) and Storm water removal and protection from flooding (10%).

The following actions are being taken to address targets that were not achieved.

Democracy

Community satisfaction with Council consultation was 63% compared to a target of 71%. 6% were dissatisfied with the remaining either neutral or didn't know. Council continues to review its consultation methods to improve the level of engagement with the community.

While only 69% of the annual work programme was completed by 30 June, several other major items were in progress with completion dates over the next few months. These include the Museum and Archives building in Jellicoe Court, the information centre upgrade and the internal fit out of the Islington Street offices. Additional staffing was taken on in January 2017 to improve the completion level of capital projects.

Economic and Community Development

In December 2016, Council received Ministry of Youth Development funding for four activities. Permission was granted by MYD to complete two of these projects by October 2017.

Environmental Services

10 out of 11 resource consents were processed within the 20 working day target, while one consent was one day outside this target.

71 out of 76 building consent applications were processed within the 20 working day target. The other five were processed within 25 days. Resources have been increased in this area to improve responsiveness to the increasing number of consents that council receives.

All but two premises subject to environmental health statutory requirements received the requisite number of inspections.

487 out of 489 noise complaints and 807 out of 809 dog complaints were responded to within target timeframes.

Civil Defence

Council continues to improve its planning to respond to civil defence emergencies. Only 54% of residents surveyed stated that they were prepared for a civil defence emergency. Council continues work on increasing public awareness of the importance of preparedness.

Roading

There was 97% community satisfaction with roading assets, 85% satisfaction with footpaths and there were no fatalities or serious injuries on the roads controlled by Council.

While 14% were not very satisfied with the quality of footpaths, this was down from 24% in the last survey in 2014. Work is continuing on removing trees that damage footpaths and working with the Seniors Forum to identify accessibility issues

All but one customer service request, for streetlight outages were attended to within the required timeframe. Council continues to work with contractors to improve this response rate.

Stormwater

Community satisfaction with storm water removal and protection from flooding was 82%. 10% of respondents to the survey were not very satisfied due to:

- Flooding issues (mentioned by 6%)
- Drains getting blocked / leaves blocking drains / need to clear more often (4%)
- Inadequate / can't cope / needs upgrading (2%)

Work has been undertaken to mitigate the risk of future flooding and analysis has been undertaken to reduce the amount of runoff from the farm blocks, the suitability of the culverts under River Road and alternative water flow paths for Blundell Avenue and Marshall St.

Mitigation work undertaken to date includes:

- bunds at the top of Beattie Road
- Raising the level of the bank above the retention pond at the southern end of Valley Road.
- Lowering the footpath in the alleyway between Doug Wilson Crescent and Shepherd Road.

- Installing a speed hump bund at the intersection of Beattie Road and Dippie Place

Water Supply

There was 96% community satisfaction with the water supply which is still considered to be a very good result.

There were 3 instances of bacterial non-compliance and one for protozal, with the drinking water standards. Water can be contaminated beyond the ultraviolet treatment plant. Last year tarpaulins were placed over the reservoirs as a 3 year trial to determine if the roof was the source of contamination. There have been three single contaminations detected in Valley Road since the tarpaulins were installed. So the results to date have been an improvement but not yet conclusive.

Two unplanned shutdowns of the pump station occurred during the year. One of these related to the February floods and the second was as a result of an electronic malfunction. Staff have put in place measures to ensure that this does not happen in future.

Wastewater

Council achieved all of its targets in the wastewater activity and there was 91% community satisfaction with the wastewater service.

Solid Waste

Council achieved all but one of its targets in the solid waste activity. There was 97% community satisfaction with refuse collection, 81% with refuse disposal and 95% with recycling services.

A minor non-compliance with one of the resource consents is being rectified with the regional council.

Leisure and Recreation

Council achieved most of its targets in the leisure and recreation activity apart from some community satisfaction targets and the number of active users of the library.

The activities that did not meet community satisfaction targets are:

- public library 84% (3% below) although user satisfaction at 98% was above target
- museum 63% (2% below); user satisfaction 92% (3% below)
- swimming pools 90% (4% below) although user satisfaction at 97% was on target
- public halls 75% (8% below) although user satisfaction at 96% was above target
- public toilets 54% (12% below); user satisfaction 71% (13% below)
- cemetery 71% (9% below) although visitor satisfaction at 98% was on target

Council will look at the level of service being provided for these activities during the coming financial year.

Also since the survey was undertaken Council has opened the new Town Centre toilets and renovated the Information Centre toilets.

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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 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 2016/17 were:

- Preparation and adoption of the 2017/18 Annual Plan.
- The adoption of the 2015/16 Annual Report.
- Carrying out the local body elections in October which resulted in two new councillors being elected.
- Holding the first community awards ceremony to recognise residents that have made a significant contribution to the community
- Adoption of a number of policies and strategies throughout the year for the betterment of the town and residents

In 2016/17, Council used the special consultative procedure and/or Community consultation process when adopting the following:

- 2017/18 Annual Plan
- 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 2016/17	Results 2015/16	Results 2016/17	Comment
The community has confidence in their elected members	Community satisfaction with the Mayor and councillors	>85%	N/A	Achieved	The community was surveyed in January 2017 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	>71%	N/A	Not achieved	The community was surveyed in January 2017 and the level of satisfaction was 62%
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 during the year.
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	>89%	N/A	Achieved	The community was surveyed in January 2017 and the level of satisfaction was 93%
	Percentage completion of the annual work programme	>90%	Not achieved	Not achieved	Of the 145 projects, 2 were not required and a total of 99 (69.2%) were completed. Projects not required were: <ul style="list-style-type: none"> • Sound system for district office • Alleyway closures (none requested)

