




2022/23
ANNUAL REPORT
2022/23 PŪRONGO-Ā-TAU

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

“ WAITOMO – a vibrant district ”

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 livability 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:

- provide value for money,
- support our communities, and
- enable a thriving community.

We have made excellent progress in our focus areas in the 2022/23 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 which is available at www.waitomo.govt.nz/council/publications

INTRODUCTION

KŌRERO WHAKATAKI

FROM THE MAYOR AND CHIEF EXECUTIVE

The 2022/23 year had its highs and lows for our Council and our community, but we all remain dedicated to striving toward Waitomo being a vibrant district. Impacts from COVID and from storm events made this 2022/23 year a particularly challenging one.

For the first time under this Council a State of Emergency was declared in January 2023 as heavy rain caused flooding in parts of Te Kuiti and rivers throughout the district to rise. We recall the generous support from the community and iwi for those impacted, and the exceptional performance of Emergency Services, Civil Defence, contractors, and our staff as this event unfolded.

COVID measures were relaxed this year as the spread of the virus diminished. Council operations returned to normal.

Much of our focus on infrastructure has been on catching up with repairs to our roads especially following heavy damage by Cyclone Dovi in February 2022. At year end, several roads still required significant repair work, but contracts to fix them were close to being awarded.

We have learnt from this unusually wet and storm filled year. Stormwater infrastructure in Te Kuiti showed its weak spots and action has been taken to get it into better condition to counter potential damage from future events.

During the year Council approved an \$8.8 million upgrade of Te Kuiti's drinking water network to increase storage capacity and complete improvements that will make the system much more reliable.

We opened the Gallagher Recreation Centre in February 2023; a \$9 million build delivered on time and on budget. A partnership between Council, the Ministry of Education and Te Kuiti High School was brought together in 2022 to enable this public facility to be delivered. It is

well patronised. Thanks must go to those organisations that helped fund this Centre.

In the 2021 /22 year our Council was allocated \$3.5 million of stimulus funding from Government to apply to community projects. Some of this funding was allocated to support projects in this financial year, including our unique "Rangatahi Pathways Initiative." This initiative, designed locally, supports our students to achieve the mission of entering further education or training, or securing a job, immediately after leaving school.

Our financial statements outline our position as at 30 June 2023. We have run an operating surplus and maintained external debt at under \$30 million.

Our subsidiary company Inframax Construction Limited has performed well and delivered an after-tax profit of \$0.98 million, this is a very positive result after a challenging few years.

October 2022 saw four new councillors elected. They have added energy and new perspectives which has been really positive. Our special thanks to the four outgoing councillors for their service.

We acknowledge those who have supported the Council and our communities over this past year. This includes the many volunteers involved in community groups and well-being activities. You make our district special. Thank you.



John Robertson
Mayor



Ben Smit
Chief Executive

YOUR COUNCIL



JOHN ROBERTSON

Mayor

John.Robertson@waitomo.govt.nz



ALLAN GODDARD

Deputy Mayor

Allan.Goddard@waitomo.govt.nz



JANENE NEW

Councillor: Urban

Janene.New@waitomo.govt.nz



JANETTE OSBORNE

Councillor: Rural

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GAVIN TODD

Councillor: Rural

Gavin.Todd@waitomo.govt.nz



EADY MANAWAITI

Councillor: Urban

Eady.Manawaiti@waitomo.govt.nz



DAN TASKER

Councillor: Urban

Dan.Tasker@waitomo.govt.nz

Our Impact on the District

Here's a sample of our performance and what we delivered last year across the district.



We received **4,677 Service Requests**

Customer Service handled **10,756 calls**

347 Rate Rebates were processed

We have **5,777 followers on Facebook**
We have produced **80 Media Releases**
There were **100,187 Facebook Page visits**

99% of building consents processed within 20 working Days
100% of Resource Consents processed within 20 working days



We received **899 water related Service Requests**

There were **246 new members to the library**



Our Online webpage was visited **16,334 times**

There were **702 participants of our library programmes and events**



There were **4,196 visits to the i-SITE**

493 WDC service visits to i-SITE



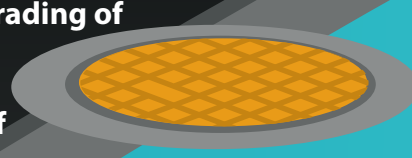
We have **3,137 registered Dogs**



847 requests were received relating to roads and footpaths.
812 were responded to within 10 days

Rehabilitated **52 km of unsealed road** and maintenance **grading of 1,041 km**

Resurfacing of **33.1 km of sealed roads**



A State of Emergency was declared for our District on 28 January 2023 in response to the severe weather and flooding.

The Western Waikato Emergency Response to this event was externally assessed as successful.

Roading emergency works annual spend for all events was \$4,604,993, funded mostly by Waka Kotahi.

OUR FINANCIAL PERFORMANCE

This is an overview of our financial performance for the year ended 30 June 2023. This overview provides an explanation to our financial statements and notes on pages 62 to 117.

OVERALL RESULTS

For the financial year WDC has performed well and reported a net surplus of \$4.16 million compared to a budgeted surplus of \$12.8 million.

Total revenue of \$46.5 million was less than forecast as capital expenditure was not fully spent for road repairs from recent storm events, structural bridge renewals and minor improvements. The associated subsidy revenue on this expenditure was therefore not received as forecast. The road repairs programme will continue in the 2023/24 year. Partly offsetting this, fees and charges and income from construction services was above forecast as \$3.9 million was recognised for construction services for the Gallagher Recreation Centre. Additional subsidy and grants revenue were also received for Mayors Taskforce for Jobs Recovery programme, Water Reforms Better Off funding and to fund Water Reform transition expenditure.

Total expenditure of \$42.4 million was more than forecast mostly due to the recognition of construction services expenditure of \$3.9 million and additional depreciation expense of \$1.4 million due to the revaluation of most asset classes at 30 June 2022 which increased the value of these assets and the corresponding depreciation expense. Additional operational expenditure was incurred for first response road maintenance costs after damage from severe weather events and for professional fees for managing the road network. Increased costs were also recognised for operational and reticulation maintenance for water supply, increased electricity costs and losses on asset disposals.

(\$000's)	2023 COUNCIL BUDGET	2023 COUNCIL ACTUAL	2022 COUNCIL ACTUAL
Total Revenue	47,335	46,545	44,224
Total Expenditure	34,505	42,384	36,864
Net surplus	12,830	4,161	7,360

(\$000's)	2023 COUNCIL BUDGET	2023 COUNCIL ACTUAL	2022 COUNCIL ACTUAL
Elements of Net Surplus is comprised of:			
Cash items			
Subsidies, grants and contributions for capital expenditure	16,192	8,561	8,282
Fees and charges revenue for capital expenditure	0	33	0
Gains on the sale of assets	0	154	57
Rates funding for loan repayment	206	234	46
Operational performance	(838)	(1,021)	2,277
Operational expenditure funded by loans	(997)	(577)	(421)
Total cash items	14,563	7,384	10,240
Non-cash items			
Gains on valuations of investment property and forestry assets	0	55	331
Losses on asset disposals	0	(356)	(725)
Depreciation expense not funded	1,733	2,922	2,487
Total non-cash items	(1,733)	(3,223)	(2,881)
Net Surplus	12,830	4,161	7,360

Set out in the table above is a summary of the main items that combine to contribute to the total net surplus of \$4.16 million for the year.

Included in the surplus are revenues for asset funding such as subsidies, grants and contributions for capital expenditure, gains on the sale of assets and rates funding applied to loan repayment. These revenues are applied to the cost of improving and renewing assets and the associated loan repayments which are not accounted for in the surplus.

Operational reserve funding was utilised during the year to fund increased operational costs in wastewater and water supply and also for solid waste as waste disposal fees were less due to reduced waste volumes.

The 2022/23 Annual Plan also forecast reserve funding as some operational spends and initiatives were delayed in prior years, some additional funding for reserves was also planned for rates affordability reasons. During the year loan funding was recognised for the district plan development.

Non-cash items incorporated in the surplus include the gains on valuations of investment property, losses on asset disposals and the depreciation expense not funded by rates. These items are recorded for accounting purposes and are not supported by underlying cash revenue or expenditure.

Further details on the revenue and expenditure items that have contributed to the surplus are provided within each Group of Activities and in note 35.

OUR FINANCIAL STRATEGY

Our 2021-31 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. The Financial Strategy can be read in full in the 2021-31 10 Year Plan or on our website.

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 **\$28.3 million**, which was significantly lower than the forecast target in the 2021-2031 10 Year Plan of **\$39.1 million** and the 2022/23 Annual Plan forecast of \$35.0 million.

We have been able to maintain debt at a similar level to the previous year as the capital expenditure programme was not fully spent particularly for repairs to the roading network from severe weather events and the cell development and highwall stabilisation at the landfill.

See Total borrowing cost graph on page 12.

CAPITAL EXPENDITURE

The 2022/23 approved capital budget was \$23.6 million, the actual spend for the capital portfolio was \$16.2 million. Included in the actual spend is the service concession asset for the right of use of the Gallagher Recreation Centre, the purchase of carbon credits, and the projects that were deferred to 2022/23 from the previous financial year.

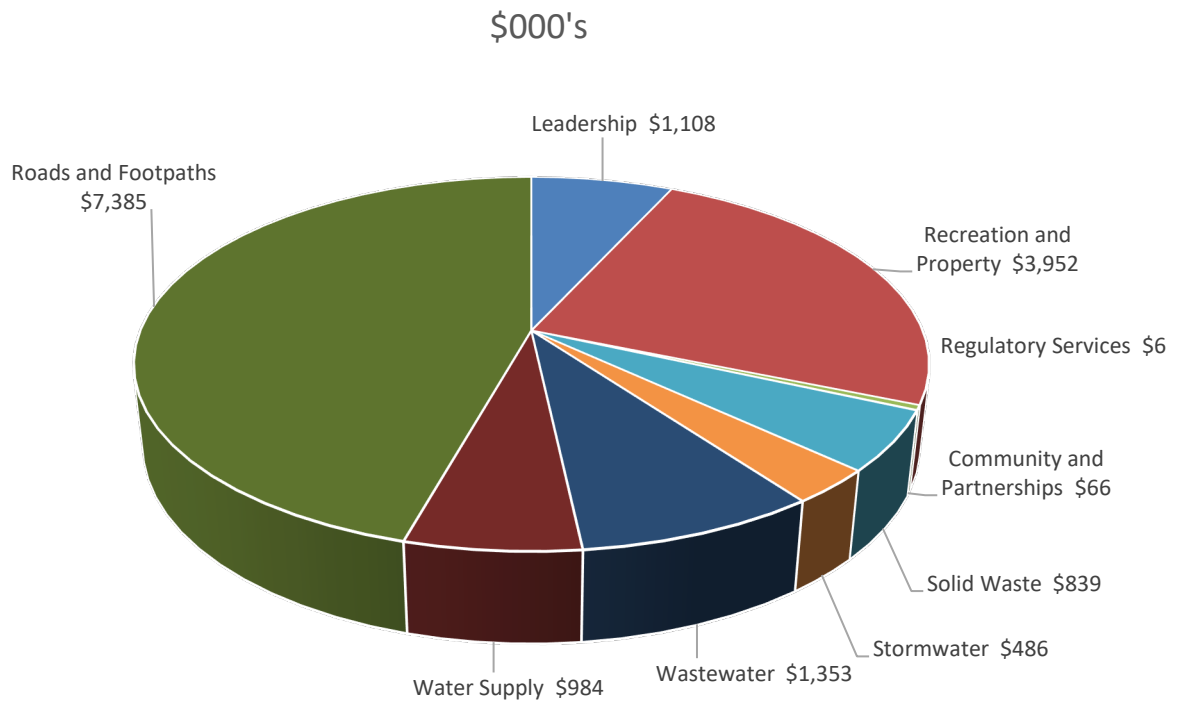
Some capital expenditure projects that were not completed during the year will be deferred to the 2023/24 year. Delays occurred due to internal resourcing, severe weather events and reprioritisation of projects.

In the 2022/23 we invested \$16.2 million in capital projects.

Some key projects undertaken were:

- Construction completed of the Gallagher Recreation Centre
- Installation of the new Mokau public toilets.
- Roothing network repairs of \$2.8 million related to the severe weather events.
- Resurfaced 33.1km of sealed roads.
- Unsealed roads received 52km of rehabilitation.
- Waimiha Road pavement rehabilitation completed, and Seddon and Lawrence Streets commenced.

TOTAL CAPITAL EXPENDITURE BY ACTIVITY 2022/23



FINANCIAL REPORTING AND PRUDENCE BENCHMARKS

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

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.

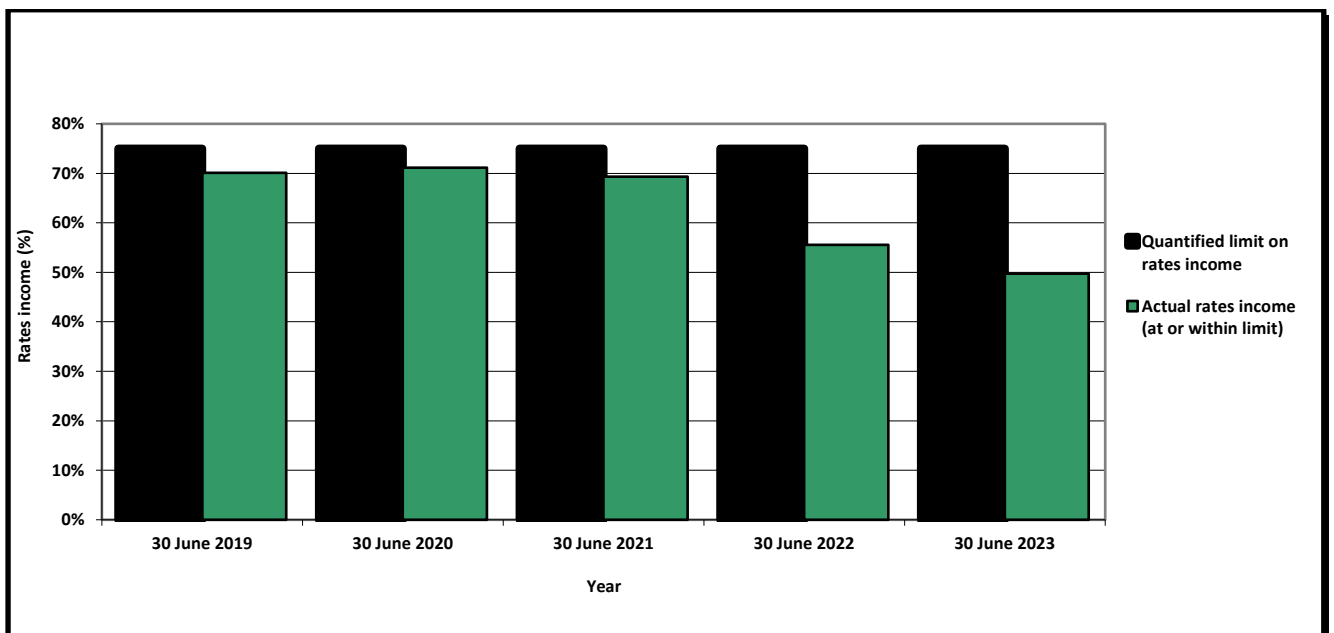
RATES AFFORDABILITY BENCHMARK

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

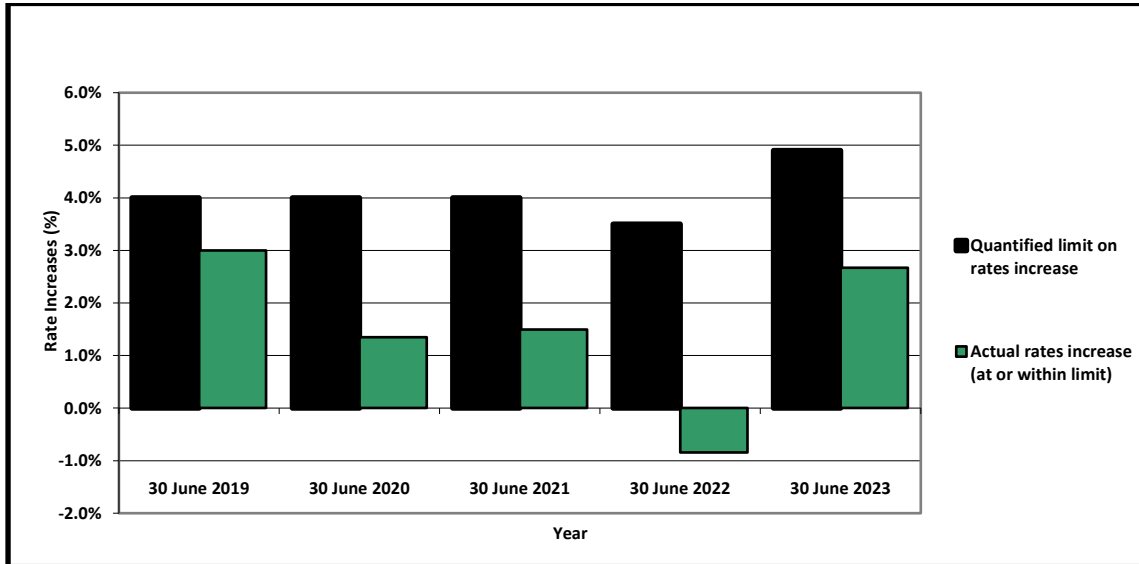
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.



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. Rates income was 49% of operating expenditure in 2022/23.

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 2021-31 Long Term Plan. The quantified limit for rates increases is 4.9% for the year ending June 2023 (Local Government Cost Index + 2%). Actual rates increase from 2021/22 to 2022/23 was 2.7%. For the years June 2019 to June 2021 the rates limit was 4% as set out in the 2018-28 Long Term Plan.



DEBT AFFORDABILITY BENCHMARK

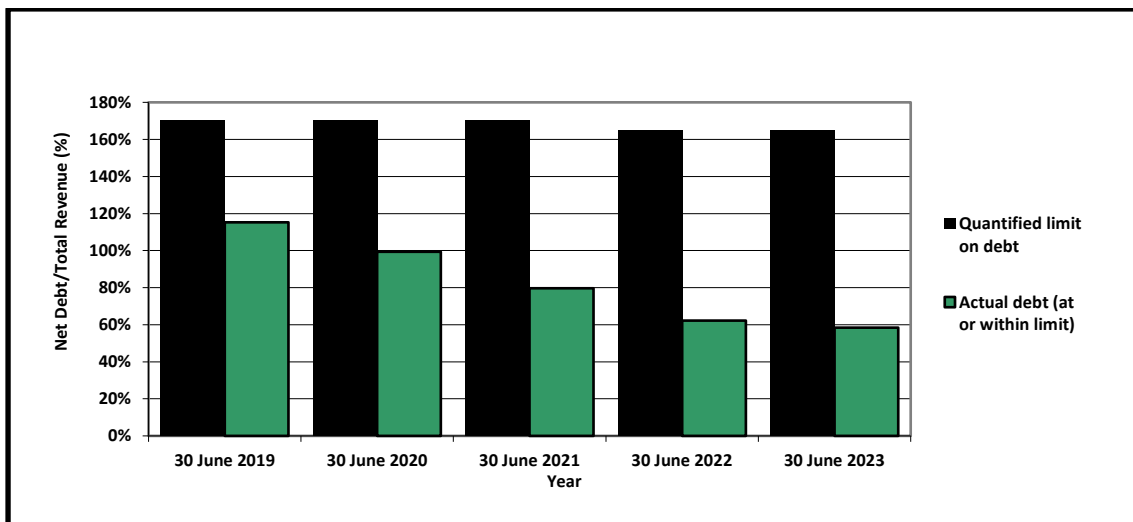
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. There are two quantified limits described in the long-term plan.

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.

Net debt will not exceed 165% of total revenue

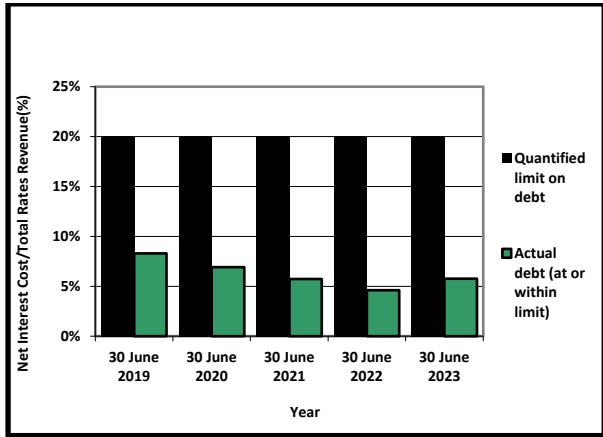
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is net debt will not exceed 165% of total revenue. A value of less than 165% indicates compliance with the prudential limit.



DEBT AFFORDABILITY BENCHMARK (CONT.)

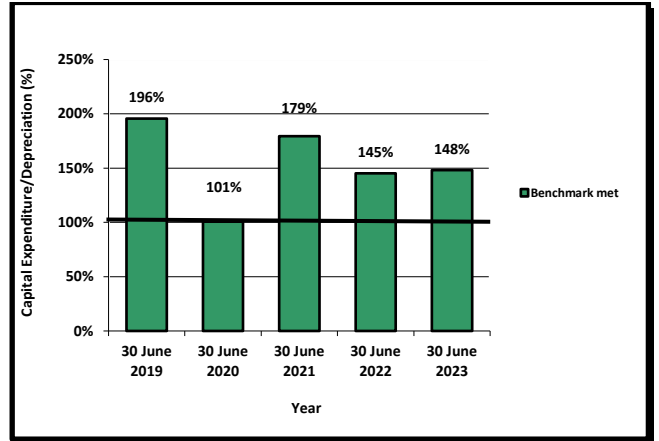
Net interest will not exceed 20% of annual rates

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.



