



**2020/21**

# DRAFT ANNUAL REPORT

2020/21 PŪRONGO-Ā-TAU



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2020/21



Everything we do at Waitomo District Council is linked to our vision.

“**CREATING A BETTER FUTURE  
WITH VIBRANT COMMUNITIES  
AND THRIVING BUSINESS.**”

Our aim is to make the District an attractive place that people will want to come and visit, work and live in. The intention is to enhance the liveability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. Waitomo District Council has set areas of focus to drive this vision and guide our efforts.

These are:

- facilitate economic development,
- encourage and support community connectivity and development, and
- good stewardship and development of assets.

We have made excellent progress in our focus areas in the 2020/21 year.

Key highlights are included in the following pages with further detail of our achievements in the activity areas included in the 'Service Performance' section of the full Annual Report available at [www.waitomo.govt.nz/council/publications](http://www.waitomo.govt.nz/council/publications)

# **INTRODUCTION**

## **KŌRERO WHAKATAKI**



## **FROM THE MAYOR AND CHIEF EXECUTIVE**

As with last year, this year under review has been impacted by the COVID-19 global pandemic. Our council, alongside others, has negotiated its way through the challenges that this pandemic has put in front of us, and has successfully delivered most of our planned programmes.

This is also the year that central government promoted its “Three Waters” agenda. Demands from central government for information to scope out this project from all councils was considerable.

Elected members acknowledge the efforts of the Chief Executive and his team for both delivering on our business as usual programmes and for responding to these extra demands.

We are pleased to report that for the financial year ending 30 June 2021 Council’s debt has declined by \$3.1 million to \$34.2 million. This follows on from a reduction last year of \$3 million. This year’s decrease was the result of a larger operating surplus than budgeted, most of which resulted from lower than forecast expenditure.

The affordability of rates continues to be at the forefront of elected member minds. In the year under review, the total rate take increased by 1.49%. During this year Council produced its 10 Year Plan 2021-2031. In the first year of this plan the total rates to be collected will drop by 0.54%. Our focus on delivering services effectively and efficiently continues.

Annual reports for councils are extensive. We report on the performance of each service we provide followed by the overall financial statements.

We also report on the performance of our Council Controlled Organisations, the most significant being Inframax Construction Ltd.

In the year under review, this company achieved revenues of \$32.27 million and a net profit after tax of \$473,000. As shareholder, we have not taken dividends from this company for over a decade, instead choosing to build its equity ratio following its earlier financial challenges. Its equity ratio now stands at 60%.

We acknowledge the residents and ratepayers of our district for their support and participation in community activities.



John Robertson  
**Mayor**



Chris Ryan  
**Chief Executive**



## YOUR COUNCIL



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**Mayor**

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# ONGOING IMPACT OF COVID-19 ON OUR SERVICES

## WATER SERVICES (WATER, WASTEWATER AND STORMWATER)

The Water Services Team operated under Level 2 protocols including physical distancing and using appropriate PPE. Staff contact was reduced by continuing to operate the 3-waters networks/treatment plants by having staff assigned to a specific treatment plant. This enabled the team to work in isolation and reduce movements across the district that would otherwise be part of normal duties. Local contractors continued to support maintenance activities.

An unexpected result of reduced travel was continuous use drinking water over the holiday season. This in turn reduced the number of issues experienced with odour and clarity in the urban water supplies as would normally occur at the end of the holiday season.

Delivery of capital works were impacted by the Level 3 lockdown in Auckland with supply chain issues and specialist contractors not being able to leave Auckland. Timeframes had to be extended on affected projects and in some cases reduced the capital spend for the 2020/21 financial year.

## COMMUNITY DEVELOPMENT

Community Development services were delivered by following the Level 2 protocols of physical distancing and wearing of appropriate PPE. Remote working procedures and protocols to reduce staff contact was also used at Level 2. There was little impact services and projects.

## STRATEGY AND ENVIRONMENT

Animal Control continued to operate at Level 2 as an essential service. Additional precautions were used when contact with members of the public were required such as PPE and increased cleaning measures. COVID-19 protocols were introduced for contractors across alert levels, should a response be required for a dog attack.

Health and liquor licensing was conducted with staff worked remotely and physical distancing as required to conduct liquor licensing as required. Site visits were undertaken at Level 2, protocols for sites visits were followed using PPE.

Building control was not impacted with Level 2 restrictions. The installation of Alpha in February 2020 has moved most processes online. Inspections were conducted under alert level 2 following protocols including wearing PPE and physical distancing.

Resource consents have not been impacted by Level 2, and have continued to be processed within statutory timeframes.

## INTERNAL SERVICES BUSINESS UNIT (ISBU)

WDC's ISBU performs mowing, gardening and interment duties. These services continued during the alert level 2 lockdown. Staff followed the Level 2 protocols of physical distancing and wearing PPE when this was not practical.

## ROADING

The Roading Team worked remotely where possible during the alert levels 2 lockdowns. Network maintenance activities continued. WDC's Road Maintenance Contractor had in place protocols for working at Level 2.

The Level 3 lockdown in Auckland did have a flow on effect on WDC's sealing programme. The sealing contractor was delayed by the Auckland lockdown. A backlog of work to be addressed before the contractor could begin work for WDC. As a result, WDC's work programme was pushed late into the season and some sensitive sites could not be sealed.

## FINANCIAL IMPACT

Whilst the impact of the COVID-19 pandemic containment measures were less this financial year the disruption was still felt across the organisation. Supply chain issues and contractor availability were the most influential impacts to capital works and maintenance activities. The overall financial performance of the council was not materially impacted despite disruption, timeframes were adjusted for some projects. For further detail refer to Note 41 on page 120.



# OUR IMPACT ON THE DISTRICT

Here's a sample of our performance and what we delivered last year across the district. For a comprehensive view, please see the Groups of Activities sections from page 21-54.





## OUR FINANCIAL PERFORMANCE

This section of the report provides an overview of our financial performance for the year ended 30 June 2021. This overview provides an explanation to our financial statements and notes on pages 59 to 118.

### OVERALL RESULTS

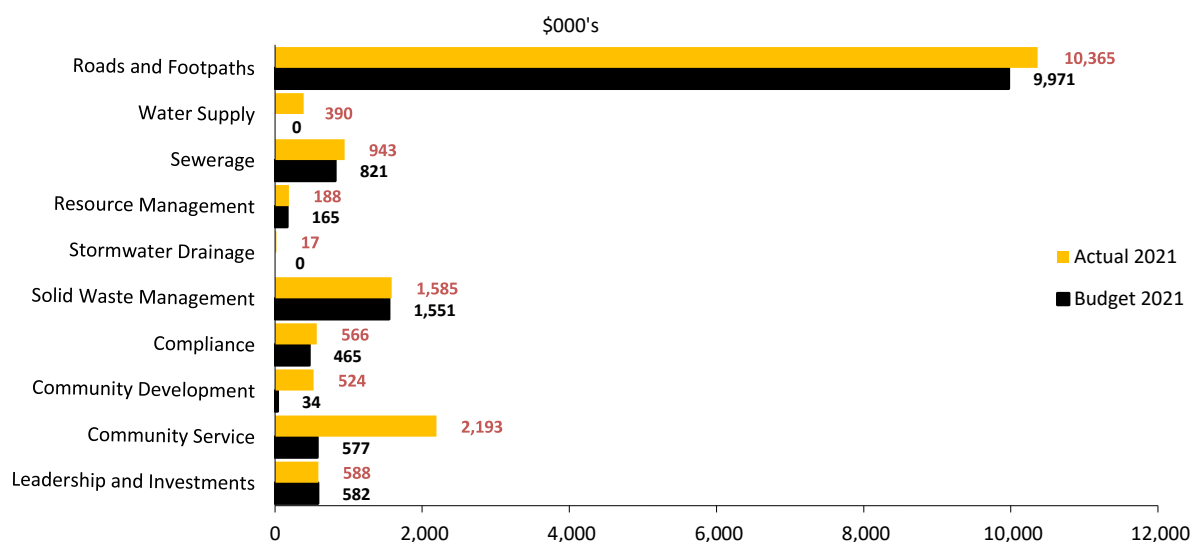
For the financial year WDC reported a net surplus of \$8.1 million compared to a budgeted surplus of \$3.0 million.

(\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
Total Revenue	35,020	37,848	33,150
Total Expenditure	32,049	29,719	28,533
<b>Net surplus</b>	<b>2,971</b>	<b>8,129</b>	<b>4,617</b>

### REVENUE

Total revenue for the year was \$37.8 million against a budget of \$35.0 million. Total revenue includes both rates revenue and operating revenue (such as fees and charges, grants and subsidies and other gains and losses) from each activity.

- Rates revenue was \$0.4 million less than budget resulting from excluding rates revenue on Council owned properties in calculating the actuals, this revenue is included in budgets.
- The graph below shows for each activity how our forecast operating revenue compared to the revenue we actually received. The main reasons for the increase of \$3.2 million in operating revenue compared to budget are detailed in the following pages.



- **Roads and Footpaths** activity revenue was more than budget as additional Waka Kotahi subsidy revenue was recognised for the construction of Te Ara Tika. This project and associated subsidy revenue was included in the budget in the previous year.
- During the year, Council agreed to opt-in to Tranche 1 of the Government's funding package in support of the implementation of the Three Waters Reform Programme. By opting in to Tranche 1, additional subsidy revenue of \$3.5 million was allocated to the Waitomo District to fund agreed water and wastewater projects that were in addition to those already forecast in the EAP 2020/21. Additional subsidy revenue of \$339,000 has been recognised in the **Water Supply** activity during the period to fund specific operational and capital

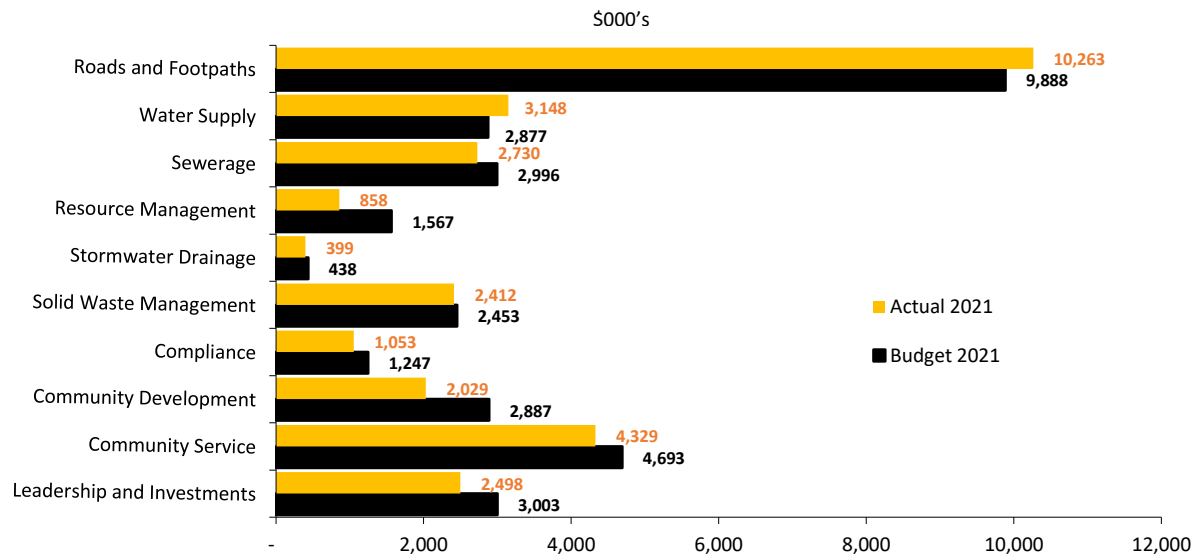
projects agreed in the Delivery Plan. The remaining project expenditure will be undertaken in the 2021/22 year and the associated revenue will also be received in that year. Additional revenue for connections and sundry water charges were also recognised within the activity.

- Trade waste revenue and connection fees were the main drivers for the increased revenue within the **Sewerage** activity.
- There was an increase in revenue in the **Solid Waste** activity from landfill users due to increased fees and charges.
- **Compliance** activity revenue was more than forecast for fees and charges related to building control services.
- Grant revenue of \$500,000 was recognised in the **Community Development** activity for the Mayors Taskforce for Jobs Community Recovery Programme to fund initiatives to support young workers in the Waitomo District with sustainable employment opportunities. A funding contribution was also received from Accident Compensation Corporation in support of Vibrant Safe Waitomo.
- During the year Council was the recipient of additional grant funding that was recognised within the **Community Service** activity. This funding was used to fund operational costs incurred over the peak season for some of our tourism facilities. A gain on change in fair value of investment property and a gain on forestry assets were recognised within this activity as well as a gain on the sale of surplus land.

## OPERATING EXPENDITURE

Operating expenditure was \$29.7 million against a budget of \$32.0 million. Operating expenditures are the day to day costs that are necessary to deliver the level of services agreed with our community, such as costs of maintaining our road network, parks and council property repairs and maintenance, audit and compliance fees, insurance, energy costs, organisational resourcing, grants expenditure, landfill operations and the costs of maintaining our water and wastewater schemes.

The graph below shows budgeted expenditure compared to what was spent for each significant activity.



The main reasons for the difference between the budgeted and actual expenditure were:

- **Roads and Footpaths** activity expenditure was above budget for depreciation expense due to the valuation of roads assets at 30 June 2020. The two main drivers for the increase in depreciation was the increase in unit rate for the sealed surface asset component and the increase in size and quantity of rural road culverts included in the valuation. Environmental maintenance, traffic services and routine drainage maintenance expenditure were also above budget. These increases were offset by reduced unsealed



pavement maintenance and emergency reinstatement (first response) expenditure. Roading business unit costs were also less than budget due to a temporary reduction in organisational capacity.

- Expenditure for the **Water Supply** activity was above budget due to the recognition of loss on asset disposals across all four schemes. Additional expenditure was also incurred for the Three Waters Reform Programme projects including project management costs, asset data collection and expenditure incurred in developing the forward works programme. These expenditures were fully funded by additional grant revenue received.
- **Sewerage** activity expenditure was below budget. Electricity, plant operations and reticulation maintenance expenditure, sludge disposal costs, sampling costs and chemicals were all below budget for the Te Kuiti scheme. Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred and rates on council properties were also excluded in calculating actual expenditure, the budget included rates on council properties.
- **Resource Management** activity expenditure was below budget as the budgets for the district plan review were not fully spent. Due to the size and complexity of the project, the district plan review was budgeted to be completed over a number of years and will continue into the next financial year.
- Overall expenditure was below budget for the **Compliance** activity. Building control services budgets for legal expenses and earthquake prone buildings and animal control contractor budgets were not fully spent.
- **Community Development** activity expenditure was below budget as the grant expenditure forecast for the Game On Charitable Trust's North King Country Indoor Sports and Recreation Centre was not spent at 30 June. Drawdown of the grant has been re-sequenced to the 2021/22 year. This reduction in activity expenditure was partly offset by additional expenditure incurred for the Mayors Taskforce for Jobs Community Recovery Programme. The operational expenditure associated with this programme was fully funded by additional grant revenue.
- **Community Service** activity costs were below budget for the year. Repairs and maintenance expenditure budgets was not fully spent during the year, energy costs and emergency management expenditure was less than forecast. Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred and rates on council properties were also excluded in calculating actual expenditure, the budget included rates on council properties.
- **Leadership** activity expenditure was below budget as planned risk management expenditure was delayed due to organisational resource being re-directed to support the Three Waters Reform Programme. The development of the investment policy was forecast to be delivered by a consultant, however this project was predominantly delivered in-house, as was the development of parts of the Ten Year Plan, resulting in reduced expenditure. Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred and rates on council properties were also excluded in calculating actual expenditure, the budget included rates on council properties.

## CAPITAL EXPENDITURE

The 2020/21 approved capital budget was \$11.2 million, the actual spend for the capital portfolio was \$10.2 million or 91% of the forecast programme. Included in the actual spend is additional expenditure for the Three Waters Reform Programme and also projects that were deferred to 2020/21 from the previous financial year.

Some capital expenditure projects that were not completed during the year will be deferred to the 2021/22 year. Delays in these projects occurred due to internal resourcing, the impact of issues with global supply chains on availability of supplies and contractor availability.

We invested in \$10.2 million in capital projects.

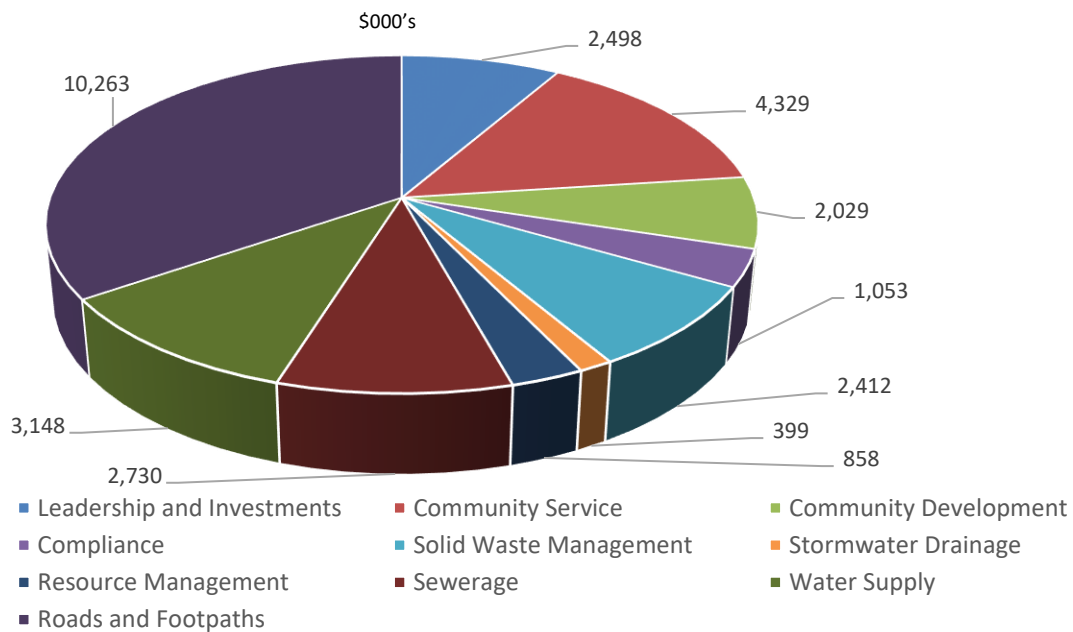
Some key projects undertaken were:

- Renewal of Te Maika and Mokau jetties
- Continuation of the Te Ara Tika pedestrian overbridge project
- Aerodrome taxiway renewal
- Renewal of mixer and aerator components located at Te Kuiti wastewater plant
- Continuation of the installation of backflow preventers in Te Kuiti, Mokau and Piopio

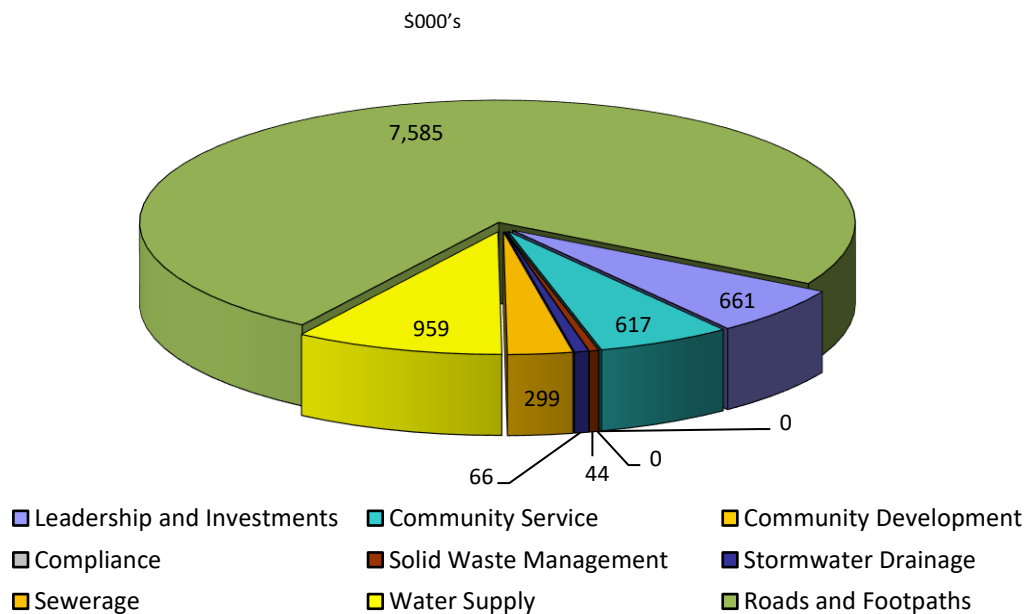
- Resurfaced 25km of sealed roads
- Re-metalling of 54km of unsealed roads
- Footpath renewals at Eketone Street, Hospital Roads and Rora Street were completed
- A total of 657m of new footpaths were constructed during the year
- Continuation of the improvements to Mokau water treatment plant

## WHERE THE MONEY WENT

### OPERATING EXPENDITURE BY ACTIVITY 2020/21



### TOTAL CAPITAL EXPENDITURE BY ACTIVITY 2020/21





## OUR FINANCIAL STRATEGY

Our 2018-28 10 Year Plan includes a financial strategy that sets out the important financial aspects of Council’s planned direction and how it intends to manage its financial performance. It also provides the financial parameters that will guide Council’s journey over the next 10 years. Council made a commitment through its financial strategy to reducing debt. The financial strategy’s guiding principles are:

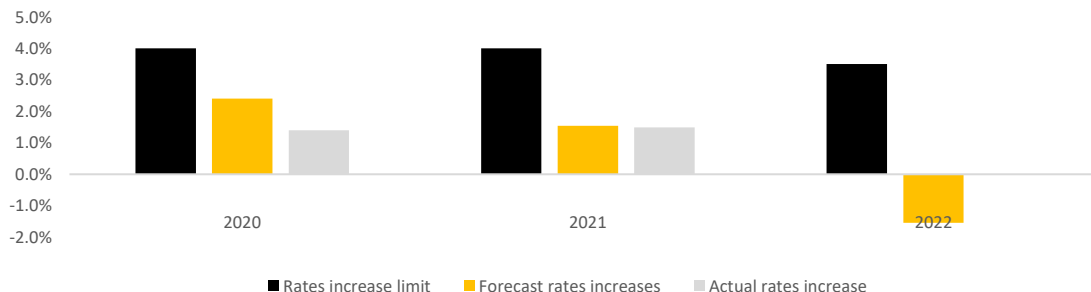
- Provide amenities, facilities and services to the District community that contribute to and align with Council’s Vision.
- Undertake good asset stewardship management.
- Maintain affordable rates increases.
- Ensure financial sustainability – by ensuring that our revenue is sufficient to cover an efficient operating expense base, all funding sources are being used optimally and financial management is prudent.

The Financial Strategy can be read in full in the 2018-28 10 Year Plan or on our website.

### RATES AFFORDABILITY

The 10 Year Plan sets the limits on rate revenue increases. Under the 2018-28 10 Year Plan, rates revenue increases were limited to 4% from 2018/19 to 2024/25. And then 5% from 2025 onwards.

We have stayed well within these limits. The actual rates revenue increase for 2019/20 and 2020/21 were respectively 1.4% and 1.5%. The 2021–31 10 Year Plan confirmed a rate revenue decrease for 2021/22 of 0.54%.

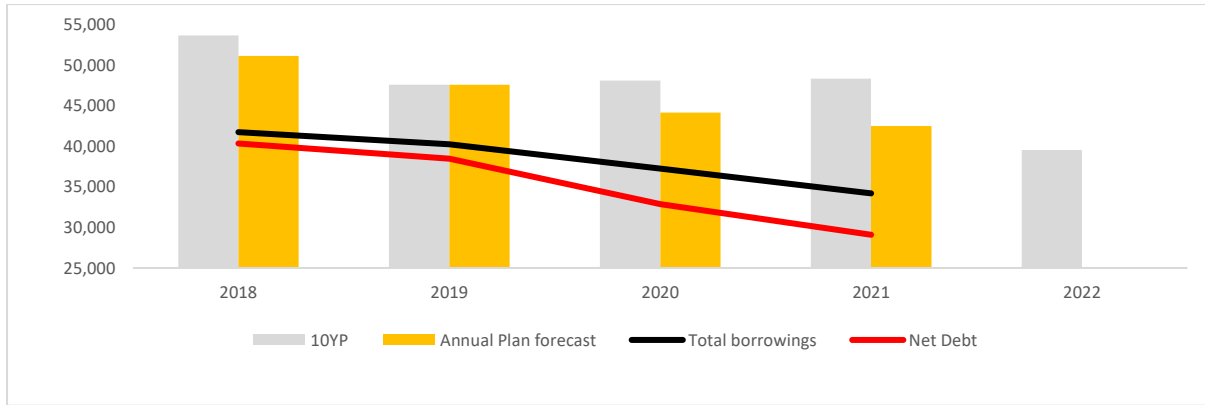


### DEBT

Council borrows externally to fund assets or services that will provide benefit well into the future.

We ended the financial year with an external debt position of **\$34.2 million**, which was significantly lower than the forecast target in the 2020/21 Annual Plan of \$42.5 million. Against the strategy, our external borrowing was \$8.3 million less than forecast.

Net debt at 30 June 2021 was **\$29.1 million**. We consider net debt as total borrowings less liquid financial assets (which are cash with no restrictions and LGFA borrower notes).



Debt has been reduced by:

- Favourable interest and borrowing conditions
- A lower opening debt position than forecast
- Delays in our physical works programme as a result of internal resourcing capacity, delays in receiving supplies and contractor availability.
- Direct savings and unspent operational budgets have reduced the need to borrow externally
- The grant forecast to be paid to Game On Charitable Trust for the North King Country Indoor Sports and Recreation Centre was not paid during the year (this expenditure is loan funded).
- Expenditure forecast for the review of the district plan was also not fully spent during the year. This expenditure was also loan funded.

### BORROWING LIMITS

Council remains committed to reducing external debt in order to reduce the debt servicing burden on the community. The following borrowing parameters are set in the Finance Strategy to ensure investment priorities are carefully managed and affordable to the community.

	LIMIT	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
Total borrowing cost/total revenue	<10%	3%	4%
Total borrowing/total assets	<20%	8%	10%
Net borrowings/total revenue	<170%	55%	64%
Net interest/total revenue	<20%	3%	4%
Net interest/annual rates	<20%	6%	7%

## GROUP PERFORMANCE

The Group consists of the Council and its 100% owned subsidiary, Inframax Construction Ltd. The Group's overall performance for the year was an **after-tax surplus of \$7.9 million**.

Inframax Construction Ltd reported a net profit after tax of \$0.5 million for the year ended 30 June 2021. This was a positive result given a challenging year for the subsidiary with the effect of the COVID-19 pandemic on revenue and business operations.

The subsidiary was eligible and received the wages subsidy which supported the subsidiary operations during ongoing uncertainty in the contracting environment. Despite these challenging operating conditions, revenue was above forecast and the equity position of the subsidiary improved with an increase in the equity ratio to 60% and an increase in total equity of the subsidiary to \$11.9 million.

At 30 June 2021, total equity for the Group was **\$362.0 million**, an increase of \$24.3 million from the prior year. This increase in equity reflects the following net asset increases:



- The Group's after tax surplus of \$7.9 million.
- Current assets increase of \$3.1 million arising from the increase in cash and cash equivalents at balance date and an increase in receivables owing.
- Current liabilities increase of \$5.2 million. A portion of non current Council borrowings was reclassified as current borrowings, offset in part by the repayment of some debt by the Council and Group. There were also increases in employee entitlements owing at year end and payables.
- Non current assets increase of \$18.8 million arising mostly from the revaluation of land and buildings, water, sewerage and stormwater assets.
- Non current liabilities decrease of \$7.6 million due mainly to a portion of Council's borrowings reclassified to current borrowings and a reduction in the non current portion of derivative financial instruments.

# OUR COMMUNITY OUTCOMES

**Our Community Outcomes and Focus Areas describe what we aim to achieve for our community and what the community can expect us to work towards.**

**These outcomes and focus areas shaped the development of the 2018-28 10 Year Plan. All our activities contribute to the overall achievement of our community outcomes and our vision – *creating a better future with vibrant communities and thriving business.***

**Our outcomes are:**



## Vibrant Communities

- *A place where the multicultural values of all its people and, in particular, Māori heritage and culture is recognised and valued.*
- *A place where all age groups have the opportunity to enjoy social, cultural and sporting activities within our District.*
- *A place where young people have access to education, training and work opportunities.*
- *A place where young people feel valued and have opportunities for input into the decisions for the District.*
- *A place where we preserve the natural environment for future generations, ensuring that natural resources are used in a sustainable manner.*

## Thriving Business

- *A place that attracts more people who want to live, work and play, and raise a family.*
- *A place where wealth and employment are created through local businesses and tourism opportunities and facilities are developed, facilitated and encouraged.*

## Effective Leadership

- *A place where the development of partnerships for the delivery of programmes and services is encouraged and pursued.*
- *A place where the governance actively seeks to participate and take a leadership role in regional and national initiatives aimed at the development of the District.*

## Sustainable Infrastructure

- *A place that provides safe, reliable and well managed infrastructure which meets the District community needs and supports maintenance of public health, provision of good connectivity and development of the District.*



## **OUR FOCUS AREAS**



### **Community Connectivity and Development to be updated**



### **Economic Development to be updated**

Our aim is to promote and support sustainable development in the Waitomo District.



### **Good Asset Stewardship and Management**

Maintaining and managing our core infrastructure well so it is available for use by future generations continues to form a vital part of Council's service delivery.

The new pedestrian overbridge replacing the previous bridge across the rail corridor at Te Kuiti is near completion. This is a key piece of infrastructure for Te Kuiti to help keep our community safe and connected.

We are continuing to investigate an alternative source of water supply in Te Kuiti, with progress delayed by welldriller availability and COVID 19 lockdowns.

We have been granted a new 35-year resource consent to enable extension of the life of the Waitomo District Landfill.







# **SERVICE PERFORMANCE**

**PAEARU MAHI RATONGA**

## SUMMARY

This part of the Annual Report covers the services we provide. Here you can read about how we performed against our service commitments for 2020/21.

Our 2018-28 10 Year Plan divided the business into 10 activity groups that contribute to the delivery of our community outcomes. Each group has performance measures that show how well we are delivering our services to the community.