**KAWERAU DISTRICT COUNCIL
DEMOCRACY**

**Funding Impact Statement
for the year ended 30 June 2017**

	2016 Long Term Plan	2017 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	569,990	630,260	610,133
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	19,691
Internal charges and overheads recovered	3,030	3,700	2,755
Local authorities fuel tax, fines, infringements and other receipts	0	15,960	0
TOTAL OPERATING FUNDING (A)	573,020	649,920	632,579
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	340,640	396,200	362,094
Finance costs	2,200	2,340	2,205
Internal charges and overheads applied	211,210	231,780	268,120
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	554,050	630,320	632,419
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	18,970	19,600	160
SOURCES OF CAPITAL FUNDING			
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	0
APPLCATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	18,970	19,600	160
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	18,970	19,600	160
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(18,970)	(19,600)	(160)
FUNDING BALANCE ((A-B)+(C-D))	0	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 2016/17 were:

- Continuing the development of Industrial Symbiosis and the 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 events (e.g. "Christmas in the Park", King of the Mountain race and Woodfest)
- Delivering a strong calendar of events
- Appointment of the Kawerau Youth Council and continuing support for its activities.
- Administering and providing grants to community groups for projects which benefit Kawerau residents.

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ECONOMIC AND COMMUNITY DEVELOPMENT

PERFORMANCE

Levels of Service	Measures	Target 2016/17	Results 2015/16	Results 2016/17	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	Achieved	Achieved	There was at least 1 event held each month from February to December.
Delivery of Youth Activities as agreed with the Ministry of Youth Development	Percentage of agreed activities delivered	100%	Achieved	Not achieved	Applications to fund youth activities were made in November 2016 and subsequently granted. Youth activities (apart from 2 programmes) were delivered in the later part of the year.
Council contributes to the continuation of successful events	Council employs an events co-ordinator	Events co-ordinator employed	Achieved	Achieved	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 6 community groups totalling \$11,288 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 2016 and May 2017.
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 2017 for the calendar year
	Youth council activity	At least 9 meetings held	Achieved	Achieved	9 meetings of Youth Council were held
	Annual selection and presentation of young achievers awards	Awards presented	Achieved	Achieved	Awards presented September 2016.

Levels of Service	Measures	Target 2015/16	Results 2015/16	Results 2016/17	Comment
Council supports community development initiatives	Community Development Strategy which clearly defines action points	Strategy adopted by Council.	Not achieved	Achieved	Council adopted a Kawerau Marketing Strategy in November 2016, for attracting new businesses & residents to Kawerau.
	Age and Disability Friendly and Healthy Housing Strategies developed	Strategies adopted.	Not achieved	Achieved	The Age-Friendly and Accessible Kawerau Strategy was adopted by Council 29 November 2016 and implemented accordingly.

KAWERAU DISTRICT COUNCIL ECONOMIC AND COMMUNITY DEVELOPMENT

Funding Impact Statement for the year ended 30 June 2017

	2016 Long Term Plan	2017 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	648,890	666,600	813,058
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	296,891
Fees and charges	17,840	18,020	124,012
Internal charges and overheads recovered	750	750	0
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	667,480	685,370	1,233,961
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	484,100	495,050	1,082,233
Finance costs	2,160	2,060	49,699
Internal charges and overheads applied	170,900	177,700	295,419
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	657,160	674,810	1,427,351
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	10,320	10,560	(193,390)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	25,000
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	25,000
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	142,298
- to improve level of service	0	0	0
- to replace existing assets	7,750	0	192,900
Increase/(decrease) in reserves	2,570	10,560	(503,588)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	10,320	10,560	(168,390)
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(10,320)	(10,560)	193,390
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Increased expenditure was incurred for projects and community events which was offset by increased revenue from subsidies and fees and charges. Also there were increased overhead and internal charges as these are allocated on the basis of activity expenditure.

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

<u>2015/16</u>	CAPITAL RENEWALS	<u>Budget</u> <u>(LTP)</u>	<u>2016/17</u>
0	Renewals	0	192,900
0	Land (Additional demand)	0	0
<u>978,766</u>	Building (Additional demand)	<u>0</u>	<u>142,298</u>
<u>978,766</u>		<u>0</u>	<u>335,198</u>
FUNDED BY:			
950,000	Loan	0	0
<u>28,766</u>	Depreciation Reserve Funding	<u>0</u>	<u>335,198</u>
<u>978,766</u>		<u>0</u>	<u>335,198</u>

During the year Council completed the renovation the former rugby clubrooms on Firmin Field as there is demand to have accommodation for groups using the river and reserve. Also renewals were carried out on the I-Site building as it had deteriorated over the last few years.

