



**KAWERAU DISTRICT COUNCIL**  
**Annual Report**  
For the Year Ended 30 June 2018





# **KAWERAU DISTRICT COUNCIL**

## **ANNUAL REPORT FOR 2017/18**

<b>CONTENTS</b>	<b>PAGE NO</b>
MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE OFFICER	4
COUNCIL & STAFF INFORMATION	6
VISION	7
MISSION STATEMENT	7
STATEMENT OF PRINCIPLES	7
COMPLIANCE WITH COUNCIL POLICIES	8
STATEMENT OF COMPLIANCE AND RESPONSIBILITY	9
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	14
STATEMENT OF FINANCIAL POSITION	15
STATEMENT OF CHANGES IN EQUITY	16
STATEMENT OF CASH FLOWS	17
FUNDING IMPACT STATEMENT	18
NOTES TO FINANCIAL STATEMENTS	19
DISCLOSURE STATEMENTS	49
GROUPS OF ACTIVITIES	55
STATEMENTS OF SERVICE PERFORMANCE & FUNDING IMPACT STATEMENTS	55
DEMOCRACY	57
ECONOMIC AND COMMUNITY DEVELOPMENT	61
ENVIRONMENTAL SERVICES	67
ROADING	75
STORMWATER	81
WATER SUPPLY	85
WASTEWATER	91
SOLID WASTE	96
LEISURE & RECREATION	99
COUNCIL CONTROLLED ORGANISATIONS	107
TOI-EDA (ECONOMIC DEVELOPMENT AGENCY)	110
MĀORI CONTRIBUTION TO DECISION-MAKING	111
MONITORING OF PROGRESS TOWARDS ACHIEVING COMMUNITY OUTCOMES	112

# MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE OFFICER

Welcome to Council's annual report for the year ended 30 June 2018. The Annual Report compares Council's achievements and results against the financial and the non-financial targets in the Annual Plan. It enables residents to assess how well Council has performed as well as determine the state of Council's finances.

The following is a brief summary of the financial results for 2017/18:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	11,292,427	11,930,986	638,559
Operating Expense	<u>11,976,127</u>	<u>13,770,425</u>	<u>1,794,298</u>
Operating Surplus/(Deficit)	(683,700)	(1,839,439)	(1,155,739)
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	71,249,613	70,387,494	(862,119)
Liabilities	3,066,675	3,662,115	(595,440)
Ratepayers Equity	68,182,938	66,725,379	(1,457,559)

During the year Council received additional revenue of \$638.6k and incurred \$1.8 million more in operating expenditure than budgeted. Most of the additional revenue received was for events, refuse disposal and bridge repair, which was spent on these activities.

As well as the increased expenditure for which Council had received additional revenue, there was unbudgeted expenditure needed for: repairs following storm damage, increased depreciation and losses on the disposal of assets, additional costs for the building control activity to meet work demands and retain accreditation, increased refuse disposal costs, additional cleaning costs for pool and public toilets, additional dog control and noise response costs resulting from complaints, increased IT costs for improvements, additional maintenance costs for the town hall and concert chambers and a grant to provide a wireless network for the town, as it was not scheduled for broadband until 2022.

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

For the 2017/18 financial year Council spent \$3.1 million on asset renewals compared to the budget of \$2.3 mil. The main reason for the additional expenditure was that Council had uncompleted renewal projects from the previous year which were carried forward to 2017/18. Also there was additional spending on lighting renewals which had NZTA funding of 85%

The major achievements during the 2017/18 financial year included:

- Successful management, as well as securing additional funding, of the iconic events for Kawerau including Woodfest, King of the Mountain Race and Christmas in the Park.
- 87% of Council's performance targets were achieved, which was an excellent result, and good progress was made for the targets that were not achieved.

- Completion of most asset renewal projects and very good progress on others, to ensure that Council continues to deliver high quality services to the community

The major renewal projects completed during the year, included:

- Renewal and upgrade of the town's streetlights to LED which resulted improved lighting and lower electricity consumption
- Significant progress on the renewal of damaged and dangerous footpaths.
- New water supply and wastewater pipelines along Tamarangi Drive
- New lime and chlorine dosing plant to improve the health of the town's water supply
- Renewal of the wastewater pipe along Plunket Street and Glasgow Street
- Construction of a new BBQ area in the swimming pool complex as well as renewal of the cobblestones
- Completion of the museum storage and archives building
- Earthquake strengthening of the concert chamber to enable it to be an Emergency Operations Centre in the event of a civil defence emergency
- Renewal of two of the bridges along Stoneham Walk

Council had set aside reserves to fund these projects, so loans were not needed.

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

- NZ Community Trust
- Lion Foundation
- Eastern Bay Energy Trust
- Community Organisation Grants Scheme (DIA)
- Ministry for Youth and Development (funding was carried forward from the previous year)

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

Both the elected members and staff worked together as an excellent team during the year which helped contribute to the many positive outcomes for the community.

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



Malcolm Campbell, JP  
**MAYOR**




Russell George, CA, MBA  
**CHIEF EXECUTIVE OFFICER**



## **KAWERAU DISTRICT COUNCIL COUNCIL & STAFF INFORMATION**

The Council is made up of a Mayor and 8 Councillors. The local body elections were held in October 2016 which resulted in two new councillors being elected on Council.

**Mayor :** M J (Malcolm) Campbell, JP 027 457 6122

**Deputy Mayor :** F K N (Faylene) Tunui 022 320 8840

**Councillors :** W (Warwick) Godfery 027 204 5278

C J (Carolyn) Ion 027 415 6458

B J (Berice) Julian 323-9190 (res)

S Kingi 027 766 5023

C B (Chris) Marjoribanks, JP 021 223 3761

R G K (Rex) Savage 323-7287 (res)

D Sparks 027 321 0740

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

### **Chief Executive Officer and Heads of Departments:**

Chief Executive Officer R B (Russell) George, CA, MBA

Manager, Operations & Services J J (Hanno) van der Merwe, MSc (Eng), PhD

Manager, Planning, Compliance & Capability C W (Chris) Jensen

Manager, Finance & Corporate Services P J (Peter) Christophers, BBS, ACA

# VISION

To be the best Council in New Zealand

## MISSION STATEMENT

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

## STATEMENT OF PRINCIPLES

**To achieve its Mission, Council will -**

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

# COMPLIANCE WITH COUNCIL POLICIES

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

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

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

## REVENUE AND FINANCING POLICY

Council reviewed and adopted the Revenue and Financing Policy in June 2018 as part of the preparation of the 2018 – 2028 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 2017/18 was consistent with its Revenue and Financing Policy.

## INVESTMENT POLICY

Council reviewed and adopted the Investment Policy 27 March 2018. Council delegates responsibility for the management, monitoring and reporting of its investments to the Regulatory and Services Committee. The Investment Policy document sets out the parameters for the operation of the investments that Council can be involved with. The mix of investments between short-term and longer term is determined according to Council's working capital needs.

There were no significant variations or material departures from Council's objectives for its investment activities as reported in the Investment Policy. Council's investments returned \$236,259 compared to the Annual Plan estimate for 2017/18 of \$329,850.

## LIABILITY MANAGEMENT POLICY

Council's Liability Management Policy was adopted 27 March 2018. 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 2017/18 financial year.

## RATES REMISSION AND POSTPONEMENT FOR MAORI FREEHOLD LAND POLICY

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

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

# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## COMPLIANCE

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

## RESPONSIBILITY

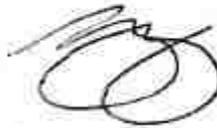
The Council and Management accept responsibility for the preparation of the Annual Report and the judgement used in it.

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

In the opinion of the Council and Management, the Annual Report for the year ended 30 June 2018 fairly reflects the financial position and operations of the Council.



M J Campbell, JP  
**Mayor**



R B George, CA, MBA  
**Chief Executive Officer**

## Independent Auditor's Report

### To the readers of Kawerau District Council's annual report for the year ended 30 June 2018

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

We are also required to report on:

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

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

We completed our work on 30 October 2018. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 14 to 48:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2018;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the funding impact statement on page 18, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service performance on pages 55 to 106:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 60 to 106, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 60 to 106, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

## **Report on the disclosure requirements**

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 49 to 54, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

## **Basis for our opinion on the audited information**

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

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

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

## **Responsibilities of the Council for the audited information**

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

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

## **Responsibilities of the auditor for the audited information**

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

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

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

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

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

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

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

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

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

## **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 9 and 107 to 113, but does not include the audited information and the disclosure requirements.

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

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

## **Independence**

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

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan. Other than these engagements, we have no relationship with, or interests in, the District Council.



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

# KAWERAU DISTRICT COUNCIL

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2018

2016/17		Note	Budget	2017/18
	<b>Revenue</b>			
9,211,671	Rates revenue	2	9,477,847	9,520,685
861,796	Subsidies and grants	3	476,250	872,179
1,220,256	Fees and charges	4	947,330	1,234,330
277,295	Interest revenue	7	329,850	236,259
65,980	Other revenue	4	61,150	67,533
<b>11,636,998</b>	<b>Total Revenue</b>		<b>11,292,427</b>	<b>11,930,986</b>
	<b>Expenses</b>			
4,189,274	Personnel costs	5	4,454,130	4,391,409
2,845,263	Depreciation and amortisation expense	12-14	2,694,450	3,032,886
2,639	Finance costs	7	13,907	6,226
5,267,902	Other expenses	6	4,813,640	6,231,184
56,330	Loss on disposal of property, plant and equipment		0	108,720
<b>12,361,408</b>	<b>Total Expenses</b>		<b>11,976,127</b>	<b>13,770,425</b>
<b>(724,410)</b>	<b>SURPLUS / (DEFICIT)</b>		<b>(683,700)</b>	<b>(1,839,439)</b>
	<b>Other comprehensive revenue and expense</b>			
0	Gain on revaluation		0	0
<b>(724,410)</b>	<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>(683,700)</b>	<b>(1,839,439)</b>

Explanations of significant variances against budget are detailed in Note 30

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

# KAWERAU DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

2016/17		Note	Budget	2017/18
<b>ASSETS</b>				
<b>Current assets</b>				
2,426,460	Cash and cash equivalents	8	8,522,410	2,233,407
964,641	Receivables	9	1,409,480	1,465,255
5,600,000	Other financial assets	11	0	4,400,000
102,317	Prepayments		0	182,406
167,678	Inventory	10	144,530	152,295
<u>9,261,096</u>	Total current assets		<u>10,076,420</u>	<u>8,433,363</u>
<b>Non-current assets</b>				
36,252	Investment in CCOs	11	36,250	36,252
61,942,150	Property, plant and equipment	12	61,061,383	61,849,166
78,623	Intangible assets	13	75,560	68,713
<u>62,057,025</u>	Total non-current assets		<u>61,173,193</u>	<u>61,954,131</u>
<b><u>71,318,121</u></b>	<b>TOTAL ASSETS</b>		<b><u>71,249,613</u></b>	<b><u>70,387,494</u></b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
1,867,190	Payables and deferred revenue	15	2,208,786	2,673,428
9,353	Borrowings and other financial liabilities	18	18,700	16,104
499,598	Employee entitlements	17	476,760	579,315
10,000	Provisions	16	10,000	10,000
<u>2,386,141</u>	Total current liabilities		<u>2,714,246</u>	<u>3,278,847</u>
<b>Non-current liabilities</b>				
171,429	Payables and deferred revenue	15	165,715	165,714
41,628	Borrowings and other financial liabilities	18	36,300	56,909
94,635	Employee entitlements	17	102,570	108,648
59,470	Provisions	16	47,844	51,997
<u>367,162</u>	Total non-current liabilities		<u>352,429</u>	<u>383,268</u>
<b><u>2,753,303</u></b>	<b>TOTAL LIABILITIES</b>		<b><u>3,066,675</u></b>	<b><u>3,662,115</u></b>
<b><u>68,564,818</u></b>	<b>NET ASSETS</b>		<b><u>68,182,938</u></b>	<b><u>66,725,379</u></b>
<b>EQUITY</b>				
37,016,580	Accumulated Funds	19	36,356,834	35,678,738
31,548,238	Reserves	19	31,826,104	31,046,641
<b><u>68,564,818</u></b>	<b>TOTAL EQUITY</b>		<b><u>68,182,938</u></b>	<b><u>66,725,379</u></b>

NB: PBE IPSAS 1.88 requires in the statement of financial position that separate line items be presented for recoverables from non-exchange transactions, receivables from exchange transactions, taxes and transfers payable, and payables under exchange transactions. We consider that it will be rare that this is a material disclosure. Therefore, we have chosen to focus on providing a meaningful breakdown of receivables and payables in the notes to the financial statements



M.J Campbell, JP  
**MAYOR**



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

Date:

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

# KAWERAU DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2018

2016/17	Total Equity	Note	Budget	2017/18
69,289,228	Balance at 1 July		68,866,638	68,564,818
<u>(724,410)</u>	Total comprehensive revenue and expense		<u>(683,700)</u>	<u>(1,839,439)</u>
<u><b>68,564,818</b></u>	<b>Balance at 30 June</b>		<u><b>68,182,938</b></u>	<u><b>66,725,379</b></u>

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

# KAWERAU DISTRICT COUNCIL STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2018

2016/17	Note	Budget	2017/18
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
9,364,622	Receipts from rates revenue	9,384,050	9,612,515
535,996	Rates on behalf Regional Council	0	565,802
892,811	Subsidies and grants received	476,250	673,285
1,276,472	Fees and charges received	947,330	954,509
309,474	Interest received	329,850	242,879
72,504	Receipts from other revenue	61,150	67,555
(5,198,455)	Payments to suppliers	(4,620,156)	(6,021,738)
(4,096,140)	Payment to employees	(4,460,070)	(4,297,678)
(2,639)	Interest paid	(13,907)	(6,226)
134,864	Goods and services tax (net)	0	(59,369)
(562,440)	Regional Council rates paid	0	(560,495)
2,727,069	Net cash flow from operating activities	2,104,497	1,171,039
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
20,696	Receipts from sale of property, plant and equipment	0	58,100
(20,250)	Purchase of intangible assets	0	(7,000)
2,500,000	(Acquisition)/Sale of investments (net)	0	1,200,000
(3,645,470)	Purchase of property, plant and equipment	(2,293,440)	(2,637,223)
(1,145,024)	Net cash flow from investing activities	(2,293,440)	(1,386,123)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
0	Provision of finance lease	0	33,610
0	Repayment of borrowings	0	0
(19,537)	Payment of principal for finance leases	(15,000)	(11,579)
(19,537)	Net cash flow from financing activities	(15,000)	22,031
1,562,508	<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	(203,943)	(193,053)
863,952	Cash, cash equivalents and bank overdrafts at the beginning of the year	8,726,353	2,426,460
2,426,460	<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	8,522,410	2,233,407

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

Explanations of significant variances against budget are detailed in Note 30

# KAWERAU DISTRICT COUNCIL FUNDING IMPACT STATEMENT

(Whole of Council)  
For the year ended 30 June 2018

	2017		2018	
	Annual Plan	Annual Report	Annual Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, UAGC and rate penalties	8,234,170	8,220,242	8,619,830	8,511,874
Targeted rates	936,950	991,428	993,020	1,008,810
Subsidies and grants for operating purposes	187,760	440,306	187,500	401,528
Fees and charges	783,970	1,220,255	812,330	1,234,330
Interest and dividends from investments	294,300	277,295	329,840	236,259
Local Authorities Fuel tax, fines, infringements and other receipts	79,330	65,980	61,150	67,533
<b>TOTAL OPERATING FUNDING (A)</b>	<b>10,516,480</b>	<b>11,215,506</b>	<b>11,003,670</b>	<b>11,460,334</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payment to staff and suppliers	8,681,060	9,457,171	9,270,620	10,622,594
Finance costs	1,690	2,639	11,040	6,226
Other operating funding applications	0	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>8,682,750</b>	<b>9,459,810</b>	<b>9,281,660</b>	<b>10,628,820</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>1,833,730</b>	<b>1,755,696</b>	<b>1,722,010</b>	<b>831,514</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	279,000	421,490	288,750	470,651
Development and Financial contributions	0	0	0	0
Increase/(decrease) in debt	(13,560)	35,768	(15,000)	22,033
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>265,440</b>	<b>457,258</b>	<b>273,750</b>	<b>492,684</b>
<b>APPLICATIONS OF CAPITAL FUNDS</b>				
Capital expenditure:				
- to meet additional demand	0	863,896	0	90,437
- to improve the level of service	280,000	0	0	0
- to replace existing assets	2,062,010	2,357,740	2,293,440	3,006,587
Increase/(decrease) in reserves	(242,840)	(1,008,682)	(297,680)	(1,772,826)
Increase/(decrease) of investments	0	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>2,099,170</b>	<b>2,212,954</b>	<b>1,995,760</b>	<b>1,324,198</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(1,833,730)</b>	<b>(1,755,696)</b>	<b>(1,722,010)</b>	<b>(831,514)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2018**

#### **REPORTING ENTITY**

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

The financial statements of Kawerau District Council are for the year ended 30 June 2018. The financial statements are authorised for issue by Council on 30 October 2018.

