



KAWERAU DISTRICT COUNCIL

Annual Report

For the Year Ended 30 June 2013



KAWERAU DISTRICT COUNCIL

ANNUAL REPORT FOR 2012/13

CONTENTS	PAGE NO
MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE	5
COUNCIL & STAFF INFORMATION	7
MISSION STATEMENT	8
STATEMENT OF PRINCIPLES	9
COMPLIANCE WITH COUNCIL POLICIES	10
STATEMENT OF COMPLIANCE AND RESPONSIBILITY	11
STATEMENT OF COMPREHENSIVE INCOME	17
STATEMENT OF FINANCIAL POSITION	18
STATEMENT OF CHANGES IN EQUITY	19
STATEMENT OF CASH FLOWS	20
FUNDING IMPACT STATEMENT	21
NOTES TO FINANCIAL STATEMENTS	22
GROUPS OF ACTIVITIES	59
DEMOCRACY	60
ECONOMIC AND COMMUNITY DEVELOPMENT	64
ENVIRONMENTAL SERVICES	69
ROADING	76

STORMWATER	81
WATER SUPPLY	86
WASTEWATER	92
SOLID WASTE	96
LEISURE & RECREATION	99
COUNCIL CONTROLLED ORGANISATIONS	105
TOI-EDA (ECONOMIC DEVELOPMENT AGENCY)	107
MĀORI CONTRIBUTION TO DECISION-MAKING	108
MONITORING OF PROGRESS TOWARDS ACHIEVING COMMUNITY OUTCOMES	109

MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

Welcome to Council's annual report for the year ended 30 June 2013. The purpose of the annual report is to inform the Community and the wider public about Council's activities for the year, the levels of service we delivered and the cost of providing those services. The report compares Council's achievements and results against the financial and the non-financial performance forecasts in the Long Term Plan. This gives a framework for the reader to assess how well Council has performed in relation to the stewardship of Kawerau's community assets, as well as the efficiency and effectiveness of Council's operations.

Expenditure for the year was generally within budget except where additional funding was sourced which allowed additional services to be provided to the community.

Major achievements during the 2012/13 financial year included:

- Accreditation and registration of Council's building consent activity
- Continuation of the "Healthy Homes" project which is helping to improve the home environment for Kawerau residents.
- Continuing support of the "Symbiosis" project which promotes and facilitates the future development of industry in Kawerau.
- Ongoing improvement to Council reserves, including: refurbishment of Keith McKenzie Park, tree removal at Tarawera Park, replacing steps on Monica Lanham Reserve and installing bollards around Boyes Park.
- 92% of Council's performance targets were achieved and good progress was made for the targets that were not achieved.
- Preparing part of the Tarawera river for the world rafting championships
- Organising and facilitating a number of successful events during the year including: Christmas in the Park, Woodfest and King of the Mountain Race.
- Replacement of 1.9 kilometres of water pipes in the older part of town. Council had planned on replacing approximately 4 kilometres of pipes but the asset was found to be in better condition than initially thought so additional replacement was deferred.

Council has maintained a very strong financial position throughout the year. There was an operating deficit (before recognising the gain on re-valuation) of \$128,779 compared to a budgeted deficit of \$338,180. Council budgeted for a deficit because it had previously made a conscious decision not to fund the depreciation on some of the buildings as it was unlikely that they would be replaced or replaced with a similar building. The main reasons for the reduced operating deficit were:

- Increased income for rate penalties
- Additional income for solid waste activities (mainly increased recycling and disposal fees)
- Additional (unbudgeted) grants received to undertake community projects, however, there was also additional expenditure spent on these projects

Council also re-valued most of the assets in accordance with the requirements of the financial reporting standards. There was an overall gain of \$3,038,742 in the value of Council's assets. It was anticipated, based on previous re-valuations that there would be a gain of more than

\$4,000,000, however, due to land in the district reducing in value, the gain from the re-valuation was a lot less.

The following is a brief summary of the financial results for 2012/13:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Income	9,445,060	9,818,207	373,147
Operating Expenditure	9,783,240	9,946,986	(163,746)
Operating Deficit	(338,180)	(128,779)	209,401
Gain on Re-valuation	4,056,870	3,038,742	(1,018,128)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	67,270,980	66,440,234	(830,746)
Liabilities	1,788,200	1,909,372	(121,172)
Ratepayers Equity	65,482,780	64,530,862	(951,918)

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

Malcolm Campbell, JP
MAYOR



Russell George, CA
CHIEF EXECUTIVE OFFICER



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

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

Deputy Mayor : B H (Bernie) Joyes 322-8851

Councillors :

R J (Russell) Chase	323-7288
A J (Alistair) Holmes	323-7817
C J (Carolyn) Ion	323-9046
B J (Berice) Julian	323-9190
A L (Anita) Moore, QSM, JP	323-8704
R G K (Rex) Savage	323-7287
S H (Stephen) Tuhoro	323-9373

Committee: Regulatory & Services (Chairperson: Cr A J Holmes)

Chief Executive Officer and Heads of Departments:

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

MISSION STATEMENT

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

STATEMENT OF PRINCIPLES

To achieve its Mission, the Council will -

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

COMPLIANCE WITH COUNCIL POLICIES

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

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

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

REVENUE AND FINANCING POLICY

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

The overall funding mix achieved by Council for 2012/13 was consistent with its Revenue and Financing Policy.

INVESTMENT POLICY

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

There were no significant variations or material departures from Council's objectives for its investment activities as reported in the Investment Policy. Council's investments returned \$233,598 compared to the Long-Term Plan estimate for 2012/13 of \$224,490.

LIABILITY MANAGEMENT POLICY

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

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

FINANCIAL CONTRIBUTIONS POLICY

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

No financial contributions were received during the 2012/2013 financial year.

RATES REMISSION AND POSTPONEMENT FOR MAORI FREEHOLD LAND POLICY

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

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

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

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

RESPONSIBILITY

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

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

In the opinion of the Council and Management, the Annual Report for the year ended 30 June 2013 fairly reflects the financial position and operations of the Council.

M J Campbell, JP
MAYOR

R B George, CA
CHIEF EXECUTIVE OFFICER

Independent Auditor's Report

**To the readers of Kawerau District Council's annual report
for the year ended 30 June 2013**

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

- the financial statements of the District Council that comprise:
 - the statement of financial position as at 30 June 2013 on page 18;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 17 and 19 to 20;
 - the funding impact statement of the District Council on page 21;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 60 to 104; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 22 to 58;
- the statement of service provision (referred to as the statement of service performance) of the District Council on pages 60 to 104 and the funding impact statements in relation to each group of activities of the District Council on pages 63 to 103.

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 47;
 - council-controlled organisations on pages 105 to 107;
 - reserve funds on page 46;
 - each group of activities carried out by the District Council on pages 59 to 104;
 - remuneration paid to the elected members and certain employees of the District Council on page 50;

- employee staffing levels and remuneration on page 50; and
- severance payments on page 50;
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 108; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 11.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 17 to 58:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2013; and
 - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 21, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 60 to 104, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service performance of the District Council on pages 59 to 104:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 63 to 103, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 29 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The

Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

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

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, we have no relationship with, or interests, in the District Council.

A handwritten signature in black ink, appearing to read 'Clarence Susan', written in a cursive style.

Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

KAWERAU DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2013

<u>2011/12</u>		<u>Note</u>	<u>Budget</u>	<u>2012/13</u>
	Income			
7,535,781	Rates, excluding targeted water supply rates	2	8,009,800	8,171,162
1,404,703	Fees, charges and targeted water supply rates	3	812,460	1,099,159
342,953	Subsidies and grants		398,310	314,288
212,041	Finance income		224,490	233,598
9,495,478	Total Income		9,445,060	9,818,207
	Expenditure			
3,528,469	Personnel costs	4	3,450,770	3,399,739
2,434,996	Depreciation and amortisation expense	11-13	2,333,940	2,471,776
2,185	Finance costs	6	9,070	7,582
4,295,587	Other expenses	5	3,989,460	4,000,317
82,568	Loss on disposal of property, plant and equipment		0	67,572
10,343,805	Total Operating Expenditure		9,783,240	9,946,986
(848,327)	SURPLUS/(DEFICIT)		(338,180)	(128,779)
0	Gains on re-valuation	11	4,056,870	3,038,742
(848,327)	TOTAL COMPREHENSIVE INCOME		3,718,690	2,909,963

Explanations of significant variances against budget are detailed in Note 32

Explanations of changes made to the presentation of income are provided in Note 33

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

KAWERAU DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION

For the Year Ended 30 June 2013

<u>2011/12</u>		<u>Note</u>	<u>Budget</u>	<u>2012/13</u>
ASSETS				
Current assets				
138,718	Cash and cash equivalents	7	4,853,790	1,059,012
1,109,168	Debtors and other receivables	8	1,076,090	1,138,449
5,150,000	Other financial assets	10	0	5,050,000
3,000	Prepayments		0	27,620
<u>50,256</u>	Inventories	9	<u>52,540</u>	<u>82,210</u>
<u>6,451,142</u>	Total current assets		<u>5,982,420</u>	<u>7,357,291</u>
Non-current assets				
32,161	Investment in CCOs	10	32,160	32,161
56,787,980	Property, plant and equipment	11	61,193,810	58,978,528
<u>36,542</u>	Intangible assets	12	<u>62,590</u>	<u>72,254</u>
<u>56,856,683</u>	Total non-current assets		<u>61,288,560</u>	<u>59,082,943</u>
<u>63,307,825</u>	TOTAL ASSETS		<u>67,270,980</u>	<u>66,440,234</u>
LIABILITIES				
Current liabilities				
1,068,391	Creditors and other payables	14	1,155,000	1,241,507
4,074	Borrowings	17	280	13,762
396,293	Employee benefit liabilities	16	396,590	421,012
<u>10,000</u>	Provisions	15	<u>9,070</u>	<u>10,000</u>
<u>1,478,758</u>	Total current liabilities		<u>1,560,940</u>	<u>1,686,281</u>
Non-current liabilities				
14,299	Borrowings	17	0	47,519
101,365	Employee benefit liabilities	16	118,110	89,137
<u>92,504</u>	Provisions	15	<u>109,150</u>	<u>86,435</u>
<u>208,168</u>	Total non-current liabilities		<u>227,260</u>	<u>223,091</u>
<u>1,686,926</u>	TOTAL LIABILITIES		<u>1,788,200</u>	<u>1,909,372</u>
EQUITY				
39,153,788	Retained earnings	18	40,064,290	38,735,409
<u>22,467,111</u>	Other reserves	18	<u>25,418,490</u>	<u>25,795,453</u>
<u>61,620,899</u>	TOTAL EQUITY		<u>65,482,780</u>	<u>64,530,862</u>

M.J Campbell, JP
MAYOR

R.B. George, CA
CHIEF EXECUTIVE OFFICER

Date:

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

KAWERAU DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2013

2011/12	Total Equity	Note	Budget	2012/13
62,469,226	Balance at 1 July		61,764,090	61,620,899
(848,327)	Total Comprehensive Income		3,718,690	2,909,963
61,620,899	Closing Balance		65,482,780	64,530,862

KAWERAU DISTRICT COUNCIL STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2013

