



**KAWERAU DISTRICT COUNCIL**  
**Annual Report**  
For the Year Ended 30 June 2015



# **KAWERAU DISTRICT COUNCIL**

## **ANNUAL REPORT FOR 2014/15**

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# Message from the Mayor and Chief Executive Officer

Welcome to Council's annual report for the year ended 30 June 2015. The Annual Report compares Council's achievements and results against the financial and the non-financial performance targets in the Annual Plan. It enables residents to assess how well Council has performed as well as determine the efficiency and effectiveness of Council.

Council continues to be in a strong financial position, and achieved an operating surplus of \$430,504 for the year compared to a budgeted deficit of \$493,100.

Council had 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.

However, during the year Council received additional revenue of \$890.6k and incurred \$33k less in operating expenditure than budgeted.

The following is a brief summary of the financial results for 2014/15:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	10,029,140	10,919,663	890,523
Operating Expense	<u>10,522,240</u>	<u>10,489,159</u>	<u>33,081</u>
Operating Surplus/(Deficit)	<b>(493,100)</b>	430,504	923,604
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	65,618,832	68,059,819	2,440,987
Liabilities	1,921,070	2,798,235	<b>(877,165)</b>
Ratepayers Equity	63,697,762	65,261,584	1,563,822

The reasons for the operating surplus were:

- Reduced costs for insurance and electricity for the year of \$194k
- Lower costs for refuse disposal \$83k
- Additional external funding of \$135.5k received for events
- Onepu clubrooms were vested with Council which resulted in \$422.8k of additional revenue being recognised.
- Increased income for rate penalties of \$41.5k
- Additional interest income of \$140.8k because less was spent on renewals during the year than anticipated.

Council had planned on replacing approximately 3 kilometres of water supply pipes and 600 metres of wastewater pipes in the older part of town during the year but both assets were found to be in better condition than initially thought so the pipe replacement was deferred. Council has funds set aside in reserves to pay for this work when it is undertaken, and as the renewals were not done, the funds are retained.

The major achievements during the 2014/15 financial year included:

- Continuation of the “Neighbourhoods of Healthy Homes” project which is helping improve the home environment for Kawerau residents and developing the sense of “community” among the neighbourhoods where this programme has been undertaken.
- Successful management of a number of iconic events for Kawerau including Woodfest, King of the Mountain Race and Christmas in the Park.
- At the 2015 Local Government NZ conference Council was a finalist in the LGNZ Excellence Award for Community Impact for its “Neighbourhood for Healthy Homes” project. The awards recognise and celebrate the outstanding leadership role local government plays within communities.
- 90% of Council’s performance targets were achieved and good progress was made for the targets that were not achieved.
- Completion of various asset renewal projects to ensure that Council continues to deliver high quality services to the community
- Renewal of 183 metres of Kerb and Channel in Glasgow Street as well as the replacement of the footpath and also renewing sections of footpaths in various parts of the town mostly resulting from tree root damage.
- Establishment of an Audit and Risk Committee to provide an overview of Council's financial performance and various risk mitigation measures. An independent chairperson was also appointed to the committee.

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

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

Malcolm Campbell, JP  
**MAYOR**



Russell George, CA  
**CHIEF EXECUTIVE OFFICER**



## KAWERAU DISTRICT COUNCIL COUNCIL & STAFF INFORMATION

The Council is made up of a Mayor and 8 Councillors. A Committee (Regulatory and Services) has been established with full delegated authority to make most decisions.

<b>Mayor :</b>	M J (Malcolm) Campbell, JP	323-7772
<b>Deputy Mayor :</b>	A J (Alistair) Holmes	323-7817
<b>Councillors :</b>	W (Warwick) Godfery	323-7771
	C J (Carolyn) Ion	323-9046
	B J (Berice) Julian	323-9190
	C B (Chris) Marjoribanks, JP	312-5570
	R G K (Rex) Savage	323-7287
	S H (Stephen) Tuhoro	323-9373
	F K N (Faylene) Tunui	323-7574

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

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

Chief Executive Officer	R B (Russell) George, CA, MBA
Manager, Operations & Services	T D (Tom) McDowall, BE(Civil), NZCE
Manager, Regulatory & Planning	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, the Council will -**

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

# COMPLIANCE WITH COUNCIL POLICIES

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

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

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

## REVENUE AND FINANCING POLICY

Council reviewed and adopted the Revenue and Financing Policy in June 2015 as part of the preparation of the 2015 – 2025 Long Term Plan. The objective of this policy is to ensure that the costs of Council's activities are met by those benefiting from, or contributing to the need for, the activity.

The overall funding mix achieved by Council for 2014/15 was consistent with its Revenue and Financing Policy.

## INVESTMENT POLICY

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

There were no significant variations or material departures from Council's objectives for its investment activities as reported in the Investment Policy. Council's investments returned \$403,247 compared to the Annual Plan estimate for 2014/15 of \$262,480.

## LIABILITY MANAGEMENT POLICY

Council's Liability Management Policy was adopted in June 2015. The policy ensures that Council's debt and associated risks are maintained at prudent levels.

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

## FINANCIAL CONTRIBUTIONS POLICY

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

No financial contributions were received during the 2014/15 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 2015 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 2015

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

- the financial statements of the District Council that comprise:
  - the statement of financial position as at 30 June 2015 on page 15;
  - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 14 to 17;
  - the funding impact statement of the District Council on page 18;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 58 to 100; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 19 to 46;
- the statement of service provision and the funding impact statements in relation to each group of activities of the District Council on pages 53 to 100; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 47 to 52.

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

- information about:
  - internal borrowing on page 42;
  - reserve funds on page 41;
  - each group of activities carried out by the District Council on pages 55 to 100;
  - remuneration paid to the elected members and certain employees of the District Council on page 43;

- employee staffing levels and remuneration on pages 43 to 44;
- severance payments on page 44;
- rating base units on page 45; and
- insurance of assets on page 46;
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 104; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 8.

## **Opinion**

### **Audited information**

In our opinion:

- the financial statements of the District Council on pages 14 to 46:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2015;
    - 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;
- the funding impact statement of the District Council on page 18, present 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 statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 58 to 100, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- the statement of service provision of the District Council on pages 53 to 100:
  - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan;
    - the reasons for any significant variances between the actual service and the expected service; and

- complies with generally accepted accounting practice in New Zealand;
- the funding impact statements in relation to each group of activities of the District Council on pages 58 to 100; present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan; and
- the disclosures on pages 47 to 52 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

### **Compliance with the other requirements of schedule 10**

The District Council's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 27 October 2015. This is the date at which our opinion is expressed.

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

### **Basis of opinion**

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

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

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;

- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

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

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

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

## **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and the statement of service performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - present fairly the District Council's financial position, financial performance and cash flows;
  - present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

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

### **Responsibilities of the Auditor**

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

### **Independence**

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements and the audit of the District Council's 2015-25 Long Term Plan, 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 2015

<u>2013/14</u>		<u>Note</u>	<u>Budget</u>	<u>2014/15</u>
<b>Revenue</b>				
8,465,721	Rates other than targeted rates for water supply	2	8,478,970	8,602,470
344,356	Subsidies and grants	3	329,910	323,900
1,229,127	Fees, charges and targeted rates for water supply	4	901,780	1,087,611
280,169	Interest revenue	7	262,480	403,247
59,330	Other revenue	4	56,000	502,435
<b>10,378,703</b>	<b>Total Revenue</b>		<b>10,029,140</b>	<b>10,919,663</b>
<b>Expenses</b>				
3,456,127	Personnel costs	5	3,634,450	3,636,020
2,584,026	Depreciation and amortisation expense	12-14	2,410,580	2,649,816
6,566	Finance costs	7	4,870	4,479
3,981,568	Other expenses	6	4,472,340	4,163,085
50,198	Loss on disposal of property, plant and equipment		0	35,759
<b>10,078,485</b>	<b>Total Expenses</b>		<b>10,522,240</b>	<b>10,489,159</b>
<b>300,218</b>	<b>SURPLUS / (DEFICIT)</b>		<b>(493,100)</b>	<b>430,504</b>
0	Other comprehensive revenue and expense		0	0
<b>300,218</b>	<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>(493,100)</b>	<b>430,504</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 2015

2013/14		Note	Budget	2014/15
<b>ASSETS</b>				
<b>Current assets</b>				
742,950	Cash and cash equivalents	8	6,200,312	2,108,009
1,254,023	Receivables	9	1,142,640	1,098,082
7,475,000	Other financial assets	11	0	7,800,000
49,331	Prepayments		0	37,375
93,792	Inventory	10	58,900	96,885
9,615,096	Total current assets		7,401,852	11,140,351
<b>Non-current assets</b>				
36,252	Investment in CCOs	11	32,160	36,252
57,649,928	Property, plant and equipment	12	58,119,948	56,824,815
62,987	Intangible assets	13	64,872	58,401
57,749,167	Total non-current assets		58,216,980	56,919,468
<b>67,364,263</b>	<b>TOTAL ASSETS</b>		<b>65,618,832</b>	<b>68,059,819</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
1,686,921	Payables and deferred revenue	15	1,294,800	2,046,045
15,189	Borrowings and other financial liabilities	18	15,460	17,116
425,117	Employee entitlements	17	436,130	355,957
10,000	Provisions	16	10,000	10,000
2,137,227	Total current liabilities		1,756,390	2,429,118
<b>Non-current liabilities</b>				
188,571	Payables and deferred revenue	15	0	182,857
32,329	Borrowings and other financial liabilities	18	0	15,213
94,947	Employee entitlements	17	90,860	97,533
80,109	Provisions	16	73,820	73,514
395,956	Total non-current liabilities		164,680	369,117
<b>2,533,183</b>	<b>TOTAL LIABILITIES</b>		<b>1,921,070</b>	<b>2,798,235</b>
<b>64,831,080</b>	<b>NET ASSETS</b>		<b>63,697,762</b>	<b>65,261,584</b>
<b>EQUITY</b>				
38,075,041	Accumulated Funds	19	37,734,495	37,613,935
26,756,039	Reserves	19	25,963,267	27,647,649
<b>64,831,080</b>	<b>TOTAL EQUITY</b>		<b>63,697,762</b>	<b>65,261,584</b>

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 2015

<u>2013/14</u>	<b>Total Equity</b>	<u>Note</u>	<u>Budget</u>	<u>2014/15</u>
64,530,862	Balance at 1 July		64,190,862	64,831,080
<u>300,218</u>	Total comprehensive revenue and expense		<u>(493,100)</u>	430,504
<b><u>64,831,080</u></b>	<b>Balance at 30 June</b>		<b><u>63,697,762</u></b>	<b><u>65,261,584</u></b>

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 2015

2013/14	Note	Budget	2014/15
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
8,472,671	Receipts from rates revenue	8,474,160	8,721,311
549,441	Subsidies and grants received	329,910	457,836
1,153,906	Fees and charges received	901,780	1,307,855
280,169	Interest received	262,480	362,748
58,632	Receipts from other revenue	56,000	51,959
(3,991,094)	Payments to suppliers	(4,459,810)	(3,996,836)
(3,446,212)	Payment to employees	(3,615,040)	(3,702,592)
(6,566)	Interest paid	(4,870)	(4,479)
(25,061)	Goods and services tax (net)	0	(55,188)
133,439	Regional Council rates (net)	0	(141,115)
3,179,325	Net cash flow from operating activities	1,944,610	3,001,499
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
65,132	Receipts from sale of property, plant and equipment	0	49,294
(2,346)	Purchase of intangible assets	0	(6,402)
(2,425,000)	(Acquisition)/Sale of investments (net)	0	(325,000)
(1,119,410)	Purchase of property, plant and equipment	(1,696,970)	(1,339,143)
(3,481,624)	Net cash flow from investing activities	(1,696,970)	(1,621,251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(282)	Repayment of borrowings	0	0
(13,481)	Payment of principal for finance leases	0	(15,189)
(13,763)	Net cash flow from financing activities	0	(15,189)
(316,062)	<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	247,640	1,365,059
1,059,012	Cash, cash equivalents and bank overdrafts at the beginning of the year	5,952,672	742,950
742,950	<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	8 <b>6,200,312</b>	<b>2,108,009</b>

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)**

2013/14		For the Year Ended 30 June 2015		2014/15	
Annual Plan	Actual			Annual Plan	Actual
<b>SOURCES OF OPERATING FUNDS</b>					
7,414,010	7,478,062	General rates, UAGC and rate penalties		7,558,830	7,578,407
966,250	987,659	Targeted rates (other than targeted rates for water supply)		1,004,330	1,024,063
354,120	169,490	Subsidies and grants for operating purposes		146,510	156,767
642,020	1,229,127	Fees, charges and targeted rates for water supply		817,570	1,087,611
230,210	280,169	Interest and dividends from investments		262,470	403,246
92,690	59,330	Local Authorities Fuel tax, fines, infringements and other receipts		56,000	60,941
<b>9,699,300</b>	<b>10,203,837</b>	<b>TOTAL OPERATING FUNDING (A)</b>		<b>9,845,710</b>	<b>10,311,035</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
7,807,680	7,437,695	Payment to staff and suppliers		8,107,420	7,799,109
8,010	6,566	Finance costs		4,240	4,479
0	0	Other operating funding applications		0	0
<b>7,815,690</b>	<b>7,444,261</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>		<b>8,111,660</b>	<b>7,803,588</b>
<b>1,883,610</b>	<b>2,759,576</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>		<b>1,734,050</b>	<b>2,507,447</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
187,640	174,866	Subsidies and grants for capital expenditure		183,400	167,133
0	0	Development and Financial contributions		0	0
(152,230)	(151,951)	Increase/(decrease) in debt		(120,340)	(126,962)
0	0	Gross proceeds from sale of assets		0	0
0	0	Lump sum contributions		0	0
<b>35,410</b>	<b>22,915</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>		<b>63,060</b>	<b>40,171</b>
<b>APPLICATIONS OF CAPITAL FUNDS</b>					
Capital expenditure:					
0	0	- to meet additional demand		0	167,052
0	0	- to improve the level of service		0	0
2,350,870	1,361,516	- to replace existing assets		1,696,950	1,719,425
(431,850)	1,416,884	Increase/(decrease) in reserves		100,160	661,141
0	4,091	Increase/(decrease) of investments		0	0
<b>1,919,020</b>	<b>2,782,491</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>		<b>1,797,110</b>	<b>2,547,618</b>
<b>(1,883,610)</b>	<b>(2,759,576)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>		<b>(1,734,050)</b>	<b>(2,507,447)</b>
<b>0</b>	<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</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 2015

#### 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 2015. The financial statements are authorised for issue by Council on 27 October 2015.

