

South Waikato District Council

Annual Report 2022-23 Pūrongo ā-tau

Year 2 of the Long Term Plan 2021-31



SECURING **TODAY.** SHAPING **TOMORROW.** STRONG **FUTURE.**

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What you will find in this document

Every three years Council develops a Long Term Plan detailing budgets and work programmes for the following three years with a longer term view out to ten years. The current 2021-2031 Long Term Plan was adopted in 2021 and amended in 2022.

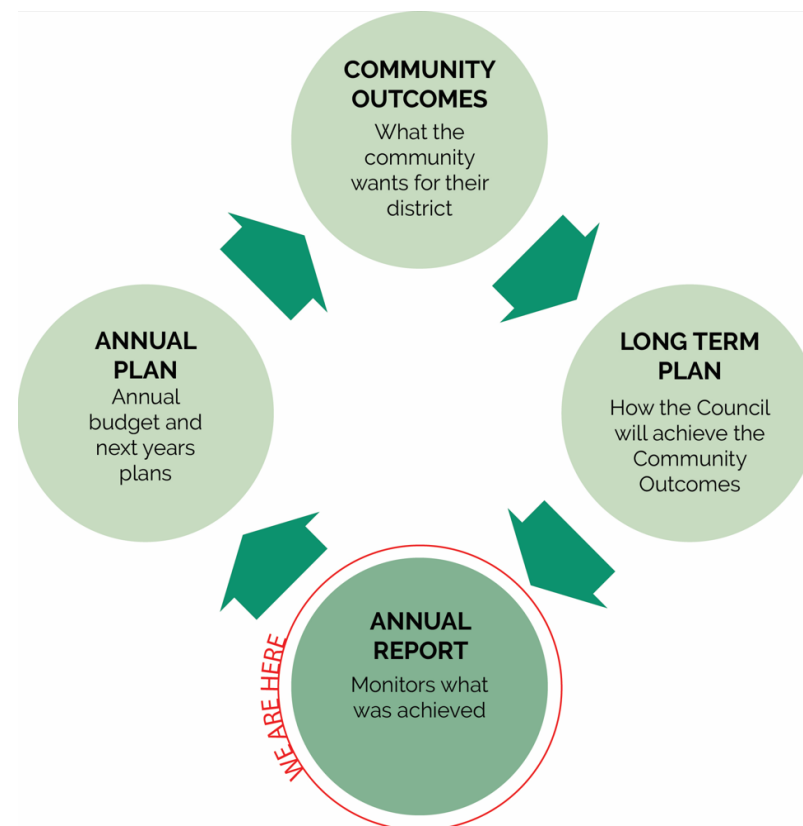
We produce an Annual Report every year, which we use to report back to the community the progress we have made and our performance on the Long Term Plan targets. This Annual Report document presents our key achievements for the 2022-2023 year (1 July 2022 to 30 June 2023) which is year two of the Long Term Plan. Additionally, an Annual Plan is produced in years two and three of the Long Term Plan to update the projects and budgets for those years.

What you'll find in this document:

- A message from the Mayor and Chief Executive. Your 2022-2023 elected members, our community outcomes and more
- Our reports on our achievements and objectives, funding, and financial policies. Our financial statements and our notes to the financial statements
- An overview of each service we provide (our activities) and how we are progressing, including.
 - ✓ *What we do*
 - ✓ *Delivering on our Annual Plan 2022-2023*
 - ✓ *Capital projects*
 - ✓ *Key performance indicators*
 - ✓ *Funding impact statements*
 - ✓ *The effects each activity has had on the four well-beings, social, economic, environmental, and cultural within our community*



The below diagram shows our planning cycle and where we are right now.



Further information can be found in our 2021-2031 Long Term Plan (LTP) which is available at each of our Council offices or Libraries, or you can download an electronic copy from our website. <https://www.southwaikato.govt.nz/our-council/strategies-plans-policies-bylaws/plans/long-term-plan>

Annual Report 2022-23

Pūrongo ā-tau



PART 1

Introduction

He Kupu Whakataki

SECURING **TODAY**. SHAPING **TOMORROW**. STRONG **FUTURE**.

Message from the Mayor and Chief Executive

The 2022-2023 year was dominated by challenges, change and opportunity for Council and our community.

Despite peak COVID-19 being several years ago now, we continue to find delivering our wide range of activities and projects challenging as supply shortages, staff absenteeism and contractor availability are still a reality for the sector.

While weather events brought significant hardship and trying times to many of our neighbouring districts, the South Waikato fared very well; and direct impact on our infrastructure and communities was thankfully, minimal. Under our Civil Defence arrangements, several Council staff were deployed to harder hit areas.

Local body elections in October saw a changing of the guard at Council, however our focus remained on facilitating economic growth to provide an increased number of jobs and opportunities for our people and delivery of quality services for our community.

Central Government continues work on several proposed changes to local government that will heavily impact our organisation going forward – namely three waters and the review of the Resource Management Act (RMA).

Since the initial announcement on the three waters reform, there has been a lot of frustration from both Council and our community. The Government's proposal has wound a convoluted pathway that has been difficult to navigate. At the time of writing, what the future holds for three waters is still not completely known given the national body elections. Our Council remains a member of Communities 4 Local Democracy (C4LD), along with several other councils; trying to get the Government to slow down and look at some alternative models that may be a better fit for our country, and our district.

Three waters accounts for some 26% of our operating costs and 23% of our assets. Based on this, the impact on our Council and how we operate will be substantial. Our most significant concerns remain. These are losing our local voice, not being able to guarantee our small District has any

priority for services and investment, loss of control of our assets, risk of privatisation, and that the current proposed model may not be the best or only suitable model. Our community meetings held last year clearly indicated that many have similar concerns.

That being said, if reforms do go ahead, our waters infrastructure will be held in a good state to continue to serve South Waikato communities.

The review of the RMA is also underway. This will likely affect how much of a say Council and our community has in how we tackle critical national issues like land use, housing, biodiversity management, climate change and freshwater quality. It may also mean less community input into planning matters because the focus will be on having regional plans to deal with local issues.

Council is focussed on promoting the South Waikato as a great place to live, work and invest through our Space to Grow business development programmes. We have worked hard with our partners and stakeholders to bring in new jobs and development to the district and attract Central Government funding. The almost complete Olam Food Ingredients NZ Ltd (OFI) dairy factory, officially opened Pūkenga Rau (previously known as the South Waikato Trade Training Centre) and up and running housing developing in Overdale Road in Putāruru, to name just a few, are all putting the South Waikato on the map.

Development of a Growth Strategy for the district is ongoing and should ensure the right development happens in the right places. Our residential stock is expanding to support both our community growth and attract new residents.

It is our growth trend that necessitated an amendment to our Long Term Plan. In December last year, Council committed \$58 million worth of capital infrastructure projects in the water, wastewater and stormwater space to ensure our district's growth potential is supported through the necessary infrastructure.

We realise and again acknowledge the hardship that a large rate increase has meant for many in our community. The way we fund our activities and

services simply must change; we can't keep loan funding operational expenditure. That's like taking out a personal loan to pay for your groceries. Council has signalled that considerable analysis into our current suite of services will be done in the lead up to the 2024-34 Long Term Plan; and we look forward to our community's engagement through this process.

Over and above our day-to-day service delivery, we also completed several large or high interest projects, including:

- The Tīrau Domain was officially opened.
- We started construction on the Putāruru skatepark, and at the time of writing is officially opened.
- A Parliamentary visit from an array of South Waikato business and community organisations to seek long term co-investment, put South Waikato on the Ministerial radar.
- We held our first ever school holiday programme at the South Waikato Sport and Events Centre which is fast becoming a popular programme in our community.
- Council retained its Building Accreditation, ensuring Council can continue to deliver cost-effective building control services to residents and ratepayers.
- The Maraetai Road Intermodal Business Park kicked off following a successful grant application of a \$3 million from Kānoa, the Government's Regional Economic Development and Investment Unit.
- We supported several key events in the district, including the Volcanic Epic cycling event, Cycling NZ Elite Road Championship and That Weekend.
- Council reviewed the Speed Management Plan, Fees and Charges and its Annual Plan.
- Following consultation with community, we developed and installed new district and town signage. South Waikato We Love It Here... because we do!

- We launched new facility Facebook pages for the South Waikato Sport and Events Centre, District Libraries and the Pools.
- It's been a big year, full of change, challenges and opportunity.

We do want to acknowledge several significant events that have dominated the past year with firstly the passing of Queen Elizabeth II and coronation of King Charles, the damage caused by Cyclone Gabrielle and the continued hardship that many New Zealanders are still living with today, high inflation and interest rates, and finally the tragedy of the war in Ukraine that has impacted the world economy and robbed so many people of their homes and the lives.

Council took the bull by the horns in 2022-2023 by supporting, facilitating, attracting and seeking economic opportunities to grow and improve our district and respond to our growing population and towns. We haven't slowed down even in these uncertain times. We can't. Our district and community will not thrive into the future if we don't rise to the challenge of today. The 2023-24 year looks set to be an even bigger year.



Gary Petley
MAYOR



Susan Law
CHIEF EXECUTIVE

INDEPENDENT AUDITOR'S REPORT

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

The Auditor-General is the auditor of South Waikato District Council (the District Council). 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 25 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 87 to 90 and pages 92 to 136:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2023;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the funding impact statement on page 91, 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 provision (referred to as 'Our Services') on pages 26 to 71:
 - presents fairly, in all material respects, the District Council's 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 included within pages 26 to 71, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Long-term plan; and
- the funding impact statement for each group of activities included within pages 26 to 71, 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 82 to 86 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

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 note 34 on page 136, 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 note 34 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's or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's 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'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 provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

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 3, 5 to 6, 12 to 24, 72 to 78, 80 to 81, 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 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.

A handwritten signature in blue ink that reads "Bruno Dente". The signature is written in a cursive, flowing style.