<u>2011/12</u>		<u>Note</u>	<u>Budget</u>	<u>2012/13</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
7,480,420	Receipts from rates revenue excluding water supply		7,928,440	8,058,535
169,451	Interest received		224,490	247,707
0	Dividends received		0	0
1,820,730	Receipts from other revenue		1,210,770	1,421,755
(7,845,027)	Payments to suppliers and employees		(7,367,590)	(7,316,349)
(2,185)	Interest paid		(9,070)	(7,582)
(29,856)	Goods and services tax (net)		0	44,240
11,235	Regional Council rates		0	16,182
<u>1,604,768</u>	Net cash from operating activities	21	<u>1,987,040</u>	<u>2,464,488</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
15,237	Receipts from sale of property, plant and equipment		0	80,956
0	Receipts from sale of investments		0	0
(15,850)	Purchase of intangible assets		0	(58,786)
(5,150,000)	(Purchase)/Sale of investments		0	100,000
(1,485,260)	Purchase of property, plant and equipment		(2,185,500)	(1,709,267)
<u>(6,635,873)</u>	Net cash to investing activities		<u>(2,185,500)</u>	<u>(1,587,097)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
20,449	Proceeds from finance leases		0	54,738
(550)	Repayment of borrowings		(540)	(536)
(4,630)	Payment of finance leases		0	(11,299)
<u>15,269</u>	Net cash from/(to) financing activities		<u>(540)</u>	<u>42,903</u>
<u>(5,015,836)</u>	Net increase/(decrease) in cash, cash equivalents and bank overdrafts		<u>(199,000)</u>	920,294
5,154,554	Cash, cash equivalents and bank overdrafts at the beginning of the year		5,052,790	138,718
<u>138,718</u>	Cash, cash equivalents and bank overdrafts at the end of the year	7	<u>4,853,790</u>	<u>1,059,012</u>

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

KAWERAU DISTRICT COUNCIL FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2013

2011/12			2012/13	
Annual Plan	Actual		Long Term Plan	Actual
SOURCES OF OPERATING FUNDS				
6,518,830	6,573,126	General rates, UAGC and rate penalties	7,012,200	7,170,558
955,860	962,655	Targeted rates (other than targeted rates for water supply)	982,950	1,000,605
102,980	148,318	Subsidies and grants for operating purposes	147,710	155,682
648,240	1,347,373	Fees, charges and water supply rates	755,430	1,044,039
217,020	212,041	Interest and dividends from investments	224,470	233,598
69,900	57,330	Local Authorities Fuel tax, fines, infringements and other receipts	71,720	55,120
8,512,830	9,300,843	TOTAL OPERATING FUNDING (A)	9,194,480	9,659,602
APPLICATIONS OF OPERATING FUNDING				
7,078,320	7,824,056	Payment to staff and suppliers	7,440,230	7,400,086
9,670	2,185	Finance costs	9,070	7,582
0	0	Other operating funding applications	0	0
7,087,990	7,826,241	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	7,449,300	7,407,668
1,424,840	1,474,602	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	1,745,180	2,251,934
SOURCES OF CAPITAL FUNDING				
218,550	194,635	Subsidies and grants for capital purposes	250,600	158,606
0	0	Development and Financial contributions	0	0
(139,460)	(123,675)	Increase/(decrease) in debt	(145,840)	(145,831)
0	0	Gross proceeds from sale of assets	0	0
0	0	Lump sum contributions	0	0
79,090	70,960	TOTAL SOURCES OF CAPITAL FUNDING (C)	104,760	12,775
APPLICATIONS OF CAPITAL FUNDS				
Capital expenditure:				
0	0	- to meet additional demand	0	0
0	25,000	- to improve level of service	0	0
1,770,640	1,408,292	- to replace existing assets	2,185,510	1,775,895
33,290	112,270	Increase/(decrease) in reserves	(335,570)	488,814
(300,000)	0	Increase/(decrease) of investments	0	0
1,503,930	1,545,562	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,849,940	2,264,709
(1,424,840)	(1,474,602)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(1,745,180)	(2,251,934)
0	0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

KAWERAU DISTRICT COUNCIL

NOTES TO FINANCIAL STATEMENTS

1. Statement of accounting policies for the year ended 30 June 2013

Reporting Entity

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

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

The financial statements of KDC are for the year ended 30 June 2013. The financial statements were authorised for issue by Council on 29 October 2013.

Basis of preparation

The financial statements of KDC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

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

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

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

Changes in Accounting Policies

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

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

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

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

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

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

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

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

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

Other revenue

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

Government grants

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

Provision of services

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

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

Sales of goods

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale.

Vested assets

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

Interest and dividends

Interest income is recognised using the effective interest method.

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

Financial contributions

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

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

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Borrowing costs

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

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

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where KDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the 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 amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether KDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

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

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

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that KDC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

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

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

Financial assets

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

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

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

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

The four categories of financial assets are:

- Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

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

- Loans and receivables

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

After initial recognition they are measured at amortised cost using the effective interest method. 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.

- 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.

Financial assets in this category include short term deposits (maturities 4 – 12 months).

- Fair value through other comprehensive income

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

This category encompasses:

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

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

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

Impairment of financial assets

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

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

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

Property, plant and equipment

Property, plant and equipment consist of:

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

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

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

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

Additions

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

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

Disposals

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

Subsequent costs

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

Depreciation

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

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

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

Revaluation

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

Operational land and buildings

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

Restricted land and buildings

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

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems

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

Land under roads

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

Library collections

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

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

Accounting for revaluations:

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

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

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed then recognised in other comprehensive income.

Intangible assets

Software acquisition and development

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

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

Amortisation

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

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

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

Impairment of property, plant and equipment and intangible assets

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

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

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

Creditors and other payables

Creditors and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Short-term benefits

Employee benefits that KDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

KDC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that KDC anticipates it will be used by staff to cover those future absences. As the amount of sick leave used during the year did not exceed the entitlements earned, no liability for sick leave has been recognised at 30 June 2013.

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

Long-term benefits

Long service leave and retirement leave.

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

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate of 6.0%, and an inflation factor of 2.5% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Landfill

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

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

Financial guarantee

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

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

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

Borrowings

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

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

Equity

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

- Retained earnings
- Restricted reserves
- Fair value and hedging reserves
- Asset revaluation reserves

Restricted and Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by KDC.

Restricted reserves are those subject to specific conditions accepted as binding by KDC and which may not be revised by KDC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

KDC's objectives, policies and processes for managing capital are described in Note 27.

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 year 1 of the 2012 - 2022 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the financial statements.

Cost allocation

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

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

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

Critical accounting estimates and assumptions

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

Landfill aftercare provision

Note 15 provides information about the estimates and assumptions surrounding the landfill after care provision.

Infrastructural assets

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

- The physical deterioration and condition of an asset; for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible; for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions; for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset then KDC could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, KDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the KDC's asset management planning activities, which gives KDC further assurance over its useful life estimates.

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

Critical judgements in applying KDC's accounting policies

Management has exercised the following critical judgements in applying the KDC's accounting policies for the period ended 30 June 2013:

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>2011/12</u>		<u>2012/13</u>
6,458,424	General rate	7,023,687
	Targeted rates attributable to activities:	
148,466	Water	149,765
427,096	Wastewater	458,223
387,093	Refuse Collection	392,617
114,702	Rate penalties	146,870
<u>7,535,781</u>	Total revenue from rates	<u>8,171,162</u>

Rate Remissions

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

<u>2011/12</u>		<u>2012/13</u>
7,572,779	Total rates revenue	8,213,730
	Rates remissions	
36,998	Higher value properties	42,568
<u>7,535,781</u>	Rates revenue net of remissions	<u>8,171,162</u>

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

3. Fees, charges and targeted rates for water supply

<u>2011/12</u>		<u>2012/13</u>
1,310,578	User fees and charges	1,012,789
	Targeted rates for water supply	31,250
36,795		55,120
57,330	Petrol Tax	0
0	Vested assets	0
<u>1,404,703</u>	Total other revenue	<u>1,099,159</u>

There are no unfulfilled conditions or other contingencies attached to government grants received (2012 \$Nil)

4. Employee benefit expenses

<u>2011/12</u>		<u>2012/13</u>
3,480,002	Salaries & Wages	3,461,333
8,779	Employer contributions to multi-employer defined benefit plans	8,472
31,305	Employer contributions to Kiwisaver	33,325
8,383	Increase/ (decrease) in employee benefit liabilities	<u>(103,391)</u>
<u>3,528,469</u>	Total employee benefit expenses	<u>3,399,739</u>

5. Other expenses

<u>2011/12</u>		<u>2012/13</u>
76,932	Audit fees for financial statement audit	79,896
82,468	Audit fee for Long Term Plan	0
4,136,187	Other operating expenses	3,920,421
<u>4,295,587</u>		<u>4,000,317</u>

6. Finance costs

<u>2011/12</u>		<u>2012/13</u>
	Interest expense	
42	Interest on borrowings	29
2,143	Finance charges leased assets	7,553
<u>2,185</u>		<u>7,582</u>

7. Cash and cash equivalents

<u>2011/12</u>		<u>2012/13</u>
<u>138,718</u>	Cash at bank and in hand	659,012
<u>0</u>	Short term deposits with maturities of 3 months or less	400,000
<u>138,718</u>	Total cash and cash equivalents	<u>1,059,012</u>

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

8. Trade and other receivables

<u>2011/12</u>		<u>2012/13</u>
432,179	Rates receivable	574,434
376,225	Other receivables	309,684
113,093	Sundry debtors	119,506
191,336	GST receivable	147,096
1,112,833		1,150,720
<u>(3,665)</u>	Less provision for impairment of receivables	<u>(12,271)</u>
<u>1,109,168</u>	Current portion	<u>1,138,449</u>

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

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

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

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

The age of rates receivable overdue which includes BOP Regional Council rates of \$41,422 (2012 \$28,336), is as follows

<u>2011/12</u>		<u>2012/13</u>
403,883	< 12 months	498,032
15,840	1 to 2 years	63,279
8,980	2 to 3 years	10,034
3,476	> 3 years	3,090
432,179		574,435
0	Less impairment	(8,938)
432,179	Carrying amount	565,497

Ageing of receivables (excluding rates)

<u>2011/12</u>	Gross	Impairment	Net
< 30 days	336,879		336,879
31-60 days	4,822		4,822
61-90 days	0		0
> 90 days	34,524	(3,665)	30,859
	376,225	(3,665)	372,560
<u>2012/13</u>	Gross	Impairment	Net
< 30 days	288,238		288,238
31-60 days	(6,676)		(6,676)
61-90 days	(8,001)		(8,001)
> 90 days	36,123	(3,333)	32,790
	309,684	(3,333)	306,351

As at 30 June 2013, all overdue receivables have been assessed for impairment and appropriate provisions applied. KDC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

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

<u>2011/12</u>		<u>2012/13</u>
3,333	At 1 July	3,665
332	Additional provisions made during the year	8,606
0	Receivables written off during the period	0
<u>3,665</u>	At 30 June	<u>12,271</u>

9. Inventories

<u>2011/12</u>		<u>2012/13</u>
	Inventories held for distribution:	
25,342	Water & sewerage reticulation spare parts	61,589
24,914	Other	20,621
<u>50,256</u>		<u>82,210</u>

No inventories are pledged as securities for liabilities (2012 \$nil)

10. Other financial assets

<u>2011/12</u>		<u>2012/13</u>
	Current portion	
	<i>Loans and receivables</i>	
5,150,000	Short term deposits with maturities of 4 -12 months	5,050,000
<u>5,150,000</u>	Total loans and receivables	<u>5,050,000</u>
	Non-current portion	
	<i>At cost</i>	
	Investment in Local Government Insurance Corporation	31,161
31,161		
1,000	Investment in BoPLASS Ltd	1,000
<u>32,161</u>		<u>32,161</u>

There were no impairment provisions for other financial assets.