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 2016/17 were:

- Ongoing accreditation of Council's building consent activity by the Building Consent Authority.
- Continued provision of good quality regulatory services to meet legislative requirements and also the needs of the community

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 listed in Council's register being registered by the target date of 30 April 2017
- Over 1,200 dog complaints responded to
- Responding to and investigating 685 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 2016/17	Result 2015/16	Result 2016/17	Comments
Resource consents are processed in accordance with the District Plan and the Resource Management Act	Monitoring of resource consents for compliance	100%	Achieved	Achieved	
Resource consents processes comply with statutory requirements.	Resource consents processed within timeframes set in the Resource Management Act 1991	100% within timeframes	Achieved	Not achieved	10/11 (91%) 1 consent was issued after 21 days

Building Control

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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	BCA accredited and registered. IANZ re-assessment next due in November 2017
Service users consider Council's building control activity to be effective	Satisfaction of service users – Building Inspection Processes	90% satisfaction	Achieved	Achieved	12/12 (100%)
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Achieved	Not achieved	12/14 (86%)
Building control functions are delivered within the statutory timeframes	Time taken to process building consent applications	100% within 20 working days	Achieved	Not achieved	71/76 (93%) 1 processed after 21 days, 2 after 22 days, 1 after 23 days and 1 after 25 days
	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 2016/17
	Time taken to issue PIMs	100% within 20 working days	N/A	N/A	There were no application for PIMs received during 2016/17
	Time taken to process Code Compliance certificate applications	100% within 20 working days	Achieved	Achieved	69/69 (100%)
	Time taken to notify Compliance schedules	100% within 5 working days	Achieved	Achieved	1/1 (100%)

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comments
Relevant Kawerau buildings comply with Building Warrant of Fitness (WOF) requirements	Building WOF renewals checked	100% of renewals checked	Achieved	Achieved	73/73* (100%) *figure = 30/6/2016
	Buildings audited for Building WOF requirements	35% audited	Achieved	Achieved	26/73* (35.6%) *figure = 30/6/2016
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey conducted	Achieved	Achieved	Survey completed March 2017 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	Not achieved	3/64 (5%) Workload following floods meant inspections not done

Environmental Health

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comments
Customers consider Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	Achieved	N/A	No users surveyed
Registered premises comply with statutory requirements	Inspection for compliance of food premises operating under the Food Hygiene Regulations 1974 – non mobile	100% twice-yearly	Not Achieved	Not achieved	First Inspection: 17/17 (100%) Second Inspection: 10/11 (91%)
	Inspection for compliance of food premises operating under the Food Hygiene Regulations 1974 – mobile	100% annually	Not Achieved	Achieved	3/3 (100%)
	Audit of food premises operating Food Control Plans under the voluntary implementation programme	100% annually	Not Achieved	Achieved	12/12 (100%)
	Inspection of registered premises for compliance with relevant standards	100% annually	Achieved	Not achieved	2/3 (66.7%) 1 premise inspected 7/7/2017

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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	Not achieved	Achieved	15/15 (100%)
Council responds to service requests for environmental health conditions	Response to nuisance conditions and health risks	100% within 1 working day	Achieved	Achieved	71/71 (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	487/489 (99.6%) within 30 minutes
	Response to fire risk complaints	100% within 1 working day	N/A	Achieved	20/20 (100%)
Council keeps public places free of litter	Weekday litter patrols	At least 480 weekday patrols	Achieved	Achieved	506 weekday patrols for year
	Removal of notified litter and abandoned cars	100% within 2 days of notification / identification	Achieved	Achieved	30/30 (100%)

Dog Control and Registration

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comments
Council maintain community satisfaction levels for the dog control service	Community satisfaction with dog control services	>75%	N/A	Not achieved	There was 69% community satisfaction with the dog control service
The level of dog registration is maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	Achieved	Achieved	506 weekday patrols and 347 after-hours patrols
The level of dog registration is maximised	Annual District survey to detect unregistered dogs	All residential properties surveyed	Achieved	Achieved	Survey done March 2017 – all follow-up completed
	Number of dogs on Council's register of known dogs that are unregistered	None as at 30 April	Achieved	Achieved	1,436/1,436 (100%) dogs registered at 30 April 2017

Levels of Service	Measures	Target 2016/17	Result 2015/16	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	807/809 (99.8%) Two dog complaints not attended in the 30 minutes (47 & 60 minutes). These were followed up with the contractor

Civil Defence

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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	Not Achieved	Not Achieved	<u>Completed</u> 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 Evacuation Plan, 2010 – will be reviewed 2017/18. KDC Business Disaster Recovery Plan, 2010 – review dates to be scheduled.
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	>60%	N/A	Not achieved	Only 54% of residents surveyed stated they were prepared for a civil defence emergency.

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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	Achieved	Achieved	3 tests undertaken for 2016/17. 10/8, 31/8 & 20/6
	Sufficient numbers of staff are identified to staff EOC positions for 24 hour operation during an emergency.	Staff identified	Achieved	Achieved	Staff identified for roles within EOC (EMBOP goal 80%).
	80% of staff holding EOC positions are trained to respond to an emergency.	Staff trained	Achieved	Achieved	97% of identified staff trained.
	Council participates in two civil defence exercises annually	Exercises held and debriefed	Achieved	Achieved	2/2 National Exercise - Tangaroa 31/8/16 & Taukiri 20/6/17
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	Achieved	Achieved	5 engagement initiatives delivered Kawerau Woodfest (23-25 Sept) Foodbank Drive (22 Nov) Promotions week (10-16 Oct) Neighbourhood Support Meeting (15 Nov) Personal Preparedness Meeting (2 June)

KAWERAU DISTRICT COUNCIL ENVIRONMENTAL SERVICES

Funding Impact Statement for the year ended 30 June 2017

	2016 Long Term Plan	2017 Long Term Plan	2017 Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	767,190	777,220	804,576
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	231,060	237,020	229,077
Internal charges and overheads recovered	31,330	32,120	149
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,029,580	1,046,360	1,033,802
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	684,810	695,920	632,141
Finance costs	2,640	2,770	3,386
Internal charges and overheads applied	324,110	329,330	364,357
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,011,560	1,028,020	999,884
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	18,020	18,340	33,918
SOURCES OF CAPITAL FUNDING			
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	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	7,500	4,100	13,972
Increase/(decrease) in reserves	10,520	14,240	19,946
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	18,020	18,340	33,918
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(18,020)	(18,340)	(33,918)
FUNDING BALANCE ((A-B)+(C-D))	0	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 Roding 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 2016/17 were:

- Ongoing asset renewals including pavement reseals, carparks, kerbs and channels, and street lights.
- Replacement and upgrading of decorative and Christmas lighting and CCTV security cameras in the town centre.
- Accelerated renewal of footpaths to improve the safety for residents

ROADING

PERFORMANCE

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comments
Council maintains community satisfaction for the roading activity	Community satisfaction with roading assets	>91%	N/A	Achieved	There was 97% community satisfaction with roads
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	Not achieved	Achieved	There were no fatalities or serious injuries on the roads controlled by Council.
	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 72 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%	Not achieved	Achieved	The survey returned a 98% smooth travel exposure.
Road maintenance	The percentage of the sealed local road network that is resurfaced.	Between 5 and 6.5% per annum	Achieved	Not achieved	Resealing undertaken in May 2017 and 35,000/327,100 m ² (10.7%) resurfaced
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	Achieved	Achieved	Six potholes reported and all repaired within fourteen 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	Not achieved	Not achieved	99/104 (95.4%) responded to within 14 days. 1/104 (1%) responded to after 28 days.
Footpath condition	Community satisfaction with footpaths	>76%	N/A	Achieved	There was 85% community satisfaction with footpaths

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comments
	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%	Achieved	Not achieved	A survey of footpath lips was not done until July 2017.
Footpath condition (continued)	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	There was 1 dangerous footpath in the CBD which was isolated and repaired within 1 day.
	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	8 footpaths classed as dangerous. All were isolated within 1 day and repaired within one month
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	Achieved	Achieved	10 service requests were received and all attended to within 8 days.

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

KAWERAU DISTRICT COUNCIL ROADING

Funding Impact Statement for the year ended 30 June 2017

	2016 Long Term Plan	2017 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	980,190	977,530	965,383
Targeted rates	0	0	0
Subsidies and grants for operating purposes	151,200	155,730	128,287
Fees and charges	0	0	8,685
Internal charges and overheads recovered	77,580	79,480	64,048
Local authorities fuel tax, fines, infringements and other receipts	59,000	59,830	65,980
TOTAL OPERATING FUNDING (A)	1,267,970	1,272,570	1,232,838
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	441,540	433,920	537,205
Finance costs	0	0	720
Internal charges and overheads applied	427,170	438,590	391,912
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	868,710	872,510	929,837
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	399,260	400,060	303,001
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	196,150	204,790	224,662
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)	196,150	204,790	224,662
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	666,900	424,610	530,067
Increase/(decrease) in reserves	(71,490)	180,240	(2,404)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	595,410	604,850	527,663
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(399,260)	(400,060)	(303,001)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

There was increased expenditure to suppliers as a result of flood clean up and repairs. Also capital expenditure increased mainly because of additional footpath renewals that were done during the year.

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

2015/16	CAPITAL RENEWALS	Budget (LTP)	2016/17
68,629	Streetlights renewals and upgrade	103,027	78,790
164,379	Kerbs & Footpaths renewals	116,944	209,947
102,899	Reseals	97,845	110,454
170,154	Other renewals	106,794	130,876
506,061	Total Infrastructural	424,610	530,067
FUNDED BY:			
324,901	Depreciation Reserve Funding	219,820	224,662
181,160	Subsidies and grants for capital purposes	204,790	305,405
506,061		424,610	530,067

Expenditure on streetlights was lower than budget because the upgrade work was delayed. Expenditure on Footpath renewals was higher than budget as more was required to be spent on the renewal of these assets than initially anticipated. Also there was \$ 22k spent on CCTV cameras to improve the safety in the town centre.

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 \$38,259 spent on stormwater pipe replacement and there was one significant flooding event (18 February) of residential dwellings.

STORMWATER

PERFORMANCE

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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	Achieved	Achieved	There was 1 flooding event where habitable dwellings were flooded (18/2/17)
	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	Not achieved	Achieved	For the flooding event on 18 February, the response time was within 1 hour.
	Time within which urgent stormwater system problems are remediated.	100% by the end of the next working day	Achieved	Achieved	Following the flooding event, all Council stormwater systems were functioning by the end of the next working day. Also further long term remedial work was undertaken.
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	Achieved	Achieved	Council complied with the all conditions of its resource consent. There were no notices, orders or convictions.

KAWERAU DISTRICT COUNCIL STORMWATER

Funding Impact Statement
for the year ended 30 June 2017

	2016 Long Term Plan	2017 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	95,850	79,280	67,205
Targeted rates	0	0	0
Subsidies and grants for operating purposes	3,640	3,750	14,236
Fees and charges	0	0	0
Internal charges and overheads recovered	10,460	12,880	9,454
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	109,950	95,910	90,895
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	35,510	25,870	22,664
Finance costs	0	0	20
Internal charges and overheads applied	9,750	7,310	7,620
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	45,260	33,180	30,304
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	64,690	62,730	60,591
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	16,380	17,680	25,634
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)	16,380	17,680	25,634
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	24,820	26,410	38,259
Increase/(decrease) in reserves	56,250	54,040	47,966
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	81,070	80,450	86,225
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(64,690)	(62,730)	(60,591)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2015/16</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2016/17</u>
<u>17,088</u>	Pipework renewals	<u>26,410</u>	<u>38,259</u>
<u>17,088</u>	Total Infrastructural	<u>26,410</u>	<u>38,259</u>
	FUNDED BY:		
5,810	Depreciation Reserve Funding	8,730	12,626
<u>11,278</u>	Subsidies and grants for capital purposes	<u>17,680</u>	<u>25,633</u>
<u>17,088</u>		<u>26,410</u>	<u>38,259</u>