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

Statement of compliance

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



Gary Petley
MAYOR
25 October 2023



Michael Booth
ACTING CHIEF EXECUTIVE
25 October 2023

Our Council | Ko tā tātou Kaunihera



Gary Petley
Mayor

0274 836 809
gary.petley@southwaikato.govt.nz

Tokoroa Ward



Councillor Bill Machen

(Deputy Mayor)
0274 715 899
bill.machen@southwaikato.govt.nz



Councillor Hamish Daine

0273 361 676
hamish.daine@southwaikato.govt.nz



Councillor Rebekah Garner

0273 140 887
rebekah.garner@southwaikato.govt.nz



Councillor Thomas Lee

0273 178 758
thomas.lee@southwaikato.govt.nz



Councillor Maria Te Kanawa

0273 368 750
maria.tekanawa@southwaikato.govt.nz



Councillor Josiah Teokotai

0272 121 326
josiah.teokotai@southwaikato.govt.nz

Putāruru Ward



Councillor Marie Farrell

0273 369 257
marie.farrell@southwaikato.govt.nz



Councillor Hans Nelis

0273 365 826
hans.nelis@southwaikato.govt.nz



Councillor Sandra Wallace

0273 365 094
sandra.wallace@southwaikato.govt.nz

Tirau Ward



Councillor Kerry Purdy

0273 364 541
kerry.purdy@southwaikato.govt.nz

Tirau Community Board

Jessica Wanden (Chair)

jessica.wanden@southwaikato.govt.nz

Graham Singers

graham.singers@southwaikato.govt.nz

Kevin Slater

kevin.slater@southwaikato.govt.nz

Gaby Bond

gaby.bond@southwaikato.govt.nz

Māori capacity to contribute to decision-making process.

South Waikato District Council's collaboration with Raukawa Charitable Trust, Māori and other Iwi groups is a testament to Council's commitment to Te Tiriti o Waitangi and our enduring relationships. These partnerships are key components to building a prosperous community.

The South Waikato District Council works with Raukawa and iwi groups, guided by the:

- Local Government Act
- Memorandums of Understanding, and
- Joint Management Agreements

The Council recognises the importance of further developing and strengthening relationships with iwi. Consistent engagement will lead to more informed and effective decision-making on matters governed by the Resource Management Act 1991 and other relevant legislations. Such partnerships are crucial in ensuring that the perspectives and interests of iwi are considered in the decision-making process.

The highlights for 2022-2023 are:

- Joint Management - implementation agreement in place with the Te Arawa River Iwi Trust (TARIT)
- Council recognises the significance of Nga Wahi Tuturu, and Initiated and supported funding of the Raukawa consent strategy
- Raukawa supported council at the symposium with the crown in Wellington, Aotearoa Reorua Strategy



Our Strategic direction and Community Outcomes

Our Vision, community outcomes and Strategies were adopted as part of the 2021-2031 Long Term plan and were in place for the 2022-2023 year. To put it simply, everything that Council does aligns with its strategies, outcomes and vision.

Our Council Vision:

'Healthy people thriving in a safe, vibrant and sustainable community.'

Aligning with our community outcomes, a high-level set of goals that we aim to provide outputs and outcomes to provide a positive effect on our communities.

Growth - to implement activities that facilitate sustainable economic growth to guide the activities, investments and projects undertaken by Council



Relationships - to continue building stronger relationships with Iwi, Māori, Pacifica, community and businesses to achieve growth, resilience and collaboration



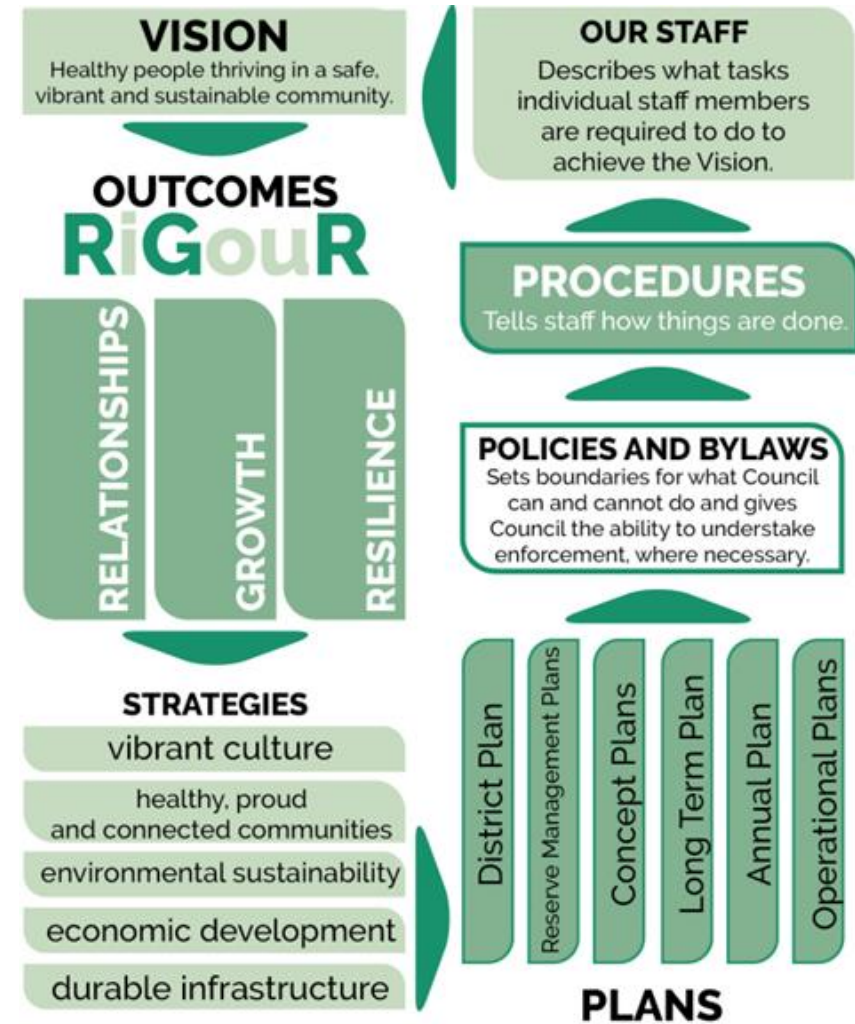
Resilience - to anticipate, resist, respond to and recover from significant change or events. Including storm events, financial management, rates, affordability, asset replacement, environmental sustainability and climate change





And aligning to our five key strategies of
 A vibrant culture
 A healthy, proud, and connected community
 Environmental sustainability
 Economic development
 And durable infrastructure


And in turn providing outcomes contributing to the four Government Wellbeing's.


The following Community outcomes table describes the activities Council has undertaken in 2022-2023 year and the outcomes achieved.





Community outcomes	Inputs	Outputs – for activity specific outputs and KPI's please refer to each activity page	Outcomes / Impacts
 GROWTH	WHO DOES IT INVOLVE	WHAT HAS BEEN UNDERTAKEN IN 2022-2023	OUR VISION AND IMPACTS
<p><u>Housing supply</u></p> <p>Facilitate the availability of safe, dry affordable housing solutions.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Vibrant culture ✓ Healthy, proud and connected community ✓ Economic development 	<ul style="list-style-type: none"> • Council staff and Governance • Kāinga Ora • Ministry of Housing and Urban Development (MHUD) • Central Government • Waikato Regional Council • Raukawa Iwi Development Ltd • South Waikato Pacific Islands Community Services (SWIPICS) • Ministry of Social Development (MSD) • Private sector stakeholders • Community Housing Providers (CHIPS) • Momentum Waikato 	<ul style="list-style-type: none"> • Tokoroa Transitional Housing report updated May 2023 • Development of 300 housing unit equivalents in Putāruru growth cell one commenced • Significant levels of advocacy occurring with Kāinga Ora and MHUD to increase public housing supply, 24 new homes commissioned for delivery in 2023/24 within Putāruru and Tokoroa • A significant amount of demand side marketing (online and brochure) to promote the District • Extensive engagement with property/developers and investors with a significant pipeline of new housing developments planned • New Housing Development Manager appointed 	<p>Outcome</p> <p><i>Safe, dry and affordable housing solutions are available for all of the South Waikato District community.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Improved health ✓ Reduced homelessness ✓ Social needs are met ✓ Affordable housing


Community outcomes	Inputs	Outputs – for activity specific outputs and KPI's please refer to each activity page	Outcomes / Impacts
 GROWTH	WHO DOES IT INVOLVE	WHAT HAS BEEN UNDERTAKEN IN 2022-2023	OUR VISION AND IMPACTS
<p><u>Economic Development Strategy</u></p> <p>To focus on key demand, stimulating growth and working alongside key stakeholders to advocate for our District.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Economic development ✓ Healthy, proud, and connected community ✓ Environmental sustainability ✓ Vibrant culture 	<ul style="list-style-type: none"> • Council staff and Governance • South Waikato Investment Trust (SWIFT) • Waikato Regional Council • New Zealand Trade & Enterprise • Te Waka • Raukawa Iwi Development Ltd • Central Government • Waikato councils (collaboration) • Education sector providers • Training providers • Labour market investors • Private sector developers 	<ul style="list-style-type: none"> • Town and District branding completed with new signage erected • Advocacy to Central Government for co-investment for the Maraetai Road Intermodal Business Park resulted in a \$3m grant being secured • South Waikato roadshow event took place in August 2022 in Parliament with over 30 local and regional companies and community organisations participating • Construction of a new dairy processing plant in Tokoroa continued (stage one) due to open in November 2023 • Expanded and refreshed the marketing platform for our Space to Grow brand • The new Trade Training Centre, Pūkenga Rau was blessed in June 2023, a \$14m development led by SWIFT and supported by SWDC and a \$10.7m grant from government • Significant collaboration on inbound investment attraction initiatives with SWIFT • An Economic Development Strategy was commissioned to set out a roadmap for the next 20 years 	<p>Outcome</p> <p><i>Our District is growing, stimulated and key stakeholders are engaged with advocacy providing economic results.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Increased wellbeing ✓ Stimulated business activity ✓ Increased financial security ✓ Increased equal opportunity ✓ Economic benefits realised ✓ A vibrant culture