Shares in Local Government Insurance Corporation are held at cost. The asset backing for these shares at 31 Dec 2012 was \$1.17 (2011-\$1.58).

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>2011/12</u>	Short Term Deposits	<u>2012/13</u>
5,150,000	Average investment-215 days (2011/12 152 days)	5,050,000
<u>5,150,000</u>		<u>5,050,000</u>

**11. Property, plant and equipment
2013**

	Cost/ revaluation 1-July-12	Accum Depn and Imp. Chgs 1-July-12	Carrying Amount 1-July-12	Revaluation surplus	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Cum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-13	Accum Depn and Imp Chgs 30-Jun-13	Carrying Amount 30-Jun-13
Council operational assets											
Land	2,127,500	0	2,127,500	(127,700)	0	0	0	0	1,999,800	0	1,999,800
Buildings	4,679,160	(624,308)	4,054,852	564,793	209,494	0	0	304,933	4,586,931	(62,725)	4,524,206
Plant, machinery and vehicles	1,101,965	(671,203)	430,762	14,657	377,136	(267,365)	206,255	92,881	1,204,403	(535,838)	668,565
Fixtures, fittings and equipment	3,156,412	(2,289,343)	867,069	(21,174)	336,341	0	0	154,715	3,326,254	(2,298,732)	1,027,522
Library collections	1,231,213	(996,284)	234,929	0	49,153	0	0	38,926	1,280,366	(1,035,209)	245,157
Leased assets	118,475	(102,115)	16,360	0	54,738	0	0	18,215	173,213	(120,330)	52,883
Total operational assets	12,414,725	(4,683,253)	7,731,472	430,576	1,026,862	(267,365)	206,255	609,670	12,570,967	(4,052,834)	8,518,133
Council infrastructural assets											
Roading network	15,618,306	(1,354,737)	14,263,569	1,594,122	349,114	(26,183)	1,560	673,074	15,513,302	(4,194)	15,509,108
Water systems	9,652,237	(830,800)	8,821,437	816,569	274,146	(54,865)	23,991	440,978	9,447,155	(6,855)	9,440,300
Sewerage system	11,225,981	(767,461)	10,458,520	1,092,156	66,989	0	0	391,234	11,228,254	(1,824)	11,226,430
Stormwater	5,951,715	(435,371)	5,516,344	131,072	0	0	0	218,227	5,429,190	0	5,429,190
Total infrastructural assets	42,448,239	(3,388,369)	39,059,870	3,633,919	690,249	(81,048)	25,551	1,723,512	41,617,901	(12,873)	41,605,028
Council restricted assets											
Land	7,990,924	0	7,990,924	(1,222,500)	0	0	0	0	6,768,424	0	6,768,424
Buildings	2,126,876	(225,166)	1,901,710	189,006	0	0	0	112,583	1,978,133	0	1,978,133
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	12,300	0	12,300
Other	97,581	(5,875)	91,706	7,741	0	0	0	2,937	96,510	0	96,510
Total restricted assets	10,227,681	(231,041)	9,996,640	(1,025,753)	0	0	0	115,520	8,855,367	0	8,855,367
Total property, plant and equipment	65,090,645	(8,302,663)	56,787,982	3,038,742	1,717,111	(348,413)	231,806	2,448,703	63,044,235	(4,065,707)	58,978,528

2012

	Cost/ revaluation 1 July	Accum Depn and Imp. Chgs 1 July	Carrying Amount 1 July	Revaluation Surplus	Curr. Yr. Additions	Curr. Yr. Disposals (Cost)	Curr. Yr. Disposals (Cum Depn)	Curr. Yr. Depn	Cost/ revaluation 30 June	Accum Depn and Imp. Chgs 30 June	Carrying Amount 30 June
Council operational assets											
Land	2,124,000	0	\$2,124,000		3,500	0	0	0	\$2,127,500	0	2,127,500
Buildings	4,220,529	(342,930)	\$3,877,599		461,078	0	0	282,442	\$4,681,607	(625,372)	4,056,235
Plant, machinery and vehicles	1,168,591	(730,704)	\$437,887		95,457	(162,083)	139,415	79,914	\$1,101,965	(671,203)	430,762
Fixtures fittings and equipment	2,969,572	(2,094,425)	\$875,147		184,392	0	0	193,854	\$3,153,965	(2,288,279)	865,685
Library collections	1,183,485	(959,037)	\$224,448		47,728	0	0	37,247	\$1,231,213	(996,284)	234,929
Leased assets	98,026	(97,330)	\$696		20,449	0	0	4,786	\$118,475	(102,115)	16,359
Total operational asset	11,764,203	(4,224,427)	7,539,777	0	812,604	(162,083)	139,415	598,243	12,414,725	(4,683,253)	7,731,470
Council infrastructural assets											
Roading network	15,228,618	(710,287)	14,518,331		389,688	0	0	644,450	\$15,618,306	(1,354,737)	14,263,569
Water systems	9,604,135	(421,571)	9,182,564		132,975	(84,873)	23,800	433,029	\$9,652,237	(830,800)	8,821,436
Sewerage system	11,170,959	(381,564)	10,789,395		60,998	(5,976)	460	386,357	\$11,225,981	(767,461)	10,458,520
Stormwater	5,940,995	(218,225)	5,722,770		21,175	(10,455)	1,896	219,041	\$5,951,716	(435,371)	5,516,345
Total infrastructural assets	41,944,707	(1,731,648)	40,213,060	0	604,836	(101,304)	26,156	1,682,877	42,448,239	(3,388,369)	39,059,870
Council restricted assets											
Land	7,990,924		7,990,924		0	0	0	0	\$7,990,924	0	7,990,924
Buildings	2,126,876	(112,583)	2,014,293		0	0	0	112,583	\$2,126,876	(225,166)	1,901,710
Library - special collection	12,300		12,300		0	0	0	0	\$12,300	0	12,300
Other	97,581	(2,937)	94,644		0	0	0	2,937	\$97,581	(5,875)	91,706
Total restricted assets	10,227,681	(115,520)	10,112,160	0	0	0	0	115,520	10,227,681	(231,041)	9,996,640
Total property plant & equipment	63,936,591	(6,071,595)	57,864,997	0	1,417,440	(263,387)	165,571	2,396,640	65,090,644	(8,302,663)	56,787,980

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

Impairment

There were no impairment losses incurred as the result of the revaluations performed in the year to 30 June 2013 (2012 – nil).

12. Intangible assets

<u>2011/12</u>		<u>2012/13</u>
	Acquired computer software	
	Balance at 1 July	
255,290	Cost	271,140
(196,241)	Accumulated amortisation and impairment	(234,598)
59,049	Opening carrying amount	36,542
15,850	Additions	58,786
(38,357)	Amortisation charge	(23,074)
36,542	Closing carrying amount	72,254
	Balance at 30 June	
271,140	Cost	329,926
(234,598)	Accumulated amortisation and impairment	(257,672)
36,542	Closing carrying amount	72,254

13. Depreciation and amortisation expenses

2011/12 Actual	Depreciation and amortisation expense (for group of activities)	2012/13 Budget	2012/13 Actual
21,438	Democracy	22,280	19,544
96,373	Economic and community development	93,720	95,634
23,944	Environmental services	24,180	21,912
606,393	Roading *	614,000	627,597
219,041	Stormwater *	218,310	218,237
440,642	Water supply	428,100	447,229
419,707	Wastewater *	389,340	401,725
25,642	Solid waste *	42,450	28,653
490,684	Leisure and recreation	501,560	507,583
52,776	Other activities	0	103,662
2,396,640	Total	2,333,940	2,471,776

*Activities were combined for 2011/12

14. Trade and other payables

<u>2011/12</u>		<u>2012/13</u>
150,303	Trade payables	607,718
29,125	Deposits and bonds	22,240
400,400	Accrued expenses	90,545
415,187	Income in advance	389,892
41,593	Rates due to BOP Regional Council	57,775
31,783	Other payables	73,337
<u>1,068,391</u>	Total trade and other payables	<u>1,241,507</u>

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

15. Provisions

<u>2011/12</u>		<u>2012/13</u>
	Current provisions are represented by:	
10,000	Landfill aftercare provision	10,000
<u>10,000</u>		<u>10,000</u>
	Non-current provisions are represented by:	
92,504	Landfill aftercare provision	86,435
<u>92,504</u>		<u>86,435</u>
	Landfill aftercare provision	
108,325	Opening balance	102,504
(2,178)	Amount utilised	(4,001)
0	Discounting changes	3,931
(3,643)	Increase/(Decrease) in provision	(5,999)
<u>102,504</u>	Closing Balance	<u>96,435</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 \$120,000 (2012 - \$130,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$96,435 (2012 - \$102,504) using a discount rate of 4.25% (2012 – 4.25%).

16. Employee Benefit Liabilities

<u>2011/12</u>		<u>2012/13</u>
232,666	Annual leave	292,778
101,365	Retirement gratuities	101,489
163,627	Accrued salaries	115,882
0	Sick leave	0
<u>497,658</u>	Total employee benefit liabilities	<u>510,149</u>
	Comprising:	
396,293	Current	421,012
101,365	Non-current	89,137
<u>497,658</u>	Total employee benefit liabilities	<u>510,149</u>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2012/13 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% (2012 6%) and an inflation factor of 2.5% (2012 2.5%) were used.

17. Borrowings

<u>2011/12</u>		<u>2012/13</u>
	Current	
536	Secured loans	282
3,538	Finance leases	13,480
<u>4,074</u>	Total current borrowings	<u>13,762</u>
	Non-current	
277	Secured loans	0
14,022	Finance leases	47,519
<u>14,299</u>	Total non-current borrowings	<u>47,519</u>

Security

KDC's loan is secured over either targeted or general rates of the District.

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

Refinancing

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

Maturity analysis of loans and effective interest rates

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

<u>2011/12</u>		<u>2012/13</u>
536	Less than one year	282
<u>277</u>	Later than one year, but not more than five years	<u>0</u>
<u>813</u>		<u>282</u>
Fair values of non-current borrowings are as follows:		
<u>272</u>	Secured loans	<u>0</u>
<u>272</u>	Total	<u>0</u>

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 3.5% (2011/12 – 3.5%)

The carrying amounts of borrowings repayable within one year approximate their fair value.