#### 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.

#### Changes in Accounting Policies

These financial statements are the first financial statements prepared in accordance with the Public Benefit Entity standards and comply with these standards. Any material adjustments arising from the transition to these new standards are explained in note 32.

#### 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 CB Richard Ellis, and the valuation was effective as at 30 June 2013.

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

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

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

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

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

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

Revaluations of property, plant and equipment are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve inequity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit, will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### *Additions*

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

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

### *Disposals*

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

### *Subsequent costs*

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

### *Depreciation*

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

	<b>Estimated Useful Life</b>	<b>Depreciation Rate</b>	<b>Basis</b>
<b>Operational</b>			
Buildings	40-67 years	1.5-2.5%	SL
Computer/Electronic Office Equipment	3-5 years	20.0-33.3%	SL
Fixtures, Fittings & Equipment	5-50 years	2.0-20.0%	DV
Plant (vehicles)	5 years	20.0%	DV
Library Collections (excluding special collections)	7 years	15.0%	DV
Special Collections	Not depreciated		
<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	40-53 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.

### **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 2015.

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 the 2014/15 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 2015:

#### *Classification of property*

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

## 2. Rates revenue

	<u>2014/15</u>
<u>2013/14</u>	
7,326,149 <b>General rate</b>	7,436,923
<b>Targeted rates attributable to activities:</b>	
154,675 Water Supply – Non metered	162,710
469,893 Wastewater	489,091
363,091 Refuse Collection	372,262
151,913 Rate penalties	141,484
<b><u>8,465,721</u> Total revenue from rates</b>	<b><u>8,602,470</u></b>

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

	<u>2014/15</u>
<u>2013/14</u>	
8,509,697 <b>Total rates revenue</b>	8,649,876
<b>Rates remissions</b>	
43,976 Higher value properties/Farms	(47,406)
<b><u>8,465,721</u> Rates revenue net of remissions</b>	<b><u>8,602,470</u></b>

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>2013/14</u>		<u>2014/15</u>
319,707	NZ Transport Agency – Rooding Subsidies	308,859
24,649	NZ Transport Agency – Subsidies for Stormwater	15,041
<b><u>344,356</u></b>		<b><u>323,900</u></b>

There are no unfulfilled conditions or other contingencies attached to government grants received (2014 \$Nil).

### 4. Fees and charges and other revenue

<u>2013/14</u>		<u>2014/15</u>
1,193,284	User fees and charges	1,049,012
35,843	Targeted Rates for water supply	38,599
<b>1,259,127</b>	<b>Total fees and charges</b>	<b>1,087,611</b>
59,330	Petrol Tax	60,941
0	Vested assets	422,800
0	Profit on sale of asset	18,694
<b>59,330</b>	<b>Total other revenue</b>	<b>502,435</b>
<b><u>1,288,457</u></b>	<b>Total fees and charges and other revenue</b>	<b><u>1,590,046</u></b>

### 5. Personnel Costs

<u>2013/14</u>		<u>2014/15</u>
3,394,880	Salaries & Wages	3,630,806
6,332	Employer contributions to multi-employer defined benefit plans	6,540
45,000	Employer contributions to Kiwisaver	65,246
9,915	Increase/ (decrease) in employee benefit liabilities	<b>(66,572)</b>
<b><u>3,456,127</u></b>	<b>Total employee benefit expenses</b>	<b><u>3,636,020</u></b>

### 6. Other expenses

<u>2013/14</u>		<u>2014/15</u>
37,832	General grants	42,775
1,153,201	Contractors	1,197,106
155,708	Insurance premiums	133,707
151,503	Consultants and legal fees	164,107
<b>(1,491)</b>	Impairment of receivables (note 9)	5,267
<b>2,484,815</b>	Other operating expenses	<b>2,620,123</b>
<b><u>3,981,568</u></b>		<b><u>4,163,085</u></b>

## 7. Interest revenue and finance costs

<u>2013/14</u>		<u>2014/15</u>
	<b>Interest revenue:</b>	
280,169	Term deposits	403,247
	<b>Interest expense:</b>	
0	Interest on borrowings	0
6,566	Interest on finance leases	4,479
<b>273,603</b>	<b>Net interest revenue</b>	<b>398,768</b>

## 8. Cash and cash equivalents

<u>2013/14</u>		<u>2014/15</u>
742,950	Cash at bank and in hand	1,608,009
0	Short term deposits with maturities of 3 months or less	500,000
<b>742,950</b>	<b>Total cash and cash equivalents</b>	<b>2,108,009</b>

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

## 9. Receivables

<u>2013/14</u>		<u>2014/15</u>
585,198	Rates receivable	519,363
328,270	Other receivables	148,885
179,178	Sundry debtors	218,537
172,157	GST receivable	227,345
1,264,803		1,114,129
(10,780)	Less provision for impairment of receivables	(16,047)
<b>1,254,023</b>	<b>Current portion</b>	<b>1,098,082</b>
189,381	Receivables from exchange transactions	178,927
1,064,642	Receivables from non-exchange transactions	919,155
<b>1,254,023</b>		<b>1,098,082</b>

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

<u>2013/14</u>		<u>2014/15</u>
12,271	At 1 July	10,780
(1,491)	Additional provisions made during the year	5,267
0	Receivables written off during the period	0
<b>10,780</b>	<b>At 30 June</b>	<b>16,047</b>

## 10. Inventory

<u>2013/14</u>		<u>2014/15</u>
	<b>Inventories held for distribution:</b>	
68,954	Water & sewerage reticulation spare parts	66,927
24,838	Other	29,958
<b>93,792</b>		<b>96,885</b>

There has been no write-down of inventory during the year (2013/14 – Nil)

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

## 11. Other financial assets/investments in CCOs

<u>2013/14</u>		<u>2014/15</u>
	<b>Current portion</b>	
	<i>Loans and receivables</i>	
7,475,000	Short term deposits with maturities of 4 -12 months	7,800,000
<b>7,475,000</b>	<b>Total loans and receivables</b>	<b>7,800,000</b>
	<b>Non-current portion</b>	
	<i>Investments in CCOs - at cost</i>	
31,161	Investment in Local Government Insurance Corporation	31,161
5,091	Investment in BOPLASS Ltd	5,091
<b>36,252</b>		<b>36,252</b>

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 2014 was \$1.20 (2013-\$1.12).

### *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>2013/14</u>	<b>Short Term Deposits</b>	<u>2014/15</u>
7,475,000	Average investment - 236 days (2013/14 181 days)	7,800,000
<b>7,475,000</b>		<b>7,800,000</b>

## 12. Property, plant and equipment 2015

	Cost/ revaluation 1-July-14	Accum Depn and Imp. Chgs 1-July-14	Carrying Amount 1-July-14	Revaluation surplus	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-15	Accum Depn and Imp Chgs 30-Jun-15	Carrying Amount 30-Jun-15
<b>Council operational assets</b>											
Land	1,971,400	0	1,971,400	0	72,520	0	0	0	\$2,043,920	0	2,043,920
Buildings	4,652,782	(344,755)	4,308,027	0	816,126	0	0	299,410	\$5,468,908	(644,165)	4,824,743
Plant, machinery and vehicles	1,258,476	(441,597)	816,879	0	190,559	(110,586)	79,987	156,336	\$1,338,449	(517,946)	820,504
Fixtures, fittings and equipment	3,669,385	(2,431,296)	1,238,088	0	292,761	0	0	140,169	\$3,962,145	(2,571,465)	1,390,680
Library collections	1,331,388	(1,075,810)	255,579	0	53,937	0	0	42,382	\$1,385,326	(1,118,192)	267,134
Leased assets	173,213	(139,457)	33,755	0	0	0	0	10,948	\$173,213	(150,405)	22,807
<b>Total operational assets</b>	<b>13,056,643</b>	<b>(4,432,915)</b>	<b>8,623,728</b>	<b>0</b>	<b>1,425,903</b>	<b>(110,586)</b>	<b>79,987</b>	<b>649,245</b>	<b>14,371,960</b>	<b>(5,002,173)</b>	<b>9,369,787</b>
<b>Council infrastructural assets</b>											
Roading network	15,864,927	(764,507)	15,100,420	0	365,710	(12,890)	1,101	784,303	16,217,747	(1,547,709)	14,670,038
Water - Other	8,774,417	(383,049)	8,391,368	0	14,876	0	0	380,197	8,789,293	(763,246)	8,026,047
Water – Treatment Plant	778,813	(59,152)	719,661	0	12,192	(12,886)	6,013	58,296	778,119	(111,435)	666,684
Sewerage - Other	7,655,921	(287,944)	7,367,977	0	8,676	0	0	287,683	7,664,597	(575,627)	7,088,970
Sewerage – Treatment Plant	3,604,471	(128,785)	3,475,686	0	36,975	(20,518)	3,420	131,360	3,620,928	(256,725)	3,364,203
Stormwater - Network	5,462,790	(231,312)	5,231,478	0	15,742	0	0	231,987	5,478,532	(463,299)	5,015,233
<b>Total infrastructural assets</b>	<b>42,141,339</b>	<b>(1,854,749)</b>	<b>40,286,590</b>	<b>0</b>	<b>454,171</b>	<b>(46,294)</b>	<b>10,534</b>	<b>1,873,826</b>	<b>42,549,216</b>	<b>(3,718,041)</b>	<b>38,831,175</b>
<b>Council restricted assets</b>											
Land	6,768,424	0	6,768,424	0	0	0	0	0	\$6,768,424	0	6,768,424
Buildings	1,978,133	(112,853)	1,865,280	0	0	0	0	112,853	\$1,978,133	(225,706)	1,752,427
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	\$12,300	0	12,300
Other	96,510	(2,904)	93,606	0	0	0	0	2,904	\$96,510	(5,808)	90,702
<b>Total restricted assets</b>	<b>8,855,367</b>	<b>(115,757)</b>	<b>8,739,610</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>115,757</b>	<b>8,855,367</b>	<b>(231,514)</b>	<b>8,623,853</b>
<b>Total property, plant and equipment</b>	<b>64,053,349</b>	<b>(6,403,421)</b>	<b>57,649,928</b>	<b>0</b>	<b>1,880,074</b>	<b>(156,880)</b>	<b>90,521</b>	<b>2,638,828</b>	<b>65,776,543</b>	<b>(8,951,728)</b>	<b>56,824,815</b>

## Property, plant and equipment 2014

	Cost/ revaluation 1 July 13	Accum Depn and Imp. Chgs 1 July 13	Carrying Amount 1 July 13	Cost/ revalua tion 30 June 14	Accum Depn and Imp. Chgs 30 June 14	Carrying Amount 30 June 14
<b>Council operational assets</b>						
Land	1,999,800	0	1,999,800	1,971,400	0	1,971,400
Buildings	4,586,931	(62,725)	4,524,206	4,652,782	(344,755)	4,308,027
Plant, machinery and vehicles	1,204,403	(535,838)	668,565	1,258,476	(441,597)	816,879
Fixtures fittings and equipment	3,326,254	(2,298,732)	1,027,522	3,669,385	(2,431,296)	1,238,088
Library collections	1,280,366	(1,035,209)	245,157	1,331,388	(1,075,810)	255,579
Leased assets	173,213	(120,330)	52,883	173,213	(139,457)	33,755
Total operational assest	12,570,967	(4,052,834)	8,518,133	13,056,643	(4,432,915)	8,623,728
<b>Council infrastructural assets</b>						
Roading network	15,513,303	(4,194)	15,509,108	15,864,927	(764,507)	15,100,420
Water - Other	8,672,095	(3,536)	8,668,559	8,774,417	(383,049)	8,391,368
Water – Treatment Plant	775,060	(3,319)	771,741	778,813	(59,152)	719,661
Sewerage - Other	7,645,224	(320)	7,644,905	7,655,921	(287,944)	7,367,977
Sewerage – Treatment Plant	3,583,030	(1,504)	3,581,526	3,604,471	(128,785)	3,475,686
Stormwater - Network	5,429,190	0	5,429,190	5,462,790	(231,312)	5,231,478
Total infrastructural assets	41,617,902	(12,873)	41,605,028	42,141,339	(1,854,749)	40,286,590
<b>Council restricted assets</b>						
Land	6,768,424	0	6,768,424	6,768,424	0	6,768,424
Buildings	1,978,133	0	1,978,133	1,978,133	(112,853)	1,865,280
Library - special collection	12,300	0	12,300	12,300	0	12,300
Other	96,510	0	96,510	96,510	(2,904)	93,606
Total restricted assets	8,855,367	0	8,855,367	8,855,367	(115,757)	8,739,610
<b>Total property plant &amp; equipment</b>	<b>63,044,235</b>	<b>(4,065,707)</b>	<b>58,978,528</b>	<b>64,053,349</b>	<b>(6,403,421)</b>	<b>57,649,928</b>

## Core asset disclosures

### Valuation

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

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 (\$35,758) 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 \$33,755 (2013 \$52,883).