Community outcomes	Inputs	Outputs – for activity specific outputs and KPI's please refer to each activity page	Outcomes / Impacts
 GROWTH	WHO DOES IT INVOLVE	WHAT HAS BEEN UNDERTAKEN IN 2022-2023	OUR VISION AND IMPACTS
<p><u>Tokoroa Central Business District</u></p> <p>Engaging with community to re-think the Tokoroa wider central business District.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Vibrant culture ✓ Healthy, proud, and connected community ✓ Environmental sustainability ✓ Economic development 	<ul style="list-style-type: none"> • Council staff and Governance • Community groups • Raukawa Charitable Trust • Business sector • Regional group collaboration 	<ul style="list-style-type: none"> • Tokoroa Business Inc Society regrettably ceased operation in 2023. Council is commissioning a review of the future of business associations within the district • Planning commenced to further the town concept plans into urban design and spatial plans 	<p>Outcome <i>The South Waikato Community is actively engaged in designing the Tokoroa wider central business District.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Increased wellbeing ✓ Reduced crime ✓ Stimulated business activity ✓ New business growth ✓ Increased employment
<p><u>District plan review</u></p> <p>Reviewing the current District plan to enable sustainable growth and managed land use.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ A vibrant culture ✓ Environmental sustainability ✓ Economic development, ✓ Durable infrastructure and ✓ A healthy, proud, and connected community 	<ul style="list-style-type: none"> • Council staff and Governance • Kāinga Ora • Ministry of Housing and Urban Development (MHUD) • Central Government • Waikato Regional Council • Raukawa Charitable Trust • Te Arawa River Iwi Trust (TARIT) 	<ul style="list-style-type: none"> • Drafting of proposed new chapter for the district plan which recognises sites of significance to Raukawa and the Waikato river cultural landscape completed after discussion with stakeholders • Raukawa marae agreed to the creation of a Māori Purpose zone for marae and Papakāinga. The extent of each zone yet to be determined • Work commenced on other new chapters relating to Natural Hazards • Started examining proposed changes to the Rural Zone • Public engagement over the urban growth project • Engaged in mediation for Healthy Rivers Wai Ora Waikato Regional Plan change appeal 	<p>Outcome <i>The South Waikato District Plan is reviewed and enables sustainable growth and fit for purpose land use.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Increased wellbeing ✓ Increased business growth

Community outcomes	Inputs	Outputs – for activity specific outputs and KPI's please refer to each activity page	Outcomes / Impacts
 GROWTH	WHO DOES IT INVOLVE	WHAT HAS BEEN UNDERTAKEN IN 2022-2023	OUR VISION AND IMPACTS
<p><u>Leisure and recreational services</u></p> <p>Make the District more attractive to live in and encourage people to be more active in quality recreation spaces.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ <i>Healthy, proud, and connected community</i> ✓ <i>Vibrant culture</i> 	<ul style="list-style-type: none"> • Council Staff and Governance • Community groups • Schools • Sport Waikato • South Waikato Sport and Events Centre (SWSEC) • South Waikato District Pools 	<ul style="list-style-type: none"> • Ongoing delivery of indoor sports leagues • Planned and delivered recreation-based school holiday programme sessions in January and April • Provided children's sports taster and development courses to educate and encourage participation in recreation • Launched a social media page for targeted communication with communities and users • Launched beginner Pilates and healthy hearts sessions • Delivered 10th-anniversary celebration and Santa's picnic • All poolside staff qualified and working toward professional lifeguard qualification. • External funding secured for six apprenticeship schemes for two senior lifeguards, one learn-to-swim instructor, and three facility operations roles • Learn to Swim programme extended from four to eight weeks • Launched swimming lessons for babies classes • Launched Skills for Life school swimming programme • Partnered with the Inland Revenue Department to provide community tax clinics in Tokoroa and Putāruru Libraries • Launched a recording studio service for the community • Scaled back plastic book covering to reduce financial and environmental impact 	<p>Outcome</p> <p><i>The South Waikato District is an attractive environment which encourages a high level of activity in quality recreational spaces.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ <i>Achieving community outcomes</i> ✓ <i>Improved community health</i> ✓ <i>Active play and recreation needs are met</i> ✓ <i>A Vibrant culture</i>

Community outcomes	Inputs	Outputs – for activity specific outputs and KPI's please refer to each activity page	Outcomes / Impacts
 RELATIONSHIPS	WHO DOES IT INVOLVE	WHAT HAS BEEN UNDERTAKEN IN 2022-2023	OUR VISION AND IMPACTS
<p><u>Iwi</u></p> <p>A strengthened joint governance and engagement model for collaboration and a shared District view.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Vibrant culture ✓ Healthy, proud and connected community ✓ Environmental sustainability ✓ Economic development ✓ Durable infrastructure 	<ul style="list-style-type: none"> • Te Arawa River Iwi Trust (TARIT) • Raukawa Charitable Trust • Council staff and governance • Ngāti Koroki Kahukura • Ngāti Haua 	<ul style="list-style-type: none"> • Developed partnerships approach with Raukawa for the Growth Strategy and Economic Development Strategy • Nga Waahi Tuturu protection of culturally significant sites and one landscape and a Maori purpose Zone which accommodates Papakāinga • Re-established relationship with Te Arawa River Iwi Trust (TARIT) • A Joint Management Agreement is in place with the Te Arawa River Iwi Trust • A new role was established and filled, The Kaitohutohu Matua – Matauranga Māori • Raukawa supported Council at the symposium with the crown in Wellington, Aotearoa Reorua strategy 	<p>Outcome</p> <p><i>Iwi and Council are working in close partnerships with a shared view of the future of the community and District.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Achieving community outcomes ✓ Growing community pride ✓ Strengthened collaboration ✓ A vibrant culture ✓ Economic rewards ✓ Environmental sustainability ✓ Business investment growing
<p><u>Pacific Peoples</u></p> <p>Strengthening relationships with more formal agreements to create a planned clear pathway to work together.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Vibrant culture ✓ Healthy, proud and connected community ✓ Environmental sustainability ✓ Economic development ✓ Durable infrastructure 	<ul style="list-style-type: none"> • Ministry of Pacific Peoples • Council staff and governance • Pacific Island community • South Waikato Pacific Islands Community Services (SWIPICS) 	<ul style="list-style-type: none"> • Develop partnership approach with Pasifika for the Growth Strategy and Economic Development Strategy • Partnership with the Maraetai Business Intermodal Park with the Cook Island Society and Pasifika • Acknowledgement of Pasifika people on the identity branding of the district 	<p>Outcome</p> <p><i>Pacifics and Council have achieved together a shared vision for the District and community.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Community wellbeing ✓ Growing community pride ✓ Strengthened collaboration ✓ Vibrant culture

Community outcomes	Inputs	Outputs – for activity specific outputs and KPI's please refer to each activity page	Outcomes / Impacts
 RELATIONSHIPS	WHO DOES IT INVOLVE	WHAT HAS BEEN UNDERTAKEN IN 2022-2023	OUR VISION AND IMPACTS
<p><u>Community and Business Partners</u></p> <p>A high degree of collaboration to achieve openness and shared goals.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Vibrant culture ✓ Healthy, proud and connected community ✓ Environmental sustainability ✓ Economic development 	<ul style="list-style-type: none"> • Council Staff and Governance • Waikato Regional Council • Department of Conservation • New Zealand Trade & Enterprise • South Waikato Investment Trust (SWIFT) • Raukawa Charitable Trust • Raukawa Iwi Development Ltd • Local Schools • Toi Ohomai • Te Wānanga o Aotearoa • Te Waka • Momentum Waikato • South Waikato Pacific Islands Community Services (SWIPICS) • WORKit (Mayors Taskforce for Jobs) • Tokoroa Council of Social Services (TCOSS) • Ministry of Primary Industries • Oji Fibre Solutions 	<ul style="list-style-type: none"> • Staff continue building collaborative relationships with key local, regional and national stakeholders for the betterment of the District • Collaboration and ongoing engagement with key stakeholders and community to co-manage and care for the Te Waihou Walkway • Community partnerships continued to develop around environmental initiatives • Significant engagement with OJI Fibre Solutions regarding significant investment in the Kinleith plant • Hosted an inaugural event to celebrate International Women's Day event with year 11 female students from local high schools • Secured a two-year extension of funding (2023-2024 to 2024-2025) from the Mayor's Taskforce for Jobs and Ministry for Social Development (MSD) for the WORKit programme supporting NEET youth into employment. • WORKit supported 59 young people into employment during the 2022-2023 financial year 	<p>Outcome <i>Community and business partners are working collaboratively and productively increasing customer satisfaction and community growth.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Achieving community outcomes ✓ Growing community pride ✓ Vibrant culture ✓ Environmental sustainability ✓ Economic rewards ✓ Engaged communities

Community outcomes	Inputs	Outputs – for activity specific outputs and KPI's please refer to each activity page	Outcomes / Impacts
 RELATIONSHIPS	WHO DOES IT INVOLVE	WHAT HAS BEEN UNDERTAKEN IN 2022-2023	OUR VISION AND IMPACTS
<p><u>Local Government</u></p> <p>Continuing to build collaboration and information sharing between networks within the sector.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Vibrant culture ✓ Healthy, proud and connected community ✓ Environmental sustainability ✓ Economic development ✓ Durable infrastructure 	<ul style="list-style-type: none"> • Co-Lab (Waikato LASS) • Lakes Coast Cluster • Waikato Regional Council (WRC) • Council staff and Governance • Taituarā • Local Government NZ • Neighbouring Councils • Te Waka 	<ul style="list-style-type: none"> • Participated in Co-Lab offering including: the Co-Lab learning modules, the Co-Lab procurement support services and the action of the Structural Asset Management Services (SAMS) • Lakes Coast Cluster, building consent alignment underway • Collaborating with Waikato Regional Council for land use, air quality and water quality sustainability • Taituarā relationship building to utilise metrics 	<p>Outcome <i>Collaboration is functioning and thriving between parties in the local government sector.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Increased wellbeing ✓ Working collaboration ✓ Stronger community outcomes ✓ Environmental sustainability ✓ Vibrant cultures ✓ Long term visions achieved
<p><u>Central Government sector</u></p> <p>Continuing to build relationships and partnering with government agencies.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Vibrant culture ✓ Healthy, proud and connected community ✓ Environmental sustainability ✓ Economic development ✓ Durable infrastructure 	<ul style="list-style-type: none"> • Council staff and Governance • Waka Kotahi • Kāinga Ora • Ministry of Housing and Urban Development (HUD) • Government Ministers • Other government departments • Three waters governance • Iwi departments 	<ul style="list-style-type: none"> • Advocacy and engagement with local MP's continuing • Road show event, hosted by SWDC and Raukawa Charitable Trust, showcased our District in Parliament • Several meetings with government Ministers took place to advocate for co-investment • Council worked collaboratively across the region with central government to address the RMA, Three Waters and Future of Local Government reforms 	<p>Outcome <i>Relationships and advocacy are achieving results and our communities are benefitting from government funding initiatives and partnering programmes.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Achieving community outcomes ✓ Better quality of life ✓ Environmental sustainability ✓ Engaged communities