#### **BASIS OF PREPARATION**

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

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

These financial statements have been prepared in accordance with the reduced disclosure regime of tier 2 Public Benefit Entities, as Council:

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

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

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

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

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Revenue**

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

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

##### *Rates revenue*

The following policies for rates have been applied:

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

- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as Council is acting as an agent for the BOPRC.

#### *New Zealand Transport Agency Subsidies*

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

#### *Other grants received*

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

#### *Provision of services*

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

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

#### *Sales of goods*

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

#### *Vested assets*

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

#### *Interest and dividends*

Interest revenue is recognised using the effective interest method.

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

### **Borrowing costs**

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

### **Grant expenditure**

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

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

## **Leases**

### *Finance leases*

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, KDC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether KDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### *Operating leases*

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

## **Receivables**

Receivables are recorded at their face value less any provision for impairment.

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

## **Financial assets**

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

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

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

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

The four categories of financial assets are:

1. Financial assets at fair value through surplus or deficit

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

accounting is applied. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

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

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

## 2. Loans and receivables

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

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

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

## 3. Held to maturity investments

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

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

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

## 4. Fair value through other comprehensive revenue and expense

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

This category encompasses:

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

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

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

## **Impairment of financial assets**

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

### *Loans and receivables and held-to-maturity investments*

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

### *Financial assets at fair value through other comprehensive revenue and expense*

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

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

## **Inventory**

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

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

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

## **Non-current assets held for sale**

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

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

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

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

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

## Property, plant and equipment

Property, plant and equipment consist of:

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

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

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

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

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

### *Revaluation*

Operational land and buildings are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by CBRE Ltd, and the valuation was effective as at 30 June 2016.

Restricted land and buildings are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by CBRE Ltd, and the valuation was effective as at 30 June 2016.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems are recorded at fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Knight Frank Ltd, and the valuation was effective as at 30 June 2016. All infrastructural asset classes carried at valuation were valued.

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

Library books were valued at deemed cost as at 1 July 1991, by Beca Carter Hollings and Ferner, (Registered Valuers). Library additions are recorded at cost less accumulated depreciation on the diminishing value basis.

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

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

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

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

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

#### *Additions*

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

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

#### *Disposals*

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

#### *Subsequent costs*

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

#### *Depreciation*

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

	<b>Estimated Useful Life</b>	<b>Depreciation Rate</b>	<b>Basis</b>
<b>Operational</b>			
Buildings	10-67 years	1.5-10.0%	SL
Computer/Electronic Office Equipment	3-5 years	20.0-33.3%	SL
Fixtures, Fittings & Equipment	5-50 years	2.0-20.0%	DV
Plant (vehicles)	5 years	20.0%	DV
Library Collections (excluding special collections)	7 years	15.0%	DV
Special Collections	Not depreciated		
<b>Infrastructural</b>			
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
<b>Restricted</b>			
Buildings & Other	5-53 years	1.8%-20.0%	SL

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

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

## **Intangible assets**

### *Software acquisition and development*

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

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

### *Amortisation*

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

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

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

## **Impairment of property, plant and equipment and intangible assets**

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

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the Council would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

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

## **Investment property**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction costs.

After initial recognition, KDC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Currently, KDC does not have any investment property.

## **Payables**

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

## **Employee entitlements**

### *Short-term employee benefits*

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

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

KDC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that KDC anticipates it will be used by staff to cover those future absences. As the amount of sick leave used during the year did not exceed the entitlements earned, no liability for sick leave has been recognised at 30 June 2018.

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

### *Long-term employee entitlements*

These are employee entitlements that are payable beyond 12 months, which include long service leave and retirement leave, and have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate of 6.0%, and an inflation factor of 2.0% were used.
- The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

## **Superannuation schemes**

### *Defined contribution schemes*

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

## **Provisions**

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

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

### *Landfill*

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

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

### *Financial guarantee*

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

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

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

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

## **Borrowings**

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

## **Equity**

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

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

### *Restricted and Council Created Reserves*

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

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

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

### *Property Revaluation Reserves*

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

## **Goods and Services Tax (GST)**

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## **Budget figures**

The budget figures are those approved by the Council for 2017/18 in the 2017/18 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the financial statements.

## **Cost allocation**

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

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

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

## **Critical accounting estimates and assumptions**

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

### *Landfill aftercare provision*

Note 16 provides information about the estimates and assumptions surrounding the landfill after care provision.

### *Infrastructural assets*

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

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

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

## **Critical judgements in applying KDC's accounting policies**

Management has exercised the following critical judgements in applying the KDC's accounting policies for the period ended 30 June 2018:

### *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>2016/17</u>		<u>2017/18</u>
8,105,838	<b>General rate</b>	8,419,780
	<b>Targeted rates attributable to activities:</b>	
210,901	Water Supply – including metered water	214,572
406,296	Wastewater	392,642
374,231	Refuse Collection	401,596
114,405	Rate penalties	92,094
<u>9,211,671</u>	<b>Total revenue from rates</b>	<u>9,520,684</u>

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

<u>2016/17</u>		<u>2017/18</u>
9,267,611	<b>Total rates revenue</b>	9,570,129
	<b>Rates remissions</b>	
(55,940)	Higher value properties/Farms	(49,445)
<u>9,211,671</u>	<b>Rates revenue net of remissions</b>	<u>9,520,684</u>

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

## 3. Subsidies and Grants

<u>2016/17</u>		<u>2017/18</u>
352,949	NZ Transport Agency – Roding Subsidies	571,251
39,870	NZ Transport Agency – Subsidies for Stormwater	26,666
468,977	Grants for capital projects and events	274,262
<u>861,796</u>		<u>872,179</u>

There are no unfulfilled conditions or other contingencies attached to government grants received (2017 \$Nil).

## 4. Fees and charges and other revenue

<u>2016/17</u>		<u>2017/18</u>
1,220,256	User fees and charges	1,234,330
65,980	Petrol Tax	67,533
0	Vested assets	0
0	Profit on sale of asset	0
<u>1,286,236</u>	<b>Total fees and charges and other revenue</b>	<u>1,301,863</u>

## 5. Personnel Costs

<u>2016/17</u>		<u>2017/18</u>
4,002,670	Salaries & Wages	4,193,871
5,540	Employer contributions to multi-employer defined benefit plans	6,877
87,930	Employer contributions to Kiwisaver	96,930
93,134	Increase/ (decrease) in employee benefit liabilities	93,731
<u>4,189,274</u>	<b>Total employee benefit expenses</b>	<u>4,391,409</u>

## 6. Other expenses

<u>2016/17</u>		<u>2017/18</u>
22,932	General grants	72,209
1,525,752	Contractors	1,701,153
130,748	Insurance premiums	139,792
178,247	Consultants and legal fees	242,937
(12,085)	Impairment of receivables (note 9)	(2,460)
3,422,308	Other operating expenses	4,077,553
<u>5,267,902</u>		<u>6,231,184</u>

## 7. Interest revenue and finance costs

<u>2016/17</u>		<u>2017/18</u>
	<b>Interest revenue:</b>	
277,295	Term deposits	236,259
	<b>Interest expense:</b>	
0	Interest - other	0
2,639	Interest on finance leases	6,226
<u>274,656</u>	<b>Net interest revenue</b>	<u>230,033</u>

## 8. Cash and cash equivalents

<u>2016/17</u>		<u>2017/18</u>
626,460	Cash at bank and in hand	433,407
1,800,000	Short term deposits with maturities of 3 months or less	1,800,000
<u>2,426,460</u>	<b>Total cash and cash equivalents</b>	<u>2,233,407</u>

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

## 9. Receivables

<u>2016/17</u>		<u>2017/18</u>
338,679	Rates receivable	297,754
200,811	Other receivables	348,091
188,115	Sundry debtors	520,545
242,857	GST receivable	302,226
<u>970,462</u>		<u>1,468,616</u>
(5,821)	Less provision for impairment of receivables	(3,361)
<u>964,641</u>	<b>Current portion</b>	<u>1,465,255</u>
833,842	Receivables from non-exchange transactions	1,282,921
130,799	Receivables from exchange transactions	182,334
<u>964,641</u>		<u>1,465,255</u>

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

<u>2016/17</u>		<u>2017/18</u>
17,906	At 1 July	5,821
(12,085)	Additional provisions made during the year	(2,460)
0	Receivables written off during the period	0
<u>5,821</u>	<b>At 30 June</b>	<u>3,361</u>

## 10. Inventory

<u>2016/17</u>		<u>2017/18</u>
	<b>Inventories held for distribution:</b>	
129,404	Water & sewerage reticulation spare parts	111,712
38,274	Other	40,583
<u>167,678</u>		<u>152,295</u>

There has been no write-down of inventory during the year (2016/17 – \$nil)

No inventories are pledged as securities for liabilities (2016/17 - \$nil)

## 11. Other financial assets/investments in CCOs

<u>2016/17</u>		<u>2017/18</u>
	<b>Current portion</b>	
	<i>Loans and receivables</i>	
5,600,000	Short term deposits with maturities of 4 -12 months	4,400,000
<u>5,600,000</u>	<b>Total loans and receivables</b>	<u>4,400,000</u>
	<b>Non-current portion</b>	
	<i>Investments - at cost</i>	
31,161	Investment in Local Government Insurance Corporation (other financial assets)	31,161
5,091	Investment in BOPLASS Ltd - CCO	5,091
<u>36,252</u>		<u>36,252</u>

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

Shares in Local Government Insurance Corporation are held at cost. The asset backing for these shares at 31 Dec 2017 was \$1.52 (2016 - \$1.53).

### *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>2016/17</u>	<b>Short Term Deposits</b>	<u>2017/18</u>
5,600,000	Average investment - 272 days (2016/17 242 days)	4,400,000
<u>5,600,000</u>		<u>4,400,000</u>

## 12. Property, plant and equipment 2018

	Cost/ revaluation 1-July-17	Accum Depn and Imp. Chgs 1-July-17	Carrying Amount 1-July-17	Revaluation adjustment	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-18	Accum Depn and Imp Chgs 30-Jun-18	Carrying Amount 30-Jun-18
<b>Council operational assets</b>											
Land	2,361,600	0	2,361,600	0	0	0	0	0	2,361,600	0	2,361,600
Buildings	8,919,720	(423,069)	8,496,651	0	765,934	(5,000)	625	476,452	\$9,680,654	(898,896)	8,781,758
Plant, machinery and vehicles	1,778,810	(723,338)	1,051,472	0	190,411	(135,128)	72,783	216,668	\$1,834,093	(871,223)	962,870
Fixtures, fittings and equipment	4,541,230	(2,740,034)	1,801,197	0	396,244	(564,075)	563,581	272,629	\$4,373,399	(2,449,082)	1,924,317
Library collections	1,514,100	(1,210,853)	303,246	0	67,235	0	0	50,530	\$1,581,335	(1,261,383)	319,952
Leased assets	78,152	(28,379)	49,773	0	33,612	(22,849)	22,849	13,301	\$88,915	(18,831)	70,084
<b>Total operational assets</b>	<b>19,193,612</b>	<b>(5,129,673)</b>	<b>14,063,939</b>	<b>0</b>	<b>1,453,436</b>	<b>(727,052)</b>	<b>659,838</b>	<b>1,029,580</b>	<b>19,919,996</b>	<b>(5,499,415)</b>	<b>14,420,581</b>
Roading network	16,399,530	(801,742)	15,597,788	0	891,546	(99,817)	0	835,812	17,191,259	(1,637,554)	15,553,705
Water - Other	8,267,619	(361,158)	7,906,462	0	82,866	0	0	361,612	8,350,485	(722,770)	7,627,715
Water – Treatment Plant	857,089	(63,458)	793,631	0	149,651	0	0	73,375	1,006,740	(136,833)	869,907
Sewerage - Other	7,576,020	(276,244)	7,299,776	0	433,937	0	0	281,945	8,009,957	(558,189)	7,451,768
Sewerage – Treatment Plant	3,570,233	(116,743)	3,453,489	0	53,321	0	0	117,752	3,623,554	(234,495)	3,389,059
Stormwater - Network	5,073,447	(208,294)	4,865,153	0	25,267	0	0	208,890	5,098,714	(417,184)	4,681,530
<b>Total infrastructural assets</b>	<b>41,743,938</b>	<b>(1,827,639)</b>	<b>39,916,299</b>	<b>0</b>	<b>1,636,588</b>	<b>(99,817)</b>	<b>0</b>	<b>1,879,386</b>	<b>43,280,709</b>	<b>(3,707,025)</b>	<b>39,573,684</b>
<b>Council restricted assets</b>											
Land	6,021,424	0	6,021,424	0	0	0	0	0	6,021,424	0	6,021,424
Buildings	1,947,100	(104,362)	1,842,738	0	0	0	0	104,362	1,947,100	(208,724)	1,738,376
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	12,300	0	12,300
Other	88,100	(2,650)	85,450	0	0	0	0	2,649	88,100	(5,299)	82,801
<b>Total restricted assets</b>	<b>8,068,924</b>	<b>(107,012)</b>	<b>7,961,912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>107,011</b>	<b>8,068,924</b>	<b>(214,023)</b>	<b>7,854,901</b>
<b>Total property, plant and equipment</b>	<b>69,006,474</b>	<b>(7,064,324)</b>	<b>61,942,150</b>	<b>0</b>	<b>3,090,024</b>	<b>(826,869)</b>	<b>659,838</b>	<b>3,015,977</b>	<b>71,269,629</b>	<b>(9,420,463)</b>	<b>61,849,166</b>

**Property, plant and equipment 2017**

	<b>Cost/ revaluation 1-July-16</b>	<b>Accum Depn and Imp. Chgs 1-July-16</b>	<b>Carrying Amount 1-July-16</b>	<b>Cost/ revaluation 30-Jun-17</b>	<b>Accum Depn and Imp Chgs 30-Jun-17</b>	<b>Carrying Amount 30-Jun-17</b>
<b>Council operational assets</b>						
Land	2,361,600	0	2,361,600	2,361,600	0	2,361,600
Buildings	7,439,912	0	7,439,912	8,919,720	(423,069)	8,496,651
Plant, machinery and vehicles	1,500,600	(585,806)	914,794	1,778,810	(723,338)	1,051,472
Fixtures fittings and equipment	4,183,418	(2,527,260)	1,656,158	4,541,230	(2,740,034)	1,801,197
Library collections	1,449,279	(1,163,059)	286,220	1,514,100	(1,210,853)	303,246
Leased assets	173,213	(161,353)	11,860	78,152	(28,379)	49,773
<b>Total operational assets</b>	<b>17,108,022</b>	<b>(4,437,478)</b>	<b>12,670,544</b>	<b>19,193,612</b>	<b>(5,129,673)</b>	<b>14,063,939</b>
<b>Council infrastructural assets</b>						
Roading network	15,784,309	0	15,784,309	16,399,530	(801,742)	15,597,788
Water - Other	8,208,256	0	8,208,256	8,267,619	(361,158)	7,906,462
Water – Treatment Plant	815,806	0	815,806	857,089	(63,458)	793,631
Sewerage - Other	7,529,296	0	7,529,296	7,576,020	(276,244)	7,299,776
Sewerage – Treatment Plant	3,535,500	0	3,535,500	3,570,233	(116,743)	3,453,489
Stormwater - Network	5,035,188	0	5,035,188	5,073,447	(208,294)	4,865,153
<b>Total infrastructural assets</b>	<b>40,908,355</b>	<b>0</b>	<b>40,908,355</b>	<b>41,743,938</b>	<b>(1,827,639)</b>	<b>39,916,299</b>
<b>Council restricted assets</b>						
Land	6,021,424	0	6,021,424	6,021,424	0	6,021,424
Buildings	1,947,100	0	1,947,100	1,947,100	(104,362)	1,842,738
Library - special collection	12,300	0	12,300	12,300	0	12,300
Other	88,100	0	88,100	88,100	(2,650)	85,450
<b>Total restricted assets</b>	<b>8,068,924</b>	<b>0</b>	<b>8,068,924</b>	<b>8,068,924</b>	<b>(107,012)</b>	<b>7,961,912</b>
<b>Total property plant &amp; equipment</b>	<b>66,085,301</b>	<b>(4,437,478)</b>	<b>61,647,823</b>	<b>69,006,474</b>	<b>(7,064,324)</b>	<b>61,942,150</b>

## Core asset disclosures

### *Valuation*

#### Land and Buildings

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

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

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

#### Infrastructural assets

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

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

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

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

### *Disposals*

The net loss on disposal of property, plant and equipment \$108,720 (2017 - \$56,330) has been recognised in the statement of comprehensive revenue and expense.