### Impairment

There were no impairment losses incurred for the year to 30 June 2015 (2014 – 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>Closing book value</b>	<b>Additions (constructed)</b>	<b>Most recent replacement cost estimate for revalued assets (30 June 2013)</b>
<b>2015</b>			
Water Supply:			
-Treatment plant	666,684	12,192	1,383,520
-Other assets (reticulation)	8,026,047	14,876	22,803,570
Sewerage:			
-Treatment plant	3,364,203	36,975	5,066,880
-Other assets (reticulation)	7,088,970	8,676	20,079,080
Stormwater drainage	5,015,233	15,742	15,741,968
Roads and Footpaths	14,670,038	365,710	30,944,346
<b>2014</b>			
Water Supply:			
-Treatment plant	719,661	3,753	1,383,520
-Other assets (reticulation)	8,391,368	102,322	22,803,570
Sewerage:			
-Treatment plant	3,475,686	21,441	5,066,880
-Other assets (reticulation)	7,367,977	10,697	20,079,080
Stormwater drainage	5,231,478	33,600	15,741,968
Roads and Footpaths	15,100,420	401,192	30,944,346

### 13. Intangible assets

<u>2013/14</u>		<u>2014/15</u>
	<b>Acquired computer software</b>	
	Balance at 1 July	
329,926	Cost	332,273
(257,672)	Accumulated amortisation and impairment	(269,286)
72,254	Opening carrying amount	<b>62,987</b>
2,347	Additions	6,402
(11,614)	Amortisation charge	(10,988)
<b>62,987</b>	<b>Closing carrying amount</b>	<b>58,401</b>
	Balance at 30 June	
332,273	Cost	338,675
(269,286)	Accumulated amortisation and impairment	(280,274)
<b>62,987</b>	<b>Closing carrying amount</b>	<b>58,401</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>2013/14</u> <u>Actual</u>	Depreciation and amortisation expense (for group of activity)	<u>2014/15</u> <u>Budget</u>	<u>2014/15</u> <u>Actual</u>
17,122	Democracy	21,050	16,992
76,811	Economic and community development	92,600	80,420
17,747	Environmental services	20,850	18,155
746,264	Roading	680,910	766,888
189,498	Stormwater	231,290	190,041
439,891	Water supply	425,540	442,313
421,774	Wastewater	386,400	424,659
22,970	Solid waste	36,800	21,795
507,466	Leisure and recreation	515,140	524,582
144,483	Other activities	0	163,971
<b>2,584,026</b>	<b>Total</b>	<b>2,410,580</b>	<b>2,649,816</b>

### 15. Payables and deferred revenue

	<b>Current portion:</b>	
	<b>Payables and deferred revenue under exchange transactions:</b>	<b>2014/15</b>
578,328	Trade payables	1,088,415
431,738	Accrued expenses	234,735
5,714	Revenue in advance	5,714
<b>1,015,780</b>	<b>Total</b>	<b>1,328,864</b>
	<b>Payables and deferred revenue under non-exchange transactions:</b>	
411,415	Rates fees and grants received in advance	629,544
191,215	Rates due to BOP Regional Council	50,098
68,511	Deposits and bonds	37,539
<b>671,141</b>	<b>Total</b>	<b>717,181</b>
<b>1,686,921</b>	<b>Total payables and deferred revenue</b>	<b>2,046,045</b>
	<b>Non-current portion:</b>	
	<b>Payables and deferred revenue under exchange transactions:</b>	
188,571	Income in advance	182,857

## 16. Provisions

<u>2013/14</u>		<u>2014/15</u>
	<b>Current provisions are represented by:</b>	
10,000	Landfill aftercare provision	10,000
<b>10,000</b>		
	<b>Non-current provisions are represented by:</b>	
80,109	Landfill aftercare provision	73,514
<b>80,109</b>		
	<b>Landfill aftercare provision</b>	
96,435	Opening balance	90,109
(5,286)	Amount utilised	(4,648)
3,674	Discounting changes	3,405
(4,714)	Increase/(Decrease) in provision	(5,352)
<b>90,109</b>	<b>Closing Balance</b>	<b>83,514</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 \$100,000 (2014 - \$110,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$83,514 (2014 - \$90,109) using a discount rate of 4.25% (2014 - 4.25%).

## 17. Employee Entitlements

<u>2013/14</u>		<u>2014/15</u>
310,282	Annual leave	320,118
107,654	Retirement gratuities	115,359
102,128	Accrued salaries	18,013
		0
<b>520,064</b>	<b>Total employee benefit liabilities</b>	<b>453,490</b>
	Comprising:	
425,117	Current	355,957
94,947	Non-current	97,533
<b>520,064</b>	<b>Total employee benefit liabilities</b>	<b>453,490</b>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2014/15 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% (2014 6%) and an inflation factor of 2.0% (2014 2%) were used.

## 18. Borrowings and other financial liabilities

<u>2013/14</u>		<u>2014/15</u>
15,189	<b>Current</b> Finance leases	17,116
<u>15,189</u>	<b>Total current borrowings</b>	<u>17,116</u>
32,329	<b>Non-current</b> Finance leases	15,213
<u>32,329</u>	<b>Total non-current borrowings</b>	<u>15,213</u>

### Security

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

KDC currently has no secured loans.

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

### Internal borrowings

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

### Analysis of finance lease liabilities

<u>2013/14</u>		<u>2014/15</u>
	<b>Total minimum lease payments are payable</b>	
20,068	Not later than one year	20,068
<u>36,336</u>	Later than one year and not later than five years	<u>15,052</u>
56,404	Total minimum lease payments	35,120
<u>(8,886)</u>	Future finance charges	<u>(2,791)</u>
<u>47,518</u>	<b>Present value of minimum lease payments</b>	<u>32,329</u>
	<b>Present value of minimum lease payments are payable</b>	
15,189	Not later than one year	17,116
<u>32,329</u>	Later than one year and not later than five years	<u>15,213</u>
<u>47,518</u>	<b>Total</b>	<u>32,329</u>
15,189	Current	17,116
<u>32,329</u>	Non-current	<u>15,213</u>
<u>47,518</u>	<b>Total</b>	<u>32,329</u>

### *Description of material leasing arrangements*

KDC has entered into finance leases for various items of equipment. The net carrying amount of the leased items within each class of property, plant and equipment is shown in Note 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>2013/14</u>		<u>2014/15</u>
	<b>Accumulated Funds</b>	
38,735,409	As at 1 July	38,075,041
	Transfers to:	
(2,073,658)	Council created reserves	(1,953,157)
	Transfers from:	
0	Restricted reserves	0
1,113,072	Council created reserves	1,061,547
300,218	Total Comprehensive Revenue and Expense	430,504
<u>38,075,041</u>	<b>As at 30 June</b>	<u>37,613,935</u>
	<b>Council created reserves</b>	
6,879,076	As at 1 July	7,839,662
	Transfers to:	
(1,113,072)	Accumulated Funds	(1,061,547)
	Transfers from:	
2,073,658	Accumulated Funds	1,953,157
<u>7,839,662</u>	<b>As at 30 June</b>	<u>8,731,272</u>
	<b>Property revaluation reserves</b>	
18,916,377	As at 1 July	18,916,377
0	Total Comprehensive Revenue and Expense	0
<u>18,916,377</u>	<b>As at 30 June</b>	<u>18,916,377</u>
<u>26,756,039</u>	<b>TOTAL OTHER RESERVES</b>	<u>27,647,649,</u>
	Asset revaluation reserves consist of:	
	<b>Operational Assets</b>	
337,300	Land	337,300
74,548	Landscaping	74,548
1,491,742	Buildings	1,491,742
95,916	Other Equipment	95,916
<u>1,999,506</u>		<u>1,999,506</u>
	<b>Infrastructural Assets</b>	
5,886,390	Roading Network	5,886,390
3,270,778	Water System	3,270,778
2,478,591	Wastewater System	2,478,591
1,691,990	Stormwater Network	1,691,990
<u>13,327,749</u>		<u>13,327,749</u>
	<b>Restricted Assets</b>	
2,674,450	Land	2,674,450
914,672	Buildings	914,672
<u>3,589,122</u>		<u>3,589,122</u>
<u>18,916,377</u>		<u>18,916,377</u>

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

2013/14 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure \$	2014/15 \$
	<b>Asset Renewal Reserve (All Activities)</b>			
	To set funds aside for the renewal of assets utilised by the following activities:			
55,342	Democracy	5,618	0	60,961
548	Building & Inspection	23	0	571
3,946	Environmental Health	80	0	4,026
(23,308)	Dog Control	6,392	0	(16,916)
1,650,612	Roading/Footpaths	375,110	(212,594)	1,813,127
146,076	Stormwater	85,614	(15,658)	216,032
2,694,942	Water Supply	462,132	(27,068)	3,130,006
2,587,999	Wastewater	375,402	(45,651)	2,917,750
(72,376)	Refuse Disposal	9,111	(19,837)	(83,103)
58,830	Zero Waste	13,550	0	72,380
(197,516)	Library	103,457	(98,794)	(192,853)
(9,596)	Museum	5,291	0	(4,305)
(131,918)	Swimming Pool	48,058	86,427	2,567
(96,261)	Rec Centre	55,060	(165,765)	(206,966)
181,401	Town Hall	39,583	(58,345)	162,640
81,061	Concert Chamber	16,212	(11,080)	86,193
40,530	Town Centre Toilets	3,364	0	43,894
219,633	Sportfields	54,139	(57,744)	216,028
(216,658)	Passive Reserves	48,699	(86,772)	(254,730)
234	Road Berms	0	0	234
10,945	Street Trees	606	0	11,551
1,174	Bedding Displays	33	0	1,206
248,752	Playgrounds	45,834	(26,625)	267,960
17,018	Pensioner Housing (Bert Hamilton Hall)	(269)	(30,491)	(13,742)
31,882	Cemetery	5,198	(6,275)	30,806
(51,728)	Commercial Rental Buildings	2,001	(94,533)	(144,260)
(70,068)	District Office & Depot	37,498	(29,036)	(61,607)
466,547	Finance	67,019	(20,397)	513,169
5,913	Operations & Services	(5)	0	5,909
196,830	Plant	87,964	(141,309)	143,487
8,876	Development Feasibility Fund	380	0	9,256
7,839,662	<b>Total</b>	<b>1,953,157</b>	<b>(1,061,547)</b>	<b>8,731,272</b>
2013/14 \$	Revaluation Reserve – Purpose of Fund	Additions \$		2014/15 \$
18,916,377	Revaluation Reserve - records the amount that Council's assets have increased in value.	0	0	18,916,377

## 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.

2013/14		Internal Loans	2014/15			
Interest \$	Loans \$		Interest \$	New Loans \$	Repayments \$	Loans \$
		<b>Solid waste:</b>				
9,183	195,615	Refuse Disposal - Transfer Station Loan	8,567		13,461	182,154
		<b>Wastewater:</b>				
1,275	0	Wastewater Plant Loan	0		0	0
		<b>Leisure and Recreation:</b>				
1,735	24,086	Swimming Pool Loan – No 1	681		24,086	0
4,553	98,088	Swimming Pool Loan – No 2	4,328		5,154	92,934
6,989	136,207	Public Hall - Recreation Centre Loan	5,598		31,801	104,406
4,366	74,989	Library - Building Loan	2,762		36,655	38,334
<b>28,101</b>	<b>528,985</b>	<b>Total</b>	<b>21,936</b>		<b>111,157</b>	<b>417,828</b>

## 22. Capital commitments and operating leases

Nil (2014 \$nil)

## 23. Contingencies

Nil (2014 \$nil)

Council currently has no outstanding loan guarantees for community organisations.

Council subscribed to Riskpool (a mutual liability fund) for its professional indemnity and public liability insurance up to 30 June 2014. As a result of claims arising for housing weather tightness issues against Councils, Kawerau District Council (along with other Councils subscribing to Riskpool) incurred an annual cost of \$21,984 to meet these claims initially until July 2012. The administrators have indicated there may be further claims to meet the costs of weather tightness issues, however, there was no claim for 2015 (2014 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.

<u>2013/14</u>	<b>Goods/Services provided during the year:</b>	<u>Company</u>	<u>Related Party</u>	<u>2014/15</u>
1,800	Hire of wastewater treatment land (0.5 hectares)	MJ Campbell	MJ Campbell	0
	<b>Key management personnel compensation:</b>			
	Councillors:			
170,903	Remuneration			174,810
9	Full-time equivalent members (NB number of elected members)			9
	<b>Senior management team including Chief Executive Officer</b>			
550,327	Remuneration			568,479
4	Full-time equivalents			4
721,230	Total key management personnel remuneration			743,289
13	Total full-time equivalent personnel			13

## 25. Remuneration

<u>2013/14</u>		<u>2014/15</u>
194,701	Chief Executive Officer	200,594

The Chief Executive Officer received no additional benefits.

<u>2013/14</u>		<u>2014/15</u>
	<i>Elected Members</i>	
58,134	Mayor - M J Campbell JP	58,900
18,972	Councillor - A J Holmes	18,760
14,988	Councillor - C J Ion	16,750
12,700	Councillor - B J Julian	13,400
12,700	Councillor - S H Tuhero	13,400
12,700	Councillor - R G K Savage	13,400
9,156	Councillor - W Godfery	13,400
9,156	Councillor - C J Marjoribanks	13,400
9,156	Councillor - F K N Tunui	13,400
6,154	Councillor - B H Joyes	-
3,544	Councillor - R J Chase	-
3,544	Councillor - A L Moore	-

## 26. Staffing Levels and Remuneration

For the year to 30 June 2015 there were 58 staff which received annual salaries of less than \$60,000 (2013/14 51 employees)

<u>2013/14</u>	<b>Total annual remuneration (in bands) as at 30 June</b>	<u>2014/15</u>
No of Staff		No of Staff
51	Salary < \$60,000	58
8	Salary \$60,000 - \$99,999	6
4	Salary \$100,000 - \$210,000	4
<b>63</b>	<b>Total</b>	<b>68</b>

<u>2013/14</u>		<u>2014/15</u>
51	Number of staff which were full time employees (>30 hours per week)	52
7.9	Number of part time staff (ie < 30 hours per week) expressed as FTE	7.2

## 27. Severance Payments

During the year, there were no severance payments made to Council employees (2013/14: Nil)

## 28. Events after balance date

In 2014/15 there were no significant events after balance date (2013/14 nil).

## 29. Financial Instruments

### Financial instrument categories

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

<u>2013/14</u>		<u>2014/15</u>
	<b>Financial Assets</b>	
	<b>Loans and receivables</b>	
742,950	Cash and cash equivalents	2,108,009
1,081,866	Debtors and other receivables	870,737
<u>7,475,000</u>	Held to maturity investments of 4-12 months	<u>7,800,000</u>
<b><u>9,299,816</u></b>	<b>Total loans and receivables</b>	<b><u>10,778,746</u></b>
	<b>Fair value through other comprehensive revenue and expense</b>	
<u>36,252</u>	Investments in unlisted shares	<u>36,252</u>
<b><u>36,252</u></b>	<b>Total fair value through other comprehensive revenue and expense</b>	<b><u>36,252</u></b>
<b><u>9,336,068</u></b>	<b>Total financial assets</b>	<b><u>10,814,998</u></b>
	<b>Financial Liabilities</b>	
	<b>Financial liabilities at amortised cost</b>	
1,269,791	Creditors and other payables	1,410,787
<u>15,189</u>	Borrowings	<u>17,116</u>
<b><u>1,284,980</u></b>	<b>Total financial liabilities at amortised cost</b>	<b><u>1,427,903</u></b>
	<b>Non-current liabilities</b>	
<u>32,329</u>	Borrowings	<u>15,213</u>
<b><u>32,329</u></b>	<b>Total non-current liabilities</b>	<b><u>15,213</u></b>
<b><u>1,317,309</u></b>	<b>Total financial liabilities</b>	<b><u>1,443,116</u></b>

### 30. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the 2014/15 Annual Plan are as follows:

#### Statement of comprehensive revenue and expense

The significant variances from KDC's estimated figures include: additional grant funding received for events and projects undertaken during the year, increased interest revenue as a result of more funds being available for investment, recognition of the asset which was vested with Council and increased rate penalties. Also there was also reduced expenditure for insurance, power and waste disposal.