Community outcomes	Inputs	Outputs – for activity specific outputs and KPI's please refer to each activity page	Outcomes / Impacts
 RESILIENCE	WHO DOES IT INVOLVE	WHAT HAS BEEN UNDERTAKEN IN 2022-2023	OUR VISION AND IMPACTS
<p><u>Strong infrastructure planning</u></p> <p>Providing strong infrastructure planning for the long-term view utilising the 30 year infrastructure strategy.</p> <p><i>Linked to our key strategic outcomes:</i></p> <ul style="list-style-type: none"> ✓ Vibrant culture ✓ Healthy, proud and connected community ✓ Environmental sustainability ✓ Economic development Durable infrastructure 	<ul style="list-style-type: none"> • Council Staff and Governance • Waikato Regional Council • Central Government sector (reforms) • Waka Kotahi • Raukawa • Iwi • District wide businesses 	<ul style="list-style-type: none"> • Construction and commissioning of new water supply bore at Arapuni • Continuing upgrade of automatic control systems and telemetry on our water supply and wastewater systems • Completed construction and commissioning of the new Grey Street Wastewater Plant in Putāruru 	<p>Outcome</p> <p><i>Infrastructure is provided in an efficient and effective manner providing a sustainable agreed level of service for now and into the future.</i></p> <p>Impacts:</p> <ul style="list-style-type: none"> ✓ Reduced environmental impacts ✓ Improved community wellbeing ✓ Increased financial benefits ✓ Infrastructure well planned for future generations

Financial strategy limits

Council recognises the financial constraints on our community. It is imperative that Council maintains and protects financial integrity.

Council has set limits on the amount of rates that it can collect and the amount of debt that it can accumulate. Whether we have achieved compliance with these limits is discussed below.

Financial Measure	Limit	Achieved?	Comment
Rates Increase	Rates revenue increases will not be larger than 9% for any year	Yes	Rates increase was 7.6% for the financial year 2023
External debt	External loans not to exceed 100% of total revenue	Yes	External loans at 30 June 2023 were \$44m. 89% compared to total revenue for 2022-2023 of \$49m

Annual Report 2022-23

Pūrongo ā-tau



PART 2

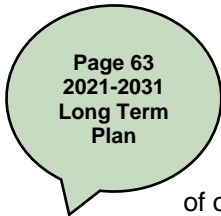
An introduction to our services
He whakatakinga ki tā mātou ratonga



SECURING **TODAY**. SHAPING **TOMORROW**. STRONG **FUTURE**.



Governance and Corporate



The Governance and Corporate group of activities support all the other activities carried out by Council to ensure that they run smoothly by providing the necessary information systems and financial support to achieve community wellbeing. This includes our local democratic system which represents the residents of our District.

WHAT WE DELIVERED THIS YEAR

- Implementation of Audio-Visual hardware for the Council chambers
- OneDrive migration and Multi factor authentication for all staff
- Utilisation of Spark level one helpdesk to triage and respond to helpdesk queries.

WHAT WE DO

- Manage the corporate component of Council's business (which includes information services, legal services, human resources, health and safety, revenue, finance, communications, executive support and strategic planning and projects, procurement, risk management, elections and business improvement)
- Provide governance advice, training and democratic services to Elected Members, the public and staff
- Review our policies and processes
- Collaborate authentically with our treaty partners for Māori to participate in decision making
- Build our relationships with the Pacifica communities
- Develop Long Term Plans, Annual Plans and Annual Reports

<p>These activities contribute to the following community outcomes of:</p> <p><u>Relationship</u> <u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> And <u>Environmental</u> <u>Wellbeings</u></p>
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CAPITAL PROJECTS

Governance and Corporate	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
IT Expenditure and GIS upgrades	549	662	728
Innovation fund	25	45	-
District business web directory	-	45	-
Vehicle replacements	366	160	314
Furniture renewals	39	10	-
Total	979	922	1,042

KEY PERFORMANCE INDICATORS

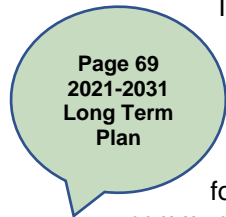
GOVERNANCE AND CORPORATE			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
Communications: That 90% of media queries are <u>resolved</u> within 5 working days.	Achieved	Achieved	30 media queries received. 28 were responded to within the required time frame. End result 93.3%.
Communications: That at least 60% of media statements submitted, feature in local media within 28 days of release.	Achieved	Achieved	61% of statements in various media outlets featured within 28 days of release.
Communications: The level of community satisfaction with overall communication from Council is at least 75% satisfied.	Achieved	Not Achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.
Privacy: All official information requests are responded to within the statutory timeframe (20 or 40 working days).	Not Achieved	Not Achieved	66 LOGIMA requests received. 38 requests completed within the statutory timeframe. 28 requests not completed within the statutory timeframe. 57.57% not responded within the statutory timeframe, not achieved.
Governance: The level of community satisfaction with participation in decision-making is at least 70%.	Not Achieved	Not Achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.
Strategic Planning and Projects: Annual Plans and Long Term Plans will be adopted in compliance with the requirements and deadlines of the Local Government Act 2002.	Achieved	Not achieved	The 2023-2024 Annual Plan and 2021-2031 LTP amendment were adopted in compliance with the requirements and deadlines of the LGA 2002. The Annual Report 2021-2022 did not meet the 31 Dec 2022 deadline due to auditor capacity.
Democracy: Council complies with all sections of the Local Government Act 2002 governing the functions of elected officials and consultation with our community on documents (including strategies, policies and bylaws).	Achieved	Achieved	Processes to follow legislation have been complied with.
Elections: Council will conduct error-free local government elections (the election process is defined in the Local Electoral Act 2001).	Achieved	Achieved	No issues were experienced with the 2022-2023 local government elections.
Finance: To ensure Council only collects enough rates to meet funding requirements, the total amount of general and targeted rates revenue budgeted will not be more than \$500,000 more or \$500,000 less than the rateable expenditure on those general and targeted activities for that year.	Achieved	Achieved	The net funding deficit after carry over is \$310,815.
Revenue/Rates: The total amount of rate arrears is less than 7.5% of the current year's rates charged by Council.	Achieved	Achieved	The outstanding rate arrears was less than 7.5% with the end result being 5.3%.
Information Services: Council's information systems are available at least 99% of the time. System availability is defined as reliable access during business hours to supported applications. Availability is measured from offices over 24 hours 365 days of the year, excluding planned and agreed maintenance downtime.	Achieved	Achieved	The Council successfully attained a 99% achievement rate over the course of the year.

Funding impact statement – Governance and Corporate

Funding Impact Statement - Governance & Corporate	LTP 2022 \$000s	LTP 2023 \$000s	Actual 2023 \$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	1,695	1,881	2,018
Targeted rates	20	21	21
Subsidies and grants for operating purposes	-	-	489
Fees and charges	49	50	62
Internal charges and overheads recovered	10,863	11,602	12,923
Local authorities fuel tax, fines, infringement fees, and other receipts	30	30	90
TOTAL SOURCES OF OPERATING FUNDING (A)	12,657	13,584	15,603
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	9,286	9,690	12,137
Finance costs	65	68	69
Internal charges and overheads applied	3,034	3,263	3,372
Other operating funding applications	45	46	55
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	12,430	13,067	15,633
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	227	517	(30)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	28	(118)	891
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	28	(118)	891
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	446	480	981
- to replace existing assets	376	514	-
Increase (decrease) in reserves	(567)	(595)	(120)
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	255	399	861
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(227)	(517)	30
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Economic and Community development



This activity works to foster growth and build our economic resilience for the future while supporting and maintaining quality relationships with our communities and partners. Economic development activities drive employment opportunities, business growth, housing solutions and long term sustainability for our District. Community development engages with community, to support Councils planned outcomes and to increase the value of relationships with community and Māori.

WHAT WE DO

- Facilitate economic development
- Provide community grants
- Support youth initiatives
- Promote our Central Business Districts
- Organise community events
- Promote the District to those who live and work outside the South Waikato
- Undertake joint ventures with government agencies
- Undertake joint ventures with our key stakeholders
- Support skills training and business development
- Advocate for (and with) South Waikato communities
- Advocate to Government

WHAT WE DELIVERED THIS YEAR

- Delivery of the WORKit programme, funded by the Mayor's Taskforce for Jobs and the Ministry of Social Development. Contract extended for a further two years (2023-2024 to 2024-2025)
- Continued advocacy with Kāinga Ora and MHUD to increase public housing supply, with 24 new homes commissioned for delivery in 2023-2024 within Putāruru and Tokoroa
- Town and District branding completed, 'We Love It Here', with signs erected at State Highway entry points to the District and in Tokoroa, Putāruru, Tīrau and Arapuni
- Advocacy to Central Government for co-investment for the Maraetai Road Intermodal Business Park resulted in a \$3m grant being secured and project commencement
- South Waikato roadshow event, hosted by SWDC and Raukawa Charitable Trust, held August 2022 within Parliament. Over 30 local and regional companies and community organisations participating.
- Construction of a new milk processing plant in Tokoroa neared completion with stage one due to open in November 2023
- Allocated community grants and administered the Creative Community Scheme Funds from Creative NZ
- Delivery of a Changing Waste Ways programme to reduce waste in our district
- Supported the delivery of events throughout the District.
- Continued marketing the district to investors, new residents and visitors through the Space to Grow brand

<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> And <u>Environmental</u> <u>Wellbeing's</u></p>	<p>These activities contribute to the following community outcomes of:</p> <p><u>Relationship</u> <u>Growth</u> <u>Resilience</u></p>
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CAPITAL PROJECTS

Economic and Community development	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
District branding - Signs	235	-	95
State Highway One (SH1) flags	10	15	-
CCTV/Security cameras	81	-	94
Tirau - Wi-Fi	32	-	45
Maraetai Road Intermodal Business Park	464	2,400	115
Vaka Village Pacifica Community Centre	-	-	4
Stanley Park housing development	2	-	-
Strategic property projects	30	300	2,581
Total	854	2,715	2,934

KEY PERFORMANCE INDICATORS

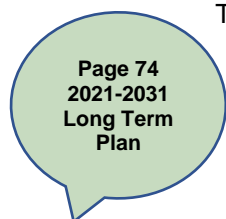
COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
Community Development: Lead five civic events and co-lead five public events, with no less than two key stakeholders.	Achieved	Not achieved	Six (6) events occurred. Three (3) x civic ANZAC events. Three (3) co-led events. Waitangi Day, Matariki and International Women's Day.
Community Development: 90% of the key performance indicators within community contracts are satisfactorily met by individual contract holders annually.	Not Achieved	Achieved	15 community contracts were in effect. 14 contracts attained a 90% overall success rate.
Community Development: At least 80% of the customers, who engaged with our frontline customer services team, indicated that they received courteous and respectful service.	Achieved	Not Achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.
Economic Development: Click through rate for display advertisements (how many people engage with our advertising) is at 0.15% *Industry standard (display ads) is 0.08%.	Achieved	Achieved	The click through rate for display advertisements is 0.20%
Economic Development: Net media exposure score - number and reach of positive media exposures exceeds the number and reach of negative media exposures (print/radio/TV/digital).	Achieved	Achieved	The net media exposure score is 74.
Economic Development: Three new businesses that engaged with Council's Economic Development staff will open in the district each year.	Achieved	Not Achieved	There were zero new businesses opened.