Analysis of finance lease liabilities

<u>2011/12</u>		<u>2012/13</u>
	Total minimum lease payments are payable	
5,472	Not later than one year	20,068
<u>16,873</u>	Later than one year and not later than five years	<u>55,684</u>
22,345	Total minimum lease payments	75,752
<u>(4,785)</u>	Future finance charges	<u>(14,753)</u>
<u>17,560</u>	Present value of minimum lease payments	<u>60,999</u>
	Present value of minimum lease payments are payable	
3,538	Not later than one year	13,480
<u>14,022</u>	Later than one year and not later than five years	<u>47,519</u>
<u>17,560</u>	Total	<u>60,999</u>
3,538	Current	13,480
<u>14,022</u>	Non-current	<u>47,519</u>
<u>17,560</u>	Total	<u>60,999</u>

Description of material leasing arrangements

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

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

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

18. Equity		
<u>2011/12</u>		<u>2012/13</u>
	RETAINED EARNINGS	
42,866,849	As at 1 July	39,153,788
	Transfers to:	
(3,978,682)	Council created reserves	0
	Transfers from:	(1,895,032)
0	Restricted reserves	0
1,113,948	Council created reserves	1,605,432
(848,327)	Total Comprehensive Income	(128,779)
<u>39,153,788</u>	As at 30 June	<u>38,735,409</u>
	Council created reserves	
3,724,742	As at 1 July	6,589,476
	Transfers to:	
(1,113,948)	Retained earnings	(1,605,432)
	Transfers from:	
3,978,682	Retained earnings	1,895,032
<u>6,589,476</u>	As at 30 June	<u>6,879,076</u>
	Asset revaluation reserves	
15,877,635	As at 1 July	15,877,635
0	Total Comprehensive Income	3,038,742
<u>15,877,635</u>	As at 30 June	<u>18,916,377</u>
<u>22,467,111</u>	TOTAL OTHER RESERVES	<u>25,795,453</u>
<u>2011/12</u>		<u>2012/13</u>
	Asset revaluation reserves consist of:	
	Operational Assets	
465,000	Land	337,300
74,549	Landscaping	74,548
926,949	Buildings	1,491,742
102,433	Other Equipment	95,916
<u>1,568,931</u>		<u>1,999,506</u>
	Infrastructural Assets	
4,292,267	Roading Network	5,886,390
2,454,209	Water System	3,270,778
1,386,435	Wastewater System	2,478,591
1,560,918	Stormwater Network	1,691,990
<u>9,693,829</u>		<u>13,327,749</u>
	Restricted Assets	
3,896,950	Land	2,674,450
717,925	Buildings	914,672
<u>4,614,875</u>		<u>3,589,122</u>
<u>15,877,635</u>		<u>18,916,377</u>

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

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

2011/12 \$	Council created Reserves – Purpose of Fund	Deposits \$	Expenditure \$	2012/13 \$
	Asset Renewal Reserve (All Activities) To set funds aside for the renewal of assets utilised by the following activities:			
44,879	Democracy	5,189	0	50,068
506	Building & Inspection	21	0	527
3,806	Environmental Health	73	0	3,879
(26,287)	Dog Control	6,718	0	(19,569)
1,382,065	Roading/Footpaths	337,152	(199,753)	1,519,463
0	Stormwater	74,543	0	74,543
2,165,368	Water Supply	432,361	(274,145)	2,323,583
1,967,852	Wastewater	371,910	(76,792)	2,262,970
(52,383)	Refuse Disposal	9,192	(17,592)	(60,783)
44,883	Zero Waste	13,708	(13,170)	45,421
(172,763)	Library	97,419	(136,542)	(211,885)
(12,921)	Museum	475	0	(12,445)
(68,008)	Swimming Pool	44,376	(115,147)	(138,779)
(54,515)	Rec Centre	57,947	(98,110)	(94,678)
157,604	Town Hall	39,346	(53,867)	143,083
64,473	Concert Chamber	15,118	(9,671)	69,920
37,095	Town Centre Toilets	3,363	0	40,458
189,623	Sportfields	46,019	(48,364)	187,278
(46,850)	Passive Reserves	49,599	(161,932)	(159,183)
235	Road Berms	(1)	0	235
9,748	Street Trees	590	0	10,337
1,109	Bedding Displays	35	0	1,144
193,865	Playgrounds	45,412	(22,940)	216,337
17,556	Pensioner Housing	85	(536)	17,105
35,032	Cemetery	5,461	(14,213)	26,280
(49,871)	Commercial Rental Buildings	2,763	(8,785)	(55,893)
(72,542)	District Office & Depot	37,603	(24,926)	(59,865)
309,127	Finance	105,448	(34,771)	379,804
5,961	Operations & Services	(23)	0	5,938
506,613	Plant	92,807	(294,176)	305,243
8,215	Development Feasibility Fund	333	0	8,549
6,589,476	Total	1,895,032	(1,605,432)	6,879,076
2011/12 \$	Revaluation Reserve – Purpose of Fund	Additions \$		2012/13 \$
15,877,635	Revaluation Reserve - records the amount that Council's assets have increased in value.	3,038,742		18,916,377

20. Internal Loans

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

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

2011/12		Internal Loans	2012/13			
Interest \$	Loans \$		Interest \$	New Loans \$	Repayments \$	Loans \$
		Solid waste:				
10,336	221,952	Refuse Disposal - Transfer Station Loan	9,772	0	12,876	209,076
		Wastewater:				
5,133	88,161	Wastewater Plant Loan	3,252	0	43,092	45,069
		Leisure and Recreation:				
3,707	69,142	Swimming Pool Loan – No 1	2,743	0	22,024	47,118
4,975	107,729	Swimming Pool Loan – No 2	4,769	0	4,713	103,016
9,593	195,692	Public Hall - Recreation Centre Loan	8,320	0	29,076	166,616
7,367	143,557	Library - Building Loan	5,900	0	33,517	110,040
41,111	826,233	Total	34,756	0	145,298	680,935

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

<u>2011/12</u>	<u>2012/13</u>
(848,327) Surplus/(Deficit)	(128,779)
Add/(less) non-cash items:	
2,434,996 Depreciation and amortisation	2,471,776
Add/(less) items classified as investing or financing activities	
82,568 Losses on disposal of property, plant and equipment	67,572
Add/(less) movements in working capital items	
(107,679) Trade & other receivables	(53,901)
(441) Inventory	(31,960)
41,089 Trade & other payables	249,251
(5,821) Provisions	(6,080)
8,383 Employee benefits	(103,391)
<u>1,604,768</u> activities	<u>2,464,488</u>

22. Capital commitments and operating leases

Nil (2012 \$nil)

23. Contingencies

Nil (2012 \$nil)

Council currently has no outstanding loan guarantees for community organisations.

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

Council also subscribes to LAPP for its' insurance of infrastructure assets which is a limited mutual liability fund for part of members' overall insurance cover. As a result of this, Council has a contingent liability of up to eight times the annual premium (\$414,000).

24. Multi Employer Defined Benefit Scheme

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

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

As at 31 March 2012, the Scheme had a past service surplus of \$19.8 million (8.3% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19. Employers are not expected to contribute to the scheme in the future, provided the experience of the scheme is in line with the valuation assumptions used for the actuarial examination.

25. Related Party Transactions

<u>2011/12</u>		<u>Company</u>	<u>Related Party</u>	<u>2012/13</u>
	Goods/Services purchased during year:			
586	Meat Products	Campbell's Meat Market	M J Campbell	848
17,505	Disposal of Sewerage Screenings	T&J McDowall	T D McDowall (Staff)	23,090
26,894	Shared services annual levies	BOPLASS Ltd		15,436
0	Hire and lease of equipment	Ecocast Ltd	T D McDowall (Staff)	1,840

Goods/Services provided during year:

Related party transactions were conducted on terms equivalent to those prevailing in an arm's length transaction.

Balances owed to/by KDC at 30 June 2013 by/to any of the related parties' companies - T & J McDowell \$4,154.96 (2012 - \$2,314.96).

Key management personnel compensation

694,733	Salaries and other short term employee benefits			723,478
43,436	Post employment benefits			1,484
9,276	Other long term benefits			0
0	Termination benefits			0

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

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

26. Remuneration

<u>2011/12</u>	<u>2012/13</u>
191,230 Chief Executive Officer	194,701

The Chief Executive Officer received no additional benefits.

<u>2011/12</u>	<i>Elected Members</i>	<u>2012/13</u>
57,167	Mayor - M J Campbell JP	57,167
20,130	Deputy Mayor - B H Joyes	20,440
20,130	Chair of Committee - A J Holmes	20,440
11,594	Councillor - R J Chase	11,770
11,594	Councillor - C J Ion	11,770
11,594	Councillor - B J Julian	11,770
11,594	Councillor – A L Moore	11,770
11,594	Councillor – S H Tuhoro	11,770
11,594	Councillor – R G K Savage	11,770

27. Staffing Levels and Remuneration

For the year to 30 June 2013 there were 58 staff which received annual salaries of less than \$60,000 (2011/12 61 employees)

2011/12	Annual Salaries (for staff receiving > \$60,000)	2012/13
No of staff		No of Staff
61	Salary < \$60,000	58
9	Salary \$60,000 - \$79,999	8
0	Salary \$80,000 - \$99,999	0
4	Salary \$100,000 - \$200,000	4
74	Total	70

<u>2011/12</u>	<u>2012/13</u>
53 Number of staff which were full time employees (>30 hours per week)	52
10 Number of part time staff (ie < 30 hours per week) expressed as FTE	8.5

28. Severance Payments

During the year, there was a severance payment made to a Council employee of \$12,500 (2011/12 nil)

29. Events after balance date

In 2012/13 there were no significant events after balance date (2011/12 nil).

30. Financial Instruments

Financial instrument categories

<u>2011/12</u>		<u>2012/13</u>
	Financial Assets	
	Loans and receivables	
138,718	Cash and cash equivalents	1,059,012
917,832	Debtors and other receivables	991,353
5,150,000	Short term deposits with maturities of 4-12 months	5,050,000
<u>6,206,550</u>	Total loans and receivables	<u>7,100,365</u>
	Fair value through other comprehensive income	
32,161	Investments in unlisted shares	32,161
<u>32,161</u>	Total fair value through other comprehensive income	<u>32,161</u>
<u>6,238,711</u>	Total financial assets	<u>7,132,526</u>
	Financial Liabilities	
	Financial liabilities at amortised cost	
653,204	Creditors and other payables	851,615
10,000	Provisions	10,000
396,293	Employee entitlements	421,012
4,074	Borrowings	13,762
<u>1,063,571</u>	Total financial liabilities at amortised cost	<u>1,296,389</u>
	Non-current liabilities	
92,504	Provisions	86,435
101,365	Employee entitlements	89,137
14,299	Borrowings	47,519
<u>208,168</u>	Total non-current liabilities	<u>223,091</u>
<u>1,271,739</u>	Total financial liabilities	<u>1,519,480</u>

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

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

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

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

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

Valuation Technique

	Total \$	Quoted market price \$	Observable inputs \$	Significant non- observable inputs \$
30 June 2012				
Financial assets				
Shares	<u>32,161</u>		<u>32,161</u>	
30 June 2013				
Financial assets				
Shares	<u>32,161</u>		<u>32,161</u>	

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

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

There were no movements in financial instruments for level 3 fair value measurements in either 2012 or 2013.

Financial instrument risks

Maximum exposure to credit risk

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

<u>2011/12</u>		<u>2012/13</u>
5,288,718	Cash at bank and term deposits	6,109,012
917,832	Debtors and other receivables	991,353
<u>6,206,550</u>	Total credit risk	<u>7,100,365</u>

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings or to historical information about counterparty default rates.

Counterparties with credit ratings

5,288,718	AA	6,109,012
0	AA -	0
<u>5,288,718</u>		<u>6,109,012</u>

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

Market risk

Price risk

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

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

Currency risk

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

Interest rate risk

Fair value interest rate risk

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

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

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

Cash flow interest rate risk

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

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

Credit risk

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

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

In 2012 and 2013, KDC invested its funds only in deposits with registered banks and its Investment policy limits the amount of credit exposure to any one institution or organisation. Accordingly, KDC does not require any collateral or security to support these financial instruments.

Liquidity risk

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

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

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

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

KDC has a maximum amount that can be drawn down against its overdraft facility of \$1,000,000 (2012, \$1,000,000). There are no restrictions on the use of this facility.