There are descriptions of variances compared to budget (2014/15 Long Term Plan) disclosed in the group Funding Impact Statements.

#### Statement of financial position

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

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

Current liabilities was higher than budget due to there being more creditors at year end.

#### Statement of cash flow

Cash flow from rates was more than budget because of increased revenue from penalties and payment of previous year's rate arrears.

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

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

Payments to suppliers and employees were less than budget because of lower costs for insurance, power and waste disposal. Purchases of plant, property and equipment were also less than budget because some projects were deferred to the following year.

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

### 31. Rating Base

<u>30 June 2013</u>		<u>30 June 2014</u>
2,876	Number of rating units	2,885
\$660,796,000	Capital value of rating units	\$548,666,600
\$146,219,900	Land value of rating units	\$90,402,100

### 32. Adjustments to the comparative year financial statements

KDC has adjusted its comparative financial statements for the year ended 30 June 2014 due to reclassification adjustments and transition to the new PBE accounting standards. These adjustments are shown in the table below:

	Notes	Before Adjustment	Reclassification	After Adjustment
<b>Revenue</b>				
Fees, Charges and targeted rates for water supply	(a)	1,288,457	(1,288,457)	-
Fees, Charges and targeted rates for water supply			1,229,127	1,229,127
Other revenue			59,330	59,330
<b>Cashflows from operating activities</b>				
Receipts from other revenue	(b)	1,761,979	(1,761,979)	-
Subsidies and grants received			549,441	549,441
Fees and Charges received			1,153,906	1,153,906
Receipts from other revenue			58,632	58,632
Payment to employees and suppliers	(c)	7,437,306	(7,437,306)	-
Payment to employees			3,991,094	3,991,094
Payment to suppliers			3,446,212	3,446,212
<b>Liabilities</b>				
Current payables and deferred revenue	(d)	1,875,492	(188,571)	1,686,921
Non-current payables and deferred revenue		0	188,571	188,571

### Explanatory notes

#### Reclassification adjustments

- Fees, Charges and targeted rates for water supply have been reclassified as "Fees, Charges and targeted rates for water supply" and "Other revenue". Other revenue for 2014 comprises petrol tax.
- "Receipts from other revenue" has been reclassified into "Subsidies and grants", Fees and charges" and "Receipts from other revenue" (which is petrol tax).
- "Payments to employees and suppliers" has been reclassified to "Payments to employees" and Payments to suppliers"
- Council included the payment of \$188,571 for a thirty-five year as a current liability for the year ended 30 June 2014. It has subsequently been concluded this amount should have been a non-current liability and the comparative financial statements have been amended accordingly.

### 33. Insurance Disclosure

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

<u>30 June 2014</u>		<u>30 June 2015</u>
11,100,000	Total value of all Council assets covered by insurance contracts	48,012,000
38,400,000	Maximum amount to which insured assets are insured	91,707,000
26,300,000	Total value of all Council assets covered by financial risk sharing arrangements (Council withdrew from this arrangement on 1 June 2014)	0
52,200,000	Maximum amounts available to Council under financial risk sharing arrangements.	0
	Council does not have any assets that are self-insured (2014 Nil)	

# KAWERAU DISTRICT COUNCIL DISCLOSURE STATEMENTS FOR YEAR ENDING 30 JUNE 2015

## PURPOSE OF THIS STATEMENT

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

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

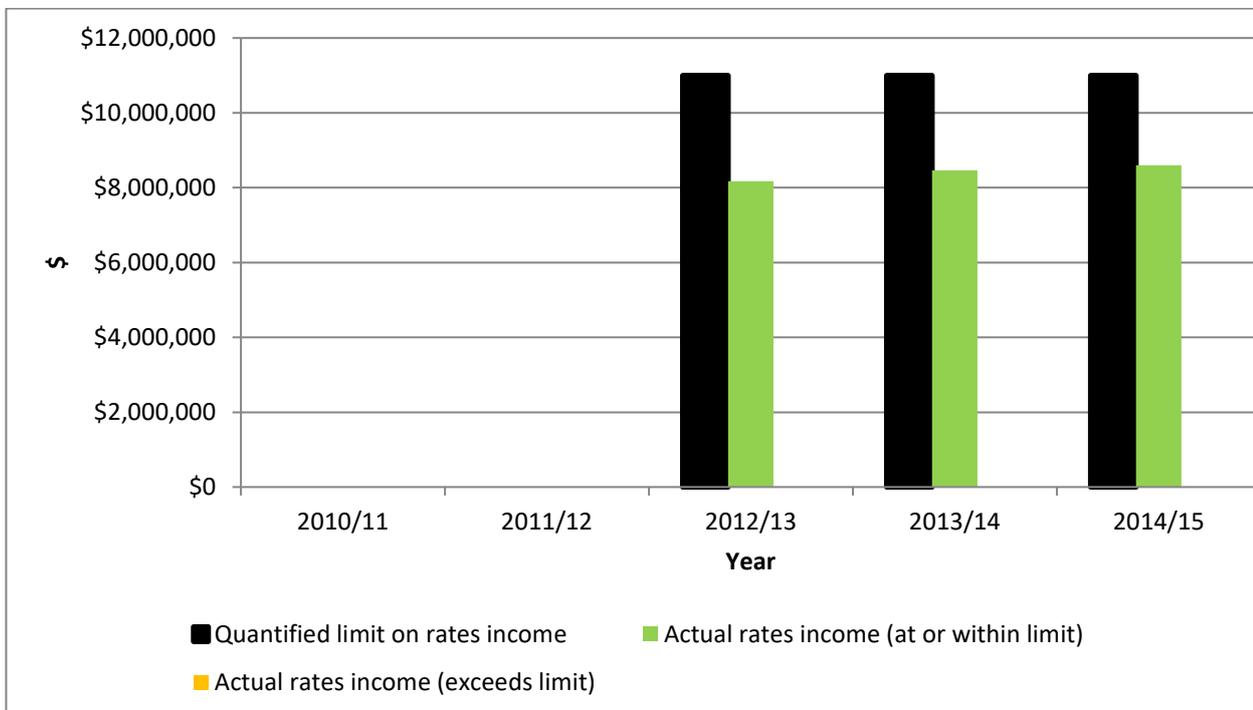
## RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

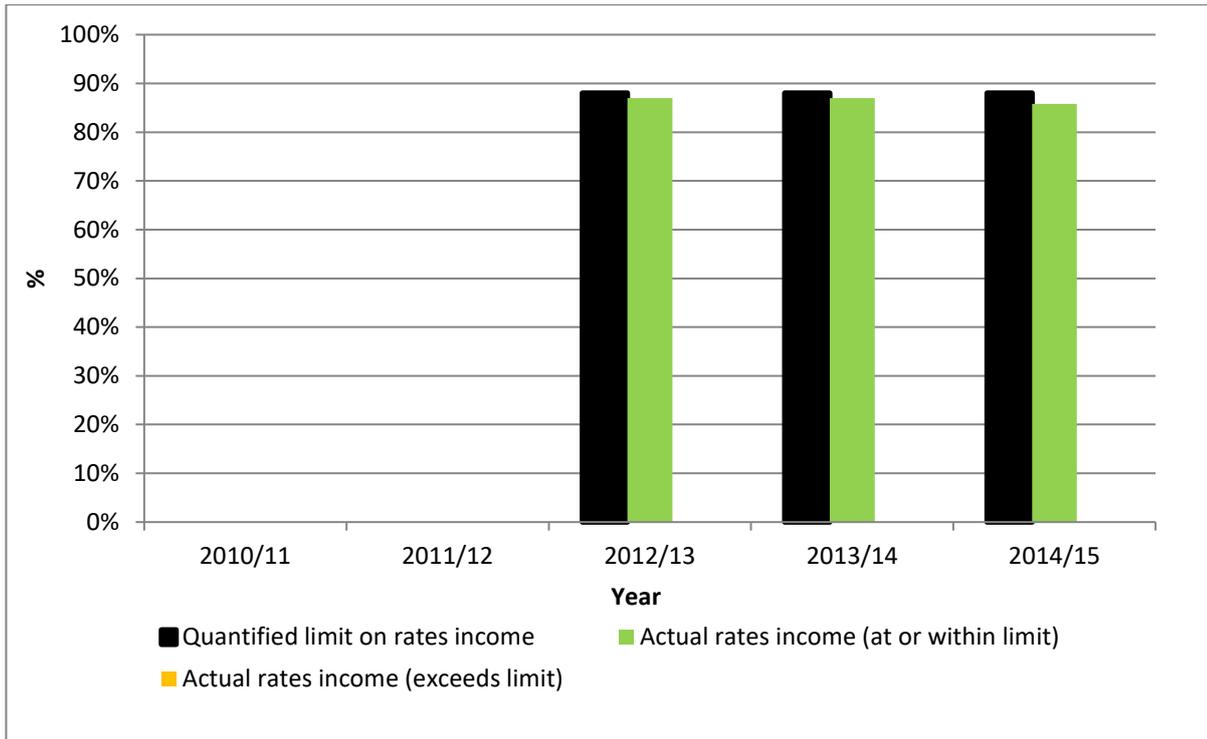
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

### *Rates (income) affordability*

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is \$11,000,000.