The performance measures and targets are from year three (2020/21) of our 2018-28 10 Year Plan,

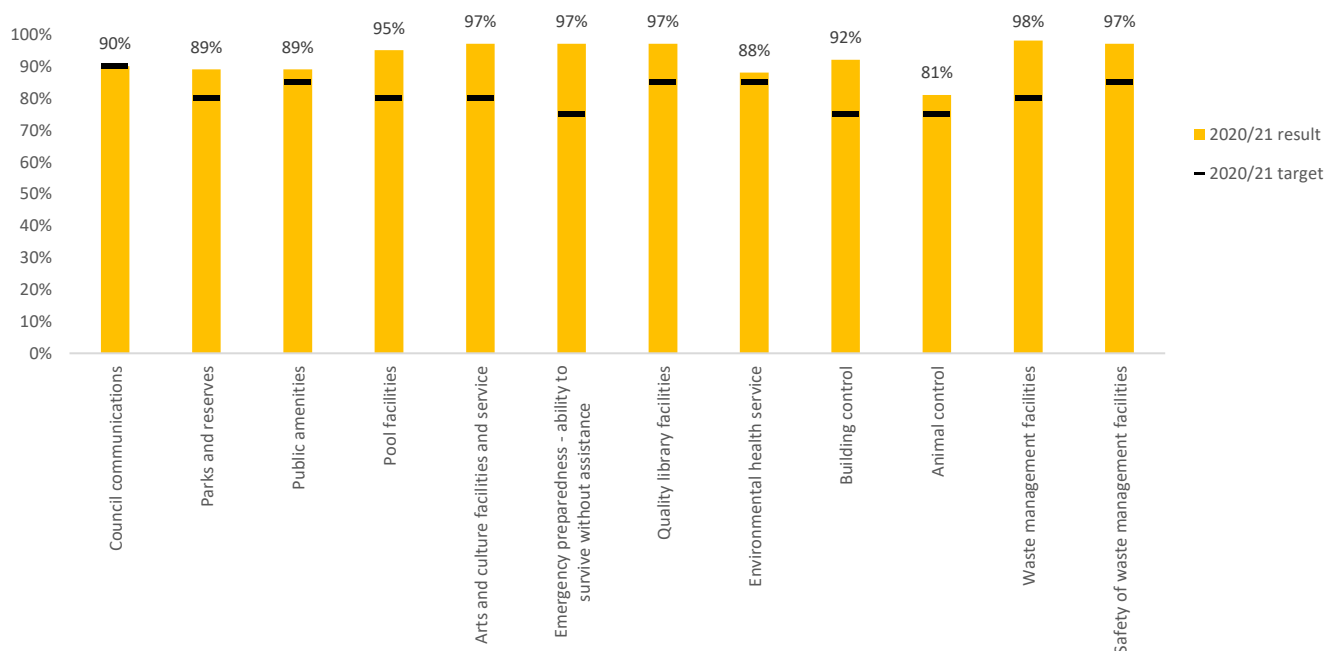
Of the 76 measures that we use to track performance, the summary graph below shows that:

- We have met the target for 68 measures (89%)
- We have not met the targets for 8 measures (11%)

### PERFORMANCE RESULTS SUMMARY BY GROUPS OF ACTIVITIES



### PERFORMANCE AGAINST RESIDENT SURVEY





The following sections provide more detail for each of these activity groups including an overview of the year that has been and a description of what sits behind the results.

### MEASURES NOT ACHIEVED DUE TO COVID-19 PANDEMIC

The following service performance measure has not been achieved due to the impact of the COVID-19 pandemic. There were 4 other measures that were not achieved (not due to an impact from COVID-19)

#### Roads and Footpaths

Percentage of the sealed local road network that is resurfaced each year.	<b>Target:</b> 7% (of total) <b>Result:</b> 6%
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The sealing contractor was delayed in starting due to Level 3 lockdown in Auckland. This created a backlog of sealing which had to be worked through before sites in Waitomo District could commence which meant it was late in the sealing season. Some sensitive sites were not resealed (delayed to next season) as late season sealing would lead to early life seal failures. The total of sealed roads resurfaced was 25km for the year.

### COMMUNITY OUTCOMES

In the following section of the Annual Report we present the identified effects of our activities on our community outcomes. Some of our activities contribute to all community outcomes, while others may only touch on one.



# GOVERNANCE – LEADERSHIP AND INVESTMENTS

## WHAT WE DO

This group comprises Representation, Planning and Policy and Monitoring, Investments and Treasury Management and Organisational Overhead activities and service groups.

- **Leadership** includes preparation of policies guiding strategic direction and strategic financial decisions.
- **Investments** includes investment in Waikato Local Authority Shared Services (WLASS), Inframax Construction Ltd (ICL), Council owned quarries and investment in Civic Financial Services Ltd.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

We successfully developed and adopted our 10 Year Plan for 2021-2031 on 29 June 2021. Considerable resourcing was required to produce the underlying financial, asset and performance information.

With careful planning and prioritising we have maintained a lower than forecast average rate increase for the District.



## SERVICE PERFORMANCE MEASURES

### Key:




All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
<b>Leadership</b>			
Decision making in compliance with provisions of the Local Government Act 2002 (LGA).	Number of successful challenges to the decision-making process.	Target: 0 Result: 0	No challenges to the decision-making process under LGA.
Consultation is in accordance with the procedures outlined in LGA. Depending on the nature of the consultation, the procedure will either be the Special Consultative Procedure or a process that gives effect to the requirements of section 82 of the LGA.	Number of successful challenges to the decision-making process.	Target: 0 Result: 0	No challenges to the decision making in relation to the consultation process under LGA.
Effective communication with the community.	Percentage of residents satisfied with the effectiveness and usefulness of Council	Target: 90% Result: 90%	90% of residents are satisfied with the usefulness and effectiveness of Council communications.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
	communications.		
<b>Investments</b>			
Investments are managed prudently and in a manner that promotes the current and future interests of the community.	Analysis of investment financials and activity including investment company reporting statements are reported to Council and made available to the public as applicable.	<b>Target:</b> 2 reports per year  <b>Result:</b> 2	 Year end report and six-monthly reports from Inframax Construction Ltd and WLASS have been received by Council.

Our 2021 residents survey showed residents continue to be satisfied with our performance. Fifteen of the 23 areas measured stayed the same or increased in satisfaction from the 2019/20 year. Of the 12 key performance indicators, all were met or exceeded targets.

### HOW WE DELIVERED AGAINST OUR BUDGET

GOVERNANCE: LEADERSHIP AND INVESTMENTS (\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Representation	461	429	465
Investments	108	139	87
Treasury Management and Overhead	13	20	120
<b>Total Operating Income</b>	<b>582</b>	<b>588</b>	<b>672</b>
<b>Operating Expenditure</b>			
Representation	981	935	850
Planning and Policy and Monitoring	1,618	1,268	979
Investments	391	285	331
Treasury Management and Overhead	13	10	128
<b>Total Operating Expenditure</b>	<b>3,003</b>	<b>2,498</b>	<b>2,288</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,421</b>	<b>1,910</b>	<b>1,616</b>
<b>Capital Expenditure</b>			
Investments	42	0	0
Treasury Management and Overhead	681	661	524
<b>Total Capital Expenditure</b>	<b>723</b>	<b>661</b>	<b>524</b>
<b>Net Expenditure</b>	<b>3,144</b>	<b>2,571</b>	<b>2,140</b>
<b>Funded by</b>			
Reserves	682	132	297
General Rates	1,803	1,793	1,170
UAGC	659	646	673
<b>Total Funding</b>	<b>3,144</b>	<b>2,571</b>	<b>2,140</b>



## WHAT'S BEHIND THE VARIATIONS

### Operating Expenditure

Expenditure was \$505,000 below budget due to:

- a) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred.
- b) Rates paid on council owned properties were excluded. The budget figure includes rates paid on Council owned properties.
- c) The planned risk management expenditure was delayed due to the organisational resource being re-directed to support the Three Waters Reform programme. The development of the policy based rationale for the investment policy was forecast to be delivered by a consultant, however this project was predominantly delivered inhouse.
- d) The planned expenditure forecast for the development of the Ten Year Plan, part of which were forecast to be delivered by external consultants, however this project was predominantly delivered inhouse.

### Capital Expenditure

Capital expenditure was \$62,000 below budget.

- a) The planned improvements for the council owned quarries sites was not completed during the year. This project is now on hold subject to the outcome of quarry assessments, with improvement expenditure now forecast in the Ten Year Plan to commence in the 2022/23 year.







# COMMUNITY SERVICES

## WHAT WE DO

This group comprises parks and reserves, housing and other properties, recreation and culture, public amenities and safety.

- **Parks and Reserves** involves the provision of parks and reserves for recreation, green places and landscapes that are restful and enhance the visual amenity of our communities.
- **Housing and other property** involves the provision of housing community facilities such as halls and housing.
- **Recreation and culture** involves the provision of recreation and cultural opportunities to support the health and well-being of the community.
- **Public amenities** involves the provision of cemeteries, public car parks, public toilets, street furniture and our CCTV system.
- **Safety** involves the administration of the Civil Defence Emergency Management function; to coordinate a response to an emergency, and to manage recovery in the District.

## COMMUNITY OUTCOMES

<p><i>Vibrant communities</i></p> 	<p><i>Thriving business</i></p> 	<p><i>Effective leadership</i></p> 	<p><i>Sustainable Infrastructure</i></p> 
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## DELIVERING ON OUR 10 YEAR PLAN

Two jetty upgrades have been completed addressing health and safety concerns. Te Maika Jetty upgrade began in September 2020. The existing timber and concrete main jetty were removed and replaced with marine grade timber and a new concrete deck, along with new marine grade timber handrailing. A retaining wall along the high tide line has also been constructed. Mokau jetty has also been upgraded with new piles and floating pontoon installed and the walkway safety issues addressed.

Health and safety concerns have now been addressed at the Te Kuiti Aerodrome. The upgrades have been received well by all stakeholders. The demolition of the two unsafe buildings was completed in June 2021.

The Piopio Hall safety issues have been addressed including stabilising the front wall and repairing the two front windows.

The Te Kuiti New Cemetery extension is complete with the gifted land amalgamated with the cemetery block. The new boundary is now fenced, and the land is now being maintained along with the existing cemetery.



## SERVICE PERFORMANCE MEASURES

### Key:



Achieved

All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET	HOW WE PERFORMED
High quality Parks and Reserves will be provided.	Percentage of residents satisfied with the quality of Parks and Reserves.	<b>Target:</b> ≥ 80% <b>Result:</b> 89%	89% of residents are satisfied, the result exceeds the performance target of 80% by 9%.
Provision and maintenance of Elderly Persons Housing that meets the needs of the tenants.	Percentage of tenants satisfied with the provision and maintenance of Elderly Persons Housing.	<b>Target:</b> ≥ 80% <b>Result:</b> 86%	Of the 14 tenants that responded to the satisfaction survey, 12 stated that they were satisfied with the service council provides.
Quality public amenities will be provided.	Percentage of residents satisfied with the quality of public amenities (Public Toilets and Cemeteries).	<b>Target:</b> ≥ 85% <b>Result:</b> 89%	89% of residents are satisfied, the result exceeds the performance target of 85% by 4%.
Provision of effective pool facilities for the community.	Percentage of residents satisfied with the quality of the pool facilities and service.	<b>Target:</b> ≥ 80% <b>Result:</b> 95%	95% of residents are satisfied, this is a 3% increase from last year's result.
Provision of effective Arts and Culture facilities for the community.	Percentage of residents satisfied with the quality of the Arts and Culture facilities and services.	<b>Target:</b> ≥ 80% <b>Result:</b> 97%	97% of residents are satisfied with the quality of the Les Munro Centre, this is on a par with last year's results.
Council's public facilities are provided to standards of fitness for use.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules.	<b>Target:</b> ≥ 100% <b>Result:</b> 100%	All BWOFF's have been received and are current.
Pool is safe for use of pool patrons at all times.	Pool accreditation in place.	<b>Target:</b> ≥ 100% <b>Result:</b> 100%	Poolsafe accreditation is in place for the season 2020/21.
	Number of pool non-complying water quality readings per year.	<b>Target:</b> < 2 <b>Result:</b> 0	Readings undertaken shows that the pool water quality is compliant.
Community education and information provided to build community awareness and preparedness.	The number of residents who understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event.	<b>Target:</b> ≥ 75% <b>Result:</b> 97%	While 50% of residents have an emergency plan in place, the majority of residents are prepared to survive unaided (without outside assistance) in the event of a natural disaster for at least three days (97%).
WDC is resourced and staff trained to a level sufficient to efficiently operate the Civil Defence Headquarters during an emergency.	One major training exercise involving Civil Defence headquarters staff will be held per year.	<b>Target:</b> One exercise per year <b>Result:</b> One	On 3 December 2020 HQ staff took part in a Civil Defence training exercise. The scenario for the exercise was based on a water crisis during drought conditions.
Playground equipment is safe to use for parks and reserves playground users.	Number of accidents directly attributable to playground equipment failure.	<b>Target:</b> Nil Accidents <b>Result:</b> 0	No service requests or incident reports received.



## HOW WE DELIVERED AGAINST OUR BUDGET

COMMUNITY SERVICE (\$000'S)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Parks and Reserves	23	19	62
Housing and Other Property	329	1,658	384
Recreation and Culture	147	130	104
Public Amenities	78	386	307
<b>Total Operating Income</b>	<b>577</b>	<b>2,193</b>	<b>857</b>
<b>Operating Expenditure</b>			
Parks and Reserves	788	622	635
Housing and Other Property	1,155	1,198	1,131
Recreation and Culture	1,408	1,256	1,287
Public Amenities	1,132	1,064	947
Safety	210	189	184
<b>Total Operating Expenditure</b>	<b>4,693</b>	<b>4,329</b>	<b>4,184</b>
<b>Net Operating Cost/(Surplus)</b>	<b>4,116</b>	<b>2,136</b>	<b>3,327</b>
<b>Capital Expenditure</b>			
Parks and Reserves	249	279	154
Housing and Other Property	75	139	44
Recreation and Culture	215	133	365
Public Amenities	248	66	154
<b>Total Capital Expenditure</b>	<b>787</b>	<b>617</b>	<b>717</b>
<b>Net Expenditure</b>	<b>4,903</b>	<b>2,753</b>	<b>4,044</b>
<b>Funded by</b>			
Internal Loans	463	320	241
Reserves	552	(1,282)	186
General Rates	1,656	1,570	1,524
UAGC	1,943	1,854	1,823
Targeted Rate - Marokopa Hall	4	4	4
Targeted Services Rate - Rural	86	87	80
Targeted Services Rate - Urban	199	200	186
<b>Total Funding</b>	<b>4,903</b>	<b>2,753</b>	<b>4,044</b>



## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$1,616,000 above budget due to:

- a) Within the Housing and Other Property activity, a gain on change in fair value of investment property was recognised along with a gain on forestry assets.
- b) In the Public Amenities activity, additional grant revenue was recognised for Responsible Camping initiatives to fund the costs of operating and maintaining tourism facilities over the peak season. A gain on the sale of surplus land (adjacent to Te Kuiti Cemetery) was also recognised.

### Operating Expenditure

Expenditure was \$364,000 below budget due to:

- a) Rates on council properties being excluded, the budget figure includes these rates.
- b) Repairs and maintenance expenditure budgets (some of which is on an "as required" basis) was not fully spent during the year.
- c) Energy costs within the Recreation and Culture activity were less than budget.
- d) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred.
- e) Safety costs were less for emergency management preparedness and training.

### Capital Expenditure

Total capital expenditure was \$170,000 below budget due to:

- a) The budgets for general renewals for the Aquatic Centre, Les Munro Centre and Aerodrome were not fully spent for the year.
- b) The budget for the construction of the amenity areas adjacent to Te Ara Tika was not spent during the year due to delays in the construction of the pedestrian overbridge. This project will now be completed in the 21/22 year.
- c) The budget for renewals of toilet facilities were not fully spent during the year.

# COMMUNITY DEVELOPMENT

## WHAT WE DO

This group of activities represents a range of collaborative and partnership approaches and initiatives involving many agencies and organisations. These activities involve a common theme of promoting a better quality of life within the District.

- **Community support** seeks to improve social outcomes within Waitomo District by working closely with community and sporting groups within the District community.
- **Tourism development and district promotion** is delivered through a partnership between central government, local government and the tourism industry.
- **District development** involves the facilitation and support of initiatives that will enhance the District's economic sustainability.
- **Te Kuiti i-SITE Visitor Information Centre** provides a free, friendly and objective information service to visitors and the local community.
- **Library services** provides connections to knowledge, ideas and works of the imagination, anytime, anywhere enabling individuals to then knowledge into value, participate as citizens and strengthen their communities.
- **Customer Services** involves service delivery and support to customers across three sites; Council's administration building, Waitomo District Library and Te Kuiti i-SITE.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

The Mayor's Taskforce for Jobs (MTFJ) Community Recovery Programme has been developed in collaboration with the Ministry of Social Development (MSD) as a response to the COVID-19 pandemic. The programme sees rural Councils assisting local businesses with recruitment, training, guidance and in some cases subsidies, to assist small businesses to take on young workers.

The programme has proven to be a success with 80 people placed into employment over a seven month period. This includes 8 apprenticeships. Of those 80 people, 59 remain in fulltime employment.

The Waitomo District Youth Council (WDYC) undertook two youth related projects over the past 12 months which have, through their own evaluation, been successful.

The WDYC co-hosted for the Maniapoto Arts Festival which was held in November 2020. A Colour Run, delivered in conjunction with the Te Kuiti High School Student Council was held in May 2021.

A further highlight for the year was the opportunity for a WDYC representative to take part in a consultation process associated with the Rural Policing Enhancement Project. This is a strategic

project run by the New Zealand Police to ensure rural policing is fit for purpose and responsive to changing rural needs.

The Vibrant Safe Waitomo Action Plan 2020/2021 is currently being implemented with 36 separate actions being provided from both regional and local groups. The Impact Evaluation Report will be presented to the Regional Coalition and Council upon completion.

Council has continued to support community groups and organisations via the Community Development Fund Policy. Two grant funds (Discretionary Grant Fund – Round 4 and Creative Communities – Round 2) have been administered between April and June 2021.

The Great NZ Muster was held on 10 April 2021. Despite considerable weather disruptions market goers were in good numbers and the atmosphere of those attending was positive. There were 74 stalls registered in total. Nine of the registered stalls did not attend due to the poor weather forecast. A range of entertainment was provided throughout the day, and this was well patronised by the community. The Running of the Sheep, provided by the NZ Shearing Championship Committee (NZSCC), was once again a success.

## SERVICE PERFORMANCE MEASURES







### Key:



All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Provide assistance for community support activities.	Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy.	<b>Target:</b> 100% Compliance <b>Result:</b> 100%	 <p>Advertisement and administration of the following grants have been completed as per policy.</p> <ul style="list-style-type: none"> <li>Discretionary Grant Round 1,2,3 and 4</li> <li>Community Partnership</li> <li>DC Tynan Trust</li> <li>Creative Communities Round 1 and 2</li> </ul>
Support the positive development of youth within the District.	Support the positive development of youth within the District.	<b>Target:</b> 1 per annum <b>Result:</b> 0	 <p>Youth Council members were unable to present their survey results at the hearings process as planned.</p>
	Youth Council undertakes two youth related projects per year.	<b>Target:</b> 2 per annum <b>Result:</b> 2	 <p>The WDYC co-hosted for the Maniapoto Arts Festival where photos were exhibited from the WDYC organised photo competition. This provided a youth component at the Arts Festival which was held 17 to 19 November 2020.</p> <p>The WDYC co-hosted a Colour Run in conjunction with the Te Kuiti High School Student Council.</p>
Council will support major District events that build community pride and raise the District's profile.	Council provide support for major district events.	<b>Target:</b> 2 per annum <b>Result:</b> 2	 <p>The Waitomo District Christmas Parade was held on 27 November 2020.</p> <p>The Great NZ Muster was held on 10 April 2021.</p>
Provision of comprehensive library facilities for the community.	Percentage of residents satisfied with the quality of the library facilities and service.	<b>Target:</b> ≥ 85% <b>Result:</b> 97%	 <p>97% of residents are satisfied with the quality of the library facilities and services at Waitomo District Library, this is on a par with previous years' results.</p>
Council will encourage and support sustainable economic development opportunities within the District.	Enhance the promotion of the District with the support of Hamilton Waikato Tourism through taking up District promotion opportunities in key publications and industry events.	<b>Target:</b> > 4 promotion opportunities taken up <b>Result:</b> 5	 <p>The Waitomo District was profiled in a range of key publications and industry events. Marketing initiatives included:</p> <ul style="list-style-type: none"> <li>Media hosting and family profiling Waitomo - Bare Kiwi, Stuff.co.nz Roadie, NZ Herald Family, Cuisine</li> <li>Summer 'Explore Your Own Backyard' Campaign.</li> <li>'Open for Exploration' Campaign which ran across multiple social media and digital platforms.</li> </ul>

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
			<ul style="list-style-type: none"> <li>• 2021 Hamilton and Waikato Regional Visitor Guide.</li> <li>• Waitomo profiled through HWT's website and various social media profiles.</li> </ul>
	Involvement in economic development initiatives alongside Waikato Means Business.	<b>Target:</b> 1 initiative per annum <b>Result:</b> 1	<p>The Business Growth Advisor Services initiative is ongoing, held once per month.</p> <p>Te Waka partnered with WDC and Legendary Te Kuiti to distribute a follow-up local business sentiment survey in response to the impacts of COVID-19.</p>

## HOW WE DELIVERED AGAINST OUR BUDGET

COMMUNITY DEVELOPMENT (\$'000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Community Support	2	510	10
Community Development	32	14	21
<b>Total Operating Income</b>	<b>34</b>	<b>524</b>	<b>31</b>
<b>Operating Expenditure</b>			
Community Support	1,993	1,231	885
Community Development	894	798	719
<b>Total Operating Expenditure</b>	<b>2,887</b>	<b>2,029</b>	<b>1,604</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,853</b>	<b>1,505</b>	<b>1,573</b>
<b>Funded by</b>			
Internal Loans	1,000	0	0
Reserves	0	(351)	(181)
General Rates	1,005	1,006	956
UAGC	488	488	435
Targeted Rates - Piopio Retirement	16	16	16
Targeted Rates - District Development	344	346	347
<b>Total Funding</b>	<b>2,853</b>	<b>1,505</b>	<b>1,573</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$490,000 above budget due to:

- Grant revenue was recognised for the Mayors Taskforce for Jobs Community Recovery Programme to fund initiatives to support young workers in the Waitomo District with sustainable employment opportunities. A



funding contribution was also received from Accident Compensation Corporation in support of Vibrant Safe Waitomo.

**Operating Expenditure**

Expenditure was \$858,000 below budget.

- a) The grant expenditure for the Game On Charitable Trust's North King Country Stadium project was not spent at 30 June. Drawdown of the grant has been re-sequenced to the 2021/2022 year. This was partly offset by additional expenditure incurred for the Mayors Taskforce for Jobs Community Recovery Programme. This expenditure was fully funded by additional grant revenue.

# COMPLIANCE

## WHAT WE DO

This group includes the regulatory functions devolved to Council by legislation including administering the necessary policies and bylaws to ensure a safe and nuisance free environment for all the residents and visitors of the District.

- **Building control** covers the processing and monitoring of building consents, and the issuing of Code of Compliance Certificates pursuant to the Building Act 2004. This activity also covers the monitoring and enforcement of residential pools and earthquake-prone buildings requirements.
- **Alcohol licensing** oversees the administration of the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee.
- **Environmental health** involves the provision of environmental health services. This includes general public health inspections, licensing and inspection of food premises and hairdressers; and responding to noise and public health complaints.
- **Bylaw administration** involves managing a range of bylaws that Council has in place.
- **Animal and dog control** involve the registration and impounding of dogs, owner education, and implementing and enforcing our Dog Control Bylaw and Policy. This activity also covers wandering stock.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

Consents are closely monitored to ensure statutory timeframes are adhered to. Building Processes are monitored biannually with an audit undertaken by IANZ (International Accreditation New Zealand). The 2020 audit saw WDC continue to achieve excellent results, with accreditation achieved.

Feedback from our customers is one form used to ensure these activities are being delivered to a high standard and will continue to be used as a key indicator. Implementation of Alpha has allowed has improved delivery of this service with online options now available.

The Earthquake Prone Building (EPB) work programme is progressing, with initial profiling of buildings largely completed subject to final review processes. The project is a multi-year project and will continue into 2021/22 and beyond. The first letters informing owners their buildings are potentially an EPB were sent out at the end of April 2021, these relate to priority buildings only.



## SERVICE PERFORMANCE MEASURES

### Key:






Achieved

All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
All food and liquor retail premises will be inspected and appropriately registered and licensed.	Percentage of food and alcohol premises that are licensed or registered.	<b>Target:</b> 100% <b>Compliance</b> <b>Result:</b> 100%	 100% compliance achieved.
Provision of an effective environmental health service for the community.	Percentage of residents satisfied with the provision of the Environmental Health Service.	<b>Target:</b> > 85% <b>Result:</b> 88%	 Of the residents who have used an environmental health service in the past 12 months, 88% are satisfied with the provision of an effective Environmental Health Service for the community.
Building consents and project information memoranda (PIMs) processed within 20 working days.	Building consents and project information memoranda (PIMs) processed within 20 working days.	<b>Target:</b> 100% <b>Result:</b> 100%	 100% of consents and PIMs were processed within 20 working days for this period.
Council will process, inspect and certify building work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements Target BCA Accreditation.	<b>Target:</b> BCA Accreditation achieved <b>Result:</b> Achieved	 Accreditation achieved.
Provision of an effective building control service to the community.	Percentage of users satisfied with the provision of the Building Control Service.	<b>Target:</b> > 75% <b>Result:</b> 92%	 Of those residents who used Building Control Services, 92% said they were satisfied, a significant increase from last year.
Council meets its obligations under the Dog Control Act 1996.	Percentage of Special Owner Status properties (SOPs) inspected per year.	<b>Target:</b> 100% <b>Result:</b> 100%	 Inspections have been completed.
Provision of an effective Animal Control Service.	Percentage of residents satisfied with the provision of the Animal Control Service.	<b>Target:</b> ≥ 75% <b>Result:</b> 81%	 81% of residents are satisfied with the provision of an effective Animal Control Service for the community.
Dog Owners are well informed of their responsibilities and WDC Support.	Number of Dog/Owner Education initiatives.	<b>Target:</b> ≥ 2 <b>Result:</b> 2	 2 initiatives have been undertaken during the year.

## HOW WE DELIVERED AGAINST OUR BUDGET

COMPLIANCE (\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Compliance	465	566	497
<b>Total Operating Income</b>	<b>465</b>	<b>566</b>	<b>497</b>
<b>Operating Expenditure</b>			
Compliance	1,247	1,053	1,119
<b>Total Operating Expenditure</b>	<b>1,247</b>	<b>1,053</b>	<b>1,119</b>
<b>Net Operating Cost/(Surplus)</b>	<b>782</b>	<b>487</b>	<b>622</b>
<b>Funded by</b>			
Reserves	0	(294)	(282)
General Rates	609	609	709
UAGC	173	172	195
<b>Total Funding</b>	<b>782</b>	<b>487</b>	<b>622</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Operating income was \$101,000 more than budget due to more revenue for building control services. This increase in revenue was partly offset by a reduction in alcohol licencing revenue and dog registration revenue.

### Operating Expenditure

Expenditure was \$194,000 below budget. Building control services budgets for legal expenses and earthquake prone buildings and animal control contractor budgets were not fully spent. Allocated costs for the Compliance activity were also less than budget.



# SOLID WASTE MANAGEMENT

## WHAT WE DO

This group provides for the environmentally safe reduction, diversion, collection and disposal of the district's solid waste.

- **Waste minimisation** focuses on the reduction and diversion (reuse, recycling and recovery) of solid waste.
- **Kerbside recyclables and refuse collection** is provided for the residents of Te Kuiti, Piopio, Awakino, Mokau, Waitomo Village and some surrounding rural roads.
- **Waste transfer** stations are provided for the communities of Maniaiti/Benneydale, Piopio, Marokopa, Kinohaku and Awakino and a fully consented landfill is located at Te Kuiti.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

One of the key highlights for Solid Waste activity was the granting of a new resource consent in September 2019, valid for 35 years, which will enable the extension of life of the Waitomo District Landfill.

Investigation into a new cell development is underway Following the installation of geotechnical monitoring instruments on the landfill highwall in early 2020, a quarterly monitoring programme to measure ground movements and groundwater levels was carried out over 12 months. That data will ultimately inform a report, due August/September 2021, on the measures required for wall stability.

Waste minimisation has been a focus this year, with two workshops held to educate and inspire residents to reduce their household waste. The "Sustainable Living" chat over morning tea on 19th February 2021, was held at the maternity resource centre. This workshop focused on the use of reusable menstrual products and nappies. A "Food lovers Masterclass" was held at the Les Munro Centre and presented by Kate Meads on 25th February 2021. The focus of this workshop was around food waste, and how to interpret best before/best by dates and tips on how to prevent surplus food ending up in the rubbish. Attendees received a "goodie" bag with products to aid in reducing food waste such as beeswax wraps. This was a sell-out event with 38 guests in attendance.

There was an Agrecovery day held at the Piopio Transfer Station on 11th June 2021 of which they had 998 Litres of chemical waste to be collected. Reported as a very successful event.

A kerbside waste audit was conducted in July 2020, the results of which will shape this year's waste minimisation programmes.

## SERVICE PERFORMANCE MEASURES

### Key:







All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Provision of safe solid waste facilities within District.	Percentage of users that rate the safety of the facilities (landfill and rural transfer service stations) as satisfactory or better.	<p><b>Target:</b> ≥ 85</p> <p><b>Result:</b> 97%</p>	<p>The majority of residents (97%) are satisfied with the safety of the facilities at the landfill and district transfer stations, this is on a par with last year's result.</p>

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Provision of effective solid waste management services for the community.	Average number of complaints received per month regarding solid waste activities.	<b>Target:</b> ≤ 10 <b>Result:</b> 5.83	 Average number of complaints is 5.83/month. Most service requests were due to missed kerbside collection.
	Percentage of users satisfied with the provision of waste management facilities (Landfill and rural transfer stations).	<b>Target:</b> 80% <b>Result:</b> 98%	 98% of residents are satisfied with the provision of waste management facilities, an improvement from last year.
To work towards a waste minimisation outcome.	Percentage reduction per annum in quantity of recyclables (like paper and plastics) in bag collection that goes to landfill.	<b>Target:</b> 1.0% reduction <b>Result:</b> 0.6% increase	 There was a 0.6% increase in recyclables found in kerbside rubbish bags in the 2020 waste audit to the 2018 waste audit. This may be due to lack of access to recycling facilities, education or promotion around recycling.
	Percentage reduction per annum in quantity of organic waste (like food scraps) in bag collection that goes to landfill.	<b>Target:</b> 1.0% reduction <b>Result:</b> 4.7% increase	 There was a 4.7% increase in food/organic waste found in kerbside rubbish bags in the 2020 waste audit compared to the 2018. Increasing amounts of food waste going to landfill is a national problem. Education and funding of initiatives will continue to address this issue.