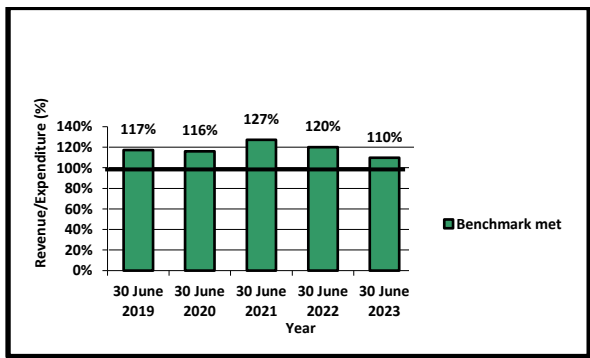
ESSENTIAL SERVICES BENCHMARK

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.



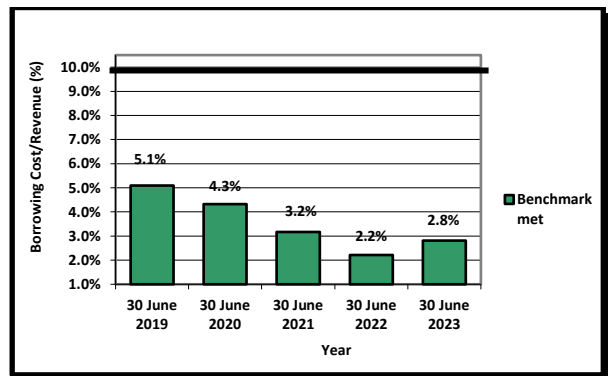
BALANCED BUDGET BENCHMARK

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.



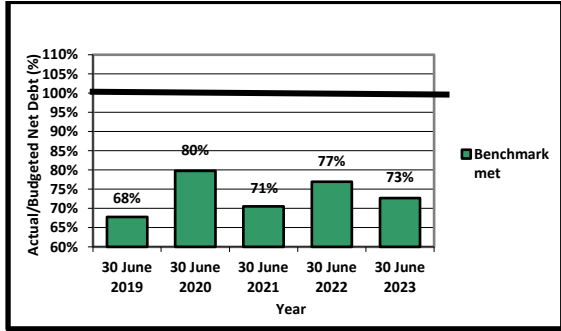
DEBT SERVICING BENCHMARK

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

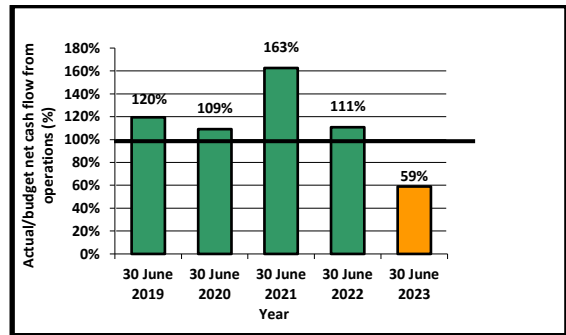
The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities (excluding employee entitlements and provisions) less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark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

The operations control benchmark has not been achieved in 2022/23 as less cash was received from capital subsidies than planned. The remaining repairs to the road network from severe weather events will be completed in the 2023/24 year. The recognition of construction services expenditure for the Gallagher Recreation Centre was included in net cashflow from operations. However, the budget for this work was included in capital expenditure which is not included in this measure.



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 \$4.3 million**.

Inframax Construction Ltd report a net profit after tax of \$0.98 million for the year ended 30 June 2023. This was a positive result for the company and is a reflection of the hard work and effort of the Board, management and staff. Despite challenging conditions including wet weather during the construction season, resourcing constraints from a national skills shortage and the impacts of high level of inflation on expenditure, the result is a considerable improvement on the previous years' net loss. Revenue increased to \$40 million, a 16% increase on the prior year, as the company successfully secured several key contracts including the road maintenance contract for Ruapehu district.

The equity position of the company increased to \$12.6 million, with an equity ratio of 52%.

At 30 June 2023, total equity for the Group was **\$662.8 million**, an increase of \$186.1 million from the prior year. This increase in equity reflects the following net asset increases:

- The Group's after tax surplus of \$4.3 million.
- Current assets increased by \$0.7 million arising from an increase in cash and cash equivalents at balance date and the recognition of the derivative financial instruments asset.
- Current liabilities decreased by \$6.3 million due mostly to the reclassification of Council borrowings to non-current liabilities.
- Non-current assets increased by \$188.3 million arising mostly from the revaluation of roads and solid waste assets and the recognition of the service concession asset for the right to use the Gallagher Recreation Centre.
- Non-current liabilities increased by \$9.2 million due mainly to the reclassification of Council's borrowings from current to non-current liabilities.

OUR COMMUNITY OUTCOMES

Our Community Outcomes and Priority 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 2021-31 10 Year Plan. All our activities contribute to the overall achievement of our community outcomes and our vision -

Waitomo – a vibrant district



Our outcomes are:



A Prosperous District

We will continue to enable a thriving and sustainable economy.



A District for People

We welcome all to a district that is accessible, safe, affordable, and inclusive. We promote health, wellbeing, and participation.



A District that cares for its Environment

We plan for the wise use and management of all land and resources, now and for future generations.



A District that works with You

We work with you to collectively focus on the right things at the right time for the greater benefit of the District.

OUR PRIORITY AREAS



Provide value for money

Residents and ratepayers get best value for money because we find efficient and effective ways to deliver fit-for-purpose infrastructure, assets and services that meet legislative requirements.

We will continue with our renewal and maintenance programmes for our core infrastructure to prevent major repairs or replacements thereby minimising the costs for our current and future generations.



We are reconsidering developing a new cell to extend the landfill capacity and installation of gas collection as dropping waste volumes make out of district disposal a potentially more viable option.

We have commenced delivery of some of the projects funded by Central Governments 'Better-off' fund. These projects were selected based on the Town Concept Plans (TCPs) and feedback we have received from the community on the needs for our district. Without this additional funding some of the key moves in the TCPs could not progress.



Support our communities

We will continue to support a safe, vibrant community where people want to live and feel safe.

We have distributed funding for community projects through our Community and Partnerships Fund. The grants provide community assistance for the 'not for profit' sector to meet local needs and create a strong social base within the community.

Our collaboration with community partners has continued through the Vibrant Waitomo framework, Council have recommitted to this initiative endorsing the revised Strategy in June 2023.



Council adopted the Waitomo Housing Strategy in June 2023. The Strategy can be seen as the starting point for connecting with a range of organisations and agencies that can influence positive change. A Housing Taskforce will be formed in the coming year to assist with the delivery of the actions to address the District's housing issues.

Enable a thriving community

We will continue to enable the growth of our local economy by effectively promoting our District's local businesses and projects.

We support a thriving community by having a fit-for purpose District Plan and Council infrastructure, adequate and appropriate housing for people to live, opportunities for our rangatahi to be employed or have further education and a livable community environment.





SERVICE PERFORMANCE
PAEARU MAHI RATONGA

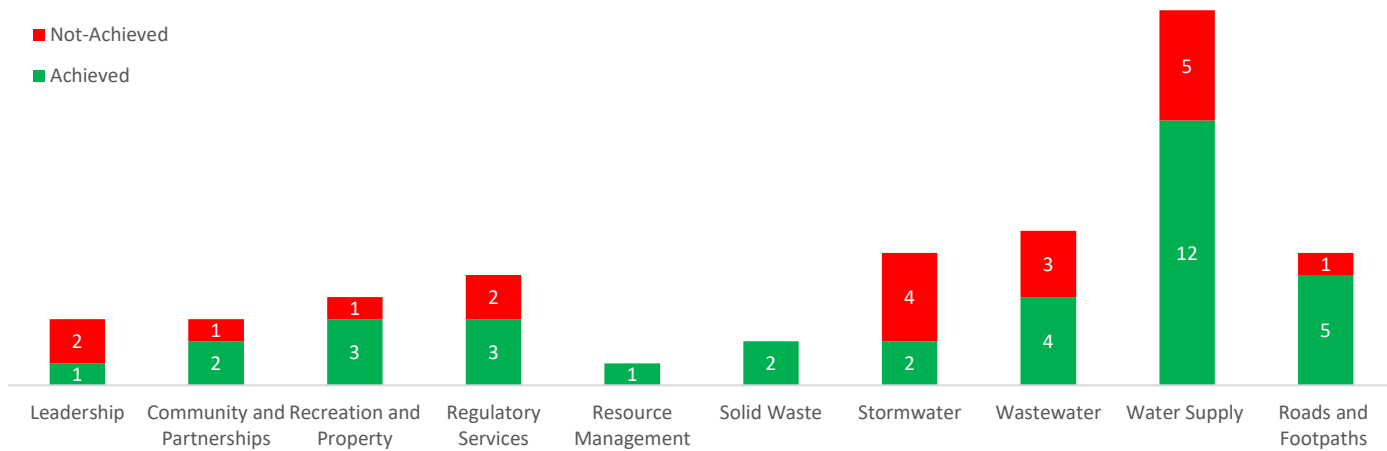
SUMMARY

This part of the Annual Report covers the services we provide and how we performed against our service commitments for 2022/23.

Our 2021-31 10 Year Plan divided the business into 10 activity groups that contribute to the delivery of our community outcomes.

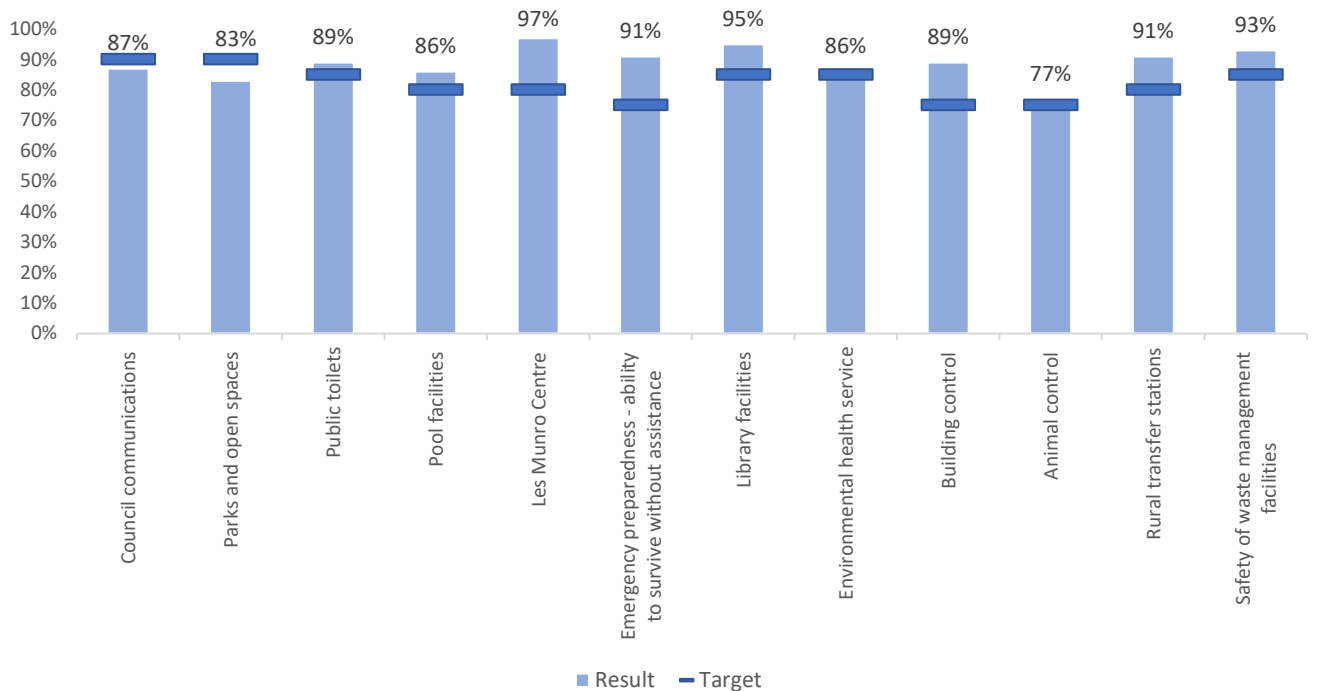
Of the 54 measures that we use to track performance, the summary graph below shows that we have met the target for 35 measures and have not met the targets for 19 measures.

PERFORMANCE RESULTS SUMMARY BY GROUPS OF ACTIVITIES



Our Resident’s survey was undertaken in 2023. Below is a summary of these results. Overall, every activity has met or exceeded the satisfaction targets.

PERFORMANCE AGAINST RESIDENT SURVEY



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.



A Prosperous District



A District for People



A District that cares for its Environment



A District that works with You



Social basketball at the Gallagher Recreation Centre

LEADERSHIP

WHAT WE DO

This group comprises Representation, Strategy and Engagement, Investments, and Emergency Management. Treasury Management and Organisational Overhead activities and service groups are also included in this group.

- **Representation** involves enabling, promoting, and supporting local democracy by providing governance advice and democratic services to elected members, the public and staff.
- **Strategy and Engagement** involves research and analysis to prepare strategies, policies, plans and bylaws. This activity also coordinates and undertakes community engagement and consultation.
- **Investments** include investment in Waikato Local Authority Shared Services (now trading as Co-Lab), Inframax Construction Ltd (ICL), Council owned quarries and investment in Civic Financial Services Ltd.
- **Emergency Management** involves the administration of the Civil Defence Emergency Management function of Council to coordinate a response to an emergency, and to manage recovery in the District.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

We successfully developed and adopted our Annual Plan for 2023/24 for year 3 of our 2021-2031 10 Year Plan. This year's Annual Plan required a careful balance of funding increasing costs while still providing the agreed level of service to our community, this was achieved with a rate increase below inflation which many other Councils were unable to do.

We have reviewed and updated some of our policies and bylaws this year including our Gambling Policy and our Remotely Piloted Aircraft (Drone) Policy. We also reviewed and updated our Freedom Camping Bylaw which drew 39 submissions from members of the public. The no freedom camping area at Kiritehere was further expanded after consideration of the submissions. The Bylaw was adopted by Council on 30 August 2022.

On 28 January 2023 a State of Emergency was declared for our District in response to the widespread flooding and slips across the district resulting from the severe weather and heavy rain forecasted. The Civil Defence Emergency Response team was active during this event co-ordinating resources and providing important information to those on the ground and to the general public. Some residents were evacuated from properties impacted by the flooding in Te Kuiti. There were several full or partial road closures being managed by the team around the district. The state of Emergency was lifted on 30 January 2023 as the flood waters receded.

Significant damage occurred to the Roding network once again requiring funding assistance from Waka Kotahi to reopen and repair these roads. With such extensive damage adding to repairs from Cyclone Dovi a re-prioritisation of the work programme was required.



Mangaokewa Stream, Te Kuiti, 29 January 2023

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
Provide and promote governance processes that are robust and transparent for our community.	Percentage of Council agendas that are publicly available two working days or more before the meeting.	<p>Target: 100%</p> <p>Result: 94%</p> <p>Previous year Result: Not Achieved</p>	<p style="text-align: center;">●</p> <p>Of the 16 Council and Committee meetings convened during the year, one agenda was only publicly available one working day prior to a meeting due to staffing resources impacted by the Civil Defence Declaration made because of Cyclone Gabrielle.</p>
Effective communication with our community.	Percentage of residents satisfied with the effectiveness and usefulness of Council communications.	<p>Target: 90%</p> <p>Result: 87%</p> <p>Previous year Result: Achieved</p>	<p style="text-align: center;">●</p> <p>The result from the June 2023 Residents Survey was 87% down from 90% in 2021.</p>
Emergency preparedness through community-based emergency management.	The evaluation of annual exercise as a measure of effectiveness of training.	<p>Target: increasing trend</p> <p>Result: 66% Advancing</p> <p>Previous year Result: Achieved</p>	<p style="text-align: center;">●</p> <p>Emergency Operation Centre was activated in January 2023 and was used for this assessment. Previous result was 74% 'Advancing' on a simulation exercise used in 2022. Due to the nature of an actual event, it is harder to score a higher mark. Our 10 Year Plan goal is to get to the Civil Defence Emergency Management rating of 'Advancing', therefore this KPI is achieved.</p>



Emergency Operation Centre in action January 2023

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Leadership (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,365	3,517	3,746
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	20	334
Fees and charges	76	78	89
Internal charges and overheads recovered	19,473	20,044	19,845
Local authorities fuel tax, fines, infringement fees and other receipts	9	9	83
Total operating funding (A)	22,923	23,668	24,097
Applications of operating funding*			
Payments to staff and suppliers	10,325	10,475	10,611
Finance costs	59	54	216
Internal charges and overheads applied	12,012	12,475	12,389
Other operating funding applications	0	0	0
Total applications of operating funding (B)	22,396	23,004	23,216
Surplus (deficit) of operating funding (A-B)	527	664	881
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	76
Gross proceeds from sale of assets	0	0	221
Lump sum contributions	0	41	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	41	297
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	28	113	6
Capital expenditure - to replace existing assets	588	662	1,102
Increase (decrease) in reserves	(89)	(70)	70
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	527	705	1,178
Surplus (deficit) of capital funding (C-D)	(527)	(664)	(881)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Interest costs have been disclosed in the funding impact statement for each activity to provide more transparency of where these costs attribute to. Previously, these costs were treated as overheads and included in the internal charges and overheads recovered. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Total operating funding

- 1 The overall rates revenue in the 2022/23 year was more than the LTP forecast to fund the additional forecast operational expenditure. Rates penalties revenue was also above forecast as more penalties were recognised for the year than forecast.
- 2 Subsidies and grant revenue was recognised for Waters Reform Transition funding which was not included in the LTP forecast.
- 3 Interest revenue was more than forecast as only a very conservative interest revenue budget was forecast.

Applications of operating funding

- 4 Operating expenditure was above forecast for audit fees, consultants fees, and asset valuations.
- 5 Finance costs were more than forecast due to increases in interest rates from what was forecast in the LTP.

Sources of capital funding

- 6 There was an increase in debt for cloud migration expenditure. This project was not included in the LTP forecast.
- 7 Gross proceeds from sale of assets were recognised for fleet vehicles.

Applications of capital funding

- 8 Vehicle fleet renewal expenditure was deferred from the 2021/22 year due to the impact of the pandemic on supply chains. The Customer Services Centre refurbishment commenced during the year and was completed in August 2023. The budget for this expenditure was included in the prior financial year.

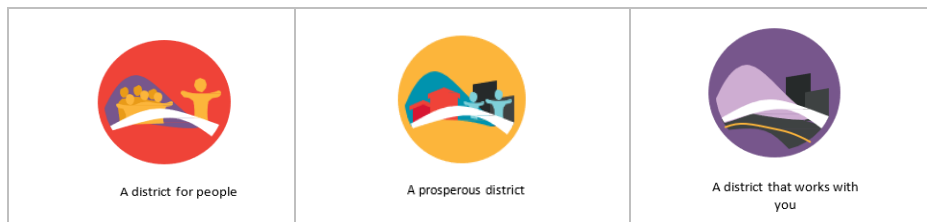
COMMUNITY AND PARTNERSHIPS

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 Development** supports the wellbeing of our communities by enabling local organisations and private providers to deliver a variety of community-based services and activities to meet the needs of our community.
- **District Promotion** is delivered through a partnership between Central Government, Local Government, and the Tourism Industry.
- **Economic 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.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

The Vibrant Safe Waitomo Action Plan 2022/2023 was implemented throughout the year. Some highlights for the year included development of a Transitional Housing Service in Te Kuiti to support whanau looking for sustainable housing. As well as funding to support a bus service (from the Waitomo District) to transport students involved in Vocational Education and Training to and from Hamilton daily providing them access to Tertiary programmes at Te Pūkenga.

The Mayor's Taskforce for Jobs (MTFJ) Community Recovery Programme was developed in collaboration with the Ministry of Social Development (MSD). The programme sees rural Councils assisting local businesses with recruitment, training, guidance and in some cases subsidies, to help small businesses employ young workers. During the 2022/23 year outstanding results were achieved with 84 Sustainable Employment Outcomes. Placements were made in various sectors including retail, building and construction, administration, and education.

The Waitomo District Youth Council (WDYC) has not reconvened due to the disruption to schooling in the last 12 months. Planning is underway to refresh youth engagement initiatives.

Waitomo District Council, via the Community and Partnership Fund Policy, has continued to support organisations and funding partners with projects, activities and services that benefit our community.

The Waitomo District Library continued to support online services alongside return of customers to the library with the lifting of restrictions.

The Great NZ Muster did not proceed due to a number of factors. The Waitomo Christmas Parade was welcomed backed after not going ahead the previous year due to Covid restrictions. Matariki was celebrated with a Dawn Ceremony held at Te Kuiti Pa and a community day of celebration of art and music at the Les Munro Centre.

The Waitomo Housing Strategy was developed. The vision is every whanau has access to an affordable, suitable, stable and healthy home.