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

Contractual maturity analysis of financial liabilities

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

	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-5 years	>5 years
2012/13						
Creditors and other payables	851,615	851,615	851,615			
Finance leases	60,999	75,752	20,068	20,068	35,616	
Secured loans	282	309	309			
	912,896	927,676	871,992	20,068	35,616	
2011/12						
Creditors and other payables	653,204	653,204	653,204	0	0	0
Finance leases	17,560	22,345	5,472	5,472	11,401	0
Secured loans	813	845	536	309	0	0
	671,577	676,394	659,212	5,781	11,401	0

Contractual maturity analysis of financial assets

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

	Carrying amount	Contractual cash flows	< 1 year	1-2 years	2-5 years	>5 years
2012/13						
Cash and cash equivalents	1,059,012	1,059,012	1,059,012	0	0	0
Debtors and other receivables	991,353	991,353	991,353	0	0	0
Short term deposits with maturities of 4-12 months	5,050,000	5,050,000	5,050,000	0	0	0
	7,100,365	7,100,365	7,100,365	0	0	0
2011/12						
Cash and cash equivalents	138,718	138,718	138,718	0	0	0
Debtors and other receivables	917,832	917,823	917,823	0	0	0
Short term deposits with maturities of 4-12 months	5,150,000	5,150,000	5,150,000	0	0	0
	6,206,550	6,206,550	6,206,550	0	0	0

Sensitivity analysis

Short term deposits total \$5,450,000 (2012 - \$5,150,000) and a movement in the interest rates of plus or minus 1% has an effect on interest income of \$54,500 (2012 - \$51,500).

Cash and cash equivalents include deposits at call of \$583,819 (2012 - \$10,118) which are at floating rates. A movement in the interest rates of plus or minus 1% has an effect on interest income of \$5,838 (2012 - \$101).

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

31. Capital management

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

Equity is represented by net assets.

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-Term Plan.

KDC has the following Council created reserves:

Plant Replacement Funds
Depreciation Reserves

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

32. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures for 2012/13 in the 2012 – 2022 Long Term Plan are as follows:

Statement of comprehensive income

The significant variances from KDC's estimated figures include: some additional revenue for community programmes, an economic development project, additional income for waste disposal and zero waste because of increased volumes and reduced gain on revaluation due to lower land values. Correspondingly there was additional expenditure for community programmes, waste disposal, district plan review/rezoning and economic development project.

Detailed descriptions of variances in expenditure are disclosed in the activity Funding Impact Statements.

Statement of financial position

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

This was because \$5,050,000 of the short term deposits were invested for periods longer than 90 days to manage Council's cashflow and obtain the best interest rates, and are classified as being "Other Financial Assets" for the purposes of the Statement of Financial Position.

Also Property Plant and Equipment was less than budget because the revaluations increases were lower than anticipated and also less was spent on renewals than budgeted.

Statement of cash flow

Cash flow from rates was more than budget because of increased income from penalties and rates in advance was \$30k more than the previous year.

Interest received was higher than budget because of the timing of investment maturities.

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

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

33. Reclassification and Restatement

Reclassification:

Council has changed the presentation of items within income to comply with the new presentation requirements of the Local Government (Financial Reporting) regulations 2011.

The effect of these changes to income is shown in the table below:

	Before reclassificati on \$000	Actual 2012 Reclassificati on \$000	After reclassificati on \$000
Income			
Rates	7,535,781	(7,535,781)	0
Rates excluding targeted rates for water supply		7,535,781	7,535,781
Fees, charges and targeted rates for water supply		1,404,703	1,404,703
Subsidies and grants		342,953	342,953
Finance income		212,041	212,041
Other revenue	1,959,697	(1,959,697)	0
Total income	9,495,478	0	9,495,478

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 92 performance targets (for all groups) for the year and managed to achieve 86 (92%) of them, which was a very good result.

This section of the Annual Report details:

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

QUALITY

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

Specifically:

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

DEMOCRACY

ACTIVITIES IN THE GROUP

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

The Council

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

Regulatory and Services Committee

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

Kawerau Youth Council

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

Community Engagement

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

Local Elections

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

THE YEAR IN SUMMARY

Highlights for the Democracy group of activities in 2012/13 were:

- Developing and adopting the Annual Plan 2013/14.
- The adoption of the 2011/12 Annual Report.
- Adoption of the draft EBOP Local Alcohol Policy for public consultation.
- Establishment of an Eastern Bay of Plenty Joint Committee for greater collaboration between the councils.
- Reviewed and updated Council's Investment Policy.
- Adoption of a Freedom Camping Policy.

In 2012/13, Council used the special consultative procedure and/or Community consultation process when adopting the following:

- 2013/14 Annual Plan
- General Bylaw (Activities in Public Places and Fires in the Open Air)
- General Bylaw (Advertising and Election signs)
- Proposed Plan Change Number 1 – Putauaki Industrial Zone
- Proposed closure of alleyways (Newall/Liverpool, Boss/Ion and Hadley/Peter Lipa)

DEMOCRACY

PERFORMANCE

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

Levels of Service	Measures	Target 2012/13	Results 2011/12	Results 2012/13	Comment
Council provides quality democracy and representation to the community.	Number of public meetings held (Committee and Ordinary Council)	At least 20 meetings	New target for 2012/13.	Achieved	11 Ordinary Council meetings and 11 Committee meetings were held during 2012/13
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	10 newsletters published.*	Achieved	11 newsletters were 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	New target for 2012/13.	Achieved	Public Forum provided for at each Council and Committee meeting.

*The target for 2011/12 was 2 publications for the year

DEMOCRACY

Funding Impact Statement

2011/12		2012/13	
Budget		Budget	Actual
	SOURCES OF OPERATING FUNDS		
474,530	General rates, UAGC and rate penalties	479,310	513,742
0	Targeted rates (other than targeted rates for water supply)	0	0
0	Subsidies and grants for operating purposes	0	0
0	Fees, charges and targeted rates for water supply	0	3,562
1,890	Internal charges and overheads recovered	2,110	1,889
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
476,420	TOTAL OPERATING FUNDING (A)	481,420	519,193
	APPLICATIONS OF OPERATING FUNDING		
282,120	Payment to staff and suppliers	287,530	288,770
1,090	Finance costs	1,190	1,219
170,020	Internal charges and overheads applied	170,420	208,454
0	Other operating funding applications	0	0
453,230	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	459,140	498,443
23,190	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	22,280	20,750
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital purposes	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
0	- to replace existing assets	0	0
23,190	Increase/(decrease) in reserves	22,280	20,750
0	Increase/(decrease) of investments	0	0
23,190	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	22,280	20,750
(23,190)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(22,280)	(20,750)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

ECONOMIC AND COMMUNITY DEVELOPMENT

ACTIVITIES IN THE GROUP

Economic Development

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

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

Events Management

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

Grants and Funding

Council administers various grants which help to:

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

Information Centre

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

Youth Development

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

THE YEAR IN SUMMARY

Major highlights for the Economic and Community Development group of activities in 2012/13 were:

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

Other achievements included:

- Obtaining funding for a number of community projects (eg "Christmas in the Park", shade sails for skatepark, equipment for world rafting champs)
- Delivering a strong calendar of events
- Continued support of the Kawerau Youth Council and its activities.
- Administering and providing grants to community groups for projects which benefit Kawerau residents.

ECONOMIC AND COMMUNITY DEVELOPMENT

PERFORMANCE

Levels of Service	Measures	Target 2012/13	Results 2011/12	Results 2012/13	Comment
Council economic development activity contributes to Kawerau having a diverse and sustainable industry base.	Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at monthly meetings	New measure for 2012/13	Achieved	
	Council is actively involved in the Industrial Symbiosis project	Representation on steering group	New measure for 2012/13	Achieved	
Council contributes to the continuation of successful events	Council employs an events co-ordinator	Events co-ordinator employed	Achieved	Achieved	
Council distributes funding for community projects and initiatives	Facilitation of applications for community grants and distribution of designated funds	Grants allocated in accordance with fund criteria and within budget of \$16,550	Achieved	Achieved	\$16,770 allocated
	Facilitation of creative communities scheme in accordance with fund criteria	2 funding rounds held	Achieved	Achieved	Funding rounds held in November 2012 and May 2013
Council provides a local information centre	Number of days open each year	Information centre open at least 360 days	Achieved	Achieved	Open 364 days (every day except Christmas)
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	2013 Youth Council sworn in March 2013.
	Youth council activity	At least 9 meetings held	Achieved	Achieved	11 meetings held
	Annual selection and presentation of young achievers awards	Awards presented	New measure for 2012/13	Achieved	Presentation ceremony held October 2012.

ECONOMIC AND COMMUNITY DEVELOPMENT

Funding Impact Statement

2011/12		2012/13	
Budget		Budget	Actual
SOURCES OF OPERATING FUNDS			
528,120	General rates, UAGC and rate penalties	565,050	565,008
0	Targeted rates (other than targeted rates for water supply)	0	0
0	Subsidies and grants for operating purposes	0	0
12,640	Fees, charges and targeted rates for water supply	17,120	316,329
1,320	Internal charges and overheads recovered	610	695
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
542,080	TOTAL OPERATING FUNDING (A)	582,780	882,032
APPLICATIONS OF OPERATING FUNDING			
392,010	Payment to staff and suppliers	428,670	725,719
1,250	Finance costs	1,210	2,186
136,610	Internal charges and overheads applied	141,520	170,301
0	Other operating funding applications	0	0
529,870	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	571,400	898,206
12,210	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	11,380	(16,174)
SOURCES OF CAPITAL FUNDING			
0	Subsidies and grants for capital purposes	0	0
0	Development and Financial contributions	0	0
(520)	Increase/(decrease) in debt	(540)	(535)
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
(520)	TOTAL SOURCES OF CAPITAL FUNDING (C)	(540)	(535)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	
0	- to improve level of service	0	0
0	- to replace existing assets	9,770	8,785
11,690	Increase/(decrease) in reserves	1,070	(25,494)
0	Increase/(decrease) of investments	0	0
11,690	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	10,840	(16,709)
(12,210)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(11,380)	16,174
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

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

2011/12	Budget	2012/13
25,000 Acquisition – 16-18 Jellicoe Court	0	0
<u>0</u> Renewals	<u>9,773</u>	<u>8,785</u>
<u>25,000</u>	<u>9,773</u>	<u>8,785</u>
FUNDED BY:		
<u>(25,000)</u> Depreciation Reserve Funding	<u>(9,773)</u>	<u>(8,785)</u>

During the year Council undertook programmed renewals to the information centre building.

ENVIRONMENTAL SERVICES

ACTIVITIES IN THE GROUP

The activities in the Environmental Services group are:

Resource Management Planning

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

Resource Consents

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

Building Control

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

Environmental Health Services

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

Dog Registration and Control

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

Civil Defence

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

THE YEAR IN SUMMARY

Major highlights for the Environmental Services group of activities in 2012/13 were:

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

Other achievements included:

- Inspecting or auditing all registered food premises in the District for compliance with food handling requirements
- Carrying out, on average, more than one patrol each day to identify illegally dumped litter, abandoned vehicles, fire hazards and health nuisances
- All dogs in listed in Council's register being registered by the target date of 30 April 2013
- On average, more than two patrols being carried out each day to detect unregistered dogs and breaches of dog-related legislation and bylaws
- Impounding 409 dogs during the year for various statutory breaches
- Responding to and investigating notified noise complaints in accordance with statutory requirements and practice guidelines
- Continuing to support a shared service arrangement to deliver civil defence management capability across the Eastern Bay of Plenty
- Audit of Emergency Operations Centre equipment undertaken as well as appointed Chris Jensen as the local controller.