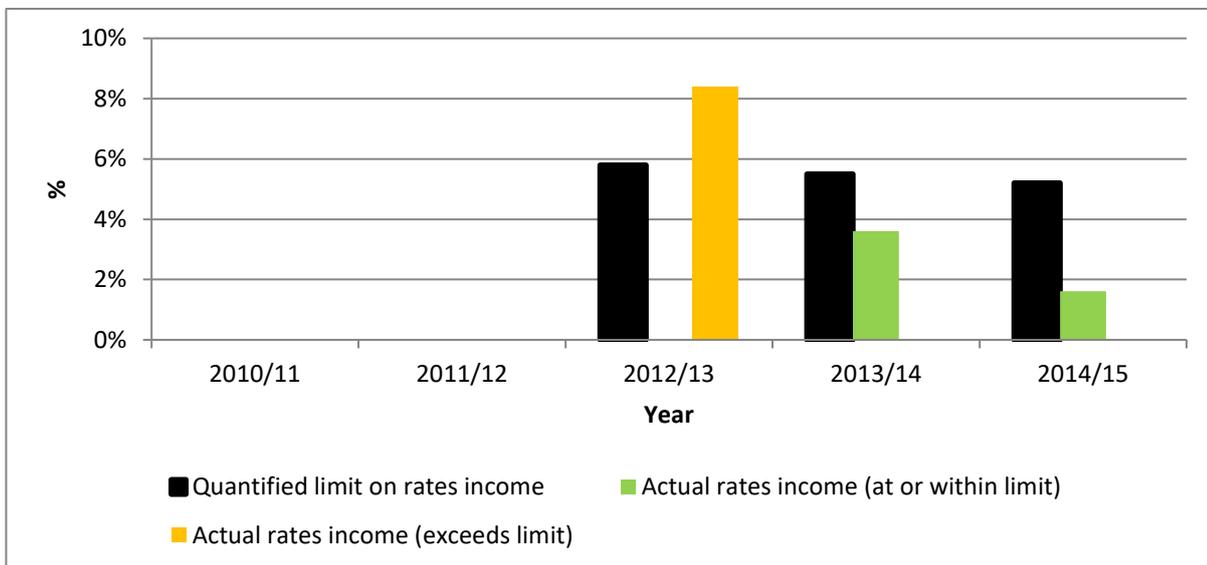


The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



**Rates (increases) affordability**

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



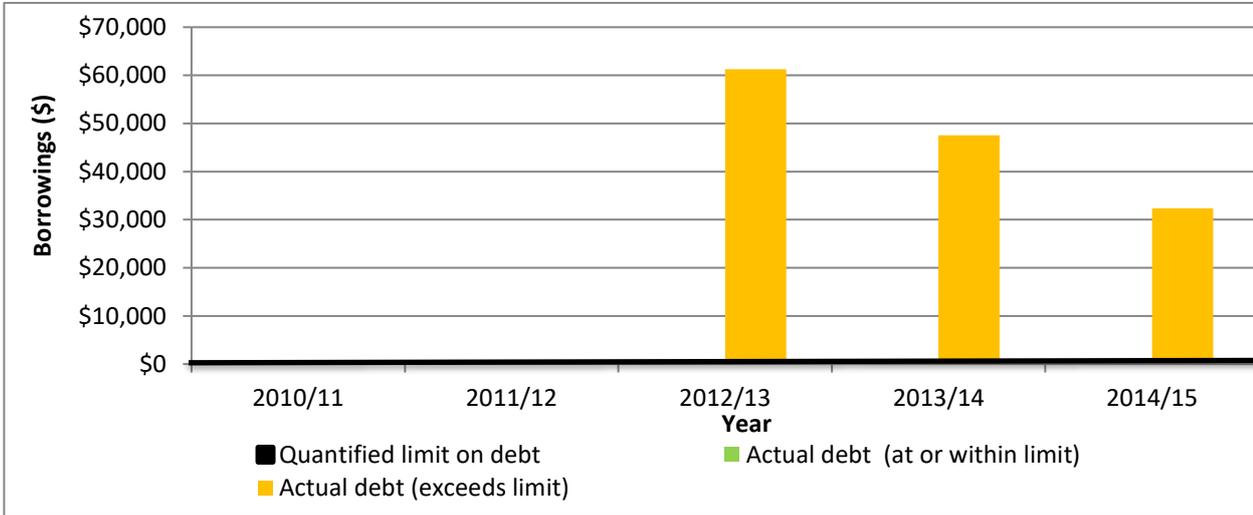
**Comment:**

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

**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.

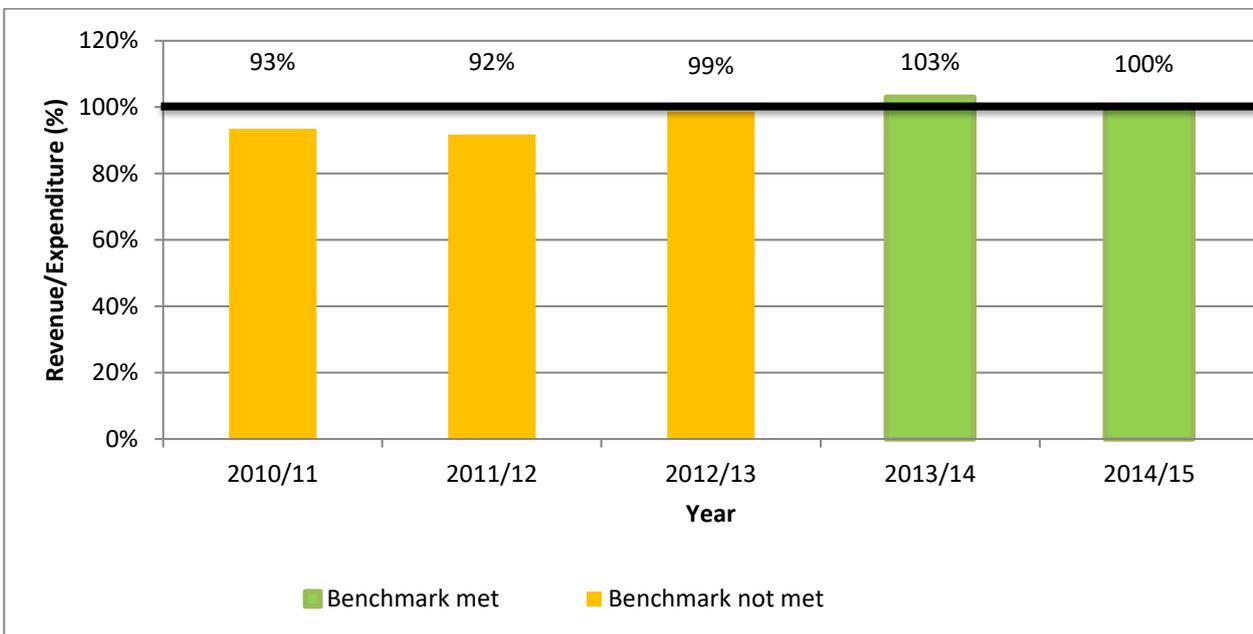


**Comment:**

Council anticipated that it would not have any debt as it had sufficient funds to meet all anticipated expenditure. However, KDC entered into finance lease agreements for the acquisition of its telephones and copier/printers. Because finance leases are included as debt, the quantified limit for debt was exceeded.

**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:**

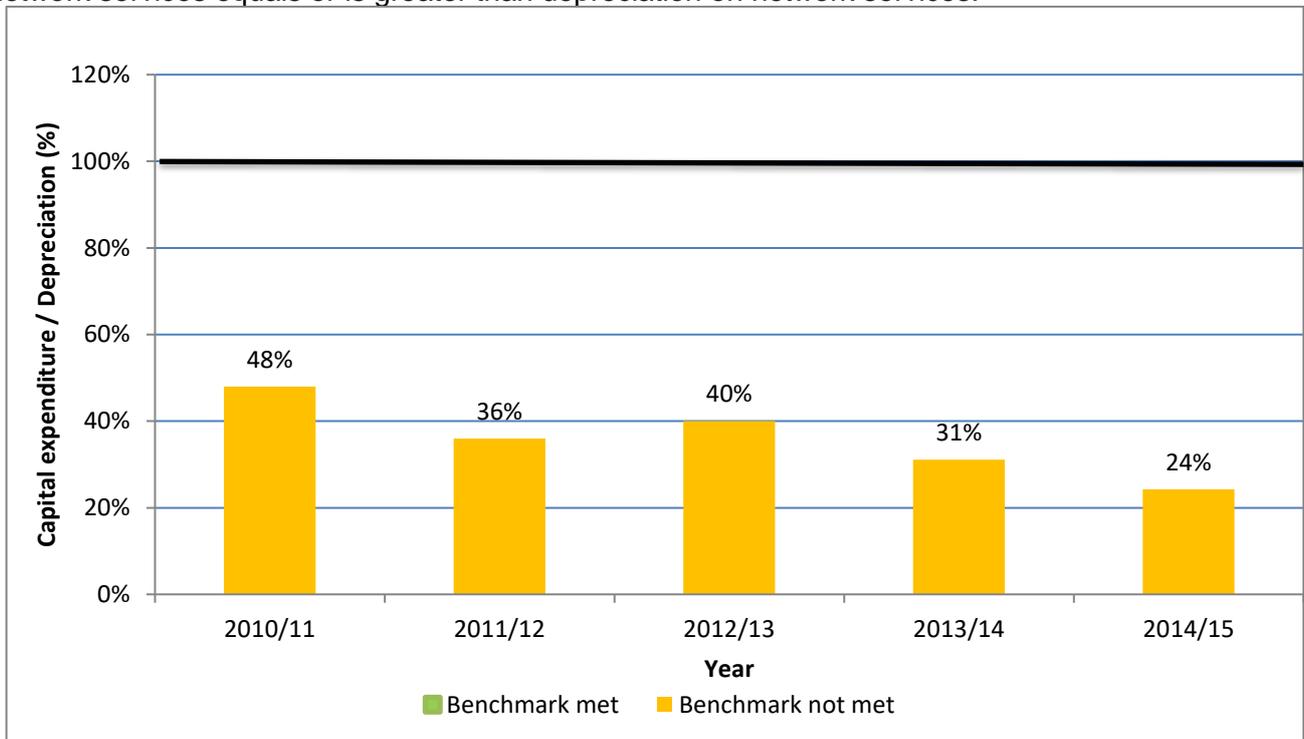
Council does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rate of 63%. The benefit of not funding the portion of depreciation where Council expects NZTA subsidies on asset renewals is that ratepayers are not funding depreciation that it believes is unlikely to be required in the future.

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

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

**ESSENTIAL SERVICES BENCHMARK**

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



**Comment:**

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

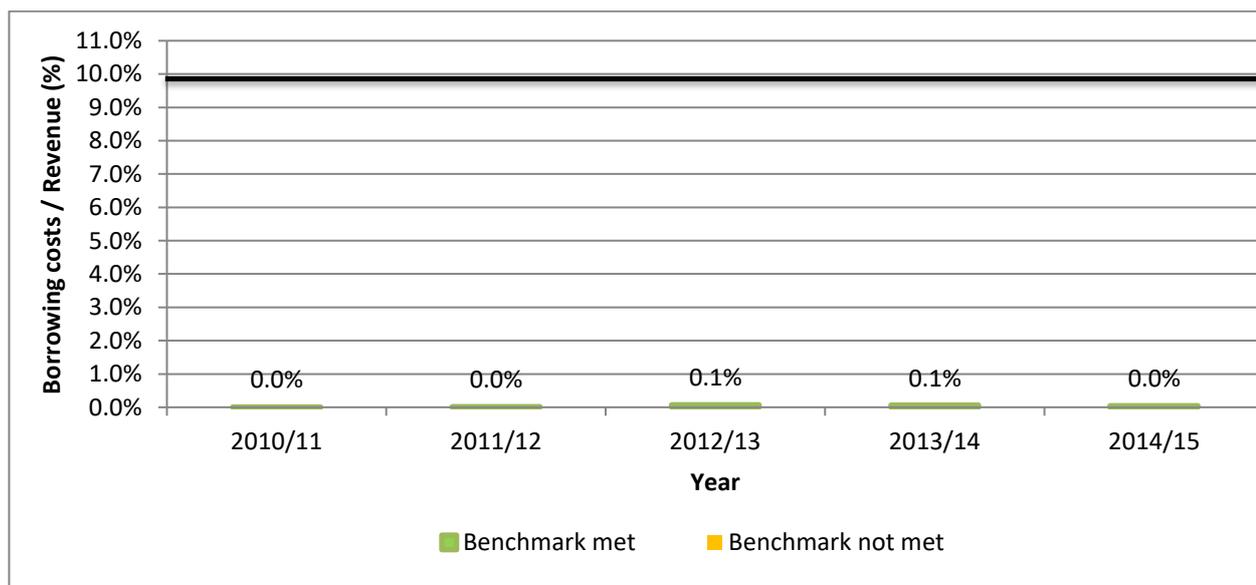
The following table broadly illustrates the age of Councils infrastructure.

Zone	Area	Built (Approx.)	Age (Approx)
1	Area bounded by State Highway 34 and River Road up to overflow stream and the swimming pool complex and including Ward Street and northern half of Bell, Massey Street area.	1955-58	58 years
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	49 years
3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	42 years
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	37 years
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	30 years
6	Geothermal area (Rec. Centre, Pool, Bowling Club, TAB carpark).	1960	55 years

### DEBT SERVICING BENCHMARK

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

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

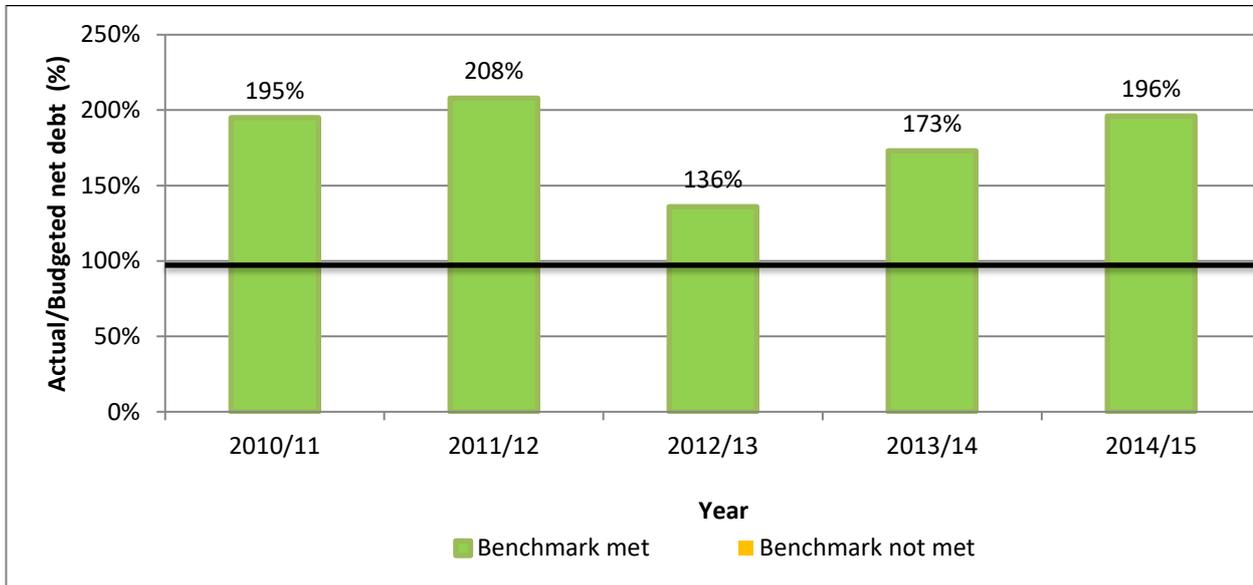


### Comment:

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

## DEBT CONTROL BENCHMARK

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council planned to be in a net asset position, not a net debt position and the planned net asset position was exceeded each year, therefore this benchmark was met.



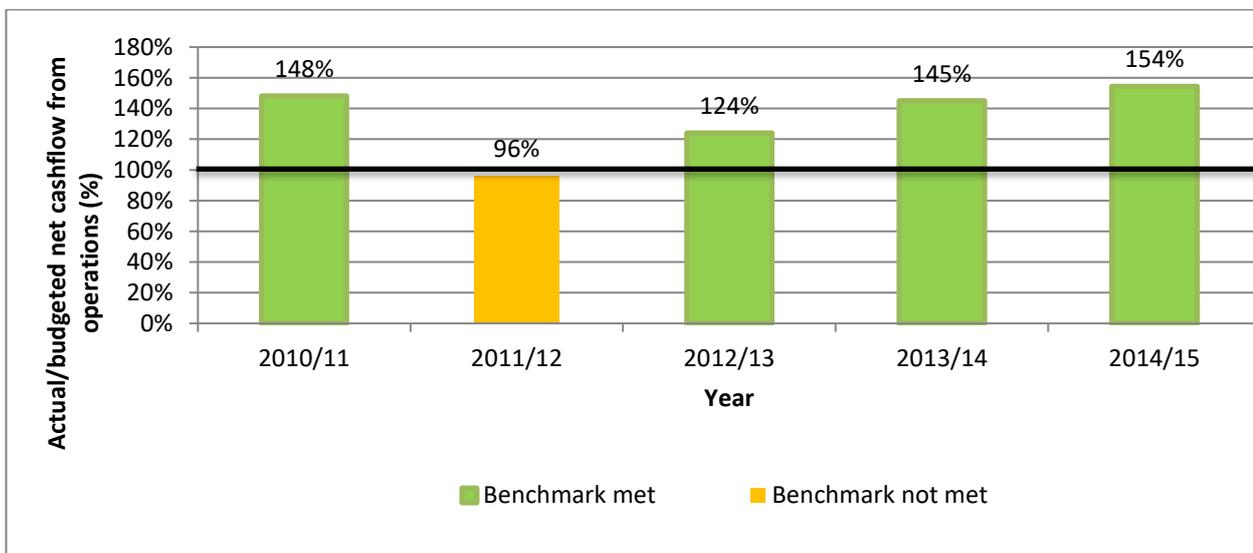
### Comment:

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

## OPERATIONS CONTROL BENCHMARK

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

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# Groups of Activities

## STATEMENTS OF SERVICE PERFORMANCE & FUNDING IMPACT STATEMENTS

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

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

Council had 91 performance targets for all groups for the year and managed to achieve 82 (90%) of them, which was a very good result.

This section of the Annual Report details:

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

### QUALITY

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

Specifically:

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

## SUMMARY OF PERFORMANCE FOR YEAR

During the 2014/15 year, Council achieved 90% of its non-financial performance targets.

Activity	2014/2015 No. of Targets	2014/15 End of Year Result		2013/14 Achievement Rate
Democracy	4	4	100%	100%
Economic & Community Development	9	8	89%	100%
Environmental Services	32	30	94%	91%
Roading	5	5	100%	100%
Stormwater	3	3	100%	67%
Water Supply	11	9	82%	82%
Wastewater	4	4	100%	75%
Solid Waste Management	3	3	100%	100%
Leisure and Recreation	20	16	80%	90%
<b>TOTAL</b>	<b>91</b>	<b>82</b>	<b>90%</b>	<b>90%</b>

NB The achievement rate also includes those measures that were “not applicable” which was where no applications or requests were made.