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
Contestable grant funding is disseminated through a robust process.	Percentage of grants funding available is disseminated.	Target: ≥ 80% Result: 88% of grant funding was disseminated. Previous year Result: Achieved	 88% of grant funding has been disseminated through the contestable grant funds. *A total of 31 grants were approved and disseminated during the year.
Council supports the delivery of youth related projects by the Youth Council.	Youth Council undertakes two youth related projects per year.	Target: 2 per annum Result: 0 Previous year Result: Not Achieved	 Not a priority given the current school environment. Time is being taken to revise the Youth Council; a refresh will be launched in the 2023/2024 FY.
Involvement in economic development initiatives and promotional opportunities.	≥5 initiatives or promotional opportunities.	Target: ≥5 per annum Result: 5 Previous year Result: Achieved	 Stadium; Housing Assessment, Housing Strategy; District profiled in key publications; Travel trade marketing and famils; Ambassador Programme developed.

* Contestable grant funds include WDC's Single-Year Community Assistance Grant, Multi-Year Community Partnership Grant, and the Community Events Fund.



Te Kuiti town clock repair April 2023

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Community and Partnerships (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,405	1,426	1,314
Targeted rates	312	317	319
Subsidies and grants for operating purposes	0	0	754
Fees and charges	4	4	8
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	1,721	1,747	2,395
Applications of operating funding*			
Payments to staff and suppliers	953	965	1,449
Finance costs	25	25	0
Internal charges and overheads applied	691	706	738
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,669	1,696	2,187
Surplus (deficit) of operating funding (A-B)	52	51	208
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	66
Development and financial contributions	0	0	0
Increase (decrease) in debt	(50)	(50)	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(50)	(50)	66
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	66
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	2	1	208
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	2	1	274
Surplus (deficit) of capital funding (C-D)	(52)	(51)	(208)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Interest costs have been reclassified to finance costs. These costs were previously treated as overheads and included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Total operating funding

- 1 The overall rates revenue in the 2022/23 year was less than forecast in the LTP due to use of operational reserves to part fund some initiatives delayed from the previous year.
- 2 Subsidies and grant revenue was recognised for Waters Reform Better Off funding support package, Bikes in Schools programme and Mayors Taskforce for Jobs Community Recovery Programme.

Applications of operating funding

- 3 Operational expenditure was above forecast as expenditure was incurred for the Better Off projects which were not forecast in the LTP. Better Off project expenditure included the Rangatahi Pathways programme and the development of the housing strategy. Expenditure was also recognised for the Mayors Taskforce for Jobs Community Recovery Programme.

Sources of capital funding

- 4 Subsidies and grant revenue was received from central government for the Waters Reform Better Off support package for Better Off projects and Bikes in Schools programme.

Applications of capital funding

- 5 Better Off projects commenced during the year which were fully funded by central government for the Waters Reform Better Off support package. Expenditure was recognised for the purchase of a vehicle to support the delivery of the Rangatahi Pathways programme to transport rangatahi to workshops and tertiary/education events. Expenditure was also incurred for the purchase of bicycles for the Bikes in Schools programme which is fully funded by central government.
- 6 There was an increase in reserves for the year as rates remission expenditure was less than forecast and district and regional promotions budgets were not fully spent during the year.



Waitomo District Council Customer Service Centre

RECREATION AND PROPERTY

WHAT WE DO

This group comprises of parks and recreation, housing and property, community and public facilities.

- **Parks and Recreation** involves the provision of parks and reserves for recreation, green spaces and landscapes that are restful and enhance the visual amenity of our communities.
- **Housing and 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.
- **Community Facilities** involves the provision of recreation and cultural opportunities to support the health and well-being of the community.
- **Public Facilities** involves the provision of cemeteries, public car parks, public toilets, street furniture and our CCTV system.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

We have been working with regional partners on continuing to develop the Waitomo Walking and Cycling Strategy 2024.

Upgrading of the Les Munro Centre Air Conditioning Unit is in procurement stage of the tender process. Once installed this will provide better heating and cooling options for users.

The new Gallagher Recreation Centre has been constructed and operational since February, students and members of the public are benefiting from this purpose-built facility.

New Mokau toilet block was installed and has been in operation since November. This provides secure toilet facilities for locals and visitors.



Mokau Public Toilets

i-Site building works is near completion. Additional work is still being undertaken with an extension of the contract.

A draft development plan for the Te Kuiti Aerodrome was undertaken and is due to go to Council later in 2023.

The Waitomo District Library has increased its online presence and is now more accessible than ever, providing more materials and services round-the-clock.



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	HOW WE PERFORMED
We provide parks and open spaces across our district.	Percentage of residents satisfied with parks and open spaces.	Target: ≥ 89% Result: 83% Previous year Result: Achieved	 The result from the June 2023 Residents Survey was 83% down from 89% the year previous.
We provide pools and community facilities that are compliant with legislative standards.	Current Building Warrant of Fitness (BWOFF) for facilities with compliance schedules.	Target: Achieve Result: Achieved Previous year Result: Achieved	 All BWOFF's have been received and are current.
We will provide a comprehensive library facility for our community.	Percentage of residents satisfied with the quality of the library facility and service.	Target: ≥ 85% Result: 95% Previous year Result: Achieved	 The result from the June 2023 Residents Survey was 95%.
We provide public toilets for our community and visitors to the district.	Percentage of residents satisfied with the quality of public toilets.	Target: ≥ 85% Result: 89% Previous year Result: Achieved	 The result from the June 2023 Residents Survey was 89%.



Te Kuiti Public Library

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Recreation and Property (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,195	3,123	3,273
Targeted rates	269	270	267
Subsidies and grants for operating purposes	1	1	172
Fees and charges	504	535	4,463
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	3	3	2
Total operating funding (A)	3,972	3,932	8,177
Applications of operating funding*			
Payments to staff and suppliers	1,312	1,229	5,440
Finance costs	88	89	117
Internal charges and overheads applied	1,696	1,741	1,838
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,096	3,059	7,395
Surplus (deficit) of operating funding (A-B)	876	873	782
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	2,649
Development and financial contributions	0	0	0
Increase (decrease) in debt	25	(228)	659
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	25	(228)	3,308
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	289	112	2,976
Capital expenditure - to replace existing assets	453	223	976
Increase (decrease) in reserves	159	310	138
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	901	645	4,090
Surplus (deficit) of capital funding (C-D)	(876)	(873)	(782)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Interest costs have been reclassified to finance costs. These costs were previously included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Total operating funding

- 1 Rates revenue was more than forecast in the LTP to fund increased depreciation of buildings and some forecast increases in operational costs.
- 2 Grant revenue was recognised to fund consultants fees, legal fees and procurement costs associated with the Gallagher Recreation Centre and the Brook Park native tree planting project.
- 3 Construction services revenue of \$3.9 million was recognised for the construction of the Gallagher Recreation Centre, with an equivalent amount recognised as construction expenditure.

Applications of operating funding

- 4 Operating expenditure was above forecast due to the recognition of \$3.9 million construction services to Ministry of Education and Te Kuiti High School Board of Trustees, for facilitating the construction of the Gallagher Recreation Centre. An equivalent amount is also recognised as construction revenue. Additional expenditure was also incurred for consultants fees, increased cleaning contract costs for public toilets, silviculture programme costs and relocation of overhead power lines at the aerodrome.

Sources of capital funding

- 5 Subsidies and grant revenue for capital expenditure of \$2.4 million was recognised for the construction of the Gallagher Centre. Subsidy revenue was also received to part fund the construction of Mokau toilets and for the Waters Reform Better Off support package for Better Off projects.
- 6 There was an increase in debt for the construction of the Gallagher Recreation Centre and Mokau toilets.

Applications of capital funding

- 7 Capital expenditure to improve the level of service was above forecast due to the recognition of a service concession asset for the future right to use the stadium facility. Better Off projects commenced during the year which were fully funded by central government for the Waters Reform Better Off support package. Expenditure for the construction of walkways and minor carpark sealing was recognised. The FlagTrax System was also purchased for Piopio, Mokau, Maniaiti/Benneydale and Waitomo for street flag displays. These projects were not forecast in year 2 of the LTP.
- 8 Expenditure was recognised for the replacement of heating and ventilation system at the Les Munro Centre and the completion of construction of Mokau Toilets. These projects were not forecast in year 2 of the LTP.
- 9 The increase to reserves was less than forecast in the LTP as reserves were utilised to fund increased cleaning contract costs for public toilets, consultants fees and relocation of overhead power lines at the aerodrome.



Rora Street, Te Kuiti

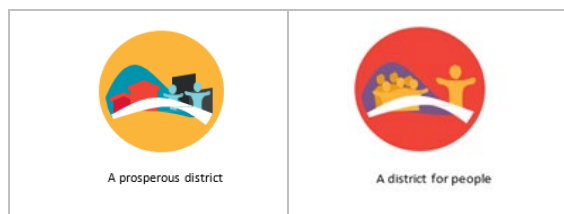
REGULATORY SERVICES

WHAT WE DO

This group undertakes many activities that contribute to community wellbeing and help to make the Waitomo District a safe and vibrant place to be. These activities are governed and directed by national legislation, regional and local policies, and bylaws.

- **Building Services** responsible for processing and monitoring building consents and issuing Code of Compliance Certificates pursuant to the Building Act 2004. This activity also covers the monitoring and enforcement of earthquake-prone building requirements, and swimming pools.
- **Alcohol licensing** responsible for administering the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee on behalf of the Alcohol Regulatory and Licensing Authority, which encourages the responsible sale and use of alcohol through licensing, monitoring of premises and enforcement of the Sale and Supply of Alcohol Act 2012.
- **Environmental Health** provides a range of services to ensure food outlets maintain high food safety standards, and that nuisance complaints, hazardous substances and contaminated sites are all managed in accordance with various legislation and policies.
- **Bylaw administration** involves managing a range of bylaws to allow Council to manage issues associated with community nuisance, protect public health, and manage Council's assets.
- **Animal and Dog control** delivers animal control services in the areas of dog registration, complaint response, wandering stock, and general animal control, as required by the Dog Control Act 1996, Impounding Act 1955 and Council's Dog Control Policy and Bylaw. This is achieved through active enforcement of requirements and via the education of dog owners and the general public.

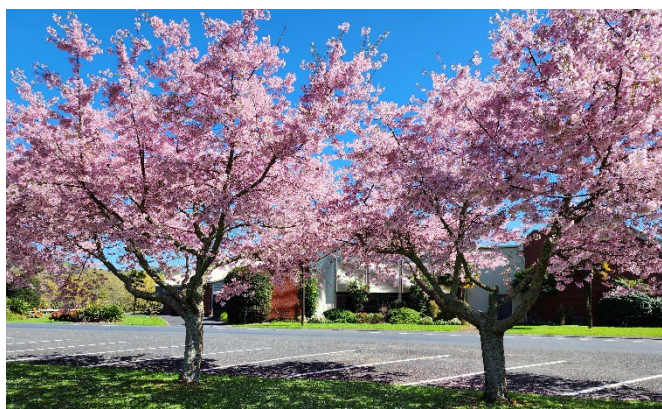
COMMUNITY OUTCOMES



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). IANZ accreditation was achieved in June 2022 with the next audit to be undertaken in June 2024.

The Earthquake Prone Building (EPB) work programme is continuing. Owners of priority buildings have now provided engineering assessments in response to the letters issued in April 2021. These assessments have been reviewed and appropriate steps taken, which includes applying EPB notices and entering them on the national EPB register.



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
We ensure the public sale and supply of alcohol is undertaken safely and responsibly.	All premises that sell alcohol are licensed.	Target: 100% Compliance Result: 100% Previous year Result: Achieved	 100% compliance.
Building consents are processed in a timely fashion.	Building consents are processed within 20 working days.	Target: Achieve Result: Not Achieved Previous year Result: Not Achieved	 Year end 99% compliance. Two consents out of 167 not processed within the 20 day target.
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 maintained Result: BCA accreditation maintained Previous year Result: Achieved	 Assessed in June 2022, not due again until June 2024.
We provide land information Services (LIMs) efficiently.	LIMs are processed within statutory timeframe.	Target: 100% Result: 98% Previous year Result: Not Achieved	 Year end 98% compliance. Two LIMs out of 111 not processed within the 10 working days target.
We provide an effective Animal Control Service.	Percentage of residents satisfied with the provision of the Animal Control Service.	Target: ≥ 75% Result: 77% Previous year Result: Achieved	 77% of respondents were satisfied with animal control services in the June 2023 Residents Survey.



Donated dog jackets for our pound

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Regulatory Services (\$000's)	LTP 2021-31 2022	LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	825	893	948
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	431	447	444
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	23	24	16
Total operating funding (A)	1,279	1,364	1,408
Applications of operating funding*			
Payments to staff and suppliers	320	333	207
Finance costs	0	0	0
Internal charges and overheads applied	952	978	1,078
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,272	1,311	1,285
Surplus (deficit) of operating funding (A-B)	7	53	123
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(1)	(1)	(1)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(1)	(1)	(1)
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	5
Capital expenditure - to replace existing assets	10	10	1
Increase (decrease) in reserves	(4)	42	116
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	6	52	122
Surplus (deficit) of capital funding (C-D)	(7)	(53)	(123)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Interest costs have been reclassified to finance costs. These costs were previously included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Total operating funding

- 1 The overall rates revenue in the 2022/23 year was more than forecast in the LTP to fund increased costs of the delivery of environmental health services.

Applications of operating funding

- 2 Operational expenditure was below forecast for animal control contractor costs, building control legal fees and earthquake prone building expenditure.

Applications of capital funding

- 3 The increase in reserves was more as forecast expenditure for building control, animal control and environmental health services was not fully spent.



Cricket on the Te Kuiti Domain

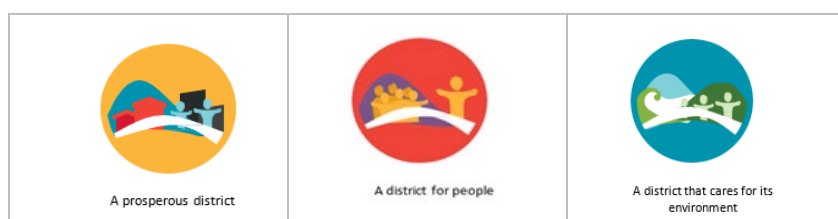
RESOURCE MANAGEMENT

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 Operative 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

The Proposal District Plan was notified on 20 October 2022 with the submission period closing on 23 December 2022, a total of 58 submissions were received.

The summary of submissions was publicly notified on 6 July 2023 with the submission period closing on 28 July 2023, a total of 28 further submissions were received.

Staff will now begin drafting the hearing reports with the aim of commencing the hearings mid-2024.

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 in accordance with legislation.	All non-notified resource consents are processed within statutory timeframes.	Target: Achieve Result: Achieved Previous year Result: Achieved	 All non-notified resource consents received have been processed within the 20 working days target.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Resource Management (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	397	515	436
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	180	185	153
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	577	700	589
Applications of operating funding*			
Payments to staff and suppliers	1,052	340	261
Finance costs	35	55	41
Internal charges and overheads applied	629	645	657
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,716	1,040	959
Surplus (deficit) of operating funding (A-B)	(1,139)	(340)	(370)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,139	340	362
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,139	340	362
Applications of capital funding			
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	0	0	(8)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	0	0	(8)
Surplus (deficit) of capital funding (C-D)	1,139	340	370
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Interest costs have been reclassified to finance costs. These costs were previously included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Total operating funding

- 1 Due to the resequencing of the review of the district plan, there was a forecast decrease in rates revenue required to fund internal loan repayment and interest costs.

Applications of operating funding

- 2 Operational expenditure was below forecast for legal fees for the review of the district plan.



Te Kuiti Cemetery

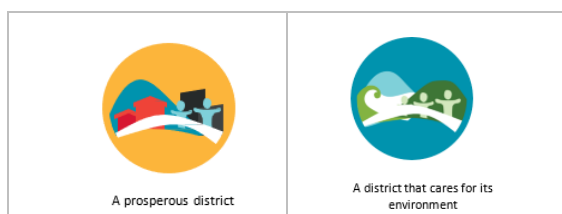
SOLID WASTE

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

The planned works for the staged lining and gas flaring to extend the capacity of the Te Kuiti landfill is under review as we consider the most cost effective and viable way to deal with our solid waste. To meet our resource consent conditions a leachate flow meter has been installed along with new pipeline to the wastewater network so we can monitor the leachate flow levels.

Waste minimisation programs are being delivered to schools through Enviro Schools along with Paper for Trees program. Contact with Para Kore (Zero Waste) has commenced to establish relationships with Marae not already involved. A waste assessment has been completed along with a SWAP (Solid Waste Analysis Protocol) Audit and is currently under review by Medical Officer of Health. This will help inform our Waste Minimisation Plan which we will review in the next 12 months.

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
We provide safe solid waste facilities within District.	Percentage of users that are satisfied with the rural transfer service stations.	Target: New measure Result: 91% Previous year Result: New measure	 Result of the June 2023 Residents Survey was 91%, this is the new baseline.
We will provide a reliable kerbside rubbish collection to stop rubbish becoming a health risk*.	There are no more than 10 justifiable complaints per week about uncollected rubbish.	Target: New measure ≤10 per week Result: 0.35 per week Previous year Result: Achieved	 Year-end average 0.35 complaints per week or 18 complaints this year.

* Services offered in Te Kuiti, Waitomo Village, Piopio and Mokau.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Solid Waste (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	69	31	32
Targeted rates	1,075	924	1,079
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,677	2,011	1,660
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	35	36	103
Total operating funding (A)	2,856	3,002	2,874
Applications of operating funding*			
Payments to staff and suppliers	2,158	2,332	2,198
Finance costs	113	110	119
Internal charges and overheads applied	504	518	508
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,775	2,960	2,825
Surplus (deficit) of operating funding (A-B)	81	42	49
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(207)	228	(201)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(207)	228	(201)
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	75
Capital expenditure - to replace existing assets	704	1,174	764
Increase (decrease) in reserves	(830)	(904)	(991)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	(126)	270	(152)
Surplus (deficit) of capital funding (C-D)	(81)	(42)	(49)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Interest costs have been reclassified to finance costs. These costs were previously treated as overheads and included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Total operating funding

- 1 Targeted rates revenue was more than forecast in the LTP as there was an increased rate requirement to fund the forecast reduction in fees and charges revenue as a result of reduced waste volumes.
- 2 Fees and charges were less than forecast due to lower waste volumes being received than forecast in the LTP.
- 3 More waste levy revenue was received from central government as it progressively increases and expands the national waste levy programme for initiatives to reduce waste and encourage resource recovery.

Applications of capital funding

- 4 Operating expenditure was below forecast for Emissions Trading Scheme costs and waste disposal levy charges as waste volumes were lower than forecast.

Applications of capital funding

- 5 There was a decrease in debt as the cell development and highwall stabilisation project is currently on hold, while a review of landfill operations is completed.
- 6 Improvement expenditure at the landfill was recognised for the installation of water tanks for fire fighting purposes and monitoring equipment.
- 7 The landfill cell development project to provide further capacity and the progressive stabilisation of the highwall for safety is on hold while a review of landfill operations is completed.



Te Kuiti Transfer Station

STORMWATER

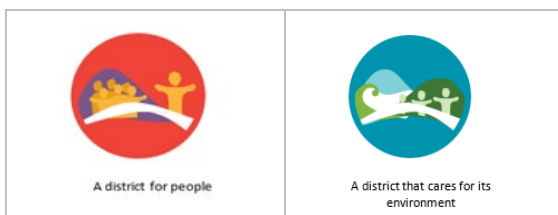
WHAT WE DO

The Stormwater 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.

The main activities of this group are:

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

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

During the January flooding event some properties were recorded as having stormwater entering a habitable floor. Our building inspection team was able to inspect these properties for any damage or sanitary issues.

Monitoring of entry and exit points of the stormwater network was undertaken following the storm events as part of our contracted maintenance work. Fresh debris blocking the inlets was removed and damaged infrastructure repaired as required.

Our annual maintenance programme includes inspections of the network, clearing of open channels, flushing and CCTV surveillance of stormwater pipes which was undertaken throughout the year. In February 2023 additional funding of \$110,000 was approved by Council to increase this maintenance programme through the 2023/24 Annual Plan.

Most of the problem drains and channels were cleared following the January flooding. We have undertaken further CCTV surveillance to identify the problem areas in the pipe network around Te Kuiti to prioritise the stormwater improvements planned for in 2023/24.

Additional budget of \$240,000 was also approved through the annual plan process for improving the network infrastructure allowing for wingwalls and scruffy domes to be installed at critical sites like those below. Inspections and CCTV footage has been used to select the most critical sites, these inspections and planning works are on-going.

A new wingwall was installed this year on Mangarino Road in Te Kuiti to address issues at this stormwater entry point.