There was more spent on the renewal of pipes following the flooding that occurred in February

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 2016/17 were:

- There were very few pipe breakages during the year and therefore only a small amount was spent on renewal of water mains 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 2016/17	Results 2015/16	Results 2016/17	Comments
	Community satisfaction with water supply	>97%	N/A	Not achieved	There was 96% community satisfaction with water supply
Customer satisfaction	<p>The total number of complaints received about any of the following:</p> <p>a) drinking water clarity</p> <p>b) drinking water taste</p> <p>c) drinking water odour</p> <p>d) drinking water pressure or flow</p> <p>e) continuity of supply, and</p> <p>f) Council's response to any of these issues expressed per 1,000 connections to the networked reticulation system.</p>	<p>a) No more than 4 per 1,000 connections</p> <p>b) No more than 2 per 1,000 connections</p> <p>c) No more than 1 per 1,000 connections</p> <p>d) No more than 2 per 1,000 connections</p> <p>e) No more than 2 per 1,000 connections</p> <p>f) 0 per 1,000 connections</p> <p>Overall the target is no more than 11 complaints per 1,000 connections.</p>	Achieved	Not achieved	<p>Council has 2,700 connections</p> <p>a) No complaints about air bubbles in water</p> <p>b) No taste complaints</p> <p>c) No odour complaints</p> <p>d) 8 complaints (2.96 complaints per 1,000 connections) about water pressure</p> <p>e) No water main break</p> <p>There were no complaints about responses to above issues</p>
Safety of drinking water	<p>The extent to which Council's drinking water supply complies with:</p> <p>a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and</p> <p>b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria)</p>	<p>a) no more than 1 instance of bacteria criteria non-compliance, and</p> <p>b) no instance of protozoal criteria non-compliance</p>	Not achieved	Not achieved	<p>Council had:</p> <p>a) Three instances of bacterial non-compliance and</p> <p>b) One instance of protozoal non-compliance</p>

Levels of Service	Measures	Target 2016/17	Results 2015/16	Results 2016/17	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	Not achieved	Achieved	An analysis was undertaken in May 2017, and the average leakage was approximately 180 litres per connection per day
Demand management	The average consumption of drinking water per day per resident within the district.	0.6 m ³	Achieved	Achieved	The average consumption was 0.459 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	Achieved	Achieved	There were no urgent call outs during the year.
	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	Achieved	Achieved	No urgent call outs.
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	Achieved	Achieved	37 non-urgent call-outs during the year which were all attended to within 24 hours*.
	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	Achieved	Achieved	24 non-urgent call-outs during the year and all resolved within 48 hours*
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 2016/17	Results 2015/16	Results 2016/17	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, although there were 8 complaints.
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Achieved	Achieved	No unplanned shutdowns during the year
	Number of unplanned shutdowns – pump stations	None	Achieved	Not achieved	Electronic cards of UV plant failed in November resulting in an unplanned shutdown. Also the pumphouse was flooded in February 2017 requiring the pumps to be shut down until the flooding receded
	Number of water main breaks	No more than 8	Achieved	Achieved	No water main breaks 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 2017

	2016 Long Term Plan	2017 Long Term Plan	Actual
General rates, UAGC and rate penalties	760,980	733,020	750,371
Targeted rates	165,720	160,840	210,901
Subsidies and grants for operating purposes	0	0	0
Fees and charges	38,450	50,510	0
Internal charges and overheads recovered	118,490	119,330	118,368
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,083,640	1,063,700	1,079,640
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	353,450	332,040	260,606
Finance costs	0	0	280
Internal charges and overheads applied	274,590	276,090	235,404
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	628,040	608,130	496,290
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	455,600	455,570	583,350
SOURCES OF CAPITAL FUNDING			
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	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	417,590	464,810	101,829
Increase/(decrease) in reserves	38,010	(9,240)	481,521
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	455,600	455,570	583,350
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(455,600)	(455,570)	(583,350)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Supplier and staff costs were less than budget (\$71k) 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>2015/16</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2016/17</u>
14,464	UV Tube Replacement	20,494	12,209
3,340	Pipework renewals	416,918	35,800
10,384	Toby renewals	11,438	11,574
96,539	Other renewals	15,960	42,246
<u>124,727</u>	Total Infrastructural	<u>464,810</u>	<u>101,829</u>
FUNDED BY:			
<u>124,727</u>	Depreciation Reserve Funding	<u>464,810</u>	<u>101,829</u>
<u>124,727</u>		<u>416,810</u>	<u>101,829</u>

The pipes that were planned for replacement were 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 2016/17 were:

- Achieving compliance with all resource consents for wastewater
- Continuous provision of service to high standard
- 91% community satisfaction with the wastewater service

WASTEWATER

PERFORMANCE

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comment
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	>97%	N/A	Not achieved	There was 91% community satisfaction with the wastewater service
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.	Not achieved	Achieved	Council has 2,700 connections a) No odour issues b) 0 faults (0 per 1000) c) 14 blockages (5.2 per 1000) No complaints about response to service.
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	Achieved	Achieved	No dry weather overflows during the year*, although there was 1 wet weather overflow.
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.	Achieved	Achieved	There were 1 overflow resulting from blockages which was attended to within 1 hour*
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.	Achieved	Achieved	All issues resolved within 8 hours.