### *Leases*

The net carrying amount of plant and equipment held under finance leases is \$70,083 (2017 - \$49,773).

### *Impairment*

There were no impairment losses incurred for the year to 30 June 2018 (2017 – nil).

### *Restrictions*

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

### *Core infrastructure asset disclosure*

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

<b>2018</b>	<b>Closing book value</b>	<b>Additions (constructed)</b>	<b>Most recent replacement cost estimate for revalued assets (30 June 2016)</b>
Water Supply:			
-Treatment plant	869,907	149,651	1,405,100
-Other assets (reticulation)	7,627,715	82,866	24,981,800
Sewerage:			
-Treatment plant	3,389,059	53,321	5,569,600
-Other assets (reticulation)	7,451,768	433,937	22,108,700
Stormwater drainage	4,681,530	25,267	16,515,400
Roads and Footpaths	15,553,705	891,546	32,873,400
<b>2017</b>			
Water Supply:			
-Treatment plant	793,631	41,283	1,405,100
-Other assets (reticulation)	7,906,462	60,546	24,981,800
Sewerage:			
-Treatment plant	3,453,489	34,733	5,569,600
-Other assets (reticulation)	7,299,776	46,724	22,108,700
Stormwater drainage	4,865,153	38,259	16,515,400
Roads and Footpaths	15,597,788	658,169	32,873,400

### 13. Intangible assets

<u>2016/17</u>		<u>2017/18</u>
	<b>Acquired computer software</b>	
	Balance at 1 July	
367,581	Cost	387,831
(294,011)	Accumulated amortisation and impairment	(309,208)
<b>73,570</b>	Opening carrying amount	<b>78,623</b>
20,250	Additions	7,000
(15,197)	Amortisation charge	(16,910)
<b>78,623</b>	<b>Closing carrying amount</b>	<b>68,713</b>
	Balance at 30 June	
387,831	Cost	394,831
(309,208)	Accumulated amortisation and impairment	(326,118)
<b>78,623</b>	<b>Closing carrying amount</b>	<b>68,713</b>

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

### 14. Depreciation and amortisation expense by group of activity

<u>2016/17</u>	<b>Depreciation and amortisation expense (for</b>	<u>2017/18</u>	<u>2017/18</u>
<b>Actual</b>	<b>group of activity)</b>	<b>Budget</b>	<b>Actual</b>
21,621	Democracy	21,470	27,067
145,457	Economic and community development	106,510	162,909
26,158	Environmental services	21,030	34,902
739,845	Roading	778,450	775,631
208,534	Stormwater	229,680	209,040
431,710	Water supply	445,220	444,000
407,062	Wastewater	430,910	415,288
28,033	Solid waste	25,190	31,424
701,235	Leisure and recreation	635,990	782,594
135,608	Other activities	0	150,031
<b>2,845,263</b>	<b>Total</b>	<b>2,694,450</b>	<b>3,032,886</b>

### 15. Payables and deferred revenue

	<b>Current portion:</b>	
<u>2016/17</u>	<b>Payables and deferred revenue under exchange transactions:</b>	<u>2017/18</u>
758,920	Trade payables	1,430,304
519,702	Accrued expenses	527,389
5,714	Revenue in advance	5,714
<b>1,284,336</b>	<b>Total</b>	<b>1,963,407</b>
	<b>Payables and deferred revenue under non-exchange transactions:</b>	
499,622	Rates fees and grants received in advance	628,168
30,870	Rates due to BOP Regional Council	36,177
52,362	Deposits and bonds	45,676
<b>582,854</b>	<b>Total</b>	<b>710,021</b>
<b>1,867,190</b>	<b>Total payables and deferred revenue</b>	<b>2,673,428</b>
	<b>Non-current portion:</b>	
	<b>Payables and deferred revenue under exchange transactions:</b>	
<u>171,429</u>	Income in advance	<u>\$165,714</u>

## 16. Provisions

<u>2016/17</u>		<u>2017/18</u>
	<b>Current provisions are represented by:</b>	
10,000	Landfill aftercare provision	10,000
	<b>Non-current provisions are represented by:</b>	
59,470	Landfill aftercare provision	51,997
	<b>Landfill aftercare provision</b>	
76,638	Opening balance	69,470
(4,323)	Amount utilised	(8,023)
2,832	Discounting changes	2,527
(5,677)	Increase/(Decrease) in provision	(1,977)
<b>69,470</b>	<b>Closing Balance</b>	<b>61,997</b>

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 \$70,000 (2017 - \$80,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$61,997 (2017 - \$69,470) using a discount rate of 4.25% (2017 – 4.25%).

## 17. Employee Entitlements

<u>2016/17</u>		<u>2016/17</u>
423,024	Annual leave	487,719
100,363	Retirement gratuities	113,360
70,845	Accrued salaries	86,885
<b>594,232</b>	<b>Total employee benefit liabilities</b>	<b>687,964</b>
	Comprising:	
499,597	Current	579,315
94,635	Non-current	108,649
<b>594,232</b>	<b>Total employee benefit liabilities</b>	<b>687,964</b>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2017/18 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% (2017 6%) and an inflation factor of 2.0% (2017 2.0%) were used.

## 18. Borrowings and other financial liabilities

<u>2016/17</u>		<u>2017/18</u>
	<b>Current</b>	
9,353	Finance leases	16,104
<b>9,353</b>	<b>Total current borrowings</b>	<b>16,104</b>
	<b>Non-current</b>	
41,628	Finance leases	56,909
<b>41,628</b>	<b>Total non-current borrowings</b>	<b>56,909</b>

### Security

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

KDC currently has no secured loans.

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

### Internal borrowings

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

### Analysis of finance lease liabilities

<u>2016/17</u>		<u>2017/18</u>
	<b>Total minimum lease payments are payable</b>	
14,264	Not later than one year	22,756
49,925	Later than one year and not later than five years	66,113
64,189	Total minimum lease payments	88,869
(13,208)	Future finance charges	(15,856)
<b>50,981</b>	<b>Present value of minimum lease payments</b>	<b>73,013</b>
	<b>Present value of minimum lease payments are payable</b>	
9,353	Not later than one year	16,104
41,628	Later than one year and not later than five years	56,909
<b>50,981</b>	<b>Total</b>	<b>73,013</b>

#### *Description of material leasing arrangements*

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

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

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

#### *Security*

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

## 19. Equity

<u>2016/17</u>		<u>2017/18</u>
	<b>Accumulated Funds</b>	
37,325,994	As at 1 July	37,016,580
	Transfers to:	
(2,062,388)	Council created reserves	(2,115,071)
	Transfers from:	
	Restricted reserves	
2,477,384	Council created reserves	2,616,668
(724,410)	Total Comprehensive Revenue and Expense	(1,839,439)
<b>37,016,580</b>	<b>As at 30 June</b>	<b>35,678,738</b>
	<b>Council created reserves</b>	
8,918,630	As at 1 July	8,503,634
	Transfers to:	
(2,477,384)	Accumulated Funds	(2,616,668)
	Transfers from:	
	Accumulated Funds	
2,062,388	Accumulated Funds	2,115,071
<b>8,503,634</b>	<b>As at 30 June</b>	<b>8,002,037</b>
	<b>Property revaluation reserves</b>	
23,044,604	As at 1 July	23,044,604
0	Total Comprehensive Revenue and Expense	0
<b>23,044,604</b>	<b>As at 30 June</b>	<b>23,044,604</b>
<b>31,548,238</b>	<b>TOTAL OTHER RESERVES</b>	<b>31,046,641</b>
	Asset revaluation reserves consist of:	
	<b>Operational Assets</b>	
654,980	Land	654,980
74,548	Landscaping	74,548
2,366,650	Buildings	2,366,650
95,916	Other Equipment	95,916
<b>3,192,094</b>		<b>3,192,094</b>
	<b>Infrastructural Assets</b>	
7,377,188	Roading Network	7,377,191
3,926,372	Water System	3,926,372
3,472,056	Wastewater System	3,472,056
1,926,945	Stormwater Network	1,926,945
<b>16,702,561</b>		<b>16,702,564</b>
	<b>Restricted Assets</b>	
1,927,450	Land	1,927,450
1,222,499	Buildings	1,222,499
<b>3,149,949</b>		<b>3,149,949</b>
<b>23,044,604</b>		<b>23,044,607</b>

Council created reserve funds are held to fund the required renewals for each activity and to ensure they are used for that purpose. Surpluses held in reserves are credited with interest. The Council created reserves are discretionary reserves which are funds set aside for the renewal of assets in each activity. Council also has revaluation reserves, which reports the amount that Council's assets have increased in value.

## 20. Reserves

2016/17 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure \$	2017/18 \$
	<b>Asset Renewal Reserve (All Activities)</b> To set funds aside for the renewal of assets utilised by the following activities:			
95,917	Democracy	15,198	0	111,115
581	Building & Inspection	6	0	587
4,055	Environmental Health	23	0	4,078
(33,152)	Dog Control	5,949	(2,736)	(29,940)
2,000,962	Roading/Footpaths	417,022	(385,502)	2,032,482
320,404	Stormwater	70,837	(13,388)	377,853
3,857,077	Water Supply	440,399	(232,517)	4,064,959
3,572,426	Wastewater	398,171	(487,259)	3,483,338
(134,264)	Refuse Disposal	9,298	(16,100)	(141,067)
71,513	Zero Waste	5,891	0	77,404
(243,586)	Library	55,610	(79,693)	(267,669)
(104,828)	Museum	5,838	(32,209)	(131,199)
(651,306)	Swimming Pool	81,625	(464,735)	(1,034,416)
(283,741)	Rec Centre	68,240	(116,927)	(332,428)
215,604	Town Hall	38,617	(40,519)	213,702
86,016	Concert Chamber	12,281	(110,699)	(12,402)
(146,465)	Town Centre Toilets	4,465	(1,692)	(143,692)
168,282	Sportfields	87,630	(4,030)	251,882
(349,196)	Passive Reserves	71,544	(130,930)	(408,582)
230	Road Berms	(1)	0	229
14,211	Street Trees	848	0	15,059
1,225	Bedding Displays	12	0	1,237
301,987	Playgrounds	43,638	(36,298)	309,326
(14,930)	Pensioner Housing (Bert Hamilton Hall)	97	0	(14,833)
43,866	Cemetery	6,118	0	49,984
(103,838)	Commercial Rental Buildings	9,973	0	(93,865)
(238,548)	Firmin Lodge	22,190	(23,605)	(239,963)
(338,244)	District Office & Depot	57,638	(231,389)	(511,995)
394,520	Finance	33,281	(47,490)	380,311
5,818	Operations & Services	(30)	0	5,788
(143,065)	Information Centre	4,251	(28,496)	(167,310)
124,198	Plant	148,170	(127,774)	144,594
9,905	Development Feasibility Fund	332	0	10,237
0	Economic Development	(90)	(2,678)	(2,768)
8,503,634	<b>Total</b>	<b>2,115,071</b>	<b>(2,616,668)</b>	<b>8,002,037</b>
2016/17 \$	Revaluation Reserve – Purpose of Fund	Additions \$		2017/18 \$
23,044,604	<b>Revaluation Reserve</b> - records the amount that Council's assets have increased in value.	0	0	23,044,604

## 21. Internal Loans

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

(interest and principal) are funded by the activity for which the loan was raised and the corresponding revenue is recognised in interest revenue. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

2016/17			2017/18		
Interest \$	Loans \$	Internal Loans	Interest \$	Repayments \$	Loans \$
		<b>Solid waste:</b>			
7,249	151,423	Transfer Station Loan	5,818	(16,099)	135,324
		<b>Leisure and Recreation:</b>			
3,845	81,908	Swimming Pool Loan	3,217	(5,894)	76,014
2,620	36,370	Recreation Centre Loan	1,029	(36,370)	0
		Library - Building Loan			
17,894	439,253	Changing rooms Loan	17,459	(11,182)	428,071
37,775	927,311	Firmin Lodge Loan	36,859	(23,605)	903,706
-	480,000	Archives/Museum Loan	19,087	(11,464)	468,536
<b>69,383</b>	<b>2,116,265</b>	<b>Total</b>	<b>83,469</b>	<b>(104,614)</b>	<b>2,011,651</b>

## 22. Capital commitments and operating leases

At the 30 June 2018 there were no outstanding balances on contracts for work still to be done (2017 \$62,500).

Council leases the Tarawera Sports Clubrooms which is situated on Tarawera Park reserve to the Kawerau Sports Club Inc. The lease is for a period of 5 years, and expires 28 February 2022.

<u>2016/17</u>			<u>2017/18</u>
	<b>Total minimum lease payments</b>		
5,316	Not later than one year		5,316
<u>19,492</u>	Later than one year and not later than five years		<u>14,194</u>
<u>24,808</u>	Total minimum lease payments		<u>19,510</u>

## 23. Contingencies

Council currently has no outstanding loan guarantees for community organisations (2017 \$Nil).

## 24. Related Party Transactions

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

**Key management personnel compensation:**

<u>2016/17</u>		<u>2017/18</u>
	Councillors:	
192,355	Remuneration	200,004
9	Full-time equivalent members (NB number of elected members)	9
	<b>Senior management team including Chief Executive Officer</b>	
589,788	Remuneration	604,025
4	Full-time equivalents	4
782,143	Total key management personnel remuneration	804,029
13	Total full-time equivalent personnel	13

**25. Remuneration**

<u>2016/17</u>		<u>2017/18</u>
214,631	Chief Executive Officer	217,945
	The Chief Executive Officer also received additional benefits of \$600.00 (\$600.00 2017) for telephone rental	

<u>2016/17</u>		<u>2017/18</u>		
	Elected Members			
	<u>Communication Allowance</u>	<u>Salary</u>	<u>Total</u>	
59,270	Mayor - M J Campbell JP	0	60,278	60,278
6,142	Councillor - A J Holmes	0	0	0
19,170	Councillor - C J Ion	1,190	18,987	20,177
15,435	Councillor - B J Julian	640	15,189	15,829
4,440	Councillor - S H Tuhoro	0	0	0
15,435	Councillor - R G K Savage	600	15,189	15,789
15,435	Councillor - W Godfery	1,190	15,189	16,379
15,435	Councillor - C J Marjoribanks	1,190	15,189	16,379
19,707	Councillor - F K N Tunui	1,150	21,265	22,415
11,013	Councillor – D Sparks	1,190	15,189	16,379
11,013	Councillor – S Kingi	1,190	15,189	16,379

**26. Staffing Levels and Remuneration**

As at 30 June 2018 there were 61 staff which received annual salaries of less than \$60,000 (2017 55 employees)

<u>2016/17</u>	<b>Total annual remuneration (in bands)</b>	<u>2017/18</u>
No of Staff		No of Staff
55	Salary < \$60,000	61
8	Salary \$60,000 - \$79,999	7
4	Salary \$80,000 - \$99,999	8
4	Salary \$100,000 - \$215,000	4
<b>71</b>	<b>Total</b>	<b>80</b>

<u>2016/17</u>		<u>2017/18</u>
53	Number of staff which were full time employees (>40 hours per week)	46
8.4	Number of part time staff (ie < 40 hours per week) expressed as FTE	14

## 27. Severance Payments

During the year, there were no severance payments made to Council employees (2017 \$13,000)

## 28. Events after balance date

In 2017/18 there were no significant events after balance date (2016/17 nil).