## HOW WE DELIVERED AGAINST OUR BUDGET

SOLID WASTE MANAGEMENT (\$'000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Collection	147	133	135
Management	1,404	1,452	1,247
<b>Total Operating Income</b>	<b>1,551</b>	<b>1,585</b>	<b>1,382</b>
<b>Operating Expenditure</b>			
Collection	359	327	316
Management	2,094	2,085	1,967
<b>Total Operating Expenditure</b>	<b>2,453</b>	<b>2,412</b>	<b>2,283</b>
<b>Net Operating Cost/(Surplus)</b>	<b>902</b>	<b>827</b>	<b>901</b>
<b>Capital Expenditure</b>			
Management	1,181	44	363
<b>Total Capital Expenditure</b>	<b>1,181</b>	<b>44</b>	<b>363</b>
<b>Net Expenditure</b>	<b>2,083</b>	<b>871</b>	<b>1,264</b>
<b>Funded by</b>			
Internal Loans	861	44	115
Reserves	326	(56)	84

General Rate	19	19	7
UAGC	19	19	7
Targeted Rate Collection - Mokau	38	38	37
Targeted Rate Collection - Piopio	28	27	27
Targeted Rate Collection - Te Kuiti	108	108	104
Targeted Rate Collection - Waitomo	39	39	38
Targeted Rate - Solid Waste Management	645	633	845
<b>Total Funding</b>	<b>2,083</b>	<b>871</b>	<b>1,264</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$34,000 more than budget with an increase in general refuse charges, special waste, green waste and recovered materials at the landfill.

### Operating Expenditure

Expenditure was \$41,000 less than budget due to:

- (a) The budgets for resource consent compliance were not fully spent.
- (b) Rates on council properties being excluded, the budget figure includes these rates.
- (c) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred.

### Capital Expenditure

Total capital expenditure was \$1,137,000 less than budget. The budget for the cell development was not spent, with this project deferred to the 2021/22 year. The cell development construction will be staged over 4 years.



# STORMWATER DRAINAGE

## WHAT WE DO

The Stormwater Drainage Group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall. Surface water flooding can occur in the absence of an effective stormwater drainage system. This group provides for collection, diversion, and disposal of urban surface water runoff following rainfall.

The main activities of this group are:

- Maintenance (Planned and Unplanned)
- Renewals
- New Works/Augmentation

## COMMUNITY OUTCOMES

<p><i>Vibrant communities</i></p> 	<p><i>Thriving business</i></p> 	<p><i>Effective leadership</i></p> 	<p><i>Sustainable Infrastructure</i></p> 
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## DELIVERING ON OUR 10 YEAR PLAN

No flooding events were recorded relating to stormwater entering a habitable floor. Monitoring of entry and exit points of the stormwater network were undertaken following storm events. Debris were removed and shear bolts replaced as required.

Preparation is underway for draft stormwater catchment management plans which will be used for the development of assessment of environmental effects required in support of the comprehensive stormwater discharge consent renewal application. Draft Catchment Plans were received in late March 2021. Work is currently underway on reviewing the report.





## SERVICE PERFORMANCE MEASURES

### Key:



All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT		HOW WE PERFORMED
Stormwater drainage system is adequate and is sufficiently maintained.	The number of flooding events* that occur in the district in a financial year.	<b>Target:</b> 0 <b>Result:</b> 0		There have been no flooding events in this reporting year.
	For each flooding event* the number of habitable floors affected in a financial year.	<b>Target:</b> ≤ 1 per 1000 properties <b>Result:</b> 0		There have been no flooding events in this reporting year.
Compliance with resource consent conditions for discharge from the Council's urban stormwater system that relate to environmental effects.	Compliance with resource consents for discharge from its Stormwater system, measured by the number of the following (received by Council with a financial year):			
	abatement notices	<b>Target:</b> 0 <b>Result:</b> 0		There have been no notices received.
	infringement notices	<b>Target:</b> ≤ 2 <b>Result:</b> 0		There have been no notices received.
	enforcement orders	<b>Target:</b> 0 <b>Result:</b> 0		There have been no enforcement orders.
	successful prosecutions	<b>Target:</b> 0 <b>Result:</b> 0		There have been no successful prosecutions.
The Council responds to failures and request for service in a prompt and efficient way.	The median response time to attend a flooding event*, (measured from the time that the notification is received to the time that service personnel reach the site).	<b>Target:</b> ≤ 180 minutes (3hrs) <b>Result:</b> 0		There have been no flooding events in this reporting year.
The Council provides a reliable stormwater collection service.	The number of complaints received about the performance of the Council's urban stormwater system per 1,000 properties connected.	<b>Target:</b> ≤ 4 complaints per 1,000 properties (2,056 connections) <b>Result:</b> 0		No complaints were received in this reporting year.

\* A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. Habitable floor refers to the floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

## HOW WE DELIVERED AGAINST OUR BUDGET

STORMWATER DRAINAGE (\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Urban	0	17	22
<b>Total Operating Income</b>	<b>0</b>	<b>17</b>	<b>22</b>
<b>Operating Expenditure</b>			
Urban	404	368	322
Rural	34	31	44
<b>Total Operating Expenditure</b>	<b>438</b>	<b>399</b>	<b>366</b>
<b>Net Operating Cost/(Surplus)</b>	<b>438</b>	<b>382</b>	<b>344</b>
<b>Capital Expenditure</b>			
Urban	128	66	32
Rural	5	0	0
<b>Total Capital Expenditure</b>	<b>133</b>	<b>66</b>	<b>32</b>
<b>Net Expenditure</b>	<b>571</b>	<b>448</b>	<b>376</b>
<b>Funded by</b>			
Reserves	133	43	(47)
Targeted Rate - Stormwater (Urban)	404	370	376
Targeted Rate - Stormwater (Rural)	34	35	47
<b>Total Funding</b>	<b>571</b>	<b>448</b>	<b>376</b>

## WHAT'S BEHIND THE VARIATIONS

### Revenue

Revenue was \$17,000 more than budget for connection fees.

### Operating Expenditure

Expenditure was \$39,000 below budget. Rates on council properties were also excluded, the budget figure includes these rates.

### Capital Expenditure

Total capital expenditure was \$67,000 below budget for the year. The budgets for stormwater rehabilitation renewals were not fully spent. Expenditure during the year related to reactive programmes when issues were discovered. No additional planned renewal expenditure was undertaken as the condition assessments were not available.

# RESOURCE MANAGEMENT

## WHAT WE DO

This group involves the administration and enforcement of the Operative Waitomo District Plan and District Planning.

- **District Plan Administration** covers the planning functions under the Resource Management Act 1991, including the processing, issuing and monitoring of resource consents, designations and other application types. It also includes monitoring compliance with the Waitomo District Plan.
- **District Planning** involves setting the direction, form and shape of our urban and rural communities to ensure development is sustainably managed, while protecting our cultural and historic heritage, outstanding landscapes and significant natural features. District Plan reviews and structure planning are included in this activity.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

Work has continued to progress on the District Plan Review, in preparation for formal notification of a Proposed District Plan. The PDP has been pre-notified to Iwi Authorities in accordance with the requirements of the Resource Management Act 1991. The project will continue into 2021/22.

## SERVICE PERFORMANCE MEASURES



### Key:



All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Resource consents are processed consistently, efficiently and to a high standard.	The percentage of resource consent applications which are processed within statutory timeframes.	<b>Target:</b> 100% <b>Result:</b> 100%	 All resource consents have been processed within statutory timeframes.
Landuse consents are monitored to ensure they comply with the conditions of consent.	All land use consents that require monitoring are monitored.	<b>Target:</b> 100% <b>Result:</b> Not Achieved	 A review of raw data has commenced to identify consents that require monitoring. It is anticipated this will be completed at the end of quarter 1 2021-2022 depending on resources. Monitoring of consent conditions has been limited to reactive and urgent monitoring due to capacity constraints.

## HOW WE DELIVERED AGAINST OUR BUDGET

RESOURCE MANAGEMENT (\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
District Plan Administration	165	188	267
District Planning	0	0	36
<b>Total Operating Income</b>	<b>165</b>	<b>188</b>	<b>303</b>
<b>Operating Expenditure</b>			
District Plan Administration	411	423	330
District Planning	1,156	435	515
<b>Total Operating Expenditure</b>	<b>1,567</b>	<b>858</b>	<b>845</b>
<b>Net Operating Cost/(Surplus)</b>	<b>1,402</b>	<b>670</b>	<b>542</b>
<b>Funded by</b>			
Internal Loans	1,117	382	454
Reserves	(91)	(89)	(171)
General Rates	188	189	130
UAGC	188	188	129
<b>Total Funding</b>	<b>1,402</b>	<b>670</b>	<b>542</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$23,000 more than budget due to an increase in revenue for planning consultant costs to process complex consents, which is recovered from resource consent applicants. Revenue from LIM applications was also more than budget.

### Operating Expenditure

Expenditure was \$709,000 less than budget as the budgets for the district plan review were not fully spent. Due to the size and complexity of the project, the district plan review was budgeted to be completed over the number of years and will continue in the next financial year.



# SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE

## WHAT WE DO

The Sewerage activity provides for the environmentally safe collection, treatment and disposal of the District's wastewater in Te Kuiti, Te Waitere, Maniaiti/Benneydale and Piopio.

There are three key aspects to this activity, namely:

- Maintenance
- Renewals and replacements
- Improvements

## COMMUNITY OUTCOMES

<p><i>Vibrant communities</i></p> 	<p><i>Thriving business</i></p> 	<p><i>Effective leadership</i></p> 	<p><i>Sustainable Infrastructure</i></p> 
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## DELIVERING ON OUR 10 YEAR PLAN

Minor Plant and reticulation renewals have been completed throughout the year. Te Kuiti and Maniaiti/Benneydale Plants have received minor renewals and a flow issue near Te Kuiti High School has been resolved with pipeline replacement.

An assessment of the Te Waitere soakage field has been undertaken to investigate loading rates and soakage area. The detailed report from consultant engineers has now been received which identifies that a significant increase in soakage area is required. This project will continue into 2021/22.

Wastewater Treatment Plant Bulk Lime Silo project has replaced the lime dosing hopper and dosing system, pipework is installed and SCADA integration complete. Dosing will minimise potential health and safety issue.



## SERVICE PERFORMANCE MEASURES

### Key:



All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Sewerage System is adequate and is sufficiently maintained.	Number of complaints received in a financial year about; sewage odour, sewage system faults, sewage system blockages, and Council's response to issues with the sewage system.	<b>Target:</b> Total complaints per 1,000 connections $\leq 35$ <i>(Total number of connections 1,966)</i>  <b>Result:</b> 50.25	Total complaints received for the year was 99 complaints. 40 of the complaints relate to Piopio due to septic tanks approaching end of useful life. As wastewater complaints usually refer to overflow and odour, the actual events are lower than number indicate. Only 9 complaints were received in Q4 which is a significant drop.
Environmental impacts of Sewerage systems will be managed effectively.	Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (received by Council in a financial year)		
	abatement notices	<b>Target:</b> 0 <b>Result:</b> 0	No notices received.
	infringement notices	<b>Target:</b> 0 <b>Result:</b> 0	No notices received.
	enforcement orders	<b>Target:</b> 0 <b>Result:</b> 0	No notices received.
Timely response and resolution for sewage overflows.	The median response times for attendance, in a year, measured from the time that the Council receives notification to the time that service personnel reach the site.	<b>Target:</b> $\leq 180$ minutes (3hrs) <b>Result:</b> 1.1 hrs	All Service Requests related to sewage system overflows and blockages were attended to with a median response time of 1.1 hours.
	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	<b>Target:</b> $\leq 540$ minutes (9hrs) <b>Result:</b> 8.48 hrs	Achieved
Provision of effective and reliable sewerage systems and service to the community.	Number of dry weather sewage overflows from the Council's sewerage system in a financial year.	<b>Target:</b> Total complaints per 1,000 connections $\leq 15$  <i>(Total number of connections 1,966)</i>  <b>Result:</b> 0.51	Achieved.

## HOW WE DELIVERED AGAINST OUR BUDGET

SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE (\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Te Kuiti	810	917	976
Te Waitere	0	2	4
Maniaiti/Benneydale	1	9	1
Piopio	10	15	11
<b>Total Operating Income</b>	<b>821</b>	<b>943</b>	<b>992</b>
<b>Operating Expenditure</b>			
Te Kuiti	2,518	2,245	2,202
Te Waitere	55	44	45
Maniaiti/Benneydale	147	148	143
Piopio	276	293	279
<b>Total Operating Expenditure</b>	<b>2,996</b>	<b>2,730</b>	<b>2,669</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,175</b>	<b>1,787</b>	<b>1,677</b>
<b>Capital Expenditure</b>			
Te Kuiti	309	247	95
Te Waitere	26	23	4
Maniaiti/Benneydale	13	16	11
Piopio	30	13	26
<b>Total Capital Expenditure</b>	<b>378</b>	<b>299</b>	<b>136</b>
<b>Net Expenditure</b>	<b>2,553</b>	<b>2,086</b>	<b>1,813</b>
<b>Funded by</b>			
Internal Loans	261	86	95
Reserves	117	(107)	(708)
Targeted Rate - Te Kuiti	1,723	1,687	1,952
Targeted Rate - Trade Waste Contribution	153	153	165
Targeted Rate - Te Waitere	15	13	15
Targeted Rate - Maniaiti/Benneydale	97	84	98
Targeted Rate - Piopio	187	170	196
<b>Total Funding</b>	<b>2,553</b>	<b>2,086</b>	<b>1,813</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$122,000 more than budget as grant revenue was received from Department of Internal Affairs to fund the Three Waters Reform Stimulus Programme. Trade waste revenue in Te Kuiti and Piopio were more than budget. Additional revenue was also received from connections fees for Te Kuiti and Te Waitere schemes.

### Operating Expenditure

Expenditure was \$266,000 less than budget due to:

- a) Expenditure for electricity, plant operations and reticulation maintenance expenditure, sludge disposal costs, sampling costs and chemicals were less for Te Kuiti.
- b) Rates paid on Council owned properties were excluded. The budget figure includes rates paid on Council owned properties.
- c) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred.

### Capital Expenditure

Total capital expenditure was \$79,000 less than budget:

- a) The planned reticulation renewals for Te Kuiti were not fully spent during the year. A section of pipe in King Street West is due for replacement. The procurement for this work is underway and will be completed in the 2021/22 year.





# WATER SUPPLY

## WHAT WE DO

The Water Supply activity provides for the environmentally safe collection, treatment and reticulation of Council’s public water supplies. Water supply schemes are provided by Council at Te Kuiti, Maniaiti/Benneydale, Piopio and Mokau.

There are three aspects of operations under this group:

- Maintenance
- Renewals and replacements
- Improvements

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

We have been able to put in place plans accelerate our programme to install backflow preventers throughout the district with funding from Three Waters Reform Programme.

We have progressed with the major upgrade to Mokau Water Treatment Plant with equipment purchased and ready for final design and installation. This project will be completed with funds from The Three Waters Reform Programme.

The watermain replacement project in Te Kuiti (Broadfoot Place) has been completed.

We are continuing to investigate an alternative source of water supply in Te Kuiti.

## SERVICE PERFORMANCE MEASURES

### Key:



All components of the performance measure have been met.




Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Water supply system is adequate and sufficiently maintained for public health purposes.	The extent to which WDC’s drinking water supplies comply with Part 4 of NZ Drinking-water Standards 2005 (revised 2008) (bacteria compliance criteria).	<b>Target:</b> 100% <b>Result:</b> 100%	All WDC Water Treatment Plants and Zones (reticulation) have achieved bacterial compliance during the year.
	The extent to which WDC’s drinking water supplies comply with Part 5 of NZ Drinking-water Standards 2005 (revised 2008) (protozoal compliance criteria).	<b>Target:</b> 100% <b>Result:</b> Not Achieved	Due to gaps in the turbidity data of more than 5 minutes the protozoa compliance for sand filters was not met.
Percentage of real water loss from the Council’s networked reticulation system in a financial year in:			

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
Water Supply networks are being maintained adequately.	('Water Losses' includes real losses through leaks in the network and apparent losses through metering inaccuracies or water theft. This does not include unauthorised consumption).			
	Te Kuiti	<b>Target:</b> ≤ 25% <b>Result:</b> 18.28%		
	Mokau	<b>Target:</b> ≤ 25% <b>Result:</b> 2.92%		Two errors in the report for Mokau were identified, one issue is resolved however the timeframe error is unresolved. Manual data capture was used to evaluate this measure.
	Piopio	<b>Target:</b> ≤ 25% <b>Result:</b> .34%		
	Maniaiti / Benneydale	<b>Target:</b> ≤ 15% <b>Result:</b> 1.05%		
Timely response and resolution of service requests.	The median response times for attendance for urgent call-outs in a financial year**	<b>Target:</b> ≤ 180 minutes (3hrs) <b>Result:</b> 0.3 hrs		Achieved.
	The median resolution time of urgent call-outs in a financial year***	<b>Target:</b> ≤ 540 minutes (9 hrs) <b>Result:</b> 3:07 hrs		Achieved.
	The median response times for attendance for non-urgent call outs in a financial year**	<b>Target:</b> ≤ 660 minutes (11 hrs) <b>Result:</b> 5:5 hrs		Achieved.
	The median resolution time of non-urgent call-outs in a financial year***	<b>Target:</b> ≤ 96 hours (4 days) <b>Result:</b> 24:26 hrs		Achieved.
<p>*Achievement will be based on timing of completion of the Te Kuiti Water Treatment Plant Upgrade which is being carried out primarily to ensure compliance with New Zealand Drinking Water Standards requirements</p> <p>** measured from the time that the local authority received notification to the time that service personnel reach the site.</p> <p>*** measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption</p>				
Provision of effective and reliable water supply system to the community.	The total number of complaints received by Council in a year for:			
	<i>(Total number of connections (2623))</i>			
	Drinking water clarity	<b>Target:</b> ≤ 5 per 1000 connections <b>Result:</b> 4.95		Achieved.
	Drinking water taste	<b>Target:</b> ≤ 5 per 1000 connections <b>Result:</b> 0		Achieved.
	Drinking water odour	<b>Target:</b> ≤ 5 per 1000 connections <b>Result:</b> 0		Achieved.
	Drinking water pressure flow	<b>Target:</b> ≤ 30 per 1000 connections <b>Result:</b> 3.04		Achieved.
	Continuity of supply	<b>Target:</b> ≤ 30 per 1000 connections <b>Result:</b> 4.95		Achieved.
Median response time to any of these issues within a year.	<b>Target:</b> ≤ 540 minutes (9hrs)		Achieved.	

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
		Result: 1.34 hrs		
Efficient management of demand for water for the community.	Average consumption of drinking water per day per resident within the district.	Target: ≤ 400 litres per person per day Result: 295 litres /day		Achieved.

## HOW WE DELIVERED AGAINST OUR BUDGET

WATER SUPPLY (\$'000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Te Kuiti	0	247	23
Mokau	0	140	4
Piopio	0	3	2
Maniaiti/Benneydale	0	0	2
<b>Total Operating Income</b>	<b>0</b>	<b>390</b>	<b>31</b>
<b>Operating Expenditure</b>			
Te Kuiti	2,008	2,087	1,898
Mokau	336	354	393
Piopio	371	532	302
Maniaiti/Benneydale	162	175	156
Waitomo	0	0	10
<b>Total Operating Expenditure</b>	<b>2,877</b>	<b>3,148</b>	<b>2,759</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,877</b>	<b>2,758</b>	<b>2,728</b>
<b>Capital Expenditure</b>			
Te Kuiti	425	403	129
Mokau	523	494	92
Piopio	69	54	37
Maniaiti/Benneydale	29	8	19
<b>Total Capital Expenditure</b>	<b>1,046</b>	<b>959</b>	<b>277</b>
<b>Net Expenditure</b>	<b>3,923</b>	<b>3,717</b>	<b>3,005</b>
<b>Funded by</b>			
Internal Loans	948	655	199
Reserves	197	351	171
Targeted Rate - Te Kuiti	1,357	1,374	1,200
Targeted Rate - Mokau	197	163	198
Targeted Rate - Piopio	224	194	230
Targeted Rate - Maniaiti/Benneydale	108	92	111
Metered Water Rates	892	888	896
<b>Total Funding</b>	<b>3,923</b>	<b>3,717</b>	<b>3,005</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$390,000 more than budget as grant revenue was received from Department of Internal Affairs to fund the Three Waters Reform Stimulus Programme. Additional revenue was also received for water connections and sundry water charges.

### Operating Expenditure

Expenditure was \$271,000 more than budget due to:

- a) The recognition of loss on asset disposals across all four schemes.
- b) Additional expenditure was also incurred for the Three Waters Reform Programme projects including project management costs, asset data collection and expenditure incurred in developing the forward works programme. These expenditures were fully funded by the grant revenue received.
- c) Rates paid on Council owned properties were excluded. The budget figure includes rates paid on Council owned properties.

### Capital Expenditure

Total capital expenditure was \$87,000 less than budget due to:

- a) Te Kuiti alternative water supply investigation budget was not fully spent. The construction of the test/production bore was delayed due to unprecedented demand for groundwater drilling services. This project will now continue in the 2021/22 year.
- b) Te Kuiti and Piopio reticulation renewal budgets were not fully spent. This project is still in the planning phase with physical works now expected in the 2021/22 year.
- c) Mokau water treatment plant upgrade and renewals budgets were not fully spent. Concrete pads are to be constructed before installation of the clarifier and AVG filters. This will now be completed in the 2021/22 year along with the installation of the UV disinfection system.
- d) The installation of the UV unit at Maniaiti/Benneydale plant is on hold due to organisational capacity being redirected to the Mokau treatment plant upgrade project.
- e) Additional expenditure was incurred for the Three Waters Reforms Stimulus Programme

including backflow prevention, security of supply and design and installation of Mokau treatment plant upgrade. These expenditures are fully funded by the grant revenue received.





# ROADS AND FOOTPATHS

## WHAT WE DO

The Roads and Footpaths activity provides a safe and reliable transport infrastructure network to facilitate the movement of people and goods, which includes the provision of roads (excluding state highways), footpaths, bridges, traffic services, streetlights, carparks and traffic safety programmes.

- **Road Network:** We manage and maintain a network of 461km of sealed roads and 553km of unsealed roads. This includes identifying the need for and undertaking maintenance and renewals of the road carriageway, footpaths and ancillary systems such as streetlights, signs and road markings.
- **Subsidised roading:** New Zealand Transport Agency (NZTA), provides a subsidy for works that meet their criteria via Waikato Regional Council's Land Transport Programme.
- **Unsubsidised roading:** These activities are carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience, but are not subsidised by NZTA.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

Road pavements which have reached the end of their lives require major rehabilitation - that involves strengthening the pavement structure prior to resurfacing. All identified roads requiring this treatment were completed by April 2021 and with road marking and fencing completed by May 2021.



The annual sealing programme of approximately 37km (8% of sealed network) was scheduled to begin in February 2021. Sealing delays were caused by the level 3 Auckland COVID-19 Lockdown 28 February 2021 to 6 March 2021. In total 25 km of road were resealed (6% of the sealed network). Several sensitive sites were not resealed as late season sealing would likely lead to early seal failures. The reduced resealing programme was completed in early May 2021.

Footpath renewals are prioritised based on proximity to community infrastructure such as schools, medical centres, access to amenities, pedestrian counts, and streets where there are no footpaths. Rora Street, Eketone Street, and Hospital Road footpaths were renewed. A total of 657m of new footpaths were constructed in the financial year.

The programme of work for unsealed road metalling was completed as expected, with 10% of unsealed roads re-metalled during the year.

Te Ara Tika project replacing the rail overbridge in Te Kuiti is progressing well. The physical works commenced on 12 January 2021. Since then, removal of the old bridge has been completed, all foundation work constructed, and new columns installed ready for installation of the bridge superstructure (pre-stressed concrete beams and ramps and steel handrails/stairs). This project will continue into 2021/22.

## SERVICE PERFORMANCE MEASURES

### Key:



All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Monitor safety of local roads to assist in planning and prioritising works required to upgrade, maintain or change the condition of the roading environment in order to reach and maintain a specified level of safety.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	<b>Target:</b> 1 (or maintain at 0) <b>Result:</b> Serious Injury crashes YTD: 14 Fatal crashes YTD: 2 Change in serious injury: 6 Change in fatality: 1	There have been 14 serious crashes and 2 fatal crashes on the Waitomo District Council network this reporting year (Last year: 8 "severe injury" and one fatal.
Maintain the overall condition of local roads to a specified adequate standard.  <i>* NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort.</i>	The average quality of ride on a sealed local road network, measured by smooth travel exposure, in a financial year.  <i>(Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.)</i>	<b>Target:</b> 90% (of total) <b>Result:</b> 91.92%	This is measured every three years. The latest NAASRA roughness count from 2019 was 91.92%. This is due to be re-measured in 2022.
Maintain the overall condition of the unsealed roads to a specified adequate standard.	Percentage of unsealed road metalled each year.	<b>Target:</b> 10% (of total) <b>Result:</b> 10%	Achieved.
Maintain the overall condition of sealed roads to a specified adequate standard.	Percentage of the sealed local road network that is resurfaced each year.	<b>Target:</b> 7% (of total) <b>Result:</b> 6%	25 km resealed. Some sensitive sites were not resealed (delayed to next season) as late season sealing would lead to early life seal failures.
Maintain the overall condition of footpaths to a specified adequate standard.	The percentage of footpath network that falls within a condition rating of 3.	<b>Target:</b> 90% <b>Result:</b> 94.34%	Achieved. Result from 2018 survey - 2019 report. Surveys are undertaken every 3 years.  Next survey delayed until Oct 2021 (was expected June 2021). Changed scope, will capture mobility access along with standard rating data.
Manage the timeliness and appropriateness of responses to problems and service requests.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days.	<b>Target:</b> 85% <b>Result:</b> 87%	528 service requests were handled by the WDC Roading team. 460 were responded to in 10 days or less, 68 were responded to in more than 10 days.

## HOW WE DELIVERED AGAINST OUR BUDGET

ROADS AND FOOTPATHS (\$000's)	2021 COUNCIL BUDGET	2021 COUNCIL ACTUAL	2020 COUNCIL ACTUAL
<b>Operating Income</b>			
Subsidised Roads	9,871	10,261	8,078
Unsubsidised Roads	100	104	102
<b>Total Operating Income</b>	<b>9,971</b>	<b>10,365</b>	<b>8,180</b>
<b>Operating Expenditure</b>			
Subsidised Roads	9,683	10,112	10,326
Unsubsidised Roads	205	151	90
<b>Total Operating Expenditure</b>	<b>9,888</b>	<b>10,263</b>	<b>10,416</b>
<b>Net Operating Cost/(Surplus)</b>	<b>(83)</b>	<b>(102)</b>	<b>2,236</b>
<b>Capital Expenditure</b>			
Subsidised Roads	6,802	7,359	4,009
Unsubsidised Roads	166	226	60
<b>Total Capital Expenditure</b>	<b>6,968</b>	<b>7,585</b>	<b>4,069</b>
<b>Net Expenditure</b>	<b>6,885</b>	<b>7,483</b>	<b>6,305</b>
<b>Funded by</b>			
Internal Loans	424	931	188
External Loan Repayments	(698)	(599)	(503)
Reserves	1,953	1,936	1,363
UAGC	88	88	90
Targeted Services Rate - Rural	11	11	12
Targeted Services Rate - Urban	94	94	97
Targeted Rate - District Roading Rate	5,013	5,022	5,058
<b>Total Funding</b>	<b>6,885</b>	<b>7,483</b>	<b>6,305</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$394,000 more than budget as additional subsidy revenue was received for the construction of Te Ara Tika.

### Operating Expenditure

Expenditure was \$375,000 more than budget due to:

- a) Depreciation expense was more than budget due to the valuation of roads assets at 30 June 2020. The two main drivers for the increase in depreciation was the increase in unit rate for the sealed surface asset component and the increase in size and quantity of rural road culverts included in the valuation.
- b) Environmental maintenance, traffic services expenditure and routine drainage maintenance costs were more than budget. These were offset by reduced unsealed pavement maintenance and emergency reinstatement (first response) expenditure. Roading business unit costs were also less than budget due to a temporary reduction in organisational capacity.
- c) Road legalisation and street cleaning costs were also less than budget.
- d) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred.

### Capital Expenditure

Total capital expenditure was \$617,000 less than budget. The completion of the capital expenditure programme was impacted by available internal capacity which delayed project delivery and progress was further compounded by the Covid-19 pandemic response.

- a) The budget for sealed road surfacing was not fully spent. Sealing delays were experienced due to the Auckland Covid-19 lockdown in late February 2021 and subsequent restrictions on mobilisation of contractors' plant and sealing equipment due to wet weather conditions. A number of sites were deferred to next financial year as late season sealing would likely lead to early life seal failures.
- b) Emergency reinstatement budgets were not spent as no significant adverse weather events were experienced in the district during the year.

- c) These underspent budgets were partly offset by expenditure incurred for the construction of Te Ara Tika, which was budgeted for in a previous financial year. The construction of the pedestrian overbridge experienced delays in completing the steel handrails and stairs due to unprecedented demand on the building sector and the difficulty in sourcing specialist fabricators.







**FINANCES**  
**PŪTEA**



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2021

These financial statements should be read in conjunction with the notes to the financial statements on pages 59 to 118.