Levels of Service	Measures	Target 2015/16	Result 2015/16	Result 2016/17	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.
	Number of disruptions to wastewater collection service	No more than 50.	Achieved	Achieved	14 disruptions (blockages) 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 those resource consents.	No notices, orders or convictions.	Achieved	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 on 31 January 2017 and 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 2017

	2016 Long Term Plan	2017 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	827,430	822,520	847,481
Targeted rates	418,490	431,290	406,296
Subsidies and grants for operating purposes	0	0	0
Fees and charges	60,000	62,280	78,988
Internal charges and overheads recovered	133,300	150,270	109,889
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,439,220	1,466,360	1,442,654
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	597,480	609,840	450,572
Finance costs	0	0	470
Internal charges and overheads applied	410,200	424,710	421,240
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,007,680	1,034,550	872,282
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	431,540	431,810	570,372
SOURCES OF CAPITAL FUNDING			
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	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	38,410	40,860	81,457
Increase/(decrease) in reserves	393,130	390,950	488,915
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	431,540	431,810	570,372
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(431,540)	(431,810)	(570,372)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

There was operational savings for insurance, disposal costs, chemicals and electricity.

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

<u>2015/16</u>	CAPITAL RENEWALS	Budget (LTP)	<u>2016/17</u>
13,847	Wastewater Pipework	17,020	34,711
47,142	Other renewals	23,840	46,746
<u>60,989</u>	Total Infrastructural	<u>40,860</u>	<u>81,457</u>
FUNDED BY:			
60,989	Depreciation Reserve Funding	40,860	81,457
<u>60,989</u>		<u>40,860</u>	<u>81,457</u>

There was increased expenditure required for pipe renewals as well as additional expenditure for new security system and gate

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 2016/17 were:

- Refuse collections continued throughout the year without disruption
- Increased volume of material going to the recycling centre (compared to 2015/16)

SOLID WASTE

PERFORMANCE

Refuse Collection and Disposal

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comment
Provision of cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	>90%	N/A	Achieved	The community satisfaction was 97%
	Community satisfaction with refuse disposal	>73%	N/A	Achieved	The community satisfaction was 81%
	User satisfaction with refuse disposal	>83%	N/A	Achieved	The user satisfaction with refuse disposal 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	Not achieved	BOPRC staff informed Council it was not complying with the consent. Staff will review the consent conditions.

Recycling (Zero Waste)

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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	Achieved	Achieved	2,700 households and 235 kg per household on average
Council's refuse collection and disposal services meets the needs of the Kawerau community	Community satisfaction with recycling services	>92%	N/A	Achieved	The community satisfaction with recycling services was 95%

KAWERAU DISTRICT COUNCIL
SOLID WASTE
Funding Impact Statement
for the year ended 30 June 2017

	2016 Long Term Plan	2017 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	787,960	811,140	751,681
Targeted rates	374,340	386,120	374,231
Subsidies and grants for operating purposes	0	0	0
Fees and charges	249,100	255,350	612,357
Internal charges and overheads recovered	12,950	13,180	2,202
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,424,350	1,465,790	1,740,471
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,012,620	1,035,060	1,178,497
Finance costs	13,830	14,080	12,401
Internal charges and overheads applied	373,010	391,180	478,746
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,399,460	1,440,320	1,669,644
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	24,890	25,470	70,827
SOURCES OF CAPITAL FUNDING			
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	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	38,000	0	16,427
Increase/(decrease) in reserves	(13,110)	25,470	54,400
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	24,890	25,470	70,827
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(24,890)	(25,470)	(70,827)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

There were more fees received for zero and residual waste disposal (including funding for the disposal of tyres) 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 necessary security fencing at the transfer station.

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 2016/17 were:



- Planned renewal of children and adult books at the library
- Construction of the new splashpad at the swimming pool
- Upgrading and improvements to the swimming pool
- Renewal and upgrade of reserve facilities
- Installing new lights for netball and tennis courts
- Construction of new public toilets in the town centre
- Construction of archives and museum storage building

LEISURE & RECREATION

PERFORMANCE

Public Library

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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%	Not achieved	Not achieved	At the end of June 2017, there were 1,751 active users of the library (27.5%)
	Items per capita in the collection	5 items per capita	Achieved	Achieved	There are approximately 7.2 items per capita
	New items per 1,000 population added to the collection each year	500	Achieved	Achieved	There were 541 new items per 1,000 of population added to the collection.
Council provides public library services and resources which suit community needs	Community satisfaction with the public library	>86%	N/A	Not achieved	The community satisfaction was 84%
	User satisfaction with the public library	>96%	N/A	Achieved	Users satisfaction was 98%

Museum

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comment
Council provides a museum service which reflects community needs	Community satisfaction with the museum	>64%	N/A	Not achieved	The community satisfaction was 63%
	User satisfaction with the museum	>95%	N/A	Not achieved	Users satisfaction was 92%

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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 six exhibitions held during the year
	Number of historical articles produced	10 historical articles produced for year.	Achieved	Achieved	There were 14 historical articles produced during the year
	Number of objects accessioned to the museum collection per annum	200	Not achieved	Achieved	There were 366 objects accessioned into the museum collection during the year