## 29. Financial Instruments

### Financial instrument categories

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

<u>2016/17</u>		<u>2017/18</u>
	<b>Financial Assets</b>	
	<b>Loans and receivables</b>	
2,426,460	Cash and cash equivalents	2,233,407
721,782	Debtors and other receivables	1,163,029
<u>5,600,000</u>	Held to maturity investments of 4-12 months	<u>4,400,000</u>
<u><b>8,748,242</b></u>	<b>Total loans and receivables</b>	<u><b>7,796,436</b></u>
	<b>Fair value through other comprehensive revenue and expense</b>	
<u>36,252</u>	Investments in unlisted shares	<u>36,252</u>
<u><b>36,252</b></u>	<b>Total fair value through other comprehensive revenue and expense</b>	<u><b>36,252</b></u>
<u><b>8,784,494</b></u>	<b>Total financial assets</b>	<u><b>7,832,688</b></u>
	<b>Financial Liabilities</b>	
	<b>Financial liabilities at amortised cost</b>	
1,361,853	Creditors and other payables	2,039,546
<u>9,353</u>	Borrowings	<u>16,104</u>
<u><b>1,371,206</b></u>	<b>Total financial liabilities at amortised cost</b>	<u><b>2,055,690</b></u>
	<b>Non-current liabilities</b>	
<u>41,628</u>	Borrowings	<u>56,909</u>
<u><b>41,628</b></u>	<b>Total non-current liabilities</b>	<u><b>56,909</b></u>
<u><b>1,412,834</b></u>	<b>Total financial liabilities</b>	<u><b>2,112,559</b></u>

## 30. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the Annual Plan for 2017/18 are as follows:

### Statement of comprehensive revenue and expense

The significant variances from KDC's estimated figures include: additional grants received for events and projects undertaken during the year, increased transfer station revenue and additional funding received to repair the water pipe bridge following damage by a contractor.

There was corresponding additional expenditure for events and projects, refuse disposal, website upgrade and the building activity as well as the repairs to the water pipe bridge which was offset by the additional funding.

Also there was additional expenditure for storm damage clean up and repairs as well increased expenditure for consultants.

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

### Statement of financial position

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

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

Liabilities were higher than the budget due to more creditors at year end. Also employee entitlements were higher than the budget due more annual leave being retained by staff.

### Statement of cash flow

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

Interest received was lower than budget because of less funds being available for investment and lower interest rates than anticipated.

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

Receipts from fees and charges were slightly higher than budget because of increased transfer station revenue

Payments to suppliers were higher than budget because of additional expenditure for events, refuse disposal, pipe bridge repair, consultants (mainly for the building activity) and storm damage repairs.

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

Funds from the Purchase of Investments exceeded the budget because Council had invested some of its funds for longer than 90 days to get the best interest rates.

### 31. Rating Base

<u>30 June 2017</u>		<u>30 June 2018</u>
2,931	Number of rating units	2,936
\$567,540,100	Capital value of rating units	\$571,697,100
\$90,331,600	Land value of rating units	\$90,443,600

### 32. Insurance Disclosure

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

<u>30 June 2017</u>		<u>30 June 2018</u>
53,637,751	Total value of all Council assets covered by insurance contracts	53,466,142
98,642,326	Maximum amount to which insured assets are insured	139,397,241
0	Total value of all Council assets covered by financial risk sharing arrangements (Council withdrew from this arrangement on 1 June 2014)	0
0	Maximum amounts available to Council under financial risk sharing arrangements. Council does not have any assets that are self-insured (2017 Nil)	0

# KAWERAU DISTRICT COUNCIL DISCLOSURE STATEMENTS FOR YEAR ENDING 30 JUNE 2018

## PURPOSE OF THIS STATEMENT

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

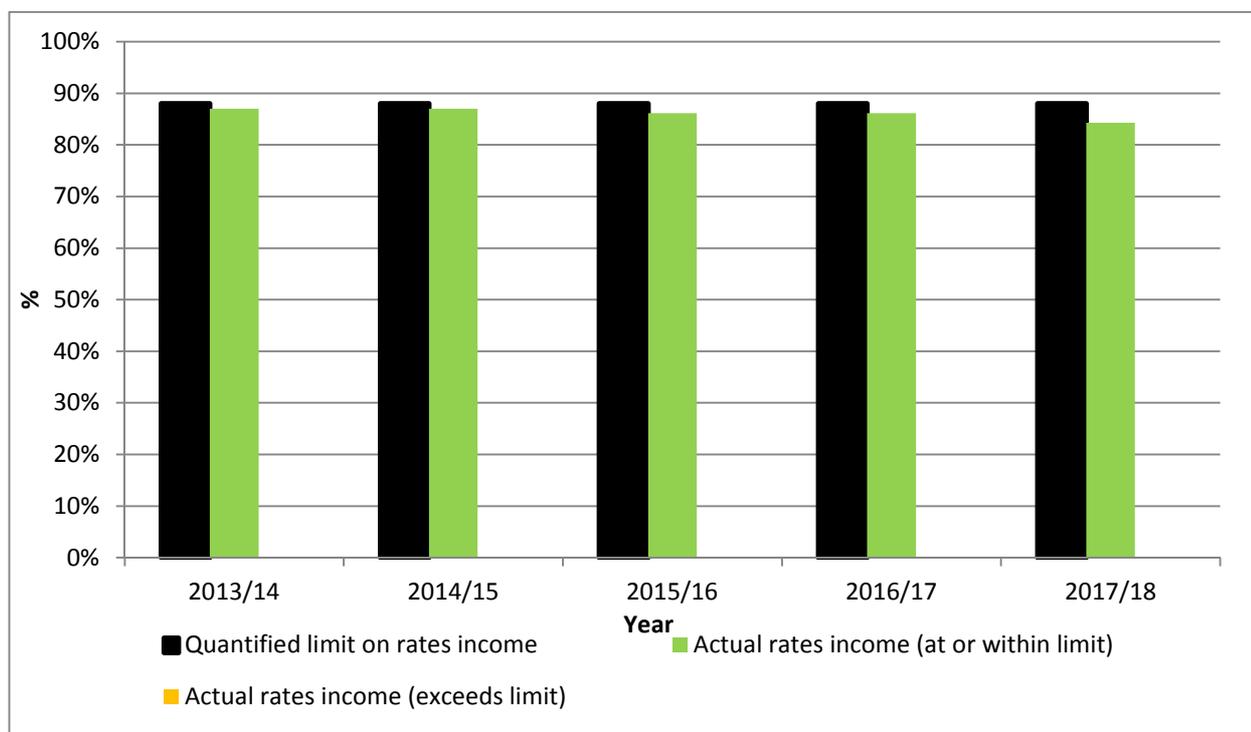
## RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

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

### *Rates (income) affordability*

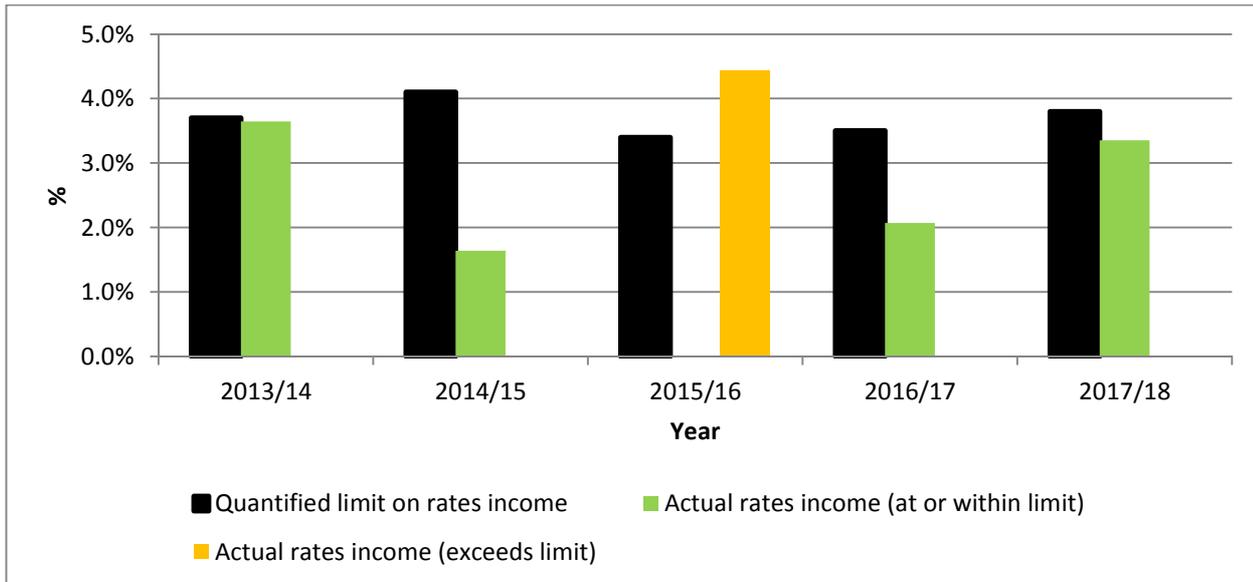
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



### *Rates (increases) affordability*

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

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



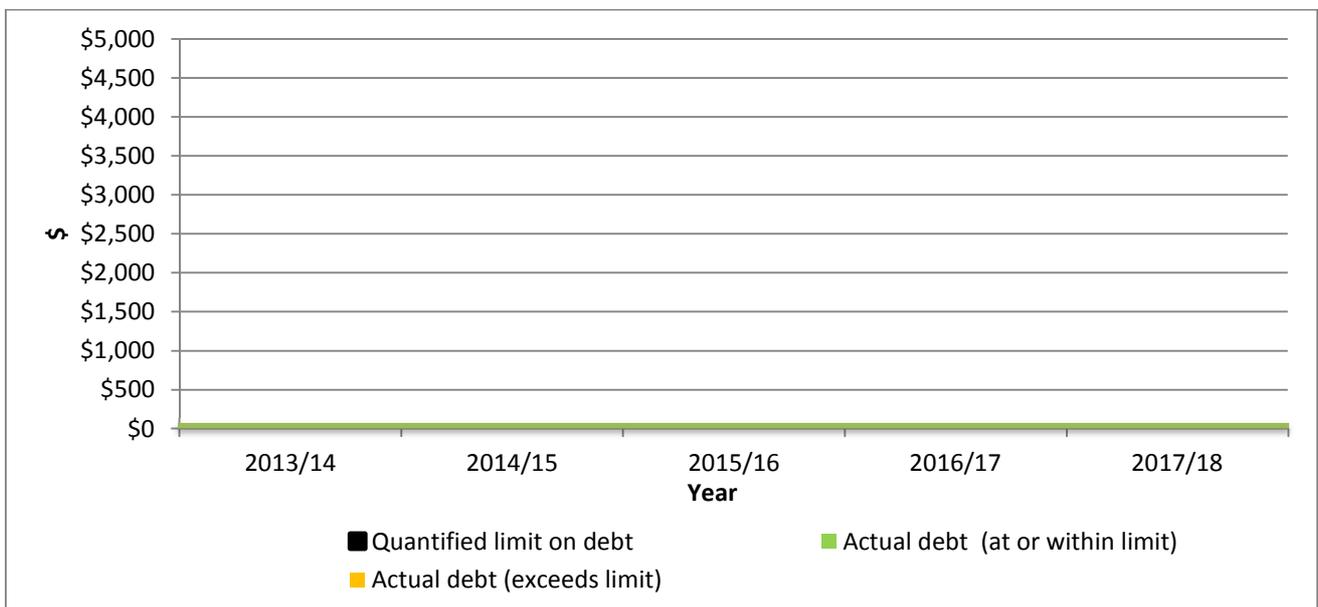
**Comment:**

Prior to adopting the 2015 – 2025 Long Term Plan, Council reviewed the level of service for all its activities. Following this review it was determined that there needed to be an improved level of service for some of the Council activities, and approved additional resourcing for: parks and reserves, street trees, library and customer services. This resulted in the overall rate increase for 2015/16 exceeding the qualified limit as set in the financial strategy. For the other years Council has kept the rate increase within the quantified limit.

**DEBT AFFORDABILITY BENCHMARK**

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

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is \$0 excluding finance leases.

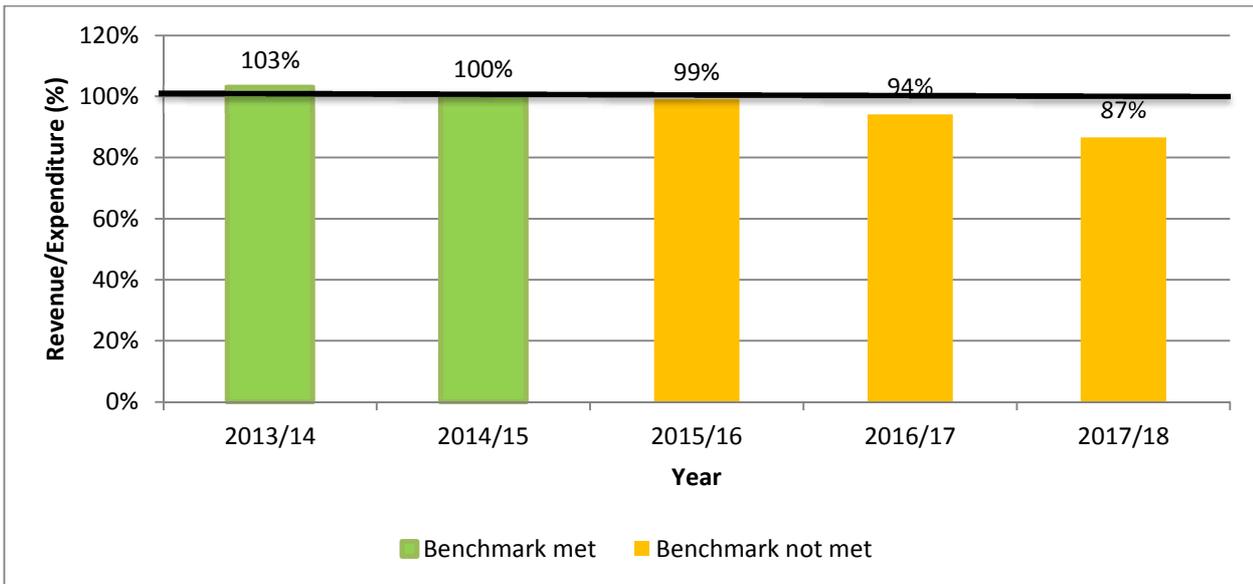


**Comment:**

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

**BALANCED BUDGET BENCHMARK**

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The council meets this benchmark if its revenue equals or is greater than its operating expenses.



**Comment:**

Council does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rate of 68%. The benefit of not funding the portion of depreciation where Council expects NZTA subsidies on asset renewals is that ratepayers are not funding depreciation that it believes is unlikely to be required in the future.

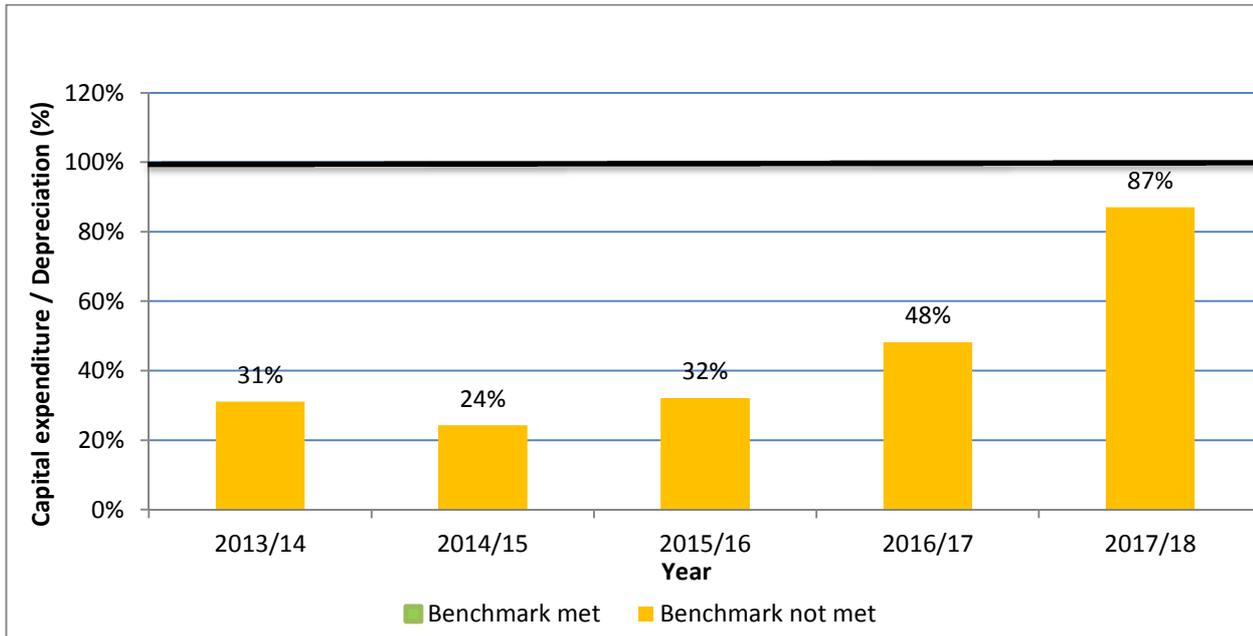
Council also does not fully fund depreciation for some buildings which will not be replaced, at least not as they are now.