(\$000's)	COUNCIL				GROUP	
	NOTE	2021 BUDGET	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Revenue</b>						
Rates revenue	1	20,412	20,018	19,740	20,007	19,731
Metered water rates	2	892	888	896	888	896
Subsidies and grants	3	9,749	11,151	8,290	11,813	9,330
Investment Income		0	0	14	0	14
Interest revenue		15	12	14	12	14
Fees, charges and income from construction	4	3,765	4,065	3,859	27,368	26,154
Other revenue including gains/(losses)	5	187	1,714	337	1,814	333
<b>Total Revenue and Gains/(Losses)</b>		<b>35,020</b>	<b>37,848</b>	<b>33,150</b>	<b>61,902</b>	<b>56,472</b>
<b>Expenses</b>						
Employee benefit expenses	6	5,884	5,598	5,797	15,713	16,168
Depreciation and amortisation expense	7,21,22	6,108	6,513	6,020	7,711	7,235
Finance costs	8	1,426	1,198	1,435	1,306	1,648
Other expenses	9	18,631	16,410	15,281	29,033	26,762
<b>Total Expenses</b>		<b>32,049</b>	<b>29,719</b>	<b>28,533</b>	<b>53,763</b>	<b>51,813</b>
<b>Surplus/(Deficit) Before Tax</b>		<b>2,971</b>	<b>8,129</b>	<b>4,617</b>	<b>8,139</b>	<b>4,659</b>
Income tax expense/(revenue)	10	0	0	0	187	(233)
<b>Surplus/(Deficit)</b>		<b>2,971</b>	<b>8,129</b>	<b>4,617</b>	<b>7,952</b>	<b>4,892</b>
<b>Other Comprehensive Revenue and Expense</b>						
Revaluation of property, plant and equipment and quarry assets	11	4,291	14,513	16,004	15,094	17,600
Gains/(losses) from cash flow hedges		0	1,403	(420)	1,403	(420)
Revaluation of available for sale assets	11,13	0	0	(2,610)	0	0
Income tax relating to components of other comprehensive revenue and expense	10	0	0	0	(142)	0
<b>Total Other Comprehensive Revenue and Expense</b>		<b>4,291</b>	<b>15,916</b>	<b>12,974</b>	<b>16,355</b>	<b>17,180</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>7,262</b>	<b>24,045</b>	<b>17,591</b>	<b>24,307</b>	<b>22,072</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

These financial statements should be read in conjunction with the notes to the financial statements on pages 59 to 118.

(\$000's)	COUNCIL			GROUP	
	NOTE	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Total Equity</b>					
Balance at 1 July		335,511	317,920	337,721	315,649
Total Comprehensive Revenue and Expense for the year		24,045	17,591	24,307	22,072
<b>Balance at 30 June</b>		<b>359,556</b>	<b>335,511</b>	<b>362,028</b>	<b>337,721</b>

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

These financial statements should be read in conjunction with the notes to the financial statements on pages 59 to 118.

(\$000's)	COUNCIL			GROUP		
	NOTE	2021 BUDGET	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Equity</b>						
Accumulated Funds	11	224,958	222,187	216,303	227,618	221,911
Other Reserves	11	25,941	29,888	26,036	21,063	17,211
Revaluation Reserve	11	87,494	107,481	93,172	113,347	98,599
<b>Total Equity</b>		<b>338,393</b>	<b>359,556</b>	<b>335,511</b>	<b>362,028</b>	<b>337,721</b>
<b>Current Assets</b>						
Cash and Cash Equivalents	12	570	6,379	4,243	6,525	5,015
Other Financial Assets	13	3	189	87	189	87
Inventory	14	93	51	73	1,845	1,831
Receivables under Exchange Transactions	15	157	282	271	3,175	2,239
Receivables under Non Exchange Transactions	15	5,041	4,466	3,867	4,448	3,856
Capitalised Quarry Development Asset	26	0	0	0	0	0
Assets Held for Sale	24	0	60	60	60	60
<b>Total Current Assets</b>		<b>5,864</b>	<b>11,427</b>	<b>8,601</b>	<b>16,242</b>	<b>13,088</b>
<b>Current Liabilities</b>						
Bank Overdraft (Secured)	18	0	0	0	3	0
Payables and Deferred Revenue under Exchange Transactions	17	3,178	3,589	2,823	4,989	3,710
Payables and Deferred Revenue under Non Exchange Transactions	17	750	2,141	645	2,650	2,376
Current Portion of Borrowings	18	23,482	15,153	12,210	16,167	12,599
Provisions	19	3	3	3	396	3
Employee Entitlements	20	623	815	792	1,614	1,581
Derivative Financial Instruments	16	677	572	895	572	895
<b>Total Current Liabilities</b>		<b>28,713</b>	<b>22,273</b>	<b>17,368</b>	<b>26,391</b>	<b>21,164</b>
<b>Net Working Capital</b>		<b>(22,849)</b>	<b>(10,846)</b>	<b>(8,767)</b>	<b>(10,149)</b>	<b>(8,076)</b>
<b>Non Current Assets</b>						
Property, Plant and Equipment	21	368,549	379,030	361,202	390,173	372,415
Intangible Assets	22	1,152	354	421	662	859
Investment Property	23	897	1,836	1,014	1,836	1,014
Forestry Assets	25	0	527	0	527	0
Capitalised Quarry Development Asset	26	0	0	0	832	758
Receivables under Exchange Transactions	15	0	0	0	249	51
Other Financial Assets	13	495	362	423	362	423
Investment in CCO and Civic Financial Services Ltd	13	11,455	8,845	8,845	20	20
Deferred Tax Asset	10	0	0	0	723	1,052
<b>Total Non Current Assets</b>		<b>382,548</b>	<b>390,954</b>	<b>371,905</b>	<b>395,384</b>	<b>376,592</b>
<b>Non Current Liabilities</b>						
Borrowings	18	19,000	19,038	25,050	21,693	28,218
Provisions	19	461	547	531	547	531
Derivative Financial Instruments	16	1,845	967	2,046	967	2,046
<b>Total Non Current Liabilities</b>		<b>21,306</b>	<b>20,552</b>	<b>27,627</b>	<b>23,207</b>	<b>30,795</b>
<b>Net Assets</b>		<b>338,393</b>	<b>359,556</b>	<b>335,511</b>	<b>362,028</b>	<b>337,721</b>

## CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

These financial statements should be read in conjunction with the notes to the financial statements on pages 59 to 118.

(\$'000's)	COUNCIL				GROUP	
	NOTE	2021 BUDGET	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Cash flows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Rates Revenue (including penalties)		21,304	20,977	20,733	20,966	20,724
Subsidies and Grants		9,749	10,945	8,839	11,607	9,880
Property Rentals		543	343	404	368	436
Petroleum Tax		135	159	131	159	131
Interest Revenue		15	11	14	11	14
Investment Income		0	0	14	0	14
Receipts from Other Revenue and Construction Contracts		3,274	3,432	3,869	25,649	27,505
		<b>35,020</b>	<b>35,867</b>	<b>34,004</b>	<b>58,760</b>	<b>58,704</b>
<b>Cash was applied to:</b>						
Payments to Suppliers and Employees		24,088	19,545	20,149	42,322	41,727
Elected Members		427	321	293	441	393
Interest Paid on Borrowings		1,426	1,243	1,483	1,351	1,696
		<b>25,941</b>	<b>21,109</b>	<b>21,925</b>	<b>44,114</b>	<b>43,816</b>
<b>Net Cash Inflow from Operating Activities</b>	29	<b>9,079</b>	<b>14,758</b>	<b>12,079</b>	<b>14,646</b>	<b>14,888</b>
<b>Cash flows from Investing Activities</b>						
<b>Cash was provided from:</b>						
Proceeds from Sale of Property, Plant and Equipment		0	270	67	559	218
Repayment from Advance to Community Groups		4	3	3	3	3
		<b>4</b>	<b>273</b>	<b>70</b>	<b>562</b>	<b>221</b>
<b>Cash was applied to:</b>						
Purchase and Development of Property, Plant and Equipment		10,784	9,821	6,307	10,724	7,060
Purchase of Intangible Assets		432	16	403	31	483
Renewals of Investment Properties		0	1	11	1	11
Purchase of Financial Assets		0	45	0	45	0
		<b>11,216</b>	<b>9,883</b>	<b>6,721</b>	<b>10,801</b>	<b>7,554</b>
<b>Net Cash flows from Investing Activities</b>		<b>(11,212)</b>	<b>(9,610)</b>	<b>(6,651)</b>	<b>(10,239)</b>	<b>(7,333)</b>
<b>Cash flows from Financing Activities</b>						
<b>Cash was provided from:</b>						
Cash was provided from Borrowings		27,133	10,000	17,000	10,500	17,000
		<b>27,133</b>	<b>10,000</b>	<b>17,000</b>	<b>10,500</b>	<b>17,000</b>
<b>Cash was applied to:</b>						
Repayment of Borrowings		25,000	13,000	20,000	13,375	21,675
Repayment of Lease Liabilities		0	12	4	25	18
		<b>25,000</b>	<b>13,012</b>	<b>20,004</b>	<b>13,400</b>	<b>21,693</b>
<b>Net Cash Inflow/(outflow) from Financing Activities</b>		<b>2,133</b>	<b>(3,012)</b>	<b>(3,004)</b>	<b>(2,900)</b>	<b>(4,693)</b>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		0	2,136	2,424	1,507	2,862
Cash, cash equivalents and bank overdrafts at the beginning of the year		570	4,243	1,819	5,015	2,153
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>		<b>570</b>	<b>6,379</b>	<b>4,243</b>	<b>6,522</b>	<b>5,015</b>
<b>Balance at end of year represented by:</b>						
Cash at Bank and In Hand		570	6,379	4,243	6,522	5,015
		<b>570</b>	<b>6,379</b>	<b>4,243</b>	<b>6,522</b>	<b>5,015</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Statement of Accounting Policies for the year ended 30 June 2021

### Reporting Entity

Waitomo District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's activities is the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Waitomo District Council (the Council), and its subsidiary, Inframax Construction Limited (100% owned). Council's subsidiary is incorporated and domiciled in New Zealand.

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

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

The financial statements of the Council and the Group are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 26 October 2021.

### 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.

### Going Concern

The financial statements of the Group have been prepared on a going concern basis.

### Statement of Compliance

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

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

These financial statements comply with PBE standards.

### Presentation Currency and Rounding

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

### Measurement Basis

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments, investment property and forestry assets. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. For investment property, the fair value is determined by reference to market value.

The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

### Standards issued and not yet effective and not early adopted

At the date of authorisation of the financial report the following standards, amendments or interpretations were on issue and not yet effective.

Standards, Amendments or Interpretations	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
2018 Omnibus Amendments to PBE Standards	1 January 2021	30 June 2022
PBE IPSAS 40 PBE combinations	1 January 2021	30 June 2022
PBE FRS 48 Service Reporting	1 January 2022	30 June 2023
PBE IPSAS 41 Financial Instruments	1 January 2022	30 June 2023
PBE IFRS 17 Insurance Contracts	1 January 2023	30 June 2024

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Consolidation

The Group's financial statements incorporate the financial statements of the Council and the entities controlled by the Council (its subsidiaries). Control is

achieved where the Council has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expense of the entities within the Group on a line by line basis. All intra-group transactions, balances, revenue and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Council. Investment in the subsidiary is recorded at fair value in the Council's financial statements.

## **Revenue**

Revenue comprises rates, revenue from operating activities, grant revenue, interest revenue and other revenue and is measured at fair value of the consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue may be derived from either exchange or non-exchange transactions. These are defined as:

- Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

- Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised

and recognises an amount of revenue equal to that reduction.

The following specific recognition criteria must also be met before revenue is recognised.

### ***Rates revenue***

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised as revenue when rates are levied. Rates arising from late payment penalties are recognised as revenue when rates become overdue. Rates revenue is classified as non-exchange revenue.

### ***Waka Kotahi roading subsidies***

Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. Waka Kotahi subsidies are classified as non-exchange revenue.

### ***Other Subsidies and Grants received***

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

### ***Fees, Levies & Charges***

Other fees, levies and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence. Fees, levies and charges are classified as non-exchange revenue with the exception of on-charging of consultants fees for resource consents.

### ***Interest Revenue***

Revenue is recognised using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument. Interest revenue is classified as exchange revenue.

### ***Sale of goods***

The sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer. This revenue is classified as exchange.

### ***Property Rental Revenue***

Rental revenue arising on property owned by the Group is accounted for on a straight-line basis over the lease term. Property rental revenue is generally classified as non-exchange.



### ***Donated, subsidised or vested assets***

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised when the control of the asset is transferred to Council. The fair value of this asset is recognised as revenue, unless there is a use or return condition attached to the asset and is classified as non-exchange revenue.

### ***Rendering of Services and Construction Contracts***

Revenue from construction contracting services includes revenue from building and civil contracting services. Revenue and profit are recognised on the basis of value of work completed. Percentage of completion is measured by reference to the value of work performed which is independently certified each month by the customer's engineer to the contract. Expected losses are recognised in full as soon as they become apparent.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

Rendering of services is classified as exchange revenue.

### **Expenditure**

Expenditure is recognised when the Group has been supplied with the service or has control of the goods supplied.

### ***Grant Expenditure***

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Group has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Group's decision.

### ***Borrowing Costs***

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

### **Income Tax**

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

Current tax is the amount of income tax payable based on the taxable profit 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 substantially 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 the balance sheet date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity 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 the taxable profits will be available against which 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 at the time of the transaction, affects neither accounting profit 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 revenue and expense or directly into equity.

### **Cash and Cash Equivalents**

Cash and Cash Equivalents includes 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 over drafts.

### **Inventory**

Inventory held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

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

Inventories held by Inframax Construction Limited are valued on the basis of lower of cost, determined on a weighted average cost basis, and net realisable value. Aggregate stocks are valued using a standard cost, this standard cost is based on the average cost of production.

### **Financial Assets**

In 2018/19 Council's subsidiary Inframax Construction Limited changed its accounting policy for accounting for financial instruments in accordance with IFRS 9. This standard is part of the suite of standards applicable to profit oriented entities. Council and the Group report under the Public Sector standards including PBE IPSAS 29 and 30 for accounting for financial instruments. The change in policy by the subsidiary has no impact on the

classification and measurement of financial instruments held by the Group.

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

Financial assets are classified into the following categories for the purpose of measurement:

- financial assets at fair value through surplus or deficit,
- loans and receivables, and
- available for sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The three categories of financial assets are:

#### ***Financial Assets at Fair Value through surplus or deficit***

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date. After initial recognition they are measured at their fair values with gains or losses on re- measurement recognised in the surplus or deficit.

Derivative financial instrument assets are included in this class.

#### ***Loans & Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified as Receivables in the Statement of Financial Position.

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

Loans made 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 asset. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

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

#### ***Available for Sale***

Available for sale financial assets are those that are designated into the category at initial inception 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 balance date. The Council and Group includes in this category:

- Investments that the Group intends to hold long-term but which may be realised before maturity; and
- Shareholdings that the Group holds for strategic purposes. The Group's investment in Inframax Construction Limited is included in this category.

After initial recognition these investments are measured at their fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the available for-sale revaluation reserve with the exception of impairment losses, which are recognised directly in surplus or deficit.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to surplus or deficit (as a reclassification adjustment).

#### ***Impairment of Financial Assets***

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

### **Loans and receivables**

Impairment is established when there is evidence that the Council and 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, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying value and the present value of estimated future cash flows, discounted using the original effective interest rate.

### **Available for sale**

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists for available for sale assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset already recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

### **Derivative Financial Instruments**

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the 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 method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit. The Council and Group designate certain derivatives as either:

- hedges of highly probable forecast transactions (cash flow hedge); or
- derivatives that do not qualify for hedge accounting.

The Council and Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Council and Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in fair values or cash flows of hedges items.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedges items is less than 12 months.

### **Cash flow hedge**

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

### **Derivatives that do not qualify for hedge accounting**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in surplus or deficit.

### **Payables**

Payables and other payables are recognised at their face value when the Group becomes obligated to make future payments resulting from the purchase of goods or services.

Payables may be derived from either exchange or non-exchange transactions. These are defined as:

- Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Payables from exchange transactions include payables to suppliers, retention monies and payables for elected members' and directors' fees.

- Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange

transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non exchange payables include payables for GST, deposits and bonds held and deferred grant revenue.

### **Borrowings**

Borrowings are initially recognised at their fair value net of transaction costs.

After initial recognition, all borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

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

### **Good and Service Tax (GST)**

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

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

Where the Council and Group are not in possession of or issued a valid tax invoice at balance date, the GST portion is not accounted for in either Receivables or Payables.

Commitments and contingencies are disclosed exclusive of GST.

### **Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that 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 expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is

recognised as an interest expense and is included in finance costs.

### **Landfill Post Closure Costs**

The Group has a legal obligation under the resource consents for open and closed landfills to provide ongoing maintenance and monitoring services at the sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is a measure based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

### **Employee Entitlements**

#### **Short-Term Employee Entitlements**

Employee benefits expected to be settled within 12 months after the end of the period 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 entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Group anticipates it will be used by staff to cover those future absences.

### **Leases**

#### **Finance Leases**

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

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

A finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Group will obtain ownership at the end of the lease



term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### **Operating Leases**

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

### **Property, Plant & Equipment**

Property, plant and equipment consists of:

#### **Operational Assets**

Operational assets are tangible assets, able to be dealt with as part of the operating strategy and include land, buildings, plant and equipment, motor vehicles, furniture and fittings, computer hardware, library books, and finance leases for office equipment.

#### **Restricted Assets**

Restricted assets cannot be disposed of because of legal and other restrictions but provide a benefit or service to the community. These are mainly assets associated with reserves vested under the Reserves Act, endowments and other property held in Trust for specific purposes.

#### **Infrastructural Assets**

Infrastructural assets are the fixed utility systems providing an ongoing service to the community but are not generally regarded as tradable. They include infrastructural land, roads, water reticulation systems, sewerage reticulation systems, storm water systems, refuse systems and land under roads.

Land (operational, restricted and infrastructural) is measured at fair value. Buildings (operational and restricted) and all infrastructural assets (except for 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 the 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 its cost. Where an asset is acquired through a non exchange transaction, it is recognised at fair value as at the date of acquisition.

#### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of

the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in the property revaluation reserves in respect of those assets are transferred to accumulated funds.

#### **Subsequent Costs**

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

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

#### **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, land under roads, work in progress and those assets in the tables below that are not depreciated, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

#### **Operational Assets**

Operational assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Operational Buildings	15-100 years
Plant and Equipment	4-13 years
Motor vehicles	5-7 years
Furniture and Fittings	5-30 years
Computers	4-5 years
Library Books	7 years
Archive Books	Not depreciated

#### **Restricted Assets**

Restricted assets are depreciated on a straight line basis as follows:

Restricted Buildings	15 – 100 years
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#### **Infrastructural Assets**

Infrastructural assets are depreciated on a straight line basis. The estimated useful lives are as follows:

##### **Roads and Footpaths**

Pavement Formation	Not depreciated
Pavement Subbase	120 - 160 years or not depreciated
Pavement Base	60 – 120 years or not depreciated
Sealed Surface	12 – 22 years
Metal Surface	Not depreciated
Bridges and Major Culverts	60-100 years
Retaining Walls and Other Structures	20 – 100 years
Footpaths and Footpath Crossings	19 – 80 years
Drainage and Culverts	70 – 80 years
Kerb and Channel, Stormwater Channels	K & C 80 years, SWC not depreciated
Guard Rails	50 years
Streetlights and Poles	Lanterns 20 -25 years, poles and brackets 15 – 60 years
Road Signs	Signs 15 – 20 years, Signposts 30 years
Resource Consents	3 – 24 years

### Water Supply Assets

Pipes	60 – 120 years
Fire Hydrant Valves	75 years
Meters	30 years
Tobies	60 years
Pump Stations	20 – 100 years
Dam Structures	100 years
Reservoir Structures	80 years
Treatment Plants	5 – 100 years
Resource Consents	11 – 35 years or not depreciated

### Wastewater Assets

Pipes	50 - 120 years
Manholes	100 years
Separator Tanks	50 years
Pump Stations	15 – 100 years
Treatment Plants	15 – 100 years
Resource Consents	15 – 35 years

### Stormwater Assets

Pipes	60 – 120 years
Manholes and Cesspits	100 years
Resource Consents	20 years

### Solidwaste Assets

Landfill Cells and Earthworks	Not depreciated
Building and Shelters	20 – 60 years
Oxidation Ponds	80 years
Roading and Driveways	12 – 80 years
Weighbridges and Automatic Gates	15 – 50 years
Bins and Containers	15 – 80 years
Retaining Walls	25 – 100 years
Fencing and Other Assets	15 – 35 years
Resource Consents	30 – 34 years

The depreciation rates are applied at a component level and are dependent on the remaining useful life for each component. The residual value and useful life on an asset is reviewed and adjusted where applicable at each balance date.

### **Revaluation**

Land and buildings (operational and restricted) and infrastructural assets (except for land under roads) are revalued with sufficient regularity to ensure that their carrying value does not materially differ from fair value and at least every three years. The carrying values of revalued items are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off cycle asset class is revalued.

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to a property revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the

surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in the other comprehensive revenue and expense.

### **Revaluation of Restricted Assets**

Land and buildings in restricted assets are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used).

### **Intangible Assets**

#### **Computer Software**

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense as incurred. The costs associated with the development and maintenance of the Group's website are recognised as an expense as incurred. Staff training costs are recognised in the surplus or deficit when incurred.

#### **Carbon Credits**

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are de-recognised when they are used to satisfy carbon emission obligations.

#### **Amortisation**

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

The useful lives and associated amortisation rates for software have been estimated as follows:

Computer software	2 – 5 years
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#### **Forestry Assets**

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. The calculation is based on assessment of growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

### **Non-current Assets Held For Sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

### **Investment in Unlisted Shares**

Council has an interest (1.6%) in a Council Controlled Organisation (CCO), Waikato Local Authority Shared Services Limited. Council has no significant influence on operational or financial policies.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

Council has an interest (0.04%) in New Zealand National Mutual Riskpool. Council has no significant influence on operational or financial policies.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

### **Investment Property**

Investment property consists of miscellaneous housing properties. Investment property is held primarily for capital growth, rental or similar revenue. Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Group measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

### **Capitalised Quarry Development Costs**

The costs of stripping activity which provides a benefit in the form of improved access to rock is recognised as a 'stripping activity asset' where it is probable that the future economic benefit associated with the stripping activity will flow to the Group, the Group can identify the component of the rock for which access has been improved and the costs relating to the stripping activity associated with that component can be measured reliably.

A stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the rock that becomes more accessible as a result of the stripping activity using the units of production method.

### **Cost Allocation**

The Council has derived the cost of service for each significant activity. Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These costs are allocated to Council activities using appropriate cost drivers such as resource use, staff numbers and floor area. All overhead costs have been allocated to significant activities.

### **Impairment of Property, Plant and Equipment and Intangible assets**

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

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

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. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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

### **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 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 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.

### **Equity**

Equity is the community's interest in the 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, and
- Property revaluation reserves.

### **Other 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 the Group. Restricted reserves are those subject to specific conditions accepted as binding by the Group and which may not be revised by the Group without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Group decision. Transfers to and from these reserves are at the discretion of the Group.

Council created reserves are a combination of depreciation reserves and transfers of surplus or deficit from operations. The purpose of the reserves is to maintain balances of funded depreciation for future renewal of assets and to hold revenue streams in separate balances as required by Council. Available for sale reserves consists of valuation gains associated with Council's investments, classified as Available for Sale.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

### **Property Revaluation Reserves**

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

### **Emissions Trading Scheme (ETS)**

The regulations for landfill methane emissions under the New Zealand Emissions Trading Scheme (NZ ETS) require waste disposal facility operators to surrender New Zealand Units (NZU's) by 31 May of each year to match the remission from 1 January to 31 December of the preceding calendar year. The cost of meeting ETS obligations is mandatory and Council is required to surrender NZU's for the landfill methane emissions associated with Rangitoto Landfill. NZU's that are purchased to meet these liabilities are recognised at cost and subsequently recognised at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required.

### **Budget Figures**

The budget figures are those approved by the Council in its EAP 2020/21. 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.

### **Critical Accounting Estimates and Judgements**

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations 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:

#### **Landfill Aftercare Provision**

Note 19 discloses an analysis of the exposure of the Group in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

#### **Infrastructural Assets**

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Group could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example storm water, wastewater and water supply pipes situated underground. This risk is minimised by the Group performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be



depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Group could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk the Group's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Group's asset management planning activities, which gives the Group further assurance over its useful life estimates.

Experienced independent valuers perform the Group's infrastructural asset revaluations. The carrying value of infrastructure assets is disclosed in Note 21.

#### **Property, plant and equipment useful lives and residual values**

At each balance date the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Group has not made significant changes, apart from those noted above, to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in Note 21.

#### **Estimating Construction Contract Revenue**

Assessment of projects on a percentage of completion basis, in particular with regard to accounting for variations, the timing of surplus recognition and the amount of surplus recognised. The amount recognised in revenue is disclosed in Note 4, the receivable in Note 15 and the payable in Note 17.

#### **Valuation of Investment in Inframax Construction Ltd**

The investment in Inframax Construction Ltd was revalued at 30 June 2020 resulting in a loss on revaluation of \$2.6 million. The valuation report indicated a valuation range of \$7.7 million (lower) and \$9.9 million (higher) for the investment. Council recognised the investment at the mid-point of \$8.8 million. After consideration of the subsidiary's financial statements and financial forecasts, Council considered the mid-point of \$8.8 million to be fair value at 30 June 2020.

In deriving the valuation of the investment, the valuers noted that it was not possible to assess with any certainty the implications of COVID-19 on the subsidiary's financial performance or the economy as a whole, both generally in terms of how long the current crisis may last and more specifically in terms of its impact on the subsidiary or the wider economy. The valuers advice is subject to significant caveats and caution due to the uncertainty that exists for businesses including (amongst other matters) access to capital, supply chain disruption, the demand for products or services and the extent and duration of the measures implemented by various governments and authorities to contain and/or prevent spread of COVID-19. In light of the current pandemic and subsidiary's financial statements and financial forecast, Council considers the carrying value reflects fair value as at 30 June 2021.

Experienced independent valuers performed the valuation of the investment in Inframax Construction Ltd. The valuers used the capitalisation of earnings approach for the valuation which is consistent with the previous valuation. There are a number of estimates and assumptions used when performing the valuation of an investment. These include assessing a suitable level of earnings and capitalising the earnings using a market-derived multiple. The valuation was also prepared using information from historical financial performance and 2020/21 financial forecast.

#### **Deferred Tax Asset Recognition and recoverability**

Determining whether or not to recognise a deferred tax asset requires estimation of future cash flows. Any significant deviation from the assumptions used in forecasting future cash flows may affect the carrying value of the asset.

The Group has recognised through surplus or deficit a deferred tax asset for the full utilisation of tax losses brought forward by its subsidiary Inframax Construction Ltd. This recognition is based on budgeted taxable profit for 2021/22 and the expectation of continued profitability for future years.

#### **Changes in accounting policies**

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

**Note 1: Rates Revenue (excluding Metered Water Rates)**

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
General Rate	5,289	4,604	5,286	4,601
Uniform Annual General Charge	3,560	3,460	3,558	3,459
Targeted Rates - Sewerage	2,169	2,484	2,168	2,484
Targeted Rates - Water	1,882	1,795	1,882	1,794
Targeted Rates - Solid Waste	862	1,067	861	1,066
Targeted Rates - Roads and Footpaths	5,127	5,166	5,124	5,164
Targeted Rates - Other	1,091	1,089	1,090	1,088
Rates Penalties	417	454	417	454
<b>Sub Total</b>	<b>20,397</b>	<b>20,119</b>	<b>20,386</b>	<b>20,110</b>
Less Rates paid on Council properties	(379)	(379)	(379)	(379)
<b>Total Rates Revenue</b>	<b>20,018</b>	<b>19,740</b>	<b>20,007</b>	<b>19,731</b>
Rates Revenue from non exchange transactions	20,018	19,740	20,007	19,731

**Note 2: Metered Water Rates****Targeted Water Supply Rates under section 19 of the Local Government (Rating) Act 2002**

The Local Government (Financial Reporting) Regulations 2011 introduced further disclosure requirements for the Financial Statements. One of the changes is to disclose separately, in the Statement of Comprehensive Revenue and Expense, the amount of revenue received from targeted rates for water supply set under section 19 of the Local Government (Rating) Act 2002. The section allows local authorities to charge for water by meter. The revenue related to water by meter has been disclosed under metered water rates in the Statement of Comprehensive Revenue and Expense and has been excluded from the Rates Revenue note.

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Metered Water Rates	888	896	888	896

**Note 3: Subsidies and Grants**

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Waka Kotahi Rooding Subsidy	10,037	7,944	10,037	7,944
Department of Internal Affairs - Three Water Reform Programme	350	0	350	0
Mayors Taskforce for Jobs Community Recovery Programme	500	0	500	0
Other Grants	264	346	926	1,386
<b>Total Subsidies and Grants</b>	<b>11,151</b>	<b>8,290</b>	<b>11,813</b>	<b>9,330</b>
Subsidies and grants revenue from non exchange transactions	11,151	8,290	11,813	9,330

**Three Waters Reform Programme**

In September 2020 Council entered into an agreement with the Department of Internal Affairs to provide funding for investment in water service delivery that improves the quality and safety of drinking water, improves the environmental performance of drinking water and wastewater systems and supports New Zealand's economic recovery from the COVID-19 pandemic.

The total approved subsidy available is \$3.5 million. The first instalment of \$1.75 million was received on 1 December 2020, upon the execution of the funding agreement, the memorandum of understanding and the final delivery plan. Of the \$1.75 million received \$350,000 has been recognised as subsidy revenue for the 2020/21 year, with the remainder of the funding recognised as deferred revenue.

The balance of the funding will be received in instalments as specified in the delivery plan, and is subject to commencing the agreed expenditure programme by 31 March 2021, receipt of satisfactory quarterly reports and the completion of the delivery plan by 31 March 2022. Council commenced the agreed expenditure programme before 31 March 2021.

In September 2021, the Department of Internal Affairs advised that the completion date for the delivery plan has been extended to 30 June 2022 due to the COVID-19 lockdown.

#### Mayor's Taskforce for Jobs Community Recovery Programme

During the year Council entered into an agreement with Local Government New Zealand for the Mayors Taskforce for Jobs Community Recovery Programme funded by Ministry of Social Development. The Programme provided funding to support initiatives to secure sustainable employment outcomes (SEOs) 30+ hours per week, for young people and those displaced from employment as a result of Covid-19.

The total funding available was \$500,000 which was provided in two equal tranches. The funding was subject to providing a minimum of 50 SEOs by 30 June 2021. Council successfully met all the conditions of the agreement with 58 SEOs reported as a result of the programme delivered by 30 June 2021.