Scruffy dome on Hospital Road



Wingwall at Robin Azariah Place

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
We maintain and operate the stormwater network in a way that minimises the likelihood of stormwater entering habitable buildings.	The number of flooding events* that occur in the district in a financial year.	Target: 0 Result: 2 Previous year Result: Achieved	There were two flooding events in 2023/24. Auckland Anniversary Weekend Floods in January and Cyclone Gabrielle in February that exceeded the networks capacity.
	For each flooding event the number of habitable floors** affected in a financial year.	Target: ≤ 1 per 1000 connections (2,655 connections) Result: 5.3 per 1000 connections Previous year Result: Achieved	WDC recorded 14 flooded habitable floors during the above events.
We comply with our resource consent conditions and minimise the impact of stormwater on the environment	Compliance with resource consents for discharge from its Stormwater system, measured by the number of the following (received by Council with a financial year):		
	The number of infringement notices related to the management of the stormwater system.	Target: ≤ 2 Result: 0 Previous year Result: Achieved	There have been no notices received.
We will respond within a reasonable timeframe to flooding.	The number of abatement, enforcement or conviction actions related to the management of the stormwater system.	Target: 0 Result: 0 Previous year Result: Achieved	There have been no notices received.
	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).	Target: ≤ 180 minutes (3hrs) Result: 60 days, 14 hrs, 31 mins Previous year Result: Achieved	Due to inaccurate recording the first response was not recorded, the follow up site visit is the time reported.
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.	Target: ≤ 4 complaints per 1,000 properties (2,655 connections) Result: 6.04 per 1000 properties Previous year Result: Achieved	There were two flooding events in 2022/23 FY: Auckland Anniversary Weekend Floods in January and Cyclone Gabrielle in February, resulting in complaints about urban stormwater, particularly in Te Kuiti. Total annual complaints 16.
<p>* A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.</p> <p>** 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.</p> <p>^ 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.</p>			

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Stormwater (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	456	473	479
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	4
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	456	473	483
Applications of operating funding*			
Payments to staff and suppliers	168	173	130
Finance costs	7	6	7
Internal charges and overheads applied	87	90	83
Other operating funding applications	0	0	0
Total applications of operating funding (B)	262	269	220
Surplus (deficit) of operating funding (A-B)	194	204	263
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(24)	(25)	280
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(24)	(25)	280
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	305
Capital expenditure - to replace existing assets	125	129	181
Increase (decrease) in reserves	45	50	57
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	170	179	543
Surplus (deficit) of capital funding (C-D)	(194)	(204)	(263)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Interest costs have been reclassified to finance costs. These costs were previously treated as overheads and included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Sources of capital funding

- 1 The increase in debt was for Te Kuiti west stormwater catchment improvements project. This project was not included in the forecasts for year 2 of the LTP.

Applications of capital funding

- 2 Improvement expenditure was recognised for Te Kuiti west stormwater catchment improvements project. This project was not included in the forecasts for year 2 of the LTP.



WASTEWATER

WHAT WE DO

This group 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



DELIVERING ON OUR 10 YEAR PLAN

Minor Plant and reticulation renewals have been completed during the year throughout the District.

The review of the capacity and condition of Te Waitere soakage field was completed.

The sewer truck main sewer crossing under SH3 and railway track at Te Kuiti was also completed.



Te Kuiti Wastewater Treatment Plant and Storage Ponds



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
We will attend and resolve issues with the wastewater system within a reasonable timeframe*.	The median attendance time for call-outs, from the time that we received notification to the time that our service personnel reach the site.	Target: ≤180 minutes (3hrs) Result: 1hr 46mins Previous year Result: Achieved	This is the median attendance time by our contractors for callouts to service requests.
	The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	Target: Piopio ≤540 minutes (9hrs) Result: 4hrs 40mins Previous year Result: Achieved	This is the median resolution time by our contractors for completing service requests callouts.
		Target: Rest of District ≤540 minutes (9hrs) Result: 4hr 31mins Previous year Result: Achieved	This is the median resolution time by our contractors for completing service requests callouts.
We comply with our resource consent conditions and minimise the impact of wastewater on the environment.	<i>*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.</i>		
Our wastewater system is operated and maintained to minimise odour and blockages.	0 abatement notices, infringement notices, enforcement orders or convictions issued.	Target: 0 Result: 1 Previous year Result: Achieved	An abatement notice was received for the Te Kuiti wastewater treatment plant due to an emergency overflow from the wastewater oxidation pond following high rainfall in May. This event is still under active investigation.
	The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	Target: Piopio Total complaints per 1,000 connections ≤35 (Total number of connections 210) Result: 219 per 1000 connections Previous year Result: Not Achieved	Total of 46 complaints annually, largely related to systems faults and blockages.
Our wastewater system is optimised to reduce the risk of harm to the community and environment.	Number of dry weather overflows in a financial year	Target: Rest of District complaints per 1,000 connections ≤35 (Total number of connections 1794) Result: 36.2 per 1000 connections Previous year Result: Achieved	Total of 65 complaints annually, mostly concerning blockages.
		Target: Total complaints per 1,000 connections ≤10 (Total number of connections 1,794) Result: 0 Previous year Result: Achieved	No dry weather overflow complaints were received over the year.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Wastewater (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,176	2,200	1,993
Subsidies and grants for operating purposes	104	0	0
Fees and charges	821	850	827
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	3,101	3,050	2,820
Applications of operating funding*			
Payments to staff and suppliers	1,482	1,560	1,822
Finance costs	194	190	206
Internal charges and overheads applied	621	588	563
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,297	2,338	2,591
Surplus (deficit) of operating funding (A-B)	804	712	229
Sources of capital funding			
Subsidies and grants for capital expenditure	480	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(232)	(347)	638
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	248	(347)	638
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	480	0	753
Capital expenditure - to replace existing assets	403	339	600
Increase (decrease) in reserves	169	26	(486)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,052	365	867
Surplus (deficit) of capital funding (C-D)	(804)	(712)	(229)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Water services unit staff costs have been reclassified to payments to staff and suppliers to better reflect the nature of these costs. Previously the staff costs were treated as overheads applied and included in the internal charges and overheads applied. Interests costs have also been reclassified. Previously these were included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Total operating funding

- 1 Targeted rates revenue was less than forecast in the LTP due to the application of reserve funding to provide rates relief.

Applications of operating funding

- 2 Operating expenditure was above forecast for chemicals, electricity and reticulation maintenance expenditure in Te Kuiti.

Sources of capital funding

- 3 The increase in debt was for Te Kuiti west catchment improvements and reticulation renewals.

Applications of capital funding

- 4 Improvement expenditure was recognised for Te Kuiti west wastewater catchment improvements and Te Waitere wastewater renewal and extension of the soakage field. These projects were not included in year 2 of the LTP.
- 5 Asset replacement expenditure was above forecast for reticulation renewals as some of these renewals were budgeted for and commenced in the previous financial year and were completed in the 2022/23 year.
- 6 There was a decrease in reserves due to the utilisation of reserves to fund the increased operational expenditure detailed above.



Te Kuiti, North View

WATER SUPPLY

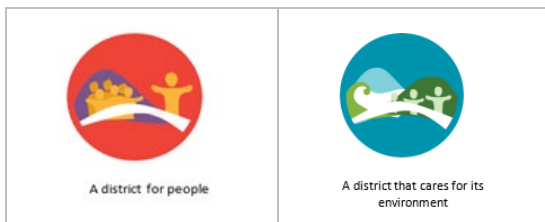
WHAT WE DO

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

Following the construction for the major upgrade of Mokau Water Treatment Plant work has been completed in bringing the Plant online. It is now able to operate at full capacity and is supplying improved reliable drinking water to the urban areas.

Delivery of reticulation renewal programme continued for this financial year and planning for the next financial year 2023/24.


Completed the Piopio Water supply take consent to Waikato Regional Council for renewal at the end of September 2023.












Omaru Falls









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	
We provide water that is safe to drink and hygienic to use which meets the drinking water standards.	The current Drinking Water Quality Assurance Rules (DWQAR) came into effect 14 November 2022. Compliance has been measured against the Old Drinking Water Standards for New Zealand (2005) Revised 2018 from 1 July 2022 to 31 December 2022 and against DWQAR from 1 January 2023 to 30 June 2023.			
	Water quality complies with the drinking water rules for (a) bacteria	Target: Achieve Compliance Result: Not Achieved Previous year Result: Not Achieved		Data loss and sampling frequency caused technical non-compliances. There were no bacterial transgressions.
	Water quality complies with the drinking water rules for (b) protozoa	Target: Achieve Compliance Result: Not Achieved Previous year Result: Not Achieved		Te Kuiti and Mokau achieved Protozoa compliance however Maniaiti/Benneydale and Piopio Water Treatment Plants failed based on continuous monitoring requirements.
We provide an efficient and effective water supply. We will achieve this by undertaking activities such as water leakage* detection and maintaining the network of water pipes.	Percentage of real water loss from the Council's networked reticulation system in a financial year in:			
	*Water leakage 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	Target: ≤ 20% Result: 13.14% Previous year Result: Achieved		Percentage calculated using Minimal Night Flow which assumes that there is little consumption overnight, therefore remaining flow is attributed to water loss. Results may be inaccurate as calculated from data collected on uncalibrated equipment.
	Mokau	Target: ≤ 5% Result: 1.1% Previous year Result: Not Achieved		
	Piopio	Target: ≤ 5% Result: 0.67% Previous year Result: Achieved		
Maniaiti / Benneydale	Target: ≤ 10% Result: 8.64% Previous year Result: No data			
We will respond within a reasonable timeframe to issues with the water supply**.	The median attendance time^ for urgent call-outs, from the time that we received notification to the time that our service personnel reach the site.	Target: ≤ 180 minutes (3hrs) Result: 1hr 54 mins Previous year Result: Achieved		This is the median attendance time by our contractors for callouts to urgent service requests.
	The median resolution time^^ of urgent call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	Target: ≤ 540 minutes (9 hrs) Result: 9hrs 22mins Previous year Result: Achieved		Working to reduce this reporting issue caused by manual reporting processes resulting in inaccurate data. Devices to be introduced to contractors to help address this.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
	The median attendance time, in working days, for non-urgent call-outs, from the time that we received notification to the time that our service personnel reach the site.	Target ≤ 660 minutes (11 hrs) Result: 21hrs 35mins Previous year Result: Achieved	 Working to reduce this reporting issue caused by manual reporting processes resulting in inaccurate data. Devices to be introduced to contractors to help address this.
	The median resolution time, in working days, of non-urgent call-outs, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	Target: ≤ 96 hours (4 days) Result: 27hrs 31mins Previous year Result: Achieved	 This is the median resolution time by our contractors for completing service requests callouts.
<p><i>** Resolution and attendance based on working days are defined as Monday – Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframes start from the next working day.</i></p> <p><i>^ Measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.</i></p> <p><i>^^ Measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.</i></p>			
We provide water that is wholesome and is reliably supplied. The measure indicates customers and community satisfaction with the quality of the water.	The total number of complaints received by Council in a year for: (Total number of connections (2640))		
	Drinking water clarity	Target: ≤ 20 per 1000 connections Result: 3.4 Previous year Result: Achieved	 Total number of annual complaints was 9.
	Drinking water taste	Target: ≤ 5 per 1000 connections Result: 0.8 Previous year Result: Achieved	 Total number of annual complaints was 2.
	Drinking water odour	Target: ≤ 5 per 1000 connections Result: 0.4 Previous year Result: Achieved	 Total number of annual complaints was 1.
	Drinking water pressure flow	Target: ≤ 15 per 1000 connections Result: 1.9 Previous year Result: Achieved	 Total number of annual complaints was 5.
	Continuity of supply	Target: ≤15 per 1000 connections Result: 7.9 Previous year Result: Achieved	 Total number of annual complaints was 21.
	Council's response to any of these issues.	Target: New measure ≤20 per 1000 connections Result: 0.75 Previous year Result: Achieved	 Total number of annual complaints was 2.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
We provide efficient management of demand for water for our community.	The average consumption of drinking water per Waitomo District resident, per day.	Target: ≤ 400 litres per person per day Result: 470 litres /day Previous year Result: Achieved	<div style="display: flex; align-items: center;"> ● <div> <p>High consumption of water in Piopio due to high unaccounted water loss. A comprehensive leak detection programme is planned for 2023/24 FY.</p> </div> </div>



Mangaokewa Stream, Te Kuiti

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Water Supply (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,711	2,847	2,888
Subsidies and grants for operating purposes	259	0	0
Fees and charges	0	0	16
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,970	2,847	2,904
Applications of operating funding*			
Payments to staff and suppliers	1,531	1,397	1,835
Finance costs	243	243	268
Internal charges and overheads applied	676	641	650
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,450	2,281	2,753
Surplus (deficit) of operating funding (A-B)	520	566	151
Sources of capital funding			
Subsidies and grants for capital expenditure	1,076	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(43)	375	431
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,033	375	431
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	1,115	523	291
Capital expenditure - to replace existing assets	494	401	693
Increase (decrease) in reserves	(56)	17	(402)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,553	941	582
Surplus (deficit) of capital funding (C-D)	(520)	(566)	(151)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Water services unit staff costs have been reclassified to payments to staff and suppliers to better reflect the nature of these costs. Previously the staff costs were treated as overheads applied and were included in the internal charges and overheads applied. Interest costs have also been reclassified to finance costs. Previously these costs were included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Applications of operating funding

- 1 Operating expenditure was above forecast for water operations and sampling and monitoring costs. Additional costs were also incurred for managing programme delivery, development of the Water Safety Plan and Source Water Risk Management Plan and additional treatment plant operator capacity. This additional expenditure was not forecast in year 2 of the LTP.

Sources of capital funding

- 2 The increase in debt was for Te Kuiti and Piopio water reticulation renewals and Mokau water plant upgrade.

Applications of capital funding

- 3 Expenditure to improve the level of service was for the completion of the upgrade to Mokau water plant and Te Kuiti west catchment improvements. Included in year 2 of the LTP forecast was the project for the investigation of the alternative water source which was removed in the 2022-23 Annual Plan forecast.
- 4 Asset replacement expenditure was above forecast for Te Kuiti water reticulation renewals.
- 5 There was a decrease in reserves due to the utilisation of reserves to fund the increased operational expenditure detailed above.



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 459km of sealed roads and 547km of unsealed roads. This includes identifying the need for and undertaking maintenance and renewals of the road network, footpaths, and ancillary systems such as streetlights, signs, and road markings.
- **Subsidised roading:** New Zealand Transport Agency (Waka Kotahi - 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 Waka Kotahi.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

Cyclone Dovi recovery works are ongoing through 22/23 and into 23/24. View Terrace, one of the most significantly damaged sites has been rebuilt and the road reinstated to the same level of service prior to the storm event. Kopaki Road repair work is underway along with a significant number of minor sites completed by the roading maintenance contractor. During 23/24 additional sites will be completed.

Further to Cyclone Dovi there were four additional significant storm events that hit the Waitomo Roding network. These sites are in various states of repair, with the major sites programmed for later in the 23/24 season.

Three pavement rehabilitation sites were completed Seddon Street, Lawrence Street, and Te Anga Road. Two additional sites were not completed due to weather delays but are programmed for early 2023/24 construction season.

The annual sealing programme of approximately 33.1km (7.2% of sealed network) commenced in November 2022. This work was completed by the end of April 2023.

Footpath renewals were deferred due to weather delays to the 2023/24 construction season.

The programme of work for unsealed road metaling was completed with under 22.2% of unsealed roads re-metalled during the year.



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
We are working towards a safe network with a vision of a decreasing trend of deaths and serious injuries* on Waitomo District roads within ten years. We aim to achieve this by delivering projects that are focused on maintaining, upgrading, or changing the conditions of the roading environment to keep our community safe.	The change from the previous financial year in the number of fatalities and serious injury* crashes on Waitomo District's local road network.	<p>Target: Maintain or decrease from the previous year; previous year result was 1</p> <p>Result: Serious Injury crashes YTD: 3 Fatal crashes YTD: 1 Change in serious injury: 2 Change in fatality: 0</p> <p>Previous year Result: Achieved</p>	 One fatality and three serious injuries* crashes, compared to one fatality & one serious injury crash the year previous.
We aim for a smooth road that provides comfort for road users and improves the safety of the roads.	The average smooth travel exposure rating** across the sealed road network.	<p>Target: 90% (of total network)</p> <p>Result: 90%</p> <p>Previous year Result: Achieved</p>	 Achieved at 90% below 150 NAASRA count.
We will maintain the road network by resealing it as needed. Resurfacing is only undertaken as required depending on the condition of the surface in that financial year.	The percentage of Waitomo District's sealed local road network that is resurfaced each year.	<p>Target: 7% (of total network)</p> <p>Result: 7.2%</p> <p>Previous year Result: Not Achieved</p>	 33.17km of road or 7.2% of the network has been resurfaced in 2022/23.
We will maintain the overall condition of the unsealed roads to a specified adequate standard.	The percentage of unsealed road metalled each year.	<p>Target: 10% (of total network)</p> <p>Result: 22.2%</p> <p>Previous year Result: Achieved</p>	 122.68km of road or 22.2% of the unsealed network has received metalling in 2022/23.
We will provide footpaths that are well maintained. The measure is the percentage of footpaths that meet the service level.	The percentage of footpath network that falls within a condition rating of 3.	<p>Target: 90%</p> <p>Result: 97%</p> <p>Previous year Result: Achieved</p>	 Condition rating of footpaths is undertaken every 3 years, the assessment was completed in June 2022.
We will investigate and respond to the customer about their request for service relating to road and footpath issues.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days.	<p>Target: 85%</p> <p>Result: 96%</p> <p>Previous year Result: Achieved</p>	 96% of service requests responded to within 10 working days. Of 847 requests, 35 took more than 10 days to respond to.

* This is using NZTA Crash Analysis System definitions: fatal is defined as a death occurring as the result of injuries sustained in a road crash within 30 days of the crash, serious is defined as injury (fracture, concussion, severe cuts or other injury) requiring medical treatment or removal to and retention in hospital.

** Percentage of measured sealed road lane kilometres not exceeding a NAASRA roughness count rating of 150 to be at least 90%. NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort.

FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2021 to 2023 for Roads and Footpaths (\$000's)	Adjusted LTP 2021-31 2022	Adjusted LTP 2021-31 2023	ACTUAL 2022/23
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	4,346	4,492	4,474
Subsidies and grants for operating purposes	5,116	5,270	7,080
Fees and charges	125	129	184
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	100	103	134
Total operating funding (A)	9,687	9,994	11,872
Applications of operating funding*			
Payments to staff and suppliers	5,922	6,096	8,304
Finance costs	311	300	334
Internal charges and overheads applied	1,241	1,286	829
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,474	7,682	9,467
Surplus (deficit) of operating funding (A-B)	2,213	2,312	2,405
Sources of capital funding			
Subsidies and grants for capital expenditure	4,118	4,592	5,846
Development and financial contributions	0	0	0
Increase (decrease) in debt	(703)	(647)	(935)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	3,415	3,945	4,911
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	299	309	31
Capital expenditure - to replace existing assets	5,362	5,989	7,354
Increase (decrease) in reserves	(33)	(41)	(69)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	5,628	6,257	7,316
Surplus (deficit) of capital funding (C-D)	(2,213)	(2,312)	(2,405)
Funding Balance ((A-B)+(C-D))	0	0	0

*Note: Interest costs have been reclassified to finance costs. These costs were previously included in the internal charges and overheads applied. LTP 2022 and 2023 years have been adjusted for comparative purposes.

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 2 OF THE 2021-31 10YP

Total operating funding

- 1 Subsidies and grants revenue was above forecast as additional subsidy revenue was received for emergency reinstatement first response expenditure from severe weather events.

Applications of operating funding

- 2 Operating expenditure was above forecast for emergency reinstatement first response expenditure, sealed pavement maintenance and professional services for managing the road network.

Sources of capital funding

- 3 Subsidies and grants revenue was above forecast as additional subsidy revenue was received for emergency reinstatement expenditure to repair roads damaged from severe weather events.
- 4 There was a decrease in debt for the roads activity as loans forecast in the LTP were not raised as minor safety improvements, footpath improvements and unsubsidised road improvement projects were not fully spent.

Applications of capital funding

- 5 Improvement expenditure was below forecast for footpath improvements and unsubsidised road improvements. The footpath tender was awarded and work will be completed in the 2023/24 year. Unsubsidised road improvement projects were not fully spent due to the wet winter season with work to be completed in the 2023/24 year.
- 6 Asset replacement expenditure was above forecast for emergency reinstatement expenditure to repair the roads damaged from severe weather events. Structural bridge renewals were also below forecast as work has been deferred until the 2023/24 year due to resourcing issues.



Rehabilitation of Seddon Street, Te Kuiti



FINANCES
PŪTEA

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2023

These financial statements should be read in conjunction with the notes to the financial statements on pages 66 to 117.

(\$000's)	COUNCIL			GROUP		
	NOTE	2023 BUDGET	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Revenue						
Rates revenue	1	20,270	20,355	19,783	20,342	19,770
Metered water rates	2	977	894	882	894	882
Subsidies and grants	3	21,711	16,902	14,610	16,975	14,936
Interest revenue		12	84	34	85	34
Fees, charges and income from construction	4	4,175	7,836	8,288	36,634	34,170
Other revenue including gains/(losses)	5	190	474	627	501	787
Total Revenue and Gains/(Losses)		47,335	46,545	44,224	75,431	70,579
Expenses						
Employee benefit expenses	6	6,520	6,288	5,805	18,619	17,125
Depreciation and amortisation expense	7	7,580	8,975	7,075	10,733	8,314
Finance costs	8	1,258	1,307	978	1,664	1,104
Other expenses	9	19,147	25,814	23,006	39,736	38,221
Total Expenses		34,505	42,384	36,864	70,752	64,764
Surplus/(Deficit) Before Tax		12,830	4,161	7,360	4,679	5,815
Income tax expense/(revenue)	10	0	0	0	387	(319)
Surplus/(Deficit)		12,830	4,161	7,360	4,292	6,134
Other Comprehensive Revenue and Expense						
Revaluation of property, plant and equipment and quarry assets	11	19,311	180,555	105,326	181,410	106,959
Gains/(losses) from cash flow hedges		0	390	1,706	390	1,706
Revaluation of financial assets at FVTOCRE	11	0	4,190	(2,413)	0	0
Income tax relating to components of other comprehensive revenue and expense	10	0	0	0	0	(124)
Total Other Comprehensive Revenue and Expense		19,311	185,135	104,619	181,800	108,541
Total Comprehensive Revenue and Expense		32,141	189,296	111,979	186,092	114,675

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

These financial statements should be read in conjunction with the notes to the financial statements on pages 66 to 117.

