



NAVIGATING THE FUTURE
OUR JOURNEY SO FAR

ANNUAL REPORT
2014-15



100 community groups a year

We operate...

6 libraries that service
16,345 library members

31 water reservoirs with a total capacity of **19,527 m³**

10 water treatment plants with a total capacity of **19,000** m³/day

22 cemeteries

19 dog exercise areas

2 animal shelters

This is Waikato District

Waikato is home to...

63,381 people

14,000 dogs

Around **100** new NZ citizens a year

Waikato spans...

Over **400,000** ha of land

50 playgrounds

12 skateparks

Over **40** sports parks

3 swimming pools

12,673,590 litres of drinking water a day

53 public toilet buildings used by **3,500** people every day

10,300 tonnes of rubbish collection per year

We maintain...

1,816 km of sealed roads

606 km of unsealed roads

200 km of footpaths

Over **40** neighbourhood reserves

1996 hectares of park land

34 Community halls

RENTALS



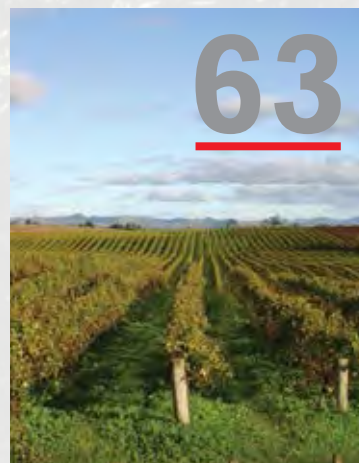
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From the Mayor and Chief Executive

Engagement

Our goal is to have more conversations with you and encourage you to get involved in our decision making. It's important you know what your rates are being spent on and you have the opportunity to tell us if you agree or disagree.

Whether you have a chat with us at a market day, send us a message on Facebook, attend a Council meeting or make a submission on one of our consultations – we encourage you to connect with us.

Waikato partnerships

Over the last year we've delivered new initiatives and key projects through strong partnerships with neighbouring councils, community groups and agencies. One of those new initiatives is our new roading alliance.

Alliance contracting

The alliance approach for providing services, particularly for high-cost roading contracts means we'll work together, as one team, with our contractors to get projects completed. We decided to go this way, rather than using the traditional form of contract because it is the most cost-efficient way to keep our road network well-maintained.

Initiatives coming out of the Waikato Mayoral Forum (which includes local mayors and the regional council chair) are excellent examples of how active collaboration can achieve savings. During the past year, the forum completed some key projects, including:

The Road Asset Technical Accord (a collective Waikato roading agreement)

Sees Waikato councils working together to reduce costs for ratepayers and is strengthened by our new roading alliance contract.

Shared Services initiatives

In May 2015, independent consultants recommended the Waikato District, Hamilton City and Waipa District Councils form a not-for-profit Council-Controlled Organisation to manage water and wastewater across the sub-region. We supported the idea in principle.

This proposal is still in its infancy and we would consult you to see what you think of the idea. It's not just the savings that are important; it's about progressing partnerships and identifying efficiency gains that can be made.

Regional Economic Development Strategy

The Regional Economic Development Strategy was adopted in 2014, and during the 2014/15 financial year, the forum began implementing the key projects from the strategy.

There are seven major projects that, when complete, will make a huge contribution to the Waikato's future development as a regional success story.

Waikato Plan

The Waikato Plan, a flagship project for the Forum, aims for a "one Waikato" perspective about the region's future, so that Waikato councils' decision-making is informed and interconnected. We've been involved in its development over the past year, working with councils and other agencies, and we see it as having positive spin-offs for our own planning and development within the Waikato district, while providing a single voice about issues common to everyone across the region.

During the past financial year, the forum has identified regional challenges and opportunities. When it's completed, the Waikato Plan will provide a higher level of certainty for funding major infrastructure and facilities, particularly those requiring partnership with central government. As with the expressway, this will have positive benefits for our district.

Waikato Expressway

The roadworks on the Waikato Expressway have become a familiar and constant sight as the project moves towards completion. Earlier in 2015, the NZTA board approved \$1.08 billion to fund the Longswamp and Hamilton sections of the expressway. This was a result of the Waikato region's strong collaboration and advocacy and means the final three sections will be under way by the end of 2015. This is going to make a big contribution to the level of optimism regarding economic development.

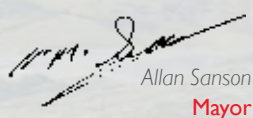
Future Proof

Together with our partners Hamilton City Council, Waipa District Council, the Waikato Regional Council, NZTA and Tangata Whenua, we continued to play our part in implementing the Future Proof Growth and Development Strategy during the year.

A report produced by the partnership in April 2015 for the first time assessed whether development in the sub-region is in alignment with the strategy's expectations. The report has found that urban development in the Waikato, Waipa and Hamilton areas is generally occurring within limits identified in the strategy.

To better understand and manage land-use together with infrastructure in the Southern Growth Corridor, a collaborative approach was agreed in late 2014, between the partners. The approach was initiated through a Heads of Agreement, with a commitment to develop a Strategic Land Use and Infrastructure Plan (SLIP) and subsequently a draft Memorandum of Understanding (MOU). A draft SLIP was developed in June this year.

We are really proud of what Waikato District has achieved over the past year. Thank you for your contribution to our districts future.


Allan Sanson
Mayor


Gavin Ion
Chief Executive



Our role

The Council is elected by the residents and ratepayers of the Waikato district, with thirteen councillors representing 10 wards, plus the Mayor who is elected at large. The councillors and the mayor make the decisions affecting the communities across the whole district.

Five community boards, whose members are elected within the board areas, deal with local issues within their areas.

Community committees and groups also play an important role within community decision-making, with the Council working with them and the community boards to gain local perspectives to be taken into account as part of its decision-making.

Wards

- Awaroa ki Tuakau
- Eureka
- Hukanui-Waerenga
- Huntly
- Newcastle
- Ngaruawahia
- Onewhero-Te Akau
- Raglan
- Tamahere
- Whangamarino

Community boards

- Huntly
- Ngaruawahia
- Onewhero-Tuakau
- Raglan
- Taupiri



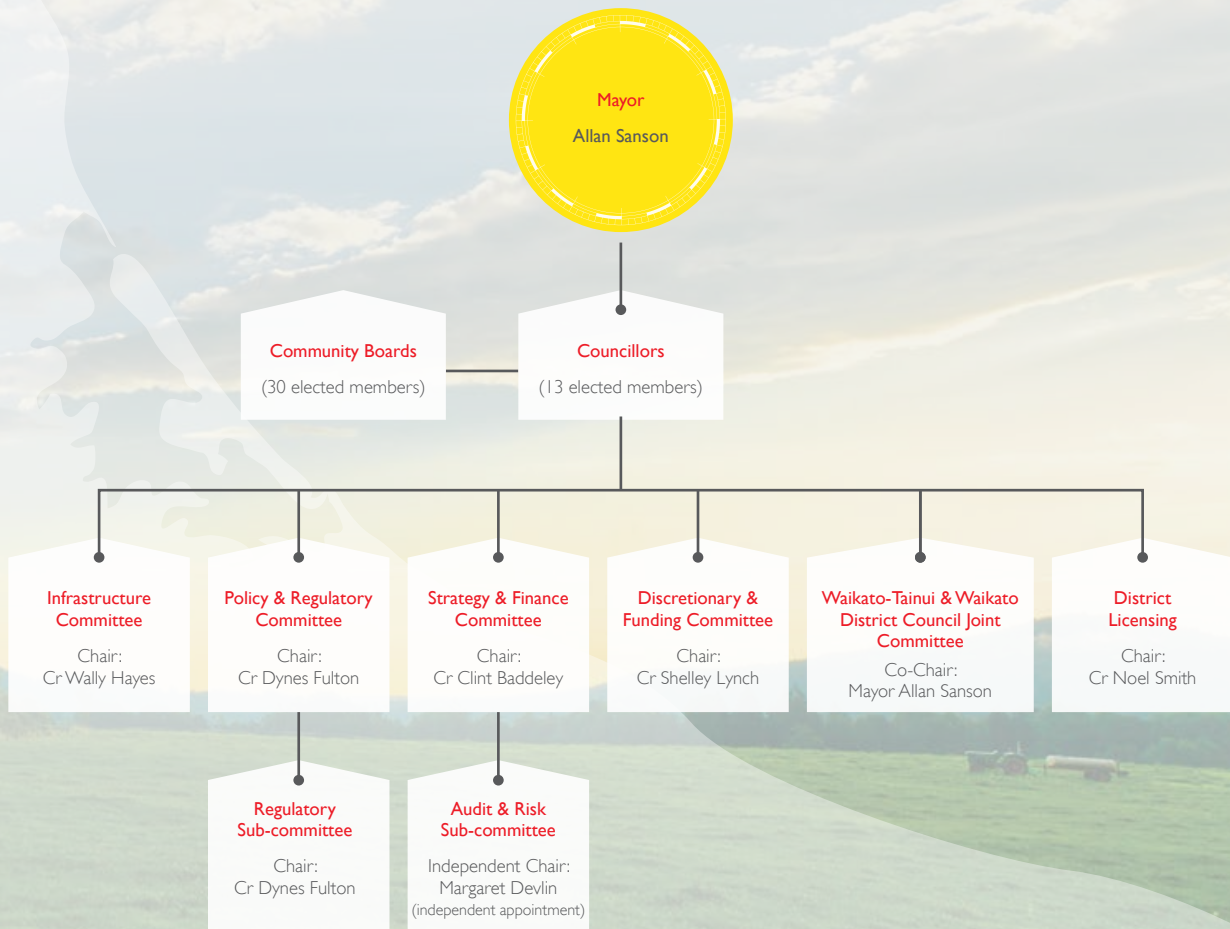
Ward boundaries that took effect on 12 October 2013

Community groups and committees:

We have a number of voluntary community committees and groups that advocate on behalf of communities in their areas, which include:

- Aka Aka
- Eureka
- Glen Afton / Pukemiro
- Gordonton
- Horsham Downs
- Matangi
- Meremere
- Newstead
- North East Waikato (including Mangatawhiri, Mangatangi and Maramarua)
- Pokeno
- Port Waikato
- Pukekawa
- Rangiriri
- Tamahere
- Te Kauwhata
- Te Kowhai
- Whatawhata

Governance structure



Who we are

The Council

Cr Lionel Petersen
Awaroa ki Tuakau Ward



Cr Jacqui Church
Awaroa ki Tuakau Ward



Cr Jan Sedgwick
Whangamarino Ward

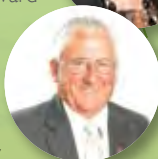


Onewhero-Te Akau
Ward

Cr Shelley Lynch
Huntly Ward



Cr Graeme Tait
Huntly Ward



Cr Rosemarie Costar
Onewhero-Te Akau Ward



Cr Dynes Fulton
Hukanui-Waerenga Ward



Cr Janet Gibb
Ngaruawahia Ward



Hukanui-Waerenga
Ward

Cr Moera Solomon
Ngaruawahia Ward



Huntly
Ward

Ngaruawahia
Ward

Newcastle
Ward

Eureka
Ward

Cr Rob McGuire
Eureka Ward

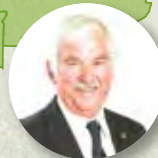


Cr Clint Baddeley
Raglan Ward



Raglan
Ward

Cr Noel Smith
Newcastle Ward



Cr Wally Hayes
Tamahere Ward



Tamahere
Ward

The Executive Team

Gavin Ion
Chief Executive



Sue Duignan
General Manager
Customer Support



Tim Harty
General Manager
Service Delivery



Tony Whittaker
General Manager
Strategy and Support



What we stand for

The vision of this organisation is:

“To be a recognised leader in creating a district that prides itself on economic excellence, local participation and sustainable communities.”

The Long Term Plan is a three-year plan providing the detail for the work programme and initiatives we carry out to achieve our community outcomes.

This Annual Report 2014/15 tells of our progress towards achieving what we set out to do during the third year of the 2012-2022 Long Term Plan.



Statement of Service Provision

THIS SECTION

In the following pages, you'll see we have shown how we're doing against our performance measures. We've used the 'traffic light' system to indicate whether:



We've achieved



We're on track towards the target but haven't quite made it (within 5% and expected to reach target)



We've not met the target (variance greater than 5%)

We use a variety of ways to find out residents' opinions and to communicate Council decisions and programmes. One of these ways is the Annual Satisfaction Survey of the community, which is conducted by the National Research Bureau, so we can see what residents think about our services and how well they believe we're representing their interests. The comments can often reflect, and be influenced by, what's happening in communities at that particular time – for example when the survey was conducted in March 2015, there was heavy rain causing stormwater overflows. In the future, we will be surveying ratepayers throughout the year, which will even out the responses and reduce the extent of external one-off influences on the results.

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What we did

The projects and activities and their associated budgets are contained in eight groups of activities. While many of these relate to legislation, they all contribute to the community outcomes and the Council's strategic direction. We have shown which outcome each of these groups contribute to, and also how they relate to the Council's guiding principles – People, Energy, Economy.

Each one of these groups of activities contributes to one or more of our community outcomes.

Activity	Outcome				
	Accessible	Sustainable	Thriving	Healthy	Safe
Water supply		✓	✓	✓	
Wastewater		✓	✓	✓	✓
Stormwater		✓		✓	✓
Roading	✓		✓		✓
Sustainable Environment					
- Animal Control					
- Building Quality		✓	✓	✓	✓
- Strategic & District Planning					
- Solid Waste					
- Environmental Health					
Sustainable Communities					
- Economic Development					
- Grants & Donations					
- Leisure Facilities		✓	✓	✓	✓
- Community Facilities					
- Emergency Management					
- Customer Delivery					
Council Leadership		✓	✓	✓	✓
Organisational Support		✓	✓		

Water supply

Objective: Healthy and Safe Waikato. The Council's supply of water is reliable and safe to drink. There is a good flow of water for fire-fighting.

What we did

District-wide

Our new district-wide water supply by-law has now been reviewed and adopted. It provides the rules about how we supply water; sets standards and details what can be done with water and the types of connections required.

Hopuhopu

We've almost reached agreement to buy the land needed for the replacement reservoirs in Hopuhopu, with the geotechnical investigation to confirm it is now suitable to complete. The concept design is finished and we've drafted a Notice of Requirement to 'designate' the land, which means the land will be specifically zoned for the reservoirs. We aim to finalise the negotiations by the end of 2015, so we can then begin planning and procurement for the project.

Highlights







Water connections

An on-going issue in Pokeno has been the poor-quality bore water supplied to the township's residents. To fix this, we've completed a significant project to establish connections with water supplied from Watercare. This is significant because of the rapid growth in the area as more people move out of the Auckland region into Northern Waikato.

Water treatment plant

Another project high on our priority list was Raglan's water treatment plant. We've now finished its upgrade which means the plant also complies with drinking water standards.

How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
The number of times per annum we find harmful bacteria in our routine water supply reticulation testing (less than 1 per 100mLs).	0	0	0		Achieved.
The percentage of network pressure tests that comply with set standards (200kPa at the boundary).	85%	77%	87%		Achieved. The increase in result reflects the condition of the newer section of the network tested.
The percentage of "no water" complaints where customers have been contacted within 2 hours.	100%	99%	98%		On track. We received a total of 146 complaints, two of those missed the target timeframe due to user error.
Based on the Annual Satisfaction Survey, the percentage of respondents that are satisfied with the service they receive from the Council.	>80%	87%	79%		On track. The decrease in satisfaction could be attributed to water quality and cost issues.
The percentage of time that each reservoir is maintained above 40% full.	>98%	100%	73%		Operational, maintenance requirements, and a mains break reduced reservoir water levels. However, this did not impact on the service provided.
The percentage of hydrants that when tested have the required minimum flow of 25 litres/second at 100kPa.	>55%	17%	42%		We're using our testing results to plan our renewals and upgrades. This approach has led to improvement on the previous year.

What this tells us

The results of these measures demonstrate how we're providing and delivering water services.

We couldn't keep all our water reservoirs above the 40 per cent fill level. Maintenance, upgrades and some plant failures including an unexpected mains break affected the result, and we're going to focus on this area in the water modelling project now under way.

We're making good progress in meeting the standards for pressure in water hydrants, with a significant gain on the previous year. We test 25 per cent of the district's hydrants each year; with half the hydrants tested so far in the three-year plan cycle. We use the information from the testing for planning our renewals and upgrades, as well as our water modelling project and the results of this approach shows in the improved results.

How we paid for it

4%

General rates

43%

Targeted rates

1%

Subsidies for operating purposes

46%

Fees and charges

5%

Internal charges recovered

1%

Local authorities fuel tax, fines, infringement fees and other receipts



33%

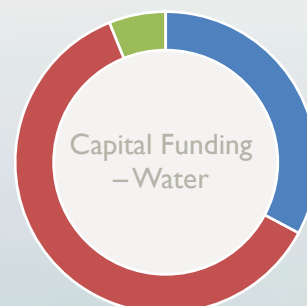
Development and financial contributions

61%

Increase in debt

6%

Other dedicated capital funding



Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Potential contamination of the raw water supply.				✓	✓	Emergency response plans, operational procedures and monitoring of the raw water supply Public Health Risk Management Plan (PHRMP) are all in place.
Discharges of backwash water from treatment plants and chlorinated water from maintenance activities or pipe failures.				✓	✓	Compliance with resource consents, the Council's engineering standards and guidelines and maintenance programme.
Effects on river ecology caused by river water extraction during low flows.		✓	✓			Compliance with resource consents.
Depletion of aquifer resources.		✓				Compliance with resource consents.
Health and safety risks associated with the operation, maintenance or construction of water supply infrastructure.	✓			✓	✓	Ensure compliance with legislation and health & safety management plans. Maintain an incidents register.
Insufficient water supplies during times of drought or emergency.	✓	✓	✓	✓	✓	Ensure water sources security and identify potential new sources and back up supplies PHRMP.
Drinking water not meeting the Drinking Water Standards 2005.				✓	✓	Continue to monitor water quality and improve process if necessary PHRMP (may be capital related).
Inadequate pressure and flow to fight fires.	✓	✓			✓	Carry out modelling/pressure testing and implement remedial works.



Wastewater

Objective: Healthy and Safe Waikato. The Council provides reliable, efficient and effective wastewater services.

What we did

District-wide

We have improved the operational systems used to control the wastewater network, which reduces the risk of overflows from the wastewater network.

Ngaruawahia and Raglan

During the year, we called for tenders to upgrade wastewater pump stations in Ngaruawahia and Raglan. The contracts will be let in the 2015/16 financial year.

Whaanga Coast

The Whaanga Coast wastewater system extensions were completed.

Highlights

Connecting to disposal systems





With Pokeno's rapid growth and development, this year existing residents and businesses were given the opportunity to connect to full wastewater reticulation and treatment. We finished the first phase of the project – connecting some commercial properties – in October 2014. In November, we surveyed 65 properties in Pokeno with on-site wastewater disposal systems, to gauge how well the systems are operating. We decided to provide a 50 per cent Council subsidy for existing property owners who agreed to connect during construction. This decision was influenced by discussions with residents, who told us they were interested in connecting their properties to the system, but not in funding it through a lump sum payment.

Issues

Wastewater overflow

Wastewater systems are meant for wastewater only. Things get flushed down the system that aren't meant to be flushed in the wastewater system. This happens regularly, and in August 2014, wastewater overflowed from a reticulation pump station manhole in Raglan for around 16 hours. Usually a second pump would have started up in these circumstances, but it coincided with a pump station upgrade so only one pump was operating.

How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
The percentage of customer complaints about wastewater overflows responded to within one hour:	100%	94%	98%		On track. We received a total of 69 complaints, two of those missed the target timeframe due to user error.
The numbers of wastewater odour complaints received reduce each year:	<40	16	22		Achieved.
The percentage of respondents to the Annual Satisfaction Survey who are satisfied with wastewater services within the district.	>80%	87%	90%		Achieved.
The percentage of wastewater consents that achieve at least "High Level of Compliance" from the Waikato Regional Council.	>80%	44%	66%		<p>A summary of the Waikato Regional Council 2013/14 audits for this measure follows:</p> <p>Compliance Full: 1 High: 5 Partial: 3</p>

Waikato Regional Council audit results for our treatment plants

Full compliance	High level compliance	Partial compliance
Te Kauwhata	Raglan: We have been commended for site improvements, but we still have to address issues around timeliness, data management and more importantly the long-standing non-compliance regarding suspended solids.	Meremere: The discharge is still inadequate to meet the quality limits and when it rains, it's difficult to comply with the limits on how much is discharged. An inflow and infiltration study is planned to improve compliance.
	Tauwhare Pa: We're investigating ways to solve the cBOD5 (Carbonaceous Biological Oxygen Demand, where oxygen levels are measured to see how much oxygen is used by micro-organisms), suspended solids and nitrogen loading rates.	Ngaruawahia: This plant's performance is significantly improved following the successful upgrade commissioning.
	Te Kowhai: An investigation is underway to improve nitrate levels in the final effluent.	Huntly: The new ultra-violet unit enables us to comply with bacteriological limits. We will consider options for further performance improvements especially regarding suspended solids and nitrogen.
	Maramarua: We improved the Maramarua reticulation system so the plant performs more efficiently.	
	Matangi: We now have new storage ponds, and we're maintaining and improving our notification protocols.	

What this tells us

Our results for the year are encouraging. We're on track towards our target regarding meeting the timeframe for our response to wastewater overflows, improving four per cent on the previous year. Responses about satisfaction with wastewater services should continue to get better following the improvements at Raglan and in the operational systems. Wastewater odour complaints went up by six per cent, but should drop again as we continue our upgrade programme.

The second phase of the Pokeno wastewater scheme will connect residential properties who want the service to the scheme.

Information from the wastewater disposal survey will help us with our decisions about this stage of the project. When enough property owners want to connect to make this phase financially viable, we'll start construction.

Expanding this system means we have to upgrade other parts of the system as well, so we've started upgrading the wastewater pump stations and will install rising main pipes to connect to Watercare's wastewater treatment plant in Tuakau.

All of this work is part of the long-term strategy to manage wastewater across the district.

How we paid for it

5%

General rates

80%

Targeted rates

13%

Fees and charges

2%

Internal charges recovered



76%

Development and financial contributions

14%

Increase in debt

10%

Lump sum contributions



Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Discharges to land and waterways not complying with resource consents.				✓	✓	Improve processes (may be capital related) and continue to monitor discharge.
Odour from manholes, pump stations and treatment plants.				✓	✓	Improve process and implement improvements (capital related).
Surcharges from manholes.				✓	✓	Investigate and take remedial measures.
Health and safety risks associated with the operation, maintenance or construction of wastewater infrastructure.				✓	✓	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Pump station overflows.				✓	✓	Investigate causes and provide additional storage if required.
Chemical spills at treatment plants.				✓	✓	Ensure procedures are in place for correct identification, storage and handling of chemicals. Ensure appropriate bunded areas and storage facilities are in place.



Stormwater

Objective: Sustainable and Safe Waikato. During rain events the stormwater system minimises disruption to businesses and homes.

What we did

Pokeno

We have finished the Market Street culvert upgrade.





Tamahere

Cherry Lane stormwater work is complete and the design of improvements to the Twin Oaks Drive stormwater system is finished and ready for construction.

Tuakau

There has been slow progress on the stormwater reticulation extensions, with scoping and design carried forward into the 2015/16 year.

How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
The number of complaints received about stormwater flooding does not increase.	<140	26	18		Achieved.
The percentage of respondents to the Annual Satisfaction Survey who are satisfied with stormwater services.	>80%	69%	48%		At the time of the survey residents were unhappy with the levels of localised flooding due to blocked drains, overflows and run-off. Our improved response times to complaints and staff training should improve this result.
The percentage of complaints about stormwater flooding where the customer has been contacted within six hours.	100%	73%	100%		Achieved.
The percentage of communities that achieve at least a "High Level of Compliance" from Waikato Regional Council.	90%	100%	100%		Achieved.

What this tells us

Fewer people have complained about stormwater flooding over the past year; but conversely, the number of people satisfied with stormwater services has dropped, which is difficult to reconcile with the other result. We've improved our response times to complainants, with more customers being contacted within six hours, which indicates our additional staff training has had an effect.

How we paid for it

7%

General rates

81%

Targeted rates

12%

Internal charges recovered

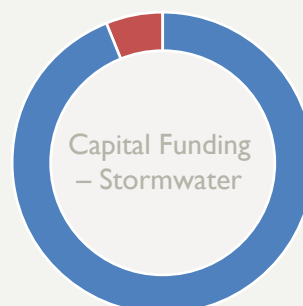


94%

Development and financial contributions

6%

Increase in debt



Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Discharges to land and waterways not complying with resource consents.				✓	✓	Improve processes (may be capital-related) and continue to monitor discharges.
Discharge of contaminants to waterways and streams impacting upon public health and the environment (includes but not limited to wastewater overflows and stormwater runoff containing sediments, oils, greases and heavy metals).				✓	✓	Implement improvements (capital-related) and ensure compliance with the Council's Development Manual Guidelines for new developments.
Erosion of streams and river beds.		✓				Implement Development Manual Guidelines.
Chemical spills affecting waterways.		✓		✓	✓	Establish procedures and emergency response plans with Waikato Regional Council.
Health and safety risks associated with the operation, maintenance or construction of stormwater infrastructure.				✓	✓	Ensure compliance with legislation and health & safety management plans. Maintain an incidents register.
Potential impacts on customer satisfaction due to service failure / delays / responsiveness.	✓	✓		✓	✓	Monitor customer requests for service and report on Levels of Service. Ensure customer complaints are resolved satisfactorily.



Roading

Objective: Accessible and Safe Waikato. The roading network is well maintained, safe and provides a comfortable means of travel.

What we did

Pokeno

In Pokeno, sections of Helenslee Road affected by the residential development have been upgraded. The road into the Pokeno Industrial Park has been built and is scheduled to be open when the intersection with Great South Road is upgraded in 2015/16.

Tamahere

The second phase of the Link Road in Tamahere is largely complete. A post-construction safety audit was carried out, which identified work that will improve pedestrian safety pending the completion of a future roundabout. Work identified in the post-construction safety audit will be addressed in the 2015/16 financial year.

District-wide

In February 2015, with the five-year contract coming to an end, we decided to make a change in how we provide our road network maintenance, opting for an alliance contract where the contractor and the Council work together to identify and deliver the work. The work encompasses a majority of the roading programme apart from some committed works, strategic network management and major capital works. The contractor is paid for actual costs plus a margin. This differs from a traditional contract where the Council decides what is to be done and lets contracts for separate packages of work. The new contract model should provide considerable flexibility, efficiency gains and improved levels of service.

Highlights

Footpath upgrades

As a result of residents' requests we completed new footpaths district-wide at a cost of \$518,000.

These include:

- Port Waikato – Maunsell Road and Oceanview Road
- Tuakau – McEvoy Avenue
- Te Kauwhata – Travers Road
- Huntly – George Drive
- Ngaruawahia – Waingaro Road site 1 and site 2
- Te Kowhai – State Highway 39
- Tamahere – Newell Road
- Tauwhare Village – Tauwhare Road
- Raglan – Simon Street, Puriri Street, Taipiri Street

Road safety features

New guard rails, upgraded and new signs and lane marking are now helping make our high-risk rural roads safer, at a cost of \$342,000.

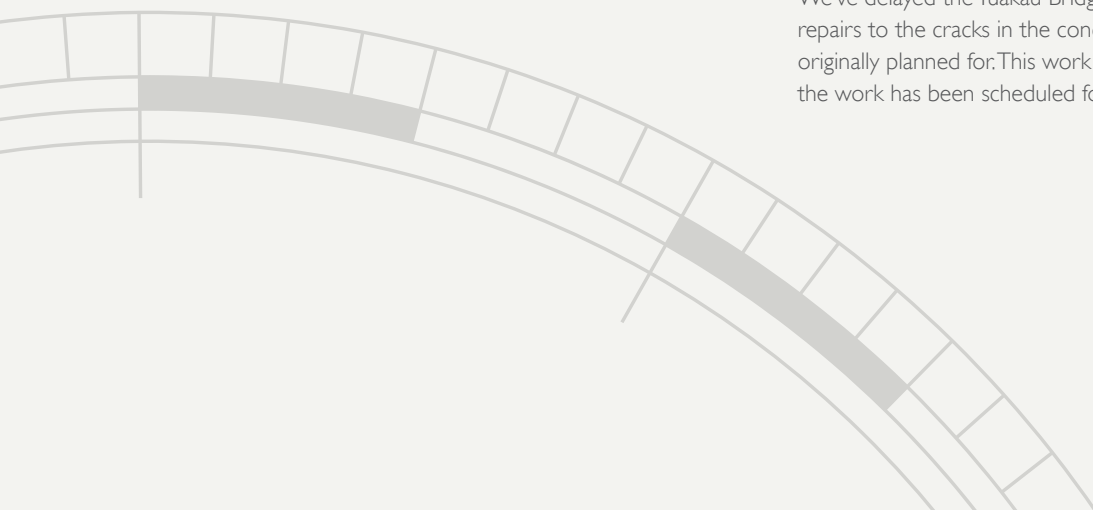
Road surfacing

During the past year we've put new surfacing on more than 148 km of sealed roads in the district, and completed almost 17 km in conjunction with strengthening work.