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

Finally, Council incurred additional unbudgeted expenditure which resulted from storm damage, and increased level of service for the building, pool, public toilets and solid waste activities.

## ESSENTIAL SERVICES BENCHMARK

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Comment:

The Kawerau town was built over a period of about 30 years from 1955 to 1987. With asset lives of up to 80 - 100 years, the majority of planned renewals will not occur for another 8 - 30 years. In 2009/10, a new wastewater treatment plant that services the whole district was vested in Council.

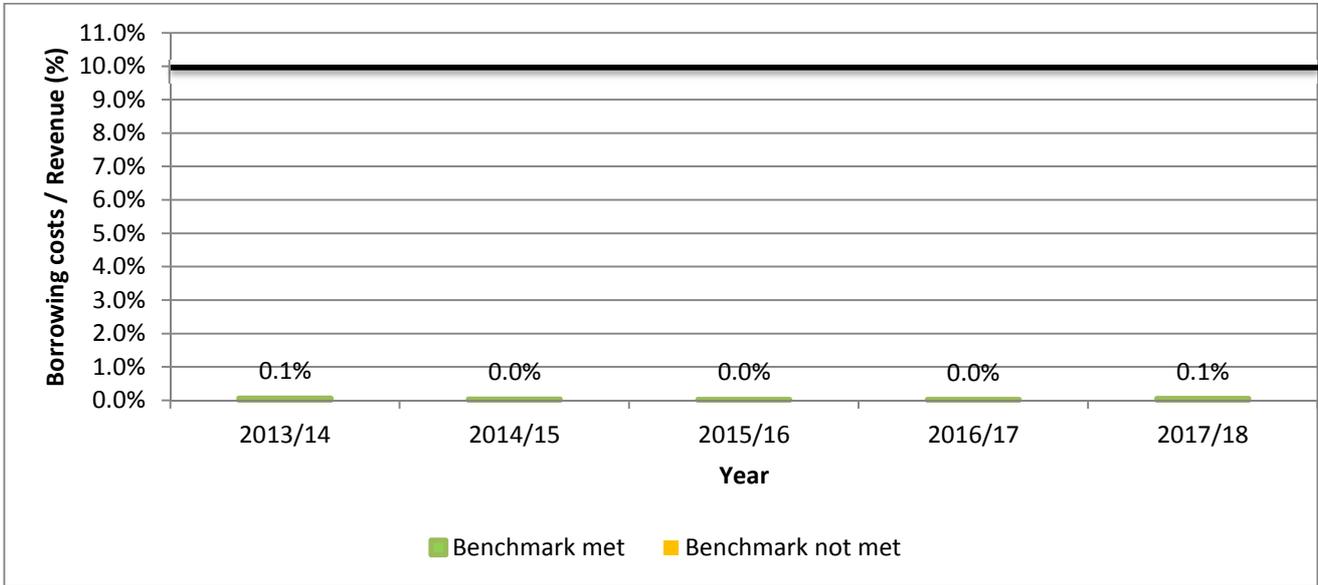
The following table broadly illustrates the age of Councils infrastructure.

Zone	Area	Built (Approx.)	Age (Approx.)
1	Area bounded by State Highway 34 and River Road up to overflow stream and the swimming pool complex and including Ward Street and northern half of Bell, Massey Street area.	1955-58	59 years
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	49 years
3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	42 years
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	37 years
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	30 years
6	Geothermal area (Rec. Centre, Pool, Bowling Club, TAB carpark).	1960	57 years

**DEBT SERVICING BENCHMARK**

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equals or is less than 10% of its revenue.

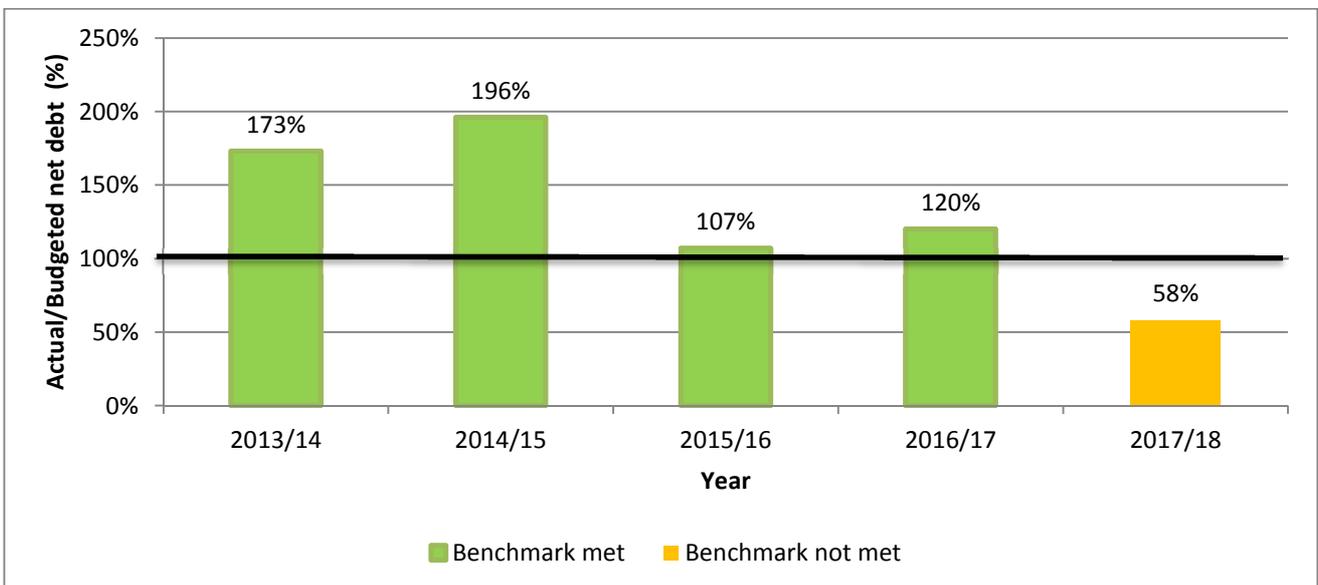


**Comment:**

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

**DEBT CONTROL BENCHMARK**

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). Due to Council's decision to use previous year's surpluses and unplanned expenditure, Council had higher financial liabilities than financial assets at year end.



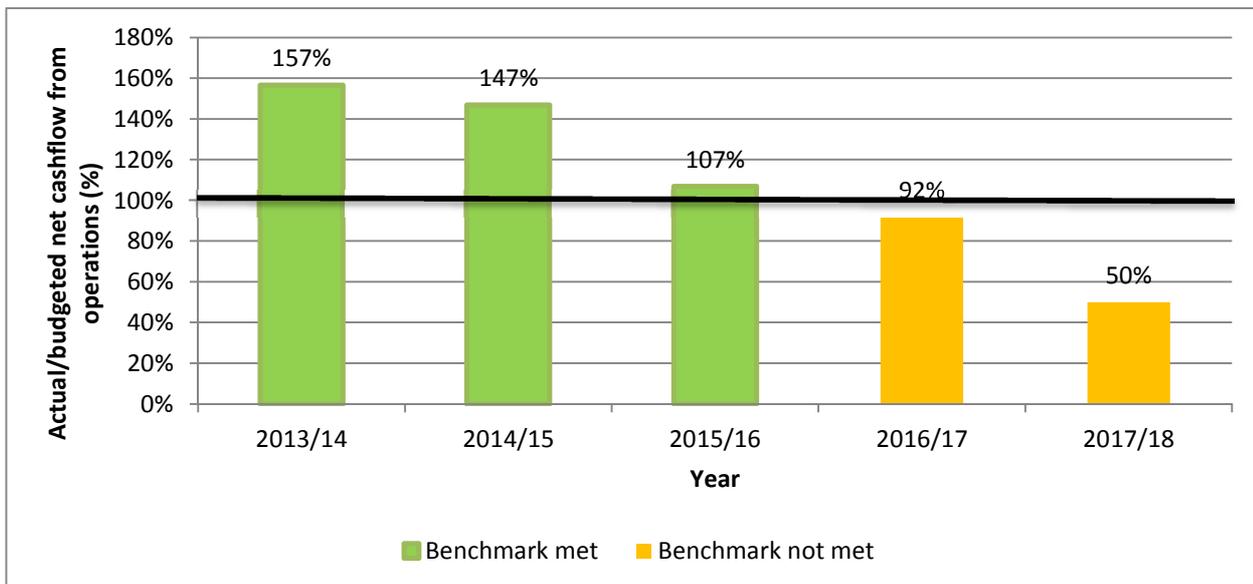
**Comment:**

Kawerau District Council's financial liabilities exceed its financial assets at 30 June 2018. However, as the first rates instalment was due to be sent out soon after the year end and also the sundry debtors were not included in this calculation, Council's financial position is better than this measure indicates.

**OPERATIONS CONTROL BENCHMARK**

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. However, for 2017/18 due to unplanned expenditure and higher costs, Council's actual net cash flow from operations was considerably lower than anticipated.



# Groups of Activities

## STATEMENTS OF SERVICE PERFORMANCE & FUNDING IMPACT STATEMENTS

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

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

Council had a total 112 performance targets for all groups for the 2017/18 year (excluding those which were not applicable) and managed to achieve 97 (87%) of them (2016/17 77%), which was a very good result.

This section of the Annual Report details:

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

### QUALITY

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

Specifically:

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

### SUMMARY OF PERFORMANCE FOR YEAR

During the 2017/18 year, Council achieved 97 (87%) of its non-financial performance targets.

Activity	2017/18 No. of targets	2017/18 End of Year Result		2016/17 Achievement Rate
Democracy	5	5	100%	75%
Economic & Community Development	13	13	100%	92%
Environmental Services	31	26	84%	69%
Roading	11	6	55%	77%
Stormwater	4	4	100%	100%
Water Supply	13	10	77%	71%
Wastewater	8	8	100%	89%
Solid Waste Management	3	3	100%	86%
Leisure and Recreation	24	22	92%	76%
<b>TOTAL*</b>	<b>112</b>	<b>97</b>	<b>87%</b>	<b>77%</b>

\*excludes the N/A targets

There were only 15 targets not achieved which is a significant improvement upon the results of previous years.

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

### Environmental Services

There was one user (of those surveyed) of the building services activity that was not satisfied with the service they received. Council has significantly improved the level of service for this activity during the year and expects to achieve 100% satisfaction in future.

There was only 1/5 audits undertaken of food premises due to insufficient resourcing. Additional resources have since been added so this target is expected to be achieved for future.

There were 22 noise complaints and 20 dog complaints were responded to outside the target timeframes. This issue has been raised with the contractor and it is expected that performance will improve.

### Civil Defence

Council continues to improve its planning to respond to civil defence emergencies. There were 4 civil defence plans that had not been reviewed in the last 3 years, but it is intended that they will be reviewed during the 2018/19 year.

### Roading

Work is continuing on the removal trees that damage footpaths and staff are working with the Seniors Forum to identify accessibility issues.

Council did not achieve the target of repairing 90% of reported potholes within 14 days and also there were 2 dangerous footpaths that exceeded the timeframe for repairs. Council is working with its contactors to address these delays.

Council only resurfaced 1.4% of its sealed roads during the year, however, these were the hotmix surfaces, which are considerably more expensive than chip seal. Council will achieve this target in future years, when it resurfaces other roads.

### Water Supply

There were 2 instances of bacterial non-compliance and one for protozal, during the year. Council commenced chlorinating the water supply from 1 July 2018 and therefore it is expected that these targets will be achieved.

Also there were 12 complaints (4.44 per 1,000 connections) during the year concerning water clarity. Staff will ensure that quality (including clarity) of the water supply is excellent.

Finally, the leakage of water exceeded Council's target and staff will investigate where leaks occur and fix them as soon as possible.

### Leisure and Recreation

Council achieved most of its targets in the leisure and recreation activity apart from the availability of the concert chambers for the year (was available for 46 weeks, not at least 50 weeks) as it was needed to be closed for an extended period for earthquake strengthening works. Also the number of active library users was below the target for the year. This reflects the changing demographic of the community and leisure pastimes.

# DEMOCRACY

## ACTIVITIES IN THE GROUP

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

### **The Council**

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

### **Regulatory and Services Committee**

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

### **Audit & Risk Committee**

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

### **Kawerau Youth Council**

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

### **Community Engagement**

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

### **Local Elections**

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

## NATURE AND SCOPE

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

## THE YEAR IN SUMMARY

Highlights for the Democracy group of activities in 2017/18 were:

- Preparation and adoption of the 2018 – 2028 Long Term Plan.
- The adoption of the 2016/17 Annual Report.
- Holding citizenship ceremonies and welcome new residents to the community
- Adoption of a number of policies and strategies throughout the year for the betterment of the town and residents

In 2017/18, Council used the special consultative procedure and/or community consultation process when adopting the following:

- 2018 – 2028 Long Term Plan

A number of other policies and strategies that were adopted during the year, including:

- Electoral system and representation
- Significance and engagement policy
- Gambling venues and board venues policy
- Asset management policy
- Investment and liability management policies
- Approved dog owner policy
- Fraud Risk Assessment
- Section 17A reviews for: Building Control, Environmental Health, Dog Control, Public Library, Swimming Pool, and Parks and Reserves



# DEMOCRACY

## PERFORMANCE

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

Levels of Service	Measures	Target 2017/18	Results 2016/17	Results 2017/18	Comment
The community has confidence in their elected members	Community satisfaction with the Mayor and councillors	N/A	Achieved (87%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Council encourages the community to contribute to Council decision-making and informs the community about key issues and activities	Community satisfaction with Council consultation	N/A	Not achieved (62%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Council provides quality democracy and representation to the community.	Number of public meetings held (Committee and Ordinary Council)	At least 20 meetings	Achieved	Achieved	11 Ordinary Council meetings and 11 Committee (R&S) meetings held during the year.
Council informs the community about key issues and activities.	Public notification of meetings	100% publicly notified	Achieved	Achieved	All meetings were publicly notified.
	Number of newsletters	At least 11 publications for year	Achieved	Achieved	11 newsletters published
Council encourages the community to contribute to Council decision-making	Provision of a public forum at council and committee meetings.	Public forum available at every meeting	Achieved	Achieved	A Public Forum was provided at each Council and Committee meeting.
Financial management is prudent, effective and efficient	Community satisfaction with way rates are spent	>89%	Achieved (93%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Percentage completion of the annual work programme	>90%	Not achieved	Achieved	117 out of 128 projects (91.4%) of the annual work programme were completed for 2017/18

**KAWERAU DISTRICT COUNCIL  
DEMOCRACY**

**Funding Impact Statement  
for the year ended 30 June 2018**

	2017 Long Term Plan	2018 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	630,260	594,170	631,932
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	562
Internal charges and overheads recovered	3,700	4,390	3,416
Local authorities fuel tax, fines, infringements and other receipts	15,960	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>649,920</b>	<b>598,560</b>	<b>635,910</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	396,200	354,740	331,927
Finance costs	2,340	2,430	4,578
Internal charges and overheads applied	231,780	222,090	254,989
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>630,320</b>	<b>579,260</b>	<b>591,494</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>19,600</b>	<b>19,300</b>	<b>44,416</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	19,600	19,300	44,416
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>19,600</b>	<b>19,300</b>	<b>44,416</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(19,600)</b>	<b>(19,300)</b>	<b>(44,416)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

# ECONOMIC AND COMMUNITY DEVELOPMENT

## ACTIVITIES IN THE GROUP

### Economic Development

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

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

### Events Management

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

### Grants and Funding

Council administers various grants which help to:

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

### Information Centre

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

### Youth Development

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

## NATURE AND SCOPE

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

- *Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities in the district.*
- *Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activities*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

## THE YEAR IN SUMMARY

Major highlights for the Economic and Community Development group of activities in 2017/18 were:

- Continuing the development of the Industrial Symbiosis and container hub project,
- Continued delivery of the 'Kawerau urban food forest' project along with BayTrust.