There were 9 targets that were not achieved.

The youth council had a target of meeting 9 times during the year however, it only met 8 times. The committee did meet 9 times during the calendar year for 2014 and will for 2015.

Council’s measure for noise complaints is to respond within 30 minutes to all complaints. During the year Council received 861 complaints however 24 complaints were attended after 30 minutes the initial complaint had been received (97% success rate).

Council’s measure for dog control complaints is to respond, investigate and record the complaint and advise the complainant of progress or the outcome within 24 hours. During the year Council received 995 complaints and met this standard for 975 (98%) of these complaints. On 3 occasions rangers did not attend and on 17 occasions a ranger attended outside maximum response time of 30 minutes (although within 1 hour).

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

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

Also during the year Council had four incidents of positive results for E-Coli which meant that Council did not comply with the drinking water standards.

Council missed its target for the Library of an average of 9 items issued per capita. During the year, 50,909 items were issued which equates to 8.0 items per capita based on the 2013 Census population of 6,363.

The recreation centre was closed for 22 weeks during the year because of the high level of geothermal gases in the building, however during this period other halls were available.

Council mowed the sports fields 28 times during the year compared to a target of 48 times. This is in line with previous years during which the measure has been misinterpreted. The measure was amended for the 2015-2025 Long-Term Plan.

Finally, the swimming pool achieved 94.2% compliance for its water quality checks while target was at least 95%.

# DEMOCRACY

## ACTIVITIES IN THE GROUP

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

### **The Council**

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

### **Regulatory and Services Committee**

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

### **Kawerau Youth Council**

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

### **Community Engagement**

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

### **Local Elections**

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

## NATURE AND SCOPE

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

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

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

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

## **THE YEAR IN SUMMARY**

Highlights for the Democracy group of activities in 2014/15 were:

- Preparation and adoption of the 2015 – 2025 Long Term Plan.
- The adoption of the 2013/14 Annual Report.

In 2014/15, Council used the special consultative procedure and/or Community consultation process when adopting the following:

- 2015 - 2025 Long Term Plan
- Proposed closure of alleyways

# DEMOCRACY

## PERFORMANCE

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

<b>Levels of Service</b>	<b>Measures</b>	<b>Target 2014/15</b>	<b>Results 2013/14</b>	<b>Results 2014/15</b>	<b>Comment</b>
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 were held during 2014/15.
Council informs the community about key issues and activities.	Public notification of meetings	100% publicly notified	Achieved	Achieved	All meetings were publicly notified.
	Number of newsletters	At least 11 publications for year	Achieved	Achieved	11 newsletters were published during the year.
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.

# KAWERAU DISTRICT COUNCIL DEMOCRACY

## Funding Impact Statement for the year ended 30 June 2015

2013/14 Budget (LTP)		2014/15 Budget (LTP)	Actual
<b>SOURCES OF OPERATING FUNDS</b>			
564,990	General rates, UAGC and rate penalties	510,350	549,679
0	Targeted rates other than a targeted rate for water supply	0	0
0	Subsidies and grants for operating purposes	0	0
0	Fees, charges and targeted rates for water supply	0	0
2,570	Internal charges and overheads recovered	3,260	2,434
16,410	Local authorities fuel tax, fines, infringements and other receipts	0	0
<b>583,970</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>513,610</b>	<b>552,113</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
350,540	Payment to staff and suppliers	302,270	306,970
1,210	Finance costs	1,370	2,026
208,480	Internal charges and overheads applied	186,990	232,809
0	Other operating funding applications	0	0
<b>560,230</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>490,630</b>	<b>541,805</b>
<b>23,740</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>22,980</b>	<b>10,308</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
<b>0</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
0	- to replace existing assets	0	0
23,740	Increase/(decrease) in reserves	22,980	10,308
0	Increase/(decrease) of investments	0	0
<b>23,740</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>22,980</b>	<b>10,308</b>
<b>(23,740)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(22,980)</b>	<b>(10,308)</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</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:

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

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

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

## **THE YEAR IN SUMMARY**

Major highlights for the Economic and Community Development group of activities in 2014/15 were:

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

Other achievements included:

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

# ECONOMIC AND COMMUNITY DEVELOPMENT

## PERFORMANCE

Levels of Service	Measures	Target 2014/15	Results 2013/14	Results 2014/15	Comment
Council economic development activity contributes to Kawerau having a diverse and sustainable industry base.	Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at monthly meetings	Achieved	Achieved	
	Council is actively involved in the Industrial Symbiosis project	Representation on steering group	Achieved	Achieved	
Council contributes to the continuation of successful events	Council employs an events co-ordinator	Events co-ordinator employed	Achieved	Achieved	
Council distributes funding for community projects and initiatives	Facilitation of applications for community grants and distribution of designated funds	Grants allocated in accordance with fund criteria and within budget of \$17,630	Achieved	Achieved	Grants totalling \$17,495 allocated in accordance with fund criteria
	Facilitation of creative communities scheme in accordance with fund criteria	2 funding rounds held	Achieved	Achieved	Funding rounds were held in November 2014, March 2015 and May 2015
Council provides a local information centre	Number of days open each year	Information centre open at least 360 days	Achieved	Achieved	Open every day except Christmas day.
Council supports young people to develop skills and attitudes needed to take a positive part in society	Youth council in place	Annual appointments made	Achieved	Achieved	Youth council was sworn in on 20 March 2015
	Youth council activity	At least 9 meetings held	Achieved	Not achieved	There were only 8 meetings of the youth council held
	Annual selection and presentation of young achievers awards	Awards presented	Achieved	Achieved	Award ceremony held 5 November 2014

**KAWERAU DISTRICT COUNCIL**  
**ECONOMIC AND COMMUNITY DEVELOPMENT**  
**Funding Impact Statement**  
**for the year ended 30 June 2015**

2013/14 Budget (LTP)		2014/15 Budget (LTP)	Actual
<b>SOURCES OF OPERATING FUNDS</b>			
563,340	General rates, UAGC and rate penalties	589,270	628,795
0	Targeted rates other than a targeted rate for water supply	0	0
0	Subsidies and grants for operating purposes	0	0
17,390	Fees, charges and targeted rates for water supply	17,780	292,604
590	Internal charges and overheads recovered	580	483
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
<b>581,320</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>607,630</b>	<b>921,882</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
428,140	Payment to staff and suppliers	440,370	709,988
1,250	Finance costs	1,090	4,451
140,670	Internal charges and overheads applied	154,550	223,434
0	Other operating funding applications	0	0
<b>570,060</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>596,010</b>	<b>937,873</b>
<b>11,260</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>11,620</b>	<b>(15,991)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
(280)	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
<b>(280)</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
0	- to meet additional demand	0	167,052
0	- to improve level of service	0	0
0	- to replace existing assets	0	30,492
10,980	Increase/(decrease) in reserves	11,620	(213,535)
0	Increase/(decrease) of investments	0	0
<b>10,980</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>11,620</b>	<b>(15,991)</b>
<b>(11,260)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(11,620)</b>	<b>15,991</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

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

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

<u>2013/14</u>	<b>CAPITAL RENEWALS</b>	<b><u>Budget</u></b> <b><u>(LTP)</u></b>	<b><u>2014/15</u></b>
0	Renewals	0	30,492
0	Land (Additional demand)	0	72,520
0	Building (Additional demand)	0	94,532
<b>0</b>		<b>0</b>	<b>197,544</b>
<b>FUNDED BY:</b>			
<b>0</b>	<b>Depreciation Reserve Funding</b>	<b>0</b>	<b>197,544</b>

During the year Council acquired the former central school land and also the rugby clubrooms on Firmin Field as there was a demand from the community to look after the land and also provide accommodation for groups using the river and reserve.

The renewal expenditure was for upgrading the Bert Hamilton Hall

# ENVIRONMENTAL SERVICES

## ACTIVITIES IN THE GROUP

The activities in the Environmental Services group are:

### **Resource Management Planning**

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

### **Resource Consents**

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

### **Building Control**

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

### **Environmental Health Services**

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

### **Dog Registration and Control**

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

### **Civil Defence**

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

## NATURE AND SCOPE

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

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

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

## **THE YEAR IN SUMMARY**

Major highlights for the Environmental Services group of activities in 2014/15 were:

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

Other achievements included:

- Inspecting or auditing all registered food premises in the District for compliance with food handling requirements
- Carrying out, on average, more than one patrol each day to identify illegally dumped litter, abandoned vehicles, fire hazards and health nuisances
- All dogs in listed in Council's register being registered by the target date of 30 April 2015
- Impounding 409 dogs during the year for various statutory breaches
- Establishing the Eastern Bay Provisional Local Alcohol Policy.
- Responding to and investigating 591 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 2014/15	Result 2013/14	Result 2014/15	Comments
Resource consents processes comply with statutory requirements.	Resource consents processed within timeframes set in the Resource Management Act 1991	100% within timeframes	Achieved	Achieved	5/5 (100%)

### Building Control

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	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	Assessment undertaken 19 & 20 August 2014 which resulted in 1 corrective action. This was cleared in December 2014
Service users consider Council's building control activity to be effective	Satisfaction of service users – Building Inspection Processes	90% satisfaction	Achieved	Achieved	User satisfaction was 100%
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Achieved	Achieved	User satisfaction was 96%
Building control functions are delivered within the statutory timeframes	Time taken to process building consent applications	100% within 20 working days	Achieved	Achieved	73/73 (100%)
	Time taken to process multi-proof building consent applications	100% within 10 working days	Not Applicable	Not Applicable	There were no applications
	Time taken to issue PIMs	100% within 20 working days	Not Applicable	Not applicable	There were no PIMs issued
	Time taken to process Code Compliance certificate applications	100% within 20 working days	Achieved	Achieved	61/61 (100%)
	Time taken to notify Code Compliance certificates	100% within 5 working days	Achieved	Achieved	5/5 (100%)

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comments
Buildings comply with Building Warrant of Fitness (WOF) requirements	Building WOF renewals checked	100% of renewals checked	Achieved	Achieved	69/69 (100%)
	Buildings audited for Building WOF requirements	35% audited	Achieved	Achieved	25/69 (36%)
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey conducted	Achieved	Achieved	Survey completed Oct 2014 and all follow up actions completed.
	Inspection of fencing – newly notified/identified swimming pools	100% of new notified pools inspected	Not applicable	Achieved	5/5 (100%)
	Inspection of fencing – existing registered swimming pools	35% of existing registered pools inspected	Achieved	Achieved	26/61 (43%)

### Environmental Health

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comments
The community considers Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	Achieved	Achieved	User satisfaction was 100%
Registered food premises comply with statutory requirements	Inspection of food premises operating under the Food Hygiene Regulations 1974 – non mobile	100% twice-yearly	Achieved	Achieved	All food premises were inspected at least twice during the year
	Inspection of food premises operating under the Food Hygiene Regulations 1974 – mobile	100% annually	Achieved	Achieved	5/5 (100%)

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comments
	Audit of food premises operating under voluntary implementation programme Food Control Plans the	100% annually	Achieved	Achieved	13/13 inspected (100%)
	Inspection of registered premises compliance with relevant standards	100% annually	Achieved	Achieved	4/4 inspected (100%)
Council responds to service requests for environmental health conditions	Response to nuisance conditions and health risks	100% within 1 working day	Achieved	Achieved	35/35 (100%)
	Response to noise complaints	80% within 20 minutes and 100% within 30 minutes	Not achieved.	Not achieved	803/861 (93.3%) Responded within 20 mins  837/861 (97.2%) Responded within 30 mins
	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	532 weekday patrols were undertaken
	Removal of notified litter and abandoned cars	100% within 2 days of notification / identification	Achieved	Achieved	17/17 (100%)

## Dog Control and Registration

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comments
The level of dog registration is maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	Achieved	Achieved	553 weekday and 376 after hours patrols were carried out
	District survey to detect unregistered dogs	All residential properties surveyed	Achieved	Achieved	Survey carried out in Oct 2014 and all follow up actions completed.
	Number of dogs on Council's register of known dogs that are unregistered	No unregistered dogs (on register) at 30 April	Achieved	Achieved	1320/1320 (100%) registered at 30 April
Service requests about public nuisance and intimidation by uncontrolled dogs are actioned	Adherence to complaint response process to respond, investigate and record the complaint and advise the complainant of progress or outcome within 24 hours	100% adherence to process	Not achieved	Not achieved	955/975 (98%)

## Civil Defence

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comments
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Civil defence audits	Conducted 4 monthly	Achieved	Achieved	3 audits conducted
	Support for the Eastern BOP Civil Defence Emergency Management operating structure	Agreed funding is made	Achieved	Achieved	
Council has made preparations to enable it to function to the fullest possible extent during and after an emergency	Participation in BOP CDEM Group Co-ordinating executive group and joint committee	100% participation	Achieved	Achieved	Mayor – Joint Committee appointee. Manager Regulatory Services – Coordinating Executive Committee
	Participation in BOP CDEM group exercises	100% participation	Achieved	Achieved	

# KAWERAU DISTRICT COUNCIL ENVIRONMENTAL SERVICES

## Funding Impact Statement for the year ended 30 June 2015

2013/14 Budget (LTP)		2014/15 Budget (LTP) Actual	
	<b>SOURCES OF OPERATING FUNDS</b>		
730,450	General rates, UAGC and rate penalties	724,540	689,629
0	Targeted rates other than a targeted rate for water supply	0	0
0	Subsidies and grants for operating purposes	0	0
181,450	Fees, charges and targeted rates for water supply	189,450	224,155
29,380	Internal charges and overheads recovered	30,310	30,751
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
<b>941,280</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>944,300</b>	<b>944,535</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
598,500	Payment to staff and suppliers	591,960	673,305
1,810	Finance costs	1,820	2,814
316,290	Internal charges and overheads applied	325,790	316,667
0	Other operating funding applications	0	0
<b>916,600</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>919,570</b>	<b>992,786</b>
<b>24,680</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>24,730</b>	<b>(48,251)</b>
	<b>SOURCES OF CAPITAL FUNDING</b>		
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
<b>0</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
2,200	- to replace existing assets	4,530	0
22,480	Increase/(decrease) in reserves	20,200	(48,251)
0	Increase/(decrease) of investments	0	0
<b>24,680</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>24,730</b>	<b>(48,251)</b>
<b>(24,680)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(24,730)</b>	<b>48,251</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

Payment to suppliers exceeded the budget for building inspections and water sampling.