Issues

Tuakau Bridge

We've delayed the Tuakau Bridge upgrade to 2015/16 as repairs to the cracks in the concrete are more extensive than originally planned for. This work will take quite a lot longer so the work has been scheduled for the 2015/16 summer.



How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Respondents are satisfied or very satisfied with the standard of roads overall as measured by the Annual Satisfaction Survey.	65%	75%	56%		At the time of the survey residents were unhappy with the number of localised potholes and other road maintenance issues. This could be due to: <ul style="list-style-type: none"> • Performance of the road maintenance contractor; • High growth areas; or the • Expressway construction.
Respondents are satisfied or very satisfied with the standard of the unsealed roads as measured by the Annual Satisfaction survey.	28%	43%	46%		Achieved.
Respondents are satisfied or very satisfied with footpaths as measured by the Annual Satisfaction Survey.	46%	56%	69%		Achieved.
Percentage of urgent trip hazards which are responded to within 24 hours of notification to the contractor.	100%	Not measured	81%		Council have experienced difficulties over the past year with the contractors' performance. Council has now entered into a different contract model with a new provider and is expecting improvement to delivery of service in this area.
Respondents are satisfied or very satisfied with signs and markings on the road network as measured by the Annual Satisfaction Survey.	76%	85%	81%		Achieved.
Number of reported injury crashes where road factors were a contributing factor (5 year moving average).	Urban <10 Rural <22	Urban: 1 Rural: 10	Urban: 1.8 Rural: 21		Achieved.
Respondents are satisfied or very satisfied with the safety of the Waikato district's roads as measured by the Annual Satisfaction Survey.	55%	73%	55%		Achieved.

What this tells us

The condition of our unsealed roads has been the subject of some criticism. We concentrated on lifting the condition of the unsealed network in the second part of this financial year. However this isn't reflected in overall satisfaction with our roading network, possibly due to:

1. Performance of road maintenance contractor. Serious performance problems were encountered on one of the maintenance contracts over the past three years. This has prompted Council to move to an alliance contract model. The new contract has begun and we have high expectations for improved road maintenance performance.
2. High growth areas. Severe problems are being experienced in high growth areas, such as Pokeno. The accelerated pace of the development has resulted in the damage to several roads as a result of the construction traffic. Council are developing an area wide strategy for dealing with the roads in the high growth areas. This will significantly reduce the negative impact in the future as the strategy will seek to limit these effects.

3. Expressway construction. The construction of the expressway has resulted in the need for deviations and temporary road alignments. In certain cases, normal access has been restricted. This has caused some inconvenience for motorists, but mostly they appreciate it is a temporary issue and necessary for the construction.

Upgrading traffic services in the north Waikato area was completed during 2013/14. Customer satisfaction peaked at that time and is now likely to be more representative of business as usual.

We've also noted with concern the doubling of injury crashes on rural roads where road conditions were a factor. We have had an analysis done which identified that 51% of all the fatal and serious injury crashes occurred on just 13% of the network length. A work programme to improve these routes has been compiled and \$342,000 was spent in 2014/15 on the first stage of this work, which will continue for several more years.

We expect that in the 2015/16 year there will be improvements in addressing the issues as we put new road maintenance contracts in place.

How we paid for it

62%

General rates

24%

Subsidies for operating purposes

12%

Internal charges recovered

2%

Local authorities fuel tax, fines, infringement fees and other receipts



66%

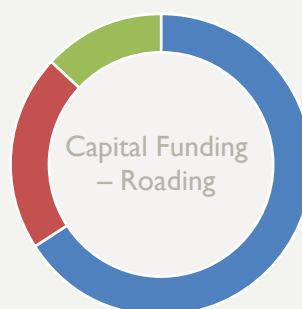
Subsidies and grants for capital expenditure

21%

Development and financial contributions

13%

Increase in debt



Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Road and environment factors can contribute to crashes, particularly those that involve loss of control.					✓	NZTA monitors and records through the Crash Analysis System (CAS) the percentage of accidents caused by loss of control. Undertake crash reduction studies (CRS). Maximise funding for minor safety works.
Increased traffic congestion on existing transport network.	✓	✓				Roothing contributions imposed under consent conditions contribute to road upgrading.
The particular needs of cyclists and pedestrians conflicts with other forms of traffic.	✓				✓	Implement the recommendations of the Walking and Cycling Strategy.
Speed restrictions imposed on inappropriate locations cause speed limits to be ignored.					✓	Speed limit surveys carried out and resulting recommendations in accordance with Speed Limit NZ and Transport Agency rules.
Economically, the cost of desired infrastructure improvements may exceed the community's ability to pay.	✓	✓			✓	Consult with the community on all costs and options for Levels of Service through the Long Term Plan process.
Transport development may impinge on culturally significant lands.	✓	✓	✓			Track and record all the consultation procedures and results for each affected Maaori/Iwi for all projects outside the existing road reserve.
The quality of surface runoff from roads that discharges into adjacent coastal or other waters.		✓		✓	✓	Compliance with resource consents and the Council's engineering standards and guidelines. Environmental controls.
Dust nuisance.				✓	✓	Track and record complaints and comply with resource consent conditions during construction activities.

Sustainable Environment

The Sustainable Environment group of activities includes single activities that naturally fit, as together they contribute to the quality of the community environment as a whole.

The activities included in this group are:

- Animal Control
- Building Quality
- Strategic & District Planning
- Solid Waste
- Environmental Health



Animal control

■ Objective: Safe Waikato. To feel safe in the community.

What we did

District-wide

Dog control bylaw and policy review

In January 2015 we consulted extensively with the public about a new dog control bylaw to cater for both dog-owners and other members of the public. Dogs weren't allowed in the main streets of our townships. The initial proposal was to keep the dog-free zones, but following the consultation, we lifted the dog ban for Tuakau, Te Kauwhata and Raglan.

The Dog Control Policy was also reviewed in conjunction with the bylaw review. One of the policy commitments is to improve signage throughout the district about dog restrictions. The policy document has been simplified as well.

Dog impounds

The number of dogs impounded has dropped to 1241, compared with 1409 in 2013/14.

Dog registrations

There's a positive trend upwards for the number of registered dogs, with 13,654 registered for 2014/15, up from 13,075 in 2013/14, and 12,556 in 2012/13.

New vehicles

We have replaced our vehicles with models that have properly designed spaces so we can put dogs into the vehicles more easily and safely, for transport to the pound. These purchases were part of the fleet maintenance and upgrading, as the previous vehicles had very high kilometres.

Rehomed dogs

We rehomed or passed to other rescue organisations 175 dogs, up from 80 the previous year and 39 in 2012/13.

Systems upgrade

To improve our call-out response recording, we've upgraded our systems and also carried out more staff training.

Highlights



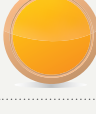

Public education

Over the past year we've put a lot of effort into working collaboratively with dog owners, using education and giving people the opportunity to do the right thing when it comes to controlling and registering their dogs. Working with the community has helped us gain a good rapport with our customers and we're getting better compliance with the regulations as a result.

As part of this drive, we've been taking dogs into the schools to teach children about dog ownership. Aspects include looking after dogs, disposing of dog excrement, and how to approach dogs and stay safe around them.



How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
The percentage of respondents who indicate that they feel safe from dog intimidation as measured by the Annual Satisfaction Survey.	80%	55%	61%		More respondents said they felt safe from dogs this year than last. It could be because of our community education initiatives and engagement during the by-law review process.
All complaints related to aggressive dog behaviour have a response initiated within 30 minutes.	100%	44%	97%		On track.
The percentage of complaints regarding stray stock responded to with two hours of notification.	100%	34%	98%		On track.
The number of dog owners who appear on the animal control offenders list (for three or more infringements or impounds) does not increase from current levels of 432 owners and reduces over time.	432	844	777		The number of dog owners on the offenders list has reduced. This figure is calculated over the life span of the dog, not over the past 12 months so does not truly reflect the change of approach we have taken in relation to education before enforcement.

What this tells us

Increasing our staff numbers has had positive results, with fewer dog owners appearing on the animal control offenders list. In 2013/14 we had a big spike in the number of unknown dogs being identified and this year that has dropped significantly.

Its natural people will feel unsafe when they see dogs out of control and straying, but more people say they're feeling safer from dog intimidation. As we identify and work with dog owners, the number of strays and incidents of aggressive dog behaviour should decrease over time.

Our updated systems and staff training have made a positive impact in ensuring accurate recording of our response times to aggressive dog behaviour. And, with more staff we can respond to more dog-related incidents, provide proactive patrols and increase our enforcement action.

Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Injury to Animal Control Officers from attack by down owners, dogs and livestock.					✓	Continue to provide ongoing training and ensure the correct and required personal protection equipment is provided.
Dog owners disgruntled by enforcement action taken against them.			✓			Professional and courteous enforcement.
Members of the public are at risk from dog attack.					✓	Ensure our animal control services are maintained at a level to ensure stray dogs are impounded.
Dog control activity is predominantly paid for through registration of known dogs which may not target those that use the service.		✓				Implement cost recovery options where possible.

Building quality

Objective: Safe Waikato. All building activities are carried out in accordance with legislative standards so that people feel safe.

Thriving Waikato. The Council's processes recognise the need for prompt delivery of services.

What we did

District-wide





The government is close to enacting legislation that will require territorial authorities throughout New Zealand to carry out Initial Seismic Assessments (ISAs) of potentially earthquake prone buildings in their districts. We decided not to wait for the legislation and set aside \$100,000 in the 2014/15 financial year to start work on the ISAs. This work will be carried out over the next five years. There are about 416 potential earthquake prone buildings in our district.

Highlights

Pokeno

We have been working closely with the owners of the milk powder plant in Pokeno, which is due for full commissioning later in 2015.

How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
The number of existing buildings which are monitored and audited for compliance each year.	At least 250 per annum (60%)	45	207		There is an improvement on last years result. However, this year we focused on sleeping care IQP (Independent Qualified Persons) documentation for compliance to ensure safety of the occupants. These took priority over commercial and other building audits.
The percentage of those buildings that provide sleeping care or paid accommodation which are audited for compliance annually.	100%	100%	100%		Achieved.
The number of existing pools which are inspected for fencing compliance within each year.	At least 350 per annum	244	434		Achieved.
The percentage of building consent applications which are processed within 20 working days.	100%	99.9%	100%		Achieved.

What this tells us

Extra staff during the past financial year has seen an increase in swimming pool inspection results, which took a back seat in 2013/14 because of our inspectors' workload.

We've met our targets for processing building consents as well as inspections of buildings with sleeping care, which indicates we've made great improvements overall.

Heavy workloads had an impact on how we did with auditing existing buildings for compliance, although our results are well up on the previous year and this trend should continue.

Staff changes during the year had an effect as well, but we believe we can meet our targets during the 2015/16 year with the process changes we've put in place.

We want to inspect pools weekly to ensure we continue to meet our targets. However, this will depend on pool owners granting permission to carry out the inspections in the future.

The high number of consents to be processed, particularly because of the Pokeno growth, will continue during the coming year as more land is prepared for Certificates of Title.

Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Legislation is requiring more council input into plan review and building inspection, which increases costs.	✓	✓				The council has to react to new legislation but tries to limit the cost increase as much as possible.
Non-compliance requires the Council to take offenders before the Courts.			✓			Prosecution of blatant offences against the Building Act is necessary to reinforce compliance, maintain equity for those who obtain consents and fulfil statutory duty.
The time to process applications might be regarded as a delay to construction.	✓					This is mitigated through the simplification of the consent processes.
Leaky homes are identified.				✓	✓	More thorough vetting of the drawings, inspections by better trained highly skilled inspectors, will assist in reducing the incidence of leaky homes.



Strategic & District Planning

Objective: Thriving and Sustainable Waikato. The Council provides an efficient and punctual service to its customers. Consultation is undertaken to provide involvement of the community in decision-making. Sustainable growth in appropriate locations beneficial to the district is encouraged.

What we did

District-wide

We've prioritised our work and have made changes to further increase our efficiency and cost-effectiveness.

Further changes to the Resource Management Act came into effect on 3 March 2015. In response, we've changed our processes and services around the quality of applications and six-month processing. Applicants now need to provide more information and many customers are finding the dedicated pre-application service we developed useful.

Pokeno

We've continued working with the Pokeno community to firm up the proposed development of a multi-use square (Market Square) in Pokeno. The proposal keeps Great South Road as a historic route and highlights the scheduled trees and cenotaph and would be a catalyst for further development of the central business district. The Council has earmarked \$1.5 million in 2018 for any capital work.

Sub-regional

We commenced the update of the Future Proof Growth and Development Strategy and expect to complete this in 2015/16.

Highlights

District Plan

We've started reviewing our District Plan to make it one document covering the whole district and have held one workshop. We're holding open days so residents and ratepayers can talk with us about the issues they see when it comes to land use. We've set up an iwi reference group with local hapu representatives from around the district to be part of generating ideas and gathering perspectives about the District Plan review.

Plan Change 8 (Technical Amendments to the District Plan) and Plan Change 14 (Raglan Rezoning) were initiated in 2014/15 and will be notified in 2015/16.

Plan Change 12 (Rangitahi Peninsula Private Plan Change) was started in 2013/14 and the hearings were held in August 2014 before being adjourned so further technical assessments could be done. The hearings recommenced in July 2015, and are now complete. We are awaiting the commissioners' decision.

Structure Plans

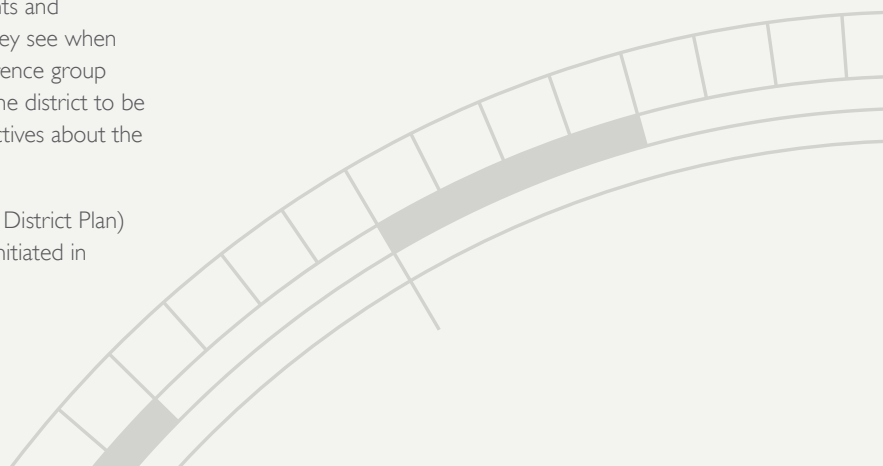
We adopted the Tuakau Structure Plan on 8 December 2014, a project which took almost two years to complete. We consulted with hapu at local marae, and worked with residents and other groups so that the plan reflects the community's vision of how the town will absorb expected growth. The Tuakau Structure Plan will inform the District Plan review. We're also engaging with iwi throughout the development of the Ngaruawahia Structure Plan and have had a good response throughout 2014/15.

Issues

Consent numbers

Over the past year we've processed a marked increase in the number of resource consents. Our consent planners received 743 resource consents, up 10.6 per cent from 2013/14. Our Duty Planner service received 4012 enquiries, up 9.5 per cent from 2013/14.

Other consent services have been very busy as well. The Project Information Officers assessed 1116 building consents, up 4.8 per cent from 2013/14. Requests for Land Information Memorandum (LIM) have hit record numbers. The LIM staff have received 1532 LIM, up 39.3 per cent from 2013/14. Equally busy were Property Enquiry Requests with 1502 requests received, up 25.3 per cent from 2013/14.



How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
The percentage of resource consent applications which are processed within the statutory time frames.	100%	99.7%	99.5%		Three of the 678 resource consents processed were not completed within the statutory timeframe, two because of delays in receiving additional information required; another because of an internal technical problem.
The percentage of time that people receive assistance with consent applications when requested.	100%	100%	100%		Achieved.
All district plan changes will be undertaken as per the RMA statutory process.	100%	100%	100%		Achieved.
Consultation undertaken including : Informal consultation, opportunity to submit and present views, public hearing process and written advice of the council's decision on submission.	100%	100%	100%		Achieved.
The number of consents granted that are inconsistent with our district growth strategy.	0	0	0		Achieved.

What this tells us

Throughout the year, we've received 743 resource consent applications. This is up by 10.6 per cent on the previous year. A duty planner and a team of planners and team leaders provide assistance to customers and we've established a pre-application service to make the whole process as easy as possible for those applying for consents.

Most customers receive their resource consents within the statutory timeframes so this is not causing delays to their developments. In spite of the increased workload, the number of resource consents not processed within timeframes remains similar (two missed timeframes in the 2013/14 year), as we continue to improve our systems and processes.

Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Planning might increase development costs through compliance costs, development levies or financial contributions.		✓	✓			Benefits flow back to developers from improved environmental quality, and provision and co-ordination of services such as infrastructure, and any net negative effect is not significant.
Non-compliance with statutory requirements for issuing resource consents might causes delays.		✓			✓	Improvement of systems is on-going to ensure continual improvement in services.
Inadequate or harsh monitoring of District Plan requirements might discourage development, affecting the economy in the district.	✓		✓			Apply a reasonable, concise, consistent monitoring process.

Solid waste

Objective: Sustainable Waikato. To provide residents with an ideal quality refuse and recycling collection service.

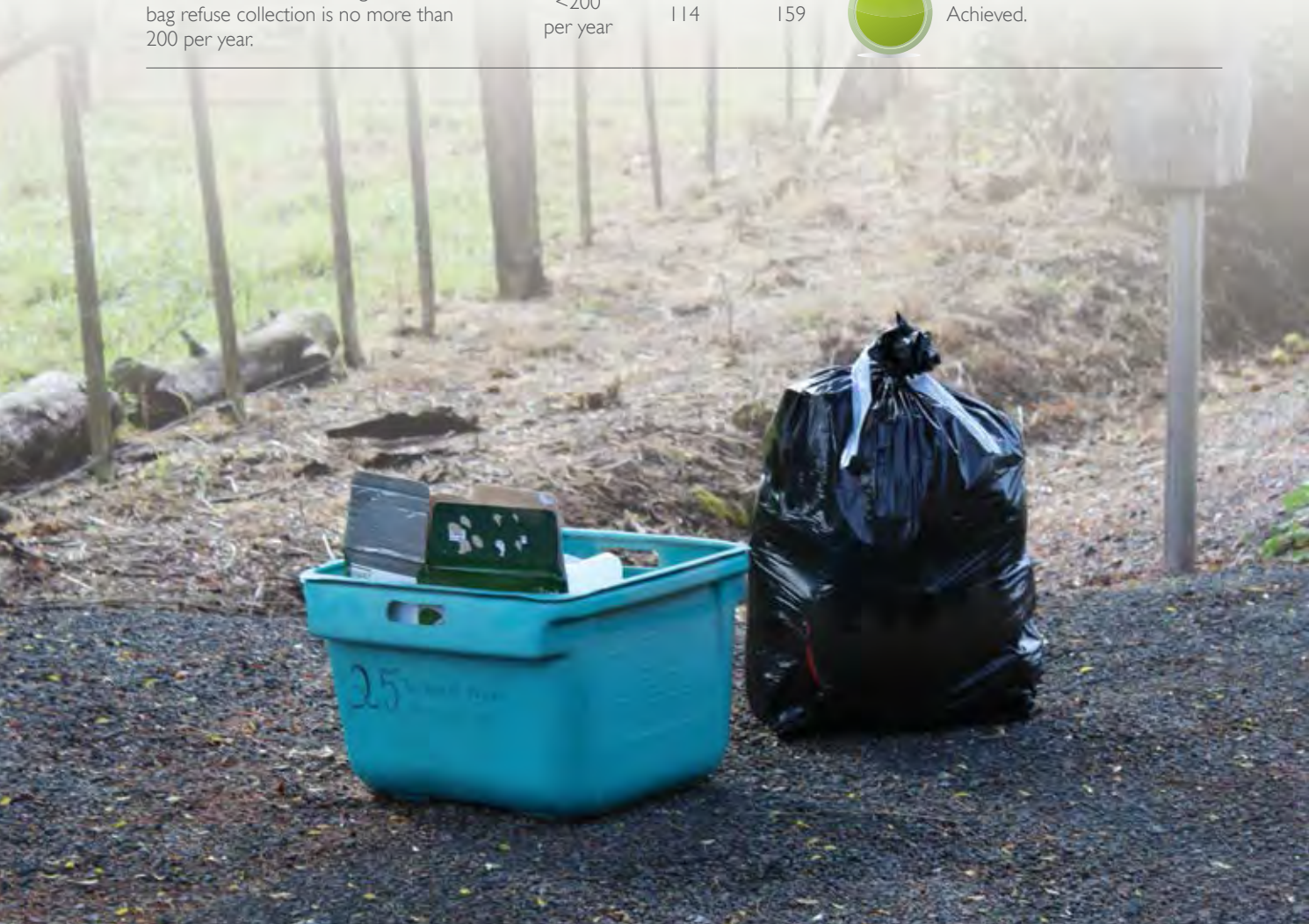
What we did

District-wide

As part of implementing our Waste Minimisation and Management Plan, we carried out significant community consultation during December 2014 before deciding what changes should be made to kerbside solid waste and recycling services.

How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Percentage of refuse complaints resolved within 3 working days.	100%	90%	94%		Customer request process inefficiencies.
Percentage of recycle complaints resolved within 3 working days.	100%	91%	94%		Customer request process inefficiencies.
The number of missed bags in the council's bag refuse collection is no more than 200 per year.	<200 per year	114	159		Achieved.



What this tells us

Our result for resolving complaints about refuse within three days has improved, with more traction needed to meet our target. We are improving our processes regarding customer requests to address this.

Changes to rubbish and recycling collections are scheduled for July 2016 and are included in the 2015 -2025 Long Term Plan. To support these changes, we've also budgeted for upgrades*

to the transfer stations at Huntly and Te Kauwhata to Resource Recovery Centres in the Long Term Plan.

*These were deferred from 2014/15 pending the outcome of the Long Term Plan consultation process.

Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Increase in the amount of refuse to be disposed as population increases over time.		✓	✓	✓	✓	The Council acts as the advocate for waste reduction through the adoption of the Waste Management Plan. The council also supports education initiatives and provides education material for its customers.
Environmental impacts caused by the discharge of contaminants to land and water from closed landfills.		✓		✓	✓	Compliance with resource consent conditions that stipulate the frequency and parameters to be monitored.
Ease of disposal, through convenient waste management services, encourages increased quantities of material to be sent to waste by customers.	✓	✓				Education and programmes to build awareness and foster ownership of waste minimisation within the community.
Potential impacts on customer satisfaction due to service failure / delays / responsiveness.		✓	✓			Monitor and report on Levels of Service and in Service provider contracts. Seek to resolve customer complaints 'close the loop'.
Health and safety risks associated with the operation, maintenance, or construction of solid waste infrastructure.				✓	✓	Ensure compliance with legislation and health & safety management plans. Maintain an incidents register.

Environmental health

Objective: Healthy, Safe and Thriving Waikato. The community's health and wellbeing is protected.

What we did

District-wide

Changes to Food Act

In March 2016, the Food Act 2014 comes into force, providing for greater flexibility, with different requirements depending on risk. During the past year, we've been planning changes to our systems so that we can implement the changes effectively. Food manufacturers and suppliers will have to have food control plans, which is a big change from the previous system which relied on Council monitoring to ensure compliance with regulations. We're working with the industry to help them develop and put their food control plans in place, aligning them with the Act's provisions. We'll still have an auditing role to ensure the plans are being adhered to.

Contaminated land

During the year we were involved in a national review of the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health carried out by the Ministry for the Environment. A staff member has been appointed to a review panel of the Ministry's Contaminated Land Management Guidelines to assist with drafting of the guidelines.

Inspections

During the year we registered and inspected 251 food premises, processed 304 alcohol licence-related applications, processed 97 contaminated land property information requests, provided technical comment on a range of resource consent applications and responded to 90 general nuisance complaints. We also received 1118 excessive noise complaints.

Highlights

Gambling Policy





At the same time as we consulted on the Local Alcohol Policy, we also reviewed and consulted on our Gambling Policy, which governs the number of pokie machines and TAB betting venues. This review brought together the two legacy policies that were in force from the former Waikato and Franklin districts. After hearing submissions in February 2015, we decided there could be one new TAB venue in the district and no new pokie machines can be introduced.

Local Alcohol Policy

When the Government changed legislation for alcohol control, one of the provisions was for councils to develop and adopt a Local Alcohol Policy if they thought that would be the best for their communities. We consulted with the community about a draft policy in October / November 2014. We adopted the provisional policy in April 2015. Two submitters have appealed, so the provisional policy is now subject to the appeals process. The policy influences how many on and off-licensed premises there will be around the district, such as cafes, bars, bottle stores and supermarkets, and clubs, where they can be located and what their opening hours will be, as well as influencing special licences for events.



How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Percentage of "at risk" registered food premises inspected per year:	100%	100%	100%		Achieved.
Percentage of "at risk" liquor premises inspected per year:	100%	100%	100%		Achieved.
Percentage of excessive noise complaints responded to within agreed timeframes (due to geographical characteristics of the district, response times will vary in different parts of the district).	90%	76%	79%		We've been having issues with the system and incorrect recording of complaints, resulting in some complaints not being referred for action.
Percentage of public nuisance complaints responded to within two working days.	95%	74%	90%		81 out of 90 complaints were responded to within timeframes. It is anticipated that the organisational review of the service request system will improve this performance.

What this tells us

We've been looking at ways to improve the after-hours call-out responses, to sort out technology issues and complaint notifications. We expect our service request review system will resolve many issues, as will our work with the contractor to improve our response rate.

Only one "at risk"* liquor premises was identified during the year following a complaint. This was followed up with the police and licensee. Fifty three general licensed premises inspections were carried out during the year. At the end of the year there were a total of 251 food premises registered with the Council, 146 of which are considered "at risk."

* "at risk" food premises – means food premises involved with the preparation of readily perishable food and listed as medium risk food premises on the food premises database.

* "at risk" liquor premises – means licensed premises where complaints have been received or issues in the operation of the premises are drawn to the licensing inspector's attention.

- There are no significant negative effects identified with this activity.

How we paid for it

38%

General rates

17%

Targeted rates

31%

Fees and charges

4%

Internal charges recovered

10%

Local authorities fuel, tax, fines, infringement fees and other receipts



Sustainable Communities

The Sustainable Communities group of activities includes single activities that contribute to the social and economic aspects of our communities providing things that help maintain their social fabric, such as leisure and community facilities, emergency management and facilitating economic development.

The activities included in this group are:

- Customer Delivery
- Economic Development
- Grants and Donations
- Leisure Facilities (aquatic centres, libraries and parks and reserves)
- Emergency Management (Civil Defence and rural fire)
- Community Facilities (cemeteries, property, toilets, pensioner housing)



Economic development

Objective: Thriving and Sustainable Waikato.
Town and village centres are developed sustainably.

What we did

District-wide

Employment expo

In May 2015, we supported the Ministry of Social Development to run an employment expo in Pokeno, where the town's rapid expansion is creating employment opportunities. Six employers were represented at the expo, collectively seeing more than 100 new employees from unskilled to professionals.

Reputation survey

We commissioned a new Net Promoter Score reputation survey, the first in November 2014; the second in April 2015 asking people how likely they are to recommend the Waikato district as a place to do business. Using the 0-10 scale (where 0 = not at all likely and 10 = extremely likely), the Waikato District had an average rating of 7.9-out-of-10 as a place where business owners would recommend to a colleague or friend to do business in the Waikato.

North Waikato

In the north, our communities have strong ties with Auckland Council's Franklin area and while there is a boundary on paper, the reality is there's a lot going on that crosses boundaries, such as roads and transport, planning spaces, economic development and how to handle growth. Staff and councillors met with the Franklin Local Board to raise these matters and agreed to have discussions for better cooperation and collaboration in the future.

Highlights

Economic development conference

Figures released in October 2014 for the year to March 2014 showed we had 8215 businesses, which was up 2 per cent on the year before. We also had 18,909 filled jobs, which was a growth rate of 0.3 per cent. We want to encourage this trend, so we've been working on our economic development initiative, Open Waikato. Supporting this was an economic development conference which we co-hosted with Waikato –Tainui in October 2014. It promoted the district's opportunities for potential investors and highlighted successes of industries and businesses which have recognised the value of being in Waikato District. The conference was a great success and provided opportunities for business-to-business connections to be made, as well as promoting existing businesses and attracting new investment prospects.

The success stories are also highlighted in case studies on the website www.openwaikato.co.nz

Ultrafast broadband

Broadband is an essential part of connecting communities and Ultrafast broadband is on its way. At the end of the 2014/15 financial year we submitted a Registration of Interest (ROI), the first part in a two part process in support of central government's second round of funding for Ultrafast Broadband in our district.