(\$000's)	COUNCIL		GROUP		
	NOTE	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Total Equity					
Balance at 1 July		471,535	359,556	476,703	362,028
Total Comprehensive Revenue and Expense for the year		189,296	111,979	186,092	114,675
Balance at 30 June	11	660,831	471,535	662,795	476,703

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

These financial statements should be read in conjunction with the notes to the financial statements on pages **66 to 117**.

(\$000's)	COUNCIL			GROUP		
	NOTE	2023 BUDGET	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Equity						
Accumulated Funds	11	245,020	233,302	228,510	237,638	232,715
Other Reserves	11	28,454	34,934	30,850	24,332	24,438
Revaluation Reserve	11	126,792	392,595	212,175	400,825	219,550
Total Equity		400,266	660,831	471,535	662,795	476,703
Current Assets						
Cash and Cash Equivalents	12	3,203	1,553	2,352	3,378	2,899
Other Financial Assets	13	185	54	169	54	169
Inventory	14	51	134	120	1,571	1,524
Receivables under Exchange Transactions	15	282	466	274	4,097	3,053
Receivables under Non Exchange Transactions	15	4,466	4,758	5,871	4,753	5,870
Capitalised Quarry Development Asset	26	0	0	0	0	0
Derivative Financial Instruments	16	0	297	0	297	0
Total Current Assets		8,187	7,262	8,786	14,150	13,515
Current Liabilities						
Payables and Deferred Revenue under Exchange Transactions	17	3,589	5,621	4,196	7,194	5,859
Payables and Deferred Revenue under Non Exchange Transactions	17	2,141	1,017	2,032	2,127	2,188
Current Portion of Borrowings	18	12,979	7,251	14,171	8,549	16,186
Provisions	19	3	4	4	249	451
Employee Entitlements	20	815	884	817	2,328	1,996
Derivative Financial Instruments	16	572	0	31	0	31
Total Current Liabilities		20,099	14,777	21,251	20,447	26,711
Net Working Capital		(11,912)	(7,515)	(12,465)	(6,297)	(13,196)
Non Current Assets						
Property, Plant and Equipment	21	417,777	669,116	485,232	683,018	497,435
Intangible Assets	22	6,910	7,090	4,196	7,162	4,388
Investment Property	23	1,836	2,222	2,167	2,222	2,167
Capitalised Quarry Development Asset	26	0	0	0	830	872
Receivables under Exchange Transactions	15	0	0	0	362	266
Other Financial Assets	13	362	539	323	539	323
Investment in CCO and Civic Financial Services Ltd	13	8,845	10,622	6,432	20	20
Derivative Financial Instruments	16	0	260	198	260	198
Deferred Tax Asset	10	0	0	0	530	918
Total Non Current Assets		435,730	689,849	498,548	694,943	506,587
Non Current Liabilities						
Borrowings	18	22,038	21,009	14,023	25,357	16,163
Provisions	19	547	494	525	494	525
Derivative Financial Instruments	16	967	0	0	0	0
Total Non Current Liabilities		23,552	21,503	14,548	25,851	16,688
Net Assets		400,266	660,831	471,535	662,795	476,703

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

These financial statements should be read in conjunction with the notes to the financial statements on pages 66 to 117.

(\$000's)	COUNCIL			GROUP		
	NOTE	2023 BUDGET	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Cash flows from Operating Activities						
Cash was provided from:						
Rates Revenue (including penalties)		21,247	21,358	20,453	21,345	20,440
Subsidies and Grants		21,711	15,912	14,430	15,985	14,805
Property Rentals		541	474	398	496	420
Petroleum Tax		145	135	113	135	113
Interest Revenue		12	72	39	74	39
Receipts from Other Revenue and Construction Contracts		3,679	5,888	3,695	33,598	29,735
		47,335	43,839	39,128	71,633	65,552
Cash was applied to:						
Payments to Suppliers and Employees		24,440	30,757	26,320	55,401	51,523
Elected Members		572	380	329	530	444
Interest Paid on Borrowings		1,258	1,214	950	1,572	1,076
		26,270	32,351	27,599	57,503	53,043
Net Cash Inflow from Operating Activities	29	21,065	11,488	11,529	14,130	12,509
Cash flows from Investing Activities						
Cash was provided from:						
Proceeds from Sale of Property, Plant and Equipment		0	221	213	325	502
Proceeds from Sale of Forestry Assets		0	0	545	0	545
Proceeds from Surrender of Financial Assets		0	0	51	0	51
Repayment from Advance to Community Groups		0	0	4	0	4
		0	221	813	325	1,102
Cash was applied to:						
Purchase and Development of Property, plant and equipment and Quarry Development Costs		20,080	11,684	9,048	14,643	10,370
Purchase of Intangible Assets		3,533	721	1,309	721	1,337
Purchase of Financial Assets		0	90	0	90	0
		23,613	12,495	10,357	15,454	11,707
Net Cash flows from Investing Activities		(23,613)	(12,274)	(9,544)	(15,129)	(10,605)
Cash flows from Financing Activities						
Cash was provided from:						
Cash was provided from Borrowings		21,548	8,000	7,000	14,148	8,000
		21,548	8,000	7,000	14,148	8,000
Cash was applied to:						
Repayment of Borrowings		19,000	8,000	13,000	12,642	13,500
Repayment of Lease Liabilities		0	13	12	28	27
		19,000	8,013	13,012	12,670	13,527
Net Cash Inflow/(outflow) from Financing Activities		2,548	(13)	(6,012)	1,478	(5,527)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		0	(799)	(4,027)	479	(3,623)
Cash, cash equivalents and bank overdrafts at the beginning of the year		3,203	2,352	6,379	2,899	6,522
Cash, cash equivalents and bank overdrafts at the end of the year		3,203	1,553	2,352	3,378	2,899
Balance at end of year represented by:						
Cash at Bank and In Hand		3,203	1,553	2,352	3,378	2,899
		3,203	1,553	2,352	3,378	2,899

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 2021 to 2023 for Whole of Council (\$000's)	AP 2021/22	Actual 2021/22	AP 2022/23	Actual 2022/23
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	9,256	9,373	9,683	9,749
Targeted rates	11,345	11,292	11,564	11,499
Subsidies and grants for operating purposes	5,480	6,421	5,560	8,340
Fees and charges	3,818	8,309	4,126	7,848
Interest and Dividends from Investments	9	34	12	84
Local authorities fuel tax, fines, infringement fees and other receipts	161	220	198	253
Total operating funding (A)	30,069	35,649	31,143	37,773
Applications of operating funding				
Payments to staff and suppliers	24,814	28,095	25,667	32,258
Finance costs	1,118	978	1,258	1,307
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	25,932	29,073	26,925	33,565
Surplus (deficit) of operating funding (A-B)	4,137	6,576	4,218	4,208
Sources of capital funding				
Subsidies and grants for capital expenditure	5,674	8,189	16,151	8,561
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(96)	(2,347)	1,423	1,307
Gross proceeds from sale of assets	0	758	0	221
Lump sum contributions	0	0	41	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	5,578	6,600	17,615	10,089
Applications of capital funding				
Capital expenditure - to meet additional demand	0	0	0	0
Capital expenditure - to improve the level of service	2,211	6,117	4,300	4,508
Capital expenditure - to replace existing assets	8,139	7,147	19,314	11,671
Increase (decrease) in reserves	(635)	(88)	(1,781)	(1,882)
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	9,715	13,176	21,833	14,297
Surplus (deficit) of capital funding (C-D)	(4,137)	(6,576)	(4,218)	(4,208)
Funding Balance ((A-B)+(C-D))	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies for the year ended 30 June 2023

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 2023. The financial statements were authorised for issue by Council on 31 October 2023.

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
Non-authoritative Amendments to PBE IPSAS41 (Financial Instruments)	1 January 2023	30 June 2024
Initial Application of PBEIFRS 17 and PBE41 – Comparative Information	1 January 2023	30 June 2024
PBE IFRS 17 Insurance Contracts	1 January 2023	30 June 2024
Amendments to PBE IFRS 17 (NFP entities only)	1 January 2023	30 June 2024
2022 Omnibus Amendments to PBE Standards	1 January 2023	30 June 2024
Disclosure of Fees for Audit Firms' Services	1 January 2024	30 June 2025
Amendments to PBE IFRS 17	1 January 2026	30 June 2027

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.

Receivables

Short-term receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

when remitted in accordance with the Council's rates remission policy; and

- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and
- 90B (in relation to Māori freehold land) of the local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Other Financial Assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this

category include term deposits, NZLGFA borrower notes, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and group has no instruments in this category.

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external

information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Unlisted shares in the subsidiary and other companies

Investments in subsidiaries and other companies is carried in Council and group financial statements in the following way;

- Investment in the subsidiary is carried at fair value.
- Investments in other companies is carried at cost, which materially approximate their fair value.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

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

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its Treasury Management 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 remeasured to 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 on derivatives that are not hedge accounted are recognised in surplus or deficit.

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 hedged item is less than 12 months.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Hedge accounting

The Council and group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

The Council and group have elected to not adopt the new hedge accounting requirements of PBE IPSAS 41 as permitted under the transitional provisions of PBE IPSAS 41. This means the Council and group continues to apply the hedge accounting requirements of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*.

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 hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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 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 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 surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive revenue and

expense will be included in the initial cost or carrying amount of the asset or liability.

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 will remain separately recognised in equity until the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, any related 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 surplus or deficit.

Hedge ineffectiveness

Hedge ineffectiveness in a hedge relationship can arise from:

- Differences in the timing of cash flows of the hedged items and hedging instruments.
- changes to the forecasted amount of cash flows of hedged items and hedging instruments.
- The counterparties credit risk effecting fair value movements of hedging instruments and hedged items.

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 on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

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

Solid Waste 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 an off-cycle revaluation is carried out for that asset class.

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.

Service Concession Asset

Gallagher Recreation Centre (GRC) – Licence to use the facility Council has completed following the construction of the stadium on Te Kuiti High School grounds. The development of the facility was in partnership with Ministry of Education and the Te Kuiti High School is recognised as intangible asset as at 30 June 2023 for Council’s right to access the facility to provide recreation and sporting activities to the wider community. The intangible is recognised at cost.

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 and service concession asset (GRC-licence to use the facility) have been estimated as follows:

Computer software	2 – 5 years
Service concession asset	35 years

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 held for sale (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 (trading as Co-Lab). Council has no significant influence over the company’s 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 (0.15%) in Civic Financial Services Limited. Council has no significant influence over the company’s operational or financial policies.

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 and residential sections 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 asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its 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 AP 2022/23. 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 underestimating 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 secondhand 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.

Three Waters Service Delivery Reforms

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection

framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

Council continues to recognise its three waters assets at 30 June 2023 in accordance the accounting policies set out on pages 72 to 73. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2026. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

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 Limited was revalued as at 30 June 2023 and resulted in a valuation range of \$9.2m to \$12.1m with a mid-point of \$10.602m for the investment. After consideration of the subsidiary's financial statements and forecasts, Council adopted the mid-point valuation of \$10.602m to be fair value at 30 June 2023. Adoption of this value resulted in a gain on valuation of \$4.19m, which is included in Other Comprehensive Revenue and Expense. Experienced independent valuers performed the valuation of the investment in Inframax Construction Limited at 30 June 2023.

The valuers used the capitalisation of earnings approach, consistent with the previous valuation, using a number of estimates and assumptions to establish a

suitable level of earnings and a market derived multiple, all based on historical and forecast financial performance information. In deriving the valuation, a number of developments were noted by the valuers. These included the commencement of the Ruapehu District Council contract, subsidiary's improved gross margin and adoption of a new strategic plan. However, the dispute resolution process is still ongoing for the quarry flood event from February 2022, which caused damage to some quarry equipment. In addition to this, traffic management division established in 2022 with no external revenue earned to date due to capacity constraints and resourcing.

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 2023/24 and the expectation of continued profitability for future years.

Changes in accounting policies

Accounting policies have been changed in respect of Financial Instruments through the adoption of PBEIPSAS 41.

Financial Instruments and service performance reporting through adoption of PBE FRS 48 *Service Performance Reporting standards*. Apart from these two changes there has been no other changes to accounting policies during the year.

Note 1: Rates Revenue (excluding Metered Water Rates)

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
General Rate	7,455	5,625	7,450	5,622
Uniform Annual General Charge	2,069	3,552	2,067	3,550
Targeted Rates - Wastewater	2,048	2,245	2,048	2,244
Targeted Rates - Water	2,049	1,808	2,047	1,806
Targeted Rates - Solid Waste	1,099	1,101	1,099	1,100
Targeted Rates - Roads and Footpaths	4,539	4,415	4,537	4,413
Targeted Rates - Other	1,092	1,064	1,090	1,062
Rates Penalties	369	345	369	345
Sub Total	20,720	20,155	20,707	20,142
Less Rates paid on Council properties	(365)	(372)	(365)	(372)
Total Rates Revenue	20,355	19,783	20,342	19,770
Rates Revenue from non exchange transactions	20,355	19,783	20,342	19,770

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	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Metered Water Rates	894	882	894	882

Note 3: Subsidies and Grants

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Waka Kotahi Rooding Subsidy	12,926	8,688	12,926	8,688
Department of Internal Affairs	328	3,150	328	3,150
Mayors Taskforce for Jobs	550	500	550	500
Grants received for Gallagher Recreation Centre (2022: King Country Indoor Sports and Recreation Centre)	2,607	2,161	2,607	2,161
Better Off Funding	293	0	293	0
Other Grants	198	111	271	437
Total Subsidies and Grants	16,902	14,610	16,975	14,936
Subsidies and grants revenue from non exchange transactions	16,902	14,610	16,975	14,936

Department of Internal Affairs

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 was \$3.5 million. Council has met the conditions of the subsidy and completed all eligible projects by 30 June 2022. During 2022/23, the Council received further transition funding totalling \$374,000, \$328,000 was received to 30 June 2023.

Mayor's Taskforce for Jobs Community Recovery Programme

During the year Council entered into an agreement Variation with Local Government New Zealand for the Mayor's Taskforce for Jobs 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 identified as at risk of becoming a NEET, disabled youth, other youth aged 16-24, and those disadvantaged in the labour market who are not able to readily access MSD products and services.

The total funding available was \$550,500 which was provided in three payments. Council successfully met all the conditions of the agreement with 83 SEOs reported as a result of the programme delivered by 30 June 2023.

Gallagher Recreation Centre (2022: King Country Indoor Sports and Recreation Centre)

Total subsidy and grant funding of \$2,607,000 (2022: \$2,161,000) was received from a number of contributing parties being the Lotteries Major Projects, Trust Waikato, Crown Infrastructure and Grassroots Trust totaling \$4,749,000 (2022: \$3,362,000).

Group

Due to the ongoing impacts of the pandemic on operations, the subsidiary was eligible for the Ministry of Social Development employer wage subsidy and received a grant of \$Nil (2022: \$326,000).

Note 4: Fees, Charges and Income from Construction

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Revenue from exchange transactions				
Income from Construction Contracts	3,961	4,542	32,368	29,131
Resource Consent Revenue	21	12	21	12
Property Rentals	0	0	22	22
Sale of Goods	172	157	618	1,535
Total	4,154	4,711	33,029	30,700
Revenue from non-exchange transactions				
Regulatory Services Revenue	449	508	449	506
Property Rentals	492	367	486	367
Rental Revenue from Investment Property	32	31	32	31
Trade Waste Charges	800	773	800	773
Solid Waste Disposal Charges	1,506	1,352	1,496	1,343
Swimming Pool Revenue	29	23	29	23
Resource Consent Revenue	103	166	103	166
Quarry Royalties	57	90	0	0
Other Fees and Charges	214	267	210	261
Total	3,682	3,577	3,605	3,470
Total Fees, Charges, and Income from Construction	7,836	8,288	36,634	34,170

Council has entered into a Service Concession Arrangement with the Ministry of Education and Te Kuiti High School Board of Trustees as an operator to the arrangement. Under the arrangement Council is to construct a

two basketball court, gymnasium stadium building on Te High School grounds. The construction revenue recognised is for construction services provided by Council as the operator under the service concession arrangement and is equal to the construction costs Council has incurred for construction of the stadium.

Note 5: Other Revenue Including Gains and Losses

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Other Revenue	131	108	158	108
Petrol Tax Proceeds	134	133	134	133
Total Other Revenue from non-exchange transactions	265	241	292	241
Gain/(Loss) in Change in Fair Value of Investment Property	55	331	55	331
Gain/(Loss) on Sale of Forestry Assets	0	18	0	18
Gain/(Loss) on Sale of Property, Plant and Equipment	154	37	154	197
Total Other Gains/(Losses)	209	386	209	546
Total Other Revenue including Gains/(Losses)	474	627	501	787

Note 6: Employee Benefit Expenses

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Salaries and Wages	6,113	5,704	18,032	16,448
Defined Contribution Plan Employer Contributions	109	99	257	295
Increase/(Decrease) in Employee Benefit Liabilities	66	2	330	382
Total Employee Benefit Expenses	6,288	5,805	18,619	17,125

Note 7: Depreciation and Amortisation Expense

(\$000's)	COUNCIL			GROUP	
	2023 BUDGET	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Leadership	665	617	536	617	536
Recreation and Property	1,195	1,317	1,065	1,317	1,065
Community and Partnerships	4	6	2	6	2
Regulatory Services	8	12	7	12	7
Solid Waste	92	102	95	102	95
Stormwater	219	252	219	252	219
Wastewater	946	1,110	913	1,110	913
Water Supply	891	912	759	912	759
Roads and Footpaths	3,560	4,647	3,479	4,647	3,479
Other Activities	0	0	0	1,758	1,239
Total Depreciation and Amortisation Expense	7,580	8,975	7,075	10,733	8,314

The majority of council's assets were revalued at 30 June 2022 which significantly increased the carrying value. This revaluation resulted in a material change for depreciation costs compared to the forecast in the 2022/23 Annual Plan.

Note 8: Finance Costs

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Interest on Bank Borrowings	1,292	963	1,647	1,088
Interest on Finance Leases	2	3	4	4
Discount Unwinding on Provision (refer note 19)	13	12	13	12
Interest derivatives (presented net):				
Ineffectiveness on cash flow hedges	0	0	0	0
Total Finance Costs	1,307	978	1,664	1,104

Note 9: Other Expenses

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Audit Fees for Financial Statement Audit	236	161	332	247
Audit Fees for Long Term Plan and Consultation Document	0	0	0	0
Audit Fees for Assurance Related Services	6	6	6	6
Bad Debts Written Off	257	424	257	428
Directors Fees	0	0	150	115
Grants Expenditure	286	243	286	243
Insurance Premiums	397	346	712	602
Inventory Consumption	0	0	3,752	3,726
Impairment of Property, Plant and Equipment	0	0	100	204
Loss on Disposal of Property, Plant and Equipment	357	723	360	869
Operating Lease Expenses	14	12	1,112	623
Impairment of Receivables	(14)	(197)	(14)	(197)
Remuneration of Elected Members	389	334	389	334
Subscriptions	103	100	139	130
Road Maintenance Expenditure	8,295	6,729	8,295	6,729
Other Maintenance Expenditure	6,700	6,102	8,845	8,084
Direct Contract Expenses	3,961	4,542	9,046	11,603
Electricity and Gas Expenditure	677	534	739	591
Other Expenditure	3,983	2,763	5,063	3,700
Investment Property Expenditure	3	0	3	0
Rates and Penalties Remissions	164	184	164	184
Total Other Expenditure	25,814	23,006	39,736	38,221

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	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Income tax recognised in Profit or Loss				
Current tax	0	0	0	0
Deferred tax on temporary differences	0	0	387	(319)
	0	0	387	(319)
Reconciliation of Accounting Profit/(Loss) before tax and income tax expense				
Surplus before Taxation	4,161	7,360	4,679	6,134
Prima facie taxation at 28% (2022: 28%)	1,165	2,061	1,310	1,717
Taxation effect of non-taxable expenditure	(1,226)	(2,069)	(977)	(2,043)
Non-taxable income	0	0	0	0
Non-recognition of benefit of Tax Losses	61	8	61	8
Re-recognition of temporary differences	0	0	0	0
Under/(Over) provided in prior periods	0	0	(7)	(1)
Taxation Expense	0	0	387	(319)

(\$000's)	Depreciation and Amortisation	Employee Entitlements	Other Provisions	Tax Losses Carried Forward	Total Deferred Tax Asset/(Liability)
Deferred tax balances					
Council					
Council has not recognised any deferred tax assets or liabilities.					
Group 2022					
Opening Balance	(980)	133	(54)	1,624	723
(Charged)/credited to Profit or Loss	(77)	49	(7)	354	319
(Charged)/credited to Equity	(124)	(7)	0	7	(124)
Under/(over) provided in prior periods	0	0	0	0	0
Closing Balance	(1,181)	175	(61)	1,985	918
Group 2023					
(Charged)/credited to Profit or Loss	(17)	(4)	(59)	(315)	(395)
(Charged)/Credited to Equity	0	0	0	0	0
Under/(over) provided in prior periods	7	0	0	0	7
Closing Balance	(1,191)	171	(120)	1,670	530

Council

Council has accumulated tax losses of \$2,998,000 (2022: \$2,773,000) to 30 June 2023. Accumulated tax losses are available to offset future taxable income, thereby reducing income tax liability. Council has not recognised a tax loss as no taxable income is expected from ICL.