Funding impact statement –
Economic and Community development

Funding Impact Statement Economic and Community development	LTP 2022 \$000s	LTP 2023 \$000s	Actual 2023 \$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,869	3,106	3,255
Targeted rates	313	300	187
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6	6	25
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	29
TOTAL SOURCES OF OPERATING FUNDING (A)	3,188	3,412	3,496
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	1,119	1,337	1,327
Finance costs	46	116	11
Internal charges and overheads applied	437	487	567
Other operating funding applications	1,456	1,631	1,131
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,058	3,571	3,036
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	130	(159)	460
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	2
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,748	2,811	530
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	3,748	2,811	532
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	497
- to improve the level of services	3,291	2,455	348
- to replace existing assets	619	307	10
Increase (decrease) in reserves	(32)	15	137
Increase (decrease) in investments	-	(125)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	3,878	2,652	992
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(130)	159	(460)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Community facilities



The Community facilities activity operates and maintains facilities throughout the District to enhance its amenity value by providing facilities that contribute to the wellbeing of our communities. Council provides libraries, swimming pools and venues for the community to enjoy, benefit from and provide events

WHAT WE DO

- Manage the South Waikato Sport and Events Centre
- Manage the South Waikato Heated Indoor Pools in Tokoroa
- Manage the outdoor pools in Putāruru and Tīrau
- Provide and manage the Tokoroa and Putāruru Libraries
- Provide and manage community halls
- Provide and manage the Tīrau I-SITE
- Provide the South Waikato Performing Arts Centre (The Plaza)

WHAT WE DELIVERED THIS YEAR

South Waikato Sport and Events Centre

- Continued progress with the interior repaints
- Completion of floor stripping and resealing

South Waikato Pools

- Refurbishment of main pool circulation pump in Tīrau
- Fitted a new toilet in male changing rooms in Tīrau
- Refurbishment of changing rooms in Tīrau
- Full upgrade to changing rooms in Putāruru, which includes provision of four easily accessible unisex toilets, and baby change facilities in one toilet
- Repair of UV unit at Tokoroa
- Repair of air compressor at Tokoroa

<p>These activities contribute to the following community outcomes of:</p> <p><u>Relationship</u> <u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> <u>And Environmental</u> <u>Wellbeings</u></p>
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CAPITAL PROJECTS

Community facilities	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
Events Centre - Plant replacement and exterior waterproofing	80	5	19
Libraries	166	381	208
Pole installation	5	-	3
District Cultural Trail plan	-	26	-
Pools - Plant replacement	391	2,210	221
Total	642	2,622	451

KEY PERFORMANCE INDICATORS

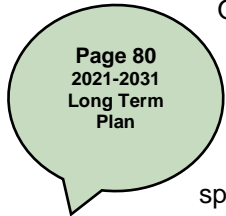
Community facilities			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
South Waikato Sport and Events Centre: South Waikato Sport and Events Centre users rate their overall satisfaction level at an average of 95% or above <u>annually</u> .	Achieved	Not Achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.
South Waikato Sport and Events Centre: Annual usage of the South Waikato Sport and Events Centre will equate to an average of at least twice the district's population.	Not Achieved	Not Achieved	48,084 visits to the South Waikato Sports and Events Centre. District population 25,900. Not achieved.
Swimming Pools: South Waikato pool facility users (Tokoroa, Putāruru, Tīrau) rate their overall satisfaction level at an average of at least 90% or above annually.	Achieved	Not Achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.
Swimming Pools: Annual usage of the South Waikato pool facilities will equate to an average of at least four times the district's population.	Not Achieved	Not Achieved	96,168 visits to the swimming pools. District population is 25,900. Not achieved.
Swimming Pools: At least 90% of South Waikato pool water tests (Tokoroa, Putāruru and Tīrau) comply with the New Zealand Standard Pool Water Quality annually.	Achieved	Achieved	12,730 tests were conducted. 12,386 tests were compliant. 97.29% achieved.
Swimming Pools: One water safety education campaign is undertaken (across the district) every year.	Achieved	Achieved	One water safety education campaign was held.
Libraries: South Waikato Library services customers (Tokoroa, Putāruru and Tīrau) rate their overall satisfaction level at an average of 95% or above <u>annually</u> .	Achieved	Not Achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.
Libraries: South Waikato Libraries visitor and online user numbers will increase by at least 2% of the last five-year average.	Not Achieved	Achieved	122,436 visits for the year versus 107,670 for the 2021-2022 year. 13.71% increase.
Libraries: Ten or more community groups engage with the district libraries each month.	Not Achieved	Achieved	The average monthly group interactions with community was 23. 100% achieved.
Libraries: Ten library led community-based learning programmes are undertaken annually.	Not Achieved	Not Achieved	Eight community education programmes were led.

Funding impact statement – Community Facilities

Funding Impact Statement - Community Facilities	LTP 2022 \$000s	LTP 2023 \$000s	Actual 2023 \$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	3,313	3,751	3,601
Targeted rates	-	-	-
Subsidies and grants for operating purposes	177	2	45
Fees and charges	378	388	413
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	22	27	40
TOTAL SOURCES OF OPERATING FUNDING (A)	3,890	4,168	4,099
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,304	2,155	2,471
Finance costs	46	138	121
Internal charges and overheads applied	934	1,030	1,267
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,284	3,323	3,859
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	606	845	240
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	2
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,301	2,125	349
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	3,301	2,125	351
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	51	283	207
- to replace existing assets	3,701	2,399	436
Increase (decrease) in reserves	155	288	(52)
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	3,907	2,970	591
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(606)	(845)	(240)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Parks and reserves



Our team oversees the operation, maintenance and development of approximately 285 hectares of parks, sportsgrounds, reserves, playgrounds, cemeteries and gardens. It is important that these assets are maintained appropriately to prevent disrepair costs so residents have access to parks, reserves and sportsgrounds for recreational and sporting activities.

WHAT WE DO

- Administer contracts and undertake health and safety auditing.
- Issue interment warrants
- Plan development of and manage reserves and facilities
- Provides a contact for users and administers the bookings for parks and sportsgrounds
- Manage trees located within reserves, urban road reserves and street berms
- Manage approximately 285ha of urban and rural reserves, playgrounds, sportsgrounds and cemeteries
- Maintain cycleways and walkways
- Management of public toilets within reserves

WHAT WE DELIVERED THIS YEAR

- New and replacement signage installed in reserves
- Replacement picnic tables installed in Putāruru Timber Museum Reserve
- New walkways constructed in Butler Reserve and Glenshea Memorial Park
- New burial berms constructed in Tokoroa Cemetery
- Synthetic courts refurbished at Tokoroa War Memorial Sportsground
- Re-metalling of carparks and walkways in reserves
- Shower blocks, barbeques, tables, shelters and bins installed in Lake Whakamaru Reserve
- Carpark, paths, toilet block, signage, suspension bridge and pump track installed in Tīrau Domain

<p>These activities contribute to the following community outcomes of:</p> <p><u>Relationship</u> <u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> <u>And Environmental</u> <u>Wellbeing</u></p>
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CAPITAL PROJECTS

Parks and Reserves	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
Cemeteries	65	6	719
Sportsgrounds - Memorial park	-	-	63
Sportsground - Replacement sports equipment	-	-	-
Skatepark - Upgrade	569	-	15
Reserves - Walkway development	57	50	820
Reserves - New toilet at Lake Moananui Reserve playground area	182	123	-
Reserves - New toilet Pioneer Park Arapuni	3	120	-
Replacement fencing - Replace fencing in Strathmore Park	79	50	-
Reserves - General - install pest bait stations within scenic reserves	25	15	-
Reserves - Retaining walls - engineer assessment/report, Lake Moananui Reserve	20	26	-
Playground - Equipment renewals	93	95	-
Lake Moananui - Infrastructure and silt removal	3	50	1
Tirau Domain - Development	29	-	548
Lake Whakamaru - Reserve infrastructure	-	-	294
Reserves- Tablet device	-	4	-
Reserves - BBQ installs - Tirau domain	18	28	-
Other - Parks and Reserves projects	192	601	584
Total	1,335	1,168	3,044

KEY PERFORMANCE INDICATORS

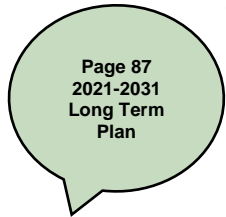
PARKS, RESERVES & CEMETERIES			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
Parks & Reserves: 90% of non-urgent enquiries and service requests relating to parks and reserves are responded to within ten working days of notice.	Achieved	Achieved	497 enquiries and service requests were received. 494 requests received responses within the designated ten working days. 99.39% achieved
Parks & Reserves: 90% of urgent enquiries and service requests relating to parks and reserves are responded to within two working days of notice.	Achieved	Achieved	65 urgent enquiries and service requests were received. 65 requests were responded to within the allocated time frame. 100% achieved.
Parks & Reserves: Users of South Waikato Parks and Reserves rate their overall satisfaction level at an average of 90% or above annually.	Not Achieved	Not achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.
Cemeteries: 90% of non-urgent enquiries and service requests relating to cemeteries are responded to within ten working days of notice.	Achieved	Achieved	98 non-urgent enquiries and service requests were received. 98 requests were responded to, within the stipulated time frame. 100% achieved.
Cemeteries: 90% of urgent enquiries and service requests relating to cemeteries are responded to within two working days of notice.	Achieved	Achieved	Four (4) urgent enquiries and service requests received. Four (4) responded to within the designated time frame. 100% achieved.