How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
The percentage of people who have indicated that the Waikato district has processes that encourage the continuity of existing businesses and the establishment of new businesses and industry, as measured through the Annual Satisfaction Survey.	55%	47%	34%		These measures are organisation-wide. Some areas of the organisation exceeding their performance and others not. Therefore it's difficult to quantify the reasons for the drop in satisfaction.
The percentage of people who agree that productive activities in the district are not unduly restricted, as measured through the Annual Satisfaction Survey.	55%	56%	39%		The effects of Plan Change 2, which became fully operational in February 2012, and which restricts sub-vision activity in the rural zone might have affected the public's perceptions.
The percentage of people who have indicated that the Waikato district is a district where the community's access to infrastructure, transport and technology meets its needs, as measured through the Annual Satisfaction Survey.	55%	52%	41%		The extensive work being carried out around the district, such as the Pokeno water upgrade and major roadworks, and the ongoing issue of a commuter rail service, could have affected the responses.

What this tells us

Over the past year, we've made changes, such as a pre-application service for consents, a case-management system for major investors into the district, and a project management approach to coordinate the whole process. There's been a much higher demand for Council services with the increase in development, particularly in the northern part of the district.

While overall feedback through the Annual Satisfaction Survey indicates we need to continue focusing on improving our overall customer service, these and other changes such as our focus on community engagement through the Community Engagement strategy, combined with continuing initiatives, should have a positive impact.

We're working with our regional partners to develop a region-wide prospectus. This is led through the Mayoral Forum and, as with www.openwaikato.co.nz, there'll be a website that will promote the Waikato region and support its economic development. Consultation across the region has been completed and a story drafted, with the website the next phase.

- There are no potential significant negative effects identified with this activity.



Grants & Donations

Objective: Thriving Waikato. The Council supports community activities.

Our grants and donations are provided to organisations and charities throughout the district that otherwise might not have access to funding for their work.

Grant	Annual Plan 2014/15 \$	Amount Paid 2014/15 \$
Raglan Museum	20,000	20,000
Air Ambulance	15,000	15,000
Northern Surf Lifesaving	34,500	34,500
Waikato District Sports Award	5,000	5,000
Life Education Trust	5,000	4,348
Ecosourced Waikato in the District	2,000	2,000
Regional Tourism	100,000	100,000
Waikato District Crime Prevention & Technology Trust	10,000	10,000
Bush Tramway	1,000	1,000
Raglan Coastguard Grant	33,346	33,346
Te Akau Community Complex Grant	7,000	7,000
Te Otamanui Lagoon	50,000	50,000
Tamahere Community Committee	4,000	3,400
FIFA Under 20 World Cup	5,000	15,000
Tuakau & District Museum Society Inc	10,000	10,000
Te Kauwhata – New premises for DISC*	10,000	10,000
Waikato Coalfields Museum	50,000	50,000
Total	361,846	370,594

*Districts Information and Support Centre



Leisure Facilities

Objective: Healthy and Thriving Waikato. The community has access to safe and well-maintained recreation and leisure activities. We have up-to-date library stock and technology available at libraries.

What we did

District-wide

We've been getting out into the community over the past year and Waikato District Libraries staff have been showing up at community events to let people know what we have on offer and to get feedback from Waikato district residents as well. We thoroughly enjoyed our days at events such as the Horotiu School Gala; Tuakau Children's Day; Connect Whaingaroa Expo and district Christmas parades.

Raglan







Kopua Domain playground was upgraded and completed.

Highlights

Library opening

A new mural by artist Simon Te Wheoro was installed in June 2015 in the upgraded library at Raglan, which opened in July 2014. The \$410,000 upgrade has turned a small, overcrowded space into a light, bright and airy haven for book-lovers. It included a revamp of the Council office space, larger library space and a public toilet, as well as a new roof.

How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
The percentage of respondents who have indicated that our parks and reserves are well maintained as measured through the Annual Satisfaction Survey.	100%	84%	91%		This result reflects some ongoing issues with some of our maintenance contractors who were not undertaking monthly audits, which lead to more than anticipated maintenance complaints.
The percentage of respondents who have indicated that they feel safe in our parks and reserves as measured through the Annual Satisfaction Survey.	100%	80%	88%		This number is trending up, as we make more improvements such as better lighting in reserve areas, walkway linkages and improved signage through our parks work programme.
The number of complaints the Council receives about pool water quality.	1 or less per pool per quarter	0 for the year	0 for the year		Achieved.
Reliable daily access to free Internet service at all libraries (excluding supplier issues).	100%	100%	82%		Ngaruawahia Library was closed for a week in April. Raglan closed during site refurbishment.
Library stock is purchased in accordance with the library's collection development policy and that 50% of the book collection is not more than 5 year old. (Note: this is based on the active collection being books less than ten years old. Books older than ten years are generally reference items, specialist items, local history or core stock that has long-term value.)	100%	100%	100%		Achieved.
The percentage of respondents who indicate through the bi-annual library survey that they are satisfied with the service they receive.	>90%	Survey not held this year	95.5%		Achieved.

What this tells us

We are seeing good results with our library services, with users now asking us to increase our Maaori collection. The Library Survey has also returned great results, which reflects the high level of staff motivation.

We're planning to review our Collection Policy to make sure we're still meeting our customers' needs. We're also going to look at shared services and looking at how we can work with neighbouring councils.

Improvements in lighting, signs, planting and pathways are having the desired effect when it comes to our parks and reserves. The survey results are gradually trending up. We've had some problems with contractors' performance for maintenance and this is being addressed so we continue improving over the coming year.

Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Damaged library items.		✓	✓			Repaired as condition is assessed during the issuing or receipting process, or discarded in accordance with the Collections Policy.
Inappropriate goods / magazines / material in the collection (ie adult material or offensive to cultures, religion or in general).					✓	Items are acquired in accordance with the Collections Policy and catalogued as per the nature of the material.
Disability access to facilities.	✓					Development of the Disabilities Access Policy. Design and manoeuvrability for wheelchair access, or mobility scooter. New facilities to be designed in accordance with the council's Hamilton Infrastructure Technical Specifications (HITS).
Noise and disorderly behaviour issues from events at reserves, and general use of herbicides impacting the environment.				✓	✓	Events are managed in line with the council's terms and conditions of hire. Any disturbance will be handled by local police or noise control if required.
Damages to property and harm to people from falling trees and branches.					✓	Tree maintenance programme according to industry standards. Focus on higher use reserves such as walkways, playgrounds and power networks. Responsive to customer requests and cyclical maintenance.
Reserves create a fire hazard for properties.					✓	Management of a fire-break to prevent this effect.
Hazardous chemicals used to keep bio-hazards under control can be harmful if mishandled.					✓	Staff training to identify and handle emergency events and safety standards strictly adhered to. Sodium hypochloride is used which is a safer alternative than traditional chemicals.
Accidents at aquatic facilities.				✓	✓	Pools managed to PoolSafe certification standards. Wet floor signage for appropriate areas.

Community facilities

Objective: Healthy and Safe Waikato. The community has access to safe and well-maintained facilities.

What we did

Meremere

Meremere's new hall is almost complete, with additional ovens and a sink still to be installed. The original building, built in the 1920s, was demolished and replaced, funded from a \$582,519 grant plus \$411,200 from the Council.

Raglan

We have purchased the new toilets for Ruapuke, and negotiations with the landowner for the site should be completed during 2015.

A new car park for Wainui Reserve to create ease of access for buses has been completed.

Highlights

Allan Turner Walkway

Tamahere's new 200 metre Allan Turner walkway with its 100-metre suspension bridge above the Mangaharakeke Stream makes a spectacular sight. The walkway, which was a \$535,000 project, connects Tamahere's Woodcock Road and Matangi's Fuchsia Lane. It is named after a Waikato District Council staff member; a champion of community open spaces, who passed away in 2012. It was opened on 4 October 2014.

Te Awa cycleway



Te Awa cycleway, the 'Great NZ River Ride', stretches 70km from Horahora (near Lake Karapiro) to Ngaruawahia alongside the Waikato River; making the most of the Waikato River, our landscape and open spaces. More than 6000 people a week are taking advantage of the cycleway. Our Ngaruawahia to Horotiu section is making good progress, with the Ngaruawahia Bridge to Thomas Street section completed during 2014/15. The Ngaruawahia to Horotiu section is expected to open to cyclists and pedestrians in November 2015.

Issue

The initial estimate of costs for the Allan Turner walkway was \$250,000; however subsequent scoping and design saw the costs increase to \$535,000.



How we did

How we measured performance	2012/2013 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Respondents are satisfied or very satisfied with the condition of Council facilities as measured by the Annual Satisfaction Survey.	>65%	82%	65%		Achieved. The drop in result may be linked to dissatisfaction with the state of our public toilets and the lack of rubbish collections.
The percentage of customer complaints regarding the condition of public toilets responded to within one working day.	95%	16%	64%		A steady improvement in response times, with a new contract for cleaning and maintenance from October 2014. Some response times to complaints did not meet the target timeframe due to user error.
The number of complaints received regarding the condition of our cemeteries.	less than 5 complaints per year	26	13		There are 22 cemeteries in the district. We received 13 complaints mostly in relation to the state graves are left in. The level of complaints is reducing as graves are now checked within days of burial.

What this tells us

It's important we respond to complaints regarding the condition of public toilets quickly. With staff changes, we had some issues early in the year around recording our responses, but these were addressed to ensure our records were accurate and this year's results show this.

Month	Number of toilet complaints
October 2014	19
November 2014	11
December 2014	17
January 2015	16
February 2015	9
March 2015	21
April 2015	4
May 2015	0
June 2015	7

We've also carried out some toilet upgrades and changed schedules to allow extra cleans, which has helped address core complaints. Our level of service is better overall, and we're continually improving how we operate.

We manage 22 cemeteries throughout the district and received 13 complaints about them. It's good that the level of complaints is reducing, and with the appointment of a Cemetery Officer, we're able to deal with any complaints as soon as they're received.



Potential significant negative effects

Activity	Outcome					Our response
	Accessible	Sustainable	Thriving	Healthy	Safe	
Isolation / location of public toilets leading to safety concerns.	✓			✓	✓	Ensure toilets are designed appropriately and located in areas that are easily visible and accessible. Use CPTED design principles.
Congregation of undesirable groups with the potential to vandalise equipment.	✓				✓	Maintenance regimes in place to rectify any issues, installation of CCTV as appropriate CPTED design principles.
Toilets can present a sanitary risk to the community.				✓	✓	Included in Water & Sanitary Services assessments (three – yearly).
Considered to have a negative aesthetic effect.		✓	✓			Use of eco design, strategic locations, planting to minimise the impact, environmentally complimentary paint colour.
Noise and disorderly behaviour issues from events to cemeteries and general use of cemeteries.	✓				✓	Restricted opening hours.
Potential pollution of waterways from cemetery activities.				✓		Maintain an adequate separation distance between human remains and the highest seasonal ground water table Maintain an adequate buffer zone around cemeteries and plant with deep rooting trees.

How we paid for it

80%

General rates

3%

Targeted rates

7%

Fees and charges

2%

Internal charges recovered

8%

Local authorities fuel, tax, fines, infringement fees and other receipts



20%

Subsidies and grants for capital expenditure

29%

Development and financial contributions

43%

Increase in debt

8%

Gross proceeds from sale of assets



Emergency management

Objective: Safe Waikato. Provide a key role in ensuring the organisation and community are able to respond, effectively manage, and recover from disaster impacts.

What we did

District-wide

Building capability

When disaster strikes, we have to be prepared. This year, we've been building on getting our Emergency Operations Centre fully equipped and training our staff to operate it. We put a specialist team in place to coordinate our emergency response and have carried out five civil defence exercises within Council as part of staff training.

Business continuity

To be able to respond in a civil emergency we need to make sure the Council can continue to operate. We have business continuity plans in place so our critical operations can be activated as quickly as possible in an emergency and provide support when services are disrupted.

Port Waikato

During the past year we completed a Community Response Plan for Port Waikato.



Highlights




Civil Defence Emergency Management Plan

We've been developing a Civil Defence Emergency Management Plan, which includes potential hazards and risks in the district and how we can manage a major emergency. The plan also focuses on our communities' readiness and ensures the public is well-educated and informed about the hazards they might experience.

Building partnerships

It's important we have good linkages with other agencies and understand how they work. We've been building strong working relationships with the New Zealand Fire Service, St John Ambulance, the New Zealand Police (district wide), Waikato District Health Board, New Zealand Red Cross, local Lions groups and the Ministry of Social Development, who will be key partners in an emergency.

How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Emergency Operation Centre (EOC) radios are commissioned and functioning on mandated ES bands. Weekly radio test to be performed between the council's CD radio locations and Waikato Valley Emergency Operations Area (WVEOA) headquarters.	100%	100%	92%		While we didn't achieve four radio checks during some months, a minimum of three checks were made each month, with checks carried out eight of the 12 months.
Undertake two Waikato district localised exercises involving community centre offices eg Raglan, Tuakau, etc.	2 per annum	0	4		Achieved.
Undertake a joint annual training exercise with WVEOA parties.	2 per annum	0	1		The WVEOA and parties that this measure refers to ceased in 2013. In the 2014/15 year we completed one local exercise in the Waikato District Council EOC.

What this tells us

The foundation training for staff for Civil Defence has shown good results, with around 100 staff taking part in four council exercises carried out during the year. The exercises have proven positive, with staff interested and keen to take part in further training and established a good point for us to progress into the wider regional exercises as they take place in the future.

We're putting together Community Response Plans for Raglan, Tamahere, Huntly and Eureka and have commissioned an assessment of tsunami risk on the western coast of the district. We'll also be taking part in a Red Cross exercise in September 2015.

- There are no potential significant negative effects associated with this activity.

Customer delivery




Objective: Thriving Waikato. Customers are delivered an effective and responsive experience.

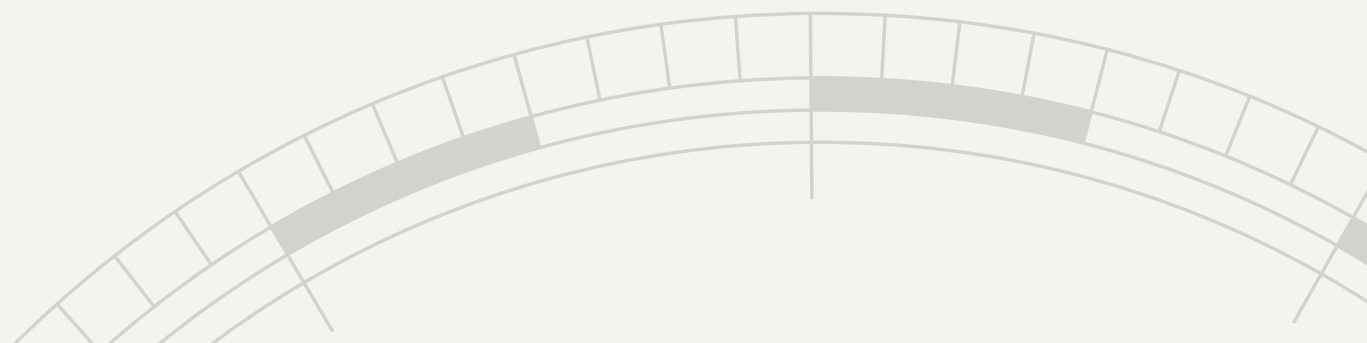
What we did



District-wide

We reviewed the service requests we received for Waters; Roading; Animal Control; Finance; Environmental Health; Monitoring and Building Quality. Following the review, we made changes to streamline the process, reducing the number of service request categories. We also provided training for our front-line customer service staff members to increase their basic technical knowledge so they can resolve customers' inquiries quickly.

How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Respondents are satisfied or very satisfied with the overall service received when contacting the Council as measured by the Annual Satisfaction Survey.	80%	75%	70%		The decline in customer satisfaction could be because of frustration with difficulties in getting their queries resolved quickly. It is anticipated with the implementation of the revised request for service, more queries will be resolved at first contact, therefore improving overall service when contacting Council.
Respondents who deal with front-line staff are satisfied or very satisfied with the service they receive as measured by the Annual Satisfaction Survey.	90%	81%	85%		This result has improved, however we still did not reach our target. This could be attributed to calls not being returned or followed up and customers finding it difficult to connect to the appropriate member of staff. The Customer Delivery Team will focus on resolving queries at the first contact. Staff training to assist with community engagement and improving staff understanding of organisational activities and political processes is also ongoing.
Respondents who contact the Council by phone are satisfied or very satisfied with the service they receive as measured by the Annual Satisfaction Survey.	90%	79%	64%		Our data shows calls are not being answered fast enough and too many calls are being abandoned. It is anticipated with the implementation of the revised request for service, more queries will be resolved at first contact, therefore improving customer experience when contacting Council.



How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Percentage of all calls to the Council's main telephone number which are answered within 30 seconds.	75%	74%	70%		This result reflects the increase in workload. It is anticipated with an increase in staffing hours and additional resource this result will improve.
Percentage of all calls to the Council's main telephone number which are abandoned (caller hangs up).	<3%	4%	5%		This result reflects the increase in workload. It is anticipated with an increase in staffing hours and additional resource the result will improve.

What this tells us

Our Annual Satisfaction Survey has sent us some very clear messages: Customers want us to do better. They're not satisfied with our service when they contact us. It is anticipated with the implementation of the revised request for service, more queries will be resolved at first contact, so we're expecting customer satisfaction to improve over time.

There's been an increase in satisfaction with our service from front-line staff. This is a result of the increased training and restructuring over the past year. This year we're focusing on finding solutions for customers at the first point of contact, community engagement and continuing staff education so staff better understand what the organisation's doing and the political process.

The Call Centre has been supported with a staff move from 23.5 hours to 40 hours as well as a six-month full-time staff member from July 1, 2015. As we move towards a goal of 80% of queries being resolved at the first point of contact, good data collection will be important so we can understand how many staff we'll need in future.

- There are no potential significant negative effects associated with this activity.



Council Leadership

Objective: Thriving Waikato. Communities have an opportunity to influence the decision-making process.

What we did

District-wide

A Regional Economic Strategy was adopted in 2014 and during the 2014/15 financial year the forum began implementing key projects from the strategy.

There are seven major projects that, when completed, will make a major contribution to the Waikato's future development as a regional success story. They include:

- Developing the Ruakura Hub inland port
- Completing the Waikato Expressway
- Creating a new Waikato Plan for the region
- Undertaking a study of constraints on growth and future investment opportunities
- Improving the supply of and demand for skilled labour
- Reducing local government red tape for business
- Creating a better Waikato marketing "story" to help facilitate growth.

Onewhero-Tuakau

Following the unexpected death of community board chair Ewan Gilmore, a by-election was held on 17 February 2015 to appoint a new Board member. We received three nominations for the vacancy and a 27 per cent return on the 6,221 voting papers mailed out.

Raglan

As a result of the resignation of two Raglan Community Board members, Board Chair Linda Cole and member Jon Taylor, another by-election was held on 15 May 2015 to fill the two vacancies. We received five nominations and a 36 per cent return on the 2,723 voting papers mailed out.

Highlights

Maaori participation

Papakaainga

We've been working with a collaborative group to help Maaori with multiple-owned land to develop housing (papakaainga) on the land. The group - The Waikato Agencies Papakaainga Forum (WAPF) is made up of Waikato District Council, Maaori Land Court, Te Puni Kokiri and the Waikato Regional Council. It's supported by the Future Proof Growth and Development Strategy, Waikato-Tainui, Waipa District Council and Hamilton City Council.

Over the past year we've carried out a second series of workshops for the Waikato district. Maaori landowners will be able to apply the results of these workshops over the next few years as they develop their capacity and are ready to build their papakaainga. There are 30 land blocks involved in the current process and Raglan's Te Kopua 2B3 Incorporation will be the first to develop a papakaainga.

River access

During the past year the question of access to the river for whitebait has been a particular issue at Port Waikato, where there are complex resource management issues. We've been working with the Waikato Regional Council, the Huakina Development Trust (representing local hapu), Land Information NZ, Department of Conservation and the Ministry for Primary Industries to find solutions to the issue. In July 2015 we held three open days to provide the public with an opportunity to discuss the way forward.



How we did

How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Percentage of respondents who understand how the Council makes decisions as measured by the Annual Satisfaction Survey.	70%	60%	60%		Council adopted its Significance and Engagement Policy in October 2014 and the Community Engagement Strategy in March 2015. It may be that the outcome these engagement instruments are seeking to achieve are yet to be realised as they are still relatively new. We have also been upgrading our website with information on decision-making.
Percentage of respondents how agree that they have had the opportunity to be involved and participate in the way the council makes decisions as measured by the Annual Satisfaction Survey.	70%	67%	64%		Council has consulted as per legislative requirements and has gone beyond these by engaging with the public on a number of issues prior to any formal consultation process. It may be that the decision-making process may not have been well understood by the public. Council will endeavour to place particular emphasis on this when engaging / consulting from now on.

What this tells us

We adopted our Significance and Engagement Policy in November 2014 and our Community and Engagement Strategy in May 2015. Alongside this, we've upgraded our website with information about Council decision-making. Our results aren't yet showing the effects of these initiatives. Residents' responses to our Annual Satisfaction Survey show there's a real demand for improvement in how we engage with our communities. We are monitoring our progress and will continue to make improvements in response to community feedback.

- There are no potential significant negative effects associated with this activity.

How we paid for it

83%

General rates

3%

Targeted rates

14%

Internal charges recovered



Organisational Support

Objective: Thriving Waikato. Communities feel well informed and part of consultation.

Sustainable Waikato. The council does its part in ensuring a sustainable approach to managing property.

What we did

Internal audit programme

We developed a list of potential areas for audit and improvement, which include:

- IT security
- Procurement process
- Revenue and payments processes
- Business continuity and disaster recovery planning process
- Project management methods and frameworks.

The list was prioritised at the June 2015 Audit and Risk Committee and will be aligned with the internal audit programme and staff availability.

Procurement

All procurement and contract processes were completed and a staff training programme was developed and rolled out to staff during the 2014/15 financial year.

How we did

How we measured performance

Percentage of respondents who are satisfied with information provided by the council as measured by the Annual Satisfaction Survey.

2012/2022
LTP Target
(Year 3)

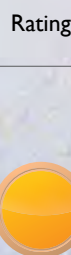
>60%

Year 2
2013/14
Result

69%

Year 3
2014/15
Result

58%





Rating

Explanation

On track. Council has provided relevant information to our customers at all times through various means including the website, newsletters, Open Days, community board and committee meetings etc. Information on key initiatives have always been done through a well-thought through communication plan. The public can also access relevant information from any of Council's five area offices. Council is in the process of developing a more user-friendly website. The reason for the lower score is unknown.



How we measured performance	2012/2022 LTP Target (Year 3)	Year 2 2013/14 Result	Year 3 2014/15 Result	Rating	Explanation
Percentage of respondents who are satisfied with the council's consultation programme as measured by the Annual Satisfaction Survey.	>60%	58%	54%		Council has consulted as per legislative requirements and has even gone beyond these by engaging with the public on a number of issues <i>prior</i> to any formal statutory consultation process. We will continue with this approach. Community meetings / Open Days are well advertised and the public have an opportunity to make submission online. The reason for the lower score is unknown.
Reduction in total annual electricity consumption for council occupied buildings compared to 2011/12 total consumption.	5%	Not measured	Not measured		We did not receive any invoices from Contact Energy from April to September 2014 due to glitches at their end. Council had a contract with eBench to monitor electricity consumption but due to issues at Contact Energy monitoring was problematic. Council has now reached an agreement with Contact Energy to provide quarterly reports on electricity consumption which will enable better monitoring.

What this tells us

The survey results are disappointing in light of the efforts taken in the past year to generate meaningful conversations with residents through the implementation of our Significance and Engagement Policy and Community Engagement Strategy. The public can, and do, access information about what we do in all areas of activities. The information is always available at the Council's area offices and we have a specific project to improve information available on the website. We note comments in the Annual Satisfaction Survey and will continue working on our engagement and communication, keeping in mind that perceptions take time to change as initiatives bed in and become the norm.

- There are no potential significant negative effects associated with this activity.

How we paid for it

-1%

General rates

97%

Internal charges recovered

4%

Local authorities fuel tax, fines, infringement fees and other receipts



99%

Decrease in debt

1%

Gross Proceeds from sale of assets





Financial Pathway

THIS SECTION

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From the Strategy & Finance Committee Chairman and General Manager Strategy & Support

The Council's budgeted income for this financial year was \$121.7 million, against which actual income earned was \$142.9 million, a positive variance of \$21.2 million and a 40 per cent increase on 2013/14 figures. Vested assets, which are not a budgeted item, account for the majority of the variance, along with higher development and financial contribution income and additional subsidies and grants which were carried over from 2013/14.

The Council's operational expenditure budget was \$90.4 million of which actual operational expenditure was \$97.9 million. This includes asset write-offs of \$6.2 million which are not a budgeted item. Taking this into account the Council incurred \$1.3 million more than what was budgeted for 2014/15. This variance against budget relates mainly to changes in the fair value of Council interest rate instruments and is offset by lower external interest costs.

Capital programmes were budgeted at \$37 million for 2014/15. In addition to this, budget for projects that had not been fully completed during 2013/14 totalled \$51 million. Therefore, although when compared to the Annual Plan budget the completed works sits at 149 per cent of budget (spend of \$55 million) the budget usage including progression of prior years' work was approximately 63 per cent. Variance in capital work programmes can arise for various reasons; savings in construction prices, progression and related timing of subdivision activity within the district, adverse weather resulting in delays, public consultation timeframes and negotiations over land purchase.

This year a number of scheduled projects were reviewed and re-scheduled into the 2015-2025 Long Term Plan (\$1.5 million of water related projects and \$4.4 of structure plan transportation projects) to better fit with expected demand for the services. The majority of the remaining projects are in progress but were not completed before the end of the financial year.

Debt at the end of June 2015 was \$53 million, significantly lower than the forecast of \$85.2 million due to unforeseen delays and re-staging of capital works programmes. These delays also create a favourable variance in interest and depreciation costs.

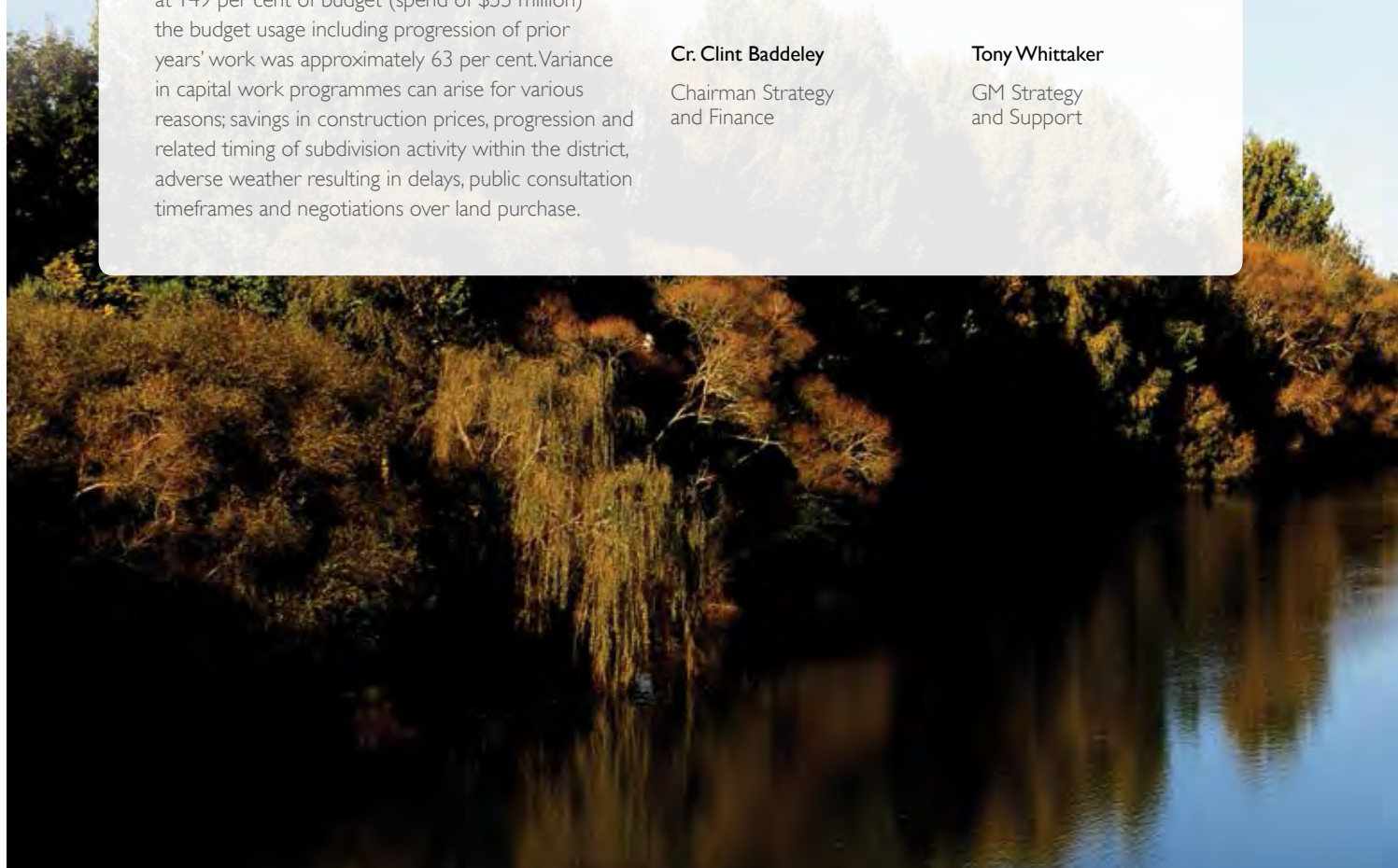
In addition to specifying debt limits, the Council's financial strategy stipulated benchmarks for rates increases going forward. These measures are in place to ensure accountability to the public with respect to rates increases and management of debt. The Council pegged rate increases to the expected local government cost index figures, as it better reflects the cost increases that the Council faces each year. In the first year of the Long Term Plan the Council met the set targets, however in 2013/14 and 2014/15 there were small breaches of \$61 and \$89 respectively on the average rates per dwelling target.