ENVIRONMENTAL SERVICES

PERFORMANCE

Resource Management

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
Resource consents processes comply with statutory requirements.	Resource consents processed within timeframes set in the Resource Management Act 1991	100% within timeframes	Achieved	Achieved	

Building Control

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	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	Next routine re-assessment due December 2013
Service users consider Council's building control activity to be effective	Satisfaction of service users – Building Inspection Processes	90% satisfaction	Achieved	Achieved	
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Achieved	Not Achieved	8 survey forms returned of which 1 was 'predominantly only fair'.
Building control functions are delivered within the statutory timeframes	Time taken to process building consent applications	100% within 20 working days	Not Achieved	Achieved	64/64 (100%)
	Time taken to process multi-proof building consent applications	100% within 10 working days	New measure for 2012/13	Achieved	0/0 (100%) to date
	Time taken to issue Project Information Memoranda (PIMs)	100% within 20 working days	Achieved	Achieved	0/0 (100%)
	Time taken to process Code Compliance Certificate applications	100% within 20 working days	Achieved	Achieved	70/70 (100%)
	Time taken to notify compliance schedules	100% within 5 working days	Achieved	Achieved	3/3 (100%)
Buildings comply with Building Warrant of Fitness (WOF) requirements	Building WOF renewals checked	100% of renewals checked	Achieved	Achieved	66/66 (62%)
	Buildings audited for Building WOF requirements	35% audited	New measure for 2012/13	Achieved	24/66 (36%)

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey conducted	Achieved	Achieved	Survey carried out October 2012. All follow up completed
	Inspection of fencing – newly notified/identified swimming pools	100% of new notified pools inspected	Achieved	Achieved	14/14 (100%)
	Inspection of fencing – existing registered swimming pools	35% of existing registered pools inspected	Achieved	Achieved	20/57 (35%).

Environmental Health

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
The community considers Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	Achieved	Achieved	100%.
Registered food premises comply with statutory requirements	Inspection of food premises operating under the Food Hygiene Regulations 1974 – non mobile	100% twice-yearly	Achieved	Achieved	All 30 food premises operating under the Food Hygiene Regulations 1974 (non-mobile) were inspected at least twice yearly during 2012/13.
	Inspection of food premises operating under the the Food Hygiene Regulations 1974 – mobile	100% annually	Achieved	Achieved	There are 9 mobile food premises operating under the Food Hygiene Regulations 1974 but only 6 that operated in Kawerau during the year. All 6 were inspected.
	Audit of food premises operating Food Control Plans under the voluntary implementation programme	100% annually	Achieved	Achieved	9/9 (100%)
	Inspection of registered premises for compliance with relevant standards	100% annually	New measure for 2012/13	Achieved	4/4 (100%)
Council responds to service requests for environmental health conditions	Response to nuisance conditions and health risks	100% within 1 working day	Achieved	Achieved	9/9 (100%)
	Response to noise complaints	80% within 20 minutes and 100% within 30 minutes	New measure for 2012/13	Not achieved.	607/608 (99.8%) One noise complaint not attended.
	Response to fire risk complaints	100% within 1 working day	New measure for 2012/13	Achieved	6/6 (100%)

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
Liquor licences comply with statutory and District Licensing Authority requirements	Time taken to process applications	100% within five working days of receiving all required information	Achieved	Achieved	38/38 (100%)
Council keeps public places free of litter	Weekday litter patrols	At least 480 weekday patrols	Achieved	Achieved	496 weekday patrols
	Removal of notified litter and abandoned cars	100% within 2 days of notification/identification	Achieved	Achieved	9/9 (100%)

Dog Control and Registration

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
The level of dog registration is maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	466 weekday and 355 after hours patrols done*	Achieved	486 weekday and 348 after hours patrols
	District survey to detect unregistered dogs	All residential properties surveyed	Achieved	Achieved	Survey carried out October 2012. All follow up completed.
	Number of dogs on Council's register of known dogs that are unregistered	No unregistered dogs (on register) at 30 April	Achieved	Achieved	1,373/1,373 (100%)
Service requests about public nuisance and intimidation by uncontrolled dogs are actioned	Adherence to complaint response process to respond, investigate and record the complaint and advise the complainant of progress or outcome within 24 hours	100% adherence to process	Achieved	Not achieved	816/823 (99%)

*Target was 460 weekday and 340 afterhours patrols

Civil Defence

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Civil defence audits	Conducted 4 monthly	New measure for 2012/13	Achieved	Audits held in August, September, April and June.
	Civil defence training exercises	N/A	Achieved	N/A	Exercises will be conducted bi-annually
	Support for the Eastern BOP Civil Defence Emergency Management operating structure	Agreed funding is made	New measure for 2012/13	Achieved	

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
Council has made preparations to enable it to function to the fullest possible extent during and after an emergency	Participation in BOP CDEM Group Co-ordinating executive group and joint committee	100% participation	New measure for 2012/13	Achieved	
	Participation in BOP CDEM group exercises	100% participation	Achieved	Achieved	National Exercise ShakeOut, September 2012.

ENVIRONMENTAL SERVICES

Funding Impact Statement

2011/12		2012/13	
Budget		Budget	Actual
	SOURCES OF OPERATING FUNDS		
682,220	General rates, UAGC and rate penalties	690,780	690,696
0	Targeted rates (other than targeted rates for water supply)	0	0
0	Subsidies and grants for operating purposes	0	0
146,690	Fees, charges and targeted rates for water supply	177,160	154,648
26,470	Internal charges and overheads recovered	28,470	174
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
855,380	TOTAL OPERATING FUNDING (A)	896,410	845,518
	APPLICATIONS OF OPERATING FUNDING		
537,000	Payment to staff and suppliers	568,650	589,361
830	Finance costs	2,040	1,881
291,730	Internal charges and overheads applied	301,520	294,622
0	Other operating funding applications	0	0
829,560	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	872,210	885,864
25,820	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	24,200	(40,346)
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital purposes	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	TOTAL SOURCES OF CAPITAL FUNDING ©	0	0
	APPLCATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
10,130	- to replace existing assets	0	0
15,690	Increase/(decrease) in reserves	24,200	(40,346)
0	Increase/(decrease) of investments	0	0
25,820	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	24,200	(40,346)
(25,820)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(24,200)	40,346
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Payment to suppliers was higher than estimate due to district plan review and rezoning costs being higher than budgeted and less income was received than budgeted for the building (\$33k) and environmental health (\$25k) activities.

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

ROADING

ACTIVITIES IN THE GROUP

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

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

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

STRATEGY

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

NATURE AND SCOPE

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

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

GOALS

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

THE YEAR IN SUMMARY

Achievements for the Roothing group of activities in 2012/13 were:

- Ongoing asset renewals including pavement reseals, footpaths, kerbing and street lights.
- Improving safety of intersections by upgrading and installing lighting (\$30k)
- Installation of Christmas lights in the town centre (\$12k)
- Renewal of CCTV (\$9.2k) to improve resident's safety in the CBD

ROADING

PERFORMANCE

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
Council provides a network of roads which facilitates the safe movement of people and vehicles around the district	Repair time for identified/notified potholes	90% within 14 days and 100% within 28 days	Not Achieved	Achieved	100% within 14 days.
	Number of vehicle accidents where road conditions was a contributing factor	No accidents for year attributed to road conditions	New measure for 2012/13	Achieved	
	Road roughness rating (0 = flat, 400 = dangerous)	Average rating for district roads is less than 90	Achieved	Achieved	80.27
Council provides an adequate network of footpaths for pedestrian use	Response and repair time for CBD footpaths that are classified as dangerous	100% of dangerous CBD footpaths are isolated within 1 day and repaired within 5 working days.	Achieved*	Achieved	No footpaths identified as dangerous
	Response and repair time for other footpaths that are classified as dangerous	100% of other dangerous footpaths are isolated within 1 day and repaired within 1 month.	Achieved	Achieved	13/13 (100%) repaired within one month

*The target for 2011/12 was to have the footpath repaired within 10 days

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

ROADING

Funding Impact Statement

2011/12 Budget		2012/13 Budget	Actual
SOURCES OF OPERATING FUNDS			
988,920	General rates, UAGC and rate penalties	999,180	999,408
0	Targeted rates (other than targeted rates for water supply)	0	0
91,560	Subsidies and grants for operating purposes	135,590	147,016
0	Fees, charges and targeted rates for water supply	0	16,821
54,120	Internal charges and overheads recovered	58,200	59,127
<u>69,900</u>	Local authorities fuel tax, fines, infringements and other receipts	<u>71,720</u>	<u>55,120</u>
1,204,500	TOTAL OPERATING FUNDING (A)	1,264,690	1,277,492
APPLICATIONS OF OPERATING FUNDING			
415,360	Payment to staff and suppliers	430,540	405,008
0	Finance costs	0	199
479,630	Internal charges and overheads applied	484,310	435,028
<u>0</u>	Other operating funding applications	<u>0</u>	<u>0</u>
894,990	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	914,850	840,235
<u>309,510</u>	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	<u>349,840</u>	<u>437,257</u>
SOURCES OF CAPITAL FUNDING			
181,030	Subsidies and grants for capital purposes	211,000	158,606
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
<u>0</u>	Lump sum contributions	<u>0</u>	<u>0</u>
181,030	TOTAL SOURCES OF CAPITAL FUNDING (C)	211,000	158,606
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
360,270	- to replace existing assets	431,020	358,360
130,270	Increase/(decrease) in reserves	129,820	237,503
<u>0</u>	Increase/(decrease) of investments	<u>0</u>	<u>0</u>
490,540	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	560,840	595,863
<u>(309,510)</u>	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	<u>(349,840)</u>	<u>(437,257)</u>
<u>0</u>	FUNDING BALANCE ((A-B)+(C-D))	<u>0</u>	<u>0</u>

Unbudgeted income was received for "christmas light" funding and also rental for a new cell phone tower. There were less internal charges because of the reduced direct expenditure. There was less subsidies for capital expenditure when compared to budget because the renewal of reseals budget had been overstated in error.

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

<u>2011/12</u>	CAPTIAL RENEWALS	<u>Budget</u>	<u>2012/13</u>
72,202	Streetlights renewals	59,200	59,810
89,788	Kerbs & Footpaths renewals	86,400	87,275
153,539	Reseals	165,200	91,822
<u>108,795</u>	Other renewals	<u>120,220</u>	<u>119,453</u>
<u>424,324</u>	Total Infrastructural	<u>431,020</u>	<u>358,360</u>
FUNDED BY:			
243,874	Depreciation Reserve Funding	211,000	199,754
<u>180,450</u>	Other	<u>220,020</u>	<u>158,606</u>
<u>424,324</u>		<u>431,020</u>	<u>358,360</u>

Reseals were lower than budget because the budget had been overstated. Council is confident that the work undertaken maintains the assets at the optimum level.

STORMWATER

ACTIVITIES IN THE GROUP

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

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

STRATEGY

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

NATURE AND SCOPE

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

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

GOALS

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

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

THE YEAR IN SUMMARY

There was only minimal expenditure for this activity and no capital works as the pipe work was considered to be in good order.

However, all performance targets were achieved for the year.