#### Group

During the COVID-19 lockdown period in the 2019/20 year, most of the subsidiary, Inframax Construction Limited's operations were temporarily ceased leading to a significant reduction in revenue and direct contract expenditure. The subsidiary was eligible for the Ministry of Social Development wages subsidy scheme extension and received a grant of \$662,000 (2020: \$1,040,000) which covered the eight week period from 1 July 2020.

### **Note 4: Fees, Charges and Income from Construction**

(\$'000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Revenue from exchange transactions</b>				
Income from Construction Contracts	0	0	22,060	21,497
Resource Consent Revenue	45	116	45	116
Property Rentals	0	0	25	33
Sale of Goods	186	268	1,541	1,120
<b>Total</b>	<b>231</b>	<b>384</b>	<b>23,671</b>	<b>22,766</b>
<b>Revenue from non exchange transactions</b>				
Compliance Revenue	551	485	551	485
Property Rentals	387	405	387	405
Rental Revenue from Investment Property	23	24	23	24
Trade Waste Charges	901	960	901	960
Solid Waste Disposal Charges	1,377	1,115	1,373	1,109
Swimming Pool Revenue	40	39	40	39
Resource Consent Revenue	103	118	103	118
Quarry Royalties	132	80	0	0
Other Fees and Charges	320	249	319	248
<b>Total</b>	<b>3,834</b>	<b>3,475</b>	<b>3,697</b>	<b>3,388</b>
<b>Total Fees, Charges and Income from Construction</b>	<b>4,065</b>	<b>3,859</b>	<b>27,368</b>	<b>26,154</b>

## Note 5: Other Revenue Including Gains and Losses

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Other Revenue	60	83	60	83
Petrol Tax	148	121	148	121
<b>Total Other Revenue from non exchange transactions</b>	<b>208</b>	<b>204</b>	<b>208</b>	<b>204</b>
Gain/(Loss) in Change in Fair Value of Investment Property	821	106	821	106
Gain/(Loss) in Change in Forestry Assets	527	0	527	0
Gain/(Loss) in Sale of Assets held for Sale	0	(40)	0	(40)
Gain/(Loss) on Sale of Property, Plant and Equipment	158	67	258	63
<b>Total Other Gains/(Losses)</b>	<b>1,506</b>	<b>133</b>	<b>1,606</b>	<b>129</b>
<b>Total Other Revenue including Gains/(Losses)</b>	<b>1,714</b>	<b>337</b>	<b>1,814</b>	<b>333</b>

## Note 6: Employee Benefit Expenses

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Salaries and Wages	5,476	5,538	15,352	15,665
Defined Contribution Plan Employer Contributions	98	90	327	318
Increase/(Decrease) in Employee Benefit Liabilities	24	169	34	185
<b>Total Employee Benefit Expenses</b>	<b>5,598</b>	<b>5,797</b>	<b>15,713</b>	<b>16,168</b>

## Note 7: Depreciation and Amortisation Expense

(\$000's)	COUNCIL			GROUP	
	2021 BUDGET	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Leadership and Investments	540	477	502	477	502
Community Service	980	952	926	952	926
Community Development	13	13	13	13	13
Compliance	8	7	7	7	7
Solid Waste Management	81	94	86	94	86
Stormwater Drainage	196	194	192	194	192
Sewerage	828	818	822	818	822
Water Supply	626	631	566	631	566
Roads and Footpaths	2,836	3,327	2,906	3,327	2,906
Other Activities	0	0	0	1,198	1,215
<b>Total Depreciation and Amortisation Expense</b>	<b>6,108</b>	<b>6,513</b>	<b>6,020</b>	<b>7,711</b>	<b>7,235</b>

## Note 8: Finance Costs

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Interest on Bank Borrowings	1,182	1,419	1,289	1,630
Interest on Finance Leases	4	2	5	4
Discount Unwinding on Provision (refer note 19)	12	14	12	14
<b>Interest derivatives (presented net):</b>				
Ineffectiveness on cash flow hedges	0	0	0	0
<b>Total Finance Costs</b>	<b>1,198</b>	<b>1,435</b>	<b>1,306</b>	<b>1,648</b>

## Note 9: Other Expenses

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Audit Fees for Financial Statement Audit	157	154	241	236
Audit Fees for Long Term Plan and Consultation Document	95	0	95	0
Audit Fees for Assurance Related Services	5	5	5	5
Bad Debts Written Off	1,382	288	1,386	288
Directors Fees	0	0	120	100
Grants Expenditure	105	104	105	104
Insurance Premiums	312	273	563	500
Inventory Consumption	0	0	2,406	1,702
Impairment of Property, Plant and Equipment	0	118	0	118
(Gain)/Loss on Property, Plant and Equipment	358	31	361	75
Operating Lease Expenses	12	5	161	179
Impairment of Receivables	(942)	116	(942)	116
Remuneration of Elected Members	335	301	335	301
Subscriptions	105	120	151	157
Road Maintenance	5,438	5,731	5,438	5,731
Other Maintenance Expenditure	5,577	5,240	7,651	7,314
Direct Contract Expenses	0	0	5,498	5,543
Other Expenditure	3,147	2,404	5,135	3,902
Investment Property Expenditure	4	21	4	21
Rates and Penalties Remissions	320	370	320	370
<b>Total Other Expenditure</b>	<b>16,410</b>	<b>15,281</b>	<b>29,033</b>	<b>26,762</b>

### Council

The Operating lease expense relates to various items of office equipment. The lease can be renewed at the Council and Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. The Group does not have option to purchase the asset at the end of the lease term for leases held by the subsidiary. There are no restrictions placed on Council or Group by any of the finance leasing arrangements.



## Note 10: Tax

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Income tax recognised in Profit or Loss</b>				
Current tax	0	0	0	0
Deferred tax on temporary differences	0	0	187	(233)
	<b>0</b>	<b>0</b>	<b>187</b>	<b>(233)</b>
<b>Reconciliation of Accounting Profit/(Loss) before tax and income tax expense</b>				
Surplus before Taxation	8,129	4,617	8,139	4,659
Prima facie taxation at 28% (2019: 28%)	2,276	1,293	2,279	1,305
Taxation effect of non-deductible expenditure	(2,262)	(1,311)	(1,895)	(882)
Non-taxable income	0	0	(184)	(291)
Non-recognition of benefit of Tax Losses	(14)	18	(14)	18
Re-recognition of temporary differences	0	0	0	(380)
Under/(Over) provided in prior periods	0	0	1	(3)
<b>Taxation Expense/(Revenue)</b>	<b>0</b>	<b>0</b>	<b>187</b>	<b>(233)</b>

(\$000's)	Depreciation and Amortisation	Employee Entitlements	Other	Tax Losses Carried Forward	Total Deferred Tax Asset/(Liability)
<b>Deferred tax balances</b>					
<b>Council</b>					
Council has not recognised any deferred tax assets or liabilities.					
<b>Group 2020</b>					
<b>Opening Balance</b>	(837)	145	(171)	1,682	819
(Charged)/credited to Profit or Loss	214	(7)	90	(52)	245
(Charged)/credited to Equity	0	0	0	0	0
Under/(over) provided in prior periods	0	0	0	(12)	(12)
<b>Closing Balance</b>	<b>(623)</b>	<b>138</b>	<b>(81)</b>	<b>1,618</b>	<b>1,052</b>
<b>Group 2021</b>					
(Charged)/credited to Profit or Loss	(208)	24	27	(30)	(187)
Under/(over) provided in prior periods	(8)	(29)	0	36	(1)
(Charged)/Credited to Equity	(141)	0	0	0	(141)
<b>Closing Balance</b>	<b>(980)</b>	<b>133</b>	<b>(54)</b>	<b>1,624</b>	<b>723</b>

### Council

Council has accumulated tax losses of \$2,713,000 (2020: \$2,762,000) to 30 June 2021. Accumulated tax losses are available to offset future taxable income, thereby reducing income tax liability. Council has not recognised a deferred tax asset for the accumulated tax losses due to receiving taxable income from its subsidiary not being anticipated in the immediate future.

### Group

The Group has accumulated tax losses of \$8,514,000 (2020: \$8,523,000) to 30 June 2021. The group has recognised a deferred tax asset for all remaining accumulated tax losses held by the subsidiary in the 2020/21 financial year.

### Imputation Credit Account

(\$000's)	COUNCIL	GROUP
	2021 ACTUAL	2020 ACTUAL
Balance 1 July	3,416	3,416
<b>Closing Balance 30 June</b>	<b>3,416</b>	<b>3,416</b>

## Note 11: Equity

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Accumulated Funds</b>				
Balance at 1 July	216,303	214,394	221,911	219,727
Surplus/(Deficit) for the year	8,129	4,617	7,952	4,892
Transfer from Revaluation Reserve on Asset Disposal	204	32	204	32
Transfer to Council Created Reserves	(2,449)	(2,740)	(2,449)	(2,740)
<b>Balance at 30 June</b>	<b>222,187</b>	<b>216,303</b>	<b>227,618</b>	<b>221,911</b>
<b>Other Reserves</b>				
<b>Council Created Reserves</b>				
Balance at 1 July	19,970	17,230	19,970	17,230
Transfers from Retained Earnings	2,449	2,740	2,449	2,740
<b>Balance at 30 June</b>	<b>22,419</b>	<b>19,970</b>	<b>22,419</b>	<b>19,970</b>
<b>Available for Sale Reserves</b>				
Balance at 1 July	8,829	11,439	4	4
Valuation Gains/(Losses)	0	(2,610)	0	0
<b>Balance at 30 June</b>	<b>8,829</b>	<b>8,829</b>	<b>4</b>	<b>4</b>
<b>Hedging Reserve</b>				
Balance at 1 July	(2,763)	(2,343)	(2,763)	(2,343)
Gains/(Losses) from Cash Flow Hedges	1,403	(420)	1,403	(420)
<b>Balance at 30 June</b>	<b>(1,360)</b>	<b>(2,763)</b>	<b>(1,360)</b>	<b>(2,763)</b>
<b>Total Other Reserves at 30 June</b>	<b>29,888</b>	<b>26,036</b>	<b>21,063</b>	<b>17,211</b>
<b>Revaluation Reserves</b>				
Balance at 1 July	93,172	77,200	98,599	81,031
Revaluation Gains/(Losses)	14,513	16,004	15,094	17,600
Income tax expense relating to other comprehensive income	0	0	(142)	0
Transfer from Retained Earnings on Asset Disposal	(204)	(32)	(204)	(32)
<b>Balance at 30 June</b>	<b>107,481</b>	<b>93,172</b>	<b>113,347</b>	<b>98,599</b>
This is made up of:				
Operational Land	6,877	4,766	7,624	5,439
Operational Buildings	7,736	5,394	8,455	5,748
Library Books	3	4	3	4
Restricted Land	7,629	5,360	7,629	5,360
Restricted Buildings	2,690	1,751	2,690	1,751
Infrastructural Land	1,107	757	1,107	757
Roading Assets	54,880	54,880	58,763	58,763
Water Reticulation Assets	6,808	4,662	6,808	4,662
Sewerage Reticulation Assets	10,418	7,655	10,418	7,655
Stormwater Reticulation Assets	8,051	6,827	8,051	6,827
Refuse System Assets	1,282	1,116	1,282	1,116
Quarry Plant Assets	0	0	517	517
<b>Total Revaluation Reserves</b>	<b>107,481</b>	<b>93,172</b>	<b>113,347</b>	<b>98,599</b>
<b>Total Equity</b>	<b>359,556</b>	<b>335,511</b>	<b>362,028</b>	<b>337,721</b>

Information about reserve funds held for a specific purpose is provided below:

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2020	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2021
<b>Operational Reserves</b>				
<b>Leadership and Investments</b>				
Leadership	68	390	(22)	436
Investments	979	195	(34)	1,140
	<b>1,047</b>	<b>585</b>	<b>(56)</b>	<b>1,576</b>
<b>Community Service</b>				
Parks and Reserves	767	120	0	887
Housing and Other Property	1,058	0	(188)	870
Recreation and Culture - Library	(145)	67	0	(78)
Recreation and Culture - Aquatic Centre	(81)	47	0	(34)
Recreation and Culture - Arts and Culture	261	5	0	266
Recreation and Culture - Aerodrome	132	0	(4)	128
Public Amenities	543	232	0	775
Safety	447	21	0	468
	<b>2,982</b>	<b>492</b>	<b>(192)</b>	<b>3,282</b>
<b>Community Development</b>				
Community Development	538	355	(4)	889
	<b>538</b>	<b>355</b>	<b>(4)</b>	<b>889</b>
<b>Compliance</b>				
Compliance	154	294	0	448
	<b>154</b>	<b>294</b>	<b>0</b>	<b>448</b>
<b>Solid Waste Management</b>				
Collection	156	18	0	174
Management - Landfill and Transfer Stations	842	0	(790)	52
Management - Waste Minimisation	(39)	0	(3)	(42)
	<b>959</b>	<b>18</b>	<b>(793)</b>	<b>184</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	(61)	17	0	(44)
Rural Stormwater	184	5	0	189
	<b>123</b>	<b>22</b>	<b>0</b>	<b>145</b>
<b>Resource Management</b>				
District Plan Administration	282	11	0	293
	<b>282</b>	<b>11</b>	<b>0</b>	<b>293</b>
<b>Sewerage</b>				
Waitomo Sewerage	(15)	0	0	(15)
Te Kuiti Sewerage	4,634	497	0	5,131
Te Waitere Sewerage	33	0	(32)	1
Maniaiti/Benneydale Sewerage	(297)	0	(60)	(357)
Piopio Sewerage	270	0	(111)	159
	<b>4,625</b>	<b>497</b>	<b>(203)</b>	<b>4,919</b>
<b>Water Supply</b>				
Te Kuiti Water	(703)	407	0	(296)
Mokau Water	(857)	0	(164)	(1,021)
Piopio Water	(610)	0	(143)	(753)
Maniaiti/Benneydale Water	(102)	0	(73)	(175)
Waitomo Water	(36)	0	0	(36)
	<b>(2,308)</b>	<b>407</b>	<b>(380)</b>	<b>(2,281)</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	(875)	84	0	(791)

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2020	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2021
Unsubsidised Roads	626	38	0	664
	<b>(249)</b>	<b>122</b>	<b>0</b>	<b>(127)</b>
<b>Business Support</b>				
Gratuities	71	0	0	71
Long Service Leave	25	0	0	25
Natural Disaster	426	0	0	426
	<b>522</b>	<b>0</b>	<b>0</b>	<b>522</b>
<b>Total Operational Reserves</b>	<b>8,675</b>	<b>2,803</b>	<b>(1,628)</b>	<b>9,850</b>
<b>Depreciation Reserves</b>				
<b>Leadership and Investments</b>				
Investments	(1)	0	0	(1)
	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>(1)</b>
<b>Community Service</b>				
Parks and Reserves	(65)	82	(53)	(36)
Housing and Other Property - Housing	232	13	(30)	215
Housing and Other Property - Community Halls	808	3	0	811
Housing and Other Property - Other Land and Buildings	256	78	(79)	255
Housing and Other Property - Railway Station Buildings	(62)	63	(113)	(112)
Recreation and Culture - Library	570	106	(87)	589
Recreation and Culture - Aquatic Centre	(51)	41	(13)	(23)
Recreation and Culture - Arts and Culture	215	198	(9)	404
Recreation and Culture - Aerodrome	11	25	(3)	33
Public Amenities	187	143	(86)	244
	<b>2,101</b>	<b>752</b>	<b>(473)</b>	<b>2,380</b>
<b>Community Development</b>				
I-site	46	13	(5)	54
	<b>46</b>	<b>13</b>	<b>(5)</b>	<b>54</b>
<b>Compliance</b>				
Animal Control	(45)	8	(1)	(38)
	<b>(45)</b>	<b>8</b>	<b>(1)</b>	<b>(38)</b>
<b>Solid Waste Management</b>				
Management - Landfill and Transfer Stations	(799)	879	(173)	(93)
	<b>(799)</b>	<b>879</b>	<b>(173)</b>	<b>(93)</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	852	187	(88)	951
Rural Stormwater	37	9	(1)	45
	<b>889</b>	<b>196</b>	<b>(89)</b>	<b>996</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	211	671	(679)	203
Te Waitere Sewerage	(4)	3	0	(1)
Maniaiti/Benneydale Sewerage	209	154	(24)	339
Piopio Sewerage	125	0	(78)	47
	<b>541</b>	<b>828</b>	<b>(781)</b>	<b>588</b>
<b>Water Supply</b>				
Te Kuiti Water	396	344	(260)	480
Mokau Water	(152)	69	(103)	(186)
Piopio Water	186	78	(86)	178
Maniaiti/Benneydale Water	158	33	(30)	161
	<b>588</b>	<b>524</b>	<b>(479)</b>	<b>633</b>

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2020	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2021
<b>Roads and Footpaths</b>				
Subsidised Roads	7,044	2,802	(2,510)	7,336
Unsubsidised Roads	181	36	(3)	214
	<b>7,225</b>	<b>2,838</b>	<b>(2,513)</b>	<b>7,550</b>
<b>Business Support</b>				
Business Support	460	321	(375)	406
Plant	115	155	(285)	(15)
	<b>575</b>	<b>476</b>	<b>(660)</b>	<b>391</b>
<b>Total Depreciation Reserves</b>	<b>11,120</b>	<b>6,514</b>	<b>(5,174)</b>	<b>12,460</b>
<b>Investment Revaluation Reserves</b>				
<b>Available for Sale Reserves</b>				
Shares in Other Companies	4	0	0	4
Shares in Subsidiary	8,825	0	0	8,825
	<b>8,829</b>	<b>0</b>	<b>0</b>	<b>8,829</b>
<b>Total Investment Revaluation Reserves</b>	<b>8,829</b>	<b>0</b>	<b>0</b>	<b>8,829</b>
<b>Special Purpose Reserves</b>				
<b>Community Development</b>				
District Development	16	0	0	16
	<b>16</b>	<b>0</b>	<b>0</b>	<b>16</b>
<b>Hedging Reserve</b>				
Cashflow Hedging Reserve	(2,763)	1,403	0	(1,360)
	<b>(2,763)</b>	<b>1,403</b>	<b>0</b>	<b>(1,360)</b>
<b>Solid Waste Management</b>				
Carbon Credits Reserve	80	323	(365)	38
Waste Minimisation Reserve	79	34	(58)	55
	<b>159</b>	<b>357</b>	<b>(423)</b>	<b>93</b>
<b>Total Special Purpose Reserves</b>	<b>(2,588)</b>	<b>1,760</b>	<b>(423)</b>	<b>(1,251)</b>
<b>Total Other Reserves</b>	<b>26,036</b>	<b>11,077</b>	<b>(7,225)</b>	<b>29,888</b>

The Council maintains reserves as a sub-set of its equity. There are four categories of reserves held.

#### Operational Reserves

Operational reserves are created to hold short-term funding surpluses/(deficits) arising from the various activities of Council. A deficit may occur when operating expenditure exceeds budget, operating revenue is less than budget or a combination of both.

A balance in the operational reserve forms part of the Council's funding considerations for a particular activity in the subsequent years budget. Council ensures that rates collected for a particular activity from an identified group of ratepayers are used only for that activity and for the benefit of that identified ratepayer.

#### Depreciation Reserves

The Council sets aside accumulated funds from rates in specific Depreciation Reserves to fund repayments on loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives. Council ensures that funds accumulated for a particular activity from an identified group of ratepayers can only be used for that activity and for the benefit of that identified group. The purpose of the Depreciation Reserves is to ensure that Council's ability to provide services to the District's communities is maintained.

#### Investment Revaluation Reserves

Council investment activities include its subsidiary company. Council is obliged to periodically review the value its investment in its subsidiary. Investment revaluation reserves are therefore created when the value of Council's investment either increases or



decreases as a result of that revaluation.

### Special Purpose Reserves

Council maintains special purpose reserves to hold specific funds in relation to an activity. There are currently four special purposes reserves held as follows:

- District Development Reserve - funds were received from Development King Country Trust in April 2012 with the intention to set up a Waitomo District Development Board.
- Cashflow Hedging Reserve - comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash

flow hedges.

- Carbon credits reserve is used to record the funding and expenditures in relation to Council's responsibilities for the Emissions Trading Scheme.
- Waste Minimisation Reserve - The waste minimisation reserve is used to record the funding and expenditure in relation to the Council's share of the waste disposal levy received from Central Government under the Waste Minimisation Act 2008. The funds received are required to be expended on initiatives and projects to promote or achieve waste minimisation in accordance with the Council's Waste Management and Minimisation Plan

## Note 12: Cash and Cash Equivalents

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Cash and Cash Equivalents</b>				
Cash at Bank and In Hand	2,909	4,243	3,055	5,015
Term deposits with maturities of less than 3 months	3,470	0	3,470	0
<b>Total Cash and Cash Equivalents</b>	<b>6,379</b>	<b>4,243</b>	<b>6,525</b>	<b>5,015</b>

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value. The Council holds unspent funds, included in cash at bank and term deposits of \$1,824,353 (2020: \$346,333) that are subject to restrictions. These unspent funds relate to Waste Minimisation Reserve (refer note 11), subsidy received with restrictions and retention monies held. These restrictions generally specify how the funds are required to be spent.

Cash and bank overdrafts include the following for the purposes of the statement of cash flows.

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Cash and Cash Equivalents</b>				
Cash at Bank and In Hand	2,909	4,243	3,055	5,015
Term deposits with maturities of less than 3 months	3,470	0	3,470	0
Bank overdraft (note 18)	0	0	(3)	0
<b>Total</b>	<b>6,379</b>	<b>4,243</b>	<b>6,522</b>	<b>5,015</b>

## Note 13: Other Financial Assets

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Current</b>				
Loans and Advances	4	3	4	3
NZLGFA Borrower Notes	185	84	185	84
<b>Total</b>	<b>189</b>	<b>87</b>	<b>189</b>	<b>87</b>
<b>Non Current</b>				
Loans and Advances	0	4	0	4
NZLGFA Borrower Notes	362	419	362	419
<b>Total</b>	<b>362</b>	<b>423</b>	<b>362</b>	<b>423</b>
<b>Total Other Financial Assets</b>	<b>551</b>	<b>510</b>	<b>551</b>	<b>510</b>

### NZLGFA Borrower Notes

NZLGFA Borrower Notes are a debt the NZ Local

Government Funding Agency issues to its Council borrowers. The amount borrowed by the agency is at a rate 2.5% for new or 1.6% for existing borrowings

of the amount a council borrows in long term (greater than one year) debt from the NZLGFA. The purpose of the arrangement is to provide liquidity to the Agency.

#### Investment in CCO and Civic Financial Services Ltd

Council has 100% shareholding in Inframax Construction Ltd (2020:100%). The principal activity of the subsidiary is roading. The balance date of the subsidiary is 30 June.

As 30 June 2020 Council revalued its investment in Inframax Construction Ltd which resulted in a fair value of \$8,825,000.

The valuation was undertaken by Nick McVerry from PricewaterhouseCoopers (PWC). Impairment testing

the carrying value was carried as at 30 June 2021 and Council considers the revaluation as currently reflected in the Council financial statements to be fair value of the investment at 30 June 2021.

#### Shares in Companies

Council is a shareholder in Waikato Local Authority Shared Services Ltd (WLASS). WLASS is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. Council also holds 16,940 shares in Civic Financial Services Ltd (2020: 16,940). The investment is recorded at cost because fair value cannot be measured reliably.

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Shares in Subsidiary	8,825	8,825	0	0
Shares in Companies	20	20	20	20
<b>Total Investments in CCO and Civic Financial Services Ltd</b>	<b>8,845</b>	<b>8,845</b>	<b>20</b>	<b>20</b>

### Note 14: Inventory

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Metal Stockpiles and Landfill Stock	3	19	1,615	1,584
Fuels, Spares and Consumables	48	54	230	247
<b>Total Inventory</b>	<b>51</b>	<b>73</b>	<b>1,845</b>	<b>1,831</b>

### Note 15: Receivables

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Receivables under Exchange Transactions</b>				
General Debtors	98	133	539	625
Amounts due from Customers for Contract Work	0	0	1,649	779
Retentions Receivable	0	0	873	625
Prepayments	224	138	407	261
<b>Receivables prior to Impairment</b>	<b>322</b>	<b>271</b>	<b>3,468</b>	<b>2,290</b>
Less Provision for Doubtful Debts	(40)	0	(44)	0
<b>Total Receivables under Exchange Transactions</b>	<b>282</b>	<b>271</b>	<b>3,424</b>	<b>2,290</b>
<b>Receivables under Non Exchange Transactions</b>				
Rates Receivables *	2,802	3,811	2,802	3,811
Related Party Receivables	18	11	0	0
General Debtors	2,603	1,984	2,603	1,984
<b>Receivables prior to Impairment</b>	<b>5,423</b>	<b>5,806</b>	<b>5,405</b>	<b>5,795</b>
Less Provision for Doubtful Debts	(957)	(1,939)	(957)	(1,939)
<b>Total Receivables Under Non Exchange Transactions</b>	<b>4,466</b>	<b>3,867</b>	<b>4,448</b>	<b>3,856</b>

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Total Receivables</b>	<b>4,748</b>	<b>4,138</b>	<b>7,872</b>	<b>6,146</b>

\* Included in the Rates Receivable figure is an amount of \$985,136 (2020: \$1,497,735) relating to rate penalties.

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Current</b>				
Receivables under Exchange Transactions	282	271	3,175	2,239
Receivables under Non Exchange Transactions	4,466	3,867	4,448	3,856
<b>Total Current Receivables</b>	<b>4,748</b>	<b>4,138</b>	<b>7,623</b>	<b>6,095</b>
<b>Non Current</b>				
Receivables under Exchange Transactions	0	0	249	51
<b>Total Non Current Receivables</b>	<b>0</b>	<b>0</b>	<b>249</b>	<b>51</b>

Aging and Impairment of Receivables (\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Gross Receivables</b>				
Not past due	3,575	3,262	6,440	5,113
Past due 1-30 days	4	8	4	8
Past due 31-60 days	5	11	35	45
Past due 61-90 days	2	3	15	3
Past due > 90 days	1,935	2,655	1,972	2,655
<b>Total Gross Receivables</b>	<b>5,521</b>	<b>5,939</b>	<b>8,466</b>	<b>7,824</b>
<b>Impairment of Receivables</b>				
Not past due	(299)	(496)	(299)	(496)
Past due 1-30 days	(3)	(1)	(3)	(1)
Past due 31-60 days	0	0	0	0
Past due 61-90 days	(1)	(1)	(1)	(1)
Past due > 90 days	(694)	(1,441)	(698)	(1,441)
<b>Total Impairment of Receivables</b>	<b>(997)</b>	<b>(1,939)</b>	<b>(1,001)</b>	<b>(1,939)</b>
<b>Net Receivables</b>				
Current	3,276	2,766	6,141	4,617
Past due 1-30 days	1	7	1	7
Past due 31-60 days	5	11	35	45
Past due 61-90 days	1	2	14	2
Past due > 90 days	1,241	1,214	1,274	1,214
<b>Total Net Receivables</b>	<b>4,524</b>	<b>4,000</b>	<b>7,465</b>	<b>5,885</b>
Plus Prepayments	224	138	407	261
<b>Total Receivables</b>	<b>4,748</b>	<b>4,138</b>	<b>7,872</b>	<b>6,146</b>
Individual Impairment	997	1,939	1,001	1,939
Collective Impairment	0	0	0	0
<b>Total Provision for Impairment</b>	<b>997</b>	<b>1,939</b>	<b>1,001</b>	<b>1,939</b>
Current	299	496	299	496
Past due 1-30 days	3	1	3	1
Past due 31-60 days	0	0	0	0
Past due 61-90 days	1	1	1	1
Past due > 90 days	694	1,441	698	1,441
<b>Total Individual Impairment</b>	<b>997</b>	<b>1,939</b>	<b>1,001</b>	<b>1,939</b>
<b>Balance at 1 July</b>	<b>(1,939)</b>	<b>(1,823)</b>	<b>(1,939)</b>	<b>(1,823)</b>
Additional provisions made during the year	(440)	(404)	(444)	(404)

**Aging and Impairment of Receivables**  
(\$000's)

	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Receivables written off during the period	1,382	288	1,382	288
<b>Balance at 30 June</b>	<b>(997)</b>	<b>(1,939)</b>	<b>(1,001)</b>	<b>(1,939)</b>

The Chief Executive approved the write off rates receivable during the year under the Local Government (Rating) Act 2002 as follows:

- Section 90A \$1,086,297 (2020: \$nil)
- Section 90B \$nil (2020: \$nil)

**Note 16: Derivative Financial Instruments**

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	572	895	572	895
<b>Non Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	967	2,046	967	2,046
<b>Total Derivative Financial Instrument Liability</b>	<b>1,539</b>	<b>2,941</b>	<b>1,539</b>	<b>2,941</b>

Interest Rate Swaps

The fair value of interest rate swaps held by Council has been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to 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 instrument prices.

Gains and Losses for swap contracts qualifying as being effective as cash flow hedges under hedge accounting are recognised in the hedging reserve in equity on interest rate swap contracts and will be released to the surplus or deficit as interest is paid on

the underlying debt. Gains and losses for swap contracts that do not qualify as being effective under hedge accounting are recognised in surplus or deficit.

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$18,000,000 (2020: \$29,000,000) of which \$18,000,000 (2020: \$24,000,000) were effective at balance date and no swaps (2020: \$5,000,000) had a forward start date. At 30 June 2021 the fixed interest rates applicable the swap contracts ranged from 2.89% to 3.95% (2020: 2.89% to 4.90%).

The Council and Group have no fair value hedges.

**Note 17: Payables and Deferred Revenue**

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Payables and Deferred Revenue under Exchange Transactions</b>				
Trade Payables and Accrued Expenses	2,343	1,719	4,851	3,599
Related Party Payables	1,120	1,002	0	0
Retention Monies	112	89	112	89
Elected Members and Directors Fees Payable	14	13	26	22
<b>Total</b>	<b>3,589</b>	<b>2,823</b>	<b>4,989</b>	<b>3,710</b>
<b>Payables and Deferred Revenue under Non Exchange Transactions</b>				

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
GST Payable	0	0	509	1,069
Deposits and Bonds	161	115	161	115
Deferred Revenue	1,980	530	1,980	1,192
<b>Total</b>	<b>2,141</b>	<b>645</b>	<b>2,650</b>	<b>2,376</b>
<b>Total Payables and Deferred Revenue</b>	<b>5,730</b>	<b>3,468</b>	<b>7,639</b>	<b>6,086</b>

Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value.