Cr. Clint Baddeley

Chairman Strategy
and Finance

Tony Whittaker

GM Strategy
and Support



Council controlled organisations

The Council operates four Council Controlled Organisations (CCOs). These organisations independently manage facilities and deliver services. The following information explains what the organisations do and how their performance is measured.

Strada Corporation Limited

Strada Corporation Limited (Tanlaw Corporation prior to 1 July 2009) was established in 1992 as a wholly owned Council Controlled Organisation (CCO). The Council wished to separate the planning and development of its work programme from the physical works. Strada was established to achieve this and to operate as a profitable business for the Council's benefit, ultimately Waikato District ratepayers.

Since its formation, the company has generally traded profitably and provided significant dividends that supplemented the Council's income. The road contracting market is now very competitive and the Council is able to obtain a fair price in this market. The reasons for ownership of the company were reviewed during the Long Term Plan and it was determined that the Council should own Strada for the purpose of a financial return. Although there was a budgeted dividend of \$200,000 for 2014/15, the company's financial performance during the year did not support payment of a dividend. In 2012/13 and 2013/14, dividends were significantly higher than expected. Combined actual dividend income received over the three year period from Strada has exceeded budget by \$478,571.

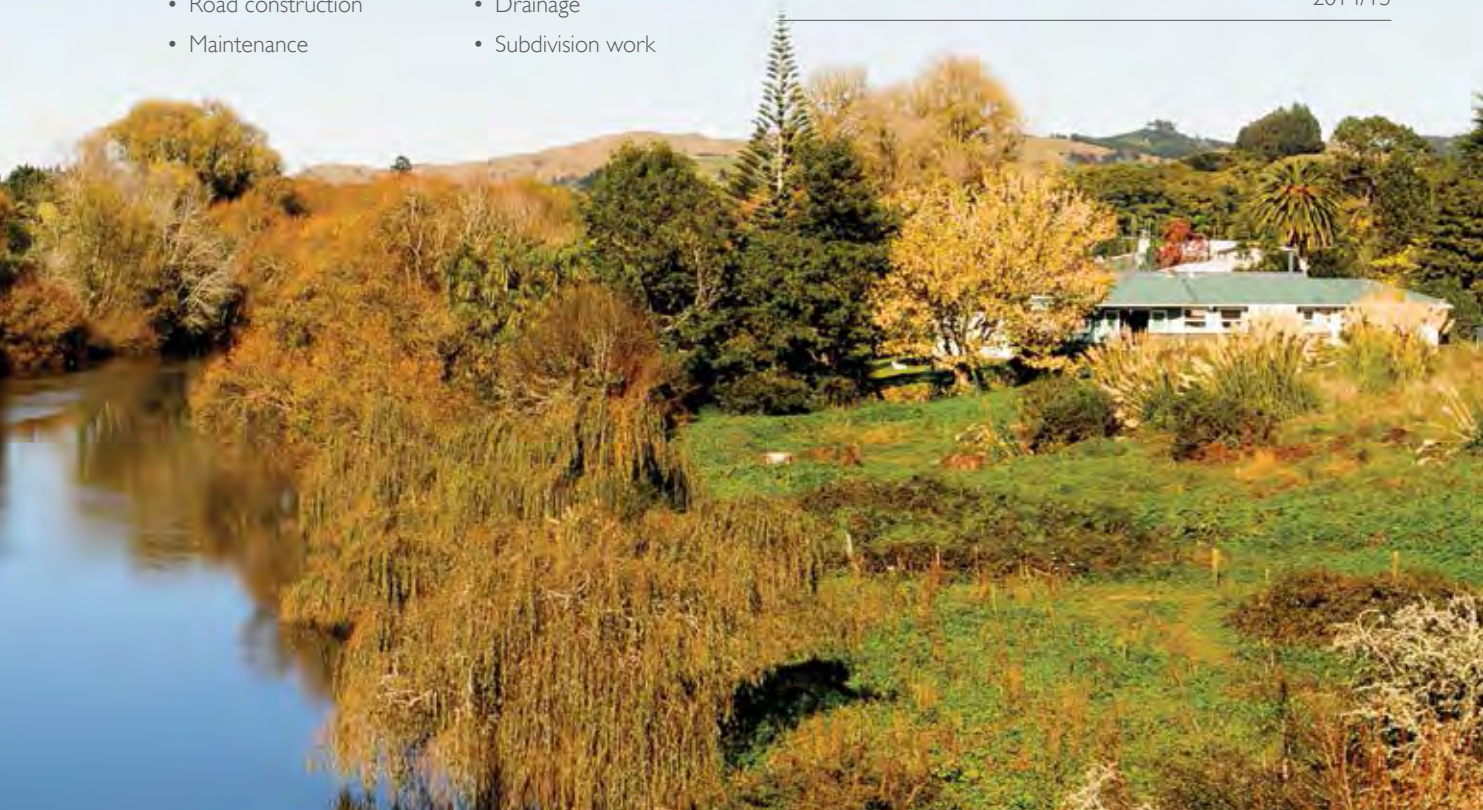
Strada provides services to Waikato District council and a number of other clients. The relationship between the Council and Strada Corporation is at arm's length and most of the work is fully contestable through the tender process.

Strada's operations include:

- Civil engineering
- Road construction
- Maintenance
- Quarry operations
- Drainage
- Subdivision work

Strada had difficulty securing maintenance contract work during 2014/15 and as a result met only one of their financial Statement of Intent measures. It should be noted that the financial measures are for the parent company only and do not recognise any share of profits from the investment in Waikato Quarries.

Agreed measures	Statement of Intent	Actual 2014/15
Proprietorship ratio	80%	94%
Net profit after tax as a percentage of average shareholders' funds	12%	-1%
Debt / equity ratio	36.65	41:59
Interest coverage	6.5:1	-1.3:1
Maintain the company's tertiary accreditation with the Accident Compensation Corporation	By June 2015	Achieved. Assessed bi-annually, next assessment due in 2016
Maintain optimum ISO9001/2008 objectives outlined in the company's Telarc registration	By June 2015	Achieved January 2015
Obtain environmental management certification (ISO14001)	By July 2015	Under review
Maintain an average Staff Satisfaction rating of 3 (1 = least satisfied, 5= most)		A staff survey was not conducted in 2014/15



Waikato Regional Airport Limited

In December 1995, the Council along with four other local authorities purchased the Crown's 50 per cent shareholding in Waikato Regional Airport Limited. The purchase increased the Council's shareholding to 15.625 per cent. At the time the Council considered the airport to be a significant infrastructural asset for the region and important to economic growth and development. The Council's shareholding is considered a strategic asset. The airport also operates a tourism subsidiary which aims to promote the region to tourists. The Council contributes separately to this entity.

The airport operates to provide affordable, reliable and safe access to the air transport system. The performance of the airport is detailed below:

Agreed measures	Statement of Intent	Actual 2014/15
Earnings before interest, taxation and depreciation (EBITDA)	\$2,880,000	\$3,294,000
Net surplus / (deficit) after tax	\$111,000	\$169,000
Net profit after tax to shareholders' funds	0.0%	0.28%
Net cash flow (operating and investing)	(\$375,000)	\$2,225,000
Net profit after tax to total assets	0.0%	0.22%
Percentage of non-landing charges revenue to total revenue	64.4%	81.03%
Total liabilities / shareholders' funds: (debt / equity / ratio)	26:74	24:76
Applicable to parent company (airport) operations only		
Interest rate cover	2.91	3.38
To achieve the Airport Certification Standards as required by the Civil Aviation Authority	Achieved. The airport continues to meet the Airport Certification Standards	
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon	Achieved. 32 customer feedback cards were collected, documented and considered or responded to	

Local Authority Shared Services Limited

Local Authorities of the Waikato region established the Local Authority Shared Services (LASS) Limited during 2005/06, the 12 local authorities of the region jointly own the company, and they include:

- Hamilton City Council
- Rotorua District Council
- Waikato District Council
- Hauraki District Council
- South Waikato District Council
- Waikato Regional Council
- Matamata-Piako District Council
- Taupo District Council
- Waipa District Council
- Otorohanga District Council
- Thames-Coromandel District Council
- Waitomo District Council

These local authorities have worked closely together over the years on mutually beneficial joint projects. The councils believe the company will generate savings through economies of scale and through additional purchasing power and the ability to recover costs. Local Authority Shared Services Limited provides information collection and management at a lower aggregate cost, these include: Shared valuation data services (SVDS), Waikato regional transport model (WRTM) and Waikato regional aerial photography.

The Waikato Mayoral Forum has established five working parties to investigate collaborative opportunities in the areas of governance structures, planning, three waters, roading and economic development. Each working party is led by a Council Chief Executive in conjunction with a group of Mayors / Chairs from the Mayoral Forum. LASS is available as a support entity to assist these working parties.

Procurement opportunities are identified and progressed hence the Statement of Intent also contains performance targets for joint procurement and insurance brokerage.

A summary of the LASS performance for the 2014/15 year is provided in the table below:

Agreed measures	2014/15 results
Shareholder survey: The company will carry out an annual survey of shareholders to assist the directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the service provided	Achieved
Costs control: Administration expenditure shall not exceed that budgeted by more than 5 per cent unless prior approval is obtained from the directors	Achieved. Actual expenditure was \$16,439 favourable to budget
Cashflow: The company maintains an overall positive cashflow position	Not achieved this year as cashflow was intentionally operated at a negative level in order to use up surpluses. The company still maintains a safe cash position with cash, cash equivalents and bank account balances amounting to \$693,617 at the end of June 2015
Reporting: The board will provide a written report on the business operations and financial position of the LASS are being adhered	Achieved
Statutory adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to	Achieved
SVDS availability: SVDS is available to users at least 99 per cent of normal working hours	Achieved
SVDS sales data delivery: At least 98 per cent of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers	Achieved
SVDS major enhancement development hours: All capital enhancement development work is supported by a business case approved by the advisory group	Not applicable this year as only minor work items of \$5,000 or less have been undertaken as per the roadmap approved by the SVDS advisory group
WRTM: All required modelling reports are actioned within the required timeframe	Achieved
WRTM: The base model adheres to 'screenline Validation Standards' as set out in the NZTA Economic Evaluation Manual as indicated by an external independent review	Achieved
WRTM: A full report on progress of the model be provided to the LASS Board twice each year	Achieved
Insurance: The key performance indicators within the brokerage contract are met	Achieved
Joint procurement: Any joint procurement projects deliver as per project approved objectives	Achieved. A joint procurement initiative was completed as per the projects objectives for a Professional Services Panel for four of the shareholding councils
Advice to the Waikato Mayoral Forum: In response to requests from shareholders, the company will provide regular reports and updates to the Waikato Mayoral Forum regarding progress with shared service initiatives	Achieved
Independent Benefit Review Plan update: The independent benefit review plan will be reviewed, updated and signed off by the LASS Board by 31 May of the year immediately preceding the year the plan relates to	Achieved
Independent Benefit Reviews: Those reviews timetabled in the plan for the current year be completed by the end of the year	Achieved

Waikato District Community Wellbeing Trust

In 2010, the Waikato Foundation Trust proposed to distribute its capital fund to projects or trusts to fund projects of a community nature which will result in long term benefits to as many people as possible within the geographical area of the three constituent territorial authorities namely Hamilton City Council, Waikato District Council and Waipa District Council. The Waikato District Community Wellbeing Trust was established to receive funds from the Waikato Foundation Trust which wound up in 2010. \$2.56 million was transferred to the Waikato District Community Wellbeing Trust in 2011/12.

The Trust distributes funds that:

- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities; and
- Deliver on the aspirations and community outcomes of the Waikato district identified and promoted by the community and endorsed by Waikato District Council.

The Trust approved the following grants during 2014/15:

• Te Awa Cycleway	\$40,000
• Taupiri Rugby Club	\$20,000
• Glen Afton / Pukemiro Memorial	\$20,000
• Raglan Mountain Bike Club	\$20,000

A summary of the Trust performance for the 2014/15 year is provided in the table below:

Agreed measures	2014/15 results
Governance: Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year	Achieved
Investment: A quarterly Trustee meeting be held to review compliance with the Trusts Management of Investment Portfolio and Distribution Policy for that quarter	Achieved
Grant disbursement: The distribution process is undertaken that distributes the annual fund to eligible recipients who meet the fund criteria in accordance with funding targets set by trustees in accordance with the Management of Investment Portfolio and Distribution Policy for the 2014/2015 year	Achieved. Actual grants paid represented 28% of net income less expenses and the capital maintenance allowance. Two grants that were approved in the 2013/14 year were paid in 2014/15 totalling \$80,000. A further two grants approved in 2014/15 were paid within the year totalling \$60,000.
Six-monthly reports are received from all successful applicants within the required timeframe	Not achieved. Status reports were received from all but one of the applicants within the required timeframe. The final report was received on 10 July 2015, which was outside the stipulated timeframe



Returns on investment	Value (000's)	Return 2014/15
Financial	\$1,148	4%

Property	\$445	10%
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Equity

Strada Corporation Limited	\$4,500	0%
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Waikato Regional Airport Limited	\$2,639	0%
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NZ Government Insurance Corporation Limited	\$49	0%
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Local Authority Shared Services Limited	\$220	0%
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Waikato District Community Wellbeing Trust	\$0	0%
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STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2015

		COUNCIL			GROUP	
	Note	2014/15 Actual \$'000	2014/15 Budget \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Revenue						
Rates, excluding targeted water supply rates	2	63,212	62,961	59,517	63,212	59,517
Development and financial contributions		14,403	7,526	6,355	14,403	6,355
Subsidies and grants		19,438	16,984	14,822	19,398	14,822
Finance revenue	3	198	157	139	297	235
Other revenue	4	45,630	34,059	21,519	50,900	26,250
Total revenue		142,881	121,687	102,352	148,210	107,179
Expenses						
Employee costs	6	24,430	25,179	23,225	27,494	26,344
Depreciation and amortisation expense	7,17,18	20,870	20,938	19,583	21,499	20,234
Finance costs	3	2,705	3,411	2,251	2,915	2,461
Other expenses	8	49,857	40,911	43,419	52,048	43,631
Total operating expenses		97,862	90,439	88,478	103,956	92,670
Operating surplus (deficit) before tax and share of equity accounted investments		45,019	31,248	13,874	44,254	14,509
Other gains / losses						
Net other gains and losses	9	(2,572)	-	1,286	(1,976)	1,568
Share of joint venture's surplus (deficit)	20	-	-	-	228	80
Surplus (deficit) before tax		42,447	31,248	15,160	42,506	16,157
Income tax expense	10	-	-	-	168	(129)
Surplus (deficit) after tax wholly attributable to Waikato District Council		42,447	31,248	15,160	42,674	16,028
Other comprehensive revenue and expense						
Gain (Loss) on property revaluations	17	16,280	48,541	12,084	16,691	12,084
Revaluation reserve – landfill	24	(592)	-	10	(592)	10
Financial assets at fair value through other comprehensive income		-	-	1	-	1
Other comprehensive revenue and expense (net of tax)		15,688	48,541	12,095	16,099	12,095
Total comprehensive revenue and expense for the year		58,135	79,789	27,255	58,773	28,123

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 37.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		COUNCIL			GROUP	
		2014/15 Actual \$'000	2014/15 Budget \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
	Note					
ASSETS	Current assets					
	Cash and cash equivalents	11	10,339	426	976	11,286
	Receivables from exchange transactions	12	13,779	11,406	8,406	14,409
	Recoverables from non-exchange transactions	12	7,692	5,766	6,901	7,692
	Prepayments		455	265	424	462
	Other financial assets	15	89	60	81	3,567
	Inventory	13	-	-	-	19
	Biological assets – cattle	14	90	88	83	90
	Non-current assets held for sale	16	-	384	400	-
	Total current assets		32,444	18,395	17,271	37,525
	Non-current assets					
	Investment in CCO's and other similar entities	15	7,359	-	7,359	5,129
	Investments in other entities	15	1,108	8,900	942	1,108
	Property, plant and equipment	17	1,570,582	1,660,785	1,497,861	1,576,905
	Intangible assets	18	5,424	1,081	5,465	5,526
	Investment property	19	445	445	450	845
	Investment in joint venture	20	-	-	-	2,672
	Derivative financial instruments	25	-	-	234	-
	Total non-current assets		1,584,918	1,671,211	1,512,311	1,592,185
	Total assets		1,617,362	1,689,606	1,529,582	1,629,710
LIABILITIES	Current liabilities					
	Payables under exchange transactions	21	34,122	15,705	22,114	34,164
	Taxes and transfers payable	21	1,063	-	935	1,138
	Derivative financial instruments	25	16	-	-	16
	Borrowing	23	2,950	12,295	2,458	6,671
	Employee entitlements	22	2,762	3,292	2,909	2,994
	Provisions	24	157	214	549	173
	Current tax liabilities		-	-	-	-
	Total current liabilities		41,070	31,506	28,965	45,156
	Non-current liabilities					
	Derivative financial instruments	25	2,036	1,055	-	2,036
	Borrowing	23	50,000	72,913	35,000	50,000
	Employee entitlements	22	195	173	169	207
	Provisions	24	1,895	1,572	1,417	1,895
	Deferred tax liabilities		-	-	-	54
	Total non-current liabilities		54,126	75,713	36,586	54,192
	Total liabilities		95,196	107,219	65,551	99,348
NET ASSETS / EQUITY	Net assets		1,522,166	1,582,387	1,464,031	1,530,362
	Accumulated comprehensive revenue and expense		964,246	947,306	909,588	968,085
	Other reserves		557,920	635,081	554,443	562,277
	Total net assets / equity		1,522,166	1,582,387	1,464,031	1,530,362

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 37.

STATEMENT OF CHANGES IN NET ASSETS / EQUITY

For the year ended 30 June 2015

	COUNCIL			GROUP	
	2014/15 Actual \$'000	2014/15 Budget \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Balance at beginning of year					
<i>Accumulated comprehensive revenue & expense</i>	909,588	913,512	885,542	912,864	888,907
Share of joint venture's earnings	-	-	-	444	364
Other reserves					
Revaluation	542,109	583,359	532,535	543,281	532,960
Restricted	29	29	28	2,695	2,564
Council-created	19,324	20,616	21,183	19,324	21,183
Special rates and user pays	(104)	(1,337)	(1,376)	(104)	(1,376)
Capital replacement fund	16,112	14,505	14,550	16,112	14,550
Development contributions	(23,061)	(28,118)	(15,719)	(23,061)	(15,719)
Fair value through other comprehensive revenue & expense	34	33	33	34	33
Balance at 1 July as previously reported	1,464,031	1,502,599	1,436,776	1,471,589	1,443,466
Comprehensive revenue & expense for the year					
<i>Accumulated comprehensive revenue & expense</i>					
Surplus (deficit) after tax	42,447	31,247	15,160	42,446	15,948
Share of joint venture's retained earnings	-	-	-	228	80
Other reserves					
Revaluation	16,280	48,541	12,084	16,691	12,084
Revaluation – landfill	(592)	-	10	(592)	10
Fair value through other comprehensive revenue & expense	-	-	1	-	1
Total comprehensive income for the year wholly attributable to Waikato District Council	58,135	79,788	27,255	58,773	28,123
Transfers to (from) accumulated comprehensive revenue & expense					
<i>Accumulated comprehensive revenue & expense</i>	12,211	2,547	8,886	12,103	8,009
Other reserves					
Revaluation	(3,052)	-	(2,520)	(3,052)	(1,773)
Restricted	1	1	1	109	131
Council-created	595	(1,237)	(1,859)	595	(1,859)
Special rates and user pays	(1,201)	(773)	1,272	(1,201)	1,272
Capital replacement fund	(1,215)	(1,302)	1,562	(1,215)	1,562
Development contributions	(7,339)	764	(7,342)	(7,339)	(7,342)
Total transfers to (from) accumulated comprehensive revenue & expense	-	-	-	-	-
Balance at 30 June wholly attributable to Waikato District Council	1,522,166	1,582,387	1,464,031	1,530,362	1,471,589

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 37.

STATEMENT OF CHANGES IN NET ASSETS / EQUITY continued

	COUNCIL			GROUP	
	2014/15 Actual \$'000	2014/15 Budget \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Represented by net assets / equity at the end of the year					
Accumulated comprehensive revenue & expense	964,246	947,306	909,588	967,413	912,864
Share of joint venture's earnings	-	-	-	672	444
Other reserves					
Revaluation	554,745	631,900	542,109	556,328	543,281
Restricted	30	30	29	2,804	2,695
Council-created	19,919	19,379	19,324	19,919	19,324
Special rates and user pays **	(1,305)	(2,110)	(104)	(1,305)	(104)
Capital replacement fund	14,897	13,203	16,112	14,897	16,112
Development contributions **	(30,400)	(27,354)	(23,061)	(30,400)	(23,061)
Fair value through other comprehensive income	34	33	34	34	34
Balance at 30 June wholly attributable to Waikato District Council	1,522,166	1,582,387	1,464,031	1,530,362	1,471,589

** These debit reserves have arisen through advance funding of projects by Council before special rates and development contributions have been allocated.

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 37.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	COUNCIL			GROUP	
	2014/15 Actual \$'000	2014/15 Budget \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Cash flows from operating activities					
Receipts					
Receipts from rates revenue	67,213	62,848	64,427	67,198	64,427
Subsidies received	17,471	17,166	16,884	17,471	16,884
Contributions received	9,167	7,853	3,640	9,167	3,640
Receipts from other revenue	13,103	16,912	13,287	17,828	17,991
Interest received	160	157	104	254	200
Dividends received	-	100	400	31	27
Goods and services tax (net)	1,039	-	760	937	810
Payments					
Payments to employees	(24,551)	(25,025)	(23,343)	(27,759)	(26,445)
Payments to suppliers	(42,111)	(41,092)	(40,353)	(43,767)	(40,475)
Interest paid	(2,433)	(3,411)	(2,105)	(2,643)	(2,315)
Income tax paid	-	-	-	(180)	(112)
Net cash from (used in) operating activities	39,058	35,508	33,701	38,537	34,632
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	409	107	283	449	783
Proceeds from the sale of investments	-	-	-	4,289	-
Proceeds from sale of non-current assets held for sale	16	-	312	16	312
Community loans repayments received	77	-	83	77	83
Purchase of intangible assets	(489)	(374)	(4,618)	(573)	(4,686)
Purchase of property, plant and equipment	(44,813)	(73,741)	(27,401)	(45,190)	(28,318)
Acquisition of investments	(387)	-	(22)	(4,693)	(45)
Purchase of investment property	-	-	-	-	(35)
Net cash flow from (used in) investing activities	(45,187)	(74,008)	(31,363)	(45,625)	(31,906)
Cash flows from financing activities					
Proceeds from borrowings	15,750	38,758	-	15,750	-
Repayment of borrowings	(258)	(258)	(2,273)	(258)	(2,773)
Net cash from (used in) financing activities	15,492	38,500	(2,273)	15,492	(2,773)
Net increase (decrease) in cash, cash equivalents and bank overdrafts	9,363	-	65	8,404	(47)
Cash, cash equivalents and bank overdrafts at the beginning of the year	976	426	911	2,411	2,458
Cash, cash equivalents and bank overdrafts at the end of the year	10,339	426	976	10,815	2,411

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 37.

STATEMENT OF RESERVE FUNDS

For the year ended 30 June 2015

Reserves showing as negative have a debit balance and are mainly for development contributions and structure plan reserves. These reserves are in place to monitor the income and costs associated with development and growth. Often Council must incur the cost of works for base infrastructure before development contributions are received. Essentially the negative balance for a reserve is the amount borrowed internally to fund the work ahead of income being received. A negative reserve is used instead of a loan because the amount borrowed is repaid by income received rather than from a loan repayment regime. Like a loan, interest is charged and is added to the reserve balance for repayment from contributions received over time.

Reserve	Purpose	Related activities	Opening balance 1 July 2014 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing balance 30 June 2015 \$'000
Conservation fund	To fund expenditure items for conservation purposes	Sustainable environment	508	101	(19)	590
Raglan Harbour reserve	Council took over assets from the Raglan Harbour Board. Any income or expenditure on these properties is kept separate from general funds	Sustainable communities	242	454	(483)	213
Housing for the elderly	Income from housing for the elderly is put aside for use on the properties involved	Sustainable communities	43	203	(250)	(4)
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs	Organisational support	149	1,288	(1,213)	224
Lake Hakanoa Caravan Park reserve	Income and expenditure for the Lake Hakanoa Caravan Park at Huntly is kept separate. The camp operation is self-funding	Sustainable communities	37	143	(121)	59
Raglan Kopua Holiday Park reserve	Income and expenditure for Kopua Camp at Raglan is kept separate. The camp operation is self-funding	Sustainable communities	466	1,337	(1,238)	565
Wainui Reserve farm	Income and expenditure for Wainui Reserve farm operations is kept separate. The farm operation is self-funding and surpluses are used towards projects at Wainui Reserve	Sustainable communities	155	197	(146)	206
Hillary Commission grants	These funds are committed to a club development programme for the future	Sustainable communities	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re-distributed as grants to suitable candidates	Sustainable communities	14	58	(46)	26
Disaster recovery fund	Fund set aside for use in the event of a disaster	Organisational support	1,156	229	(65)	1,320
Hillary Commission loans	Remaining funds and interest credits built up from Council's contribution to match Hillary Commission loans used in the past to assist sporting organisations. All loans have been repaid	Sustainable communities	48	3	-	51
North Waikato development reserve	Remaining funds with interest credits from the Department of Corrections for use to assist the local community	Sustainable communities	293	14	-	307
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes	Organisational support	2,331	-	(23)	2,308

STATEMENT OF RESERVE FUNDS continued

Reserve	Purpose	Related activities		Transfers into fund \$'000	Transfers out of fund \$'000	Closing balance 30 June 2015 \$'000
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations	Sustainable environment	14	-	-	14
Community partnership loans reserve	Reserve taken over from the former Franklin District Council to fund loans for community initiatives. These loans are now classified as community loans so the reserve was closed during the year	Sustainable communities	128	4	(132)	-
Development fund (ex shares sold)	Reserve representing the share of the Auckland Airport Shares received by the former Franklin District Council and transferred to Waikato District Council on part amalgamated in 2010	Organisational support	1,783	-	(174)	1,609
LTCCP contribution reserve	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with operational funding	Organisational support	5,251	-	(1,116)	4,135
Landfill aftercare contribution	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with aftercare costs for closed landfills transferred	Sustainable environment	400	18	(51)	367
Structure plan non-growth reserve	Reserve to provide funding for the non-growth element of Structure Plan development	Organisational support	968	462	(919)	511
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure	Sustainable environment	249	241	(128)	362
Huntly College jubilee award	A restricted reserve for the interest income to be used as educational sponsorship	Sustainable communities	13	-	-	13
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest income to be used as sponsorship for educational purposes	Sustainable communities	1	-	-	1
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest income to be used for educational sponsorship	Sustainable communities	1	-	-	1
Sundry reserves	Sundry reserves for township development and other operational purposes	Sustainable communities	5,867	2,707	(2,257)	6,317
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays	Stormwater, Sustainable communities, Wastewater, Water supply	(104)	19,495	(20,696)	(1,305)

STATEMENT OF RESERVE FUNDS continued

Reserve	Purpose	Related activities		Transfers into fund \$'000	Transfers out of fund \$'000	Closing balance 30 June 2015 \$'000
Replacement funds	Reserves where amounts equivalent to funded depreciation are held for use on capital renewals work	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	16,112	17,425	(18,640)	14,897
Revaluation reserves	Non-cash reserves representing the increases or decreases in the value of infrastructural assets that are periodically revalued	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	542,109	16,280	(3,644)	554,745
Capital rates and contributions	Reserves for structure plans, development contributions, financial contributions and capital targeted rates	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(23,813)	15,691	(21,512)	(29,634)
Total reserves			554,443	76,350	(72,873)	557,920

Notes to the Financial Statements

NOTE I **STATEMENT OF ACCOUNTING POLICIES**

Reporting entity

Waikato District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent Waikato District Council, its 100% owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust. Strada is a 50% party to a Joint Venture Agreement, Waikato Quarries Limited. All the entities in which Council has an interest, either directly or through Strada, are incorporated and domiciled in New Zealand.