Group

The Group has accumulated tax losses of \$8,961,000 (2022: \$9,860,000) to 30 June 2023. The group has recognised a deferred tax asset for all remaining accumulated tax losses held by the subsidiary in the 2022/23 financial year.

Imputation Credit Account

(\$000's)	GROUP	GROUP
	2023 ACTUAL	2022 ACTUAL
Balance 1 July	3,416	3,416
Closing Balance 30 June	3,416	3,416

Note 11: Equity

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Accumulated Funds				
Balance at 1 July	228,510	222,187	232,715	227,618
Surplus/(Deficit) for the year	4,161	7,360	4,292	6,134
Transfer from Revaluation Reserve on Asset Disposal	135	632	135	632
Transfer to Council Created Reserves	496	(1,669)	496	(1,669)
Balance at 30 June	233,302	228,510	237,638	232,715
Other Reserves				
Council Created Reserves				
Balance at 1 July	24,088	22,419	24,088	22,419
Transfers from Retained Earnings	(496)	1,669	(496)	1,669
Balance at 30 June	23,592	24,088	23,592	24,088
Investment Revaluation Reserves				
(2022: Available for Sale Reserves)				
Balance at 1 July	6,416	8,829	4	4
Valuation Gains/(Losses)	4,190	(2,413)	0	0
Balance at 30 June	10,606	6,416	4	4
Hedging Reserve				
Balance at 1 July	346	(1,360)	346	(1,360)
Gains/(Losses) from Cash Flow Hedges	390	1,706	390	1,706
Balance at 30 June	736	346	736	346
Total Other Reserves at 30 June	34,934	30,850	24,332	24,438
Revaluation Reserves				
Balance at 1 July	212,175	107,481	219,550	113,347
Revaluation Gains/(Losses)	180,555	105,326	181,410	106,959
Income tax expense relating to other comprehensive income	0	0	0	(124)
Transfer from Retained Earnings on Asset Disposal	(135)	(632)	(135)	(632)
Balance at 30 June	392,595	212,175	400,825	219,550
This is made up of:				
Operational Land	8,241	8,241	9,119	9,119
Operational Buildings	9,951	9,951	10,979	10,979
Library Books	3	3	3	3
Restricted Land	10,783	10,783	10,783	10,783
Restricted Buildings	3,600	3,600	3,600	3,600
Infrastructural Land	1,719	1,719	1,719	1,719
Roading Assets	323,070	142,970	328,866	147,911
Water Reticulation Assets	9,933	10,062	9,933	10,062
Wastewater Reticulation Assets	13,423	13,423	13,423	13,423
Stormwater Reticulation Assets	9,614	9,614	9,614	9,614
Solid Waste Assets	2,258	1,809	2,258	1,809
Quarry Plant Assets	0	0	528	528
Total Revaluation Reserves	392,595	212,175	400,825	219,550
Total Equity	660,831	471,535	662,795	476,703

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

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2022	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2023
Operational Reserves				
Leadership				
Representation, Strategy and Engagement	621	387	0	1,008
Investments	1,201	6	(122)	1,085
Emergency Management	490	17	0	507
	2,312	410	(122)	2,600
Recreation and Property				
Parks and Reserves	1,118	29	0	1,147
Housing and Other Property	879	26	(67)	838
Library	40	0	(3)	37
Aquatic Centre	(29)	0	(25)	(54)
Les Munro Centre	275	0	(5)	270
Aerodrome	145	0	(26)	119
King Country Indoor Sports and Recreation Centre	75	0	(50)	25
Public Facilities	786	1	(128)	659
	3,289	56	(304)	3,041
Community and Partnerships	1,404	249	(46)	1,607
Regulatory Services	650	115	0	765
Solid Waste				
Kerbside Collection	241	34	0	275
Waste Disposal	(192)	0	(321)	(513)
Waste Minimisation	(30)	3	0	(27)
	19	37	(321)	(265)
Stormwater				
Te Kuiti Stormwater	46	49	0	95
Rural Stormwater	192	0	(5)	187
	238	49	(5)	282
Resource Management	381	0	(7)	374
Wastewater	4,510	0	(544)	3,966
Water Supply	(2,450)	73	(532)	(2,909)
Roads and Footpaths				
Subsidised Roads	(449)	59	(222)	(612)
Unsubsidised Roads	664	0	0	664
	215	59	(222)	52
Business Support				
Gratuities	0	0	0	0
Long Service Leave	0	0	0	0
Natural Disaster	426	0	0	426
	426	0	0	426
Total Operational Reserves	10,994	1,048	(2,103)	9,939

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2022	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2023
Depreciation Reserves				
Leadership	0	2	0	2
Recreation and Property				
Parks and Reserves	29	95	(50)	74
Housing	211	11	(7)	215
Community Halls	811	0	0	811
Land and Buildings	180	219	(101)	298
Library	634	96	(67)	663
Aquatic Centre	8	35	(20)	23
Les Munro Centre	596	229	(124)	701
Aerodrome	50	45	(29)	66
Public Facilities	329	170	(149)	350
	2,848	900	(547)	3,201
Community and Partnerships	56	5	0	61
Regulatory Services	(31)	7	(7)	(31)
Solid Waste	(330)	92	(332)	(570)
Stormwater				
Te Kuiti Stormwater	1,105	209	(205)	1,109
Rural Stormwater	53	9	(1)	61
	1,158	218	(206)	1,170
Wastewater	727	755	(697)	785
Water Supply	498	594	(538)	554
Roads and Footpaths				
Subsidised Roads	7,561	2,599	(2,498)	7,662
Unsubsidised Roads	194	21	(28)	187
	7,755	2,620	(2,526)	7,849
Business Support				
Business Support	727	449	(586)	590
Plant	177	373	(522)	28
	904	822	(1,108)	618
Total Depreciation Reserves	13,585	6,015	(5,961)	13,639
Investment Revaluation Reserves (2022: Available for Sale Reserves)				
Unlisted Shares in Other Companies	4	0	0	4
Unlisted Shares in Subsidiary	6,412	4190	0	10,602
	6,416	4,190	0	10,606
Total Investment Revaluation Reserves	6,416	4,190	0	10,606
Special Purpose Reserves				
District Development	16	0	0	16

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2022	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2023
Cashflow Hedging Reserve	346	390	0	736
Carbon Credits Reserve	(609)	656	(708)	(661)
Forestry Harvesting and Replanting Reserve	0	490	(18)	472
Waste Minimisation Levy Reserve	102	103	(68)	137
Gallagher Recreation Centre	0	50	0	50
Total Special Purpose Reserves	(145)	1,688	(794)	750
Total Other Reserves	30,850	8,752	(4,668)	34,934

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 of 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.
- Forestry replanting reserve is used for funding and expenditures relating to the replanting and harvesting of forestry assets.
- Waste Minimisation Levy 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.
- Gallagher Recreation Centre reserve is to hold funds specially for the operation of the stadium as detailed in the property sharing agreement.

Note 12: Cash and Cash Equivalents

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Cash and Cash Equivalents				
Cash at Bank and In Hand	1,083	1,882	2,908	2,429
Term deposits with maturities of less than 3 months	470	470	470	470

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Total Cash and Cash Equivalents	1,553	2,352	3,378	2,899

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 \$1,078,498 (2022: \$1,968,410) that are subject to restrictions. These unspent funds relate to Waste Minimisation Reserve (refer note 11), subsidy and grants received with restrictions and retention monies held. These restrictions generally specify how the funds are required to be spent. Although cash and cash equivalents at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is immaterial.

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

Note 13: Other Financial Assets

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Current				
NZLGFA Borrower Notes	54	169	54	169
Total	54	169	54	169
Non Current				
NZLGFA Borrower Notes	539	323	539	323
Total	539	323	539	323
Total Other Financial Assets	593	492	593	492

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 Council Controlled Organisation (Inframax Construction Ltd)

Council has 100% shareholding in the unlisted shares of Inframax Construction Ltd (2022:100%). The principal activity of the subsidiary is roading, construction and maintenance with its head office in Te Kuiti. The balance date of the subsidiary is 30 June.

As at 30 June 2023 Council revalued its investment in Inframax Construction Ltd which resulted in a fair value of \$10,602,000. The valuation was undertaken by Nick McVerry from PricewaterhouseCoopers (PWC).

Unlisted Shares in Companies

Council is a shareholder in Waikato Local Authority Shared Services Ltd (trading as Co-Lab). Co-Lab 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 (2022: 16,940). The investment is recorded at cost which approximates their fair value.

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Unlisted Shares in Subsidiary	10,602	6,412	0	0
Unlisted Shares in Companies	20	20	20	20
Total Investments in CCO and Companies	10,622	6,432	20	20

Note 14: Inventory

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Metal Stockpiles and Landfill Stock	5	4	1,224	1,168
Fuels, Spares and Consumables	129	116	347	356
Total Inventory	134	120	1,571	1,524

Note 15: Receivables

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Receivables under Exchange Transactions				
Related Party Receivables	0	0	0	0
General Debtors	106	89	761	601
Amounts due from Customers for Contract Work	0	0	2,140	1,461
Retentions Receivable	0	0	1,069	961
Prepayments	367	221	496	332
Receivables prior to Impairment	473	310	4,466	3,355
Less Expected Credit Losses	(7)	(36)	(7)	(36)
Total Receivables under Exchange Transactions	466	274	4,459	3,319
Receivables under Non Exchange Transactions				
Rates Receivables *	2,721	2,621	2,721	2,621
Related Party Receivables	5	1	0	0
General Debtors	2,810	4,013	2,810	4,013
Receivables prior to Impairment	5,536	6,635	5,531	6,634
Less expected credit losses	(778)	(764)	(778)	(764)
Total Receivables Under Non Exchange Transactions	4,758	5,871	4,753	5,870
Total Receivables	5,224	6,145	9,212	9,189

* Included in the Rates Receivable figure is an amount of \$1,054,107 (2022: \$977,876) relating to rate penalties.

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Current				
Receivables under Exchange Transactions	466	274	4,097	3,053
Receivables under Non Exchange Transactions	4,758	5,871	4,753	5,870
Total Current Receivables	5,224	6,145	8,850	8,923
Non Current				
Receivables under Exchange Transactions	0	0	362	266
Total Non Current Receivables	0	0	362	266

Aging and Impairment of Receivables (\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Gross Receivables				
Not past due	3,543	4,829	9,016	7,682
Past due 1-30 days	98	34	98	34
Past due 31-60 days	21	4	28	34
Past due 61-90 days	5	41	11	54
Past due > 90 days	1,976	1,816	2,015	1,853
Total Gross Receivables	5,643	6,724	11,168	9,657
Impairment of Receivables				
Not past due	(169)	(184)	(169)	(184)
Past due 1-30 days	0	(6)	0	(6)
Past due 31-60 days	(1)	0	(1)	0
Past due 61-90 days	0	0	0	0
Past due > 90 days	(616)	(610)	(616)	(610)
Total Impairment of Receivables	(786)	(800)	(786)	(800)
Net Receivables				
Current	3,374	4,645	8,848	7,498
Past due 1-30 days	98	28	98	28
Past due 31-60 days	20	4	26	34

Aging and Impairment of Receivables (\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Past due 61-90 days	5	41	11	54
Past due > 90 days	1,360	1,206	1,399	1,243
Total Net Receivables	4,857	5,924	10,382	8,857
Plus Prepayments	367	221	496	332
Total Receivables	5,224	6,145	10,878	9,189
Individual Impairment	786	799	786	800
Collective Impairment	0	0	0	0
Total Provision for Impairment	786	799	786	800
Current	169	183	169	184
Past due 1-30 days	0	6	0	6
Past due 31-60 days	1	0	1	0
Past due 61-90 days	0	0	0	0
Past due > 90 days	616	610	616	610
Total Individual Impairment	786	799	786	800
Balance at 1 July	(800)	(997)	(800)	(1,001)
Additional expected credit loss provisions made during the year	(162)	(118)	(162)	(118)
Receivables written off during the period	176	315	176	319
Balance at 30 June	(786)	(800)	(786)	(800)

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

- Section 90A \$94,909 (2022: \$254,890)
- Section 90B \$nil (2022: \$nil)

Note 16: Derivative Financial Instruments

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Current Asset Portion				
Interest rate swaps - cash flow hedges	297	0	297	0
Total Derivative Financial Instrument Assets	297	0	297	0
Non Current Asset Portion				
Interest rate swaps - cash flow hedges	260	198	260	198
Total Derivative Financial Instrument Assets	260	198	260	198
Current Liability Portion				
Interest rate swaps - cash flow hedges	0	31	0	31
Total Derivative Financial Instrument Liability	0	31	0	31

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.

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$20,000,000 (2022: \$18,000,000) of which all were effective at balance date and no swaps had a forward start date. At 30 June 2023 the fixed interest rates applicable to the swap contracts ranged from 2.89% to 3.96% (2022: 2.89% to 3.95%).

The Council and Group have no fair value hedges.

Note 17: Payables and Deferred Revenue

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Payables and Deferred Revenue under Exchange Transactions				
Trade Payables and Accrued Expenses	3,653	2,073	6,575	4,728
Related Party Payables	1,661	995	0	0
Retention Monies	292	258	292	258
Amounts due to Customers for Contract Work	0	858	0	858
Elected Members and Directors Fees Payable	15	12	15	15
Deferred Revenue	0	0	312	0
Total	5,621	4,196	7,194	5,859
Payables and Deferred Revenue under Non Exchange Transactions				
GST Payable	0	0	1,110	156
Deposits and Bonds	77	153	77	153
Deferred Revenue	940	1,879	940	1,879
Total	1,017	2,032	2,127	2,188
Total Payables and Deferred Revenue	6,638	6,228	9,321	8,047

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	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Current				
Secured Loans	7,236	14,158	8,519	16,158
Lease Liabilities	15	13	30	28
Total Current	7,251	14,171	8,549	16,186
Non Current				
Secured Loans	21,000	14,000	25,348	16,125
Lease liabilities	9	23	9	38
Total Non Current	21,009	14,023	25,357	16,163
Total Borrowings	28,260	28,194	33,906	32,349

Council

Councils borrowings consisted of \$23,000,000 (2022: \$23,000,000 Floating Rate Notes with a range of applicable interest rates of 6.195% to 6.375% (2022: 2.415% to 3.26%), a Fixed Rate Bond of \$1,000,000 (2022: \$1,000,000) with applicable interest rate of 3.68% (2022: 3.68%), Commercial Paper of \$4,000,000 (2022: \$4,000,000) with applicable interest rate of 5.615% (2022: 2.90%). The Westpac Call Advance was not drawn at 30 June 2023 (2022: Nil) with applicable interest rate of 6.75% (2022: 1.95%) 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 5.10% (2022: 3.95%).

The maturity date for the Westpac Call Advances facility is 1 July 2024 (2022: 1 July 2023) and a range of maturity dates apply for the Floating Rate Notes of September 2023 to August 2026 (2022: August 2022 to April 2025). The Commercial Paper (CP) has maturity date of September 2023 (2022: November 2022). It is anticipated the maturing CP in September 2023 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 (2022: \$10,000,000) of which \$10,000,000 (2022: \$10,000,000) was available as at 30 June 2023.

Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$1,000,000 (2022: \$1,000,000) of which \$1,000,000 (2022: \$1,000,000) was undrawn. Asset Finance Facility of \$6,600,000 (2022: \$0) of which \$3,093,628 (2022: \$0) was undrawn. A Revolving Credit Facility of Nil (2022: \$1,500,000) of which \$1,500,000 was undrawn, Term Loan of \$2,125,000 (2022: \$4,000,000) of which \$0 (2022: \$1,375,000) was undrawn and a Standby Letter of Credit of

(\$000's)	COUNCIL	
	2023 ACTUAL	2022 ACTUAL
Debenture Stock	28,115	28,058
Security Stock	45,000	45,000
Total Stock Issued	73,115	73,058

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 (2022: 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 70 (2022: 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.

\$500,000 (2022: \$500,000). It also has Performance Guarantees of \$2,094,000 (2022: \$628,000).

Inframax undertook to achieve specified gearing, debt servicing and equity ratios each quarter. In June 2022 and September 2022, the debt servicing covenants were not met (2022: June 2022 Not met). ASB Bank has provided waivers for these periods (2022: waivers were provided). Covenants were satisfied at June 2023.

Stock Issued under Debenture Trust Deed

At 30 June 2023 the total amount of Stock issued and outstanding under the Debenture Trust Deed was:

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 2022 and a Senior Facility Agreement is held by the ASB Bank Limited was amended and restated 2 March 2023.

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	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
(\$000's)				
Total Minimum Lease Payments Payable				
Not later than one year	15	13	30	28
Later than one year and not later than five years	9	23	9	38
Present Value of Minimum Lease Payments	24	36	39	66

The finance leases 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 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 2022	LOAN REPAYMENTS	LOANS RAISED	CLOSING BALANCE 30 JUNE 2023	INTERNAL INTEREST PAID
Activity Loans					
Leadership	0	0	75	75	0
Recreation and Property	6,033	(255)	914	6,692	117
Regulatory Services	7	(1)	0	6	0
Solid Waste	5,454	(327)	126	5,253	105
Stormwater	370	(25)	305	650	7
Resource Management	2,120	(139)	501	2,482	41
Wastewater	10,651	(661)	1,299	11,289	206
Water Supply	13,844	(502)	933	14,275	268
Roads and Footpaths	17,258	(1,088)	153	16,323	333
Total	55,737	(2,998)	4,306	57,045	1,077

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 the operational landfill, located at William Street, Te Kuiti, 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 m³, whereas the old consent was for 268,000 m³ and a revised estimated remaining life of 26 years (2022: 27 years) based on current fill volumes. The increase in estimated remaining life is due to an estimated reduced fill rate. Final capping costs are assumed to be carried out in 2050 for an estimated \$637,000, followed by 50 years of monitoring costs of \$11,000 per year (both costs expressed on non-inflated or discounted basis). The discount rates used range from 4.19% to 5.43% (2022: 3.34% to 4.47%) and inflation rates range from 3.36% to 1.93% (2022: 1.76% to 3.87%). These are the key assumptions around the calculation of the provision, however due to the long term nature of the liability, 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 13 October 2021 Worksafe executed an Enforceable Undertaking for \$1,108,031. At 30 June 2023 there is a provision remaining of \$245,413 (2022: \$446,796).

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Provision for Landfill Aftercare				
Balance at 1 July	529	550	529	550
Unused Provision Reversed	(40)	(30)	(40)	(30)
Amounts used during the year	(4)	(3)	(4)	(3)
Discount unwinding	13	12	13	12
Balance at 30 June	498	529	498	529
Provision for Enforceable Undertaking				
Balance at 1 July	0	0	447	393
Amounts provided in the period	0	0	0	0
Recoverable from third party	0	0	0	338
Amounts used during the year	0	0	(202)	(284)
Balance at 30 June	0	0	245	447
Total Provisions	498	529	743	976
This is made up of:				
Current	4	4	249	451
Non Current	494	525	494	525
Total Provisions	498	529	743	976

Note 20: Employee Entitlements

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Accrued Pay	255	198	949	662
Annual, Long Service and Sick Leave	629	619	1,379	1,334
Total Employee Entitlements	884	817	2,328	1,996
This is made up of:				
Current entitlements	884	817	2,328	1,996
Total Employee Entitlements	884	817	2,328	1,996

Note 21: Property, Plant and Equipment

Council 2023 \$000's	Cost/ Revaluation 30.06.22	Acc Depn & Impairment Charges 30.06.22	Carrying Value 30.06.22	Current Year Additions	Current Year Disposals*	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.23	Acc Depn & Impairment Charges 30.06.23	Carrying Value 30.06.23
Operational Assets											
Land	9,324	0	9,324	44	0	0	0	0	9,368	0	9,368
Buildings	11,633	0	11,633	991	16	0	928	0	12,608	928	11,680
Plant and equipment	701	452	249	41	1	0	44	0	741	496	245
Motor Vehicles	2,731	2,191	540	541	67	0	173	0	3,205	2,364	841
Furniture and fittings	1,647	1,362	285	171	0	0	39	0	1,818	1,401	417
Computers	2,428	2,126	302	399	1	0	124	0	2,826	2,250	576
Library Books	1,328	1,170	158	46	5	0	45	0	1,369	1,215	154
Finance leases – office equipment	66	32	34	0	0	0	13	0	66	45	21
Total Operational Assets	29,858	7,333	22,525	2,233	90	0	1,366	0	32,001	8,699	23,302
Restricted Assets											
Land	11,868	0	11,868	2	0	0	0	0	11,870	0	11,870
Buildings	7,843	0	7,843	88	3	0	433	0	7,928	433	7,495
Total Restricted Assets	19,711	0	19,711	90	3	0	433	0	19,798	433	19,365
Infrastructural Assets											
Land	2,995	0	2,995	0	0	0	0	0	2,995	0	2,995
Roads	347,232	0	347,232	6,188	0	0	4,647	180,100	528,873	0	528,873
Water Reticulation	28,601	0	28,601	2,171	326	0	912	0	30,446	912	29,534
Sewerage Reticulation	33,374	0	33,374	1,174	0	0	1,110	0	34,548	1,110	33,438
Stormwater Systems	12,227	0	12,227	334	0	0	252	0	12,561	252	12,309
Refuse Systems	5,369	0	5,369	74	44	0	102	456	5,753	0	5,753
Land under Roads	9,956	0	9,956	0	0	0	0	0	9,956	0	9,956
Total Infrastructural Assets	439,754	0	439,754	9,941	370	0	7,023	180,556	625,132	2,274	622,858
Contract Work in Progress	3,242	0	3,242	4,420	4,071	0	0	0	3,591	0	3,591
Total Council Assets	492,565	7,333	485,232	16,684	4,534	0	8,822	180,556	680,522	11,406	669,116

* Current year disposals are accounted for on a net basis, rather than by deductions to cost/revaluation and accumulated depreciation and impairment charges.