Other achievements included:

- Continuing to manage and obtaining funding for a number of community events including: "Christmas in the Park", King of the Mountain race and Woodfest.
- Delivering a strong calendar of events
- Appointment of the Kawerau Youth Council and providing support for 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 2017/18	Results 2016/17	Results 2017/18	Comment
Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at Trustee meetings	Representation at 90% of Trustee meetings	Achieved	Achieved	CEO and/or EDM attended all trust meetings during the year
Council is actively involved in the Industrial Symbiosis project	Allocation of resources to ISK	0.6 FTE staff member allocated	Achieved	Achieved	
Council encourages positive perceptions of Kawerau by supporting local events.	At least 1 event held per month from February to December	At least 1 event held per month from February to December	Achieved	Achieved	There was at least 1 event held each month from February to December.
Delivery of Youth Activities as agreed with the Ministry of Youth Development	Percentage of agreed activities delivered	100%	Not achieved	Achieved	1 youth activity (carried forward from 2016/17) was delivered. No further funding was received from MYD.
Council contributes to the continuation of successful events	Council employs an events co-ordinator	1 FTE Events Co-ordinator employed	Achieved	Achieved	Events & Venues Manager 1 FTE plus Events Co-ordinator 0.75 FTE
Council distributes funding for community projects and initiatives	Grants are allocated in accordance with fund criteria	100%	Achieved	Achieved	The Community Grants Committee approved grants to 9 community groups totalling \$15,385 in accordance with the fund criteria.
	Facilitation of Creative Communities Scheme in accordance with fund criteria	2 funding rounds held and all available funds allocated	Achieved	Achieved	Funding rounds were held in 24 November 2017 and 16 May 2018.
Council provides a local information centre	Number of days open each year	At least 360 days	Achieved	Achieved	The information centre was open 364 days for the year.
Council supports young people to develop skills and attitudes needed to take a positive part in society	Youth council in place	Annual appointments made	Achieved	Achieved	New Youth Council appointed in February 2018 for the calendar year
	Youth council activity	At least 9 meetings held	Achieved	Achieved	9 meetings of Youth Council were held
	Annual selection and presentation of young achievers awards	Awards presented	Achieved	Achieved	Annual awards presented 27 September 2017.

Levels of Service	Measures	Target 2017/18	Results 2016/17	Results 2017/18	Comment
Council supports community development initiatives	Community Development Strategy which clearly defines action points	Implementation of prioritised action points	Achieved	Achieved	Council achieved the following action points for 2017/18: <ul style="list-style-type: none"> <li>• Established volunteer database</li> <li>• Supported Kawerau Neighbourhood Support</li> <li>• Member on the BOP &amp; Lakes Healthy Housing Forum</li> <li>• Established Kawerau Urban Food Forest</li> </ul>
	Age and Disability Friendly and Healthy Housing Strategies developed	Implementation of prioritised action points Strategies adopted.	Achieved	Achieved	The main focus related to consultation, events community development, civil defence and public transport



**KAWERAU DISTRICT COUNCIL**  
**ECONOMIC AND COMMUNITY DEVELOPMENT**  
**Funding Impact Statement**  
**for the year ended 30 June 2018**

	2017 Long Term Plan	2018 Long Term Plan	2018 Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	666,600	685,660	939,831
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	273,370
Fees and charges	18,020	18,220	125,054
Internal charges and overheads recovered	750	750	0
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>685,370</b>	<b>704,630</b>	<b>1,338,255</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	495,050	506,740	1,078,428
Finance costs	2,060	1,780	56,933
Internal charges and overheads applied	177,700	185,480	274,502
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>674,810</b>	<b>694,000</b>	<b>1,409,863</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>10,560</b>	<b>10,630</b>	<b>(71,608)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	31,174
Increase/(decrease) in reserves	10,560	10,630	(102,782)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>10,560</b>	<b>10,630</b>	<b>(71,608)</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(10,560)</b>	<b>(10,630)</b>	<b>71,608</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

<u>2016/17</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2017/18</u>
192,900	Renewals	0	31,174
142,298	Building (Additional demand)	0	0
<b>335,198</b>		<b>0</b>	<b>31,174</b>
<b>FUNDED BY:</b>			
0	Loan	0	0
335,198	Depreciation Reserve Funding	0	31,174
<b>335,198</b>		<b>0</b>	<b>31,174</b>

During the year renewals were carried out on the I-Site building as it had deteriorated over the last few years.



# ENVIRONMENTAL SERVICES

## ACTIVITIES IN THE GROUP

The activities in the Environmental Services group are:

### **Resource Management Planning**

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

### **Resource Consents**

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

### **Building Control**

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

### **Environmental Health Services**

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

### **Dog Registration and Control**

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

### **Civil Defence**

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

## NATURE AND SCOPE

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

### THE YEAR IN SUMMARY

Major highlights for the Environmental Services group of activities in 2017/18 were:

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

Other achievements included:

- Carrying out, on average, more than one patrol each day to identify illegally dumped litter, abandoned vehicles, fire hazards and health nuisances
- All dogs in listed in Council's register being registered by the target date of 30 April 2018
- Impounding 249 dogs during the year for various statutory breaches
- Responding to and investigating 434 noise complaints in accordance with statutory requirements and practice guidelines
- Participating in a shared service arrangement to deliver civil defence management capability across the Eastern Bay of Plenty.



# ENVIRONMENTAL SERVICES

## PERFORMANCE

### Resource Management

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Resource consents are processed in accordance with the District Plan and the Resource Management Act	Monitoring of resource consents for compliance	100%	Achieved	Achieved	
Resource consents processes comply with statutory requirements.	Resource consents processed within timeframes set in the Resource Management Act 1991	100% within timeframes	Not achieved	Achieved	13/13 (100%)

### Building Control

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Council provides in-house building consent, inspection and approval services.	Bi-annual Building Consent Authority accreditation re-assessment	Accreditation and registration retained	Achieved	Achieved	BCA accreditation and registration retained. Final clearance 20/4/18.
Service users consider Council's building control activity to be effective	Satisfaction of service users – Building Inspection Processes	90% satisfaction	Achieved	Not achieved	8/9 (89%)
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Not achieved	Achieved	16/16 (100%)
Building control functions are delivered within the statutory timeframes	Time taken to process building consent applications	100% within 20 working days	Not achieved	Achieved	123/123 (100%)
	Time taken to process multi-proof building consent applications	100% within 10 working days	N/A	N/A	There were no multi-proof consent applications received during 2017/18
	Time taken to issue PIMs	100% within 20 working days	N/A	N/A	There were no application for PIMs received during 2017/18
	Time taken to process Code Compliance certificate applications	100% within 20 working days	Achieved	Achieved	94/94 (100%)
	Time taken to notify Compliance schedules	100% within 5 working days	Achieved	Achieved	3/3 (100%)

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Relevant Kawerau buildings comply with Building Warrant of Fitness (WOF) requirements	Building WOF renewals checked	100% of renewals checked	Achieved	Achieved	74/74* (100%) *figure = 30/6/2017
	Buildings audited for Building WOF requirements	35% audited	Achieved	Achieved	27/74* (36.5%) *figure = 30/6/2017
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey conducted	Achieved	Achieved	Survey completed and all follow up action undertaken Feb/Mar 2018.
	Inspection of fencing – newly notified/identified swimming pools	100% of new notified pools inspected	Achieved	N/A	No new notified pools
	Inspection of fencing – existing registered swimming pools	35% of existing registered pools inspected	Not achieved	Achieved	23/65 (35.4%)

## Environmental Health

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Customers consider Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	N/A	Achieved	1/1 (100%)
Registered premises comply with statutory requirements	Inspection for compliance of food premises operating under the Food Hygiene Regulations 1974 – non mobile	100% twice-yearly	Not achieved	N/A	Transition to food plans
	Inspection for compliance of food premises operating under the Food Hygiene Regulations 1974 – mobile	100% annually	Achieved	N/A	Transition to food plans
	Audit of food premises operating Food Control Plans under the voluntary implementation programme	100% annually	Achieved	Not achieved	1/5(20%)
	Inspection of registered premises for compliance with relevant standards	100% annually	Not achieved	Achieved	4/4 (100%)

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
All premises licensed under the Sale and Supply of Liquor Act 2012 will be inspected to ensure they comply with the license conditions.	Inspection of licensed premises for compliance with license conditions.	100% annually	Achieved	Achieved	15/15 (100%)
Council responds to service requests for environmental health conditions	Response to nuisance conditions and health risks	100% within 1 working day	Achieved	Achieved	108/108 (100%) Note: Comprises health nuisance, food, general enforcement & wandering stock
	Response to noise complaints	80% within 20 minutes and 100% within 30 minutes	Not Achieved	Not Achieved	373/434 (86% within 20 minutes) 412/434 (95% within 30 minutes)
	Response to fire risk complaints	100% within 1 working day	Achieved	Achieved	21/21 (100%)
Council keeps public places free of litter	Weekday litter patrols	At least 480 weekday patrols	Achieved	Achieved	506 weekday patrols for year
	Removal of notified litter and abandoned cars	100% within 2 days of notification / identification	Achieved	Achieved	21/21 (100%)

### Dog Control and Registration

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Council maintain community satisfaction levels for the dog control service	Community satisfaction with dog control services	N/A	Not achieved (69%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
The level of dog registration is maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	Achieved	Achieved	506 weekday patrols and 345 after-hours patrols
The level of dog registration is maximised	Annual District survey to detect unregistered dogs	All residential properties surveyed	Achieved	Achieved	Survey done February 2018 – all follow-up completed
	Number of dogs on Council's register of known dogs that are unregistered	None as at 30 April	Achieved	Achieved	1,466/1,466 (100%) dogs registered at 30 April 2018

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Service requests about public nuisance and intimidation by uncontrolled dogs are actioned	Adherence to complaint response process to respond, investigate and record the complaint and advise the complainant of progress or outcome within 24 hours	100% adherence	Not achieved	Not achieved	756/776 (97.4%) There were 20 instances where the contractor exceeded the time limit.

## Civil Defence

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Kawerau District Civil Defence Emergency Management Plans are current and reviewed every three years	All plans reviewed within the past 3 years	Not Achieved	Not Achieved	The following plans were not reviewed: <ul style="list-style-type: none"> <li>• EBOP Earthquake Response Plan</li> <li>• EBOP Volcanic Response Plan</li> <li>• KDC Emergency Evacuation Plan</li> <li>• KDC Business Disaster Plan</li> </ul>
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Level of household planning and preparedness for a civil defence emergency	N/A	Not achieved (54%)	N/A	Survey undertaken every 3 years and was last carried out in 2017
Council is ready to respond to a Civil Defence emergency and able to function for as long as required during an emergency	Emergency Operating Centre (EOC) is equipped and operational within two hours of the controller activating.	Twice-yearly tests	Achieved	Achieved	2 tests undertaken for 2017/18.
	Sufficient numbers of staff are identified to staff EOC positions for 24 hour operation during an emergency.	Staff identified	Achieved	Achieved	Staff identified for 92% of roles within EOC (EMBOP goal 80%).
	80% of staff holding EOC positions are trained to respond to an emergency.	Staff trained	Achieved	Achieved	86% of identified staff trained.
	Council participates in two civil defence exercises annually	Exercises held and debriefed	Achieved	Achieved	2 exercises were held during the year.

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Council actively engages with the wider community to increase the level of awareness, preparedness and resilience.	Council delivers 4 public engagement initiatives to promote Community awareness, preparedness and resilience.	Initiatives delivered	Achieved	Achieved	4 engagement initiatives delivered: <ul style="list-style-type: none"> <li>• Kawerau Woodfest</li> <li>• Marae preparedness</li> <li>• Community response planning</li> <li>• H&amp;S plans for Worksafe NZ</li> </ul>



# KAWERAU DISTRICT COUNCIL ENVIRONMENTAL SERVICES

Funding Impact Statement  
for the year ended 30 June 2018

	2017 Long Term Plan	2018 Long Term Plan	2018 Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	777,220	771,010	763,825
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	237,020	243,590	199,730
Internal charges and overheads recovered	32,120	32,950	153
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,046,360</b>	<b>1,047,550</b>	<b>963,708</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	695,920	690,310	815,094
Finance costs	2,770	2,740	6,833
Internal charges and overheads applied	329,330	336,260	459,060
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,028,020</b>	<b>1,029,310</b>	<b>1,280,987</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>18,340</b>	<b>18,240</b>	<b>(317,279)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	4,100	4,200	0
Increase/(decrease) in reserves	14,240	14,040	(317,279)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>18,340</b>	<b>18,240</b>	<b>(317,279)</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(18,340)</b>	<b>(18,240)</b>	<b>317,279</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

# ROADING

## ACTIVITIES IN THE GROUP

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

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

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

## STRATEGY

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

## NATURE AND SCOPE

The roading network comprises approximately 43 kilometres of roads and associated infrastructure such as bridges, street lights, kerbing, signs and markings, car parks and footpaths.

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

## GOALS

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

## THE YEAR IN SUMMARY

Achievements for the Roding group of activities in 2017/18 were:

- Ongoing asset renewals including pavement reseals, carparks, kerbs and channels, and street lights.
- Accelerated renewal of footpaths to improve the safety for residents
- Completing the upgrade of the town's streetlights to LED which will result in longer lasting lights and energy savings



# ROADING

## PERFORMANCE

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Council maintains community satisfaction for the roading activity	Community satisfaction with roading assets	N/A	Achieved (97%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Council provides a network of roads which facilitates the safe movement of people and vehicles around the district	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Increase of zero or less	Achieved	Not achieved	There was 1 fatality on the roads controlled by Council.
	Number of vehicle accidents where road conditions was a contributing factor	None	Achieved	Achieved	There were no accidents that the police have advised that road conditions were a contributing factor
	Road roughness rating (0 = flat, 400 = dangerous)	Average rating for district roads is less than 90	Achieved	Achieved	A roughness of 75 was achieved in the survey.
Road quality	The average quality of ride on a sealed local road network, measure by smooth travel exposure	No less than 95%	Achieved	Not achieved	The survey returned a 93% smooth travel exposure.
Road maintenance	The percentage of the sealed local road network that is resurfaced.	Between 5 and 6.5% per annum	Not achieved	Not achieved	6,230 m <sup>2</sup> (1.4%) of resurfacing done (hotmix)
Response to service requests	The percentage of customer service requests relating to roads to which Council responds within the time frame specified - potholes	Potholes: 90% within 14 days and 100% within 28 days	Achieved	Not achieved	17 potholes reported and all repaired within 28 days. However, only 12/17 (70.6%) were repaired within 14 days.
	The percentage of customer service requests relating to roads to which Council responds within the time frame specified – Street lights	Streetlights: 90% within 14 days and 100% within 28 days	Not achieved	Achieved	60/65 (92.3%) responded to within 14 days. 65/65 (100%) responded to within 28 days.
Footpath condition	Community satisfaction with footpaths	N/A	Achieved (85%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
	Percentage of footpaths that fall within the level of service or service standard for the condition of footpaths set out in the Long Term Plan	95%	Not achieved	Achieved	A survey of footpath lips was done July 2018 which showed that 98.75% (7 lips were dangerous) of the footpaths fell within the required service level
Footpath condition (continued)	Response and repair time for CBD footpaths that are classified as dangerous	100% are isolated within 1 day and repaired within 5 working days.	Achieved	Achieved	There was 1 dangerous footpath in the CBD which was isolated and repaired within 5 days.
	Response and repair time for other footpaths that are classified as dangerous	100% are isolated within 1 day and repaired within 1 month.	Achieved	Not achieved	9 footpaths classed as dangerous. All were isolated within 1 day. However, 2 took longer than one month to repair
Response to service requests	The percentage of customer service requests relating to footpaths to which Council responds within the time frame specified.	100% within 14 days	Achieved	Achieved	2 service requests were received and both were attended to within 14 days.