The principal activity of Council is the provision of local infrastructure, local public services and the performance of regulatory functions to the community. Council does not operate to make financial return.

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

These financial statements of Council and the Group are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 12 October 2015.

Basis of preparation

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

Statement of compliance

The financial statements of Council and the Group have been prepared in accordance with the requirements of the LGA which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

These financial statements are the first presented in accordance with the new PBE accounting standards. The material adjustments arising on transition are explained in note 39.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014 the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBE's with reporting periods beginning on or after 1 April 2015. Council will apply these updated standards in preparing its 30 June 2016 financial statements. Council expects that there will be minimal or no change in applying these updated accounting standards.

Significant accounting policies

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intra-group balances, transactions, revenues and expenses are eliminated on consolidation.

Subsidiaries

Council consolidates in the Group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by Council. If the consideration transferred is lower than the net fair value of Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

The investment in subsidiaries is carried at cost in Council's parent entity financial statements

Joint venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity. For jointly controlled operations, the Group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Revenue

Non-exchange revenue

Non-exchange revenue is measured at the amount of the increase in net assets recognised by the Group.

The following policies have been applied to non-exchange revenue:

General rates, targeted rates (excluding those for 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. Council considers the effect of payment by instalment 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 the rates become overdue.

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

Council receives government grants from New Zealand Transport Agency (NZTA) which subsidise part of Council'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.

Revenue from the provision of goods is recognised when a product is sold to the customer.

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.

Revenue from traffic and parking infringements is recognised when the infringement notice is issued.

Where a physical asset is acquired for no or nominal consideration, the asset is recognised at its fair value at the time Council obtains control of the asset. The fair value of the asset is recognised as revenue unless there is a use or return condition attached to the asset.

Exchange revenue

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

Revenue from the sale of goods is recognised when a product is sold to the customer.

Development and financial contributions are recognised as revenue when Council is capable of providing the service for which the contribution is charged.

Revenue from water-by-meter rates is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

Interest income is recognised using the effective interest method.

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

Construction contracts

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

Contract costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customer under the terms of the contract. An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

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

Borrowing costs

All 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. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

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

Foreign currency transactions

Foreign currency transactions are translated into NZ dollars using the exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Income tax

Income tax expense components relating to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year; plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will be available against the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and which at the time of the transaction affects neither accounting nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Leases

Operating leases

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

Cash and cash equivalents

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

Receivables

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

Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost, using the first-in-first-out (FIFO) basis, adjusted when applicable, for any loss of service potential. Inventory acquired through a non-exchange transaction is measured at fair value at the date of acquisition.

Inventory held for use in the provision of goods and services on a commercial basis is valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Other financial assets

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

Purchases and sales of financial assets are recognised on trade-date, the date on which Council and the Group 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 Council and the Group have transferred substantially all the risks and rewards of ownership.

Council and the Group classify their financial assets into the following categories for the purposes of measurement:

- Loans and receivables
- Held to maturity investments
- Fair value through surplus or deficit
- Fair value through other comprehensive revenue and expense

The classification depends on the purpose for which the investment was acquired.

Loans and receivables

Loans and receivables 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 those with 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.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held to maturity investments

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

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

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 and such an asset is classified as a current asset. Council's derivatives are categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied. The current/non-current classification of derivatives is explained in the derivatives accounting policy below. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of or realise the investment within 12 months of the balance date. They comprise of the following:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables

Impairment is established when there is objective evidence that Council and the Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor; probability that the debtor will enter into bankruptcy and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For 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 uncollected, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (ie not past due).

For community loans, impairment losses are recognised directly against the instruments' 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 an indicator of impairment.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit. The cumulative loss of a financial asset is measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the surplus or deficit.

Impairment losses recognised in the surplus or deficit on equity investments are not reversed through the surplus or deficit.

Derivative financial instruments and hedge accounting

Council uses derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The associated gains or losses on derivatives are recognised in the surplus or deficit. The portion of the fair value of non-hedge accounted interest rate derivatives that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

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 rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and their 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.

Property, plant and equipment

Property, plant, and equipment consists of:

- **Operational assets:** These include land, buildings, improvements, landfill post closure, library books, plant and equipment, furniture, computers and motor vehicles.
- **Restricted assets:** These are parks and reserves owned by Council which provide a benefit or service to the community and which can only be disposed of after following a rigorous legal and public consultation process.
- **Infrastructural assets:** These are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Land (operational and restricted) is measured at fair value; buildings (operational and restricted), library books 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.

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 Council and the Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction it is recognised at its fair value as at the date of acquisition.

Disposals

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land; except that some of Strada's operational assets are depreciated on the diminishing value basis. The depreciation rates used will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Depreciation Rates

Description	Useful Life (Years)	Depreciation Rate
Audio-visual materials and electronic games - Libraries	5	20%
Buildings	10 - 100	1% - 10%
Vehicles / moveable plant	4 - 20	5% - 25%
Library books	8	12.5%
Computers	4 - 7	14% - 25%
Office equipment	2 - 20	5% - 50%
Furniture and fixtures	10	10%
Water treatment	1 - 100	1% - 100%
Water reticulation	2 - 100	1% - 50%
Wastewater	1 - 100	1% - 100%
Urban stormwater	1 - 100	1% - 100%
Roading pavement - sealed	1 - 100	1% - 100%
Pavement (basecourse)		
- sealed	50 - 60	1.67% - 2%
- unsealed metal	20	5%
Surface water channel	20 - 100	1% - 5%
Culverts	50 - 80	1.25% - 2%
Guardrails / barriers	40 - 80	1.25% - 2.5%
Drainage	50 - 80	1.25% - 2%
Retained walls	50 - 100	1% - 2%
Footpaths	15 - 80	1% - 2%
Street lighting	20	5%
Bridges	20 - 100	1% - 5%
Parks & reserves	1 - 100	1% - 100%
Solid waste	5 - 90	1.11% - 20%
Signs	20	5%

The residual value, depreciation method and useful life of an asset is reviewed and adjusted if applicable, at each balance sheet date.

Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except land under roads) are revalued on a regular basis (at least every three years) to ensure that their carrying amount does not differ materially from fair value.

The carrying values of the revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair value. If there is a material difference, 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 income and are accumulated to an asset revaluation reserve, in equity, for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed 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 recognised in other comprehensive income.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Staff training costs and costs associated with maintaining computer software are recognised as an expense when incurred. This asset class, which is amortised on a straight-line basis, has a finite useful life of 3 to 7 years and the amortisation rates are between 14% and 33%. Strada's software assets are amortised on a straight-line or diminishing-value basis over their finite useful lives. The useful lives are between 1 and 4 years and the amortisation rates are between 25% and 100%.

Consents

Consent costs for capital works are recognised at cost, and amortised on a straight-line basis over the finite life of the consents (between ten and thirty-five years). The amortisation charge for each period is recognised in the surplus or deficit.

Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in surplus or deficit.

An impairment loss is recognised for 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 for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a series of service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

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

Biological Assets

Cattle on Council's reserves are revalued annually at fair value less estimated costs to sell. Fair value is determined based on market price at balance date.

Gains and losses from a change in fair value less estimated costs to sell are recognised in the surplus or deficit. The costs incurred in relation to the cattle are included in the surplus or deficit.

Investment property

Properties leased to third parties under non-cancellable 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 cost, including transaction costs. After initial recognition, all investment properties are measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Payables

Short term payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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, and sick leave.

A liability for sick leave is recognised 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 it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where Strada has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculation is 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 entitlement information;
- The present value of the estimated future cash flows; and
- An inflation factor based on the expected long-term increase in remuneration for employees.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes such as KiwiSaver are recognised as an expense in the surplus or deficit when incurred.

Presentation of employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as non-current liabilities.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure 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.

Borrowing

Borrowing is initially recognised at fair value net of transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Equity

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

- Accumulated funds
- Other reserves
 - revaluation
 - restricted
 - council-created
 - special rates and user pays
 - capital replacement fund
 - development contribution
 - fair value through other comprehensive income.

Revaluation reserves

These reserves relate to the revaluation of property, plant and equipment to fair value.

Restricted reserves

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

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council 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.

Council-created reserves

Council-created reserves are reserves established by Council decisions. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Council and the Group's objectives, policies, and processes for managing capital are explained in note 36.

Fair value through other comprehensive income

This reserve comprises the cumulative net change in the fair value of financial instruments at fair value through other comprehensive income.

Goods and services tax

All items in the financial statements are stated exclusive of GST except for payables and receivables, which are presented on a GST-inclusive basis. When GST is not recoverable as an input tax 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 Council in its 2014/15 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation policy

Council has derived the cost of service for each significant activity of Council 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, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or 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:

Infrastructural assets

Note 17 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Landfill aftercare provision

Note 24 provides information about the estimates and assumptions surrounding the landfill aftercare provision.



NOTE 2
RATES, EXCLUDING TARGETED WATER SUPPLY RATES

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
General rates	37,175	35,762	37,175	35,762
Uniform annual general charge	9,740	9,364	9,740	9,364
Total general rates revenue	46,915	45,126	46,915	45,126
<i>Targeted rates</i>				
Community boards	186	176	186	176
Community centres and facilities	583	562	583	562
Refuse & waste management	3,143	2,967	3,143	2,967
Stormwater	1,470	1,461	1,470	1,461
Wastewater	6,285	4,789	6,285	4,789
Water, excluding targeted water supply rates	3,629	3,342	3,629	3,342
Total targeted rates	15,296	13,297	15,296	13,297
plus: Penalties revenue	1,398	1,463	1,398	1,463
Total rates revenue	63,609	59,886	63,609	59,886
less: Rate remissions	(397)	(369)	(397)	(456)
Total net rates	63,212	59,517	63,212	59,517

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by Council from other local authorities for services provided by Council for which those other local authorities rate.

The annual rates income of Council for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	COUNCIL	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Rates, excluding targeted water supply rates	63,212	59,517
Targeted water supply rates	3,894	3,819
Lump sum contributions	-	66
	67,106	63,402

Rates revenue is shown net of rates remissions. Council's rates remission policy allows Council to remit rates on condition of a ratepayer's extreme hardship, land used for community and sporting purposes, land protected for historic or cultural purposes and rating units with a capital valuation (CV) of \$1,000 or less and Maaori freehold land.

Rates remissions

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Land used for community and sporting purposes	149	143	149	143
Land protected for historical or cultural purposes	46	53	46	53
Transitional rates remission	-	21	-	21
CV's under \$1,000	63	45	63	45
Rating exclusions	94	-	94	-
Maaori freehold land	45	107	45	107
Total rates remissions	397	369	397	369

Rating exclusions is a new category of remission created in the current year as the result of a system change. The amount was previously included in other expenses.

NOTE 2 continued**Non-rateable land**

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. Non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's remission policy.

Rating base information

Council's rating base is as follows:

	COUNCIL	
	2014/15	2012/13
Total number of rating units	29,766	29,231
Total land value	\$10.821m	\$10.725m
Total capital value	\$18.068m	\$17.723m

NOTE 3**FINANCE REVENUE AND COSTS**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Finance revenue				
Interest – bank deposits	135	79	234	106
Interest – financial assets	11	20	11	89
Interest – community loans	22	22	22	22
Interest – other	3	-	3	-
Interest – LGFA borrower notes	27	18	27	18
Total finance revenue	198	139	297	235
Less finance costs				
Interest – bank borrowing	432	853	641	1,063
Interest – LGFA borrowing	1,859	1,240	1,859	1,240
Provision: discount unwinding	112	113	112	113
Other finance costs	1	1	2	1
Interest – swaps differences	301	44	301	44
Total finance costs	2,705	2,251	2,915	2,461
Net finance costs	(2,507)	(2,112)	(2,618)	(2,226)

NOTE 4**OTHER REVENUE**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Found assets	288	268	288	268
Vested assets	28,233	4,087	28,233	4,087
Dividends	-	-	31	27
Other revenue	5,017	5,875	10,256	11,008
Regulatory revenue	6,340	5,404	6,340	5,404
Fees and charges – Council	5,752	5,456	5,752	5,456
Subvention payment received	-	429	-	-
Total other revenue	45,630	21,519	50,900	26,250

NOTE 5
EXCHANGE AND NON-EXCHANGE REVENUE

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Revenue from exchange transactions				
Water billing revenue	3,894	3,819	3,894	3,819
Development and financial contributions	14,403	6,355	14,403	6,355
Other fees and charges – Council	8,033	6,609	8,033	6,609
Finance revenue	198	139	297	235
Dividends received	-	-	31	27
Subvention payment received	-	429	-	-
Other exchange revenue	1,972	4,384	7,211	9,517
Total revenue from exchange transactions	28,500	21,735	33,869	26,562
Revenue from non-exchange transactions				
Revenue from rates	63,212	59,517	63,212	59,517
Vested and found assets	28,521	4,355	28,521	4,355
Regulatory revenue	1,593	295	1,593	295
Infringements and fines	204	162	204	162
NZTA government subsidies	17,996	14,395	17,996	14,395
Petrol tax	442	423	442	423
Other subsidies and grants	1,000	4	960	4
Other fees and charges – Council	653	1,044	653	1,044
Other non-exchange revenue	760	422	760	422
Total revenue from non-exchange transactions	114,381	80,617	114,341	80,617
Revenue from exchange transactions	28,500	21,735	33,869	26,562
Revenue from non-exchange transactions	114,381	80,617	114,341	80,617
Total revenue per statement of comprehensive revenue and expense	142,881	102,352	148,210	107,179

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2014: \$nil).

NOTE 6
EMPLOYEE COSTS

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Salaries and wages	24,012	22,835	27,149	25,875
Defined contribution plan employer contributions	539	492	610	554
Increase (decrease) in employee entitlements liabilities	(121)	(102)	(265)	(85)
Total employee costs	24,430	23,225	27,494	26,344

Employer contributions to defined contribution plans is made up of contributions to KiwiSaver.

NOTE 7**DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY**

	COUNCIL	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Directly attributable depreciation and amortisation		
Water supply	1,662	1,913
Wastewater	2,437	1,922
Stormwater	386	410
Roading	12,032	11,313
Sustainable environment	49	18
Sustainable communities	2,667	2,487
Council leadership	-	-
Organisational support	1,637	1,520
	20,870	19,583

NOTE 8**OTHER EXPENSES AND SIGNIFICANT EXPENSE ITEMS**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Other expenses				
Asset write-off not included in other expenditure	6,201	5,679	6,201	5,679
Bad debt written off	199	664	199	664
Rates penalty write-offs	431	551	431	551
Other expenditure	34,021	28,718	35,047	27,805
Other personnel expenses	855	846	1,077	828
Inventories consumed	-	-	865	1,077
Minimum lease payments under operating leases	154	141	156	141
Legal expenses	886	682	886	685
Other professional fees	891	1,041	913	1,061
Consultant expenses	4,297	3,817	4,297	3,817
Litigation settlement	-	57	-	57
Insurance proceeds	-	(56)	-	(56)
Grants and sponsorship	1,634	1,124	1,634	1,124
Audit fees – Annual report	148	145	202	198
Audit fees – Long term plan	114	-	114	-
Other payments to Audit New Zealand	26	-	26	-
Total other expenditure	49,857	43,409	52,048	43,631

Other payments were made to Audit New Zealand for assurance services relating to the selection of a partner for the Waikato Roads Alliance Agreement.

In June 2014 Council was convicted of discharging waste water into Raglan Harbour in June 2013. On 4 July 2014 the District Court in Hamilton sentenced Council to a fine of \$56,543 (including costs). The proceeds of an insurance claim were expected to amount to \$55,543 leaving a net cost of \$1,000.

NOTE 9**OTHER GAINS (LOSSES)**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Other gains				
Fair value through surplus (deficit) – realised gain	-	-	235	261
Interest rate swaps revaluation gain	-	1,289	-	1,289
Property, plant and equipment gains on disposal	-	-	26	182
Investment property revaluation gain	-	5	87	5
Fair value through surplus (deficit) – unrealised gains	-	-	248	-
Total other gains	-	1,294	596	1,737
Other losses				
Fair value loss on biological assets	6	5	6	5
Fair value through surplus(deficit) – unrealised loss	-	-	-	66
Investment property revaluation loss	5	-	5	95
Property, plant and equipment – losses on disposal	274	3	274	3
Interest rate swaps revaluation loss	2,287	-	2,287	-
Total other losses	2,572	8	2,572	169
Net other gains (losses)	(2,572)	1,286	(1,976)	1,568

NOTE 10**INCOME TAX**

INCOME TAX

	COUNCIL		GROUP		
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000	
Operating surplus before tax expense	42,446	15,160	42,506	16,157	
Prima facie tax at 28%	11,885	4,244	11,901	4,524	
Non-assessable income (net)	(11,885)	(4,244)	(11,732)	(4,201)	
Non-deductible expenditure	-	-	(1)	(194)	
Total income tax expense	-	-	168	129	
Comprising					
Current year tax	-	-	-	261	
Deferred tax	-	-	(185)	(46)	
Prior period adjustment	-	-	17	-	
Deferred tax reclassification	-	-	-	(86)	
Income tax expense	-	-	(168)	129	
	Plant and equipment \$'000	Employee entitlements \$'000	Other provisions \$'000	Total tax loss \$'000	Total \$'000
Deferred tax (assets) liabilities	(359)	59	(49)	67	(282)
Balance at 1 July 2013	(359)	59	(49)	67	(282)
Charged to surplus / deficit	95	6	32	(67)	66
Charged to other comprehensive income	(1)	-	-	-	(1)
Balance at 30 June 2014	(265)	65	(17)	-	(217)
Balance at 1 July 2014	(265)	65	(17)	-	(217)
Charged to surplus / deficit	(8)	(32)	9	194	163
Balance at 30 June 2015	(273)	33	(8)	194	(54)

NOTE 10 continued

	GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Imputation credit account		
Opening balance	2,055	1,860
Imputation credits available for use in subsequent years	-	195
Balance at end of year	2,055	2,055

**NOTE 11
CASH AND CASH EQUIVALENTS**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Cash at bank and on hand	1,419	976	2,366	2,411
Short term deposits maturing three months or less from date of acquisitions	8,920	-	8,920	-
Total cash and cash equivalents per statement of financial position	10,339	976	11,286	2,411
Bank overdrafts	-	-	(471)	-
Cash & cash equivalents per statement of cash flows	10,339	976	10,815	2,411

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value.

The total value of cash equivalents that can only be used for a specific purpose is \$29,072 (2014: \$28,412).

**NOTE 12
RECOVERABLES AND RECEIVABLES**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Receivables from exchange transactions				
Receivables from related parties	164	450	27	6
Other receivables from exchange transactions	14,022	8,310	14,789	8,814
Gross receivables	14,186	8,760	14,816	8,820
Provision for impairment	(407)	(354)	(407)	(354)
Net receivables from exchange transactions	13,779	8,406	14,409	8,466
Recoverables from non-exchange transactions				
Rates receivable	4,942	4,575	4,942	4,575
Recoverables from user charges, taxes & other non-exchange revenue	3,477	1,906	3,377	2,190
GST refund	91	1,131	91	1,131
Income tax refund	-	-	100	-
Gross recoverables	8,510	7,612	8,510	7,896
Provision for impairment	(818)	(711)	(818)	(711)
Net recoverables from non-exchange transactions	7,692	6,901	7,692	7,185
Total gross debtors	22,696	16,372	23,326	16,716
Total provision for impairment	(1,225)	(1,065)	(1,225)	(1,065)
Total net recoverables and receivables	21,471	15,307	22,101	15,651

NOTE 12 continued**Fair value**

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value.

Impairment

Council does not provide for any impairment of rates receivable because it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council is able to apply to the Registrar of the High Court to have the judgement enforced by the sale or lease of the rating unit.

Ratepayers can apply for payment options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value if the effect of discounting is material.

Strada does not provide for any impairment of receivables as it has various powers under the Construction Contracts Act 2002 to recover any outstanding debts and no debtors exhibit a financial status that would lead Strada to believe a debt is impaired.

The ageing profile of recoverables and receivables at year end is:

	Gross \$'000	Impairment \$'000	Total \$'000
Council 2015			
Not past due	19,798	(23)	19,775
Past due 1 - 60 days	392	(9)	383
Past due 61 - 120 days	108	(3)	105
Past due > 121 days	2,398	(1,190)	1,208
Total gross recoverables and receivables	22,696	(1,225)	21,471
Council 2014			
Not past due	10,979	(6)	10,973
Past due 1 - 60 days	3,356	(2)	3,354
Past due 61 - 120 days	177	(19)	158
Past due > 121 days	1,860	(1,038)	822
Total gross recoverables and receivables	16,372	(1,065)	15,307
Group 2015			
Not past due	20,348	(23)	20,325
Past due 1 - 60 days	470	(9)	461
Past due 61 - 120 days	110	(3)	107
Past due > 121 days	2,398	(1,190)	1,208
Total gross recoverables and receivables	23,326	(1,225)	22,101
Group 2014			
Not past due	11,312	(6)	11,306
Past due 1 - 60 days	3,367	(2)	3,365
Past due 61 - 120 days	177	(19)	158
Past due > 121 days	1,860	(1,038)	822
Total gross recoverables and receivables	16,716	(1,065)	15,651

All receivables greater than 30 days in age are considered to be past due.

NOTE 12 continued

The impairment provision has been calculated based on a review of specific overdue receivables together with a collective assessment. The collective impairment provision is based on an analysis of past collection and debt write-off history.

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Individual impairment	219	187	219	187
Collective impairment	1,006	878	1,006	878
Total provision for impairment	1,225	1,065	1,225	1,065

Individually impaired receivables have been determined to be impaired because of the improbability of collection. An analysis of the individually impaired debtors is shown below:

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Past due 1 - 60 days	10	6	10	6
Past due 61 - 120 days	3	21	3	21
Past due > 121 days	206	160	206	160
Total individual impairment	219	187	219	187

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

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
At 1 July	1,065	744	1,065	744
Additional provision made during the year	200	664	200	664
Provisions reversed during the year	(26)	(35)	(26)	(35)
Debts written off during the period	(14)	(308)	(14)	(308)
At 30 June	1,225	1,065	1,225	1,065

**NOTE 13
INVENTORY**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Fuel	-	-	12	12
Bitumen	-	-	3	7
Cement	-	-	4	4
Total inventory (at cost)	-	-	19	23

No inventory items are pledged as security for liabilities (2014: \$nil).

NOTE 14
BIOLOGICAL ASSETS – CATTLE

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Balance at 1 July	83	88	83	88
Increase through purchases	96	88	96	88
Gains (losses) from fair value adjustments	(6)	(5)	(6)	(5)
Decrease through sales	(83)	(88)	(83)	(88)
Balance at 30 June	90	83	90	83

Council keeps cattle to graze on one of its reserves as part of reserve maintenance. Although a financial gain was achieved it was not Council's primary purpose. The cattle are normally sold within the next twelve months after balance date. The number of cattle at balance date was 100 (2014: 111).

Council has no biological assets with restricted title.

NOTE 15
OTHER FINANCIAL ASSETS

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Current portion				
Equity instruments	-	-	1,822	1,554
Fixed interest instruments	-	-	1,656	1,417
Community loans	89	81	89	81
Total current portion	89	81	3,567	3,052
Non-current portion				
<i>Investments in CCOs and similar entities</i>				
Local Authority Shared Services Limited **	220	220	220	220
Waikato Regional Airport Limited	2,639	2,639	2,639	2,639
Advance to Waikato Quarries Limited	-	-	2,270	2,270
Strada – shares	4,500	4,500	-	-
Total investment in CCOs and similar entities	7,359	7,359	5,129	5,129
<i>Investments in other entities</i>				
Community loans	259	333	259	333
LGFA borrower notes	800	560	800	560
NZ Local Government Insurance Corp Limited	49	49	49	49
Total investment in other entities	1,108	942	1,108	942
Total non-current portion	8,467	8,301	6,237	6,071
Total other financial assets	8,556	8,382	9,804	9,123

NOTE 15 continued

** Council's investment in Local Authority Shared Services Limited comprises four distinct classes of share.

The numbers held and values of each share class are as follows:

	No. of shares	Value per share	Total capital	Uncalled capital	Paid up capital
Ordinary shares	1	1,000.00	1,000	-	1,000
Shared Valuation Database Service	106,674	1.00	106,674	-	106,674
Waikato Regional Photography Service	9,376	1.00	9,376	9,376	-
Waikato Regional Transport Model	11,250	10.00	112,500	-	112,500
			229,550	9,376	220,174

Fair value**Community loans**

Community loans are measured at amortised cost using the effective interest method.

Their fair value is \$349,033 (2014: \$413,385). Fair value has been determined using cash flows discounted at the interest rate (current at 1 July 2015) charged by Council on community loans. The rate used is 6.25% (2014: 6.4%).

The face value of total community loans is \$359,070 (2014 \$436,130).

Unlisted investments and advances

The fair values of Council's equity instruments in Waikato Regional Airport Limited and Local Authority Shared Services Limited have not been disclosed because their fair values cannot be reliably measured as there is no active market for these instruments. Therefore these investments are held at cost.

The fair value of Council's investment in NZ Local Government Insurance Corporation Limited (trading as Civic Assurance) is \$49,339 (2014: \$49,396). This is based on Council's share, currently 0.37% (2014: 0.37%), of the assets less liabilities of the company. The change in value has been taken to fair value through other comprehensive income.

Impairment

Civic Assurance made a profit in 2014 after four years of losses. The losses were directly attributed to the Canterbury earthquakes. Any continuing impairment of Council's investment has been measured by calculating the value of the company's net assets at balance date. Apart from this, no other financial assets are either past due or impaired.

NOTE 16**NON-CURRENT ASSETS HELD FOR SALE**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Land	-	-	-	-
Buildings	-	400	-	400
Total non-current assets held for sale	-	400	-	400

The building held for sale at 30 June 2014 was sold on 31 March 2015.