### Note 18: Borrowings

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Bank Overdraft	0	0	3	0
<b>Current</b>				
Secured Loans	15,142	12,199	15,642	12,575
Lease Liabilities	11	11	25	24
<b>Total Current</b>	<b>15,153</b>	<b>12,210</b>	<b>15,667</b>	<b>12,599</b>
<b>Non Current</b>				
Secured Loans	19,000	25,000	21,625	28,124
Lease liabilities	38	50	68	94
<b>Total Non Current</b>	<b>19,038</b>	<b>25,050</b>	<b>21,693</b>	<b>28,218</b>
<b>Total Borrowings</b>	<b>34,191</b>	<b>37,260</b>	<b>37,360</b>	<b>40,817</b>

#### Council

Councils borrowings consisted of \$29,000,000 (2020: \$29,000,000) Floating Rate Notes with a range of applicable interest rates of 0.935% to 1.01% (2019: 0.73% to 1.03%), a Fixed Rate Bond of \$1,000,000 (2020: \$1,000,000) with applicable interest rate of 3.68% (2020: \$3.68%), Commercial Paper of \$4,000,000 (2019: \$7,000,000) with applicable interest rate of 0.63% (2020: 0.67% to 1.48%). The Westpac Call Advance was not drawn at 30 June 2021 (2020: Nil) with applicable interest rate of 1.45% (2020: 1.45%) when drawn.

All interest rates quoted above, except for the fixed rate bond are based floating rates with 90 day resets and include the interbank market interest rate (BKBM) or the Westpac prime interest rate plus credit margin. Interest rate exposure is hedged through executing Receive-Floating-Pay-Fixed interest rate swaps which effectively converts floating rate debt into a fixed rate. The effective weighted average interest rate for all floating rate notes, interest rates, commercial paper, fixed rate bonds and credit facility fees is 2.84% (2020: 3.55%).

The maturity date for the Westpac Call Advances facility is 1 July 2022 (2020: 1 July 2021) and a range of maturity dates apply for the Floating Rate Notes of November 2021 to September 2024 (2020: September 2020 to April 2024). The Commercial Paper (CP) has maturity date of November 2021 (2020: July 2020 to November 2020). It is anticipated the maturing CP in November 2021 will be funded through the issue of new CP. The maturity date for the

Fixed Rate Bond is April 2025.

Council has a Wholesale Advance credit facility from Westpac Banking Corporation Limited with a limit of \$10,000,000 (2020: \$10,000,000) of which \$10,000,000 (2020: \$10,000,000) was available as at 30 June 2021.

#### Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$1,000,000 (2020: \$500,000) of which \$997,000 (2020: \$500,000) was undrawn, a Revolving Credit Facility of \$2,800,000 (2020: \$3,300,000) of which \$2,300,000 (2020: \$3,300,000) was undrawn, Term Loan of \$4,000,000 (2020: \$3,500,000) of which \$875,000 (2020: \$500,000) was undrawn and a Standby letter of credit of \$500,000 (2020: \$1,989,225). It also has Performance Guarantees of \$627,798 (2020: \$531,945).

Inframax undertook to achieve specified gearing, debt servicing and equity ratios each quarter. In June 2021 the debt servicing covenants was not met. ASB Bank has provided waivers for this period.

(2020: In December 2019, the debt servicing covenant was not met and in March 2020, the debt servicing and gearing covenants were not met. In June 2020, all covenants were met taking into consideration the COVID-19 impact adjustment as allowed in covenant calculation definitions. ASB Bank has provided waivers for the periods the covenants were not met).



### Stock Issued under Debenture Trust Deed

At 30 June 2021 the total amount of Stock issued and outstanding under the Debenture Trust Deed was:

(\$000's)	COUNCIL	
	2021 ACTUAL	2020 ACTUAL
Debenture Stock	34,012	37,035
Security Stock	45,000	45,000
<b>Total Stock Issued</b>	<b>79,012</b>	<b>82,035</b>

Security Stock issued is a general security instrument issued to Westpac Banking Corporation Limited for security of the Call Advance facility and Interest Rate Swap contracts. No principal money was owing under the Security Stock (2020: Nil).

#### Security Stock (Floating Nominal Amount)

Security Stock for a floating nominal amount has been issued to TEL Security Trustee (LGFA) Limited for the guarantee and indemnity of the New Zealand Local Government Funding Agency Limited of which Council is one of 72 (2020: 68) local authority guarantors of thereof. Additional disclosure of this guarantee and indemnity is provided in Note 27: Contingencies.

Security Stock for a floating nominal amount has been issued to the New Zealand Local Government Funding Agency Limited for accession to the Multi-Issuer Deed, the Equity Commitment Deed and in respect to debt securities issued to the LGFA since 19 June 2017.

### Security

#### Council

Council borrowings are secured over annual rates on every rateable property within the Waitomo District. On the 6 August 2010 a Debenture Trust Deed was executed, whereby security in the form of a charge over rates revenue is held by a trustee for the benefit of Council's lenders.

The Debenture Trust Deed was amended on the 10 April 2017 and additional deeds were acceded to join as guarantor and borrower from the LGFA.

#### Group

In addition to security issued by Council, security in the form of a General Security Deed over all present and after acquired property of Inframax Construction Ltd dated 27 February 2019 and a Senior Facility Agreement is held by the ASB Bank Limited dated 27 February 2019.

#### Finance Leases

Finance lease liabilities are effectively secured as the right to the leased asset reverts to the lessor in the event of default.

### Analysis of Finance Lease Liabilities

(\$000's)

	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Total Minimum Lease Payments Payable</b>				
Not later than one year	11	11	25	24
Later than one year and not later than five years	38	50	68	94
<b>Present Value of Minimum Lease Payments</b>	<b>49</b>	<b>61</b>	<b>93</b>	<b>118</b>

The finance leases are for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant, and equipment as disclosed in note 21. The finance lease can be renewed at the Group's option. There is an option to purchase the assets at the end of the lease term and there are no restrictions placed on Group by any of the finance leasing arrangements.

### Internal Loans

Internal borrowings are eliminated on consolidation of activities of Council's financial statements. The following table summarises the internal loans held for each group of activities.

(\$000's)	OPENING BALANCE 1 JULY 2020	LOAN REPAYMENTS	LOANS RAISED	CLOSING BALANCE 30 JUNE 2021	INTERNAL INTEREST PAID
<b>Activity Loans</b>					
Leadership and Investments	2,487	0	0	2,487	52
Community Service	4,494	(305)	320	4,509	93
Community Development	6	(5)	0	1	0

(\$000's)	OPENING BALANCE 1 JULY 2020	LOAN REPAYMENTS	LOANS RAISED	CLOSING BALANCE 30 JUNE 2021	INTERNAL INTEREST PAID
Compliance	9	(1)	0	8	0
Solid Waste Management	5,977	(284)	44	5,737	124
Stormwater Drainage	416	(23)	0	393	9
Resource Management	1,499	(77)	382	1,804	31
Sewerage	11,765	(584)	86	11,267	244
Water Supply	13,799	(421)	655	14,033	287
Roads and Footpaths	18,458	(1,544)	931	17,845	384
<b>Total</b>	<b>58,910</b>	<b>(3,244)</b>	<b>2,418</b>	<b>58,084</b>	<b>1,224</b>

## Note 19: Provisions

### Provision for Landfill Aftercare

Council owns the Waitomo District Landfill as well as a number of closed landfill sites. The closed landfill sites are located at Te Kuiti, Mokau, Piopio, Aria and Maniaiti/Benneydale. Council has closure and post closure responsibilities for these landfills imposed under the resource consents issued and non-compliance may lead to prosecution under the Resource Management Act. It became apparent that leachates discharging into the ground water and surface water from closed landfills at Mokau, Piopio, Aria and Maniaiti/Benneydale has become inert and Council has been released from ongoing leachate monitoring of these sites. The provision was reduced reflecting the reduction in cost for this obligation and further reduced for annual resource consent fees not being payable in two years' time.

For operational landfills, closure responsibilities include final cover application and vegetation, completing facilities for leachate collection, ground water quality and gas monitoring ongoing site maintenance, including weed and pest control and remedial measures if required.

Council gained a resource consent for additional capacity for the Waitomo District Landfill and this forms the basis for the provision assumptions. The new consent provides consented capacity of 467,000 m<sup>3</sup>, whereas the old consent was for 268,000 m<sup>3</sup> and a revised estimated remaining life of 28 years (2020: 23) years based on current fill volumes. The increase in estimated remaining life is due an estimated reduced fill rate. The estimate in final capping costs to close the landfill was increased from \$550,000 to \$637,000 and post closure monitoring costs reduced to equate the current monitoring costs undertaken while the landfill is operational. The discount rates used range from 0.38% to 4.30% (2020: 4.30%) and inflation rates range from 1.88% to 2.00% (2020: 1.53%). These are the key assumptions around the calculation of the provision, however due to the long term nature of the liability, it means that there are inherent uncertainties

in estimating costs that will be incurred.

### Group

In addition to Council's provision the following provision is applicable to the Group.

### Provision for an Enforceable Undertaking

As at 30 June 2021 an Enforceable Undertaking was being negotiated with Worksafe in relation to a workplace accident that occurred in October 2019. The settlement had not been finalised at the date of reporting. A provision has been made based on the details included in the most recent proposed undertaking which includes total expenditure of \$1,100,000 including benefits to the family, workers, industry and community.

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Provision for Landfill Aftercare</b>				
<b>Balance at 1 July</b>	534	464	534	464
Unused Provision Reversed	7	59	7	59
Amounts used during the year	(3)	(3)	(3)	(3)
Discount unwinding	12	14	12	14
<b>Balance at 30 June</b>	<b>550</b>	<b>534</b>	<b>550</b>	<b>534</b>
<b>Provision for Enforceable Undertaking</b>				
<b>Balance at 1 July</b>	0	0	0	0
Additional provisions made during the year	0	0	1,105	0
Recoverable from third party	0	0	(336)	0
Amounts used during the year	0	0	(376)	0
<b>Balance at 30 June</b>	<b>0</b>	<b>0</b>	<b>393</b>	<b>0</b>
<b>This is made up of:</b>				
Current	3	3	396	3
Non Current	547	531	547	531
<b>Total Provisions</b>	<b>550</b>	<b>534</b>	<b>943</b>	<b>534</b>

## Note 20: Employee Entitlements

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Accrued Pay	182	150	455	387
Annual, Long Service and Sick Leave	633	642	1,159	1,134
Termination Benefits	0	0	0	60
<b>Total Employee Entitlements</b>	<b>815</b>	<b>792</b>	<b>1,614</b>	<b>1,581</b>
<b>This is made up of:</b>				
Current entitlements	815	792	1,614	1,581
<b>Total Employee Entitlements</b>	<b>815</b>	<b>792</b>	<b>1,614</b>	<b>1,581</b>

## Note 21: Property, Plant and Equipment

Council 2021 \$000's	Cost/ Revaluation 30.06.20	Acc Depn & Impairment Charges 30.06.20	Carrying Value 30.06.20	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.21	Acc Depn & Impairment Charges 30.06.21	Carrying Value 30.06.21
<b>Operational Assets</b>											
Land	5,911	103	5,808	0	31	0	0	2,140	7,917	0	7,917
Buildings	9,242	1,263	7,979	128	17	0	630	2,365	9,825	0	9,825
Plant and equipment	683	365	318	18	0	0	43	0	701	408	293
Motor Vehicles	2,492	1,892	600	277	10	0	146	0	2,759	2,038	721
Furniture and fittings	1,622	1,278	344	25	0	0	43	0	1,647	1,321	326
Computers	2,119	1,921	198	253	0	0	86	0	2,372	2,007	365
Library Books	1,242	1,076	166	47	3	0	47	0	1,286	1,123	163
Finance leases – office equipment	66	6	60	0	0	0	13	0	66	19	47
<b>Total Operational Assets</b>	<b>23,377</b>	<b>7,904</b>	<b>15,473</b>	<b>748</b>	<b>61</b>	<b>0</b>	<b>1,008</b>	<b>4,505</b>	<b>26,573</b>	<b>6,916</b>	<b>19,657</b>
<b>Restricted Assets</b>											
Land	6,508	2	6,506	61	104	0	0	2,250	8,713	0	8,713
Buildings	7,610	673	6,937	313	49	0	359	350	7,192	0	7,192
<b>Total Restricted Assets</b>	<b>14,118</b>	<b>675</b>	<b>13,443</b>	<b>374</b>	<b>153</b>	<b>0</b>	<b>359</b>	<b>2,600</b>	<b>15,905</b>	<b>0</b>	<b>15,905</b>
<b>Infrastructure Assets</b>											
Land	1,344	0	1,344	0	0	0	0	978	2,322	0	2,322
Roads	253,911	0	253,911	5,276	0	0	3,327	0	259,187	3,327	255,860
Water Reticulation	23,840	1,067	22,773	460	232	0	631	2,264	24,634	0	24,634
Sewerage Reticulation	30,582	1,634	28,948	186	17	0	818	2,768	31,067	0	31,067
Stormwater Systems	10,164	381	9,783	65	8	0	194	1,232	10,878	0	10,878
Refuse Systems	4,873	0	4,873	4	0	0	92	166	4,951	0	4,951
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>334,597</b>	<b>3,082</b>	<b>331,515</b>	<b>5,991</b>	<b>257</b>	<b>0</b>	<b>5,062</b>	<b>7,408</b>	<b>342,922</b>	<b>3,327</b>	<b>339,595</b>
Contract Work in Progress	771	0	771	3,304	202	0	0	0	3,873	0	3,873
<b>Total Council Assets</b>	<b>372,863</b>	<b>11,661</b>	<b>361,202</b>	<b>10,417</b>	<b>673</b>	<b>0</b>	<b>6,429</b>	<b>14,513</b>	<b>389,273</b>	<b>10,243</b>	<b>379,030</b>

Council 2020 \$000's	Cost/ Revaluation 30.06.19	Acc Depn & Impairment Charges 30.06.19	Carrying Value 30.06.19	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.20	Acc Depn & Impairment Charges 30.06.20	Carrying Value 30.06.20
<b>Operational Assets</b>											
Land	5,909	0	5,909	2	0	0	0	(103)	5,911	103	5,808
Buildings	8,828	619	8,209	414	0	0	631	(13)	9,242	1,263	7,979
Plant and equipment	652	324	328	31	0	0	41	0	683	365	318
Motor Vehicles	2,320	1,685	635	232	60	0	207	0	2,492	1,892	600
Furniture and fittings	1,585	1,229	356	37	0	0	49	0	1,622	1,278	344
Computers	2,022	1,858	164	97	0	0	63	0	2,119	1,921	198
Library Books	1,191	1,031	160	54	3	0	45	0	1,242	1,076	166
Finance leases – office equipment	0	0	0	66	0	0	6	0	66	6	60
<b>Total Operational Assets</b>	<b>22,507</b>	<b>6,746</b>	<b>15,761</b>	<b>933</b>	<b>63</b>	<b>0</b>	<b>1,042</b>	<b>(116)</b>	<b>23,377</b>	<b>7,904</b>	<b>15,473</b>
<b>Restricted Assets</b>											
Land	6,506	0	6,506	2	0	0	0	(2)	6,508	2	6,506
Buildings	7,500	336	7,164	110	0	0	337	0	7,610	673	6,937
<b>Total Restricted Assets</b>	<b>14,006</b>	<b>336</b>	<b>13,670</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>337</b>	<b>(2)</b>	<b>14,118</b>	<b>675</b>	<b>13,443</b>
<b>Infrastructural Assets</b>											
Land	1,344	0	1,344	0	0	0	0	0	1,344	0	1,344
Roads	243,090	5,808	237,282	3,692	0	0	2,907	15,844	253,911	0	253,911
Water Reticulation	23,559	502	23,057	281	0	0	565	0	23,840	1,067	22,773
Sewerage Reticulation	30,491	812	29,679	91	0	0	822	0	30,582	1,634	28,948
Stormwater Systems	10,132	189	9,943	32	0	0	192	0	10,164	381	9,783
Refuse Systems	4,619	159	4,460	365	29	0	83	160	4,873	0	4,873
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>323,118</b>	<b>7,470</b>	<b>315,648</b>	<b>4,461</b>	<b>29</b>	<b>0</b>	<b>4,569</b>	<b>16,004</b>	<b>334,597</b>	<b>3,082</b>	<b>331,515</b>
Contract Work in Progress	449	0	449	605	283	0	0	0	771	0	771
<b>Total Council Assets</b>	<b>360,080</b>	<b>14,552</b>	<b>345,528</b>	<b>6,111</b>	<b>375</b>	<b>0</b>	<b>5,948</b>	<b>15,886</b>	<b>372,863</b>	<b>11,661</b>	<b>361,202</b>



Group 2021 \$000's	Cost/ Revaluation 30.06.20	Acc Depn & Impairment Charges 30.06.20	Carrying Value 30.06.20	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.21	Acc Depn & Impairment Charges 30.06.21	Carrying Value 30.06.21
<b>Operational Assets</b>											
Land	6,701	103	6,598	0	31	0	0	2,140	8,707	0	8,707
Buildings	11,811	1,769	10,042	151	17	0	703	2,872	12,924	578	12,346
Plant and equipment	683	365	318	18	0	0	43	0	701	408	293
Motor Vehicles	21,329	12,903	8,426	718	148	0	951	0	21,569	13,525	8,044
Quarry Production Equipment	525	253	272	206	9	0	71	0	615	216	399
Furniture and fittings	2,745	2,185	560	69	3	0	131	0	2,794	2,301	493
Computers	2,119	1,921	198	253	0	0	86	0	2,372	2,007	365
Library Books	1,242	1,076	166	47	3	0	47	0	1,286	1,123	163
Finance leases - office equipment	137	20	117	0	0	0	27	0	137	47	90
<b>Total Operational Assets</b>	<b>47,292</b>	<b>20,595</b>	<b>26,697</b>	<b>1,462</b>	<b>211</b>	<b>0</b>	<b>2,059</b>	<b>5,012</b>	<b>51,105</b>	<b>20,205</b>	<b>30,900</b>
<b>Restricted Assets</b>											
Land	6,508	2	6,506	61	104	0	0	2,250	8,713	0	8,713
Buildings	7,610	673	6,937	313	49	0	359	350	7,192	0	7,192
<b>Total Restricted Assets</b>	<b>14,118</b>	<b>675</b>	<b>13,443</b>	<b>374</b>	<b>153</b>	<b>0</b>	<b>359</b>	<b>2,600</b>	<b>15,905</b>	<b>0</b>	<b>15,905</b>
<b>Infrastructure Assets</b>											
Land	1,344	0	1,344	0	0	0	0	978	2,322	0	2,322
Roads	253,900	0	253,900	4,700	0	0	3,327	0	258,600	3,327	255,273
Water Reticulation	23,840	1,067	22,773	460	232	0	631	2,264	24,634	0	24,634
Sewerage Reticulation	30,582	1,634	28,948	186	17	0	818	2,768	31,067	0	31,067
Stormwater Systems	10,164	381	9,783	65	8	0	194	1,232	10,878	0	10,878
Refuse Systems	4,873	0	4,873	4	0	0	92	166	4,951	0	4,951
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>334,586</b>	<b>3,082</b>	<b>331,504</b>	<b>5,415</b>	<b>257</b>	<b>0</b>	<b>5,062</b>	<b>7,408</b>	<b>342,335</b>	<b>3,327</b>	<b>339,008</b>
Contract Work in Progress	771	0	771	3,791	202	0	0	0	4,360	0	4,360
<b>Total Council Assets</b>	<b>396,767</b>	<b>24,352</b>	<b>372,415</b>	<b>11,042</b>	<b>823</b>	<b>0</b>	<b>7,480</b>	<b>15,020</b>	<b>389,273</b>	<b>10,243</b>	<b>390,173</b>

Group 2020 \$000's	Cost/ Revaluation 30.06.19	Acc Depn & Impairment Charges 30.06.19	Carrying Value 30.06.19	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.20	Acc Depn & Impairment Charges 30.06.20	Carrying Value 30.06.20
<b>Operational Assets</b>											
Land	6,699	0	6,699	2	0	0	0	(103)	6,701	103	6,598
Buildings	11,052	1,054	9,998	759	0	0	702	(13)	11,811	1,769	10,042
Plant and equipment	652	324	328	31	0	0	41	0	683	365	318
Motor Vehicles	20,542	11,834	8,708	1,043	256	0	1,069	0	21,329	12,903	8,426
Quarry Production Equipment	516	183	333	9	0	0	70	0	525	253	272
Furniture and fittings	2,625	2,059	566	120	0	0	126	0	2,745	2,185	560
Computers	2,022	1,858	164	97	0	0	63	0	2,119	1,921	198
Library Books	1,191	1,031	160	54	3	0	45	0	1,242	1,076	166
Finance leases - office equipment	0	0	0	137	0	0	20	0	137	20	117
<b>Total Operational Assets</b>	<b>45,299</b>	<b>18,343</b>	<b>26,956</b>	<b>2,252</b>	<b>259</b>	<b>0</b>	<b>2,136</b>	<b>(116)</b>	<b>47,292</b>	<b>20,595</b>	<b>26,697</b>
<b>Restricted Assets</b>											
Land	6,506	0	6,506	2	0	0	0	(2)	6,508	2	6,506
Buildings	7,500	336	7,164	110	0	0	337	0	7,610	673	6,937
<b>Total Restricted Assets</b>	<b>14,006</b>	<b>336</b>	<b>13,670</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>337</b>	<b>(2)</b>	<b>14,118</b>	<b>675</b>	<b>13,443</b>
<b>Infrastructural Assets</b>											
Land	1,344	0	1,344	0	0	0	0	0	1,344	0	1,344
Roads	241,979	5,808	236,171	3,196	0	0	2,907	17,440	253,900	0	253,900
Water Reticulation	23,559	502	23,057	281	0	0	565	0	23,840	1,067	22,773
Sewerage Reticulation	30,491	812	29,679	91	0	0	822	0	30,582	1,634	28,948
Stormwater Systems	10,132	189	9,943	32	0	0	192	0	10,164	381	9,783
Refuse Systems	4,619	159	4,460	365	29	0	83	160	4,873	0	4,873
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>322,007</b>	<b>7,470</b>	<b>314,537</b>	<b>3,965</b>	<b>29</b>	<b>0</b>	<b>4,569</b>	<b>17,600</b>	<b>334,586</b>	<b>3,082</b>	<b>331,504</b>
Contract Work in Progress	449	0	449	605	283	0	0	0	771	0	771
<b>Total Council Assets</b>	<b>381,761</b>	<b>26,149</b>	<b>355,612</b>	<b>6,934</b>	<b>571</b>	<b>0</b>	<b>7,042</b>	<b>17,482</b>	<b>396,767</b>	<b>24,352</b>	<b>372,415</b>

## Valuation

### *Land (operational, restricted, and infrastructural)*

The valuations were performed by an independent registered valuer. Ashley Pont from Quotable Value Limited performed Council's valuation and Guy Hoban, from Doyle Valuations Limited performed Inframax Construction Limited valuation. The valuation is effective as at 30 June 2021.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Asset Class	Valuation Date	Total Value
Council: Operational, Restricted and Infrastructural Land	30 June 2021	\$18,949,000
Inframax Construction Limited: Operational Land	30 June 2021	\$864,000

### *Buildings (operational and restricted)*

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

Asset Class	Valuation Date	Total Value
Council: Operational and Restricted Buildings	30 June 2021	\$17,019,000
Inframax Construction Limited: Operational Buildings	30 June 2021	\$2,517,000

### *Infrastructural asset classes: water utilities infrastructure, refuse systems and roads.*

The valuation of water utilities infrastructure; sewerage reticulation, water reticulation, and storm water systems was performed by an independent registered valuer, Miles Wyatt, an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2021.

The valuation of refuse systems and roads was performed by an independent registered valuer, Miles Wyatt an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2020.

Sewerage, water, stormwater, refuse and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

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

Set out below is the summary of current valuations for infrastructural asset classes

Asset Class	Valuation Date	Total Value (Optimised Depreciated Replacement Cost)
Roads	30 June 2020	\$253,911,000
Refuse Systems	30 June 2020	\$4,873,000
Storm water systems	30 June 2021	\$10,877,000
Sewerage Reticulation	30 June 2021	\$31,068,000
Water Supply Reticulation	30 June 2021	\$24,640,000

#### Land under roads

Land under roads was valued based on fair value of adjacent land determined by Adrian Doyle of Doyle Valuations Limited, effective 1 July 2001. On transition to NZ IFRS, the Council elected to use the fair value of land under roads as at 1 July 2001 as deemed cost and land under roads is no longer revalued.

#### Quarry Production Equipment

The valuation of heavy quarry production equipment held by Inframax Construction Limited was performed by an independent registered valuer, Neil Davis, an independent valuer from Turners Auctions. The valuation is effective as at 25 June 2019. All quarry production equipment is used or held for operational requirements and as such is valued under the requirements of NZ IAS 16 using a market comparison approach taking into consideration recent sales of similar assets.

An impairment test is performed each year to ensure that the valuations do not materially differ from that which would be determined using fair value at the end of the reporting period.

Asset Class	Valuation Date	Total Value
Inframax Construction Limited: Quarry Production Equipment	25 June 2019	\$337,000

#### Library collections

The library collection was valued by North Langley & Associates as at 1 July 2004. The value of the collection at that date was \$493,000. Subsequent carrying values have been determined through subsequent additions, less accumulated depreciation and disposals. On transition to NZ IFRS the Council elected to use the fair value of library books as at 1 July 2004 as deemed cost and library books are no longer revalued.

#### Disposals

During the year Council disposed through a sale of land adjacent to the Te Kuiti Cemetery on Mangarino Road. Through a process of installing water supply backflow preventers and property connection points and significant number of tobies were disposed of. During the year the old reservoir at Piopio was also disposed of through being replaced.

(2020: During the year Council disposed the old

landfill Resource Consents).

#### Work in progress

The total amount of property, plant, and equipment in the course of construction is \$3,873,000 (2020: \$771,000).

#### Leasing

The net carrying amount of plant and equipment held by Council under finance leases is \$47,000 (2020: \$60,000) and \$90,000 (2020: \$117,000) for the Group.

#### Reconciliation of Additions to Property, plant and equipment to Capital Expenditure in Note 29

The following assets were added to Property, plant and equipment, which are included in the capital expenditure from Council significant activities.

Asset Class	Total Value
<b>Capital Expenditure for the year included as Property, plant and equipment (Note 29)</b>	\$10,214,000
Landfill Aftercare Asset Added	\$4,000
Prior Years Work in Progress added	\$199,000
<b>Total Additions to Property, plant and equipment</b>	\$10,417,000

## Note 22: Intangible Assets

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Software</b>				
<b>Cost</b>				
Balance at 1 July	1,328	1,165	1,991	2,194
Additions	16	163	72	246
Disposals	0	0	(57)	(449)
<b>Balance at 30 June</b>	<b>1,344</b>	<b>1,328</b>	<b>2,006</b>	<b>1,991</b>
<b>Accumulated Amortisation</b>				
Balance at 1 July	1,014	942	1,239	1,491
Amortisation expense for the year	83	72	229	193
Disposals	0	0	(17)	(445)
<b>Balance at 30 June</b>	<b>1,097</b>	<b>1,014</b>	<b>1,451</b>	<b>1,239</b>
<b>Net Book Value at 30 June</b>	<b>247</b>	<b>314</b>	<b>555</b>	<b>752</b>
<b>Emission Trading Units</b>				
Balance at 1 July	107	0	107	0
Additions	0	240	0	240
Amounts surrendered during the year	0	(133)	0	(133)
<b>Balance at 30 June</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>107</b>
<b>Net Book Value at 30 June</b>	<b>354</b>	<b>421</b>	<b>662</b>	<b>859</b>

## Note 23: Investment Property

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Balance at 1 July	1,014	897	1,014	897
Additions	1	11	1	11
Gains/(Losses) due to change in Fair Value	821	106	821	106
<b>Balance at 30 June</b>	<b>1,836</b>	<b>1,014</b>	<b>1,836</b>	<b>1,014</b>

The valuation of investment property was performed by Ashley Pont, an independent valuer from Quotable Value Limited. Ashley Pont is an experienced valuer with extensive market knowledge in the types and location of the investment properties owned by Council.

The fair value of investment property has been determined using either the Direct Sales Approach or the Income Approach. The Direct Sales Approach was used as an estimate of value based on a comparison of the asset to similar assets that have recently sold, with adjustments made for the assets physical features and condition. Where the Income Approach

was used, it reflects what a prudent investor would pay for an asset given an expected return with consideration of the risks involved in the investment and two approaches were used; capitalisation of income and discounted cash flow.

The valuation was effective as at 30 June 2021.



## Note 24: Assets held for Sale

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Balance at 1 July</b>	60	100	60	100
Disposals	0	(40)	0	(40)
<b>Balance at 30 June</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
This is made up of:				
Current	60	60	60	60
	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>

The vacant section in Mokau that was to be used a site for a water supply reservoir was found to be surplus to requirements remains available for immediate sale, but still remains unsold at balance date.

(2020: The Historic Building located in Queen Street, Te Kuiti was disposed of during the year for one dollar, due to its dilapidated state).

## Note 25: Forestry Assets

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Balance at 1 July	0	0	0	0
Gains/(Losses) due to change in Fair Value	<b>527</b>	<b>0</b>	<b>527</b>	<b>0</b>
<b>Balance at 30 June</b>	<b>527</b>	<b>0</b>	<b>60</b>	<b>0</b>
This is made up of				
Non-current	527	0	527	0
	<b>527</b>	<b>0</b>	<b>527</b>	<b>0</b>

Council owns approximately 16.1 hectares of Pinus Radiata forest located around the Landfill site, 43 William Street, Te Kuiti.

The forest was planted in 1994, as a consumable biological asset, giving a current age of 27 years.

The crop has been tendered towards a clear-wood management regime involving three-lift pruning to a height of 6.5m and thinning to final stocking rate of approximately 360 stems per hectare. The crop is matured and is ready for harvest at balance date.

An independent valuation was carried out by Bill Davies (MNZIF) of Forme Consultancy Group Limited, who are independent forestry consultants. The following significant valuation assumptions were used in determining the fair value of the forest:

- Log prices used in the valuation were trend prices based on the past twelve quarters (three years) and current as at April 2021 for the mix of log grades the forest will yield.
- Current harvesting contract costs were assessed based on a ground-based harvest system.
- Log transport costs were assessed based on the mix of log grades, their likely mill or port destination and distance thereto.
- The forest land is excluded from the forest valuation and included in the land and buildings valuation as Infrastructure land.

No security has been pledged over, nor are there any restrictions on the use or harvest of the forest and it is fully insured against all perils.