Funding impact statement – Parks and Reserves

Funding Impact Statement - Parks and Reserves	LTP 2022 \$000s	LTP 2023 \$000s	Actual 2023 \$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	3,984	4,301	4,483
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	189	194	182
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	13	18	157
TOTAL SOURCES OF OPERATING FUNDING (A)	4,186	4,513	4,822
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,606	2,696	3,314
Finance costs	55	95	220
Internal charges and overheads applied	1,027	1,059	1,233
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,688	3,850	4,767
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	498	663	55
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	4
Development and financial contributions	41	42	136
Increase (decrease) in debt	1,699	714	1,361
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	1,740	756	1,501
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	836	6	-
- to improve the level of services	1,178	1,047	922
- to replace existing assets	276	142	412
Increase (decrease) in reserves	(52)	224	222
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	2,238	1,419	1,556
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(498)	(663)	(55)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Property



The Property activity maintains and manages all buildings owned and operated by Council. This involves day-to-day operations, the planning for and undertaking of major asset renewal work and the upkeep of Council's asset management system for the properties.

WHAT WE DELIVERED THIS YEAR

- Public Toilets - Council continues to clean and maintain toilet facilities to a good standard
- Pensioner Housing - Council continues to be responsive to pensioner housing tenant queries
- Council has continued its programme of undertaking minor renovations of vacant units that require attention to maintain standards

WHAT WE DO

- Maintain Council office buildings, depots and vacant land owned by Council Installing, cleaning and maintenance of the Tokoroa Talking Poles and other District artwork
- Tokoroa Airfield completing maintenance
- Undertakes graffiti removal and lease administration

Manages and maintains the below properties

- Library buildings
- Public toilets (not on reserves)
- Council office buildings and fleet vehicles
- Pensioner housing

<p>These activities contribute to the following community outcomes of:</p> <p><u>Relationship</u> <u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> And <u>Environmental</u> <u>Wellbeing</u></p>
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CAPITAL PROJECTS

Property	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
Council administration buildings and depots	504	664	318
Community halls	77	8	26
The Plaza - seat replacement	-	60	-
Pensioner housing	266	280	349
Total	847	1,012	693

KEY PERFORMANCE INDICATORS

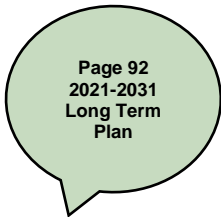
PROPERTY			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
Public Toilets: 90% of enquiries and service requests relating to public toilets are responded to within two working days of notice.	Achieved	Achieved	288 enquiries and service requests pertaining to public toilets were received. 285 were addressed within the stipulated timeframe. 98.95% achieved.
Public Toilets: 90% of enquiries and service requests relating to public toilets are resolved within three working days of notice.	Achieved	Achieved	288 enquiries and service requests concerning public toilets. 270 resolved within the designated timeframe. 93.75% achieved.
Pensioner Housing: The occupancy of Council's pensioner housing units is at least 95% on an annual basis.	Not Achieved	Not Achieved	30,660 nights available for occupancy in the pensioner units. 28,311 actual occupied nights. 92.34% overall occupancy rate. Not achieved.

Funding impact statement – Property

Funding Impact Statement - Property	LTP 2022 \$000s	LTP 2023 \$000s	Actual 2023 \$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	1,003	1,007	950
Targeted rates	53	55	51
Subsidies and grants for operating purposes	-	-	-
Fees and charges	630	707	805
Internal charges and overheads recovered	631	632	966
Local authorities fuel tax, fines, infringement fees, and other receipts	24	35	143
TOTAL SOURCES OF OPERATING FUNDING (A)	2,341	2,436	2,915
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	1,283	1,303	1,686
Finance costs	60	57	410
Internal charges and overheads applied	651	612	997
Other operating funding applications	1	1	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,995	1,973	3,093
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	346	463	(178)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(157)	(194)	(173)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(157)	(194)	(173)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	299
- to improve the level of services	245	205	160
- to replace existing assets	286	280	389
Increase (decrease) in reserves	(342)	(216)	(1,199)
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	189	269	(351)
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(346)	(463)	178
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Regulatory



The focus of the regulatory activity is to make sure that our residents and the environment are safe. By supporting our communities in planning and operating in a safe manner, we can build on a sustainable culture that will ensure a strong future for our District.

WHAT WE DO

The regulatory groups assist the community with the following activities:

- Planning guidance and compliance
- Building guidance
- Civil defence
- Animal control
- Sale and supply of alcohol licensing
- Auditing food premises
- Noise control
- Parking and bylaw enforcement

WHAT WE DELIVERED THIS YEAR

- National Planning Standards priority chapters for District plan changes are ongoing
- Housing and Business capacity assessments for the whole District were reviewed
- Progressed Nga Wahi Tuturu District Plan change with Raukawa (culturally significant sites and landscape)
- Agreed Joint Management Agreement implementation plan with Te Arawa River Iwi Trust
- Reported to building owners on potential earthquake prone buildings.
- Undertook verification of Significant Natural Areas (SNAs)

<p>These activities contribute to the following community outcomes of:</p> <p><u>Relationship</u> <u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> <u>And Environmental</u> <u>Wellbeings</u></p>
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CAPITAL PROJECTS

Regulatory	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
Emergency Management - Equipment response trailer	10	-	-
Emergency Management - Trailer mounted generator	-	-	40
Emergency Management - Began satellite receiver	-	-	5
Dog pound upgrade	-	-	83
Generator at Events Centre	-	37	9
Total	10	37	137

KEY PERFORMANCE INDICATORS

REGULATORY			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
Animal Control: 100% of urgent requests are attended to within one hour on 24/7 basis.	Achieved	Achieved	220 priority one requests received. 220 requests completed within one (1) hour. 100% achieved
Animal Control: 95% of known dogs in the South Waikato District are registered annually or infringements issued.	Achieved	Achieved	All properties were visited with known unregistered dogs within the district to confirm they are still residing in the area and appropriate action was taken.
Compliance: Not less than 200hrs per year spent on car parking patrols and complaints.	Achieved	Achieved	200 hours spent on parking patrols. 108 parking service requests were received and completed.
Building Control: Council will retain accreditation as a Building Consent Authority.	Achieved	Achieved	Accreditation retained following assessment.
Building Control: The building team will meet with builders and designers at least twice per annum.	Achieved	Achieved	Two (2) meetings held with builders and designers.
Building Control: At least 100% of building consents are processed within statutory timelines (20 working days).	Not Achieved	Not Achieved	97.16% of building consents processed within 20 workings days.
Building Control: All swimming pools on the Council's pool register will be inspected at least once every three years (or 33% each year).	Achieved	Achieved	164 registered residential swimming pools and their barriers have been inspected once over the three year period. 100% achieved.
Civil Defence: At least one Emergency Operations Centre or Managers exercise is run annually to measure the effectiveness of training delivery to meet the Group KPI.	Not Achieved	Not Achieved	Zero (0) emergency operations centre or managers exercise occurred.
Civil Defence: Civil Defence staff will engage with high hazard facilities at least twice per year.	Not Achieved	Not Achieved	Zero (0) high hazard engagements occurred.
Civil Defence: Council staff will participate in 20 or more activities with local organisations; of those, four must be collaborative meetings with the local welfare committee and/or emergency services coordinating committee	Not Achieved	Not Achieved	Participated in one (1) Local welfare committee meetings. Participated in 20 activities with local organisations.
Environmental Health: 95% of premises registered pursuant to the Health Act 1956 will be inspected annually.	Achieved	Achieved	36 of 36 inspections were completed. 100% achieved.

REGULATORY			
Performance Measures	2021-2022 Outcome	2022-2023 Outcome	Commentary
Environmental Health: Of the premises registered under the Food Act 2014 that have selected South Waikato District Council as their Verification Agency, 90% will be verified in accordance with legislative requirements.	Achieved	Achieved	100 total verifications. 91% were verified in accordance with legislative requirements.
Environmental Health: Alcohol licences/renewals and general manager certificates are issued within three months of application, providing there are no objections or oppositions from agencies, the chair or a hearing requested by Alcohol Regulatory and Licencing Authority (ARLA).	Not Achieved	Not Achieved	89 of 112 (79.5%) applications processed in three months.
Environmental Health: 100% of urban complaints regarding excessive noise are responded to within one-hour.	Not Achieved	Not Achieved	97% responded to within one hour.
Alcohol Licencing: Three or more meetings per calendar year will be held with the South Waikato Alcohol Accord group.	Not Achieved	Not Achieved	Zero (0) meetings were held due to lack of online interest.
Alcohol Licencing: 100% of premises that hold either on, off or club licences will be inspected annually.	Achieved	Achieved	45 premises to be inspected – 100% undertaken.
Planning: Planning input into Building Consent applications is completed within five working days of online registration.	Not Achieved	Not Achieved	Was not completed due to lack of resource.
Resource Management Policy and monitoring, including environmental protection and monitoring: Not less than 80 hours per year is spent on monitoring land uses e.g. resource consents, certificates of compliance and existing situations.	Achieved	Achieved	Council Staff spent 130 hours monitoring land use.
Business Case Management: 90% of all potential business development projects that require an integrated regulatory approach (i.e. Business Case Management) are contacted within two working days.	Achieved	Achieved	49 business development projects required an integrated regulatory approach. 100% of these were contacted within 2 working days.
Planning: 100% of consents are processed within the Resource Management Act (RMA) 1991 timeframes.	Not Achieved	Not Achieved	86% completed within statutory timeframes.
Planning: 100% of decisions permitting Boundary Activity Certificates (BAC) are issued within statutory timeframes.	Achieved	Achieved	100% issued within statutory timeframes.