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

# ROADING

## ACTIVITIES IN THE GROUP

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

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

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

## STRATEGY

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

## NATURE AND SCOPE

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

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

## GOALS

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

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

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

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

## **THE YEAR IN SUMMARY**

Achievements for the Roothing group of activities in 2014/15 were:

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

# ROADING

## PERFORMANCE

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comments
Council provides a network of roads which facilitates the safe movement of people and vehicles around the district	Repair time for identified/notified potholes	90% within 14 days and 100% within 28 days	Achieved	Achieved	4/4 within 12 days
	Number of vehicle accidents where road conditions was a contributing factor	No accidents for year attributed to road conditions	Achieved	Achieved	
	Road roughness rating (0 = flat, 400 = dangerous)	Average rating for district roads is less than 90	Achieved	Achieved	The average result was 70
Council provides an adequate network of footpaths for pedestrian use	Response and repair time for CBD footpaths that are classified as dangerous	100% of dangerous CBD footpaths are isolated within 1 day and repaired within 5 working days.	Achieved	Achieved	There were 3 dangerous footpaths which were isolated and repaired within the required timeframe
	Response and repair time for other footpaths that are classified as dangerous	100% of other dangerous footpaths are isolated within 1 day and repaired within 1 month.	Achieved	Achieved	There were 9 dangerous footpaths which were isolated and repaired within the required timeframe

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

# KAWERAU DISTRICT COUNCIL ROADING

## Funding Impact Statement for the year ended 30 June 2015

2013/14 Budget (LTP)		2014/15	
		Budget (LTP)	Actual
<b>SOURCES OF OPERATING FUNDS</b>			
1,070,650	General rates, UAGC and rate penalties	1,114,270	980,879
0	Targeted rates other than a targeted rate for water supply	0	0
137,590	Subsidies and grants for operating purposes	138,060	144,015
0	Fees, charges and targeted rates for water supply	0	24,934
63,630	Internal charges and overheads recovered	68,920	74,239
73,940	Local authorities fuel tax, fines, infringements and other receipts	76,530	60,941
<b>1,345,810</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,397,780</b>	<b>1,285,008</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
485,620	Payment to staff and suppliers	498,900	382,607
0	Finance costs	0	710
509,380	Internal charges and overheads applied	547,010	320,346
0	Other operating funding applications	0	0
<b>995,000</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,045,910</b>	<b>703,663</b>
<b>350,810</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>351,870</b>	<b>581,345</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
214,180	Subsidies and grants for capital expenditure	229,390	157,216
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
<b>214,180</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>229,390</b>	<b>157,216</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
419,250	- to replace existing assets	456,950	379,643
145,740	Increase/(decrease) in reserves	124,310	358,918
0	Increase/(decrease) of investments	0	0
<b>564,990</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>581,260</b>	<b>738,561</b>
<b>(350,810)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(351,870)</b>	<b>(581,345)</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

There were less internal charges because of the reduced direct expenditure and overheads are allocated on the basis of direct costs. There was less subsidies for capital expenditure when compared to budget because the renewal of reseals budget was overstated in error.

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

<u>2013/14</u>	<b>CAPITAL RENEWALS</b>	<u>Budget(LTP)</u>	<u>2014/15</u>
64,018	Streetlights renewals	86,200	60,874
112,194	Kerbs & Footpaths renewals	86,900	104,786
82,535	Reseals	176,200	94,532
<u>125,006</u>	Other renewals	<u>107,650</u>	<u>119,451</u>
<b><u>383,753</u></b>	<b>Total Infrastructural</b>	<b><u>456,950</u></b>	<b><u>379,643</u></b>
<b>FUNDED BY:</b>			
230,727	Depreciation Reserve Funding	227,560	222,427
<u>153,026</u>	Subsidies and grants for capital purposes	<u>229,390</u>	<u>157,216</u>
<b><u>383,753</u></b>		<b><u>456,950</u></b>	<b><u>379,643</u></b>

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

# STORMWATER

## ACTIVITIES IN THE GROUP

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

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

## STRATEGY

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

## NATURE AND SCOPE

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

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

## GOALS

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

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

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

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

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

## **THE YEAR IN SUMMARY**

There was a replacement manhole installed and there were no incidences of dwellings flooding during the year

# STORMWATER

## PERFORMANCE

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding.	Number of rain events for which service requests about stormwater system problems are received.	No more than 10 service requests relating to stormwater problems	Achieved	Achieved	There were only 4 rain events that resulted in service requests for stormwater
	Time within which urgent stormwater system problems are remediated.	100% remediated by end of next working day.	Achieved	Achieved	There were 10 service requests (4 were remediated on the same day and 6 were done the following day)
	Number of dwellings flooded because of stormwater system problems.	No dwellings flooded because stormwater system problems	Not Achieved	Achieved	There were no dwellings flooded as a result of stormwater problems

# KAWERAU DISTRICT COUNCIL STORMWATER

## Funding Impact Statement for the year ended 30 June 2015

2013/14 Budget (LTP)		2014/15	
		Budget (LTP)	Actual
<b>SOURCES OF OPERATING FUNDS</b>			
76,070	General rates, UAGC and rate penalties	78,300	81,429
0	Targeted rates other than a targeted rate for water supply	0	0
3,350	Subsidies and grants for operating purposes	3,360	4,753
0	Fees, charges and targeted rates for water supply	0	0
3,510	Internal charges and overheads recovered	5,950	7,690
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
<b>82,930</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>87,610</b>	<b>93,872</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
5,160	Payment to staff and suppliers	5,340	7,544
0	Finance costs	0	10
1,310	Internal charges and overheads applied	1,440	2,250
0	Other operating funding applications	0	0
<b>6,470</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>6,780</b>	<b>9,804</b>
<b>76,460</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>80,830</b>	<b>84,068</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
41,470	Subsidies and grants for capital expenditure	40,950	9,917
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
<b>41,470</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>40,950</b>	<b>9,917</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
63,800	- to replace existing assets	65,000	15,742
54,130	Increase/(decrease) in reserves	56,780	78,243
0	Increase/(decrease) of investments	0	0
<b>117,930</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>121,780</b>	<b>93,985</b>
<b>(76,460)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(80,830)</b>	<b>(84,068)</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

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

<u>2013/14</u>	<b>CAPTIAL RENEWALS</b>	<b><u>Budget (LTP)</u></b>	<b><u>2014/15</u></b>
<u>33,600</u>	Pipework renewals	<u>65,000</u>	<u>15,742</u>
<b><u>33,600</u></b>	<b>Total Infrastructural</b>	<b><u>65,000</u></b>	<b><u>15,742</u></b>
<b>FUNDED BY:</b>			
11,760	Depreciation Reserve Funding	24,050	5,825
<u>21,840</u>	Subsidies and grants for capital purposes	<u>40,950</u>	<u>9,917</u>
<b><u>33,600</u></b>		<b><u>65,000</u></b>	<b><u>15,742</u></b>

There were less renewals of the existing pipes than budgeted as they were in better condition than anticipated.

# WATER SUPPLY

## ACTIVITIES IN THE GROUP

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

## NATURE AND SCOPE

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

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

The Water Supply activity also involves:

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

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

## **THE YEAR IN SUMMARY**

Achievements for the Water Supply group of activities in 2014/15 were:

- While the Bb grading of the water supply was not achieved, further progress was made during the year to achieve this grading
- There were very few pipe breakages during the year and therefore renewal of water mains was not undertaken during the year as the condition of the existing pipes was found to be better than anticipated.

# WATER SUPPLY

## PERFORMANCE

Levels of Service	Measures	Target 2014/15	Results 2013/14	Results 2014/15	Comments
Council supplies the community with healthy good tasting water	Water supply health risk grading	Bb	Not achieved	Not achieved	Council is continuing to work on meeting the necessary requirements
	Level of compliance with Ministry of Health DWSNZ - 2005	100% compliance	Not achieved	Not achieved	There were positive results for e-coli in November, December, January and April
	Frequency of bacteriological monitoring	At least 1 per calendar week	Achieved	Achieved	Monitoring was undertaken at least weekly
	Adherence to service request process to respond, investigate and record complaints about water quality and advise complainant of progress or the outcome	100% response rate by the end of the next working day	Achieved	Achieved	7 service requests received that were responded to by the end of the next working day
Water is sourced with minimal environmental effects	Level compliance with BOP Regional Council water supply resource consents as reported in annual "consents and compliance field sheets"	High level of compliance	Achieved	Achieved	Requirements of the existing consent were met
The water supply is of adequate pressure and flow	Water pressure samples	All samples above 40 psi	Achieved	Achieved	

Levels of Service	Measures	Target 2014/15	Results 2013/14	Results 2014/15	Comments
	Adherence to service requests to respond, investigate and record complaints about water pressure and advise complainant of progress or outcome	95% by the end of the next working day, and 100% within 5 working days	Achieved.	Achieved	7 reports of low pressure which were tested on the same day and found to be OK
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Achieved	Achieved	There were no unplanned shutdowns
	Number of unplanned shutdowns - pump stations	None	Achieved	Achieved	There were no unplanned shutdowns of pump stations
	Number of water main breaks	No more than 12	Achieved	Achieved	There were no water main breaks
	Adherence to service request process to respond, investigate and record complaints about water supply and advise complainant of progress or outcome	95% within 2 hours, and 100% within 8 hours	Achieved	Achieved	There were 82 service requests which were all responded to within 2 hours

# KAWERAU DISTRICT COUNCIL WATER SUPPLY

Funding Impact Statement  
for the year ended 30 June 2015

2013/14 Budget (LTP)		2014/15	
		Budget (LTP)	Actual
<b>SOURCES OF OPERATING FUNDS</b>			
866,730	General rates, UAGC and rate penalties	905,650	802,423
138,580	Targeted rates other than a targeted rate for water supply	145,810	162,710
0	Subsidies and grants for operating purposes	0	0
51,340	Fees, charges and targeted rates for water supply	53,700	38,599
76,120	Internal charges and overheads recovered	62,020	122,218
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
<b>1,132,770</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,167,180</b>	<b>1,125,950</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
365,380	Payment to staff and suppliers	380,580	306,920
0	Finance costs	0	390
339,880	Internal charges and overheads applied	358,700	251,567
0	Other operating funding applications	0	0
<b>705,260</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>739,280</b>	<b>558,877</b>
<b>427,510</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>427,900</b>	<b>567,073</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
<b>0</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
837,980	- to replace existing assets	666,730	27,068
(410,470)	Increase/(decrease) in reserves	(238,830)	540,005
0	Increase/(decrease) of investments	0	0
<b>427,510</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>427,900</b>	<b>567,073</b>
<b>(427,510)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(427,900)</b>	<b>(567,073)</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

Electricity and insurance costs were less than budget (\$60k) for the year 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>2013/14</u>	<b>CAPITAL RENEWALS</b>	<u>Budget (LTP)</u>	<u>2014/15</u>
0	UV Tube Replacement	19,260	9,960
87,497	Pipework renewals	625,570	0
5,040	Toby renewals	7,460	7,629
13,537	Other renewals	14,440	9,479
<u>106,074</u>	<b>Total Infrastructural</b>	<u>666,730</u>	<u>27,068</u>
<b>FUNDED BY:</b>			
<u>106,074</u>	<b>Depreciation Reserve Funding</b>	<u>666,730</u>	<u>27,068</u>

The pipes that were planned for replacement were found to be in better condition than anticipated so no renewals of existing pipework was undertaken.

# WASTEWATER

## ACTIVITIES IN THE GROUP

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

The wastewater activities are:

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

## NATURE AND SCOPE

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

## IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

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

## THE YEAR IN SUMMARY

Achievements in the Wastewater group of activities in 2014/15 were:

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

# WASTEWATER

## PERFORMANCE

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comment
Council provides a reliable domestic wastewater collection and disposal service	Continuity of wastewater collection.	Service runs every day	Achieved	Achieved	
	Number of disruptions to wastewater services	No more than 50 per annum	Achieved	Achieved	There were 39 disruptions to the service for the year
The wastewater treatment plant operates effectively	Level of compliance with BOP Regional Council wastewater treatment plant resource consent as reported in the annual consents and compliance field sheet	High level of compliance	Achieved	Achieved	Complies. Inspection undertaken by BOP Regional however they no longer report on the level of compliance
Council acts promptly to ensure public health and safety are not compromised by problems in the wastewater system	Response time to service requests about wastewater collection	Within one hour for 95% of notifications	Not achieved	Achieved	39/39 (100%)

# KAWERAU DISTRICT COUNCIL WASTEWATER

## Funding Impact Statement for the year ended 30 June 2015

2013/14 Budget (LTP)		2014/15 Budget (LTP)	Actual
	<b>SOURCES OF OPERATING FUNDS</b>		
826,670	General rates, UAGC and rate penalties	833,750	803,627
454,250	Targeted rates other than a targeted rate for water supply	484,260	489,091
0	Subsidies and grants for operating purposes	0	0
1,000	Fees, charges and targeted rates for water supply	1,000	71,576
102,690	Internal charges and overheads recovered	114,910	115,377
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
<b>1,384,610</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,433,920</b>	<b>1,479,671</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
568,650	Payment to staff and suppliers	594,190	484,913
1,280	Finance costs	0	560
425,320	Internal charges and overheads applied	449,800	395,689
0	Other operating funding applications	0	0
<b>995,250</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,043,990</b>	<b>881,162</b>
<b>389,360</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>389,930</b>	<b>598,509</b>
	<b>SOURCES OF CAPITAL FUNDING</b>		
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
<b>0</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure:		
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
69,700	- to replace existing assets	85,500	45,651
319,660	Increase/(decrease) in reserves	304,430	552,858
0	Increase/(decrease) of investments	0	0
<b>389,360</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>389,930</b>	<b>598,509</b>
<b>(389,360)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(389,930)</b>	<b>(598,509)</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

Other Revenue exceeded the budget (\$69k) because septic tank wastewater was disposed of at the treatment plant and the contractor was charged for this service. Also there was savings for insurance, chemicals and electricity (\$101k).