NOTE 17
PROPERTY, PLANT AND EQUIPMENT

COUNCIL 2015	Cost / revaluation 1 Jul 2014 \$'000	Accumulated depreciation and impairment charges 1 Jul 2014 \$'000	Carrying amount 1 Jul 2014 \$'000	Current year additions and transfers from WIP \$'000	Current year disposals \$'000
Operational assets					
Land	15,190	-	15,190	736	(35)
Buildings	25,076	(1,444)	23,632	710	(345)
Library books	4,495	(3,105)	1,390	306	-
Vehicles / moveable plant	5,527	(2,678)	2,849	766	(410)
Office equipment	1,262	(968)	294	11	-
Computer equipment	4,544	(3,815)	729	228	-
Furniture	1,229	(606)	623	40	(22)
Total	57,323	(12,616)	44,707	2,797	(812)
Infrastructural assets					
Wastewater	75,446	-	75,446	5,035	(627)
Stormwater	30,031	-	30,031	2,775	(85)
Water	75,061	-	75,061	2,336	(290)
Drainage	1,926	-	1,926	-	-
Solid waste	1,321	-	1,321	-	-
Roading	885,310	-	885,310	45,392	(4,597)
Bridges / culverts / pipes	129,073	-	129,073	1,965	(217)
Land under roads	104,871	-	104,871	1,096	-
Work in progress	39,949	-	39,949	16,455	-
Total	1,342,988	-	1,342,988	75,054	(5,816)
Restricted assets					
Land	65,437	-	65,437	1,345	(9)
Buildings	23,365	(1,007)	22,358	548	(16)
Parks and reserves	22,371	-	22,371	3,537	(274)
Total	111,173	(1,007)	110,166	5,430	(299)
Total Council	1,511,484	(13,623)	1,497,861	83,281	(6,927)

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / revaluation 30 Jun 2015 \$'000	Accumulated depreciation and impairment charges 30 Jun 2015 \$'000	Carrying amount 30 Jun 2015 \$'000
(43)	-	-	1,728	17,576	-	17,576
-	(755)	9	3,210	26,461	-	26,461
-	(289)	-	-	4,801	(3,394)	1,407
-	(690)	304	-	5,883	(3,064)	2,819
-	(35)	-	-	1,273	(1,003)	270
-	(276)	-	-	4,772	(4,091)	681
-	(83)	21	-	1,247	(668)	579
(43)	(2,128)	334	4,938	62,013	(12,220)	49,793
-	(2,248)	21	908	78,535	-	78,535
-	(384)	1	4,722	37,060	-	37,060
-	(1,641)	10	1,873	77,349	-	77,349
-	-	-	118	2,044	-	2,044
-	(48)	-	477	1,750	-	1,750
-	(9,615)	42	(5,495)	911,037	-	911,037
-	(2,416)	3	(590)	127,818	-	127,818
786	-	-	-	106,753	-	106,753
-	-	-	-	56,404	-	56,404
786	(16,352)	77	2,013	1,398,750	-	1,398,750
(743)	-	-	1,914	67,944	-	67,944
-	(515)	2	4,743	27,120	-	27,120
-	(1,344)	13	2,672	26,975	-	26,975
(743)	(1,859)	15	9,329	122,039	-	122,039
-	(20,339)	426	16,280	1,582,802	(12,220)	1,570,582

NOTE 17 continued

COUNCIL 2014	Cost / revaluation 1 Jul 2013 \$'000	Accumulated depreciation and impairment charges 1 Jul 2013 \$'000	Carrying amount 1 Jul 2013 \$'000	Current year additions and transfers from WIP \$'000	Current year disposals \$'000
Operational assets					
Land	15,190	-	15,190	-	-
Buildings	24,731	(686)	24,045	752	(7)
Library books	4,161	(2,825)	1,336	334	-
Vehicles / moveable plant	5,430	(2,317)	3,113	427	(330)
Office equipment	1,213	(934)	279	49	-
Computer equipment	4,235	(3,515)	720	309	-
Furniture	1,088	(522)	566	141	-
Total	56,048	(10,799)	45,249	2,012	(337)
Infrastructural assets					
Wastewater	73,217	(3,536)	69,681	7,202	(219)
Stormwater	34,661	(743)	33,918	2,656	(199)
Water	77,061	(3,666)	73,395	6,901	(683)
Drainage	1,900	-	1,900	-	-
Solid waste	1,007	(36)	971	12	(12)
Roading	846,813	-	846,813	21,775	(4,172)
Bridges / culverts / pipes	143,796	-	143,796	1,194	(438)
Land under roads	104,441	-	104,441	602	(172)
Work in progress	41,524	-	41,524	(1,575)	-
Total	1,324,420	(7,981)	1,316,439	38,767	(5,895)
Restricted assets					
Land	65,437	-	65,437	-	-
Buildings	22,969	(493)	22,476	396	-
Parks and reserves	20,328	(1,079)	19,249	1,319	(94)
Total	108,734	(1,572)	107,162	1,715	(94)
Total Council	1,489,202	(20,352)	1,468,850	42,494	(6,326)

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / revaluation 30 Jun 2014 \$'000	Accumulated depreciation and impairment charges 30 Jun 2014 \$'000	Carrying amount 30 Jun 2014 \$'000
-	-	-	-	15,190	-	15,190
(400)	(758)	-	-	25,076	(1,444)	23,632
-	(280)	-	-	4,495	(3,105)	1,390
-	(650)	289	-	5,527	(2,678)	2,849
-	(34)	-	-	1,262	(968)	294
-	(300)	-	-	4,544	(3,815)	729
-	(84)	-	-	1,229	(606)	623
(400)	(2,106)	289	-	57,323	(12,616)	44,707
-	(1,865)	10	637	75,446	-	75,446
-	(408)	5	(5,941)	30,031	-	30,031
-	(1,904)	65	(2,713)	75,061	-	75,061
-	-	-	26	1,926	-	1,926
-	(18)	-	368	1,321	-	1,321
-	(8,964)	54	29,804	885,310	-	885,310
-	(2,349)	7	(13,137)	129,073	-	129,073
-	-	-	-	104,871	-	104,871
-	-	-	-	39,949	-	39,949
-	(15,508)	141	9,044	1,342,988	-	1,342,988
-	-	-	-	65,437	-	65,437
-	(514)	-	-	23,365	(1,007)	22,358
-	(1,148)	5	3,040	22,371	-	22,371
-	(1,662)	5	3,040	111,173	(1,007)	110,166
(400)	(19,276)	435	12,084	1,511,484	(13,623)	1,497,861

NOTE 17 continued

GROUP 2015	Cost / revaluation 1 Jul 2014 \$'000	Accumulated depreciation and impairment charges 1 Jul 2014 \$'000	Carrying amount 1 Jul 2014 \$'000	Current year additions and transfers from WIP \$'000	Current year disposals \$'000
Operational assets					
Land	17,298	-	17,298	736	(35)
Buildings	26,328	(1,537)	24,791	719	(345)
Library books	4,496	(3,105)	1,391	306	-
Vehicles / moveable plant	15,431	(9,880)	5,551	1,110	(688)
Office equipment	1,430	(1,043)	387	34	(32)
Computer equipment	4,544	(3,815)	729	228	-
Furniture	1,229	(606)	623	40	(22)
Total	70,756	(19,986)	50,770	3,173	(1,122)
Infrastructural assets					
Wastewater	75,446	-	75,446	5,035	(627)
Stormwater	30,031	-	30,031	2,775	(85)
Water	75,061	-	75,061	2,336	(290)
Drainage	1,926	-	1,926	-	-
Solid waste	1,321	-	1,321	-	-
Roading	885,312	-	885,312	45,392	(4,597)
Bridges / culverts / pipes	129,073	-	129,073	1,965	(217)
Land under roads	104,871	-	104,871	1,096	-
Work in progress	39,949	-	39,949	16,455	-
Total	1,342,990	-	1,342,990	75,054	(5,816)
Restricted assets					
Land	65,438	-	65,438	1,345	(9)
Buildings	23,364	(1,007)	22,357	548	(16)
Parks and reserves	22,369	-	22,369	3,537	(274)
Total	111,171	(1,007)	110,164	5,430	(299)
Total Group	1,524,917	(20,993)	1,503,924	83,657	(7,237)

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / revaluation 30 Jun 2015 \$'000	Accumulated depreciation and impairment charges 30 Jun 2015 \$'000	Carrying amount 30 Jun 2015 \$'000
(43)	-	-	2,195	20,151	-	20,151
-	(795)	9	3,221	27,600	-	27,600
(1)	(289)	-	-	4,801	(3,394)	1,407
1	(1,196)	568	-	15,854	(10,508)	5,346
-	(68)	31	-	1,432	(1,080)	352
-	(276)	-	-	4,772	(4,091)	681
-	(83)	21	-	1,247	(668)	579
(43)	(2,707)	629	5,416	75,857	(19,741)	56,116
-	(2,248)	21	908	78,535	-	78,535
-	(384)	1	4,722	37,060	-	37,060
-	(1,641)	10	1,873	77,349	-	77,349
-	-	-	118	2,044	-	2,044
-	(48)	-	477	1,750	-	1,750
(2)	(9,615)	42	(5,495)	911,037	-	911,037
-	(2,416)	3	(590)	127,818	-	127,818
786	-	-	-	106,753	-	106,753
-	-	-	-	56,404	-	56,404
784	(16,352)	77	2,013	1,398,750	-	1,398,750
(744)	-	-	1,914	67,944	-	67,944
1	(515)	2	4,743	27,120	-	27,120
2	(1,344)	13	2,672	26,975	-	26,975
(741)	(1,859)	15	9,329	122,039	-	122,039
-	(20,918)	721	16,758	1,596,646	(19,741)	1,576,905

NOTE 17 continued

GROUP 2014	Cost / revaluation 1 Jul 2013 \$'000	Accumulated depreciation and impairment charges 1 Jul 2013 \$'000	Carrying amount 1 Jul 2013 \$'000	Current year additions and transfers from WIP \$'000	Current year disposals \$'000
Operational assets					
Land	17,410	-	17,410	-	-
Buildings	26,209	(736)	25,473	853	(7)
Library books	4,161	(2,825)	1,336	335	-
Vehicles / moveable plant	16,879	(10,925)	5,954	1,191	(2,639)
Office equipment	1,534	(1,182)	352	100	(178)
Computer equipment	4,235	(3,515)	720	309	-
Furniture	1,088	(522)	566	141	-
Total	71,516	(19,705)	51,811	2,929	(2,824)
Infrastructural assets					
Wastewater	73,217	(3,536)	69,681	7,202	(219)
Stormwater	34,661	(743)	33,918	2,656	(199)
Water	77,061	(3,666)	73,395	6,901	(683)
Drainage	1,900	-	1,900	-	-
Solid waste	1,007	(36)	971	12	(12)
Roading	846,815	-	846,815	21,775	(4,172)
Bridges / culverts / pipes	143,796	-	143,796	1,194	(438)
Land under roads	104,441	-	104,441	602	(172)
Work in progress	41,524	-	41,524	(1,575)	-
Total	1,324,422	(7,981)	1,316,441	38,767	(5,895)
Restricted assets					
Land	65,438	-	65,438	-	-
Buildings	22,968	(493)	22,475	396	-
Parks and reserves	20,326	(1,079)	19,247	1,319	(94)
Total	108,732	(1,572)	107,160	1,715	(94)
Total Group	1,504,670	(29,258)	1,475,412	43,411	(8,813)

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit) \$'000	Cost / revaluation 30 Jun 2014 \$'000	Accumulated depreciation and impairment charges 30 Jun 2014 \$'000	Carrying amount 30 Jun 2014 \$'000
(112)	-	-	-	17,298	-	17,298
(727)	(801)	-	-	26,328	(1,537)	24,791
-	(280)	-	-	4,496	(3,105)	1,391
-	(1,237)	2,282	-	15,431	(9,880)	5,551
(26)	(55)	194	-	1,430	(1,043)	387
-	(300)	-	-	4,544	(3,815)	729
-	(84)	-	-	1,229	(606)	623
(865)	(2,757)	2,476	-	70,756	(19,986)	50,770
-	(1,865)	10	637	75,446	-	75,446
-	(408)	5	(5,941)	30,031	-	30,031
-	(1,904)	65	(2,713)	75,061	-	75,061
-	-	-	26	1,926	-	1,926
-	(18)	-	368	1,321	-	1,321
-	(8,964)	54	29,804	885,312	-	885,312
-	(2,349)	7	(13,137)	129,073	-	129,073
-	-	-	-	104,871	-	104,871
-	-	-	-	39,949	-	39,949
-	(15,508)	141	9,044	1,342,990	-	1,342,990
-	-	-	-	65,438	-	65,438
-	(514)	-	-	23,364	(1,007)	22,357
-	(1,148)	5	3,040	22,369	-	22,369
-	(1,662)	5	3,040	111,171	(1,007)	110,164
(865)	(19,927)	2,622	12,084	1,524,917	(20,993)	1,503,924

NOTE 17 continued**Infrastructural assets – further disclosures**

		ADDITIONS		
	Closing book value	Constructed by Council	Assets transferred to Council	Estimated replacement cost
COUNCIL 2015	\$'000	\$'000	\$'000	\$'000
Infrastructural assets				
Water treatment plants & facilities	4,192	113	-	8,787
Other water assets	73,157	1,130	1,094	112,181
Wastewater treatment plants & facilities	8,303	239	-	13,534
Other wastewater assets	70,232	2,805	1,991	127,755
Stormwater drainage	39,104	455	2,320	47,910
Roads & footpaths	1,038,855	25,653	21,706	1,259,936
Total infrastructural assets	1,233,843	30,395	27,111	1,570,103

COUNCIL 2014

Infrastructural assets				
Water treatment plants & facilities	4,519	3,823	-	9,054
Other water assets	70,542	1,921	1,157	107,441
Wastewater treatment plants & facilities	14,640	5,246	-	26,772
Other wastewater assets	60,806	609	1,347	108,129
Stormwater drainage	31,957	976	1,680	39,222
Roads & footpaths	1,014,383	21,741	34	1,220,552
Total infrastructural assets	1,196,847	34,316	4,218	1,511,170

Valuation**Operational and restricted land and buildings**

Land, buildings and properties valued by their components have been valued at fair value as determined by an independent valuer using market-based evidence. The most recent valuation was performed by Chris Coakley of QV Valuations a division of Quotable Value Limited and dated 30 June 2015.

Parks and reserves

Parks and reserves assets have been valued at fair value as determined on a depreciated cost basis by an independent valuer. The most recent valuation was performed by Robert Berghuis of Beca Limited and is dated 30 June 2015.

Infrastructural asset classes: water, wastewater, stormwater and refuse transfer stations

Utilities and solid waste assets have been valued at fair value determined on an optimised depreciated replacement cost basis by an independent valuer.

The most recent valuation was performed by Robert Berghuis of Beca Limited and is dated 30 June 2015.

A number of estimates and assumptions must be made when valuing infrastructural assets using the optimised depreciated replacement cost method. In this instance they include:

- All assets are valued and depreciated on a straight-line basis
- Only existing utilities assets have been included
- Assets are assumed to have zero residual value at the end of their effective useful lives
- Minimum remaining useful life is assumed as 2.5% of the base life years.

NOTE 17 continued**Infrastructural asset classes: roading and bridges**

Road and bridge assets have also been valued at fair value as determined using the optimised depreciated replacement cost basis by an independent valuer.

The most recent valuation was performed by Gregg Morrow, John Vessey and Jenny McLean of Opus International Consultants Limited. The valuation is effective at 30 June 2015.

A number of estimates and assumptions must be made when valuing infrastructural assets using the optimised depreciated replacement cost method. In this instance they include:

- Information on the surface area, specific surface type and surfacing date was used as defined in the RAMM treatment length table at the time of valuation
- The unit rate is per square metre of surface type and aggregate grading
- Cost rates for urban and rural areas are identical
- Surface material base lives are those used in the 2013 valuation
- The surfacing layer was depreciated on straight-line basis over the useful life.

Land under roads

Land under roads was valued by both the former Franklin District Council (FDC) and Waikato District Council (WDC) before the transition by each to NZ Equivalent International Financial Reporting Standard (NZIFRS). On transition to NZIFRS both Councils elected to use the revaluation amounts for land under roads as the deemed cost. Following the merger of part of the former FDC and WDC, land under roads is stated at deemed cost and is not revalued.

Strada Revaluation

Strada's land and buildings were valued at 30 June 2015 by registered valuers Peter Smith of SGHU Valuations LP and Chris Coakley of Quotable Value Limited.

Where the fair value of land and buildings was able to be determined by reference to the price in an active market for the same or similar asset, that information was used to determine fair value. Where the fair value of an asset was not able to be determined in this manner, the fair value was determined using other market based evidence such as by a discounted cash flow calculation using market estimates of the cash flows able to be generated by the asset and a market based discount rate. Where the fair value of the asset was not able to be determined using market based evidence, depreciated replacement cost would be considered the most appropriate basis for determination of fair value. Significant assumptions utilised in defining fair value were: occupancy status and lease arrangements, replacement cost and remaining useful life.

Other

There are no items of property, plant and equipment that are not in current use. There have been no restrictions in titles relating to property, plant and equipment or items pledged as security for liabilities.

No impairment losses have been recognised for property, plant and equipment in the current period (2014: \$nil).

There are no items of property, plant and equipment held under finance leases in the current period (2014: nil).

Work in progress

The total amount of Council property, plant and equipment in the course of construction by class of asset is detailed below:

	COUNCIL AND GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Buildings – operational	1,636	1,247
Buildings – restricted	99	-
Parks and reserves	4,724	3,082
Wastewater	18,407	11,531
Stormwater	4,736	4,463
Water	12,179	5,521
Solid waste	79	31
Roading	14,544	14,074
Total work-in-progress	56,404	39,949

NOTE 18 INTANGIBLE ASSETS

	COUNCIL			GROUP		
	Consents \$'000	Computer software \$'000	Total \$'000	Consents \$'000	Computer software \$'000	Total \$'000
Balance at 1 July 2014						
Cost	4,940	3,989	8,929	4,940	4,100	9,040
Accumulated amortisation and impairment	(430)	(3,034)	(3,464)	(430)	(3,076)	(3,506)
Opening carrying amount	4,510	955	5,465	4,510	1,024	5,534
Year ended 30 June 2015						
Additions	120	370	490	120	453	573
Disposal – cost	-	-	-	-	-	-
Disposal – accumulated amortisation	-	-	-	-	-	-
Amortisation charge	(213)	(318)	(531)	(213)	(368)	(581)
Closing carrying amount	4,417	1,007	5,424	4,417	1,109	5,526
Balance at 30 June 2015						
Cost	5,060	4,359	9,419	5,060	4,553	9,613
Accumulated amortisation and impairment	(643)	(3,352)	(3,995)	(643)	(3,444)	(4,087)
Closing carrying amount	4,417	1,007	5,424	4,417	1,109	5,526
Balance at 1 July 2013						
Cost	904	3,408	4,312	904	3,498	4,402
Accumulated amortisation and impairment	(361)	(2,796)	(3,157)	(361)	(2,886)	(3,247)
Opening carrying amount	543	612	1,155	543	612	1,155
Year ended 30 June 2014						
Additions	4,036	581	4,617	4,036	650	4,686
Disposal – cost	-	-	-	-	(48)	(48)
Disposal – accumulated amortisation	-	-	-	-	48	48
Amortisation charge	(69)	(238)	(307)	(69)	(238)	(307)
Closing carrying amount	4,510	955	5,465	4,510	1,024	5,534
Balance at 30 June 2014						
Cost	4,940	3,989	8,929	4,940	4,100	9,040
Accumulated amortisation and impairment	(430)	(3,034)	(3,464)	(430)	(3,076)	(3,506)
Closing carrying amount	4,510	955	5,465	4,510	1,024	5,534

The carrying amount of the assets has been assessed as less than their replacement cost.

There are no restrictions over the title of the Council's intangible assets, nor are any intangible assets pledged as security for liabilities.

There are no intangible assets which have been internally generated.

At balance date Strada has no (2014: \$62,147) of intangible assets in the course of construction.

NOTE 19

INVESTMENT PROPERTY

	Note	COUNCIL		GROUP	
		2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
At valuation					
Balance at 1 July		450	445	830	445
Fair value gains (losses) on valuation	9	(5)	5	15	(90)
Reclassification		-	-	-	440
Additions		-	-	-	35
Disposals		-	-	-	-
Balance at 30 June		445	450	845	830

Council's investment properties are valued at fair value effective at 30 June each year. The valuation was performed by Mairi Macdonald, an independent valuer from Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types and locations of investment properties owned by Council.

The fair value of Council's investment properties has been determined based on the highest and best use in accordance with PBE IPSAS 16 Investment Property.

A number of estimates and assumptions must be made when valuing investment property. In this instance they include:

- All land is valued on a fair market basis determined from market based evidence and conditions that prevailed at 30 June 2015.
- Land has been valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.
- All buildings have been valued on either a fair market or depreciated replacement cost basis. Where the fair value of an asset can be determined by reference to the price in an active market for the same or similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of fair value.

Strada's investment property was valued at 30 June 2015 by Peter Smith of SGHU Valuations LP (Registered Valuers). The valuers were contracted as independent parties who are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties in the relevant location.

The valuation, which conforms to New Zealand Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

There are no capital or operating expenditure obligations at balance date.

Strada's bank loan is secured over the Company's assets including investment property.

Income and expenses relating to investment property

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Rental income	43	43	68	77
Expenses from investment property generating income	-	-	-	4

NOTE 20
INVESTMENT IN JOINT VENTURE

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Investment in Waikato Quarries Limited				
Original investment	-	-	2,000	2,000
Balance at 1 July	-	-	2,444	2,364
Share of total comprehensive income	-	-	228	80
Balance at 30 June	-	-	2,672	2,444

Council's interest, through Strada, in Waikato Quarries Limited joint venture is accounted for as a jointly controlled entity using the equity method.

The joint venture has no commitments or contingencies (2014: nil).

There are no capital commitments in relation to Strada's interest in Waikato Quarries Limited.

Strada's interest is as follows:

	GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Current assets	1,309	1,238
Non-current assets	5,588	5,413
Current liabilities	3,938	2,913
Non-current liabilities	287	1,294
Income	4,522	4,685
Expenses	4,294	4,605

NOTE 21
PAYABLES, TAXES AND TRANSFERS

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Payables under exchange transactions				
Trade payables	3,881	4,552	4,423	5,320
Accrued expenses	29,185	15,709	29,300	15,798
Amounts due to related parties	694	1,467	63	115
Income in advance	362	386	378	597
Total payables under exchange transactions	34,122	22,114	34,164	21,830
Taxes and transfers payable under non-exchange transactions				
Rates in advance	702	659	702	659
Deposits and bonds	246	250	246	250
GST and FBT payable	25	26	100	205
Taxation payable	-	-	-	82
Other non-exchange payables	90	-	90	-
Total taxes and transfers payable	1,063	935	1,138	1,196
Total payables, taxes and transfers	35,185	23,049	35,302	23,026

Payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of payables approximates their fair value.

NOTE 22
EMPLOYEE ENTITLEMENTS

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Current portion				
Annual leave	1,702	1,585	1,824	1,749
Long service leave	49	23	49	23
Sick leave provision	98	109	98	109
Accrued pay	13	906	97	1,090
Other employee liabilities	900	286	926	307
Total current portion	2,762	2,909	2,994	3,278
Non-current portion				
Long service leave	21	9	26	19
Retirement gratuities	174	160	174	160
Sick leave	-	-	7	9
Total non-current portion	195	169	207	188
Total employee entitlements	2,957	3,078	3,201	3,466

The present values of Council's non-current retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any change in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward rates derived from 10 year New Zealand government bonds. The salary inflation factor has been determined in accordance with the inflation factors used in the Long Term Plan. A discount rate of 3.86% (2014: 4.85%) and an inflation factor of 2.19% (2014: 2.57%) have been used.

NOTE 23
BORROWING

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Current portion				
Secured				
Bank overdrafts	-	-	471	-
Bank loans	2,950	2,458	6,200	2,458
Total current portion	2,950	2,458	6,671	2,458
Non-current portion				
Bank loans	-	-	-	3,250
LGFA borrowing	50,000	35,000	50,000	35,000
Total non-current portion	50,000	35,000	50,000	38,250
Total borrowing	52,950	37,458	56,671	40,708

Loans and facilities

Council secured debt of \$52,950,000 (2014: \$37,458,000) is either issued at a fixed rate of interest or has been swapped for fixed interest instruments. 16 new swaps (2014: none) have been undertaken during the current year. 14 of the new swaps have start dates after 30 June 2015.

Council's committed cash advance facility of \$15,000,000 (2014: \$15,000,000) expires on 30 June 2016.

The total of Strada's bank overdraft facility is \$50,000 (2014: \$50,000). The interest rate is reset quarterly based on the 90 day bill rate plus a margin for credit risk. The fair value of Strada's term loan is \$3,457,719 (2014: \$3,459,407). Fair value has been determined using cash flows discounted at a rate based on the 90 day bill rate which determines the applicable interest rate. The average interest rate on borrowings is 6.39% (2014: 5.84%), which is determined only on interest-bearing borrowings.

At 30 June 2015 total borrowings from Local Government Funding Agency Limited (LGFA) were \$50,000,000 (2014: \$35,000,000). The average rate of interest was 4.28% (2014: 4.41%).

NOTE 23 continued**Fair value of borrowings**

The carrying amounts and the fair values of non-current borrowings are as follows:

	CARRYING AMOUNT		FAIR VALUE	
	2014/15 \$'000	2013/14 \$'000	2014/15 \$'000	2013/14 \$'000
Council				
Secured loans	52,950	35,000	48,894	34,147
Total non-current borrowings	52,950	35,000	48,894	34,147

The fair values are based on cash flows discounted using a weighted average rate based on the borrowing rates which range from 4.08% to 5.26% (2014: 4.28% to 5.30%).

	CARRYING AMOUNT		FAIR VALUE	
	2014/15 \$'000	2013/14 \$'000	2014/15 \$'000	2013/14 \$'000
Group				
Bank overdrafts	-	-	-	-
Secured loans	52,950	38,250	48,550	38,082
Total non-current borrowings	52,950	38,250	48,550	38,082

The fair values are based on cash flows discounted using a weighted average rate based on the borrowing rates which range from 4.08% to 6.39% (2014: 4.28% to 5.84%).

The carrying amount of borrowings repayable within one year approximates its fair value as the effect of discounting is not significant.

Internal loans

Council has a policy to utilise investment funds for internal debt purposes so that external borrowing is minimised and Council keeps its borrowing costs to a minimum.

	Balance at 1 July \$'000	Borrowings \$'000	Repayments \$'000	Balance at 30 June \$'000	Interest Paid \$'000
2015					
Water supply	4,971	1,433	(511)	5,893	251
Wastewater	9,205	1,410	(598)	10,017	473
Stormwater	2,457	113	(79)	2,491	128
Roading	25,543	2,158	(1,517)	26,184	1,315
Sustainable environment	506	-	(25)	481	26
Sustainable communities	11,783	1,700	(545)	12,938	610
Council leadership	2,822	-	(651)	2,171	134
Organisational support	327	-	(16)	311	17
Total internal loans (gross)	57,614	6,814	(3,942)	60,486	2,954
2014					
Water supply	5,124	328	(481)	4,971	256
Wastewater	7,612	2,123	(530)	9,205	384
Stormwater	1,397	1,114	(54)	2,457	72
Roading	25,726	1,241	(1,424)	25,543	1,309
Sustainable environment	530	-	(24)	506	27
Sustainable communities	12,016	275	(508)	11,783	615
Council leadership	3,441	-	(619)	2,822	165
Organisational support	343	-	(16)	327	18
Total internal loans (gross)	56,189	5,081	3,656	57,614	2,846

NOTE 24
PROVISIONS

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Current portion				
Weathertightness	51	435	51	435
Landfill aftercare	106	114	106	114
Contract completion	-	-	16	29
Total current portion	157	549	173	578
Non-current portion				
Weathertightness	-	-	-	-
Landfill aftercare	1,895	1,417	1,895	1,417
Total non-current portion	1,895	1,417	1,895	1,417
Total provisions	2,052	1,966	2,068	1,995

Movements for each class of provision are as follows:

Movements for each class of provision are as follows:				
COUNCIL	Landfill aftercare \$'000	Weathertightness \$'000	Total \$'000	
2015				
Balance at 1 July 2014	1,531	435	1,966	
Change in provision made during the year	592	(66)	526	
Amounts used	(234)	(318)	(552)	
Unused amounts reversed	-	-	-	
Discount unwind	112	-	112	
Balance at 30 June 2015	2,001	51	2,052	
2014				
Balance at 1 July 2013	1,547	240	1,787	
Change in provision made during the year	(10)	323	313	
Amounts used	(119)	(78)	(197)	
Unused amounts reversed	-	(50)	(50)	
Discount unwind	113	-	113	
Balance at 30 June 2014	1,531	435	1,966	
GROUP	Landfill aftercare \$'000	Weathertightness \$'000	Contract completion \$'000	Total \$'000
2014/15				
Balance at 1 July 2014	1,531	435	29	1,995
Change in provision made during the year	592	(66)	78	604
Amounts used	(234)	(318)	(91)	(643)
Discount unwind	112	-	-	112
Balance at 30 June 2015	2,001	51	16	2,068
2013/14				
Balance at 1 July 2013	1,547	240	52	1,839
Change in provision made during the year	(10)	323	20	333
Amounts used	(119)	(78)	(43)	(240)
Unused amounts reversed	-	(50)	-	(50)
Discount unwind	113	-	-	113
Balance at 30 June 2014	1,531	435	29	1,995

NOTE 24 continued**Weathertightness claims**

Two remaining claims have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2015 (2014: five). These claims relate to weathertightness issues of homes in Council's district. A provision for these claims has been established based on estimates of Council's share that are in excess of Council's insurance cover.

At 30 June 2014 Council was subject to another claim in respect of weathertightness building defects that was received by Council directly and which was resolved during the 2015 financial year.

Landfill aftercare costs

Council has five landfill sites within the district. They are at Te Kauwhata, Ngaruawahia, Huntly, Raglan and Tuakau. Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of the landfills after the sites are closed.

The cash outflows for landfill post-closure are expected to occur over 31 years. The long term nature of the liability means that there are inherent uncertainties in estimating the costs which will be incurred. The provision has been made taking into account existing technology and known changes to legal requirements.

The gross provision before discounting is \$4,337,126 (2014: \$3,626,230).

A discount rate of 5.49% (2014: 7.36%) and an inflation factor of 2.5% (2014: 2.9%) have been used.

Contract completion costs

Provision for contract completion costs is estimated based on the likelihood of further construction work being required to rectify construction deficiencies.

Discount unwinding

Discount unwinding represents an increase in the provision due to the passage of time and the effect of any change in the discount rate.

NOTE 25**DERIVATIVE FINANCIAL INSTRUMENTS**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Non-current asset portion				
Interest rate swaps – interest rate hedge	-	234	-	234
Total derivative financial instrument assets	-	234	-	234
Current liability portion				
Interest rate swaps – interest rate hedge	16	-	16	-
Non-current liability portion				
Interest rate swaps – interest rate hedge	2,036	-	2,036	-
Total derivative financial instrument liabilities	2,052	-	2,052	-

Fair value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting them to their present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from the instrument prices.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for Council and the Group is \$47,000,000 (2014: \$44,000,000). At 30 June 2015 the fixed interest rates of the swaps range from 3.08% to 6.45% (2014: 3.08% to 6.45%).