STORMWATER

PERFORMANCE

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding.	Number of rain events for which service requests about stormwater system problems are received.	No more than 10 service requests pa relating to stormwater problems	Achieved	Achieved	7 rain events generated service requests.
	Time within which urgent stormwater system problems are remediated.	100% remediated by end of next working day.	Achieved	Achieved	20 service requests – all responded to on same working day
	Number of dwellings flooded because of stormwater system problems.	No dwellings flooded because stormwater system problems	New measure for 2012/13	Achieved	No known dwellings flooded to date

STORMWATER

Funding Impact Statement

2011/12 Budget		2012/13 Budget	Actual
SOURCES OF OPERATING FUNDS			
75,060	General rates, UAGC and rate penalties	76,100	76,104
0	Targeted rates (other than targeted rates for water supply)	0	0
3,350	Subsidies and grants for operating purposes	3,300	0
0	Fees, charges and targeted rates for water supply	0	0
0	Internal charges and overheads recovered	1,140	1,483
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
78,410	TOTAL OPERATING FUNDING (A)	80,540	77,587
APPLICATIONS OF OPERATING FUNDING			
5,000	Payment to staff and suppliers	5,000	534
0	Finance costs	0	0
1,300	Internal charges and overheads applied	1,260	160
0	Other operating funding applications	0	0
6,300	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	6,260	694
72,110	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	74,280	76,893
SOURCES OF CAPITAL FUNDING			
37,520	Subsidies and grants for capital purposes	39,600	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
37,520	TOTAL SOURCES OF CAPITAL FUNDING (C)	39,600	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
56,000	- to replace existing assets	60,000	0
53,630	Increase/(decrease) in reserves	53,880	76,893
0	Increase/(decrease) of investments	0	0
109,630	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	113,880	76,893
(72,110)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(74,280)	(76,893)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

<u>2011/12</u>	CAPTIAL RENEWALS	<u>Budget</u>	<u>2012/13</u>
<u>21,176</u>	Pipework renewals	<u>60,000</u>	<u>0</u>
<u>21,176</u>	Total Infrastructural	<u>60,000</u>	<u>0</u>
FUNDED BY:			
7,200	Depreciation Reserve Funding	20,400	0
<u>13,976</u>	Other	<u>39,600</u>	<u>0</u>
<u>21,176</u>		<u>60,000</u>	<u>0</u>

There were no renewals undertaken during 2012/13 as the pipework was found to be in good condition.

WATER SUPPLY

ACTIVITIES IN THE GROUP

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

NATURE AND SCOPE

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

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

The Water Supply activity also involves:

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

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

THE YEAR IN SUMMARY

Achievements for the Water Supply group of activities in 2012/13 were:

- Replacing 1,870 metres of pipe in zone 1
- Replace UV tube, tobies and values in accordance with the planned renewal programme.
- While the Bb grading of the water supply was not achieved, significant progress was made during the year

WATER SUPPLY

PERFORMANCE

Levels of Service	Measures	Target 2012/13	Results 2011/12	Results 2012/13	Comments
Council supplies the community with healthy good tasting water	Water supply health risk grading	Bb	Not achieved.	Not achieved.	Working on requirements to have grading reassessed
	Level of compliance with Ministry of Health DWSNZ - 2005	100% compliance	Not achieved.	Not achieved.	There were 2 transgressions for E Coli during the year. Ongoing training is provided.
	Frequency of bacteriological monitoring	At least 1 per calendar week	Achieved.	Achieved.	Monitoring undertaken at least weekly
	Adherence to service request process to respond, investigate and record complaints about water quality and advise complainant of progress or the outcome	100% response rate by the end of the next working day	New measure for 2012/13	Achieved	10 service requests about water quality received. Maximum response time to any request 1.5 hours.
Water is sourced with minimal environmental effects	Level compliance with BOP Regional Council water supply resource consents as reported in annual "consents and compliance field sheets"	High level of compliance	Achieved	Achieved	Have yet to obtain new consent for water supply. Meeting old reporting requirements.
The water supply is of adequate pressure and flow	Water pressure samples	All samples above 40 psi	Not achieved.	Achieved.	High flows in December to March however the trigger of 12,000 m3 per day was not reached so testing not required.
	Adherence to service request processes to respond, investigate and record complaints about water pressure and advise complainant of progress or outcome	95% by the end of the next working day, and 100% within 5 working days	Achieved.	Achieved.	Five low pressure issues reported to date. Responded to within 20 minutes.

Levels of Service	Measures	Target 2012/13	Results 2011/12	Results 2012/13	Comments
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns reticulation -	No more than 12 pa	New measure for 2012/13	Achieved	2 water main breaks (18th August, 16th June)
	Number of unplanned shutdowns pump stations -	None	New measure for 2012/13	Achieved	
	Number of water main breaks	No more than 12 pa	Achieved	Achieved	2 water main breaks (18th August, 16th June)
	Adherence to service request process to respond, investigate and record complaints about water supply and advise complainant of progress or outcome	95% by the end of the next working day, and 100% within 5 working days	Achieved	Achieved	79 service requests. 98.7% responded to within 2 hours 100% responded to within 8 hours

WATER SUPPLY

Funding Impact Statement

2011/12		2012/13	
Budget		Budget	Actual
	SOURCES OF OPERATING FUNDS		
829,720	General rates, UAGC and rate penalties	891,810	891,708
133,280	Targeted rates (other than targeted rates for water supply)	134,170	149,765
0	Subsidies and grants for operating purposes	0	0
46,580	Fees, charges and targeted rates for water supply	49,610	31,250
80,490	Internal charges and overheads recovered	89,130	89,940
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,090,070	TOTAL OPERATING FUNDING (A)	1,164,720	1,162,663
	APPLICATIONS OF OPERATING FUNDING		
340,070	Payment to staff and suppliers	397,060	297,213
0	Finance costs	0	81
321,500	Internal charges and overheads applied	339,560	341,849
0	Other operating funding applications	0	0
661,570	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	736,620	639,143
428,500	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	428,100	523,520
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital purposes	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
499,360	- to replace existing assets	615,850	274,145
(70,860)	Increase/(decrease) in reserves	(187,750)	249,375
0	Increase/(decrease) of investments	0	0
428,500	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	428,100	523,520
(428,500)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(428,100)	(523,520)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

Electricity, chemicals and sundry costs were less than budget (\$80k) for the year.

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

2011/12		Budget	2012/13
0	UV Tube Replacement	17,790	12,886
47,177	Pipework renewals	577,830	234,456
6,290	Toby renewals	6,890	6,890
<u>79,508</u>	Other renewals	<u>13,340</u>	<u>13,023</u>
<u>132,975</u>	Total Infrastructural	<u>615,850</u>	<u>274,145</u>
	FUNDED BY:		
<u>132,975</u>	Depreciation Reserve Funding	<u>615,850</u>	<u>274,145</u>

During the year, Council only carried out 1,870 metres (\$234k) of pipework renewals in zone 1. Some of the pipes that were planned for replacement was found to be in better condition than initially anticipated so less renewals were undertaken.

WASTEWATER

ACTIVITIES IN THE GROUP

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

The wastewater activities are:

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

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

THE YEAR IN SUMMARY

Achievements in the Wastewater group of activities in 2012/13 were:

- Achieving compliance with all resource consents for wastewater
- Installed 900 metres of new wastewater pipe in anticipation of the Putauaki industrial subdivision progressing.
- Continuous improvement of service to high standard (with no overflows into waterways)

WASTEWATER

PERFORMANCE

Wastewater

Levels of Service	Measures	Target 2011/12	Result 2011/12	Result 2012/13	Comment
Council provides a reliable domestic wastewater collection and disposal service	Continuity of wastewater collection.	Service runs every day	Achieved	Achieved	No loss of service except local blockages
	Number of disruptions to wastewater services	No more than 50 per annum	Achieved	Achieved	39 disruptions Jul (4), Aug (5), Sep (3), Oct (5), Nov (2), Dec (3), Jan (2), Feb (4), Mar (4), Apr (2), May (2), Jun (3)
The wastewater treatment plant operates effectively	Level of compliance with BOP Regional Council wastewater treatment plant resource consent as reported in the annual consents and compliance field sheet	High level of compliance	Achieved	Achieved	Monitoring within requirements.
Council acts promptly to ensure public health and safety are not compromised by problems in the wastewater system	Response time to service requests about wastewater collection	Within one hour on 95% of notifications	Achieved	Not Achieved	33/35 (94%) responded to within 1 hour

WASTEWATER

Funding Impact Statement

2011/12		2012/13	
Budget		Budget	Actual
SOURCES OF OPERATING FUNDS			
810,350	General rates, UAGC and rate penalties	820,910	820,884
423,620	Targeted rates (other than targeted rates for water supply)	456,440	458,223
0	Subsidies and grants for operating purposes	0	0
1,000	Fees, charges and targeted rates for water supply	1,000	49,191
78,060	Internal charges and overheads recovered	90,870	84,815
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,313,030	TOTAL OPERATING FUNDING (A)	1,369,220	1,413,113
APPLICATIONS OF OPERATING FUNDING			
518,740	Payment to staff and suppliers	563,250	547,166
5,130	Finance costs	3,250	3,405
398,620	Internal charges and overheads applied	413,380	449,677
0	Other operating funding applications	0	0
922,490	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	979,880	1,000,248
390,540	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	389,340	412,865
SOURCES OF CAPITAL FUNDING			
0	Subsidies and grants for capital purposes	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
107,000	- to replace existing assets	62,300	66,990
283,540	Increase/(decrease) in reserves	327,040	345,875
0	Increase/(decrease) of investments	0	0
390,540	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	389,340	412,865
(390,540)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(389,340)	(412,865)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

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

2011/12		Budget	2012/13
35,616	Wastewater Pipework	54,520	31,770
<u>25,382</u>	Other renewals	<u>7,780</u>	<u>35,220</u>
<u>60,998</u>	Total Infrastructural	<u>62,300</u>	<u>66,990</u>
FUNDED BY:			
<u>60,998</u>	Depreciation Reserve Funding	<u>62,300</u>	<u>66,990</u>

Less pipework replacement was undertaken than budgeted (\$23k), as pipework was in better condition than anticipated. However, the centrifuge and pump at the treatment plant required renewal during the year.

SOLID WASTE

ACTIVITIES IN THE GROUP

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

The solid waste activities are:

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

NATURE AND SCOPE

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

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

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The potential negative effects for this group of activities are:

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

THE YEAR IN SUMMARY

Achievements in the Solid Waste group of activities in 2012/13 were:

- Achieving compliance with all resource consents for Council's landfill.
- Adoption of Waste Management and Minimisation Plan.
- Refuse collections continued throughout the year without disruption and to the satisfaction of residents.

SOLID WASTE

PERFORMANCE

Refuse collection and disposal

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comment
Council's refuse collection and disposal services meet the needs of the Kawerau community and help maintain public health and a clean environment.	Frequency of residual refuse collection from residential properties.	52 weekly collections	Achieved	Achieved	
	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual consents and compliance field sheets	High level of compliance	Achieved	Achieved	Annual inspections undertaken in February

Recycling (Zero Waste)

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comment
Material which would otherwise go to the landfill as household refuse is collected by the recycling collection service.	Percentage of solid waste received by Council which is sent to the landfill	No more than 72% of solid waste received goes to landfill	New measure for 2012/13	Achieved	65%

SOLID WASTE

Funding Impact Statement

2011/12 Budget		2012/13	
		Budget	Actual
SOURCES OF OPERATING FUNDS			
593,660	General rates, UAGC and rate penalties	619,090	618,984
384,740	Targeted rates (other than targeted rates for water supply)	392,340	392,617
0	Subsidies and grants for operating purposes	0	0
249,790	Fees, charges and targeted rates for water supply	256,460	343,863
16,960	Internal charges and overheads recovered	17,660	1,713
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
1,245,150	TOTAL OPERATING FUNDING (A)	1,285,550	1,357,177
APPLICATIONS OF OPERATING FUNDING			
893,540	Payment to staff and suppliers	929,690	896,191
10,340	Finance costs	12,200	14,642
295,600	Internal charges and overheads applied	301,220	316,628
0	Other operating funding applications	0	0
1,199,480	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,243,110	1,227,461
45,670	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	42,440	129,716
SOURCES OF CAPITAL FUNDING			
0	Subsidies and grants for capital purposes	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
0	- to replace existing assets	19,000	17,886
45,670	Increase/(decrease) in reserves	23,440	111,830
0	Increase/(decrease) of investments	0	0
45,670	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	42,440	129,716
(45,670)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(42,440)	(129,716)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

LEISURE & RECREATION

ACTIVITIES IN THE GROUP

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

Community Halls and Public Facilities

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

District Library and Museum

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

Parks and Reserves

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

Swimming Pools Complex

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

THE YEAR IN SUMMARY

Major highlights for the Leisure and Recreation group of activities in 2012/13 were:

- Continued with programme of fencing reserves (Boyes Park) to prevent damage from vehicles driving on the park and stop the dumping of rubbish.