## Note 26: Capitalised Quarry Development Costs

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Balance at 1 July	0	0	758	771
Stripping costs capitalised during the year	0	0	308	291
Stripping costs amortised during the year	0	0	(234)	(304)
<b>Balance at 30 June</b>	<b>0</b>	<b>0</b>	<b>832</b>	<b>758</b>
<b>This is made up of:</b>				
Current	0	0	0	0
Non Current	0	0	832	758

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Total Capitalised Quarry Development Costs</b>	<b>0</b>	<b>0</b>	<b>832</b>	<b>758</b>

## Note 27: Capital Commitments and Operating Leases

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Commitments for capital contracted but not provided for:</b>				
Water assets	1,725	63	1,725	63
Sewerage assets	0	0	0	0
Road assets	1,299	1,062	1,299	1,062
Intangible assets	0	0	0	0
Restricted buildings	0	0	0	0
Operational buildings	0	8	0	8
Computers	0	0	0	0
<b>Total Capital Commitments</b>	<b>3,024</b>	<b>1,133</b>	<b>3,024</b>	<b>1,133</b>
<b>Non Cancellable Operating Leases as Lessee</b>				
Not later than one year	0	0	0	0
Later than one year but not later than five years	0	0	0	0
Later than five years	0	0	0	0
<b>Total Non Cancellable Operating Leases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operational Commitments</b>				
Not later than one year	4,573	4,541	4,659	4,628
Later than one year but not later than five years	2,943	1,504	3,068	1,715
Later than five years	0	0	0	0
<b>Total Operational Commitments</b>	<b>7,516</b>	<b>6,045</b>	<b>7,727</b>	<b>6,343</b>
<b>Total Commitments</b>	<b>10,540</b>	<b>7,178</b>	<b>10,751</b>	<b>7,476</b>

The operating lease is for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant and equipment is disclosed in note 21. The finance lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

## Note 28: Contingencies

### Council

#### Mining Licence

In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of \$10,700 (2020: \$10,700), in lieu of a cash deposit.

#### Waikato Local Authority Shared Services Ltd

Council is a shareholder in Waikato Local Authority Shared Services Ltd. WLASS is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. There is uncalled capital of \$34,221 (2020: \$34,221) that Council may be required to pay if called. Council considers it unlikely that it will be called upon for the capital and therefore have not provided for this claim.

#### New Zealand Local Government Funding Agency Limited

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has an S&P Global Rating of AAA and Fitch rating of AA+ for domestic long term and a foreign currency long term rating of AA+ by S&P Global Ratings and AA by Fitch Ratings.

Council is one of 63 (2020: 54) local authority guarantors of the LGFA and along with other shareholding local authorities and guaranteeing local authorities is a guarantor of all LGFA's borrowings. At 30 June 2021, the LGFA floating nominal amount for security stock certificates on issue totalled to \$14,420 million (2020: \$12,438 million), while the total borrowings from investors was \$13,610 million (2020: \$11,908 million).

Financial reporting standards require Council to recognise the guarantee liability at fair value if it can be reliably measured. Council has been unable to reliably measure the fair value of the guarantee and has not recognised a liability. Council considers the risk of LGFA of defaulting on repayment of interest or capital to be extremely low on the basis that Council is unaware of any debt default events by any local authority or the LGFA itself. 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.

#### New Zealand Mutual Liability Riskpool

Waitomo District Council is a member of New Zealand Mutual Liability Riskpool which provided public liability and professional indemnity cover until 30 June 2017. Members have been notified that there will be no calls on members before 30 June 2022 when the final call is expected on final windup.

(2020: The interim call amount for Waitomo District Council of \$23,467 was included in 2018/19 year. Due to deteriorating claims experience in 2017/18 a further final call is likely in 2022 or 2023. The amount is unknown at this time however is expected to be less than the interim call amount. The financial statements have not been adjusted for this amount).

#### **Group**

A contingent liability of \$627,798 exists at 30 June 2021 (2020: \$531,945) being performance bonds guaranteed by ASB Bank Limited and will be payable if the Group cannot fulfil its contractual obligations.

As at 30 June 2020, there was a contingent liability outstanding in relation to a workplace accident that occurred in October 2019. Since that date, an enforceable undertaking has been negotiated with Worksafe in relation to this accident. The settlement has not been finalised at the date of reporting. A provision has been made based on the details included in the most recent proposed undertaking which includes total expenditure of \$1.1 million including benefits to the family, workers, industry and community.

### **Note 29: Operating Cashflow Reconciliation**

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Net Surplus/(Deficit) After Tax</b>	8,129	4,617	7,952	4,892
<b>Add/(Less) Non Cash Items</b>				
Depreciation and Amortisation	6,513	6,021	7,711	7,235
(Gain)/Loss in change of fair value of Investment Property	(821)	(106)	(821)	(106)
(Gain)/Loss in change of fair value of Forestry Assets	(527)	0	(527)	0
Loss/(Gain) on Disposal of Assets Held for Sale	0	40	0	40
Loss/(Gain) on Disposal of Assets or Impairment of Assets	200	150	103	198
Unused Provision Amounts Reversed	(3)	4	(3)	4
Change in Deferred Taxation Asset/Liability	0	0	187	(233)
<b>Add/(Less) Movements in Working Capital Items</b>				
Increase/(Decrease) in Trade and Other Payables	2,262	(461)	1,554	21
Increase/(Decrease) in Trade and Other Receivables	(602)	951	(1,726)	2,259
Increase/(Decrease) in Inventories	22	20	(14)	(292)
Increase/(Decrease) in Employee Entitlements	17	170	33	184
Increase/(Decrease) in Provisions	16	0	408	0
Capitalised Quarry Development Asset	0	0	0	13
Add/(Less) Classified as Investing or Financing Activities	(448)	673	(211)	673
<b>Net Cash Flows from Operating Activities</b>	<b>14,758</b>	<b>12,079</b>	<b>14,646</b>	<b>14,888</b>

The Operating Cash Flow Reconciliation provides a link between Surplus/(Deficit) amounts in the Statement of Comprehensive Revenue and Expense and Net Cash Inflows from Operating Activities in the Cashflow Statement.

### Note 30: Capital Expenditure

(\$000's)	COUNCIL			
	NOTE	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
<b>Capital by Significant Activity</b>				
Leadership and Investments		723	661	524
Community Service		787	617	717
Solid Waste Management		1,181	44	363
Stormwater Drainage		133	66	32
Sewerage		378	299	136
Water Supply		1,046	959	278
Roads and Footpaths		6,968	7,585	4,069
<b>Total Capital Expenditure</b>		<b>11,216</b>	<b>10,231</b>	<b>6,119</b>
<b>Shown as Additions to</b>				
Property, plant and equipment	21	11,216	10,214	5,705
Intangible assets	22	0	16	403
Investment Property		0	1	11
<b>Total Capital Expenditure</b>		<b>11,216</b>	<b>10,231</b>	<b>6,119</b>
<b>Funded by</b>				
Internal Loans		2,957	2,036	838
Subsidy Revenue and Contributions to Capital Expenditure		5,391	5,361	2,556
Reserve Funding		2,868	2,834	2,725
<b>Total</b>		<b>11,216</b>	<b>10,231</b>	<b>6,119</b>

## Summary of Significant Capital Additions and Replacements

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
<b>Leadership</b> (Total spend \$661)	Office furniture and equipment, computer hardware and licences, vehicles and health and safety improvements required to meet organisational needs	623	0	2	630
	Building Strengthening for Earthquake resistance	100	0	1	28
<b>Community Service</b> (Total spend \$617)	Playground and park renewals	31	0	0	14
	Les Munro Centre improvements to enhance appeal to user groups	20	0	0	0
	Renewal of Te Maika Jetty and Mokau Jetty	120	0	0	172
	Library book stock renewal to maintain the standard of books available at the District library, technology renewals and building renewals	99	0	40	47
	Aerodrome taxiway renewals	75	0	0	47
	Te Kuiti Central toilet renewals	104	0	0	0
	Miscellaneous renewals and improvements for parks and reserves, elderly persons housing, halls, public toilets, cemetery and amenity areas	337	0	87	210
<b>Solid Waste</b> (Total spend \$44)	Cell Development	861	0	0	44
	Unspecified Transfer Station Improvements, including safety improvements	21	0	0	0
	Purchase of Emissions Trading Scheme Units for surrender as part of operation of the Landfill	300	0	0	0
<b>Stormwater</b> (Total spend \$66)	Stormwater Minor Renewals	25	0	0	22
	Stormwater Rehabilitation and Other Renewals	108	0	0	44
<b>Sewerage</b> (Total spend \$299)	Te Kuiti Wastewater Treatment Plant - bulk lime silo improvement, river crossing augmentation, upgrade and renewal of existing plant to increase the plant performance.	309	0	5	242
	Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants	69	0	4	48
<b>Water</b> (Total spend \$959)	Upgrade and renewals of water treatment plant in Te Kuiti.	425	0	115	288
	Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply	523	0	392	102
	Unspecified improvements for Piopio	69	0	18	36
	Various pipe and plant renewals to maintain the reticulation network in Maniaiti/ Benneydale	29	0	0	8
<b>Roads</b> (Total spend \$7,585)	Sealed road surfacing - 50kms of reseal across the District to improve the smoothness of the road surface where the existing surface has deteriorated beyond normal capacity.	1,400	0	0	875
	Pavement rehabilitation carried out to reduce future road maintenance costs.	2,000	0	0	2,048
	Unsealed road metalling to renew structural support to unsealed roads district-wide	630	0	0	729
	Emergency reinstatement work to repair damage to roads as a result of bad weather events	715	0	0	30
	Drainage renewals to renew culverts in roading network	260	0	0	255
	Structures components replacement, including bridge and abutment maintenance throughout the District	420	0	0	382
	Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights	160	0	0	79
	Minor safety improvements, including guard rails and re- alignment of roads to improve road safety	679	0	0	327
	Te Ara Tika construction	0	0	0	2,054
	Footpath renewals and improvements	538	0	158	422
	Retaining wall maintenance, road improvements and Marokopa road end	166	0	163	63



Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
	protection not eligible for Waka Kotahi subsidy				
<b>(Total spend \$10,231)</b>		<b>11,216</b>	<b>0</b>	<b>985</b>	<b>9,246</b>

### Note 31: Financial Instruments

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Financial Instrument Categories</b>				
<b>Loans and Receivables</b>				
Cash and Cash Equivalents	6,379	4,243	6,525	5,015
Receivables Under Exchange and Non Exchange Transactions	5,021	5,939	7,983	7,824
Loans and Advances - Current	189	87	189	87
Loans and Advance - Non Current	362	423	362	423
<b>Total Loans and Receivables</b>	<b>11,951</b>	<b>10,692</b>	<b>15,059</b>	<b>13,349</b>
<b>Available for Sale</b>				
Shares in Companies	20	20	20	20
Shares in Subsidiaries	8,825	8,825	0	0
<b>Total Available for Sale</b>	<b>8,845</b>	<b>8,845</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities</b>				
<b>Fair Value through Profit and Loss - held for trading</b>				
Derivative Financial Instrument Liabilities	1,539	2,941	1,539	2,941
<b>Financial Liabilities at Amortised Cost</b>				
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	3,750	3,353	5,677	5,971
Secured Loans - Current	15,142	12,199	15,642	12,574
Secured Loans - Non Current	19,000	25,000	21,625	28,125
Lease Liabilities - Current	11	11	25	24
Lease Liabilities - Non Current	38	50	68	94
<b>Total Financial Liabilities at Amortised Cost</b>	<b>37,941</b>	<b>40,613</b>	<b>43,037</b>	<b>46,788</b>

#### Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. Due to the timing of its cash inflows and outflows, the Group invests surplus cash into term deposits, which gives rise to credit risk.

The Group also minimises credit risk by limiting investments to registered banks, local government stock and other entities with a Standard and Poor's credit rating no less than AA-

The Group has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

#### Maximum Exposure to Credit Risk

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

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Cash and Cash Equivalents	6,379	4,243	6,525	5,015
Receivables Under Exchange and Non Exchange Transactions	5,021	5,939	7,983	7,824
Loans and Advances	551	510	551	510
<b>Total Credit Risk</b>	<b>11,951</b>	<b>10,692</b>	<b>15,059</b>	<b>13,349</b>

## Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to S&P Global Ratings (if available) or to historical information about counter-party default rates:

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Counter-parties with Credit Ratings:</b>				
<b>Cash and Cash Equivalents</b>				
AA- Long Term Rating	6,379	4,243	6,525	5,015
<b>Other Financial Assets - Loans and Advances</b>				
AAA Domestic Long Term	480	480	480	480
<b>Counter-parties without Credit Ratings:</b>				
<b>Other Financial Assets - Loans and Advances</b>				
Existing counter-party with no defaults in the past	3	7	3	7

Debtors and other receivables mainly arise from Group'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.

The Group 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 the Council has a range of powers under the Local Government (Rating) Act 2002 to recover outstanding debts from the ratepayers, the property mortgagee and/or through property sales.

## Liquidity Risk

### Management of Liquidity Risk

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

The Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group manages its borrowings in accordance with its funding and financial policies, which include the Treasury Policy (incorporating Council's investment and liability management policies)

## Contractual Maturity Analysis of Financial Liabilities

The table below analyses 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 un-discounted cash flows:

(\$000's)	Effective Interest Rates %	Carrying Amount \$000's	Total Contractual Cashflows \$000's	Less than One Year \$000's	1-2 Years \$000's	2-5 Years \$000's	More than Five Years \$000's
<b>Council 2021</b>							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	3,750	<b>3,750</b>	3,750	0	0	0
Finance Leases	7.50%	49	<b>57</b>	16	16	25	0
Secured Loans - Current	0.90%	15,142	<b>15,142</b>	15,142	0	0	0
Secured Loans - Non-current	0.88%	19,000	<b>19,528</b>	212	10,165	9,151	0
Derivative Financial Instruments	0.00%	1,539	<b>1,559</b>	573	475	502	9
<b>Total</b>		<b>39,480</b>	<b>40,036</b>	<b>19,693</b>	<b>10,656</b>	<b>9,678</b>	<b>9</b>

<b>Council 2020</b>							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	3,353	<b>3,353</b>	3,353	0	0	0
Finance Leases	7.50%	61	<b>54</b>	15	15	15	9
Secured Loans - Current	2.03%	12,199	<b>12,199</b>	12,199	0	0	0
Secured Loans - Non-Current	2.26%	25,000	<b>25,676</b>	256	11,215	14,205	0
Derivative Financial Instruments	0.00%	2,941	<b>2,960</b>	896	623	1,311	130
<b>Total</b>		<b>43,554</b>	<b>44,242</b>	<b>16,719</b>	<b>11,853</b>	<b>15,531</b>	<b>139</b>
<b>Group 2021</b>							
Trade and other payables (Current)	0.00%	5,677	<b>5,677</b>	5,677	0	0	0
Lease Liabilities	3.69%	93	<b>268</b>	102	67	84	15
Secured Loans - Current	0.94%	15,642	<b>15,652</b>	15,652	0	0	0
Secured Loans - Non-current	1.18%	22,375	<b>22,843</b>	795	10,734	11,314	0
Derivative Financial Instruments	0.00%	1,539	<b>1,559</b>	573	475	502	9
<b>Total</b>		<b>45,326</b>	<b>45,999</b>	<b>22,799</b>	<b>11,276</b>	<b>11,900</b>	<b>24</b>
<b>Group 2020</b>							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	5,971	<b>5,971</b>	5,971	0	0	0
Lease Liabilities	5.23%	118	<b>112</b>	29	44	30	9
Secured Loans - Current	0.95%	12,574	<b>12,669</b>	12,669	0	0	0
Secured Loans - Non-current	1.11%	28,375	<b>28,986</b>	256	11,796	16,934	0
Derivative Financial Instruments	0.00%	2,941	<b>2,960</b>	896	623	1,311	130
<b>Total</b>		<b>49,979</b>	<b>50,698</b>	<b>19,821</b>	<b>12,463</b>	<b>18,275</b>	<b>139</b>

### Sensitivity Analysis

The table below illustrates, the potential impact on surplus/ (deficit) for reasonably possible market movements, with all other variables held constant, based on Group's financial instrument exposures at balance date. The impact on Equity is the same as, the surplus/ (deficit) impact below except for cashflow hedges which only have an impact on equity. A movement of 50bps (basis points), which is 0.50% and represents managements' assessment of the reasonably possible change in interest rates:

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Interest Rate Risk</b>				
Market Interest Rates increase by 50bps	(75)	(50)	(84)	(76)
Market Interest Rates decrease by 50bps	75	50	84	76

The sensitivity analysis is prepared assuming the amount of liability outstanding at balance date was outstanding for the whole year.

#### Explanation of Sensitivity Analysis - Council

Council has floating rate debt with a principal amount

totalling \$15,000,000 (2020: \$12,000,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$75,000 (2020: \$60,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

### Explanation of Sensitivity Analysis - Group

Group has floating rate debt with a principal amount totalling \$16,862,000 (2020: \$15,500,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$84,000 (2020: \$78,000). A movement in market interest rates on fixed debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

### **Fair Value**

The carrying value of cash and cash equivalents, debtors and other receivables, loans, advances, current borrowings, bank overdraft and creditors and other payables approximates their fair value. The fair value of non-current portion of borrowings of Council is \$19,375,000 (2020: \$25,508,000) and for the Group \$22,000,000 (2020: \$28,633,000).

Council holds a small shareholding interest in NZ Local Government Insurance Corporation Limited and Waikato Local Authority Shared Services Limited, of which it has no intention of disposing of. The fair value of these unlisted companies cannot be reliably measured, due to a lack of an active market and lack of appropriate projected cash flow and revenue stream information for these securities.

### Fair Value Measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(\$000's)	Level 1	Level 2	Level 3	Total
<b>Council 2021</b>				
<b>Available-for-sale financial assets</b>				
Shares in Subsidiaries	0	0	8,825	8,825
Shares in Companies	0	0	20	20
	<b>0</b>	<b>0</b>	<b>8,845</b>	<b>8,845</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	1,539	0	1,539
	<b>0</b>	<b>1,539</b>	<b>0</b>	<b>1,539</b>
<b>Group 2021</b>				
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	20	20
	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	1,539	0	1,539
	<b>0</b>	<b>1,539</b>	<b>0</b>	<b>1,539</b>
<b>Council 2020</b>				
<b>Available-for-sale financial assets</b>				
Shares in Subsidiaries	0	0	8,825	8,825
Shares in Companies	0	0	20	20
	<b>0</b>	<b>0</b>	<b>8,845</b>	<b>8,845</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	2,941	0	2,941
	<b>0</b>	<b>2,941</b>	<b>0</b>	<b>2,941</b>
<b>Group 2020</b>				
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	20	20
	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	2,941	0	2,941
	<b>0</b>	<b>2,941</b>	<b>0</b>	<b>2,941</b>

#### Recognition of Level 3 fair value measurements of financial assets

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Balance at 1 July	8,845	11,455	20	20
Gain/(Loss) on revaluation recognised in Other Comprehensive Income	0	(2,610)	0	0
<b>Balance at 30 June</b>	<b>8,845</b>	<b>8,845</b>	<b>20</b>	<b>20</b>



## Note 32: Related Party Transactions

The Council is the ultimate parent of the Group. Related parties include its subsidiary Inframax Construction Ltd, the Council's investment in Waikato Local Authority Shared Services Ltd and Civic Financial Services Ltd.

### Council

Council has a 100% shareholding in Inframax Construction Ltd. The following related party transactions are included in Council's financial statements.

(\$000's)	COUNCIL	
	2021 ACTUAL	2020 ACTUAL
<b>Transactions with Inframax Construction Ltd</b>		
Road construction and maintenance expenditure	8,854	8,150
Other expenditure	11	0
Fees and charges and Income from Construction	137	97
<b>Balances Outstanding with Inframax Construction Ltd</b>		
Payables	1,120	1,002
Receivables	18	11

### Inframax Construction Limited

The subsidiary paid plant hire fees of \$12,675 (2020: \$19,950) to R & M Simpson Contracting, a business owned by R. Simpson, an employee of the subsidiary. There was nil owing at year end (2020: \$nil). The subsidiary also paid for services totalling \$61,233 from CJ & HK Hayward during the year (2020: \$10,927). There was nil owing at year end (2020: \$nil).

### Remuneration of the Chief Executive (Council)

In the 2020/21 financial year the total remuneration paid to the Council's Chief Executive was \$271,864 (2020: \$271,466)

Elected Representatives and Directors (\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
Mayor Brian Hanna	0	26	0	26
Mayor John Robertson	99	69	99	69
Deputy Mayor Whitaker	50	45	50	45
Councillor Goddard	38	35	38	35
Councillor Brodie	41	36	41	36
Councillor Smith	41	35	41	35
Councillor New	34	32	34	32
Councillor Marshall	32	23	32	23
Directors Fees	0	0	120	100
<b>Total Elected Members Remuneration and Directors Fees</b>	<b>335</b>	<b>301</b>	<b>455</b>	<b>401</b>

Key Management Personnel (\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Elected Members and Directors</b>				
Remuneration	335	301	455	401
Number of elected members and directors	7	7	10	10
<b>Key Management Personnel</b>				
Remuneration excluding contribution to a defined contribution plan	922	922	1,306	1,274
Contributions to defined contribution plan	26	21	35	30
Total Remuneration	948	943	1,341	1,304
Full time equivalent members	5	5	9	9

Council's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel. The Group's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel and the Directors and executive staff of Inframax Construction Ltd. Due to the difficulty in

determining the full time equivalent for elected members and directors, the number of elected members and directors has been reported instead of the full time equivalent.

There were no other related party transactions during the year (2020: Nil).

<b>Council Employees</b>	<b>COUNCIL</b>
(\$000's)	2021 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	38
\$60,000 - \$79,999	16
\$80,000 - \$119,999	16
\$120,000 - \$279,999	10
<b>Total Employees</b>	<b>80</b>

<b>Council Employees</b>	<b>COUNCIL</b>
(\$000's)	2020 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	36
\$60,000 - \$79,999	21
\$80,000 - \$119,999	13
\$120,000 - \$269,999	9
<b>Total Employees</b>	<b>79</b>

The number of full time equivalent employees at 30 June 2021 was 72 (2020: 71).

### **Note 33: Severance payments**

#### **Council**

There were no severance payments made during the year (2020: nil).

#### **Group**

There were seven severance payments made during the year totalling \$59,789 (2020: \$24,700).

## Note 34: Funding Impact Statements

(Local Government (Financial Reporting) Regulations 2011)

The following information is presented in compliance with the Local Government (Financial Reporting) Regulations 2011 and should not be relied on for any other purpose than compliance with those regulations. The purpose of the statements is to present information about sources and applications of funding. This information is derived from accrual accounting records, prepared under GAAP, however transactions with no funding impact, such as depreciation and asset revaluations have been eliminated.

Waitomo District Council: Funding Impact Statement for 2019 to 2021 for whole of Council (\$000's)	EAP 2019/20	Actual 2019/20	EAP 2020/21	Actual 2020/21
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	8,488	8,518	9,288	9,267
Targeted rates	12,480	12,498	12,016	12,018
Subsidies and grants for operating purposes	4,581	5,049	4,784	5,532
Fees and charges	3,299	3,846	3,717	4,068
Interest and Dividends from Investments	364	14	15	11
Local authorities fuel tax, fines, infringement fees and other receipts	209	230	193	205
<b>Total operating funding (A)</b>	<b>29,421</b>	<b>30,155</b>	<b>30,013</b>	<b>31,101</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	22,430	21,331	24,584	22,091
Finance costs	2,035	1,435	1,426	1,198
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>24,465</b>	<b>22,766</b>	<b>26,010</b>	<b>23,289</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4,956</b>	<b>7,389</b>	<b>4,003</b>	<b>7,812</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5,996	3,242	4,965	5,619
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	4,318	1,239	5,074	(827)
Gross proceeds from sale of assets	0	70	0	158
Lump sum contributions	41	0	42	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>10,355</b>	<b>4,551</b>	<b>10,081</b>	<b>4,950</b>
<b>Applications of capital funding</b>				
Capital expenditure - to meet additional demand	0	0	0	0
Capital expenditure - to improve the level of service	1,339	368	860	985
Capital expenditure - to replace existing assets	11,044	5,751	10,356	9,246
Increase (decrease) in reserves	2,928	5,821	2,868	2,531
Increase (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>15,311</b>	<b>11,940</b>	<b>14,084</b>	<b>12,762</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(4,956)</b>	<b>(7,389)</b>	<b>(4,003)</b>	<b>(7,812)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Governance: Leadership and Investments (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,197	2,292	2,883
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	26	26	150
Internal charges and overheads recovered	19,902	20,315	15,967
Local authorities fuel tax, fines, infringement fees and other receipts	364	415	11
<b>Total operating funding (A)</b>	<b>22,489</b>	<b>23,048</b>	<b>19,011</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,759	9,079	8,965
Finance costs	2,613	2,640	1,186
Internal charges and overheads applied	10,232	10,430	7,863
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>21,604</b>	<b>22,149</b>	<b>18,014</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>885</b>	<b>899</b>	<b>997</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	41	42	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	10
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>41</b>	<b>42</b>	<b>10</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	297	9	3
Capital expenditure - to replace existing assets	661	683	658
Increase (decrease) in reserves	(32)	249	346
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>926</b>	<b>941</b>	<b>1,007</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(885)</b>	<b>(899)</b>	<b>(997)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Community Service (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,454	3,354	3,604
Targeted rates	274	277	290
Subsidies and grants for operating purposes	1	1	240
Fees and charges	537	548	454
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	2
<b>Total operating funding (A)</b>	<b>4,266</b>	<b>4,180</b>	<b>4,590</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,661	1,605	1,622
Finance costs	0	0	0
Internal charges and overheads applied	1,925	1,983	1,834
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,586</b>	<b>3,588</b>	<b>3,456</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>680</b>	<b>592</b>	<b>1,134</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	163	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	463	365	15
Gross proceeds from sale of assets	0	0	148
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>626</b>	<b>365</b>	<b>163</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	87	191	127
Capital expenditure - to replace existing assets	851	473	490
Increase (decrease) in reserves	368	293	680
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,306</b>	<b>957</b>	<b>1,297</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(680)</b>	<b>(592)</b>	<b>(1,134)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Community Development (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,481	1,547	1,494
Targeted rates	357	350	362
Subsidies and grants for operating purposes	0	0	510
Fees and charges	42	43	14
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	2	0
<b>Total operating funding (A)</b>	<b>1,882</b>	<b>1,942</b>	<b>2,380</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,524	1,039	1,297
Finance costs	0	0	0
Internal charges and overheads applied	815	857	719
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,339</b>	<b>1,896</b>	<b>2,016</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(457)</b>	<b>46</b>	<b>364</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	500	0	(5)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>500</b>	<b>0</b>	<b>(5)</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	2	5	0
Increase (decrease) in reserves	41	41	359
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>43</b>	<b>46</b>	<b>359</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>457</b>	<b>(46)</b>	<b>(364)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Compliance (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	596	563	783
Targeted rates	0	0	0
Subsidies and grants for operating purposes	1	0	0
Fees and charges	442	451	545
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	17	18	20
<b>Total operating funding (A)</b>	<b>1,056</b>	<b>1,032</b>	<b>1,348</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	260	223	207
Finance costs	0	0	0
Internal charges and overheads recovered	791	803	839
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,051</b>	<b>1,026</b>	<b>1,046</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5</b>	<b>6</b>	<b>302</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	(1)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>(1)</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	5	6	301
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5</b>	<b>6</b>	<b>301</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5)</b>	<b>(6)</b>	<b>(302)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Solid Waste Management (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	17	17	38
Targeted rates	1,162	1,160	862
Subsidies and grants for operating purposes	0	0	13
Fees and charges	1,110	1,135	1,537
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	37	38	34
<b>Total operating funding (A)</b>	<b>2,326</b>	<b>2,350</b>	<b>2,484</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,480	1,525	1,731
Finance costs	25	25	12
Internal charges and overheads applied	630	659	592
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,135</b>	<b>2,209</b>	<b>2,335</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>191</b>	<b>141</b>	<b>149</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	776	838	(241)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>776</b>	<b>838</b>	<b>(241)</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	52	0
Capital expenditure - to replace existing assets	1,046	1,159	44
Increase (decrease) in reserves	(79)	(232)	(136)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>967</b>	<b>979</b>	<b>(92)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(191)</b>	<b>(141)</b>	<b>(149)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Stormwater (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	412	419	439
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	18
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>412</b>	<b>419</b>	<b>457</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	119	129	124
Finance costs	0	0	0
Internal charges and overheads applied	94	96	108
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>213</b>	<b>225</b>	<b>232</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>199</b>	<b>194</b>	<b>225</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	(23)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>(23)</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	204	208	66
Increase (decrease) in reserves	(5)	(14)	136
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>199</b>	<b>194</b>	<b>202</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(199)</b>	<b>(194)</b>	<b>(225)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Resource Management (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	332	384	377
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	87	89	188
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>419</b>	<b>473</b>	<b>565</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	230	772	247
Finance costs	0	0	0
Internal charges and overheads applied	678	713	611
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>908</b>	<b>1,485</b>	<b>858</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(489)</b>	<b>(1,012)</b>	<b>(293)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	553	1,102	305
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>553</b>	<b>1,102</b>	<b>305</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	64	90	12
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>64</b>	<b>90</b>	<b>12</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>489</b>	<b>1,012</b>	<b>293</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



Waitomo District Council: Funding impact statement for 2019 to 2021 for Sewerage (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,543	2,596	2,168
Subsidies and grants for operating purposes	0	0	0
Fees and charges	881	875	930
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>3,424</b>	<b>3,471</b>	<b>3,098</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,313	1,372	1,049
Finance costs	0	0	0
Internal charges and overheads applied	1,196	1,216	907
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,509</b>	<b>2,588</b>	<b>1,956</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>915</b>	<b>883</b>	<b>1,142</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	12
Development and financial contributions	0	0	0
Increase (decrease) in debt	488	605	(498)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>488</b>	<b>605</b>	<b>486</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	9
Capital expenditure - to replace existing assets	587	675	291
Increase (decrease) in reserves	816	813	356
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,403</b>	<b>1,488</b>	<b>656</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(915)</b>	<b>(883)</b>	<b>(1,142)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Water Supply (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,787	2,982	2,770
Subsidies and grants for operating purposes	0	0	101
Fees and charges	0	0	52
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,787</b>	<b>2,982</b>	<b>2,923</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,084	1,147	1,339
Finance costs	0	0	0
Internal charges and overheads applied	1,320	1,356	1,005
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,404</b>	<b>2,503</b>	<b>2,344</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>383</b>	<b>479</b>	<b>579</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	238
Development and financial contributions	0	0	0
Increase (decrease) in debt	673	369	234
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>673</b>	<b>369</b>	<b>472</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	285	87	525
Capital expenditure - to replace existing assets	392	354	434
Increase (decrease) in reserves	379	407	92
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,056</b>	<b>848</b>	<b>1,051</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(383)</b>	<b>(479)</b>	<b>(579)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2019 to 2021 for Roads and Footpaths (\$000's)	LTP 2018-28 2020	LTP 2018-28 2021	ACTUAL 2020/21
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	93	95	88
Targeted rates	5,397	5,529	5,127
Subsidies and grants for operating purposes	4,615	4,823	4,668
Fees and charges	107	109	180
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	133	136	148
<b>Total operating funding (A)</b>	<b>10,345</b>	<b>10,692</b>	<b>10,211</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,061	5,306	5,510
Finance costs	0	0	0
Internal charges and overheads applied	2,141	2,139	1,425
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>7,202</b>	<b>7,445</b>	<b>6,935</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,143</b>	<b>3,247</b>	<b>3,276</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,960	5,193	5,369
Development and financial contributions	0	0	0
Increase (decrease) in debt	424	452	(613)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>5,384</b>	<b>5,645</b>	<b>4,756</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	229	232	321
Capital expenditure - to replace existing assets	6,729	7,074	7,264
Increase (decrease) in reserves	1,569	1,586	447
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>8,527</b>	<b>8,892</b>	<b>8,032</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,143)</b>	<b>(3,247)</b>	<b>(3,276)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 35: Events after balance date

Council: There were no material events after balance date.