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



# KAWERAU DISTRICT COUNCIL ROADING

## Funding Impact Statement for the year ended 30 June 2018

	2017 Long Term Plan	2018 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	977,530	987,060	1,012,878
Targeted rates	0	0	0
Subsidies and grants for operating purposes	155,730	161,480	117,782
Fees and charges	0	0	20,349
Internal charges and overheads recovered	79,480	87,180	68,098
Local authorities fuel tax, fines, infringements and other receipts	59,830	61,150	67,533
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,272,570</b>	<b>1,296,870</b>	<b>1,286,640</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	433,920	441,620	474,271
Finance costs	0	0	1,640
Internal charges and overheads applied	438,590	451,580	485,417
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>872,510</b>	<b>893,200</b>	<b>961,328</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>400,060</b>	<b>403,670</b>	<b>325,312</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	204,790	212,420	453,469
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>204,790</b>	<b>212,420</b>	<b>453,469</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	424,610	433,990	832,279
Increase/(decrease) in reserves	180,240	182,100	(53,498)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>604,850</b>	<b>616,090</b>	<b>778,781</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(400,060)</b>	<b>(403,670)</b>	<b>(325,312)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

<u>2016/17</u>	<b>CAPITAL RENEWALS</b>	<b><u>Budget (LTP)</u></b>	<b><u>2017/18</u></b>
78,790	Streetlights renewals and upgrade	105,294	345,126
209,947	Kerbs & Footpaths renewals	119,514	288,613
110,454	Reseals	99,998	98,874
130,876	Other renewals	109,184	99,666
<b><u>530,067</u></b>	<b>Total Infrastructural</b>	<b><u>433,990</u></b>	<b><u>832,279</u></b>

**FUNDED BY:**

324,901	Depreciation Reserve Funding	212,190	378,810
181,160	Subsidies and grants for capital purposes	212,420	453,469
<b><u>506,061</u></b>		<b><u>424,610</u></b>	<b><u>832,279</u></b>

Expenditure on streetlights was higher than budget because the upgrade work was delayed in the previous year and NZTA provided funding for completion in the 2017/18 year. Expenditure on Footpath renewals was higher than budget as more was required to be spent on the renewal of these assets than initially anticipated.



# STORMWATER

## ACTIVITIES IN THE GROUP

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

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

## STRATEGY

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

## NATURE AND SCOPE

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

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

## GOALS

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

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

## THE YEAR IN SUMMARY

There was \$21,747 spent on stormwater pipe replacement and \$3,521 on establishing a stormwater detention basin to mitigate the impact of severe rainfall events.

# STORMWATER

## PERFORMANCE

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (System adequacy)	The number of flooding events that occur in the district.	No more than 10	Achieved	Achieved	There was 0 flooding events where habitable dwellings were flooded
	For each flooding event, the number of habitable floors affected.	N/A	N/A	N/A	Kawerau properties are not connected to Council's stormwater system
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (Customer satisfaction)	The number of complaints received by Council about the performance of its stormwater system.	N/A	N/A	N/A	Kawerau properties are not connected to Council's stormwater system
Response Times	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Less than one hour	Achieved	Achieved	There were no flooding events during the year
	Time within which urgent stormwater system problems are remediated.	100% by the end of the next working day	Achieved	Achieved	No urgent stormwater problems identified.
Discharge compliance	Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> <li>• abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders, and</li> <li>• Convictions received by Council in relation to those resource consents</li> </ul>	No notices, orders or convictions	Achieved	Achieved	Council complied with the all conditions of its resource consent. There were no notices, orders or convictions.

# KAWERAU DISTRICT COUNCIL STORMWATER

## Funding Impact Statement for the year ended 30 June 2018

	2017 Long Term Plan	2018 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	79,280	75,780	90,654
Targeted rates	0	0	0
Subsidies and grants for operating purposes	3,750	3,880	9,484
Fees and charges	0	0	0
Internal charges and overheads recovered	12,880	15,210	11,433
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>95,910</b>	<b>94,870</b>	<b>111,571</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	25,870	26,440	13,947
Finance costs	0	0	20
Internal charges and overheads applied	7,310	7,590	4,430
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>33,180</b>	<b>34,030</b>	<b>18,397</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>62,730</b>	<b>60,840</b>	<b>93,174</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	17,680	18,430	17,182
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>17,680</b>	<b>18,430</b>	<b>17,182</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	26,410	27,110	25,267
Increase/(decrease) in reserves	54,040	52,160	85,089
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>80,450</b>	<b>79,270</b>	<b>110,356</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(62,730)</b>	<b>(60,840)</b>	<b>(93,174)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<u>2016/17</u>	<b>CAPTIAL RENEWALS</b>	<b><u>Budget (LTP)</u></b>	<b><u>2017/18</u></b>
38,259	Pipework renewals/Detention Basin	27,110	25,267
<b><u>38,259</u></b>	<b>Total Infrastructural</b>	<b><u>27,110</u></b>	<b><u>25,267</u></b>
<b>FUNDED BY:</b>			
12,626	Depreciation Reserve Funding	7,980	8,085
25,633	Subsidies and grants for capital purposes	18,430	17,182
<b><u>38,259</u></b>		<b><u>26,410</u></b>	<b><u>25,267</u></b>



# WATER SUPPLY

## ACTIVITIES IN THE GROUP

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

## NATURE AND SCOPE

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

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

The Water Supply activity also involves:

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

In 2005/2006, Council considered several options for treating the water supply in order to improve the quality of water in line with the DWSNZ. Council decided to implement ultraviolet disinfection treatment of the source water and continue its current practice of treating contaminations in the water reticulation (pipes from the reservoir to taps) with chlorine on an "as required" basis. This was the position up to 30 June 2018, with Council resolving to chlorinate the water supply from 1 July 2018.

## THE YEAR IN SUMMARY

Achievements for the Water Supply group of activities in 2017/18 were:

- Installation of chlorine dosing plant to enable Council to commence introducing chlorine into the water supply from 1 July 2018.
- Review and updating the water supply asset management plan and asset information.
- There were very few pipe breakages during the year and therefore only a small amount was spent on renewal of water mains during the year as the condition of the existing pipes was found to be better than anticipated.

# WATER SUPPLY

## PERFORMANCE

Levels of Service	Measures	Target 2017/18	Results 2016/17	Results 2017/18	Comments
	Community satisfaction with water supply	N/A	Not achieved (96%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Customer satisfaction	<p>The total number of complaints received about any of the following:</p> <p>a) drinking water clarity</p> <p>b) drinking water taste</p> <p>c) drinking water odour</p> <p>d) drinking water pressure or flow</p> <p>e) continuity of supply, and</p> <p>f) Council's response to any of these issues expressed per 1,000 connections to the networked reticulation system.</p>	<p>a) No more than 4 per 1,000 connections</p> <p>b) No more than 2 per 1,000 connections</p> <p>c) No more than 1 per 1,000 connections</p> <p>d) No more than 2 per 1,000 connections</p> <p>e) No more than 2 per 1,000 connections</p> <p>f) 0 per 1,000 connections</p> <p>Overall the target is no more than 11 complaints per 1,000 connections.</p>	Not achieved	Not achieved	<p>Council has 2,700 connections</p> <p>a) 12 complaints (4.44 per 1,000) about water clarity</p> <p>b) 1 complaint (0.37 per 1,000) about taste</p> <p>c) No odour complaints</p> <p>d) No complaints about water pressure</p> <p>e) 1 water main break (0.37 per 1,000)</p> <p>There were no complaints about responses to above issues</p>
Safety of drinking water	<p>The extent to which Council's drinking water supply complies with:</p> <p>a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and</p> <p>b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria)</p>	<p>a) no more than 1 instance of bacteria criteria non-compliance, and</p> <p>b) no instance of protozoal criteria non-compliance</p>	Not achieved	Not achieved	<p>Council had:</p> <p>a) Two instances of bacterial non-compliance and</p> <p>b) One instance of protozoal non-compliance</p>

Levels of Service	Measures	Target 2017/18	Results 2016/17	Results 2017/18	Comments
Maintenance of the reticulation network	The percentage of real water loss from the Council's networked reticulation system, measure using the minimum night flow (MNF) analysis method contained in the DIA Guidelines	<200 litres per connection per day	Achieved	Not achieved	An analysis was undertaken in July 2018, and the average leakage was approximately 323 litres per connection per day
Demand management	The average consumption of drinking water per day per resident within the district.	0.6 m <sup>3</sup>	Achieved	Achieved	The average consumption was 0.458 m <sup>3</sup> per person per day.
Fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are:				
	a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 2 hours	Achieved	Achieved	There were no urgent call outs during the year.
	b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Less than 8 hours	Achieved	Achieved	No urgent call outs.
Fault response times	c) Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	24 hours	Achieved	Achieved	44 non-urgent call-outs during the year which were all attended to within 24 hours*.
	d) Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	48 hours	Achieved	Achieved	44 non-urgent call-outs during the year and all resolved within 48 hours*
Water is sourced with minimal environmental effects	Compliance with BOP Regional Council water supply resource consents as reported in annual "consents and compliance field sheet"	Compliance	Achieved	Achieved	Complying with old consent. Still trying to obtain a new consent

Levels of Service	Measures	Target 2017/18	Results 2016/17	Results 2017/18	Comments
The water supply is of adequate pressure and flow	Water pressure samples	All samples above 40 psi	Achieved	Achieved	No instance of low water pressure during the year and there were no complaints.
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Achieved	Achieved	There were 3 unplanned shutdowns during the year
	Number of unplanned shutdowns – pump stations	None	Not achieved	Achieved	There were no unplanned shutdowns of pump stations during the year
	Number of water main breaks	No more than 8	Achieved	Achieved	There was 1 water main break during the year

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



**KAWERAU DISTRICT COUNCIL**  
**WATER SUPPLY**  
**Funding Impact Statement**  
**for the year ended 30 June 2018**

	2017 Long Term Plan	2018 Long Term Plan	2018 Actual
General rates, UAGC and rate penalties	733,020	744,140	726,055
Targeted rates	160,840	165,940	214,572
Subsidies and grants for operating purposes	0	0	0
Fees and charges	50,510	52,090	247,263
Internal charges and overheads recovered	119,330	119,260	133,018
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,063,700</b>	<b>1,081,430</b>	<b>1,320,908</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	332,040	340,850	652,661
Finance costs	0	0	730
Internal charges and overheads applied	276,090	284,980	330,586
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>608,130</b>	<b>625,830</b>	<b>983,977</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>455,570</b>	<b>455,600</b>	<b>336,931</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	464,810	456,010	232,517
Increase/(decrease) in reserves	(9,240)	(410)	104,414
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>455,570</b>	<b>455,600</b>	<b>336,931</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(455,570)</b>	<b>(455,600)</b>	<b>(336,931)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Supplier and staff costs were less than budget (\$71k) as a result of lower maintenance and electricity costs and also internal charges are less than budgeted as they are allocated on the basis of cost.

Capital expenditure for this activity during the year included:

<u>2016/17</u>	<b>CAPITAL RENEWALS</b>	<b>Budget (LTP)</b>	<b>2017/18</b>
12,209	UV Tube Replacement	0	0
35,800	Pipework renewals	427,889	65,160
11,574	Toby renewals	11,739	7,507
42,246	Other renewals	16,382	159,850
<b>101,829</b>	<b>Total Infrastructural</b>	<b>456,010</b>	<b>232,517</b>
<b>FUNDED BY:</b>			
101,829	Depreciation Reserve Funding	456,010	232,517
<b>101,829</b>		<b>456,010</b>	<b>232,517</b>

The pipes that were planned for replacement were in better condition than anticipated so minimal renewals of existing pipework was undertaken.



# WASTEWATER

## ACTIVITIES IN THE GROUP

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

The wastewater activities are:

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

## NATURE AND SCOPE

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

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

## THE YEAR IN SUMMARY

Achievements in the Wastewater group of activities in 2017/18 were:

- Achieving compliance with all resource consents for wastewater
- Continuous provision of service to high standard
- Renewal of the wastewater pipes in Prideaux Park

# WASTEWATER

## PERFORMANCE

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	N/A	Not achieved (91%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Customer satisfaction	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, expressed per 1000 connections to the sewerage system.	a) No more than 1 per 1,000 connections b) No more than 15 per 1,000 connections c) No more than 15 per 1,000 connections 0 per 1,000 connections  Overall the target is no more than 31 complaints per 1,000 connections.	Achieved	Achieved	Council has 2,700 connections a) No odour issues b) 0 faults (0 per 1000) c) 24 blockages (8.9 per 1000)  There were no complaints about response to service.
System Adequacy	The number of dry weather sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system.	0 per 1,000 connections to the sewerage system	Achieved	Achieved	No dry weather overflows during the year*, although there were 3 wet weather overflow.
Fault response times	Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:				
	a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 1 hour.	Achieved	Achieved	There were 3 overflow resulting from blockages which were attended to within 1 hour*
Fault response times	b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	Less than 8 hours.	Achieved	Achieved	All issues resolved within 4 hours.

Levels of Service	Measures	Target 2015/16	Result 2016/17	Result 2017/18	Comment
Council provides a reliable domestic wastewater collection and disposal service	Continuity of wastewater collection	Service runs every day.	Achieved	Achieved	Service operational every day.
	Number of disruptions to wastewater collection service	No more than 50.	Achieved	Achieved	24 disruptions (blockages) to service during the year.
Discharge compliance	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received in relation those resource consents.	No notices, orders or convictions.	Achieved	Achieved	There were no notices, abatement notices, enforcement orders or convictions for the year.
The wastewater treatment plant operates effectively	Compliance with BOPRC wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Compliance. <sup>1</sup>	Achieved	Achieved	Inspection undertaken by BOPRC staff on 25 October 2017 and no compliance issues raised.

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

<sup>1</sup> BOPRC inspection reports state either compliance or non-compliance.

# KAWERAU DISTRICT COUNCIL WASTEWATER

## Funding Impact Statement for the year ended 30 June 2018

	2017 Long Term Plan	2018 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	822,520	821,570	838,305
Targeted rates	431,290	437,850	392,642
Subsidies and grants for operating purposes	0	0	0
Fees and charges	62,280	64,150	83,737
Internal charges and overheads recovered	150,270	167,170	120,407
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,466,360</b>	<b>1,490,740</b>	<b>1,435,091</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	609,840	621,580	476,206
Finance costs	0	0	830
Internal charges and overheads applied	424,710	437,320	447,629
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,034,550</b>	<b>1,058,900</b>	<b>924,665</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>431,810</b>	<b>431,840</b>	<b>510,426</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	40,860	41,940	487,259
Increase/(decrease) in reserves	390,950	389,900	23,167
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>431,810</b>	<b>431,840</b>	<b>510,426</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(431,810)</b>	<b>(431,840)</b>	<b>(510,426)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

<u>2016/17</u>	<b>CAPITAL RENEWALS</b>	<b>Budget (LTP)</b>	<b>2017/18</b>
34,711	Wastewater Pipework	17,470	392,332
46,746	Other renewals	24,470	94,927
<b>81,457</b>	<b>Total Infrastructural</b>	<b>41,940</b>	<b>487,259</b>
<b>FUNDED BY:</b>			
81,457	Depreciation Reserve Funding	41,940	487,259
<b>81,457</b>		<b>41,940</b>	<b>487,259</b>

There was increased expenditure required for pipe renewals as well as pump replacements



# SOLID WASTE

## ACTIVITIES IN THE GROUP

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

The solid waste activities are:

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

## NATURE AND SCOPE

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

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

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The potential negative effects for this group of activities are:

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

## THE YEAR IN SUMMARY

Achievements in the Solid Waste group of activities in 2017/18 were:

- Refuse collections continued throughout the year without disruption
- Slightly lower volume of material going to the recycling centre compared to previous year (222 kg per household) but still managed to exceed the target

# SOLID WASTE

## PERFORMANCE

### Refuse Collection and Disposal

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
Provision of cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	N/A	Achieved (97%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Community satisfaction with refuse disposal	N/A	Achieved (81%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with refuse disposal	N/A	Achieved (81%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Council's refuse collection and disposal services meet the needs of the Kawerau community and help maintain public health and a clean environment.	Frequency of residual refuse collection from residential properties.	52 weekly collections	Achieved	Achieved	Collection occurred every week throughout the year.
	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual consents and compliance field sheets	Compliance	Not achieved	Achieved	BOPRC staff have approved new consent conditions which Council has complied.

### Recycling (Zero Waste)

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
Material that would otherwise go to the landfill as household refuse is collected by the recycling collection service.	Average amount of recyclable material collected from each household	No less than 178 kg per annum	Achieved	Achieved	2,700 households and 235 kg per household on average
Council's refuse collection and disposal services meets the needs of the Kawerau community	Community satisfaction with recycling services	N/A	Achieved (95%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.