Council 2022 \$000's	Cost/Revaluation 30.06.21	Acc Depn & Impairment Charges 30.06.21	Carrying Value 30.06.21	Current Year Additions	Current Year Disposals*	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/Revaluation 30.06.22	Acc Depn & Impairment Charges 30.06.22	Carrying Value 30.06.22
Operational Assets											
Land	7,917	0	7,917	119	147	(69)	0	1,504	9,324	0	9,324
Buildings	9,825	0	9,825	396	49	(4)	745	2,210	11,633	0	11,633
Plant and equipment	701	408	293	0	0	0	44	0	701	452	249
Motor Vehicles	2,760	2,039	721	0	29	0	152	0	2,731	2,191	540
Furniture and fittings	1,647	1,321	326	0	0	0	41	0	1,647	1,362	285
Computers	2,372	2,007	365	58	2	0	119	0	2,428	2,126	302
Library Books	1,286	1,123	163	43	1	0	47	0	1,328	1,170	158
Finance leases – office equipment	66	19	47	0	0	0	13	0	66	32	34
Total Operational Assets	26,574	6,917	19,657	616	228	(73)	1,161	3,714	29,858	7,333	22,525
Restricted Assets											
Land	8,713	0	8,713	0	0	0	0	3,155	11,868	0	11,868
Buildings	7,192	0	7,192	94	23	0	366	946	7,843	0	7,843
Total Restricted Assets	15,905	0	15,905	94	23	0	366	4,101	19,711	0	19,711
Infrastructural Assets											
Land	2,322	0	2,322	0	0	60	0	613	2,995	0	2,995
Roads	259,187	3,327	255,860	6,804	298	0	3,479	88,345	347,232	0	347,232
Water Reticulation	24,634	0	24,634	1,552	176	0	759	3,350	28,601	0	28,601
Sewerage Reticulation	31,067	0	31,067	278	169	0	913	3,111	33,374	0	33,374
Stormwater Systems	10,878	0	10,878	5	0	0	219	1,563	12,227	0	12,227
Refuse Systems	4,951	0	4,951	24	43	0	92	529	5,369	0	5,369
Land under Roads	9,883	0	9,883	0	0	73	0	0	9,956	0	9,956
Total Infrastructural Assets	342,922	3,327	339,595	8,663	686	133	5,462	97,511	439,754	0	439,754
Contract Work in Progress	3,873	0	3,873	2,425	3,056	0	0	0	3,242	0	3,242
Total Council Assets	389,274	10,244	379,030	11,798	3,993	60	6,989	105,326	492,565	7,333	485,232

* Current year disposals are accounted for on a net basis, rather than by deductions to cost/revaluation and accumulated depreciation and impairment charges.



Group 2023 \$000's	Cost/ Revaluation 30.06.22	Acc Depn & Impairment Charges 30.06.22	Carrying Value 30.06.22	Current Year Additions	Current Year Disposals*	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.23	Acc Depn & Impairment Charges 30.06.23	Carrying Value 30.06.23
Operational Assets											
Land	10,319	0	10,319	44	0	0	0	0	10,363	0	10,363
Buildings	15,161	658	14,503	1,111	27	0	1,019	0	16,234	1,666	14,568
Plant and equipment	701	452	249	41	1	0	44	0	741	496	245
Motor Vehicles	21,158	12,803	8,355	3,825	244	0	1,574	0	22,668	12,306	10,362
Quarry Production Equipment	640	273	367	12	0	0	70	0	652	343	309
Furniture and fittings	2,806	2,418	388	264	18	0	100	0	2,608	2,074	534
Computers	2,428	2,126	302	399	1	0	124	0	2,826	2,250	576
Library Books	1,328	1,170	158	46	5	0	45	0	1,369	1,215	154
Finance leases – office equipment	137	61	76	0	0	0	27	0	137	88	49
Total Operational Assets	54,678	19,961	34,717	5,742	296	0	3,003	0	57,598	20,438	37,160
Restricted Assets											
Land	11,868	0	11,868	2	0	0	0	0	11,870	0	11,870
Buildings	7,843	0	7,843	88	3	0	433	0	7,928	433	7,495
Total Restricted Assets	19,711	0	19,711	90	3	0	433	0	19,798	433	19,365
Infrastructural Assets											
Land	2,995	0	2,995	0	0	0	0	0	2,995	0	2,995
Roads	347,208	0	347,208	6,212	0	0	4,647	180,100	528,873	0	528,873
Water Reticulation	28,601	0	28,601	2,171	326	0	912	0	30,446	912	29,534
Sewerage Reticulation	33,374	0	33,374	1,174	0	0	1,110	0	34,548	1,110	33,438
Stormwater Systems	12,227	0	12,227	334	0	0	252	0	12,561	252	12,309
Refuse Systems	5,369	0	5,369	74	44	0	102	456	5,753	0	5,753
Land under Roads	9,956	0	9,956	0	0	0	0	0	9,956	0	9,956
Total Infrastructural Assets	439,730	0	439,730	9,965	370	0	7,023	180,556	625,132	2,274	622,858
Contract Work in Progress	3,277	0	3,277	4,429	4,071	0	0	0	3,635	0	3,635
Total Council Assets	517,396	19,961	497,435	20,226	4,740	0	10,459	180,556	706,163	23,145	683,018

* Current year disposals are accounted for on a net basis, rather than by deductions to cost/revaluation and accumulated depreciation and impairment charges.

Group 2022 \$000's	Cost/ Revaluation 30.06.21	Acc Depn & Impairment Charges 30.06.21	Carrying Value 30.06.21	Current Year Additions	Current Year Disposals*	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.22	Acc Depn & Impairment Charges 30.06.22	Carrying Value 30.06.22
Operational Assets											
Land	8,781	0	8,781	119	147	(69)	0	1,635	10,319	0	10,319
Buildings	12,924	578	12,346	396	49	(4)	825	2,639	15,161	658	14,503
Plant and equipment	701	408	293	0	0	0	44	0	701	452	249
Motor Vehicles	20,858	12,813	8,045	1,746	426	0	1,010	0	21,158	12,803	8,355
Quarry Production Equipment	615	217	398	163	139	0	69	14	640	273	367
Furniture and fittings	2,794	2,300	494	12	0	0	118	0	2,806	2,418	388
Computers	2,372	2,007	365	58	2	0	119	0	2,428	2,126	302
Library Books	1,286	1,123	163	43	1	0	47	0	1,328	1,170	158
Finance leases - office equipment	137	47	90	0	0	0	14	0	137	61	76
Total Operational Assets	50,468	19,493	30,975	2,537	764	(73)	2,246	4,288	54,678	19,961	34,717
Restricted Assets											
Land	8,713	0	8,713	0	0	0	0	3,155	11,868	0	11,868
Buildings	7,192	0	7,192	94	23	0	366	946	7,843	0	7,843
Total Restricted Assets	15,905	0	15,905	94	23	0	366	4,101	19,711	0	19,711
Infrastructural Assets											
Land	2,322	0	2,322	0	0	60	0	613	2,995	0	2,995
Roads	258,525	3,327	255,198	7,442	298	0	3,479	88,345	347,208	0	347,208
Water Reticulation	24,634	0	24,634	1,552	176	0	759	3,350	28,601	0	28,601
Sewerage Reticulation	31,067	0	31,067	278	169	0	913	3,111	33,374	0	33,374
Stormwater Systems	10,878	0	10,878	5	0	0	219	1,563	12,227	0	12,227
Refuse Systems	4,951	0	4,951	24	43	0	92	529	5,369	0	5,369
Land under Roads	9,883	0	9,883	0	0	73	0	0	9,956	0	9,956
Total Infrastructural Assets	342,260	3,327	338,933	9,301	686	133	5,462	97,511	439,730	0	439,730
Contract Work in Progress	4,360	0	4,360	2,425	3,508	0	0	0	3,277	0	3,277
Total Council Assets	412,993	22,820	390,173	14,357	4,981	60	8,074	105,900	517,396	19,961	497,435

* Current year disposals are accounted for on a net basis, rather than by deductions to cost/revaluation and accumulated depreciation and impairment charges.

Valuation

Land (operational, restricted, and infrastructural)

The valuations for both land and buildings were performed by an independent registered valuers Ashley Pont, Mairi MacDonald and Maria McHugh from Quotable Value Limited performed Council's valuation and an independent valuer performed Inframax Construction Limited valuation. The valuation is effective as at 30 June 2022 and no valuation was undertaken for 30 June 2023.

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 2022	\$23,613,000
Inframax Construction Limited: Operational Land	30 June 2022	\$995,000

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 2022	\$20,049,000
Inframax Construction Limited: Operational Buildings	30 June 2022	\$2,866,000

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

The valuation of utilities infrastructure; sewerage reticulation, water reticulation, and storm water systems refuse systems and roads was performed by an independent registered valuer, Miles Wyatt, Mark Gordon (for roading) an independent valuer from AECOM New Zealand Limited. The valuation for sewerage reticulation, water reticulation and storm water systems is effective as at 30 June 2022 and for Refuse Systems and Roads as at 30 June 2023.

The valuation method use for all these asset classes was the depreciated replacement cost method. There are a number of estimates and assumptions used in this valuation 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 2023	\$528,873,000
Refuse Systems	30 June 2023	\$5,753,000
Storm water systems	30 June 2022	\$12,227,000
Wastewater Reticulation	30 June 2022	\$33,374,000
Water Supply Reticulation	30 June 2022	\$28,601,000

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. The valuation is effective as at 20 June 2023. 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	20 June 2023	\$367,000

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 a number of motor vehicles, library books and parts of operational property assets were disposed through being replaced. A number of water reticulation and plant projects were undertaken during the year as such replaced asset components were disposed of.

(2022) During the year significant damage occurred to parts of the roading network, particularly in coastal areas and certain parts of road components were disposed of where they were damaged.

A number of wastewater reticulation and treatment plant projects were undertaken during the year as such replaced asset components were disposed of. Land located in Lawrence Street, Te Kuiti were sold to Housing New Zealand with part being transferred to Road Reserve to enable access to some land locked properties.

Work in progress

The total amount of property, plant, and equipment in the course of construction is \$3,591,000 (2022: \$3,242,000).

Leasing

The net carrying amount of plant and equipment held by Council under finance leases is \$21,000 (2022: \$34,000) and \$49,000 (2022: \$76,000) for the Group.

Reconciliation of Additions to Property, plant and equipment and Intangible Assets to Capital Expenditure in Note 30

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

Asset Class	Total Value
Capital Expenditure for the year included as Property, plant and equipment (Note 30)	\$16,179,000
Total Additions to Property, Plant and Equipment (Note 21)	\$16,684,000
Less Prior Years Work in Progress added (Note 21)	(\$4,007,000)
Plus Additions to Intangible Assets (Note 22)	\$6,712,000
Less Prior Years Work in Progress added (Note 22)	(\$3,210,000)
Total Asset Additions	\$16,179,000

Note 22: Intangible Assets

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Software				
Cost				
Balance at 1 July	1,417	1,344	2,104	2,006
Additions	14	73	14	100
Disposals	0	0	(97)	0
Balance at 30 June	1,431	1,417	2,021	2,106
Accumulated Amortisation				
Balance at 1 July	1,183	1,097	1,678	1,451
Amortisation expense for the year	82	86	203	227
Impairment	0	0	0	2
Disposals	0	0	(98)	0
Balance at 30 June	1,265	1,183	1,783	1,680
Net Book Value at 30 June	166	234	238	426
Emission Trading Units				
Balance at 1 July	752	107	752	107
Additions	708	1,236	708	1,236
Amounts surrendered during the year	(455)	(591)	(455)	(591)
Balance at 30 June	1,005	752	1,005	752
Service Concession Asset				
Balance at 1 July	3,210	0	3,210	0
Additions	2,780	3,210	2,780	3,210
Balance at 30 June	5,990	3,210	5,990	3,210
Accumulated Amortisation				
Balance at 1 July	0	0	0	0
Amortisation expense for the year	71	0	71	0
Balance at 30 June	71	0	71	0
Net Book Value at 30 June	5,919	3,210	5,919	3,210
Balance at 30 June	7,090	4,196	7,162	4,388

Council has entered into a Service Concession Arrangement with the Ministry of Education and Te Kuiti High School Board of Trustees as an Operator to the arrangement. Under the arrangement Council is to construct a two basketball court, gymnasium stadium building on the Te Kuiti High School grounds. Following construction Council is to operate the facility to provide recreational services to the community. The arrangement is in place for 35 years following completion of construction which was completed in February 2023.

The value of the intangible asset is measured at cost and is equal to the total cost of construction of the facility and installation of equipment less contributions from the Ministry of Education and the Board of Trustees, who are Grantor parties to the Service Concession Arrangement.

Note 23: Investment Property

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Balance at 1 July	2,167	1,836	2,167	1,836
Additions	0	0	0	0
Gains/(Losses) due to change in Fair Value	55	331	55	331
Balance at 30 June	2,222	2,167	2,222	2,167

The valuation of investment property was performed by Mairi MacDonald, Maria McHugh and James Jennings, independent valuers from Quotable Value Limited. They are experienced valuers 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 2023.

Note 24: Assets held for Sale

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Balance at 1 July	0	60	0	60
Disposals	0	0	0	0
Transfer to Property, Plant and Equipment	0	(60)	0	(60)
Balance at 30 June	0	0	0	0
This is made up of:				
Current	0	0	0	0
	0	0	0	0

(2022: 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 sale, but still remains unsold at balance date, but no active sales strategy is in place and the asset has been transferred back to property, plant and equipment).

Note 25: Forestry Assets

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Balance at 1 July	0	527	0	527
Disposals	0	(545)	0	(545)
Gains/(Losses) on Disposal	0	18	0	18
Gains/(Losses) due to change in Fair Value	0	0	0	0
Balance at 30 June	0	0	0	0
This is made up of				
Non-current	0	0	0	0
	0	0	0	0

(2022: The entire forest was harvested during February to May 2022 and yielded 10,284 tonnes or 639 tonnes per hectare).

Note 26: Capitalised Quarry Development Costs

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Balance at 1 July	0	0	872	832
Stripping costs capitalised during the year	0	0	167	154
Bunding	0	0	0	103
Stripping costs amortised during the year	0	0	(209)	(217)
Balance at 30 June	0	0	830	872
This is made up of:				
Current	0	0	0	0
Non Current	0	0	830	872
Total Capitalised Quarry Development Costs	0	0	830	872

Note 27: Capital Commitments and Operating Leases

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Commitments for capital contracted but not provided for:				
Water supply assets	1,024	651	1,024	651
Wastewater assets	0	0	0	0
Road assets	4,432	2,533	4,432	2,533
Plant and Equipment	0	0	4	333
Restricted buildings	0	0	0	0
Operational buildings	514	12	514	12
Computers	0	0	0	0
Total Capital Commitments	5,970	3,196	5,974	3,529
Non Cancellable Operating Leases as Lessee				
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
Total Non Cancellable Operating Leases	0	0	0	0
Operational Commitments				
Not later than one year	4,839	10,123	4,890	10,174
Later than one year but not later than five years	4,266	7,239	4,340	7,312
Later than five years	0	0	0	0
Total Operational Commitments	9,105	17,362	9,230	17,486
Total Commitments	15,075	20,558	15,204	21,015

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 (2022: \$10,700), in lieu of a cash deposit.

Co-Lab

Council is a shareholder in Waikato Local Authority Shared Services Ltd (trading as Co-Lab). Co-Lab 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 (2022: \$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 (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from S&P Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch.

Guarantees

Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of financial year, the council have assessed the 12-month expected credit losses of the guarantee liability, based on market information of the underlying assets held by the NZLGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the NZLGFA in the next 12 months, and therefore, the council have not recognised a liability.

Uncalled capital

As at 30 June 2023, the Council is one of 31 local authority shareholders and 71 local authority guarantors of the NZLGFA. [In that regard it has uncalled capital of \$20m]. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2023, NZLGFA had borrowings totalling \$17,684m (2022: \$15,789m).

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

New Zealand Mutual Liability Riskpool

Waitomo District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims, diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Group

Contingent Liability for Unfulfilled Contractual Obligations and Quarry Rehabilitation and Maintenance Obligations.

In addition to the above, the group has a contingent liability of \$628,000 exists at 30 June 2023 (2022: \$628,000) being performance bonds guaranteed by ASB Bank Limited and will be payable if the Group cannot fulfil its contractual obligations to local authorities.

Also contingent liability in relation to rehabilitation and maintenance obligations at the expiry of grant of resource consents for a quarry operation by the company. Post balance date the Group has arranged with the ASB Limited for a bank guarantee of \$100,000 in favour of Waikato Regional Council related to these resource consents.

The Group knows of no reason why these performance related bonds or guarantee would be called upon by external parties and therefore have not recognised them in the balance sheet.

Contingent Asset for Insurance Claim for Flood Damage

The Group has a contingent asset at balance date for an insurance claim for flood damage at a quarry in February 2022. The claim is yet to be settled for damaged assets to be either repaired or replaced.

Note 29: Operating Cashflow Reconciliation

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Net Surplus/(Deficit) After Tax	4,161	7,360	4,292	6,134
Add/(Less) Non Cash Items				
Depreciation and Amortisation	8,975	7,075	10,733	8,314
Surrender of Carbon Credits	454	592	454	592
Construction Services Revenue under a Service Concession Arrangement	(2,781)	(3,210)	(2,781)	(3,210)
(Gain)/Loss in change of fair value of Investment Property	(55)	(331)	(55)	(331)
(Gain)/Loss in change of fair value of Forestry Assets	0	(18)	0	(18)
Loss/(Gain) on Disposal of Assets or Impairment of Assets	202	686	408	792
Unused Provision Amounts Reversed	0	(2)	0	(2)
Change in Deferred Taxation Asset/Liability	0	0	387	(319)
Add/(Less) Movements in Working Capital Items				
Increase/(Decrease) in Trade and Other Payables	145	525	1,274	506

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
(Increase)/Decrease in Trade and Other Receivables	1,177	(1,428)	(34)	(1,263)
(Increase)/Decrease in Inventories	(14)	(69)	(47)	321
Increase/(Decrease) in Employee Entitlements	64	11	331	382
Increase/(Decrease) in Provisions	(31)	(21)	(233)	33
Add/(Less) Classified as Investing or Financing Activities	(809)	359	(599)	578
Net Cash Flows from Operating Activities	11,488	11,529	14,130	12,509

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)	NOTE	COUNCIL		
		2023 BUDGET	2023 ACTUAL	2022 ACTUAL
Capital by Significant Activity				
Leadership		765	1,108	111
Recreation and Property		4,072	3,952	4,090
Community and Partnerships		0	66	0
Regulatory Services		10	6	0
Solid Waste		2,708	839	1,260
Stormwater		128	486	10
Wastewater		579	1,353	575
Water Supply		353	984	2,879
Roads and Footpaths		14,999	7,385	4,339
Total Capital Expenditure		23,614	16,179	13,264
Shown as Additions to				
Property, plant and equipment	21	19,882	12,677	8,745
Intangible assets	22	3,732	3,502	4,519
Investment Property		0	0	0
Total Capital Expenditure		23,614	16,179	13,264
Funded by				
Internal Loans		3,523	3,730	2,465
Subsidy Revenue and Contributions to Capital Expenditure		16,151	8,561	8,189
Rates Funding and Other Revenue		41	33	88
Reserve Funding		3,899	3,855	2,522
Total		23,614	16,179	13,264