Swimming Pools

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comment
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	>93%	N/A	Not achieved	The community satisfaction was 90%
	User satisfaction with the public swimming pool	>97%	N/A	Achieved	Users satisfaction was 97%
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 (15 days). Also the complex was closed for Christmas day.
Swimming pool water meets water quality standards	Water quality checks	At least 336 daily undertaken for year	Achieved	Achieved	1,682 rounds of sampling were undertaken for the year
	Level of compliance with standards	Full compliance in 95% of tests	Achieved	Achieved	12,238/12,792 (95.7%) compliance

Public Halls and Facilities

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comment
Council provides public halls and facilities which reflects community needs	Community satisfaction with public halls	>82%	N/A	Not achieved	The community satisfaction was 75%
	User satisfaction with the public halls	>94%	N/A	Achieved	Users satisfaction was 96%
	Community satisfaction with public toilets	>66%	N/A	Not achieved	The community satisfaction was 54%
	User satisfaction with the public toilets	>83%	N/A	Not achieved	Users satisfaction was 71%
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	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	Public toilets were available every day throughout the year except for Christmas Day.

Parks and Reserves

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	Comment
Council provides parks and reserves which meets community needs	Community satisfaction with parks and reserves	>94%	N/A	Achieved	The community satisfaction was 96%
	Community satisfaction with community attractiveness and beautification	>99%	N/A	Achieved	The community 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	100%	N/A	Achieved	Inspection by NZ Sports Institute done in March 2017 and their recommendations were implemented.
	Frequency of grass mowing	At least 24 times	Achieved	Achieved	Tarawera Park was mown 28 times and Prideaux Park was mown 33 times during the year.

Levels of Service	Measures	Target 2016/17	Result 2015/16	Result 2016/17	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	32 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	Minor defects were identified from inspection. Eight repairs were required and all completed within 14 days.
	Investigation of safety-related service requests and if necessary isolation of the hazard	100% within 1 working day	N/A	Achieved	2 safety related issues were raised by the public in February and March which were addressed in 20 minutes and 100 minutes.
The Kawerau Cemetery meets community interment needs in the present and the medium term	Community satisfaction with the cemetery	>79%	N/A	Not achieved	The community satisfaction was 71%
	Visitor satisfaction with the cemetery	>97%	N/A	Achieved	The visitor satisfaction was 98%
	Number of complaints about Council cemetery services	0	Achieved	Achieved	There were no complaints concerning 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 approximately further 16 years

KAWERAU DISTRICT COUNCIL
Leisure and Recreation
Funding Impact Statement
for the year ended 30 June 2017

	2016	2017	
	Long Term	Long Term	Actual
	Plan	Plan	
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	3,272,320	3,280,420	3,354,700
Targeted rates	0	0	0
Subsidies and grants for operating purposes	1,080	1,110	892
Fees and charges	61,520	63,060	75,117
Internal charges and overheads recovered	37,930	41,000	26,884
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	3,372,850	3,385,590	3,457,663
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,867,860	1,836,300	1,945,361
Finance costs	92,930	119,670	74,310
Internal charges and overheads applied	963,750	969,990	1,128,662
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,924,540	2,925,960	3,148,333
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	448,310	459,630	309,330
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	50,000	1,000,000	146,194
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)	50,000	1,000,000	146,194
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	821,948
- to improve level of service	250,000	2,770,000	0
- to replace existing assets	598,560	190,160	675,869
Increase/(decrease) in reserves	(350,250)	(1,500,530)	(1,042,293)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	498,310	1,459,630	455,524
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(448,310)	(459,630)	(309,330)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

2015/16	CAPITAL RENEWALS	Budget (LTP)	2016/17
63,952	Library Stock Renewals	64,840	64,821
10,600	Library Building Upgrade	9,540	3,400
46,733	Other Library/Museum	3,190	560,285
930,214	Swimming Pool Upgrades / Splash Pad	10,660	349,243
84,162	Recreation Centre Upgrades	5,640	34,823
58,235	Town Hall Upgrades	2,140	6,069
17,598	Concert Chamber Upgrade	3,200	14,476
2,860	Public Toilets New / Upgrades	0	186,315
75,984	Sports-fields Improvements / Netball Court Lights	20,480	150,930
164,015	Passive Reserves Improvements	65,850	80,425
10,142	Playground Renewals	4,620	42,497
600	Cemetery	0	4,533
0	New Swimming Pool	2,770,000	0
1,465,095	Total Operational	2,960,160	1,497,817
FUNDED BY:			
450,000	Loan (internal)	1,770,000	480,000
231,474	Grants for capital renewals	1,000,000	146,194
783,621	Depreciation Reserve Funding	190,160	871,623
1,465,095		2,960,160	1,497,817

There were additional renewals compared to budget (LTP 2016/17) for:

- Museum storage and archive building renovation \$560.3k
- Swimming pool changing rooms completion and splash pad \$278.5k
- Recreation Centre Lift \$26k
- Earthquake strengthening work – Concert Chamber \$14.5k
- New Public Toilets \$186.3k
- Netball Court Lights \$100.3k
- Additional improvements to playgrounds \$38k

Also Council had budgeted to construct a second large pool at the swimming pool complex, however, it was decided to defer this until the completion of other pool projects and then further consult the community.

Handwritten initials 'J' and 'B' with a symbol below them.