NOTE 26**REVALUATION RESERVE – PROPERTY, PLANT AND EQUIPMENT**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Property, plant and equipment revaluation reserve				
Land	44,537	42,134	45,721	42,918
Buildings	31,080	23,335	31,479	23,723
Parks and reserves	12,668	10,082	12,668	10,082
Wastewater	30,913	30,226	30,913	30,226
Water	31,566	29,790	31,566	29,790
Bridges	72,162	72,853	72,162	72,853
Roading	323,107	330,291	323,107	330,291
Urban stormwater	6,970	2,251	6,970	2,251
Rural drainage	663	545	663	545
Solid waste	1,079	602	1,079	602
Balance at 30 June	554,745	542,109	556,328	543,281

NOTE 27**RECONCILIATION OF NET SURPLUS (DEFICIT) AFTER TAX WITH
NET CASH FLOWS FROM OPERATING ACTIVITIES**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Net surplus (deficit) after tax	42,447	15,160	42,674	16,028
Plus (minus) non-cash items				
Depreciation, amortisation and asset write off	27,071	25,262	27,700	25,913
Decrease (increase) in future tax benefits	-	-	(163)	(65)
Vested and found assets	(28,521)	(4,355)	(28,521)	(4,355)
(Gains) losses in fair value of investment property	5	(5)	(15)	90
(Gains) losses on derivative financial instruments	2,287	(1,289)	2,287	(1,289)
(Gains) losses on biological assets	6	5	6	5
Interest income on financial assets not at fair value through surplus or deficit	(11)	(20)	(11)	(20)
Capitalised internal charges	(2,551)	(2,551)	(2,551)	(2,551)
Gain on revaluation of land	-	-	(64)	-
Share of joint venture's operating (profit) loss after tax	-	-	(228)	(80)
Gains on fair value through surplus or deficit	-	-	(485)	(195)
Plus (minus) classified as investing or financing activities				
(Gains) / losses on disposal of property, plant and equipment	274	3	249	(179)
Decrease (increase) in creditors for capital expenditure	(7,397)	(8,187)	(7,397)	(8,187)
Plus (minus) movement in working capital items				
Receivables and recoverables	(6,018)	934	(6,450)	843
Prepayments	(31)	(141)	(37)	(133)
Inventories	-	-	4	5
Biological assets	(13)	-	(13)	-
Payables, taxes and transfers	12,136	8,798	12,418	8,639
Changes in provision	(505)	189	(519)	166
Income tax payable	-	-	(82)	82
Employee benefits	(121)	(102)	(265)	(85)
Net cash inflow / (outflow) from operating activities	39,058	33,701	38,537	34,632

NOTE 28**RECONCILIATION OF TOTAL COMPREHENSIVE INCOME WITH NET OPERATING FUNDING
(PER FUNDING IMPACT STATEMENT)**

	COUNCIL	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Total comprehensive income wholly attributable to Waikato District Council	58,135	27,255
Surplus (Deficit) of Operating Funding per Whole of Council Funding Impact Statement	16,014	19,564
	42,121	7,691
The difference is due to:		
Capital income	27,037	15,388
Revaluation of assets	16,280	12,084
Revaluation reserve – landfill	(592)	10
Financial assets at fair value	(2,287)	1,289
Depreciation and amortisation	(20,870)	(19,583)
Profit (Loss) on sale	(274)	(3)
Write off of assets	(6,201)	(5,679)
Vested and found assets	28,522	4,355
Change in provisions	506	(189)
Interest income from financial assets	11	19
Unrealised gains	-	5
Unrealised losses	(11)	(5)
Total	42,121	7,691

NOTE 29**CAPITAL COMMITMENTS AND OPERATING LEASES**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Capital commitments				
Strada Corporation Limited	41	954	-	-
Other commitments	86,435	11,298	86,435	11,489
Total capital commitments	86,476	12,252	86,435	11,489
Capital commitments				
Water	1,756	1,448	1,756	1,448
Wastewater	1,244	3,956	1,244	3,956
Stormwater	814	51	814	51
Parks and reserves	389	342	389	342
Buildings – operational	88	102	88	102
Roading	81,964	5,866	81,923	4,912
Bridges	27	111	27	111
Vehicles / moveable plant	-	230	-	421
Intangible assets	194	146	194	146
Total capital commitments	86,476	12,252	86,435	11,489

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

NOTE 29 continued**Operating leases as lessee**

Council and the Group lease property, plant and equipment in the normal course of business. The leases have non-cancellable terms of between 12 months and three years three months (2014: four years and three months).

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Not later than one year	308	491	309	493
Later than one year and not later than five years	-	308	-	309
Later than five years	-	-	-	-
Total minimum operating lease payments payable	308	799	309	802

Council

No contingent rent was recognised during the period relating to copiers.

Council had a contract with Canon NZ for the lease of photocopiers. There are no minimum amounts payable; charges are based on actual volumes of printing. The agreement has a term of four years from the date of signing (5 September 2012) with provision for a one year renewal.

Other leases may be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council and the Group do not have the option to purchase any assets at the end of the lease term.

Strada

Strada leases a photocopier in the normal course of its business with a term of 4 months (2014: 1 to 15 months).

Operating leases as lessor

Council leases community and investment properties and grazing rights under operating leases. The leases have non-cancellable terms ranging from less than one year up to 65 years.

Waikato Quarries Limited and Strada entered into an operating lease relating to the Tauhei Quarry land with a lease term of 30 years with two rights of renewal, each of five years. Because the lease income is dependent on the quarry's revenue, Strada is unable to reliably estimate the income and has therefore not disclosed it in the future aggregate minimum lease payments to be collected.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Not later than one year	463	466	488	491
Later than one year and not later than five years	1,168	1,071	1,245	1,171
Later than five years	710	671	710	673
Total non-cancellable operating leases	2,341	2,208	2,443	2,335

Council has recognised no contingent rents during the period (2014: \$nil).

Strada has recognised contingent rents of \$273,215 during the year (2014: \$266,427).

Council has previously disclosed only those lease payments receivable from leasing its investment property. In the current year all operating leases have been included and the comparative amounts have been re-stated accordingly.

NOTE 30**CONTINGENCIES – Contingent liabilities**

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Quantifiable contingent liabilities				
Guarantees	-	-	579	559
Uncalled share capital (WRAL)	1,500	1,500	1,500	1,500

Guarantees

Strada has \$578,807 (2014: \$559,203) bonds guaranteed by the ANZ National Bank Limited. The bonds will be payable if Strada is unable to fulfil its contractual obligations.

Capital contributions

During May 2004, the shareholders of Waikato Regional Airport (WRAL) of which Waikato District Council has a 15.63% shareholding, authorised the company issuing further shares totalling \$21.6m to shareholders. The capital restructure is part of the WRAL airport development and allows WRAL to borrow commercially at more favourable interest rates. After the payment of \$1,875,000 in the 2004/15 financial year Council's contingent liability is \$1,500,000 (2014: \$1,500,000).

Subsequent to balance date Council has entered into a sale and purchase agreement with WRAL for the Airport to buy back Council's portion of the uncalled capital.

Outstanding insurance claims

There are eight outstanding claims (2014: four) in varying stages of progress. Council is unable to quantify its contingent liability for all (2014: four) of these claims. The maximum Council liability ranges from \$1,000 to \$10,000 including GST (2014: \$1,000-\$10,000) for each claim which is the excess on the insurance policies.

Unquantified claims

As disclosed in Note 24, a provision of \$51,000 (2014: \$435,000) has been recognised for weathertightness claims where Council has received notice of the claim. Council is exposed to potential future claims which have not yet been advised until the statutory limitation period expires. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services (WHRS) Act 2006, but other statutory limitation periods could also affect claims.

Other claims

At balance date no (2014: nil) other claims expose Council to contingent liabilities. Council's maximum financial exposure is \$nil (2013: \$nil).

Strada had two unsettled personal grievance claims at balance date. The maximum exposure from the claims is estimated at \$40,000 with the likely cost (including legal fees) estimated at \$10,000.

Strada are currently in dispute with a creditor over placement fees, the outcome of the dispute is unknown. A judicial settlement conference has been set for November 2015. If settlement is not reached at the conference, a trial will be required in 2016.

NZ Local Government Funding Agency Limited (LGFA)

Waikato District Council is a guarantor of LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council is one of 41 local authority guarantors and 31 local authority shareholders of LGFA. The aggregate amount of uncalled shareholder capital (\$20m) is available in the event that an imminent default is identified. Also, together with other guarantors and shareholders, Council is guarantor of all LGFA's borrowings. At 30 June 2015 LGFA had borrowings totalling \$4.955billion (2014: \$3.695billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council is unable to determine a sufficiently reliable fair value of the guarantee and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on payments of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Contingent assets

Council is a 35% capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainty surrounding the life of the Trust, Council is unable to accurately establish an appropriate value for the 35% share.

NOTE 31 **RELATED PARTY TRANSACTIONS**

Waikato District Council has a 100% shareholding in Strada Corporation Limited. Strada has a 50% interest in a joint venture with Perry Aggregates Limited. The joint venture is called Waikato Quarries Limited.

All related party transactions and related payments are on normal commercial terms. There was no impairment of any of these transactions (2014: nil).

The following transactions were carried out between related parties:

	GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Between Council and Strada		
Road construction and urban services provided by Strada	6,572	9,282
Rates paid to and refuse disposal by Council	15	17
Council's accounts payable to Strada	694	1,456
Council's accounts receivable from Strada	2	-
Subvention payment receivable	-	429
Between Council and Waikato District Community Wellbeing Trust (WBT)		
WBT grant to Council (Allan Turner Walkway)	40	-
Council's accounts receivable from WBT	162	15
Between Council and Local Authority Shared Services (LASS)		
Services provided to LASS	4	-
Charges from LASS	279	224
Council's accounts payable to LASS	99	11
Council's accounts receivable from LASS	1	6
Between Council and Waikato Regional Airport Limited (WRAL)		
Charges from Council to WRAL	100	100
Between Strada and Waikato Quarries Limited (WQL)		
Lease revenue	273	266
Strada's trade and other receivables from WQL	27	19
Loan receivable from WQL	2,270	2,270
Between Strada and Perry Aggregates Limited		
Metal purchases by Strada	369	172
Accounts payable by Strada	-	104

NOTE 31 continued**Key management personnel compensation**

Council's key management personnel include the Mayor, Councillors, the Chief Executive and General Managers. The Group enters into various transactions such as rates, water charges and the sale of goods or services with key management personnel in the ordinary course of business and on an arm's length basis. No disclosure has been made for these transactions.

	COUNCIL	
	2014/15 Actual \$'000	2013/14 Actual \$'000
<i>Councillors</i>		
Remuneration	684	635
Full-time equivalent members	14	14
<i>Senior management team, including the Chief Executive</i>		
Remuneration	1,005	975
Full-time equivalent members	4	4
Total key management personnel remuneration	1,689	1,610
Total full-time equivalent personnel	18	18

Because of the difficulties inherent in estimating the number for full-time equivalent Councillors, the figure used is the number of Councillors.

There are close family members of key management personnel employed by Council and the Group. The terms and conditions of these arrangements are no more favourable than they would have been if there were no relationships to key management personnel.

Related party transactions requiring disclosure

During the year Strada Corporation Limited purchased \$25,620 (2014: \$20,695) of legal and employment advice from Tompkins Wake in which a Strada director is a partner. There was \$4,501 payable at 30 June 2015 (2014: \$nil).

Strada Corporation Limited has a director who is also a director of Admark Visual Imaging Limited. \$547 (2014: \$5,297) expenses in relation to marketing costs included in surplus or deficit relate to transactions with Admark Visual Imaging Limited. There were no amounts payable at 30 June 2015 (2014: \$nil).

A director of Strada is also a partner in Chiefs Limited. No entertainment expenses were paid by Strada to Chiefs Limited (2014: \$2,341).

No provision has been required, nor any expense recognised for impairment of receivables or any loans or other receivables to related parties (2014: \$nil).

**NOTE 32
REMUNERATION**

	2014/15 Actual \$'000	2013/14 Actual \$'000
Elected Representatives		
Cash benefits		
A Sanson, Mayor	121	115
C Baddeley	45	42
J Church	36	25
R Costar	36	24
R Dixon	-	10
D Fulton	60	50
J Gibb	39	25
W Hayes	45	40
J Hayman	-	10
S Lynch	43	40
R McGuire	36	34
A Morse	-	12
L Petersen	36	34
P Sands	-	10
J Sedgwick	38	35
N Smith	58	42
M Solomon	36	34
G Tait	38	36
Total cash benefits paid to Councillors	667	618
Non-cash benefits		
A Sanson, Mayoral car	17	17
Total non-cash benefits to Councillors	17	17
Total remuneration of Councillors	684	635

The comparative amounts shown here have been re-stated to correct a previous error in the interpretation of the meaning of remuneration.

	2014/15 Actual \$'000	2013/14 Actual \$'000
Community board and committee members		
Cash benefits		
A Anderson	4	5
B Ashby	-	1
J Ayers	4	3
T Barton	-	1
A Birks	-	1
S Boyde	4	3
K Bredenbeck	4	3
A Carr	-	1
B Cameron	1	-
A Clarke	-	1
K Clelow	2	2
L Cole	-	6
W Diamond	4	3
B Dixon	4	2
R Farrar	4	4
P Forsyth	8	8
R Gallagher	-	2
R Gee	4	3
D Gilmour	2	5
E Gouk	1	1
F Gower	4	3
A Gregson	-	1
W Hansen	1	3
S Henderson	-	1
M Henry	-	1
M Holl	4	2
T Horn	-	1
K Kohu	1	-
D Lamb	4	3
H Lovell	1	1
R MacLeod	4	3
H McNally	-	2
N Miller	7	3
B Mounsey	4	4
J Ross	1	1
B Sherson	4	4
S Stewart	8	6
T Tamati	-	1
J Taylor	-	2
E Thomson	1	-
T Tukere	4	4
R Tukiri	-	1
M Vernall	-	1
A Vink	5	3
B Watson	4	4
J Whetu	4	3
J White	-	1
Total cash benefits to community board and committee members	107	114
Total remuneration of Councillors and other elected representatives	769	745

NOTE 32 continued**Chief Executive**

The Chief Executive of Waikato District Council is appointed under section 42 of the Local Government Act 2002. He received a salary of \$279,315 (2014: \$276,093) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	COUNCIL	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Salary and other short term employee benefits	280	276
Vehicle	17	17
Defined contribution plan employer contributions (KiwiSaver)	8	8
Expenses allowance	2	2
Other fringe benefits (value of benefit plus FBT)	12	12
Total Chief Executive's remuneration	319	315

The comparative amount for other fringe benefits has been restated to correct a previous error in interpretation.

Employee numbers

	COUNCIL	
	2014/15	2013/14
Employee numbers at 30 June		
Full-time employees	278	268
Part-time employees (inc casual employees)	76	67
Total employees	354	335

A full-time employee works 40 hours per week.

Full-time equivalent employees at 30 June

Full-time employees	278.05	268.05
Part-time employees (in full time equivalents)	30.75	25.44
Total full-time equivalent employees	308.80	293.49

Total annual employee remuneration by band as at 30 June

	COUNCIL	
	2014/15	2013/14
\$0 - \$60,000	168	151
\$60,001 - \$80,000	90	89
\$80,001 - \$100,000	57	60
\$100,001 - \$120,000	25	22
\$120,001 - \$140,000	7	6
\$140,001 - \$320,000	7	7
Total employees	354	335

Total remuneration includes non-financial benefits provided to employees

There are fewer than five employees in each of the bands above \$140,001 therefore the numbers for those bands have been combined into a single band of \$140,001-\$320,000.

NOTE 33**SEVERANCE PAYMENTS**

For the year ended 30 June 2015, Council made one (2014: six) severance payment to employees totalling \$6,238 (2014: \$90,801).

Strada made one (2014: none) severance payments to employees during the year. The payment totalled \$2,000 (2014: \$nil).

NOTE 34**EVENTS AFTER BALANCE DATE**

On 13 August 2015 Council was served with a leaky home claim and proceedings have been filed in the High Court where Council is one of five defendants. The amount of the claim against Council has not yet been quantified.

In 2014 Council disclosed the following post balance date events:

On 10 July 2014 the New Zealand Transport Agency (NZTA) revoked 25.19 kms of state highway to be vested in Council. The vestment followed the completion by NZTA of the Ngaruawahia by-pass. The fair value of the assets transferred to Council was assessed at \$17,500,000.

On 5 September 2014 settlement was achieved on a "leaky home" claim. Total cost to Council is subject to negotiation with another party. Council's maximum exposure is \$283,000.

NOTE 35**FINANCIAL INSTRUMENTS****A. Financial instruments categories**

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

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Financial Assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	10,339	976	11,286	2,411
Recoverables and receivables	21,471	15,307	22,101	15,651
Community loans	348	414	348	414
Loans to related parties	-	-	2,270	2,270
LGFA borrower notes	800	560	800	560
Total loans and receivables	32,958	17,257	36,805	21,306
<i>Fair value through surplus or deficit</i>				
Fixed interest investments	-	-	1,656	1,417
Equity investments	-	-	1,822	1,554
Derivative financial instruments assets	-	234	-	234
Total fair value through surplus or deficit	-	234	3,478	3,205
<i>Fair value through other comprehensive income</i>				
Unlisted shares in NZ Government Insurance Corporation Limited	49	49	49	49
<i>Financial assets at cost</i>				
Local Authority Shared Services Limited	220	220	220	220
Investment in subsidiary	4,500	4,500	-	-
Waikato Regional Airport Limited	2,639	2,639	2,639	2,639
Total financial assets at cost	7,359	7,359	2,859	2,859
Financial Liabilities				
<i>Fair value through surplus or deficit</i>				
Derivative financial instruments liabilities	2,052	-	2,052	-
<i>Financial liabilities at amortised cost</i>				
Payables, taxes and transfers	35,185	23,049	35,302	23,026
<i>Borrowings:</i>				
Secured loans	52,950	37,458	56,671	40,708
Total financial liabilities at amortised cost	88,135	60,507	91,973	63,734

NOTE 35 continued**B. Fair value hierarchy disclosures**

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

- Quoted market price (level 1): financial instruments with quoted prices for identical instruments in active markets
- Valuation technique using observable inputs (level 2): financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation technique with significant non-observable inputs (level 3): financial instruments valued using models where one or more significant inputs are not observable.

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

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Quoted market price				
Fixed interest investments	-	-	1,656	1,417
Equity investments	-	-	1,822	1,554
	-	-	3,478	2,971
Observable inputs				
Financial liabilities – derivatives	2,052	-	-	-
Financial assets – derivatives	-	234	-	234
Significant non-observable inputs				
Shares	49	49	49	49

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

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements.

	GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000
Balance at 1 July	49	48
Gains and losses recognised in other comprehensive income	-	1
Other movements	-	-
Balance at 30 June	49	49

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

C. Financial instrument risks

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

Market risk**Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices. Council has no exposure to price risk because it does not hold any listed securities. Equity securities price risk arises on listed equity investments which are held by the Waikato District Community Wellbeing Trust (WBT) and are classified as financial assets held at fair value through surplus or deficit. The price risk arises due to market movements in listed share prices. Gareth Morgan Investments Limited (GMI) which manages the investment portfolio on behalf of the trustees, manages price risk via diversification and liquidity of investments.

NOTE 35 continued**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it has minimum foreign currency transactions. WBT holds investments in foreign currencies and is exposed to currency risk. GMI, on behalf of the trustees, enters into forward currency contracts on all fixed interest investments. The default currency exposure for equity investments is 50%.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market in interest rates.

Borrowings and investments issued at fixed rates of interest expose Council to fair value interest rate risk. Council's Treasury Risk Management Policy is to maintain between 55% and 90% of its total external debt portfolios in fixed borrowings. GMI actively manages the average maturity date of WBT's fixed interest investments in response to changes in GMI's interest rate view.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council and the Group, causing it to incur a loss.

Council's Treasury Risk Management Policy clearly specifies approved institutions above approved credit ratings. WBT is consolidated into Council's group financial statements and also includes cash and fixed interest securities that are a credit risk. GMI, on behalf of the trustees of WBT invests only in fixed interest investments in liquid securities, which means there is a secondary market available where these assets are readily traded. In addition, GMI invest primarily in investment-grade instruments and has established counterparty limits for fixed interest investments depending on their credit rating.

Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 30.

Council and the Group have no other collateral or credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

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

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Cash and cash equivalents	10,339	976	11,286	2,411
Recoverables and receivables	21,471	15,307	22,101	15,651
Community loans	348	414	348	414
Loans to related parties	-	-	2,270	2,270
Fixed interest instruments	-	-	1,656	1,417
Equity investments	-	-	1,822	1,554
LGFA borrower notes	800	560	800	560
Derivative financial instruments assets	-	234	-	234
Total credit risk	32,958	17,491	40,283	24,511

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk. GMI actively manages the average maturity date of WBT's fixed interest investments in response to changes in GMI's interest rate view.

Generally, Council raises long-term borrowing at floating rates and swaps them into fixed rates using interest rate swaps to manage the cash flow interest rate risk. Council enters into interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

A high proportion of Strada's debt is variable debt, which exposes Strada to potential interest rate fluctuation risks. Strada's directors regularly monitor interest rate trends and will fix debt interest rates when appropriate in order to minimise risks.

NOTE 35 continued**Credit quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Counterparties with credit ratings				
Cash and cash equivalents				
AA-	10,339	976	11,286	2,411
Fixed interest investments				
AAA	-	-	380	165
AA+	-	-	42	42
AA	-	-	54	209
AA-	-	-	419	483
A+	-	-	168	63
A	-	-	120	68
A-	-	-	111	89
BBB+	-	-	136	85
BBB	-	-	44	34
BBB-	-	-	49	-
Derivative financial instrument assets				
AA-	-	234	-	234
Borrower notes				
AA+	800	560	800	560
Counterparties without credit ratings				
Community and related party loans				
Community loans with no defaults in the past	348	358	348	358
Community loans with payment moratorium	-	56	-	56
Loans to related parties with no defaults in the past	-	-	2,270	2,270
Unrated equity investments	7,359	-	4,681	1,645
Fixed interest investments with no defaults in the past	-	-	133	88
Total credit risk	18,846	2,184	21,041	8,860

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk**Management of liquidity risk**

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

Council manages its liquidity risks including borrowings in accordance with its Treasury Risk Management Policy, which includes a Liability Management Policy. These policies have been adopted as part of Council's Long Term Plan.

Council has a \$500,000 overdraft facility (2014: \$500,000) and a committed cash advance facility of \$15,000,000 (2014: \$15,000,000), of which \$12,050,000 (2014: \$12,800,000) is available to be drawn. Council's committed cash advance facility expires in June 2016.

NOTE 35 continued

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2015 Council had borrowed \$50,000,000 (2014: \$35,000,000) and held borrower notes with a face value of \$800,000 (2014: \$560,000).

Council is also exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is contained in note 30.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Council and the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Carrying amount				
Payables, taxes and transfers	35,185	23,049	35,302	23,026
Secured loans	52,950	37,458	56,671	40,708
Total	88,135	60,507	91,973	63,734
Contractual cash flows				
Payables, taxes and transfers	35,185	23,049	35,302	23,026
Secured loans	64,818	44,115	68,648	47,574
Total	100,003	67,164	103,950	70,600
	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Council 2015				
Payables, taxes and transfers	35,185	-	-	-
Secured loans	5,083	2,124	33,721	23,890
Total	40,268	2,124	33,721	23,890
Group 2015				
Payables, taxes and transfers	35,302	-	-	-
Secured loans	8,913	2,124	33,721	23,890
Total	44,215	2,124	33,721	23,890
Council 2014				
Payables, taxes and transfers	23,049	-	-	-
Secured loans	4,025	1,544	33,145	5,401
Total	27,074	1,544	33,145	5,401
Group 2014				
Payables, taxes and transfers	23,026	-	-	-
Secured loans	4,025	5,003	33,145	5,401
Total	27,051	5,003	33,145	5,401

NOTE 35 continued**Contractual maturity analysis of derivative financial instruments**

The table below analyses Council and the Group's derivative financial instruments into those that will be settled on a net basis and those that will be settled on a gross basis in relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Net settled derivative assets				
Carrying amount	-	234	-	234
Contractual cash flows	-	46,009	-	46,009
Net settled derivative liabilities				
Carrying amount	2,052	-	2,052	-
Contractual cash flows	86,488	-	86,488	-
	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000

Council and Group

Net settled derivative assets				
2014/15	-	-	-	-
2013/14	3,393	6,381	13,925	22,310
Net settled derivative liabilities				
2014/15	10,886	4,761	33,011	37,910
2013/14	-	-	-	-

Contractual maturity analysis of financial assets

The table below analyses Council and the Group's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	COUNCIL		GROUP	
	2014/15 Actual \$'000	2013/14 Actual \$'000	2014/15 Actual \$'000	2013/14 Actual \$'000
Carrying amount				
Cash and cash equivalents	10,339	976	11,286	2,411
Recoverables and receivables	21,471	15,307	22,101	15,651
<i>Other financial assets</i>				
- community loans	348	414	348	414
- loans to related parties	-	-	2,270	2,270
- LGFA borrower notes	800	560	800	560
Total	32,958	17,257	36,805	21,306
Contractual cash flows				
Cash and cash equivalents	10,339	976	11,286	2,411
Recoverables and receivables	21,471	15,307	22,101	15,651
<i>Other financial assets</i>				
- community loans	429	519	429	519
- loans to related parties	-	-	2,270	2,270
- LGFA borrower notes	970	603	970	603
Total	33,209	17,405	37,056	21,454

NOTE 35 continued

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
Council 2015				
Cash and cash equivalents	10,339	-	-	-
Recoverables and receivables	21,471	-	-	-
<i>Other financial assets</i>				
- community loans	89	71	183	86
- LGFA borrower notes	-	-	532	438
Total	31,899	71	715	524

Group 2015				
Cash and cash equivalents	11,286	-	-	-
Recoverables and receivables	22,101	-	-	-
<i>Other financial assets</i>				
- community loans	89	71	183	86
- loans to related parties	-	-	-	2,270
- LGFA borrower notes	-	-	532	438
Total	33,476	71	715	2,794

Council 2014				
Cash and cash equivalents	976	-	-	-
Recoverables and receivables	15,307	-	-	-
<i>Other financial assets</i>				
- community loans	100	160	125	134
- LGFA borrower notes	-	-	499	104
Total	16,383	160	624	238

Group 2014				
Cash and cash equivalents	2,411	-	-	-
Recoverables and receivables	15,651	-	-	-
<i>Other financial assets</i>				
- community loans	100	160	125	134
- loans to related parties	-	-	-	2,270
- LGFA borrower notes	-	-	499	104
Total	18,162	160	624	2,508

NOTE 35 continued**Sensitivity analysis**

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council and the Group's financial instrument exposures at the balance date.

	2014/15		2013/14	
	Actual -100bps \$'000	Actual +100bps \$'000	Actual -100bps \$'000	Actual +100bps \$'000
Council				
Financial assets				
Cash and cash equivalents	(103)	103	(10)	10
Derivatives	-	-	(1,702)	1,599
Financial liabilities				
Derivatives – held for trading	(6,029)	15	(1,702)	1,599
Borrowings:				
- secured loans	-	-	-	-
Group				
Financial assets				
Cash and cash equivalents	(113)	113	(24)	24
Derivatives	-	-	(1,702)	1,599
Financial liabilities				
Derivatives – held for trading	(6,029)	15	-	-
Borrowings:				
- term loans	-	-	(33)	33

Foreign exchange risk

	2014/15		2013/14	
	Actual -100bps \$'000	Actual +100bps \$'000	Actual -100bps \$'000	Actual +100bps \$'000
Group				
Financial assets				
Cash and equity investments	27	(27)	21	(21)

Equity price risk

	2014/15		2013/14	
	Actual -100bps \$'000	Actual +100bps \$'000	Actual -100bps \$'000	Actual +100bps \$'000
Group				
Financial assets				
Equity investments	18	(18)	16	(16)

Explanations of sensitivity analysis

The interest rate, foreign exchange and equity price sensitivities are based on reasonably possible movements in interest rates, exchange rates and equity market valuations; with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on parallel shift in interest rates of -100bps/+100bps (2014 -100bps/+100bps).

NOTE 36**CAPITAL MANAGEMENT**

Council's capital is its equity (or ratepayers' funds) which include accumulated funds and other reserves. Equity is represented by net assets.

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

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

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

Council has the following Council-created reserves:

- reserves for different areas of benefit;
- self insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserve.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can be approved only by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

NOTE 37**EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET**

The major variance explanations are set out below and explain the significant differences between actual results for 2014/15 compared to the budget for 2014/15

There was an increase between actual revenue and budgeted revenue mainly from vested assets, contributions and subsidy revenue.

Other revenue encompasses Council's fees and charges including infringements, consent applications, dog registrations, service connections and other regulatory function revenue. This category also covers cost sharing arrangements for capital work programmes and vested assets. Vested asset revenue relates to infrastructure that is transferred to council to maintain upon completion of development works. Vested asset revenue is not budgeted and accounts for the large variance (\$11.6 million).

Contribution revenue was significantly higher than budgeted due to staging of development and related timing of uplift of consents. During the 2014/15 year residential and industrial development in Pokeno contributed \$7.2 million more than what was budgeted. When offset with lower levels of development activity in other areas of the district the variance for this revenue category comes down to \$6.9 million more than budget.

Subsidies and grant income is sourced mainly from the New Zealand Transport Agency in relation to the roading work programmes. There was a timing variance between budget and actual in 2013/14 due to timing and the remaining subsidy was redistributed by the agency into the 2014/15 programme. Hence, actual subsidy received is higher in 2014/15 than budgeted.

Asset write-offs were not budgeted for and arise as assets are disposed because they have reached the end of their useful lives, been replaced or transferred. Asset write-offs account for the majority of the variance against budget for operating expenses (\$7.4 million) with increased consultancy costs also contributing significantly.