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
Leadership (Total spend \$1,108)	Office furniture and equipment, computer hardware and licences, vehicles and plant equipment required to meet organisational needs	765	0	6	928
	Customer Service Centre refurbishment	0	0	0	152
	Building strengthening of the WDC administration building for earthquake resistance	0	0	0	22
Recreation and Property (Total spend \$3,952)	Playground and park renewals and coastal reserves improvements	98	0	0	50
	Library book stock renewal to maintain the standard of books available, library technology and building renewals.	58	0	7	60
	Construction of Mokau toilet including land purchase and effluent field renewal. This is partly funded by Tourism Infrastructure Funding.	0	0	0	594
	Recognition of the service concession asset for the right of use of King Country Indoor Sports and Recreation Centre.	3,732	0	2,781	0
	Purchase of FlagTrax system for street flag displays and installation of shearers plaque.	0	0	72	0
	Replacement of the heating and ventilation system at Les Munro Centre.	21	0	0	124
	Better Off projects including walkway and parking area sealing at Benneydale Hall. This is fully funded by central government.	0	0	72	0
Community & Partnerships (Total Spend \$66)	Miscellaneous renewals, elderly persons housing, public toilets, aerodrome, cemetery, street furniture, security cameras, replanting of forestry and miscellaneous land purchase.	163	0	44	148
	Better Off Projects include the purchase of a vehicle to support delivery of the Rangatahi Pathway project to provide transport for rangatahi to workshops and tertiary/employer exposure visits. This is fully funded by central government.	0	0	44	0
Regulatory Services (Total spend \$6)	Purchase of bicycles for the Bikes In Schools programme. This is fully funded by central government.	0	0	22	0
	Animal and dog pound renewals	10	0	5	1
Solid Waste (Total spend \$839)	Landfill cell development.	1,900	0	0	51
	Landfill improvements and renewals, including installation of water storage tanks for fire fighting capabilities and monitoring equipment for compliance.	152	0	75	5
	Purchase of carbon credit (NZU's) for surrender to meet the Emissions Trading Scheme (ETS) obligations as part of the operation of the landfill.	656	0	0	708
Stormwater (Total spend \$486)	Stormwater rehabilitation and other minor renewals including Te Kuiti west catchment improvements.	128	0	305	181
Wastewater (Total spend \$1,353)	Ongoing renewals and minor improvements of Council wastewater infrastructure assets, including pipes, pump stations and treatment plants.	544	0	2	600
	Te Kuiti west catchment improvements.	0	0	730	0
	Te Waitere wastewater system improvements and renewal and extension of soakage field.	35	0	21	0
Water (Total spend \$984)	Ongoing renewals and minor improvement of Council water infrastructure assets, including pipes, pump stations, backflow preventors and treatment plants.	353	0	211	693
	Te Kuiti water supply resilience project including new reservoir and rising main.	0	0	10	0
	Te Kuiti west catchment improvements.	0	0	70	0
Roads (Total spend \$7,385)	Sealed Road Surfacing - 27.1kms of reseal across the District to improvement the smoothness of the road surface where the	1,542	0	0	1,770

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
	existing surface has deteriorated beyond normal capacity.				
	Pavement rehabilitation carried out to reduce future road maintenance costs.	1,545	0	0	1,043
	Unsealed road metalling to renew structural support of unsealed roads district wide.	719	0	0	697
	Emergency reinstatement work to repair damage to roads as a result of bad weather events including damage in February 2022 from ex-Cyclone Dovi and in January 2023 from Cyclone Gabrielle.	8,301	0	0	2,800
	Drainage renewals to renew culverts in roading network.	306	0	0	234
	Structure components replacement, including bridge and abutment maintenance throughout the district.	632	0	0	41
	Traffic services renewals to improve road safety with additional signage district wide and installation of new or replacement street lights.	65	0	0	166
	Unsubsidised road improvements and renewals.	176	0	10	3
	Minor safety improvements, including guard rails and re-alignment of roads to improve road safety.	1,215	0	0	588
	Footpath renewals and improvements.	498	0	21	12
(Total spend \$16,179)		23,614	0	4,508	11,671

Note 31: Financial Instruments

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Financial Instrument Categories				
Amortised Cost (2022: Loans and Receivables)				
Cash and Cash Equivalents	1,553	2,352	3,377	2,899
Receivables Under Exchange and Non Exchange Transactions	5,642	6,724	9,501	9,657
Loans and Advances - Current	54	169	54	169
Loans and Advance - Non Current	539	323	539	323
Total Amortised Cost	7,788	9,568	13,471	13,048
Fair Value through surplus and deficit (FVTSD) (2022: Fair Value through Profit and Loss - held for trading)				
Derivative Financial Instrument Assets	557	198	557	198
Fair Value through other comprehensive revenue and expense (FVTOCRE) (2022: Available for Sale)				
Unlisted Shares in Companies	20	20	20	20
Unlisted Shares in Subsidiaries	10,602	6,412	0	0
Total FVTOCRE	10,622	6,432	20	20
Financial Liabilities				
Fair Value through surplus and deficit (FVTSD) (2022: Fair Value through Profit and Loss - held for trading)				
Derivative Financial Instrument Liabilities	0	31	0	31
Financial Liabilities at Amortised Cost				
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	5,621	4,196	7,992	6,015

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Secured Loans - Current	7,236	14,158	8,519	16,158
Secured Loans - Non Current	21,000	14,000	25,348	16,125
Lease Liabilities - Current	15	13	30	28
Lease Liabilities - Non Current	9	23	9	38
Total Financial Liabilities at Amortised Cost	33,881	32,390	41,898	38,364

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 S&P Global Ratings credit rating no less than AA-.

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

Guarantor of LGFA's borrowings

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 28. Council considers this risk to be extremely low.

Maximum Exposure to Credit Risk

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

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Cash and Cash Equivalents	1,553	2,352	3,377	2,899
Receivables Under Exchange and Non Exchange Transactions	5,642	6,305	9,501	9,237
Loans and Advances	593	492	593	492
Total Credit Risk	7,788	9,149	13,471	12,628

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 credit rating (if available) or to historical information about counter-party default rates:

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Counter-parties with Credit Ratings:				
Cash and Cash Equivalents				
AA- Long Term Rating	1,553	2,352	3,377	2,899
Derivative Financial Instrument Assets				
AA-	557	198	557	198
Other Financial Assets - Loans and Advances				
AAA Domestic Long Term	564	474	564	474
Counter-parties without Credit Ratings:				
Other Financial Assets - Loans and Advances				
Existing counter-party with no defaults in the past	0	0	0	0

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)

Guarantor of LGFA borrowings

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes collectable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 28. Council considers this risk to be extremely low.

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
Council 2023							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	5,621	5,621	5,621	0	0	0
Finance Leases	7.50%	24	24	15	9	0	0
Secured Loans - Current	3.65%	7,236	7,236	7,236	0	0	0
Secured Loans - Non-current	6.08%	21,000	21,099	4,118	11,650	5,331	0
Total		33,881	33,980	16,990	11,659	5,331	0
Council 2022							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	4,196	4,196	4,196	0	0	0
Finance Leases	7.50%	36	41	16	16	9	0
Secured Loans - Current	3.51%	14,158	14,158	14,158	0	0	0
Secured Loans - Non-current	2.84%	14,000	14,940	398	3,382	11,160	0
Derivative Financial Instruments	0.00%	31	95	94	1	0	0
Total		32,421	33,430	18,862	3,399	11,169	0
Group 2023							
Trade and other payables (Current)	0.00%	7,992	7,992	7,992	0	0	0
Lease Liabilities	4.35%	39	40	31	9	0	0
Secured Loans - Current	4.34%	8,519	8,519	8,519	0	0	0
Secured Loans - Non-current	6.45%	25,348	27,726	7,387	12,344	7,172	823
Total		41,898	44,277	23,929	12,353	7,172	823

(\$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
Group 2022							
Trade and other payables (Current)	0.00%	6,015	6,015	6,015	0	0	0
Lease Liabilities	3.67%	66	73	32	32	9	0
Secured Loans - Current	3.55%	16,158	14,220	14,220	0	0	0
Secured Loans - Non-current	3.13%	16,125	17,751	1,018	5,573	11,160	0
Derivative Financial Instruments	0.00%	31	95	94	1	0	0
Total		38,395	38,154	21,379	5,606	11,169	0

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	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Interest Rate Risk				
Market Interest Rates increase by 50bps	(60)	(45)	(93)	(66)
Market Interest Rates decrease by 50bps	60	45	93	66

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 \$12,000,000 (2022: \$9,000,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$60,000 (2022: \$45,000). 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 \$18,583,000 (2022: \$13,128,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$93,000 (2022: \$66,000). 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, creditors and other payables approximates their fair value. The fair value of non-current portion of borrowings of Council is \$21,380,000 (2022: \$14,213,000) and for the Group \$25,728,000 (2022: \$16,338,000).

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
Council 2023				
Financial assets at FVTOCRE				
Unlisted Shares in Subsidiary	0	0	10,602	10,602
Unlisted Shares in Companies	0	0	20	20
	0	0	10,622	10,622
Financial Assets at FVTSD				
Derivative Financial Instrument Assets	0	557	0	557
	0	557	0	557
Council 2022				
Financial assets at FVTOCRE				
Unlisted Shares in Subsidiary	0	0	6,412	6,412
Unlisted Shares in Companies	0	0	20	20
	0	0	6,432	6,432
Financial Assets at FVTSD				
Derivative Financial Instrument Assets	0	198	0	198
	0	198	0	198
Financial Liabilities at FVTSD				
Derivative Financial Instrument Liabilities	0	31	0	31
	0	31	0	31
Group 2023				
Financial Assets at FVTOCRE				
Unlisted Shares in Companies	0	0	20	20
	0	0	20	20
Financial Assets at FVTSD				
Derivative Financial Instrument Assets	0	557	0	557
	0	557	0	557
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	0	0	0
	0	0	0	0
Group 2022				
Financial Assets at FVTOCRE				
Unlisted Shares in Companies	0	0	20	20
	0	0	20	20
Financial Assets at FVTSD				
Derivative Financial Instrument Assets	0	198	0	198
	0	198	0	198
Financial Liabilities at FVTSD				
Derivative Financial Instrument Liabilities	0	31	0	31
	0	31	0	31

Recognition of Level 3 fair value measurements of financial assets

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Balance at 1 July	6,432	8,845	20	20
Gain/(Loss) on revaluation recognised in Other Comprehensive Income	4,190	(2,413)	0	0
Balance at 30 June	10,622	6,432	20	20

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	
	2023 ACTUAL	2022 ACTUAL
Transactions with Inframax Construction Ltd		
Road construction and maintenance expenditure	11,289	8,528
Other income	0	13
Fees and charges and Income from Construction	90	107
Balances Outstanding with Inframax Construction Ltd		
Payables	1,661	995
Receivables	5	1

Inframax Construction Limited

There were no other transactions with related parties during the 2022/23 year (2022: nil).

Waikato Local Authority Shared Services

The Council has 1.6% of the issued shares in Waikato Local authority Shared Services Ltd Trading as Co-Lab. The following related party transactions are included in the Council's financial statements.

(\$000's)	COUNCIL	
	2023	2022
Revenue shared services	0	3,159
Expenses shared services	598,827	556,572

Remuneration of the Chief Executive (Council)

In the 2022/23 financial year the total remuneration paid to the Council's Chief Executive was \$277,770.

During the year ended 30 June 2022 two different appointees held the position of Chief Executive of the Waitomo District Council. In the 2021/22 financial year the total remuneration paid to the Council's former Chief Executive was \$278,384. The total remuneration paid to the successor Chief Executive was \$100,036.

Elected Representatives and Directors (\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Mayor Robertson	117	101	117	101
Deputy Mayor Whitaker (to 13.10.22)	15	52	15	52
Deputy Mayor Goddard (from 13.10.22)	58	38	58	38
Councillor Brodie (to 13.10.22)	11	38	11	38
Councillor Smith (to 31.5.22)	0	35	0	35
Councillor New	43	35	43	35
Councillor Manawaiti (from 13.10.22)	33	0	33	0
Councillor Osborne (from 13.10.22)	35	0	35	0
Councillor Tasker (from 13.10.22)	33	0	33	0
Councillor Todd (from 13.10.22)	34	0	34	0
Councillor Marshall (to 13.10.22)	10	35	10	35
Directors Fees	0	0	150	115
Total Elected Members Remuneration and Directors Fees	389	334	539	449

Key Management Personnel (\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Elected Members and Directors				
Remuneration	389	334	539	449
Number of elected members and directors	10	7	14	13
Key Management Personnel				
Remuneration excluding contribution to a defined contribution plan	1,127	1,022	1,677	1,541
Contributions to a defined contribution plan	25	26	25	26
Total Remuneration	1,152	1,048	1,702	1,567
Full time equivalent members	6	8	11	13

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.

Council Employees (\$000's)	COUNCIL 2023 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	36
\$60,000 - \$79,999	19
\$80,000 - \$119,999	25
\$120,000 - \$279,999	8
Total Employees	88

Council Employees (\$000's)	COUNCIL 2022 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	34
\$60,000 - \$79,999	17
\$80,000 - \$119,999	20
\$120,000 - \$279,999	8
Total Employees	79

The number of full time equivalent employees at 30 June 2023 was 75 (2022: 69).

Note 33: Severance payments

Council

There were no severance payments made during the year (2022: nil).

Group

There were no severance payments made during the year (2022: \$46,500).

Note 34: Events after balance date

Council

There were no events after balance date requiring disclosure.

Group

There were no events after balance date requiring disclosure.

Note 35: Explanations of Variances to Budget (Council)

Statement of Comprehensive Revenue and Expenditure

Revenue was \$0.8 million less than forecast. The main variances were:

- Subsidies and grants revenue were less than forecast by \$4.8 million as the capital expenditure was not fully spent for road repairs from recent storm events, structure bridge renewals and minor improvements. The associated subsidy revenue on this expenditure was therefore not received as forecast. Partly offsetting this was additional subsidy revenue received for the Mayors Taskforce for Jobs programme, Better Off funding programme and to fund Water Reform transition expenditure.
- Fees and charges and income from construction services was above forecast as \$3.9 million was recognised as construction revenue for construction services for the Gallagher Recreation Centre. This revenue was partly offset by reduced waste disposal revenue for the landfill as waste volumes were less than anticipated.
- Other revenue including gains/(losses) was \$0.3 million more than forecast for the gain on sale of fleet vehicles and the gain on the revaluation of investment property.

Expenditure was \$7.9 million more than forecast. The main variances were:

- Employee benefit expenses were \$0.2 million less than forecast as there were a number of staff vacancies during the year.
- Depreciation expense was \$1.4 million more than forecast due to the revaluation of building assets, water supply, wastewater, stormwater and roads assets at 30 June 2022 which increased the value of these assets and the corresponding depreciation expense.
- Other expenditure was \$6.7 million more than forecast as \$3.9 million was recognised as construction expenditure for construction services for the Gallagher Recreation Centre. Additional expenditure of \$1.3 million was incurred for road repairs required after damage to the roading network from severe weather events and additional professional services fees were also incurred for maintaining the road network. Operational and reticulation maintenance costs were \$0.3 million more for water supply and electricity costs were \$0.2 million more than forecast. Additional expenditure was incurred for Mayor Taskforce for Jobs programme \$0.5 million and Better off funding projects of \$0.2 million which were fully funded by subsidy revenue. Losses on asset disposal of \$0.3 million were also recognised for the year.

Statement of Financial Position

Total equity was \$260.6 million more than forecast due to:

- The surplus was \$8.7 million less than forecast.
- Other reserves were \$6.5 million more than forecast.
- The revaluation reserve was \$265.8 million more than forecast as land and buildings, roads, solid waste, water supply, wastewater and stormwater assets were revalued at 30 June 2022. Roads and solid waste assets were also revalued at 30 June 2023.
- Current assets were \$0.9 million less than forecast. There was a reduction in cash and cash equivalents due to cash being utilised for the repayment of debt during the year. This was partly offset by a higher level of receivables than forecast and the recognition of current derivative financial instruments asset at 30 June 2023.
- Current liabilities were \$5.3 million less than forecast due mainly to the reduction in borrowings. As the capital expenditure programme was not fully spent and the district plan review was delayed, the overall level of borrowings were lower than forecast. There was also no non current derivative financial instrument liability recognised at 30 June 2023. This was partly offset by an increase in payables which were more than forecast for road maintenance and construction contracts and water and wastewater contracts compared to forecast.
- Non current assets were \$254.1 million more than forecast. This was due to the uplift in asset values for land and buildings, roads, solid waste, water supply, wastewater and stormwater assets which were revalued at 30 June 2022. Roads and solid waste assets had a further uplift in value as these were revalued again at 30 June 2023. The value of investment in Inframax Construction Ltd also increased due to the revaluation of the investment at 30 June 2023.
- Non current liabilities were \$2.1 million less than forecast as overall borrowings were lower than anticipated. There was also no derivative financial instrument liability recognised at 30 June 2023.

Note 36: 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
	2022 ACTUAL
Number of rating units	5,906
Total Capital value of rating units	4,634,985,350
Total Land value of rating units	3,009,502,650

Insurance (\$000's)	Carrying Value 30 June 2023	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Sewerage and Water Supply	75,281	135,262	5,000	426
Operational and Restricted Buildings and Contents	20,313	79,389	0	0
Motor Vehicles	838	2,008	0	0
Total	96,432	216,659	5,000	426

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 2022	Estimate of Replacement Cost 30 June 2023	Carrying Value 30 June 2023	Assets Constructed during 2022/23
Roads	462,513	671,654	528,873	6,188
Stormwater Drainage	22,591	22,925	12,309	334
Wastewater - Other Assets	26,249	26,729	14,708	480
Wastewater - Treatment Plants and Facilities	25,793	26,487	18,730	694
Water Supply - Other Assets	22,199	22,658	14,373	722
Water Supply - Treatment Plants and Facilities	22,291	23,624	15,161	1,449
Total	581,636	794,077	604,154	9,867

(No network assets were transferred to Council during the 2022/23 year).

Note 37: 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 38: Exchange and non-exchange revenue

(\$000's)	COUNCIL		GROUP	
	2023 ACTUAL	2022 ACTUAL	2023 ACTUAL	2022 ACTUAL
Revenue from exchange transactions				
Interest revenue	84	34	85	34
Fees and charges and income from construction	4,154	4,711	33,029	30,700
Total Revenue from exchange transactions	4,238	4,745	33,114	30,734
Revenue from non-exchange transactions				
Rates revenue	20,355	19,783	20,342	19,770
Metered water rates revenue	894	882	894	882
Subsidies and grants	16,902	14,610	16,975	14,936
Fees and charges and income from construction	3,682	3,577	3,605	3,470
Other revenue from non exchange transactions	265	241	292	241
Total Revenue from non exchange transactions	42,098	39,093	42,108	39,299
Other gains/(losses)	209	386	209	546
Total Revenue	46,545	44,224	75,431	70,579

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 (WLAASS) 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.

Performance Results

Statement of Performance Measures: Year ended 30 June 2023

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	
	2023	2022	2023	2022
Equity ratio	49%	62%	52%	57%
Current Ratio	Positive	Positive	Positive	Negative
EBITDA (\$000's)	\$3 million	\$2.2 million	\$3.5 million	\$0.3 million
Revenue (\$000's)	\$43 million	\$35 million	\$40 million	\$34 million
Banking covenants	Met	Unconditionally Met	Satisfied with waiver	Satisfied

- 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.

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 2023 and 30 June 2022 figures.

Non-Financial Performance	Statement of Intent 2023		Statement of Intent 2022	
	Achieved	Target	Achieved	Target
LTI Frequency Rate	20	Zero	Not applicable	Not applicable
Notifiable Injuries	Not applicable	Not applicable	Zero	Zero
Accident weekly compensation days	91	100	50	985
ISO9001 accreditation	Standard achieved	Standard achieved	Standard achieved	Standard achieved
ISO45001 accreditation	Standard achieved	Standard achieved	Standard achieved	Standard achieved
Environmental Consent Compliance				
Non-compliant	0	All	0	All
Partially compliant	3		3	
Highly compliant	0		5	
Fully compliant	5		0	
Not assessed	1		1	
Support of local events in operating area - Number of local events where the company provided complimentary goods, services or financial support.	19	15	17	15

Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2023

(\$000's)	2023 ACTUAL	2022 ACTUAL
Total Revenue	40,265	34,842
Total Expenditure (including Depreciation and Interest)	38,894	35,981
Net Profit/(Loss) Before Tax	1,371	(1,139)
Company Tax/(Credit)	387	(319)
Net Profit / (Loss) After Tax	984	(820)

CO-LAB

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.

Co-Lab is the current trading name for Waikato Local Authority Shared Services (WLASS) Limited, formally known as LASS (Local Authority Shared Services) up until 4 April 2016.

Shareholders

Co-Lab 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 Co-Lab 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 Co-Lab 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 Co-Lab is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in Co-Lab 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 (PROGRESS TOWARDS TARGET)
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	<p>Business cases will include measurable benefits linked to one or more of the outcomes sought</p> <p>Opportunity assessments are supported by councils (evidenced by Board minutes)</p>	<p>Projected savings to councils of \$300k+</p> <p>75% of councils</p>	<p>Not Achieved</p> <p>Unable to currently measure</p>
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%	Not Achieved
Ensure projects realise their expected benefits	<p>Measurable benefits are actively monitored and reported against</p> <p>Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)</p>	Six-monthly	Achieved
		For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months	Achieved
		90% of projected quantifiable benefits are realised	Achieved
Ensure existing services are meeting the needs of councils	<p>The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> • RATA – roading & waters • Waikato Building Cluster • Regional Infrastructure Technical Specifications • Energy & Carbon Management • Professional Services Panel • Health & Safety pre-qualification 	80% of councils	Not 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	Four per annum	Achieved



AUDIT
TĀTARI KAUTE

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 2023 fairly reflect the financial position and operations of Waitomo District Council.



John Robertson
MAYOR



Ben Smit
CHIEF EXECUTIVE



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAITOMO DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Waitomo District Council (the "District Council") and its subsidiaries and controlled entities (the "Group"). The Auditor-General has appointed me, Bruno Dente, using the staff and resources of Deloitte Limited, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 62 to 64 and pages 66 to 117:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the funding impact statement on page 65, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.
- the statement of service performance on pages 19 to 60:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and



- the statement about capital expenditure for each group of activities on pages 104 to 106, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 23 to 59, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 11 to 14, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to page 76 and 77, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in the pages noted above remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Basis for our opinion on the audited information

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

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

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



Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

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

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

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 10, 15 to 17 and 118 to 119 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

Other than the audit and our report on the disclosure requirements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



Bruno Dente
For Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand