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 2017		
	Parent 2015/16 \$000's	Parent 2016/17 \$000's
Revenue	1,524	1,742
Expense	(1,535)	(1,740)
Net (Deficit)/Surplus Year	(11)	2

Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and had the Statement of Intent for 2016/17 and associated budget formally adopted by the directors at the meeting held 29 June 2016.

The following is a report of performance against targets set in the Statement of Intent for 2016/17.

Performance Targets for 2016/17		
Targets	Measure	Progress as at 30 June 2017
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"> • Health and Safety training – preferred supplier • Security Services • Health and Safety – Elected member training • Additional infrastructure insurance • GIS training • EMA membership • Environment insurance • Event management liabilities – legal options • Aerial Photography • Health and Safety – risk management software

Targets	Measure	Progress as at 30 June 2017
Provide support to BOPLASS councils that are managing or investigating shared services projects.	Quarterly satisfaction reviews with participating councils. Resource assignment measured (.25 FTE) measured from project job tracking	<p>Achieved.</p> <p>.25 FTE provided through engagement of contractor and IT manager's time committed directly to individual council support for development of following services:</p> <ul style="list-style-type: none"> • Solid waste services • Information Services Strategic Plan • Historical aerial imagery • Contractor Health and Safety pre-qualifications • Inter council health and Safety auditing • Audit and Risk insights panel sessions • Health and Safety in the procurement of machinery • Shared Health and Safety training register • Inter Council Network – review, redesign and renegotiation
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>Achieved</p> <p>Collaboration portal further developed to include options for central government agencies and an activity area dedicated to the Department of Internal Affairs to engage and network with Councils. New LASS and councils signed up to the collaboration portal.</p> <p>National awareness of collaboration created through BOPLASS presentation to the Local government Commission. The collaboration portal now has 40 member councils (15 new council organisations joined in 2016/17), 59 organisations in total and 516 users.</p>
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Manage and/or renegotiate existing contracts. 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>Achieved.</p> <p>Contracts negotiated and/or renewed for:</p> <ul style="list-style-type: none"> • Video Conferencing Services. • ESRI Enterprise licensing agreement renegotiated and renewed. • Multi-Function Devices (Printer/Copier) replace existing MFDs • Council liability insurance providers reviewed and renewed • GIS software – Geocortex Essentials, Geocortex Optimizer, X-Tools, NZAA. • Print Media Copyright Agency (PMCA) contract renewed. • Media Monitoring services contract renewed.

Targets	Measure	Progress as at 30 June 2017
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Perform review of governance. Positive feedback received from shareholding councils at least annually.	Achieved. <ul style="list-style-type: none"> • Strategic reviews completed by the Board. • Board reviews of operations governance structure and performance. • 2017-20 Statement of Intent developed to include an independent governance review • 2017-20 Statement of Intent, including governance changes, circulated to all shareholding councils. With positive feedback from all shareholders.
Communicate with each shareholding council at appropriate levels.	At least one meeting per year with each executive leadership team.	Achieved Executive-level meetings held with councils.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and revenue as well as review council contributions and other sources of funding. 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. • Financial statements reported and reviewed at board meetings (\$2,254 surplus for year ended 30 June 2017)

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 2016/17 financial year, Council continued to strengthen its engagement of Māori in decision making and developed closer working relationships with local iwi and Māori organisations.

Ngati Tuwharetoa ki Kawerau are Tangata whenua of the Kawerau district and Council engages with three iwi organisations (Ngati Tuwharetoa (Bay of Plenty) Settlement Trust, Ngati Tuwharetoa Health, Education and Social Services and the TOHU Marae Trust, over to the development of strategies, policies, bylaws and plans. Ngāti Awa, which has a historical tribal interest and owns some land in the district, and Te Rautahi Marae, a local community marae, are also included in Council decision making processes.

The Settlement Trust and Te Rūnanga o Ngati Awa are participants along with Council in the Industrial Symbiosis Kawerau industry cluster. Also active in the group is the Māori-owned Putauaki Trust, which owns and is developing a new industrial zone opposite the existing pulp, paper and sawmills.

Maori make up a significant portion of the community and this is reflected in the ethnic makeup of both council and also the 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 2017, 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 2014 %	Very/ Fairly Satisfied 2017 %
Performance of the Mayor and Councillors in the last year	87	87
The way rates are spent on services and facilities provided by Council	86	93
Consultation and Community Involvement - The way Council involves the public	67	63
Dog Control Service	68	69
Public Library	84	84
Refuse disposal (Refuse Transfer Station)	81	81
Rubbish collection	97	95
Recycling services	95	95
Community attractiveness and beautification	100	100
Museum	64	63
Quality of life in Kawerau	87	94
Kawerau is definitely or mostly a safe place to live	86	90
Kawerau as a place to live is the same or better than it was three years ago	93 (agree)	92 (agree)
Emergency management – Percentage of households which have an emergency management kit	56	54
Water supply	96	96
Parks and reserves	94	96
Swimming pool	93	90
Roads	93	97
Footpaths	75	85
Wastewater (sewage disposal)	97	91
Cemetery	77	71
Public toilets	71	54
Community spirit	81	85
Public halls	84	75

Council also undertook monthly surveys of users of its services throughout the 2016/17 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) 2016/17	
CSSS forms posted out	669
CSSS forms returned	214
Response rate	32%
Feedback received from Customers	
Predominantly Excellent	131
Predominantly Good	56
Predominantly Only Fair	11
Predominantly Poor	5
Not applicable	5
No boxes ticked	6
Conclusion	
% customers satisfied (Excellent/Good)*	92.1%
% customers unsatisfied (Fair/Poor)*	7.9%

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