Other achievements included:

- Cobblestoned the garden area outside the Information Centre
- Refurbished Keith McKenzie Park which is the entrance to the town
- New playground equipment installed next to Recreation Centre and BMX track
- Removed 64 cedar trees from the boundary of Tarawera Park to stop the shading of the neighbouring properties.
- Upgrading of steps up to top of Monica Lanham reserve.
- Achieved the planned reserves and gardens maintenance programme for year and within budget.

LEISURE & RECREATION

PERFORMANCE

Public Library

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comment
The library is accessible to the public	Number of weeks open each year	Library open 50 weeks per year	Achieved	Achieved	Open 51/52 weeks. Closed 2 days for Kotui installation.
Council provides public library services and resources which suit community needs	Number of school holiday programmes offered	4 school holiday programmes offered	New measure for 2012/13	Achieved	Holiday programmes undertaken in July, October, January and April.
	Average number of items issued per capita	9 items (on average) issued per capita.	New measure for 2012/13	Not achieved.	56,158 items issued which equates to 8.1 items per capita based on the 2006 census population of 6,921

Museum

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comment
The museum is accessible to the public	Number of weeks open each year	Museum open 50 weeks per year	Achieved	Achieved	Museum open for 51/52 weeks.
Council provides a museum service which reflects community interests	Number of exhibitions held	8 exhibitions held for year	New measure for 2012/13	Achieved	13 exhibitions held to date
	Number of historical articles produced	15 historical articles produced for year.	New measure for 2012/13	Achieved	21 historical articles produced

Swimming Pools

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comment
Council provides a swimming pool complex which is accessible to the community	Weeks open per year	Open at least 48 weeks	Achieved	Achieved	Open every day except 10 day maintenance period in September, 3 days to repair electrical fault (25-27 Sep), 4 days in November due to a pump failure.
Swimming pool water meets water quality standards	Water quality checks	At least 336 daily undertaken for year	Achieved	Achieved	1,724 rounds of testing occurred.
	Level of compliance with standards	Full compliance in 95% of tests	Achieved	Achieved	5,779/6,052 (95.5%)

Public Halls and Facilities

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comment
Three Community halls available for hire: Ron Hardie Recreation Centre, Town Hall and Concert Chambers	Provision of public halls	Halls available 50 weeks per year	Achieved	Achieved	Available 52 weeks
Clean public toilets are provided in the central business district	Council provides town centre public toilets	Toilets open at least 360 days	New measure for 2012/13	Achieved	Open 364 days (every day except Christmas)

Parks and Reserves

Levels of Service	Measures	Target 2012/13	Result 2011/12	Result 2012/13	Comment
Council provides an adequate number of reserves for community leisure and recreation	Percentage of households situated within 500 metres of a reserve	At least 95% of households situated within 500 metres of a reserve	New measure for 2012/13	Achieved	100% of households are within 500 metres of a reserve
Playing surfaces at sports fields are maintained to the requirements of the codes for which they are used	Frequency of grass mowing	Mowed at least 48 times pa	New measure for 2012/13	Achieved	48 rounds of mowing
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 pa	Achieved	Achieved	16 rounds of mowing.
Bedding displays are attractive and updated to suit the season	Number of bedding displays	2 bedding displays pa	Achieved	Achieved	1 winter display and 1 summer display.
Playground equipment is safe for children to use	Bi – monthly inspections of all playground equipment	6 inspections conducted for the year	Achieved	Achieved	6 inspection rounds conducted.
	Remediation of all identified problems	All repairs completed within 2 weeks	New measure for 2012/13	Achieved	
	Investigation of safety-related service requests and if necessary isolation of the hazard	100% within 1 working day	Achieved	Achieved	There was 1 safety-related service request which was responded to within 1 hour
The Kawerau Cemetery meets community interment needs in the present and the medium term	Number of complaints about Council cemetery services	No complaints	Achieved	Achieved	
	Number of burial plots available	At least enough available for the next 5 years	New measure for 2012/13	Achieved	Based on 20 plots p.a. being used/sold, the life available is 20 years.

Leisure and Recreation Funding Impact Statement

2011/12		2012/13	
Budget		Budget	Actual
	SOURCES OF OPERATING FUNDS		
2,649,060	General rates, UAGC and rate penalties	2,700,490	2,704,056
0	Targeted rates (other than targeted rates for water supply)	0	0
1,020	Subsidies and grants for operating purposes	1,020	1,026
56,960	Fees, charges and targeted rates for water supply	103,910	90,808
32,130	Internal charges and overheads recovered	29,970	29,946
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
2,739,170	TOTAL OPERATING FUNDING (A)	2,835,390	2,825,836
	APPLICATIONS OF OPERATING FUNDING		
1,566,850	Payment to staff and suppliers	1,639,680	1,547,218
33,340	Finance costs	45,300	58,957
721,610	Internal charges and overheads applied	747,100	759,021
0	Other operating funding applications	0	0
2,321,800	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,432,080	2,365,196
417,370	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	403,310	460,640
	SOURCES OF CAPITAL FUNDING		
0	Subsidies and grants for capital purposes	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
344,440	- to replace existing assets	600,880	579,182
72,930	Increase/(decrease) in reserves	(197,570)	(118,542)
0	Increase/(decrease) of investments	0	0
417,370	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	403,310	460,640
(417,370)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(403,310)	(460,640)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0

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

2011/12		Budget	2012/13
47,728	Library Stock Renewals	50,370	49,153
0	Library Building Upgrade	9,640	7,725
17,866	Other Library/Museum	69,000	53,874
52,953	Swimming Pool Upgrades	75,410	88,410
11,581	Swimming Pool Fences	0	0
53,719	Recreation Centre Upgrades	97,900	69,035
17,855	Town Hall Upgrades	3,770	53,867
17,197	Concert Chamber Upgrade	53,060	9,670
0	Sports-fields Improvements	46,800	48,363
82,635	Passive Reserves Improvements	150,100	161,932
288,436	Field Amenity Building Renewals	0	0
0	Playground Renewals	18,320	22,940
0	Cemetery	26,500	14,213
589,970	Total Operational	600,870	579,182
FUNDED BY:			
346,263	Depreciation Reserve Funding	600,870	579,182
243,707	Grant	0	0
589,970		600,870	579,182

There were a number of projects which had to be deferred to 2013/14 including: Recreation Centre floor \$40k, Museum software upgrade \$13k and Cemetery renewals \$12k. There was additional expenditure for the Town Hall roof \$52k which was carried forward from 2011/12.

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 2013		
	Parent 2011/12 \$000's	Parent 2012/13 \$000's
Revenue	2180	1,889
Expenditure	(2188)	(1,850)
Net (Deficit)/Surplus Year	(8)	39

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 2012/13 and associated budget formally adopted by the directors at the meeting held in May 2012.

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

Performance Targets for 2012/2013		
Outcomes	Measure	Progress as at 30 June 2013
Initiate at least one shared service each year and no less than two shared services successfully implemented within three years.	Number of Shared Services	Achieved. The following services were undertaken: IT hosting and shared valuation services standards.
Implement Share Services demonstrating best practice and added value to participating Councils and stakeholders.	Implementation programme incorporates best practice	Achieved. Implemented a number of shared service initiatives including: shared service desk, valuation services standards, inter-council network management and video conferencing.
Investigate a minimum of four joint procurement initiatives pa for goods and services from sources offering best value, service, and continuity of supply, and/or opportunities for	Number of procurement initiatives investigated and/or completed	Achieved. The following procurement initiatives were investigated /completed: photocopier/printers, postage, courier, print advertising, GIS

integration.		web software, telephone systems and agenda management.
Communicate with each shareholding Council at appropriate levels with at least one meeting with each Executive Leadership Team per year	At least one meeting with each council at Council and/or Management Team level	Achieved. Meetings were held with each council
Ensure sufficient income is available from activities to sustain a viable company.	Income received from contributing Councils and funding from activities to meet operational budget	Council contributions levied, activity groups levied. Contributions received resulted in savings.

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 2012/13 financial year, Council continued to recognise the key local iwi and Māori organisations as consultation partners and worked to strengthen its relationships with those organisations.

Ngati Tuwharetoa ki Kawerau is tangata whenua of the Kawerau District. To reflect this status, Council recognises the three Ngati Tuwharetoa ki Kawerau organisations; the Ngati Tuwharetoa (Bay of Plenty) Settlement Trust, TOHU Marae Trust and Ngati Tuwharetoa Health, Education and Social Services (or hauora); as consultation partners for the purposes of its consultation policy. As part of the Community consultation process, Council invites input and seeks to meet with consultation partners to understand their views on matters under consideration. Council engaged with each of the three tangata whenua organisations in this way in the development of Council plans, bylaws and policies during the year. The working relationship between Council Ngāti Tuwharetoa has been strengthened by joint membership of the Industrial Symbiosis Project steering group, which aims to stimulate industrial development in the District.

Council has also increased the level and range of involvement with Ngāti Awa, who have a historical tribal interest and own some land in the District. Council continued to work closely with Te Rūnanga o Ngāti Awa on the industrial symbiosis project and with one of the iwi's land trusts over a boundary alteration for industrial land development. The Rūnanga is also a consultation partner under Council's consultation policy, as is the Rautahi Marae, an urban marae in Kawerau for people from other areas.

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

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 2011, the Community Outcome to which each measure primarily contributes and results from the last survey are shown in the table below.

Measure	Primary Community Outcome Contribution	Very/Fairly Good/Satisfied 2011 %	Very/Fairly Good/Satisfied 2009 %
Performance of the Mayor and Councillors in the last year	<i>Council provides effective governance and leadership. Council recognises and encourages the contributions of all sectors of the community</i>	91	78
The way rates are spent on services and facilities provided by Council		93	89
Consultation and Community Involvement - The way Council involves the public		76	71
Public Library		89	84
Refuse disposal (Refuse Transfer Station)		72	65
Rubbish collection		95	79
Recycling services		95	85
Community attractiveness and beautification		97	NA
Dog Control		79	78
Quality of life in Kawerau		93	88
Kawerau is definitely or mostly a safe place to live		88	88
Kawerau as a place to live is the same or better than it was three years ago		93 (agree)	88 (agree)
Emergency management – Percentage of households which have an emergency management kit		50	NA
Water supply		99	97
Parks and reserves		94	93
Swimming pool		94	91
Roading		89	91
Footpaths		80	73
Wastewater (sewage disposal)		96	99
Cemetery		83	77
Public toilets		60	NA
Community spirit		88	84
Public halls		82	80

Council also undertook monthly surveys of users of its services throughout the 2012/13 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) 2012/13	
CSSS forms posted out	913
CSSS forms returned	279
Response rate	30%
Feedback received from Customers	
Predominantly Excellent	179
Predominantly Good	62
Predominantly Only Fair	16
Predominantly Poor	6
Not applicable	10
No boxes ticked	6
Conclusion	
% customers satisfied	92%
% customers unsatisfied	8%

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