The loss on Council's financial instruments, revaluation of interest rate derivatives, is not budgeted for hence the \$2.6 million variance in net other gains and losses.

The gain on property, plant and equipment revaluations was significantly lower than expected mainly due to differences in predictive cost indices compared to actual cost escalations and relative completion of budgeted works. A number of adjustments in the roading, bridges and wastewater valuation processes, coupled with movements in vested assets and asset disposals has also contributed to this major variance.

At balance date, cash and cash equivalents on hand are higher than budgeted due to receipt of a large development contribution payment and normal working capital fluctuations. Debtors were also higher than budget due to timing differences for development works. Staging of capital work programmes have resulted in less physical works being recognised as property, plant and equipment. The variation in the revaluation also impacts on the net book value of these assets. In addition, borrowings are affected by the timing of capital works with actual loans \$32 million lower than anticipated.

NOTE 38 INSURANCE OF ASSETS

The total value of all assets of Council that are covered by insurance contracts as at 30 June 2015 is \$485,083,365 (2014: \$423,984,643) and the maximum amount to which they are insured is \$190,405,792 (2014: \$179,751,348).

Insurance Class	Total Declared Value	Policy Limit
Infrastructure	\$309,856,887	\$6,000,000 per loss (primary layer contracts provide for recovery of 100% of the costs of loss or damage to declared assets) \$35,000,000 per loss (for anything that falls outside the primary layer cover, these insurance contracts provide for the recovery of 40 per cent of the cost of loss or damage to declared assets)
Material Damage	\$169,820,686	\$150,000,000 each and every loss and in the annual aggregate \$125,000,000 each and every loss (and in the annual aggregate for Fire losses)
Motor Vehicle	\$3,893,946	\$3,893,946
Other	\$1,511,846	\$1,511,846
Total	\$485,083,365	\$161,405,792

In addition to the insurance contracts noted above, the council maintains a disaster recovery reserve to meet the costs of damage that may not be recoverable through insurance. At 30 June 2015 the balance of this reserve was \$1,391,548 (2014: \$1,556,762).

NOTE 39 ADJUSTMENTS TO THE COMPARATIVE YEAR FINANCIAL STATEMENTS

The Council and group has adjusted its comparative year financial statements for the year ended 30 June 2014 due to reclassification adjustments, transition to the new PBE accounting standards, and the correction of a prior period error. The adjustments are shown in the table below:

The adjustments are shown in the table below.

COUNCIL	Note	2013/14 ACTUAL			
		Before Reclassification adjustments \$'000	Reclassification adjustments \$'000	PBE transition adjustments \$'000	After adjustments \$'000
Statement of comprehensive revenue and expense					
Income					
Other activity revenue	a	16,210	(16,210)	-	-
Other revenue	a	5,309	16,210	-	21,519
Other gains	b	1,294	(1,294)	-	-
Expenses					
Audit fees	c	145	(145)	-	-
Activity expenses	d	36,362	(36,362)	-	-
Other expenses	d	6,912	36,507	-	43,419
Other losses	b	8	(8)	-	-
Other gains / losses					
Net other gains (losses)	b		1,286	-	1,286
Statement of cash flows					
Cash flows from operating activities					
Receipts from activities revenue	a	13,287	(13,287)	-	-
Receipts from other revenue	a	-	13,287		13,287
Payments to suppliers and employees	e	63,696	-	(63,696)	-
Payments to employees	e	-	-	23,343	23,343
Payments to suppliers	e	-	-	40,353	40,353

NOTE 39 continued

GROUP	Note	2013/14 ACTUAL			
		Before Reclassification adjustments	Reclassification adjustments	PBE transition adjustments	After adjustments
		\$'000	\$'000	\$'000	\$'000
Statement of comprehensive revenue and expense					
Income					
Other activity income	a	21,341	(21,341)	-	-
Other revenue	a	4,909	21,341	-	26,250
Other gains	b	1,737	(1,737)	-	-
Expenses					
Audit fees	c	198	(198)	-	-
Activity expenses	d	36,500	(36,500)	-	-
Other expenses	d	6,933	36,698	-	43,631
Other losses	b	169	(169)	-	-
Other gains / losses					
Net other gains (losses)	b	-	1,568	-	1,568
Statement of cash flows					
Cash flows from operating activities					
Receipts from activities revenue	d	17,991	(17,991)	-	17,991
Receipts from other revenue	d	-	13,287	-	13,287
Payments to suppliers and employees	e	66,902	-	(66,920)	-
Payments to employees	e	-	-	26,445	26,445
Payments to suppliers	e	-	-	40,475	40,475

Reclassification adjustments

- a The category of *Other activity revenue* has been combined with that of *Other revenue*.
- b The categories of *Other gains* and *Other losses* have been removed from Revenue and Expense as Council has decided to record these items on a net basis.
- c Audit fees are no longer included as a line item on the face of the statement but are disclosed in Note 8 *Other expenses*.
- d The category of *Activity expenses* has been combined with that of *Other expenses*.

Adjustments on transition to new PBE accounting standards

- e PBE IPSAS 2.22 requires separate disclosure of payments to employees and those made to suppliers.

Other Legislative Disclosures

FUNDING IMPACT STATEMENT FOR WHOLE OF COUNCIL

	2013/14 Annual Plan \$'000	2013/14 Annual Report \$'000	2014/15 Annual Plan \$'000	2014/15 Actual \$'000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	46,079	46,589	48,031	48,312
Targeted rates (other than a targeted rate for water supply)	13,258	13,231	14,188	14,292
Subsidies and grants for operating purposes	6,712	6,680	6,971	7,543
Fees, charges and targeted rates for water supply	11,716	11,411	12,665	12,018
Interest and dividends from investments	292	119	356	187
Local authorities fuel tax, fines, infringement fees and other receipts	2,986	4,682	3,424	4,804
Total operating funding	81,043	82,712	85,635	87,156
Applications of operating funding				
Payments to staff and suppliers	58,340	58,202	63,863	66,321
Finance costs	3,818	2,137	3,411	2,592
Other operating funding applications	2,186	2,809	2,211	2,229
Total applications of operating funding	64,344	63,148	69,485	71,142
Surplus (deficit) of operating funding	16,699	19,564	16,150	16,014
Sources of capital funding				
Subsidies and grants for capital expenditure	10,270	8,138	10,595	11,454
Development and financial contributions	7,539	6,438	7,749	14,403
Increase (decrease) in debt	30,900	(2,273)	38,500	15,491
Gross proceeds from the sale of assets	63	594	107	425
Lump sum contributions	959	812	742	1,005
Other dedicated capital funding	-	-	147	176
Total sources of capital funding	49,731	13,709	57,840	42,954
Applications of capital funding				
Capital expenditure				
- to meet additional demand	18,910	13,743	4,108	12,686
- to improve the level of service	11,071	6,022	5,846	13,631
- to replace existing assets	26,005	22,992	27,035	28,931
Increase (decrease) in reserves	10,444	(9,465)	37,001	(5,806)
Increase (decrease) in investments	-	(19)	-	9,526
Total applications of capital funding	66,430	33,273	73,990	58,968
Surplus (deficit) of capital funding	(16,699)	(19,564)	(16,150)	(16,014)
Funding balance for Whole of Council	-	-	-	-

**FUNDING IMPACT STATEMENT
FOR WATER SUPPLY**

	2013/14 Long-Term Plan \$'000	2014/15 Long-Term Plan \$'000	2014/15 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	137	141	369
Targeted rates (other than a targeted rate for water supply)	2,851	3,084	3,629
Subsidies and grants for operating purposes	4,771	-	112
Fees, charges and targeted rates for water supply	279	5,298	3,942
Internal charges and overheads recovered	-	302	380
Local authorities fuel tax, fines, infringement fees and other receipts	46	48	94
Total operating funding	8,084	8,873	8,526
Applications of operating funding			
Payments to staff and suppliers	3,357	3,492	3,656
Finance costs	-	-	-
Internal charges and overheads applied	2,770	3,387	2,356
Other operating funding applications	42	43	78
Total applications of operating funding	6,169	6,922	6,090
Surplus (deficit) of operating funding	1,915	1,951	2,436
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,748	1,800	762
Increase (decrease) in debt	2,547	2,949	1,433
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	145
Total sources of capital funding	4,295	4,749	2,340
Applications of capital funding			
Capital expenditure			
- to meet additional demand	3,669	3,183	499
- to improve the level of service	2,642	2,815	1,385
- to replace existing assets	2,126	4,192	5,685
Increase (decrease) in reserves	(2,227)	(3,490)	(2,793)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	6,210	6,700	4,776
Surplus (deficit) of capital funding	(1,915)	(1,951)	(2,436)
Funding balance for Water supply	-	-	-

FUNDING IMPACT STATEMENT FOR WASTEWATER

	2013/14 Long-Term Plan \$'000	2014/15 Long-Term Plan \$'000	2014/15 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	130	131	297
Targeted rates (other than a targeted rate for water supply)	4,806	5,429	5,281
Subsidies and grants for operating purposes	-	-	-
Fees and charges	826	855	846
Internal charges and overheads recovered	94	115	137
Local authorities fuel tax, fines, infringement fees and other receipts	28	29	-
Total operating funding	5,884	6,559	6,561
Applications of operating funding			
Payments to staff and suppliers	2,224	2,413	2,642
Finance costs	-	-	-
Internal charges and overheads applied	2,701	3,501	2,337
Other operating funding applications	56	58	144
Total applications of operating funding	4,981	5,972	5,123
Surplus (deficit) of operating funding	903	587	1,438
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	31
Development and financial contributions	1,647	1,699	7,464
Increase (decrease) in debt	5,806	205	1,410
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	726	693	1,005
Other dedicated capital funding	-	-	-
Total sources of capital funding	8,179	2,597	9,910
Applications of capital funding			
Capital expenditure			
- to meet additional demand	6,896	870	3,548
- to improve the level of service	6,157	320	5,127
- to replace existing assets	1,468	1,353	1,221
Increase (decrease) in reserves	(5,439)	641	1,452
Increase (decrease) in investments	-	-	-
Total applications of capital funding	9,082	3,184	11,348
Surplus (deficit) of capital funding	(903)	(587)	(1,438)
Funding balance for Wastewater	-	-	-

**FUNDING IMPACT STATEMENT
FOR STORMWATER**

	2013/14 Long-Term Plan \$'000	2014/15 Long-Term Plan \$'000	2014/15 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	69	70	116
Targeted rates (other than a targeted rate for water supply)	1,526	1,570	1,470
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	165	-
Internal charges and overheads recovered	142	-	222
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	1,737	1,805	1,808
Applications of operating funding			
Payments to staff and suppliers	388	674	1,140
Finance costs	-	-	-
Internal charges and overheads applied	834	1,057	267
Other operating funding applications	-	-	9
Total applications of operating funding	1,222	1,731	1,416
Surplus (deficit) of operating funding	515	74	392
Sources of capital funding			
Subsidies and grants for capital expenditure	877	902	-
Development and financial contributions	-	-	1,704
Increase (decrease) in debt	819	1,019	113
Gross proceeds from sale of assets	-	159	-
Lump sum contributions	155	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,851	2,080	1,817
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,412	512	411
- to improve the level of service	975	1,227	191
- to replace existing assets	151	157	127
Increase (decrease) in reserves	(172)	258	1,480
Increase (decrease) in investments	-	-	-
Total applications of capital funding	2,366	2,154	2,209
Surplus (deficit) of capital funding	(515)	(74)	(392)
Funding balance for Stormwater	-	-	-

FUNDING IMPACT STATEMENT FOR ROADING

	2013/14 Long-Term Plan \$'000	2014/15 Long-Term Plan \$'000	2014/15 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	18,338	19,955	18,824
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	7,386	7,533	7,331
Fees, charges and targeted rates for water supply	-	-	89
Internal charges and overheads recovered	5,501	4,631	3,617
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	461
Total operating funding	31,225	32,119	30,322
Applications of operating funding			
Payments to staff and suppliers	9,881	10,244	16,873
Finance costs	-	-	5
Internal charges and overheads applied	5,253	5,460	4,395
Other operating funding applications	7,340	7,379	1
Total applications of operating funding	22,474	23,083	21,274
Surplus (deficit) of operating funding	8,751	9,036	9,048
Sources of capital funding			
Subsidies and grants for capital expenditure	10,041	9,371	10,635
Development and financial contributions	1,523	1,560	3,325
Increase (decrease) in debt	1,279	482	2,158
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	31
Total sources of capital funding	12,843	11,413	16,149
Applications of capital funding			
Capital expenditure			
- to meet additional demand	3,462	3,360	5,290
- to improve the level of service	1,278	477	2,869
- to replace existing assets	17,742	18,065	19,094
Increase (decrease) in reserves	(888)	(1,453)	(2,056)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	21,594	20,449	25,197
Surplus (deficit) of capital funding	(8,751)	(9,036)	(9,048)
Funding balance for Roading	-	-	-

**FUNDING IMPACT STATEMENT
FOR SUSTAINABLE ENVIRONMENT**

	2013/14 Long-Term Plan \$'000	2014/15 Long-Term Plan \$'000	2014/15 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	6,006	6,275	6,856
Targeted rates (other than a targeted rate for water supply)	2,915	3,072	3,143
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	5,377	5,551	5,653
Internal charges and overheads recovered	1,674	1,706	622
Local authorities fuel tax, fines, infringement fees and other receipts	628	648	1,876
Total operating funding	16,600	17,252	18,150
Applications of operating funding			
Payments to staff and suppliers	12,417	13,333	12,361
Finance costs	-	-	-
Internal charges and overheads applied	4,567	4,844	4,316
Other operating funding applications	-	-	58
Total applications of operating funding	16,984	18,177	16,735
Surplus (deficit) of operating funding	(384)	(925)	1,415
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	64	18	47
- to replace existing assets	228	18	162
Increase (decrease) in reserves	(676)	(961)	1,206
Increase (decrease) in investments	-	-	-
Total applications of capital funding	(384)	(925)	1,415
Surplus (deficit) of capital funding	384	925	(1,415)
Funding balance for Sustainable environment	-	-	-

FUNDING IMPACT STATEMENT FOR SUSTAINABLE COMMUNITIES

	2013/14 Long-Term Plan \$'000	2014/15 Long-Term Plan \$'000	2014/15 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	15,243	15,928	16,282
Targeted rates (other than a targeted rate for water supply)	536	536	583
Subsidies and grants for operating purposes	21	22	100
Fees, charges and targeted rates for water supply	1,449	1,502	1,487
Internal charges and overheads recovered	539	588	361
Local authorities fuel tax, fines, infringement fees and other receipts	1,303	1,340	1,598
Total operating funding	19,091	19,916	20,411
Applications of operating funding			
Payments to staff and suppliers	11,673	11,764	12,145
Finance costs	-	-	-
Internal charges and overheads applied	4,479	4,693	4,840
Other operating funding applications	533	539	510
Total applications of operating funding	16,685	16,996	17,495
Surplus (deficit) of operating funding	2,406	2,920	2,916
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	788
Development and financial contributions	1,696	1,735	1,148
Increase (decrease) in debt	682	175	1,700
Gross proceeds from sale of assets	-	-	309
Lump sum contributions	150	147	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,528	2,057	3,945
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,124	510	2,938
- to improve the level of service	793	684	3,192
- to replace existing assets	1,214	1,290	1,740
Increase (decrease) in reserves	1,803	2,493	(1,009)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	4,934	4,977	6,861
Surplus (deficit) of capital funding	(2,406)	(2,920)	(2,916)
Funding balance for Sustainable communities	-	-	-

**FUNDING IMPACT STATEMENT
FOR COUNCIL LEADERSHIP**

	2013/14 Long-Term Plan \$'000	2014/15 Long-Term Plan \$'000	2014/15 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	5,753	5,942	5,869
Targeted rates (other than a targeted rate for water supply)	193	193	186
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	1
Internal charges and overheads recovered	1,283	1,326	993
Local authorities fuel tax, fines, infringement fees and other receipts	126	42	19
Total operating funding	7,355	7,503	7,068
Applications of operating funding			
Payments to staff and suppliers	2,258	2,161	2,265
Finance costs	-	-	-
Internal charges and overheads applied	4,595	4,799	4,242
Other operating funding applications	-	-	2
Total applications of operating funding	6,853	6,960	6,509
Surplus (deficit) of operating funding	502	543	559
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	138
- to replace existing assets	-	-	-
Increase (decrease) in reserves	502	543	421
Increase (decrease) in investments	-	-	-
Total applications of capital funding	502	543	559
Surplus (deficit) of capital funding	(502)	(543)	(559)
Funding balance for Council Leadership	-	-	-

FUNDING IMPACT STATEMENT FOR ORGANISATIONAL SUPPORT

	2013/14 Long-Term Plan \$'000	2014/15 Long-Term Plan \$'000	2014/15 Actual \$'000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	333	(1,049)	(301)
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	10	10	-
Internal charges and overheads recovered	25,323	27,798	25,703
Local authorities fuel tax, fines, infringement fees and other receipts	1,134	1,409	943
Total operating funding	26,800	28,168	26,345
Applications of operating funding			
Payments to staff and suppliers	13,766	14,094	17,789
Finance costs	4,132	5,234	2,587
Internal charges and overheads applied	5,384	5,726	6,732
Other operating funding applications	1,359	1,287	1,427
Total applications of operating funding	24,641	26,341	28,535
Surplus (deficit) of operating funding	2,159	1,827	(2,190)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	27,414	18,252	8,677
Gross proceeds from sale of assets	95	77	116
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	27,509	18,329	8,793
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	64	513	682
- to replace existing assets	1,719	1,166	902
Increase (decrease) in reserves	27,885	18,477	(4,507)
Increase (decrease) in investments	-	-	9,526
Total applications of capital funding	29,668	20,156	6,603
Surplus (deficit) of capital funding	(2,159)	(1,827)	2,190
Funding balance for Organisational Support	-	-	-

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET FOR FUNDING IMPACT STATEMENTS

The whole of Council funding impact statement shows the operating surplus overall was in line with budget. Rating income was above budget due to growth estimate differences. There was also a saving in finance costs due to less borrowing for capital works. However the additional income and finance costs savings were offset with additional operational costs during the year mainly in the road area, arising from additional inspections and maintenance.

Capital works exceeded the annual plan budget because some carry forward budgeted projects were also completed during the year. However, not all of the carry forward budgeted work was completed. In addition more capital income was received for subsidies and contributions. These factors meant less borrowing was required for the capital works completed during the year. Also due to the timing of raising borrowings and the cash flows used for Council operations, there were additional funds on hand at balance date under the increase in investment category.

The capital income above budget from contributions was mainly from increased wastewater development activity in the Pokeno area.

The funding impact statements for the various activities are compared with year three of the 2012-2022 long term plan. The road activity has variance in the application of operating funding section due to a realignment of codes applicable to the payment to staff and suppliers category and the other operating funding applications category. Road capital income is higher than the LTP budget due to greater capital expenditure attracting more subsidies for projects underway or completed. The additional capital expenditure was for budgets carried forward from prior years.

The Organisational Support activity includes the treasury function where Council is a net borrower of external funds as required across the organisation. The increase in debt is less than was budgeted in LTP because not all of the capital budget (including carry forward budgets) was used. The funds on hand at balance date due to timing of cash flows of Council also show as an increase in investments under Organisational Support.

ANNUAL REPORT DISCLOSURE STATEMENT

For the year ended 30 June 2015

What is the purpose of this statement?

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

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 definition of some of the terms used in this statement.

Rates affordability benchmark

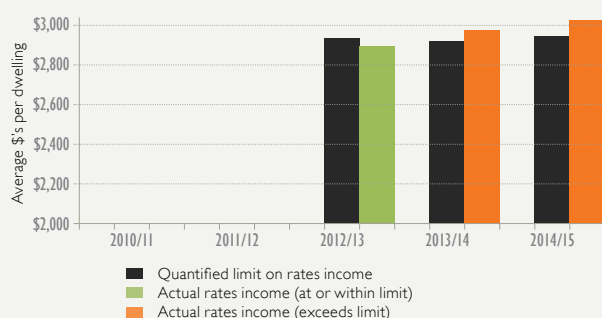
Council meets the rates affordability benchmark if:

- 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 Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's long-term plan.

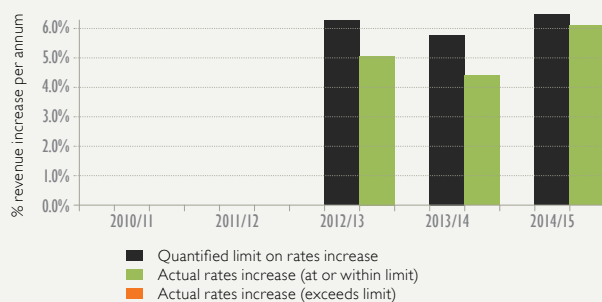
The quantified limit for the current year is an average total rate per dwelling of \$2,943.



Rates (increases) affordability

The following graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's long-term plan.

The quantified limit on increases is 6.5% of the previous year's rates per dwelling.



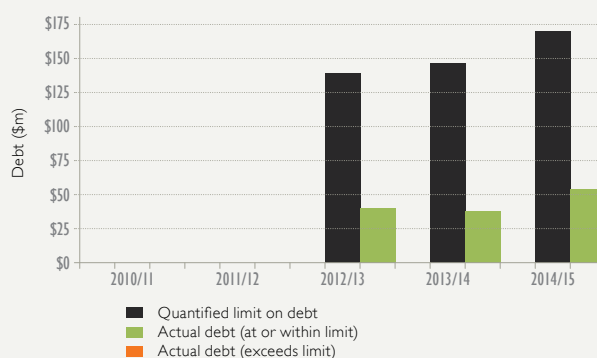
Debt affordability benchmarks

Council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

Debt limit 1

The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's long-term plan.

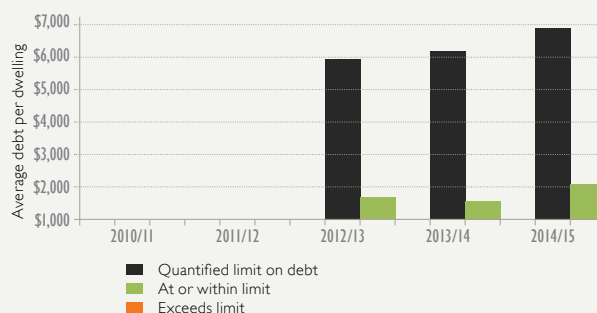
The quantified limit on net debt is \$171 million.



Debt limit 2

The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's long-term plan.

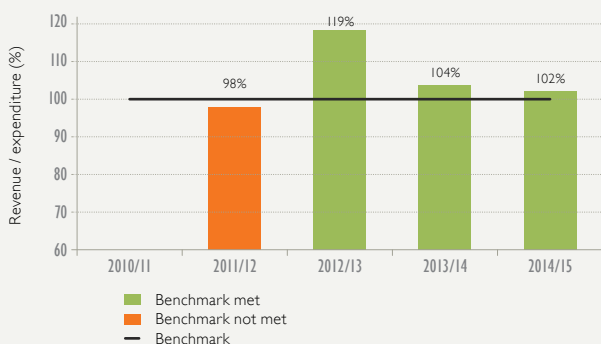
The quantified limit on net debt per dwelling is \$6,872.



ANNUAL REPORT DISCLOSURE STATEMENT continued**Balanced budget benchmark**

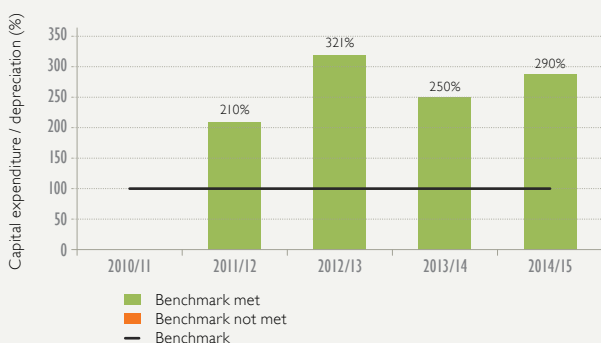
The following graph displays Council's revenue (excluding development contributions; financial contributions; vested assets; gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

Council meets this benchmark if its revenue is equal to or greater than its operating expenses.

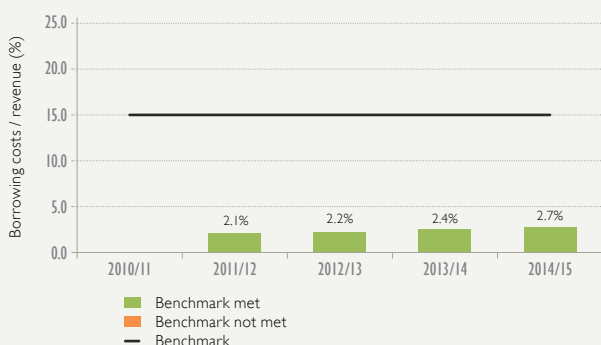
**Essential services benchmark**

The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

**Debt servicing benchmark**

The following graph displays 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).

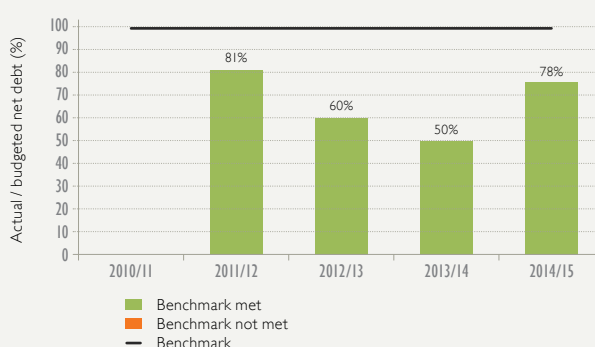


Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its planned revenue.

Debt control benchmark

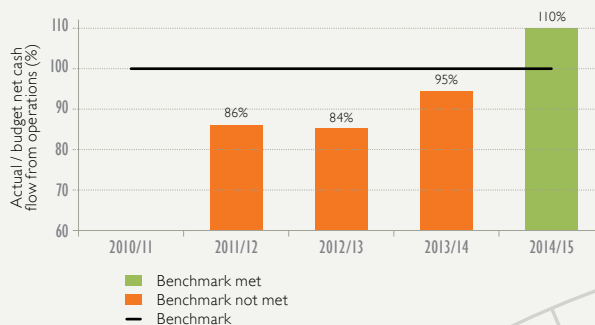
The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Council meets the debt control benchmark if its actual net debt equals or is less than planned net debt.

**Operations control benchmark**

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

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.



Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Waikato District Council and group's annual report for the year ended 30 June 2015

The Auditor-General is the auditor of Waikato District Council (the District Council) and group. The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2015 on page 65;
 - the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 64 and 66 to 68;
 - the funding impact statement of the District Council on page 126;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 127 to 134; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 69 to 137;
- the statement of service performance of the District Council on pages 13 to 53 and the funding impact statements in relation to each group of activities of the District Council on pages 127 to 134; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 136 to 137.

In addition, the Auditor-General has appointed me to report on whether the District Council and group'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 104;
 - council-controlled organisations on page 57 to 60;
 - reserve funds on pages 69 to 71;
 - each group of activities carried out by the District Council on pages 15 to 53;
 - remuneration paid to the elected members and certain employees of the District Council on pages 113 to 114;
 - employee staffing levels and remuneration on page 114;

- o severance payments on page 114;
- o rating base units on page 81; and
- o insurance of assets on page 124;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 50; and
- a statement of compliance signed by the Mayor of the Council, and by the District Council and group's Chief Executive on page 143.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 64 to 137:
 - o present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2015; and
 - the results of its operations and cash flows for the year ended on that date; and
 - o comply with generally accepted accounting practice in New Zealand;
- the funding impact statement of the District Council on page 126, 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 127 to 134, 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 performance of the District Council on pages 13 to 53:
 - o 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; and
 - the reasons for any significant variances between the actual service and the expected service; and
 - o 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 127 to 134, 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 69 to 137 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 and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 12 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 and group'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 and group'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 the 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 audit evidence to provide a basis for our audit 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 and group's financial position, financial performance and cash flows;
 - **present** fairly its **service** performance, including achievements compared to **forecast**; and
 - 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;
- 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.

In addition to this audit, which includes our report on the Other Requirements, we have carried out assignments in the areas of audit of the debenture trust, summary annual report, long term plan amendment, consultation document, long term plan and other assurance services, which are compatible with those independence requirements. Other than these assignments **we** have no relationship with or interests in the District Council or any of its subsidiaries.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Statement of Compliance and Responsibility

Statement of Compliance

The Council and management of the Waikato District Council confirm that all the statutory requirements of Part 6 of the Local Government Act 2002 have been complied with.

Statement of Responsibility

The Council and management of the Waikato District Council accept responsibility for the preparation of the Annual Financial Statements and the judgements used in them, and for establishing and maintaining internal control systems to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Waikato District Council, the Annual Financial Statements and Statements of Service Performance for the year ended 30 June 2015 fairly reflect the financial position and operations of the Council.



Allan Sanson
Mayor



Gavin Ion
Chief Executive



OUR VALUES

**ACCOUNTABLE
BUSINESS-LIKE
CUSTOMER-DRIVEN
INTEGRATED TEAM**



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