# KAWERAU DISTRICT COUNCIL SOLID WASTE

## Funding Impact Statement for the year ended 30 June 2018

	2017 Long Term Plan	2018 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	811,140	844,780	915,140
Targeted rates	386,120	397,430	401,596
Subsidies and grants for operating purposes	0	0	0
Fees and charges	255,350	261,980	412,219
Internal charges and overheads recovered	13,180	13,730	2,457
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,465,790</b>	<b>1,517,920</b>	<b>1,731,412</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	1,035,060	1,069,560	1,195,727
Finance costs	14,080	13,760	13,428
Internal charges and overheads applied	391,180	408,920	571,771
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,440,320</b>	<b>1,492,240</b>	<b>1,780,926</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>25,470</b>	<b>25,680</b>	<b>(49,514)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	25,470	25,680	(49,514)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>25,470</b>	<b>25,680</b>	<b>(49,514)</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(25,470)</b>	<b>(25,680)</b>	<b>49,514</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

# LEISURE & RECREATION

## ACTIVITIES IN THE GROUP

The Leisure and Recreation group of activities includes community halls and facilities, the district library and museum, the swimming pool complex, Kawerau's many parks and gardens and the cemetery. The activities are:

### **Community Halls and Public Facilities**

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

### **District Library and Museum**

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

### **Parks and Reserves**

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

### **Swimming Pools Complex**

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

## NATURE AND SCOPE

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*
- *Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

## THE YEAR IN SUMMARY

Major highlights for the Leisure and Recreation group of activities in 2017/18 were:

- Planned renewal of children and adult books at the library
- Upgrading and improvements to the swimming pool including refurbishing the BBQ area
- Completion of the Museum storage and archives building
- Earthquake strengthening work for the concert chamber (which will be the Emergency Operations Centre)
- Renewal and upgrade of reserve facilities



# LEISURE & RECREATION

## PERFORMANCE

### Public Library

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
The library is accessible to the public	Number of weeks open each year	Library open 50 weeks per year	Achieved	Achieved	The library was open for 52 weeks of the year.
Council provides public library services and resources which suit community needs	Number of school holiday programmes offered	4 school holiday programmes offered	Achieved	Achieved	Four holiday programmes were held for the year (July, October, January and April)
	Percentage of the population who are active members of the library	35%	Not achieved	Not achieved	At the end of June 2018, there were 1,633 active users of the library (25.7%)
	Items per capita in the collection	5 items per capita	Achieved	Achieved	There are approximately 7 items per capita
	New items per 1,000 population added to the collection each year	500	Achieved	Achieved	There were 576 new items per 1,000 of population added to the collection.
Council provides public library services and resources which suit community needs	Community satisfaction with the public library	N/A	Not achieved (84%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the public library	N/A	Achieved (98%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.

### Museum

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
Council provides a museum service which reflects community needs	Community satisfaction with the museum	N/A	Not achieved (63%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the museum	N/A	Not achieved (92%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
The museum is accessible to the public	Number of weeks open each year	Museum open 50 weeks per year	Achieved	Achieved	The museum was open for 52 weeks of the year
Council provides a museum service which reflects community interests	Number of exhibitions held	6 exhibitions held for year	Achieved	Achieved	There were nine exhibitions held during the year
	Number of historical articles produced	10 historical articles produced for year.	Achieved	Achieved	There were 10 historical articles produced during the year
	Number of objects accessioned to the museum collection per annum	200	Achieved	Achieved	There were 201 objects accessioned into the museum collection during the year

### Swimming Pools

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	N/A	Not achieved (90%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the public swimming pool	N/A	Achieved (97%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Council provides a swimming pool complex which is accessible to the Community	Weeks open per year	Open at least 48 weeks	Achieved	Achieved	The complex was closed for the planned maintenance period in October (21 days). Also the complex was closed for Christmas day.
Swimming pool water meets water quality standards	Water quality checks	At least 336 daily undertaken for year	Achieved	Achieved	1,685 rounds of sampling were undertaken for the year
	Level of compliance with standards	Full compliance in 95% of tests	Achieved	Achieved	11,266/11,655 (96.7%) compliance

## Public Halls and Facilities

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
Council provides public halls and facilities which reflects community needs	Community satisfaction with public halls	N/A	Not achieved (75%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the public halls	N/A	Achieved (96%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Community satisfaction with public toilets	N/A	Not achieved (54%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the public toilets	N/A	Not achieved (71%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Four Community halls available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall	Number of weeks public halls available for hire	Each hall is available for 50 weeks	Achieved	Not achieved	The concert chamber was closed for 6 weeks while strengthening occurred. All other halls were available for 50 weeks.
Clean public toilets are provided in the central business district	Council provides town centre public toilets	Open at least 360 days	Achieved	Achieved	Public toilets were available every day throughout the year.

## Parks and Reserves

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
Council provides parks and reserves which meets community needs	Community satisfaction with parks and reserves	N/A	Achieved (96%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Community satisfaction with community attractiveness and beautification	N/A	Achieved (100%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Council provides an adequate number of reserves for community leisure and recreation	Percentage of households situated within 500 metres of a reserve	At least 95%	Achieved	Achieved	100% of properties are within 500 metres of a reserve
Playing surfaces at sports fields are maintained to the requirements of the codes for which they are used	Implement recommendations of NZ Turf Institute advisory report	100%	Achieved	Achieved	Inspection by NZ Sports Institute done in October 2017 and their recommendations were implemented.
	Frequency of grass mowing	At least 24 times	Achieved	Achieved	Tarawera Park was mown 25 times and Prideaux Park was mown 30 times during the year.

Levels of Service	Measures	Target 2017/18	Result 2016/17	Result 2017/18	Comment
Road reserves are well-maintained and street trees managed to balance private needs with public interest	Frequency of mowing grass berms and other road reserves	Mowed at least 14 times	Achieved	Achieved	30 rounds of mowing were completed during the year.
Bedding displays are attractive and updated to suit the season	Number of bedding displays	2 (1 summer and 1 winter)	Achieved	Achieved	Summer and winter displays were planted
Playground equipment is safe for children to use	Bi – monthly inspections of all playground equipment	6 inspections conducted	Achieved	Achieved	Six inspections were completed
	Remediation of all identified problems	All repairs completed within 2 weeks	Achieved	Achieved	Minor defects were identified from inspection. Eleven repairs were required and all completed within 14 days.
	Investigation of safety-related service requests and if necessary isolation of the hazard	100% within 1 working day	Achieved	Achieved	No safety-related concerns were raised
The Kawerau Cemetery meets community interment needs in the present and the medium term	Community satisfaction with the cemetery	N/A	Not achieved (71%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Visitor satisfaction with the cemetery	N/A	Achieved (98%)	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Number of complaints about Council cemetery services	0	Achieved	Achieved	There were no complaints concerning cemetery services
	Number of burial plots available	At least enough available for the next 5 years	Achieved	Achieved	There are currently enough plots available for approximately further 10 years

**KAWERAU DISTRICT COUNCIL**  
**Leisure and Recreation**  
**Funding Impact Statement**  
**for the year ended 30 June 2018**

	2017	2018	
	Long Term Plan	Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	3,280,420	3,647,480	3,633,010
Targeted rates	0	0	0
Subsidies and grants for operating purposes	1,110	1,140	892
Fees and charges	63,060	64,720	81,849
Internal charges and overheads recovered	41,000	46,260	27,890
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>3,385,590</b>	<b>3,759,600</b>	<b>3,743,641</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	1,836,300	2,019,390	2,226,399
Finance costs	119,670	174,180	108,890
Internal charges and overheads applied	969,990	1,041,860	1,239,388
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>2,925,960</b>	<b>3,235,430</b>	<b>3,547,677</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>459,630</b>	<b>524,170</b>	<b>168,964</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	1,000,000	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	90,437
- to improve level of service	2,770,000	0	0
- to replace existing assets	190,160	225,070	921,055
Increase/(decrease) in reserves	(1,500,530)	299,100	(842,528)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>1,459,630</b>	<b>524,170</b>	<b>168,964</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(459,630)</b>	<b>(524,170)</b>	<b>(168,964)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<u>2016/17</u>	<b>CAPITAL RENEWALS</b>	<b>Budget (LTP)</b>	<b>2017/18</b>
64,821	Library Stock Renewals	66,520	67,235
3,400	Library Building Upgrade	8,574	9,334
560,285	Other Library/Museum	17,472	91,869
349,243	Swimming Pool Upgrades / BBQ Area	7,108	447,661
34,823	Recreation Centre Upgrades	5,790	80,558
6,069	Town Hall Upgrades	9,838	40,519
14,476	Concert Chamber Upgrade	9,838	110,700
186,315	Public Toilets	0	1,692
150,930	Sports-fields Improvements	23,580	4,030
80,425	Passive Reserves Improvements	67,580	130,930
42,497	Playground Renewals	3,670	36,298
4,533	Cemetery	5,100	0
<b><u>1,497,817</u></b>	<b>Total Operational</b>	<b><u>225,070</u></b>	<b><u>1,020,826</u></b>
<b>FUNDED BY:</b>			
480,000	Loan (internal)	0	0
146,194	Grants for capital renewals	0	0
871,623	Depreciation Reserve Funding	225,070	1,020,826
<b><u>1,497,817</u></b>		<b><u>225,070</u></b>	<b><u>1,020,826</u></b>

There were additional renewals compared to budget (LTP 2017/18) for:

- Museum storage and archive building renovation \$88.7k
- Swimming pool BBQ area \$293.8k
- Recreation Centre toilet upgrade \$77.6k
- Town Hall toilet upgrade \$29.4k
- Earthquake strengthening work – Concert Chamber \$84.3k
- Upgrade to walk bridges \$57.7k
- Additional improvements to playgrounds \$33.8k

# 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 2018		
	Parent 2016/17 \$000's	Parent 2017/18 \$000's
Revenue	1,742	1,445
Expense	(1,740)	(1,456)
Net (Deficit)/Surplus Year	2	(11)

### Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and had the Statement of Intent for 2017/18 and associated budget formally adopted by the directors at the meeting held 14 June 2017.

The following is a report of performance against targets set in the Statement of Intent for 2017/18.

Performance Targets for 2017/18		
Targets	Measure	Progress as at 30 June 2018
Investigate new joint procurement initiatives for goods and services for BOPLASS councils.  Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	Minimum of 4 new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved services levels to participating councils.	Achieved. Joint procurement initiatives were undertaken for: <ul style="list-style-type: none"> <li>• Health and Safety in Design</li> <li>• Infrastructure Insurance</li> <li>• Health, Safety &amp; Risk Management Software</li> <li>• Additional infrastructure insurance</li> <li>• Enterprise Content Management / EDRMS Strategic Review</li> <li>• Managing Contractors' Onsite safety</li> <li>• Video Conferencing</li> <li>• Drug and Alcohol Testing</li> <li>• Occupational Health Service Preferred Supplier</li> <li>• Media Distribution Services</li> <li>• Training (Collaborative approach)</li> </ul>

Targets	Measure	Progress as at 30 June 2018
<p>Provide support to BOPLASS councils that are managing or investigating shared services projects.</p>	<p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p> <p>Quarterly satisfaction reviews with participating councils. Resource assignment measured (.25 FTE) measured from project job tracking</p>	<p>Achieved.</p> <p>.46 FTE provided through BOPLASS staff engagement committed directly to support of council shared service projects or individual council support – measured by fortnightly timesheets. Support provided to councils in development of following services:</p> <ul style="list-style-type: none"> <li>• GIS Centralised Data Repository / Shared Spatial Data Enterprise</li> <li>• Radio Telephony Strategy</li> <li>• GIS Operating Guide for Civil Defence Emergency Events</li> <li>• Online Natural Hazards Mapping</li> <li>• Regional / Cross-Regional Approach to Licensing and Data Collection for Waste Operators</li> <li>• Diversion of Organic Waste from Landfill</li> <li>• Solid Waste Regional Infrastructure Strategy</li> <li>• Sustainable Procurement Research Project</li> <li>• Support of Video Conferencing Services for councils</li> <li>• Review of Inter-Council Network (ICN) suppliers and services <ul style="list-style-type: none"> <li>- Wireless WAN solution for ICN (Opotiki)</li> <li>- Increase of Fibre pipeline (Opotiki)</li> <li>- Migration off of the One.Govt service for ICN (Whakatane &amp; Rotorua)</li> <li>- Establishment of community internet backhaul for Kawerau</li> <li>- Alchemy Network Service</li> <li>- Vocus Communications</li> <li>- Cybersmart</li> </ul> </li> <li>• Audit and Risk Insights Panel Sessions</li> <li>• Joint Development of Health &amp; Safety Policies and Terms of Reference</li> <li>• Support for Shared Services projects identified and reviewed by BOPLASS Operations Committee</li> </ul>
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local</p>	<p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the BOPLASS group with a minimum of five additional councils having utilised the portal.</p>	<p>Achieved</p> <ul style="list-style-type: none"> <li>• Project completed to review usage of collaboration portal and opportunities to further develop it</li> <li>• Design-thinking workshop run</li> <li>• Ongoing promotion and profiling of the collaboration portal</li> </ul>

Government community to increase breadth of BOPLASS collaboration.	Provide access to the collaboration portal for councils outside of BOPLASS and utilise technologies to provide access. Proactively market the benefits to councils.	<ul style="list-style-type: none"> <li>• On-boarding and training provided to new councils</li> <li>• Membership has increased by 13 local government organisations and a total of 72 councils or local government organisations are registered on the portal</li> </ul>
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	<p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved.</p> <p>Contracts negotiated and/or renewed for:</p> <ul style="list-style-type: none"> <li>• Council's liability insurance</li> <li>• GIS software and services- <ul style="list-style-type: none"> <li>- Geocortex Essentials</li> <li>- Geocortex Optimizer</li> <li>- FME</li> <li>- X-Tools</li> <li>- NZAA</li> </ul> </li> <li>• Print Media Copyright Agency</li> <li>• ESRI Enterprise Licensing Agreement</li> <li>• Insurance Brokerage Services</li> <li>• Aerial Photography</li> <li>• Media Monitoring Services</li> <li>• Inter-Council Network</li> <li>• Insurance Forum</li> </ul>
<b>Targets</b>	<b>Measure</b>	<b>Progress as at 30 June 2018</b>
Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.	<p>Engage external party to complete independent review of BOPLASS's governance.</p> <p>Affirmative feedback received from shareholding councils following 2017/18 governance review.</p>	<p>Not achieved.</p> <p>Governance review had not been completed by 30 June 2018 as the review had been put on hold following the consideration of a proposal to have a strategic alliance with the Waikato LASS.</p>
Communicate with each shareholding council at appropriate levels.	At least one meeting per year with each executive leadership team.	<p>Achieved</p> <p>Executive-level meetings held with councils.</p>
Ensure current funding model is appropriate.	<p>Review BOPLASS expenditure and revenue as well as review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved.</p> <ul style="list-style-type: none"> <li>• Contributions received from activities producing savings.</li> <li>• Vendor rebates collected.</li> <li>• Monthly and quarterly performance reviewed.</li> <li>• Financial statements reported and reviewed at board meetings (\$10,794 deficit for year ended 30 June 2018)</li> </ul>

## 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 2017/18 financial year, Council continued to strengthen its engagement of Māori in decision making and developed closer working relationships with local iwi and Māori organisations.

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

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

Maori make up a significant portion of the community and this is reflected in the ethnic makeup of both council and also the youth council.



## **MONITORING OF PROGRESS TOWARDS ACHIEVING COMMUNITY OUTCOMES**

One of the approaches Council uses to determine how well it is performing is the National Research Bureau's 'Communitrak' survey. Results of the survey commissioned in January 2017, the Community Outcome to which each measure primarily contributes and results from the last survey are shown in the table below.

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

Council also undertook monthly surveys of users of its services throughout the 2017/18 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**

<b>2016/17</b>	<b>Customer Service Satisfaction Survey (CSSS)</b>	<b>2017/18</b>
669	CSSS forms posted out	682
214	CSSS forms returned	181
32%	Response rate	27%
<b>Feedback received from Customers</b>		
131	Predominantly Excellent	115
56	Predominantly Good	43
11	Predominantly Only Fair	8
5	Predominantly Poor	10
5	Not applicable	1
6	No boxes ticked	4
<b>Conclusion</b>		
92.1%	% customers satisfied (Excellent/Good)*	89.8%
7.9%	% customers unsatisfied (Fair/Poor)*	10.2%

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