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

<u>2013/14</u>	<b>CAPITAL RENEWALS</b>	<u>Budget (LTP)</u>	<u>2014/15</u>
0	Wastewater Pipework	69,850	8,676
<u>32,138</u>	Other renewals	<u>15,650</u>	<u>36,975</u>
<b><u>32,138</u></b>	<b>Total Infrastructural</b>	<b><u>85,500</u></b>	<b><u>45,651</u></b>
<b>FUNDED BY:</b>			
<u>32,138</u>	<b>Depreciation Reserve Funding</b>	<u>85,500</u>	<u>45,651</u>

Generally the pipework was in good condition and therefore did not require renewing. A variable speed drive required replacing during the year (\$17.3k) that had not been budgeted for.

# SOLID WASTE

## ACTIVITIES IN THE GROUP

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

The solid waste activities are:

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

## NATURE AND SCOPE

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

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

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

## CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

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

The potential negative effects for this group of activities are:

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

## THE YEAR IN SUMMARY

Achievements in the Solid Waste group of activities in 2014/15 were:

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

# SOLID WASTE

## PERFORMANCE

### Refuse Collection and Disposal

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comment
Council's refuse collection and disposal services meet the needs of the Kawerau community and help maintain public health and a clean environment.	Frequency of residual refuse collection from residential properties.	52 weekly collections	Achieved	Achieved	
	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual consents and compliance field sheets	High level of compliance	Achieved	Achieved	Complies. Inspection undertaken by BOP Regional however they no longer report on the level of compliance

### Recycling (Zero Waste)

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comment
Material which would otherwise go to the landfill as household refuse is collected by the recycling collection service.	Percentage of solid waste received by Council which is sent to the landfill	No more than 72% of solid waste received goes to landfill	Achieved	Achieved	66% of material received was sent to the landfill

# KAWERAU DISTRICT COUNCIL SOLID WASTE

## Funding Impact Statement for the year ended 30 June 2015

2013/14 Budget (LTP)		2014/15	
		Budget (LTP)	Actual
<b>SOURCES OF OPERATING FUNDS</b>			
635,020	General rates, UAGC and rate penalties	681,350	719,581
404,890	Targeted rates other than a targeted rate for water supply	423,740	372,262
0	Subsidies and grants for operating purposes	0	0
264,660	Fees, charges and targeted rates for water supply	273,130	227,898
18,460	Internal charges and overheads recovered	19,570	2,746
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
<b>1,323,030</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,397,790</b>	<b>1,322,487</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
957,960	Payment to staff and suppliers	997,860	865,132
11,930	Finance costs	11,530	12,972
310,330	Internal charges and overheads applied	344,500	397,418
0	Other operating funding applications	0	0
<b>1,280,220</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,353,890</b>	<b>1,275,522</b>
<b>42,810</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>43,900</b>	<b>46,965</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
<b>0</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
0	- to replace existing assets	0	5,760
42,810	Increase/(decrease) in reserves	43,900	41,205
0	Increase/(decrease) of investments	0	0
<b>42,810</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>43,900</b>	<b>46,965</b>
<b>(42,810)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(43,900)</b>	<b>(46,965)</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

There was a reduction in the revenue for transfer station fees as a contractor is no longer depositing solid waste at Council's transfer station.

The capital expenditure was for the replacement of a heat pump at the kiosk and installing a camera for security.

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

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

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

## THE YEAR IN SUMMARY

Major highlights for the Leisure and Recreation group of activities in 2014/15 were:

- Planned renewal of children and adult books at the library
- Commencement of the swimming pool changing rooms  
Council received funding for this project of:
  - Lottery Grants Board \$200,000
  - Transpower Community Care Trust \$25,000
- Completion of replacement fences around the swimming pool
- Removal of moisture from beneath the floor of the recreation centre
- Installing speaker systems in the town hall and concert chambers
- Resealed the walkway and the retaining wall along Stoneham Walk
- Undertook the remaining improvements to the kayak course on Tarawera River
- Upgraded the children's playground on Tarawera Reserve

# LEISURE & RECREATION

## PERFORMANCE

### Public Library

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	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 week of the year
Council provides public library services and resources which suit community needs	Number of school holiday programmes offered	4 school holiday programmes offered	Achieved	Achieved	Holiday programmes were undertaken in: July, October, January and April
	Average number of items issued per capita	9 items (on average) issued per capita.	Not achieved	Not achieved	50,909 items were issued for the year which equates to 8 items per capita

### Museum

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	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	8 exhibitions held for year	Achieved	Achieved	10 exhibitions were held during the year
	Number of historical articles produced	15 historical articles produced for year.	Achieved	Achieved	15 historical articles were produced during the year

### Swimming Pools

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comment
Council provides a swimming pool complex which is accessible to the community	Weeks open per year	Open at least 48 weeks	Achieved	Achieved	The swimming was open for 50 weeks during the year
Swimming pool water meets water quality standards	Water quality checks	At least 336 daily undertaken for year	Achieved	Achieved	There were 351 days of testing
	Level of compliance with standards	Full compliance in 95% of tests	Achieved	Not achieved	94.2% compliance level.

## Public Halls and Facilities

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comment
Three Community halls available for hire: Ron Hardie Recreation Centre, Town Hall and Concert Chambers	Provision of public halls	Halls available 50 weeks per year	Achieved	Not achieved	Recreation Centre was closed for 22 weeks. Other halls were available for at least 50 weeks.
Clean public toilets are provided in the central business district	Council provides town centre public toilets	Toilets open at least 360 days	Achieved	Achieved	Toilets were open every day except Christmas day

## Parks and Reserves

Levels of Service	Measures	Target 2014/15	Result 2013/14	Result 2014/15	Comment
Council provides an adequate number of reserves for community leisure and recreation	Percentage of households situated within 500 metres of a reserve	At least 95% of households situated within 500 metres of a reserve	Achieved	Achieved	100% of households are within 500 metres of a reserve
Playing surfaces at sports fields are maintained to the requirements of the codes for which they are used	Frequency of grass mowing	Mowed at least 48 times	Not Achieved	Not achieved	There were 28 rounds of mowing undertaken and existing level of service was maintained (Target was overstated)
Road reserves are well-maintained and street trees managed to balance private needs with public interest	Frequency of mowing grass berms and other road reserves	Mowed at least 14 times	Achieved	Achieved	There were 33 rounds of mowing
Bedding displays are attractive and updated to suit the season	Number of bedding displays	2 bedding displays (1 summer and 1 winter)	Achieved	Achieved	

**Parks and Reserves - continued**

<b>Levels of Service</b>	<b>Measures</b>	<b>Target 2014/15</b>	<b>Result 2013/14</b>	<b>Result 2014/15</b>	<b>Comment</b>
Playground equipment is safe for children to use	Bi – monthly inspections of all playground equipment	6 inspections conducted	Achieved	Achieved	6 inspection rounds were conducted during the year.
	Remediation of all identified problems	All repairs completed within 2 weeks	Achieved	Achieved	There were 50 actions identified during the year and all were remediated within 2 weeks, with the majority being done within 1 week
	Investigation of safety-related service requests and if necessary isolation of the hazard	100% within 1 working day	Not Applicable	Not applicable	There were no safety related service requests made during the year
The Kawerau Cemetery meets community interment needs in the present and the medium term	Number of complaints about Council cemetery services	No complaints	Achieved	Achieved	
	Number of burial plots available	At least enough available for the next 5 years	Achieved	Achieved	There are currently enough plots available for a further 20 years

**KAWERAU DISTRICT COUNCIL**  
**Leisure and Recreation**  
**Funding Impact Statement**  
**for the year ended 30 June 2015**

2013/14 Budget (LTP)		2014/15 Budget (LTP)	Actual
<b>SOURCES OF OPERATING FUNDS</b>			
2,782,770	General rates, UAGC and rate penalties	2,845,200	2,938,372
0	Targeted rates other than a targeted rate for water supply	0	0
1,050	Subsidies and grants for operating purposes	1,080	892
60,530	Fees, charges and targeted rates for water supply	62,890	118,821
32,550	Internal charges and overheads recovered	37,640	36,937
0	Local authorities fuel tax, fines, infringements and other receipts	0	0
<b>2,876,900</b>	<b>TOTAL OPERATING FUNDING (A)</b>	<b>2,946,810</b>	<b>3,095,022</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
1,646,810	Payment to staff and suppliers	1,692,520	1,616,797
46,860	Finance costs	40,850	41,107
777,830	Internal charges and overheads applied	805,000	860,329
0	Other operating funding applications	0	0
<b>2,471,500</b>	<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>2,538,370</b>	<b>2,518,233</b>
<b>405,400</b>	<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>408,440</b>	<b>576,789</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
0	Subsidies and grants for capital expenditure	0	0
0	Development and Financial contributions	0	0
0	Increase/(decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
<b>0</b>	<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
0	- to meet additional demand	0	0
0	- to improve level of service	0	0
138,960	- to replace existing assets	167,330	494,533
266,440	Increase/(decrease) in reserves	241,110	82,256
0	Increase/(decrease) of investments	0	0
<b>405,400</b>	<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>408,440</b>	<b>576,789</b>
<b>(405,400)</b>	<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(408,440)</b>	<b>(576,789)</b>
<b>0</b>	<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

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

<u>2013/14</u>	<b>CAPTIAL RENEWALS</b>	<b>Budget (LTP)</b>	<b>2014/15</b>
51,022	Library Stock Renewals	53,640	53,937
7,900	Library Building Upgrade	7,360	1,516
2,347	Other Library/Museum	15,240	6,685
16,107	Swimming Pool Upgrades	4,750	109,332
45,998	Recreation Centre Upgrades	15,060	133,966
0	Town Hall Upgrades	13,580	58,345
6,409	Concert Chamber Upgrade	2,260	11,080
3,457	Public Toilets Upgrades	0	0
35,598	Sports-fields Improvements	2,040	0
223,784	Passive Reserves Improvements	33,890	86,772
11,446	Playground Renewals	19,510	26,625
1,500	Cemetery	0	6,275
<b><u>405,568</u></b>	<b>Total Operational</b>	<b><u>167,330</u></b>	<b><u>494,533</u></b>
<b>FUNDED BY:</b>			
<u>405,568</u>	Depreciation Reserve Funding	<u>167,330</u>	<u>494,533</u>
<b><u>405,568</u></b>		<b><u>167,330</u></b>	<b><u>494,533</u></b>

Additional renewals were needed compared to budget (LTP 2014/15) for:

- Swimming pool changing room and fences \$79k
- Other swimming pool renewals \$25k
- Recreation Centre moisture extraction and repair of floor \$118.5k
- Sound systems and electrical work for Town Hall and Concert Chamber \$57.5k
- Additional projects for reserves and cemetery \$59k

# 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 2015		
	Parent 2013/14 \$000's	Parent 2014/15 \$000's
Revenue	1,504	1,691
Expense	(1,502)	(1,689)
Net (Deficit)/Surplus Year	2	2

### Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and had the Statement of Intent for 2014/15 and associated budget formally adopted by the directors at the meeting held in May 2014.

The following is a report of performance against targets set in the Statement of Intent for 2014/15.

Performance Targets for 2014/15		
Targets	Measure	Progress as at 30 June 2015
Investigate new joint procurement initiatives for goods and services for BOPLASS councils.	Minimum of 4 new procurement initiatives investigated. Initiatives provide financial savings and/or improved services levels to participating councils.	Achieved. Joint procurement initiatives undertaken: <ul style="list-style-type: none"> <li>• Print media copyright agency</li> <li>• Travel services management</li> <li>• Air travel</li> <li>• Radio telephony strategy</li> <li>• Aerial Photography</li> <li>• Archiving services</li> <li>• High volume print and mail service</li> <li>• On-line services</li> </ul>
Manage and/or renegotiate existing contracts.	Contracts due for renewals are tested for for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.	Achieved. Contracts renewed for: <ul style="list-style-type: none"> <li>• Media monitoring services</li> <li>• Office supplies</li> <li>• Video conferencing services</li> <li>• GIS software</li> <li>• Postal services</li> <li>• Insurance broker services</li> <li>• Infrastructure insurance</li> </ul>

Targets	Measure	Progress as at 30 June 2015
Provide support to BOPLASS councils that are managing or investigating shared service projects.	0.25 FTE assigned to directly developing councils shared service opportunities.	Achieved. <ul style="list-style-type: none"> <li>• After hours telephone service</li> <li>• Inter council network(ICN)</li> <li>• Council submission on government ultra-fast broadband</li> <li>• GIS services</li> <li>• Regionally based data centre (35% of IT Managers time committed to supporting these projects)</li> </ul>
Communicate with each shareholding Council at appropriate levels.	At least one meeting per year.	Achieved. Executive – level meetings held with councils.
Ensure current funding model is appropriate.	Performance against budgets is reviewed quarterly. Company remains financially viable.	Achieved. Councils contribution levied, contributions received from activities producing savings, vendor rebates collected. Monthly and quarterly performance reviewed.
Perform self-assessment reviews of governance.	Affirmative feedback received from shareholding councils at least annually.	Achieved. <ul style="list-style-type: none"> <li>• Strategic reviews completed by the board.</li> <li>• Board structure altered to include independent director with incremental skills.</li> <li>• Independent director recruited and appointed.</li> <li>• Changes made to operations governance structure.</li> </ul> Statement of Intent, including governance changes, accepted by all shareholding councils.
Develop a collaboration portal for access to, and sharing of, project information form BOPLASS councils and the greater local government community.	Shared portal providing upload and download capabilities to all participating BOPLASS councils is operational within 12 months	Not achieved. While the portal was established and rolled out to pilot councils, there was unacceptable performance of the hosting service and resulted in delays. The hosting has been moved and the portal is being rolled out to BOPLASS councils.

## **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 2014/15 financial year, Council continued to recognise the key local iwi and Māori organisations as consultation partners and worked to strengthen its relationships with those organisations.

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

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

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

# MONITORING OF PROGRESS TOWARDS ACHIEVING COMMUNITY OUTCOMES

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

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

Council also undertook monthly surveys of users of its services throughout the 2014/15 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>Customer Service Satisfaction Survey (CSSS) 2014/15</b>	
CSSS forms posted out	934
CSSS forms returned	274
Response rate	29.3%
<b>Feedback received from Customers</b>	
Predominantly Excellent	191
Predominantly Good	57
Predominantly Only Fair	6
Predominantly Poor	11
Not applicable	4
No boxes ticked	5
<b>Conclusion</b>	
% customers satisfied (Excellent/Good)*	93.6%
% customers unsatisfied (Fair/Poor)*	6.4%

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