Group: On 18 August 2021, all of New Zealand entered COVID-19 Alert Level 4 and the associated lock down. The areas South of Auckland reduced to Alert Level 3 on 1 September 2021, with all of New Zealand except for Auckland reducing to Alert Level 2 on 8 September 2021. The Auckland region reduced to Alert Level 3 on 21 September 2021. The subsidiary ceased operations across Alert Level 4, but subsequently commenced business upon moving to Alert Level 3.

## Note 36: Explanations of Variances to Budget (Council)

### Statement of Comprehensive Revenue and Expense

Revenue was \$2.8 million more than budget due to:

- Subsidies and grants were \$1.4 million more than budget as additional roading subsidy was received for the construction of Te Ara Tika. This project was included in a prior year budget. Three Waters Reform Stimulus Programme funding was also received to fund additional capital expenditure projects that were not included in the budget.
- Fees and charges revenue was \$0.3 million more due to greater landfill disposal revenue from increased fees and charges, increased trade waste revenue due to increased volumes discharged and quarry royalty revenue due to the increased volume of mined quarry metal. Additional revenue was also received for complex resource consent applications where costs associated with planning consultants were recovered from applicants and fees for building control services.
- Other revenue including gains/ (losses) was \$1.5 million more than budget due to a gain on the valuation of investment property, a gain on forestry assets, a gain on the sale of surplus land and depreciation recovered on the sale of motor vehicles.
- This additional revenue is partly offset by rates revenue which was \$0.4 million less than budget. This was the result of excluding rates revenue on council owned properties, the budget included rates revenue on council owned properties.

Expenditure was \$2.3 million less than budget due to:

- Employee benefit expenditure was \$0.3 million less than budget for organisational capacity and resourcing requirements.
- Finance costs were \$0.2 million less than budget as public debt was less than forecast and interest rates were less than anticipated at the time the budget was prepared. This reduced expenditure for Leadership, Community Service, Solid Waste, Sewerage and Roads activities.
- Other expenditure was \$2.2 million less than budget due to:
  - Rates paid on council owned property being excluded. The budget figure included rates on council owned property.
  - Grant expenditure for the proposed North King Country stadium was not spent.
  - Due to the size and complexity of the district plan review, this project was budgeted to be completed over the number of years. The budget was not fully spent and will continue in the next financial year.

- Planned risk management expenditure was delayed due to the organisational resource being re-directed to support the Three Waters Reform work programme.

- Additional depreciation expense was incurred on road assets as a result of the increase in the value of road assets at 30 June 2020.

### Statement of Financial Position

Total equity was \$21.2 million more than expected due to:

- The surplus was \$5.2 million more than budget.
- Other reserves were \$3.9 million more than budget. Council created reserves were \$13 million more than budget as depreciation reserves and activity surpluses were more than forecast. The cashflow hedging reserve was \$1 million more than budget due to a gain on cashflow hedges. In the previous financial year there was also a decrease in the assets available for sale reserve for the reduced in value of the investment in Inframax Construction Ltd to \$8.825 million.
- The revaluation reserve was \$20.0 million more than budget arising from the revaluation of land and buildings, water supply, sewerage and stormwater assets that were revalued during the year, along with the increase in the value of roads and solid waste assets in the prior year. These increases were more than anticipated at the time the budgets were prepared.
- Current assets were \$5.6 million more due to a higher level of cash and cash equivalents at balance date than the budget. Cash and cash equivalents were more than forecast arising mainly from operating expenditure which was less than budget and additional revenue received. This was offset partly by reduced receivables.
- Current liabilities were \$6.4 million less than budget due to a lower portion of current borrowings than anticipated in the budgets. Overall borrowings was also less than budget. This was partly offset by a higher level of payables at balance date than was forecast.
- Non current assets were \$8.4 million more than expected due to the increase in value of investment property, forestry assets and property, plant and equipment. These increases were partially offset by the decrease in the value of other financial assets from the valuation of Inframax Construction Ltd to \$8.825 million that was recognised in the previous year, and intangible assets which were less than anticipated.
- Non current liabilities were \$0.7 million less than budget as derivative financial instruments were less than forecast.

## Note 37: Financial reporting and prudence benchmarks

### Annual report disclosure statement for the year ending 30 June 2021.

What is the purpose of this statement?

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

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement. The regulations can be found on the New Zealand legislation website [legislation.govt.nz](http://legislation.govt.nz).

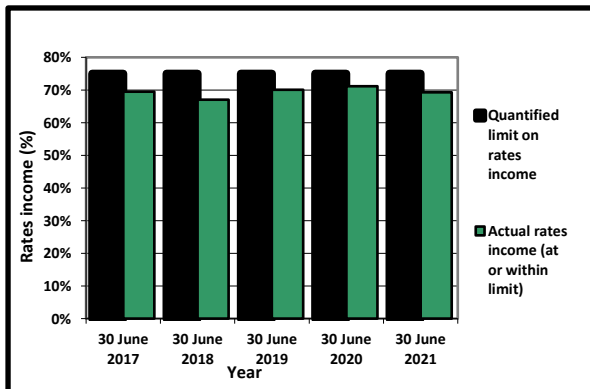
### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

#### Rates (income) affordability

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

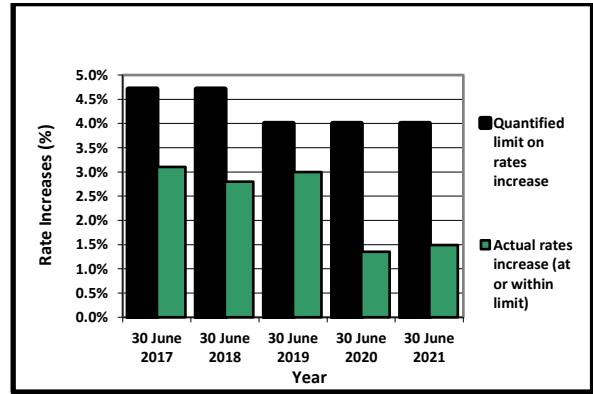


The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue excludes rates penalties and includes rates received on Council properties. Total expenditure also includes rates paid on Council properties. Rates income was 69% of operating expenditure in 2020/21. For 2018/19, 2019/20 and 2020/21 years actual total expenditure has been used. Previously budgeted expenditure was used.

#### Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates

increases in the financial strategy included in the Council's 2018-28 Long Term Plan. The quantified limit for rates increases is 4% for the year ending June 2020 (Local Government Cost Index + 2%). Actual rates increase from 2019/20 to 2020/21 was 1.5%. For the years June 2017 to June 2018 the rates limit was 4.7% as set out in the 2015-25 Long Term Plan.



### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. There are five quantified limits described in the long-term plan:

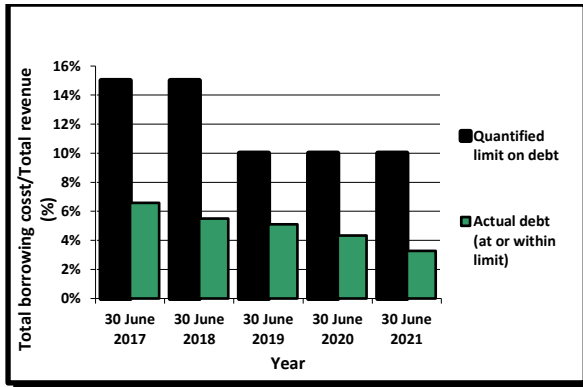
- total borrowing costs will not exceed 10% of total revenue,
- net interest to total revenue will not exceed 20%,
- total borrowings must not exceed 20% of total assets,
- net debt will not exceed 170% of total (cash) revenue, and
- net interest will not exceed 20% of annual rates.

Total interest expense includes interest on borrowings and finance leases.

Total revenue includes rates revenue and penalties, government grants and subsidies for operating and capital expenditure, interest revenue, gains on sale of assets, and other revenue. Total revenue excludes gains or losses from change in value of investment property and available for sale non current assets, gains on derivatives, gains on forestry and revenue on acquisition of property plant and equipment at nominal value.

#### Total borrowing cost will not exceed 10% of total revenue

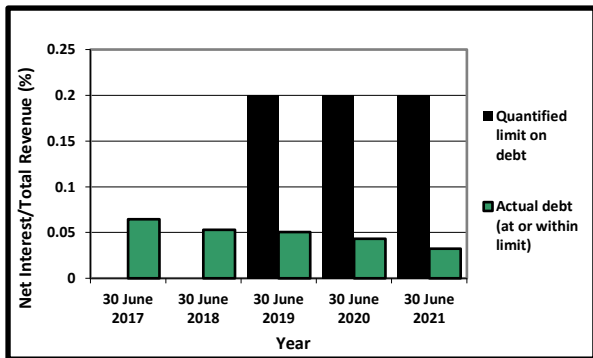
The following graph compares the Council's actual borrowings with quantified limit on borrowing stated in the financial strategy included in Council's long term plan. The quantified limit is total interest expense as a percentage of total revenue. A value less than the quantified limit of 10% indicates compliance with the prudential limit. For the years to June 2018 (in the following graph), the limit was 15% as set in the 2015-25 LTP.



*Net interest to total revenue will not exceed 20%*

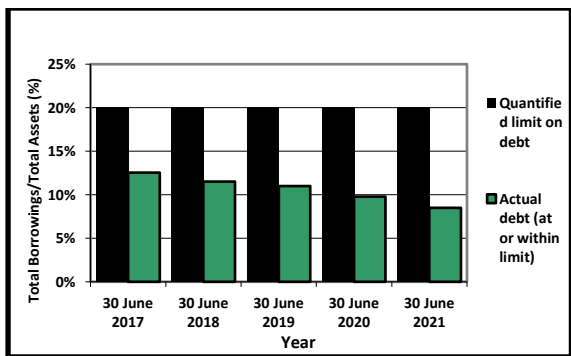
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is net interest expense as a percentage of total revenue. A value less than the quantified limit of 20% indicates compliance with the prudential limit.

This is a new measure introduced in the LTP 2018-28. Results have been included for prior years for comparative purposes.



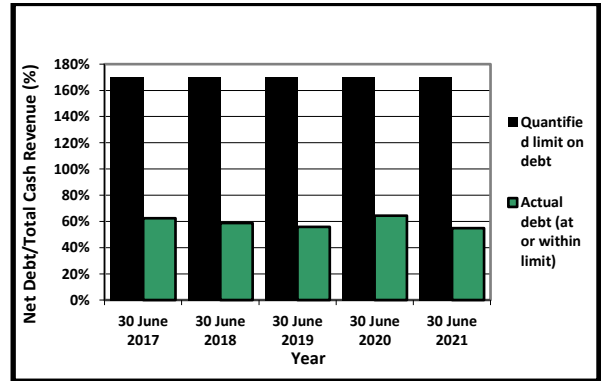
*Total borrowings must not exceed 20% of total assets.*

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is total borrowings as a percentage of total assets. A value less than the quantified limit of 20% indicates compliance with the prudential limit.



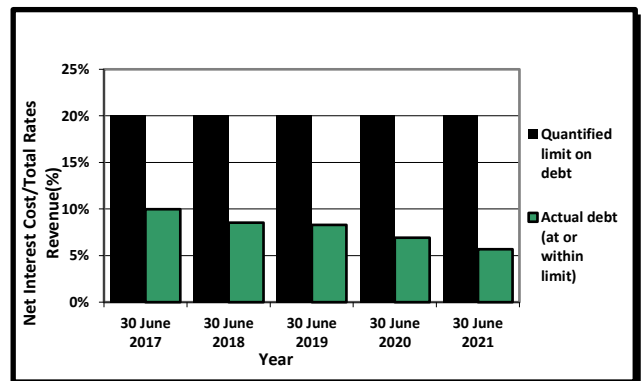
*Net debt will not exceed 170% of total (cash) revenue*

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is net debt will not exceed 170% of total (cash) revenue. A value of less than 170% indicates compliance with the prudential limit.



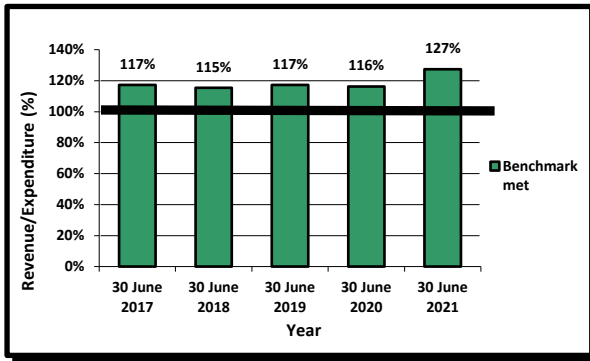
*Net interest will not exceed 20% of annual rates*

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is net interest will not exceed 20% of annual rates. A value of less than 20% indicates compliance with the prudential limit.



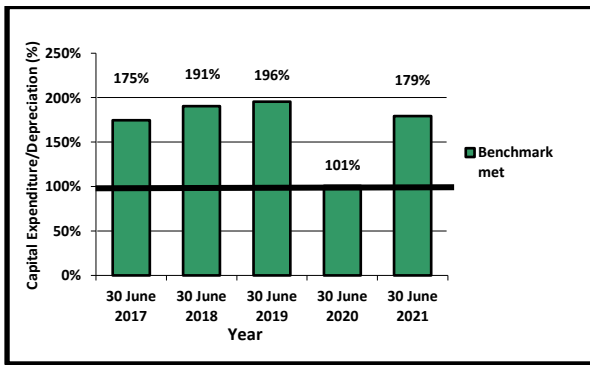
**Balanced budget benchmark**

The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Revenue expenditure excludes rates received or paid on Council properties.



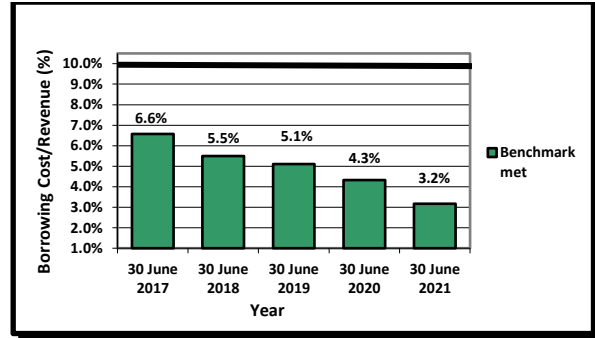
**Essential services benchmark**

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



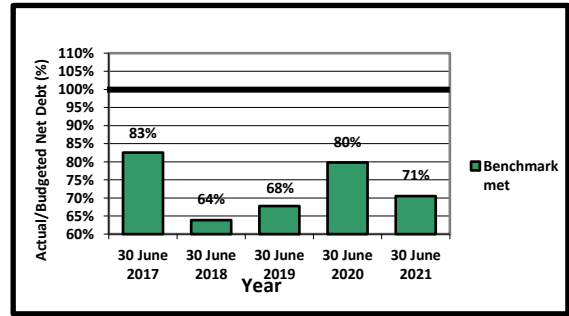
**Debt servicing benchmark**

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council’s population will grow more slowly than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



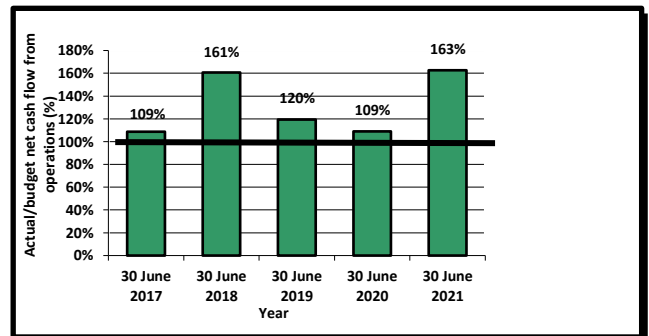
**Debt control benchmark**

The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities (excluding employee entitlements and provisions) less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



**Operations control benchmark**

This graph displays the Council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





## Note 38: Local Government Act Disclosures

Under the LGA, the Council is required to disclose the following rating base information for the end of the preceding financial year.

Rating base information	COUNCIL
	2020 ACTUAL
Number of rating units	5,871
Total Capital value of rating units	3,540,182,350
Total Land value of rating units	2,223,233,950

Insurance (\$000's)	Carrying Value 30 June 2020	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Sewerage and Water Supply	66,579	104,019	5,000	426
Operational and Restricted Buildings and Contents	17,918	64,709	0	0
Motor Vehicles	721	1,597	0	0
<b>Total</b>	<b>85,218</b>	<b>170,325</b>	<b>5,000</b>	<b>426</b>

Additional natural disaster cover is acquired for the first \$10 million in place of Central Government's share for a moderate disaster event should Central Government decline to provide cover. One half of this cover is provided through the Local Government Protection Programme (LAPP).

Network Assets (\$000's)	Estimate of Replacement Cost 30 June 2020	Estimate of Replacement Cost 30 June 2021	Carrying Value 30 June 2021	Assets Constructed during 2020/21
Roads	335,405	340,681	255,860	5,276
Stormwater Drainage	17,364	19,694	10,878	65
Sewerage - Other Assets	23,080	26,281	15,375	122
Sewerage - Treatment Plants and Facilities	19,397	20,521	15,692	64
Water Supply - Other Assets	19,117	23,136	13,246	312
Water Supply - Treatment Plants and Facilities	14,090	15,088	11,388	148
<b>Total</b>	<b>428,453</b>	<b>445,401</b>	<b>322,439</b>	<b>5,987</b>

(No network assets were transferred to Council during the 2020/21 year)

## Note 39: Capital Management

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

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

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

future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (10 Year Plan) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Revenue and Financing policies in the Council's 10 Year Plan.

Council has the following council created reserves:

- Operational reserves are held for short term funding surpluses (or deficits) that arise from the

various activities of Council.

- Depreciation reserves are held from accumulated funds from rates to fund repayments of loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives.
- Investment revaluation reserves are held from the periodical review of the value of its investment in its subsidiary. These valuation movements do not form part of the revaluation reserve shown in the equity section of the Statement of Financial Position.
- Special purpose reserves are held when Council has received funds that are restricted for particular purposes.

#### Note 40: Exchange and non-exchange revenue

(\$000's)	COUNCIL		GROUP	
	2021 ACTUAL	2020 ACTUAL	2021 ACTUAL	2020 ACTUAL
<b>Revenue from exchange transactions</b>				
Interest revenue	12	14	12	14
Fees and charges and income from construction	231	384	23,671	22,766
<b>Total Revenue from exchange transactions</b>	<b>243</b>	<b>398</b>	<b>23,683</b>	<b>22,780</b>
<b>Revenue from non-exchange transactions</b>				
Rates revenue	20,018	19,740	20,007	19,731
Metered water rates	888	896	888	896
Investment income	0	14	0	14
Subsidies and grants	11,151	8,290	11,813	9,330
Fees and charges and income from construction	3,834	3,475	3,697	3,388
Other revenue from non exchange transactions	208	204	208	204
<b>Total Revenue from non exchange transactions</b>	<b>36,099</b>	<b>32,619</b>	<b>36,613</b>	<b>33,563</b>
Other gains/(losses)	1,506	133	1,606	129
<b>Total Revenue</b>	<b>37,848</b>	<b>33,150</b>	<b>61,902</b>	<b>56,472</b>

#### Note 41: Impact of COVID-19 on our operations

In response to the global COVID-19 Pandemic, the New Zealand Government implemented a COVID-19 Alert System, which specifies the public health and social measures to be taken in the fight against COVID-19. A state of National Emergency was declared during alert levels 4 to 2.

Waitomo District Council put protocols in place for all Alert levels. At level 2 this involved staff working remotely to reduce contact and using PPE when physical distancing was not practicable. Additional cleaning and sanitising measures were also put in place. QR codes and contact tracing

has been implemented at all worksites as instructed by the Government.

Council activities considered essential services were defined by the Government's 'COVID-19 Local Government Response Unit', comprising members of the Department of Internal Affairs, Local Government New Zealand (LGNZ), Society of Local Government Managers (SOLGM), the National Emergency Management Agency (NEMA) and other relevant government agencies.

While overall the organisation functioned relatively well, there were technology challenges, disruption to usual work practices, and disruption to the progression of a range of planned projects.

Whilst the impact of the COVID-19 pandemic containment measures were widely felt across the organisation, the overall financial performance of the council was not materially impacted despite disruption to some activities and extended timeframes on capital works.

### **Revenue and Expenditure**

Overall revenue and operational expenditure was not significantly impacted as a result of the pandemic response.

### **Financial Position**

Overall council's financial position was not significantly impacted as a result of the pandemic response at 30 June 2021.

Some of the capital expenditure programme was delayed due in part to the impact of the COVID-19 pandemic on availability of contractors and supplies. The remaining physical works

expenditure has been deferred to the next financial year. Overall borrowings were less than forecast and this was impacted in part by the delayed capital works programme.

### **Group**

The Group consists of the Council and its 100% owned subsidiary, Inframax Construction Ltd. The Group's overall performance for the year was an **after-tax surplus of \$7.9 million.**

Inframax Construction Ltd reported a net profit after tax of \$0.5 million for the year ended 30 June 2021. This was a positive result given a challenging year for the subsidiary which continues to be impacted by the effect of the COVID-19 pandemic on revenue and business operations.

Despite the challenging environment, revenue was above budget for the year and equity improved to \$11.9 million at 30 June 2021. The subsidiary was eligible and received the wages subsidy extension of \$662,000 which supported the subsidiary operations during ongoing uncertainty in the contracting environment.







## COUNCIL CONTROLLED ORGANISATIONS

Council controlled organisations (CCOs) are essentially any company with a majority Council shareholding, or a trust or similar organisation with a majority of Council-controlled votes or Council-appointed trustees.

Council is involved in two CCOs:

- Inframax Construction Limited (a wholly owned subsidiary of the Council); and
- Waikato Local Authority Shared Services (WLASS) Limited.

### INFRAMAX CONSTRUCTION LIMITED

#### Background

Inframax Construction Limited (ICL) is a roading construction and maintenance company with its head office situated in Te Kuiti.

#### Shareholders

ICL is a wholly owned subsidiary of Waitomo District Council.

#### Company Objectives

The principle objective of Inframax Construction Limited is to operate as a successful business and to contribute to the well-being of the communities in which it operates.

In pursuing the principle objective the Company and Directors shall:

- Maximise the long term viability and profitability consistent with the Shareholder's objectives for ownership and value creation.
- Seek and develop profitable business opportunities that make best use of the people, technical and financial resources of the Company.
- Continue to review the available options for the share ownership of the Company, so as to be able to provide informed advice to the Shareholder, as to the most efficient arrangements to enhance both profitability and or Shareholder value.
- Ensure assets and liabilities are prudently managed consistent with the nature of a contracting business.

- Ensure transparent and informed relationships are maintained with the Shareholder within the spirit of 'no surprises'.
- Act as a good employer by:
  - ◊ Providing a work environment that recruits, fosters and maintains safe, competent, motivated, committed and productive employees
  - ◊ Recognising and rewarding excellent performance of any staff.
- Act in an environmentally and socially responsible manner and implement sustainable business practices.

#### Nature and Scope of Operations

The core business of the Company is roading maintenance and construction, quarrying and crushing of aggregates and maintenance and construction of utilities and infrastructure assets.

The Company competes for infrastructure contracts in the central western North Island Districts and in other areas where it is identified that such contracts will yield an appropriate rate of return or where the Company believes that there are sound commercial reasons for doing so.

The Company may expand into other ventures and/or activities that are consistent with the Company's objectives and the provisions of the Local Government Act 2002.

#### Performance Results

##### Statement of Performance Measures: Year ended 30 June 2021

The results achieved compared with the performance criteria contained in the Statement of Corporate Intent as follows:

Financial Performance	Statement of Corporate Intent	Actual Achievement
Equity ratio	55%	60%
Current Ratio	Positive	Positive
EBITDA (\$000's)	\$1.6 million	\$2.0 million
Revenue (\$000's)	\$29 million	\$32 million
Banking covenants	Unconditionally met	Satisfied

The Equity ratio is the ratio of average shareholder's funds expressed as a percentage of average total assets. Average assets and average shareholder's funds are based on 30 June 2021 and 30 June 2020 figures.

<b>Non-Financial Performance</b>	<b>Statement of Corporate Intent</b>	<b>Actual Achievement</b>
Lost time injury frequency rate	Zero	30

The Lost time injury accident rate is a measurement of the effectiveness of the Company's health and safety policies. It is calculated as the number of lost time injury accidents per million hours worked.

<b>Non-Financial Performance</b>	<b>Statement of Corporate Intent</b>	<b>Actual Achievement</b>
Accident compensation days	200	25
Achievement of ISO9001 accreditation	Standard achieved	Standard achieved
Assessed compliance level of environmental consents by Waikato Regional Council		
Non-compliant		0
Partially compliant		2
Highly compliant		5
Fully compliant	All	0
Not assessed		2
Number of local events within operational areas where the company provided complimentary goods, services or financial support.	12	9

**Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2021**

<b>(\$000's)</b>	<b>2021 ACTUAL</b>	<b>2020 ACTUAL</b>
Total Revenue	33,056	31,573
Total Expenditure (including Depreciation and Interest)	32,395	31,041
<b>Net Profit/(Loss) Before Tax</b>	<b>661</b>	<b>532</b>
Company Tax/(Credit)	187	(233)
<b>Net Profit / (Loss) After Tax</b>	<b>474</b>	<b>765</b>



# WAIKATO LOCAL AUTHORITY SHARED SERVICES (WLASS) LIMITED

## Background

Waikato local authorities have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained both in terms of outcomes achieved and reduction in costs to the community. The local authorities believe that the company will generate savings through economies of scale and through additional purchasing power and the ability to recover costs.

There are a number of services provided by local authorities, particularly in respect of information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of the infrastructure for the service, and ongoing operation of it.

WLASS was known as LASS (Local Authority Shared Services) up until 4 April 2016.

## Shareholders

WLASS is a Council Controlled Organisation (CCO) owned equally by 12 local authorities in the Waikato Region, being Waikato Regional Council, Hamilton City Council, Hauraki, Matamata-Piako, Otorohanga, Rotorua, South Waikato, Taupo, Thames- Coromandel, Waikato, Waipa and Waitomo District Councils. The company was incorporated in December 2005.

## Company Objectives

The objective of WLASS is to act as an 'umbrella' organisation providing Waikato local authorities with a corporate structure under which they can develop and promote shared services to other local authorities.

The constitution of WLASS sets out principles according to which the company will be operated and governed. This includes shareholders' rights and the appointment of directors. The company's Annual Statement of Intent identifies its activities, intentions for the year and the objectives to which those activities will contribute.

## Nature and Scope of Activities

The principal nature and scope of the activity for the company is to:

1. Provide shared services to all local authorities within the Waikato Region. The company also intends to sell processes and systems as set up under individual agreements to local authorities outside the Region.
2. Pursue all opportunities to develop shared services that may benefit the community, either through enhanced services or reduced costs.
3. Give consideration to developing shared service products which a majority of local authorities of the region believe are of value. The objective is to provide the most effective access to regional information that may be of value to the community using modern technology and processes.
4. Explore all possible avenues to provide these services itself, or contract them from outside parties, each depending on a rigorous business case.

In terms of the Local Government Act 2002, Council's involvement in WLASS is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in WLASS was confirmed, following public consultation through its Annual Plan 2005-06. Council at present has no formal objectives other than to maintain its current shareholding.

PRIORITY	PERFORMANCE MEASURE	TARGET	OUTCOME
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k+	Achieved
	Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	Achieved
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines	80%	Not Achieved
	Opportunities / projects are developed / delivered, within approved budget	90%	Achieved
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against	Six-monthly	Achieved
	Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months  90% of projected quantifiable benefits are realised	Achieved  Not measured
Ensure existing services are meeting the needs of councils	The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"> <li>RATA – roading &amp; waters</li> <li>Waikato Building Cluster</li> <li>Regional Infrastructure Technical Specifications</li> <li>Energy &amp; Carbon Management</li> <li>Professional Services Panel</li> <li>Health &amp; Safety pre-qualification</li> </ul>	80% of councils	Achieved
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Six per annum	Achieved





**AUDIT**



# STATEMENT OF COMPLIANCE

## COMPLIANCE

The Council of Waitomo District Council confirms that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

## RESPONSIBILITY

Council and the Management of Waitomo District Council accept the responsibility for the preparation of the annual financial statements and statements and the judgement used in them.

Council and the Management of Waitomo District Council accept the responsibility for establishing and maintaining the internal controls designed to provide reasonable assurance as to the integrity and reliability of Financial Reporting.

In the opinion of Council and the Management of Waitomo District Council, the annual Financial Statements for the year ended 30 June 2021 fairly reflect the financial position and operations of Waitomo District Council.



John Robertson  
**MAYOR**

26 October 2021



Chris Ryan  
**CHIEF EXECUTIVE**

26 October 2021

**AUDITORS REPORT TO COME**

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Waitomo District Council

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