Funding impact statement –Regulatory

Funding Impact Statement - Regulatory	LTP	LTP	Actual
	2022	2023	2023
	\$000s	\$000s	\$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,866	2,876	2,894
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,428	1,482	1,864
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	69	71	74
TOTAL SOURCES OF OPERATING FUNDING (A)	4,363	4,429	4,832
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,702	2,714	3,183
Finance costs	3	4	10
Internal charges and overheads applied	1,498	1,648	2,062
Other operating funding applications	6	6	8
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	4,209	4,372	5,263
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	154	57	(431)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(56)	101	482
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(56)	101	482
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	80	133	11
- to replace existing assets	46	37	-
Increase (decrease) in reserves	(28)	(12)	40
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	98	158	51
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(154)	(57)	431
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Solid waste and recycling



Council provides solid waste and recycling services to the District and delivers the service under the Waste Minimisation Act 2008. The purpose of the Act is to encourage waste minimisation and decrease waste disposal to landfill. The Council prepares and regularly reviews a Waste management and Minimisation Plan (WMMP). The current WMMP was prepared in 2018 and is due for review in 2024.

WHAT WE DO

Council owns, operates (under contracts) and maintains the following assets and services:

- Weekly kerbside household rubbish collection and disposal
- Fortnightly kerbside household recycling collection and processing
- Greenwaste drop off and processing
- Maintains rubbish transfer stations in Tokoroa and Putāruru
- Maintains three recycling drop off centres
- Maintenance and aftercare of three closed landfills
- Behaviour change, community engagement and policy development for waste minimisation and reduction

<p>These activities contribute to the following community outcomes of:</p> <p><u>Relationship</u> <u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> <u>And Environmental</u> <u>Wellbeing's</u></p>
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WHAT WE DELIVERED THIS YEAR

- The new Waste Management and Minimisation Plan (WMMP) was adopted in Dec 2022
- A structured waste education in schools' program has been initiated and is contracted to well-known waste educators Environmental Education for Resource Sustainability Trust (EERST)
- Final capping of the closed Tokoroa landfill has settled and compacted. The old fencing on site is being repaired and additional new fencing installed



CAPITAL PROJECTS

Solid Waste and Recycling	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
Tokoroa - Landfill projects	104	-	939
Putāruru - Transfer station upgrades	82	48	25
District - Recycling containers and upgrade works	-	-	21
Wheelie bins		-	538
Total	186	48	1,523

KEY PERFORMANCE INDICATORS

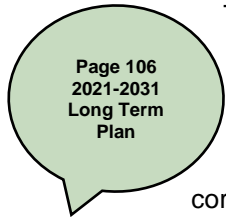
SOLID WASTE AND RECYCLING			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
90% of enquiries and service requests relating to <u>recycling</u> collection are responded to within 2 working days of notice.	Achieved	Achieved	90 service requests were received. 90 service requests were completed within 2 working days of notice. 100% achieved
90% of enquiries and service requests relating to <u>refuse</u> collection are responded to within 2 working days of notice.	Not Achieved	Achieved	300 service requests received. 296 service requests were completed within 2 working days. 98.66% achieved.
Recycling as a percentage of the waste disposed to landfill increase is greater than 12.5%.	Achieved	Achieved	6,495 tonnes of waste were sent to the landfill. 1,362 tonnes of waste were recycled. Recycling accounted for 21% of total waste collected.
There will be no 'Formal Enforcement Actions' from the consenting Authority in regard to Council's compliance with resource consent conditions.	Achieved	Achieved	There were zero (0) Formal Enforcement Actions. 100% achieved.
Two waste minimisation education campaigns are undertaken each year.	Not Achieved	Achieved	Three workshops held. 100% achieved.
South Waikato kerbside collection service users rate overall satisfaction of 75% or above annually.	Achieved	Not achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.

Funding impact statement –Solid waste & recycling

Funding Impact Statement - Solid waste & recycling	LTP	LTP	Actual
	2022	2023	2023
	\$000s	\$000s	\$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	698	347	1,354
Targeted rates	2,065	2,149	1,683
Subsidies and grants for operating purposes	-	-	267
Fees and charges	2,399	2,640	1,025
Interest & dividends from investments	31	32	-
Local authorities fuel tax, fines, infringement fees, and other receipts	181	277	78
TOTAL SOURCES OF OPERATING FUNDING (A)	5,374	5,445	4,407
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	3,497	3,819	3,255
Finance costs	67	94	211
Internal charges and overheads applied	806	831	877
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	4,370	4,744	4,343
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	1,004	701	64
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	24
Development and financial contributions	-	-	-
Increase (decrease) in debt	(271)	(306)	24
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(271)	(306)	48
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	44	-
- to replace existing assets	5	5	185
Increase (decrease) in reserves	728	346	(73)
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	733	395	112
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(1,004)	(701)	(64)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Transport, roading and footpaths



The transport and roading activity provide efficient, safe and secure transport links for our community operating and maintaining the land transport network (excluding State Highways). Through Council, local communities have representation for their transportation needs and the use of the regional road corridors.

WHAT WE DO

The transport roading and footpaths activity delivers the following activities:

- Resealing of roads and cycleways
- Road pavement rehabilitation
- Seal widening and extensions
- Road marking
- Maintenance of signs and streetlighting designated to Council
- Maintenance of footpaths
- Road maintenance which is carried out by contractors
- Road safety
- Drainage from roads
- Public transport via the Urban Connector

<p>These activities contribute to the following community outcomes of:</p> <p><u>Relationship</u> <u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> <u>And Environmental</u> <u>Wellbeings</u></p>
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WHAT WE DELIVERED THIS YEAR

- The successful tendering and award of a package of five maintenance contracts to replace the existing maintenance and reseals contracts that have been in place since 2015 and had reached their maximum allowable term
- The resurfacing of 28.10 km of existing sealed road to improve waterproofing to protect the underlying pavement and improve skid resistance to reduce loss of control accidents
- Resurfaced to strengthen and rehabilitate 2.16 km of roading to Okoroire, Old Taupo and Kinleith roads

CAPITAL PROJECTS

Transport and Roding	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
Formation widening	-	-	26
Seal widening	-	80	49
Pavement rehabilitation	1,332	150	650
Drainage kerb and channel	443	546	24
Maintenance chip seals and reseals	1,023	1,688	1,034
Traffic services renewals-signs	64	68	60
Traffic services renewals-street lights	128	185	29
Minor improvements	-	88	12
Footpath renewals	40	82	-
Leith Place	128	200	204
Dumfries Link road	228	850	716
Buttermilk industrial site - new road	-	77	-
Sundry other	113	254	49
Total	3,499	4,268	2,853

KEY PERFORMANCE INDICATORS

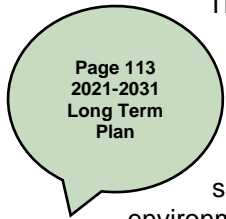
TRANSPORT AND ROADING			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
Reseal: The three-year rolling average of annual resurfacing completed is no less than 6% of the networks total sealed area.	Achieved	Not Achieved	7.8 % of the network was resurfaced 2020-2021. 6.0% in 2021 - 2022. 0.9% in 2022 - 2023. A 3-year average of 4.9%. The underachievement in the year 2022 - 2023 was due to the limited availability of the Contractor's resources and prevailing weather conditions during the resealing period.
Rehab: The percentage of vehicle kilometres travelled on smooth sealed local roads is at least 80%.	Achieved	Achieved	The percentage of travel on roads categorised as "Smooth" was calculated as 87% using the standard Waka Kotahi (NZTA) methodology.
Road Safety: There are no fatalities or serious injury crashes on the local transport network that are directly contributable to road conditions.	Achieved	Achieved	There were one (1) fatal and seven (7) serious injury accidents on the local road network in 2022-2023. Zero (0) were directly attributable to road factors
Capital Footpath Renewals: 90% of the footpath network that was audited should have a displacement of less than 15mm.	Achieved	Achieved	A site audit of a selection of 10% of the footpath network was undertaken. 99.7% of the footpath network has a displacement of less than 15 mm out of the Annual audit of 10% Achieved.
Maintenance: That Council will respond to 90% of all urgent service requests within 2 working days of notice.	Achieved	Achieved	36 service requests received. 36 were responded to on time. 100% achieved.
Maintenance: That Council will respond to 90% of all non-urgent service requests within 10 working days of notice.	Achieved	Achieved	1226 non-urgent service requests received. 1151 were responded to on time. 94% achieved
Maintenance: South Waikato Road users rate overall satisfaction with footpaths at 75% or above annually.	Not Achieved	Not Achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.
Road Safety: Two South Waikato District Council road safety education campaigns are undertaken each year.	Achieved	Achieved	Two road safety education campaigns occurred. Young driver training and Intersection observations campaigns.

Funding impact statement – Transport and roading

Funding Impact Statement - Transport and roading	LTP	LTP	Actual
	2022	2023	2023
	\$000s	\$000s	\$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	4,292	4,755	4,510
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2,922	2,968	4,209
Fees and charges	77	79	33
Interest & dividends from investments	33	39	
Internal charges and overheads recovered	54	62	(96)
Local authorities fuel tax, fines, infringement fees, and other receipts	155	159	289
TOTAL SOURCES OF OPERATING FUNDING (A)	7,533	8,062	8,945
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	4,708	4,733	6,426
Finance costs	53	67	167
Internal charges and overheads applied	938	976	920
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	5,699	5,776	7,513
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	1,834	2,286	1,432
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	1,654	1,755	2,016
Development and financial contributions			187
Increase (decrease) in debt	(191)	(85)	(342)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	1,463	1,670	1,861
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	847	901	227
- to improve the level of services	1,110	1,442	1,500
- to replace existing assets	2,288	2,250	1,770
Increase (decrease) in reserves	(948)	(637)	(204)
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	3,297	3,956	3,293
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(1,834)	(2,286)	(1,432)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Water supply



The water supply activity provides our District with a reliable supply of clean drinking water and the provision of adequate water supply to meet a minimum level of firefighting capability. The group provides a stable supply that is essential in supporting our District's growth and ensuring water supply is of high quality to meet statutory and environmental standards.

WHAT WE DO

The water supply activity delivers the following activities:

- Supply potable (drinkable) water to the urban areas of Tokoroa, Putāruru, Tīrau and Arapuni
- Supply potable water to the rural communities of Athol and Lichfield
- Operate and maintain water treatment plants in Tokoroa, Putāruru, Tīrau, Arapuni and Lichfield
- Maintain ten reservoirs
- Maintain ten bore water pumps
- Maintain 228km of reticulation
- Meeting statutory and environmental standards

<p>These activities contribute to the following community outcomes of:</p> <p><u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> <u>And Environmental</u> <u>Wellbeings</u></p>
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WHAT WE DELIVERED THIS YEAR

- The Billah Street headworks Reservoir pipe replacement project was successfully completed
- Cleaning of the Billah Street Reservoir interior was successfully completed

CAPITAL PROJECTS

Water supply	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
Health and Safety	18	30	21
District - Telemetry	107	-	372
Honowhenua - Water supply	40	-	-
Tokoroa - Reticulation replacements	716	600	434
Tokoroa - Capital component of maintenance	-	15	8
Tokoroa - Water plant and equipment replacement	14	-	-
Tokoroa - Water supply - Billah Street headworks rising main replacement	67	110	-
Tokoroa - Water supply - Manfield Street ridermain installation	29	55	-
Putāruru - Reticulation replacements	153	150	197
Putāruru - Capital component of maintenance	38	30	13
Putāruru - Water - design water supply upgrades	3	-	45
Putāruru - Reservoir Street upgrades	-	-	477
Putāruru - Telemetry dataloggers	-	-	16
Putāruru - Minor works	20	10	17
Tīrau - Capital component of maintenance	12	12	7
Tīrau - Water plant and equipment replacement	35	40	16
Tīrau - Reticulation replacements	203	152	153
Tīrau - Resource consent renewal	2	-	30
Tīrau - Minor new works	1	10	-
Arapuni - Water plant and equipment replacement	12	10	8
Arapuni - Reticulation renewal	-	120	44
Arapuni - Bore replacement	355	-	372
Total	1,825	1,344	2,230

KEY PERFORMANCE INDICATORS

WATER SUPPLY Drinking water treatment and distribution			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
All unsecure water sources, will have their water treated as prescribed in part 5 of the drinking-water standards to treat protozoa.	Not Achieved	Not Achieved	All water supplies within the district are treated with Ultraviolet Light as prescribed in Part 5 of the drinking water standards (protozoal compliance criteria). During this reporting period there were changes in reporting requirements for drinking water. In January 2023, the Drinking Water Standards were replaced by the new Quality Assurance Rules for Drinking Water. The drinking water Expert assessed compliance for the Q3 and Q4 reports using the Drinking Water standards and from January 2023 to June 2023 using the Quality Assurance Rules. Under both standards SWDC did not achieve this target over the full period
At least 97% of tests for E-coli (bacteria compliance) carried out on treated reticulated water will indicate a level of E-Coli in the reticulated Council systems of less than one per 100ml.	Partially Achieved	Partially Achieved	896 samples conducted. All samples taken from reticulated water were less than one per 100ml and complies with (a) part 4 of the drinking water standards (bacteria compliance criteria) An expert was engaged as per the standards. During this reporting period there were changes in reporting requirements for drinking water. In January 2023, the Drinking Water Standards were replaced by the new Quality Assurance Rules for Drinking Water. The drinking water expert assessed compliance for the Q3 and Q4 reports using the Drinking Water standards and from January 2023 to June 2023 using the Quality Assurance Rules. Under both standards SWDC partially achieved targeted results over the full period.
The median response times for callouts in response to a fault or interruption to the water reticulation system does not exceed one hour of notice.	Achieved	Achieved	14 requests received. Median response time was 35 minutes.
Drinking Water Treatment and Distribution – Total complaints received by Council regarding water supply for the following issues: clarity, taste, odour, pressure or flow, continuity of supply and response times to any of the above issues with its water supply system, does not exceed one complaint per 1,000 connections.	Achieved	Achieved	There were zero (0) complaints, normal callouts and domestic issues.

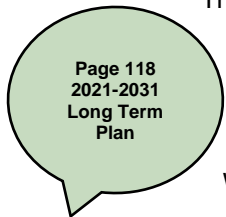
WATER SUPPLY			
Drinking water treatment and distribution			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
Council will ensure the water loss from Council's reticulation network will be no more than 20%.	Achieved	Achieved	The water loss from Council's water network was 20%. The calculation was undertaken by using the Water NZ Guidelines for water loss.
The average amount of water consumed per resident per day is 500 litres.	Achieved	Achieved	The consumption in litres per resident per day was 381 litres.
Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median resolve time measured: Resolve "urgent" callouts - 95% within 24 hours.	Achieved	Not Achieved	99 requests received. 79 requests responded to within the 24 hour period. 20 requests responded to outside of the 24-hour period. 79.79% within 24 hours.

Funding impact statement –Water supply

Funding Impact Statement - Water supply	LTP	LTP	Actual
	2022	2023	2023
	\$000s	\$000s	\$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,294	3,460	3,212
Subsidies and grants for operating purposes	-	-	-
Fees and charges	323	331	452
Internal charges and overheads recovered	1,532	1,598	1,169
Local authorities fuel tax, fines, infringement fees, and other receipts	133	118	9
TOTAL SOURCES OF OPERATING FUNDING (A)	5,282	5,507	4,842
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,039	2,088	2,300
Finance costs	7	12	22
Internal charges and overheads applied	2,537	2,672	2,312
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	4,583	4,772	4,634
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	699	735	208
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	96	98	245
Increase (decrease) in debt	6	57	130
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	102	155	375
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	30	-	-
- to improve the level of services	242	263	358
- to replace existing assets	1,032	1,096	1,469
Increase (decrease) in reserves	(503)	(469)	(1,244)
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	801	890	583
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(699)	(735)	(208)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Wastewater



The wastewater activity provides and maintains the wastewater collection networks and treatment plants throughout our District providing safe, reliable efficient disposal wastewater. It is a vital operation fundamental to the requirements for health and safety and controlled by resource consents issued by the Waikato Regional Council.

WHAT WE DO

The wastewater activity delivers the following activities:

- Operate wastewater networks in Tokoroa, Putāruru, Tīrau and Arapuni
- Collect wastewater from homes and businesses via wastewater pipes and send it to the treatment plants, either by gravity or pumping
- Treat wastewater to a high quality then discharge it to water or land
- Manage trade waste (industrial, commercial business) discharges
- Protects and enhances our physical environment

<p>These activities contribute to the following community outcomes of:</p> <p><u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p><u>Social</u> <u>Economic</u> <u>Cultural</u> <u>And Environmental</u> <u>Wellbeings</u></p>
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WHAT WE DELIVERED THIS YEAR

- The old digester is currently being dismantled and being disposed of appropriately to avoid any environmental issues
- The Tīrau Wastewater Treatment Plant wetlands project was completed. The plants are now fully established
- The new inlet screen installed at the Tokoroa Wastewater Treatment Plant has allowed better control and monitoring of flows through the plant providing better outcomes for compliance

CAPITAL PROJECTS

Wastewater	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
Health and Safety	28	30	9
District capacity upsizing project	-	15	-
Mobile devices	1	-	22
Tokoroa - Plant and equipment upgrade	152	135	291
Tokoroa - Sludge upgrade including digester and sludge thickener	270	870	3,165
Tokoroa - Baird Road inlet screen	97	-	106
Tokoroa - Wastewater treatment plant - UV Lamps	16	40	48
Tokoroa - Wastewater treatment plant - Resource consent	-	-	12
Tokoroa - Wastewater treatment plant - De-nitrification	927	-	3,253
Tokoroa - Wastewater treatment plant - UV system duplication	220	250	-
Tokoroa - Wastewater treatment plant - Duplicate drum filter	115	210	-
Tīrau St - Putāruru wastewater main rehabilitation	150	165	-
Putāruru - Wastewater treatment plant - Plant and equipment upgrade	36	50	99
Putāruru - Filter pumps and UV	-	8	-
Putāruru - Overdale PS Storage	-	-	94
Putāruru - Wetlands	127	-	48
Putāruru - Grey PS flow upgrade	9	-	211
Putāruru - Arapuni, Tīrau Street Wastewater pipe upgrade	121	-	101
Putāruru - Overdale emergency sewer main	-	-	57
Putāruru - Development contribution storage and flow upgrades	29	-	571
Putāruru - Development contribution Arapuni Tīrau Street WW pipe upgrade	62	-	47
Tīrau - Plant and equipment upgrade	28	55	-
Tīrau - Depot Street pumpstation - stage one	101	100	-
Tīrau - Wastewater treatment plant Membranes	-	-	46
Tīrau - Wetlands	24	-	283
Arapuni - Wastewater treatment plant -Secondary Treatment	354	-	-
Arapuni - Plant and equipment upgrade	-	-	1
Total	2,867	1,928	8,464

KEY PERFORMANCE INDICATORS

WASTEWATER			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
There will be no "Formal Enforcement Actions" from the consenting authority (Waikato Regional Council) in regard to Council's compliance with resource consent conditions relating to wastewater per financial year.	Achieved	Achieved	No formal enforcement actions were undertaken.
The total number of complaints received by Council about wastewater issues (including sewage odour, sewerage system faults, sewerage system blockages and response times to issues with its sewerage system) does not exceed one complaint per 1,000 connections.	Achieved	Achieved	There are 7,675 connections to the wastewater system Seven (7) overflows are allowed. There were zero (0) complaints.
The median time to clear blockages for faults to Council's wastewater reticulation network will not exceed 4 hours from notification.	Achieved	Achieved	The annual median time to resolve was 1 hour and 28 minutes.
Where Council attends to wastewater overflow resulting from a blockage or other fault in the Council's wastewater system, the median resolve time measured: Resolved - 95% within 24 hours.	Achieved	Achieved	14 requests received. 14 requests resolved with 24 hours. 100% achieved.
The median response times for callouts in response to a fault or interruption to Council's wastewater system, the median response time does not exceed one hour of notice.	Achieved	Achieved	14 requests received. 12 requests responded to within the one hour of notice. The median response time was 30 mins not exceeding the one hour of notice.
Where Council attends to wastewater overflow resulting from a blockage or other fault in the Council's wastewater system, the median response times are measured: Respond - 95% within one hour.	Achieved	Not Achieved	14 requests received. 12 requests responded to within the one hour of notice. The median response time was 30 mins not exceeding the one hour of notice. Respond 85.71% within one hour not achieved.
The total number of dry weather overflows from the sewerage system shall not exceed three per 1,000 sewerage connections from the sewerage system. A dry weather overflow is when a blockage causes wastewater in the reticulated system to spill to the environment.	Achieved	Achieved	There are 7,675 connections to the wastewater system 21 overflows per year allowed. 14 overflows occurred. Achieved.
Community satisfaction with South Waikato wastewater treatment and disposal of water is at 90% or above annually.	Achieved	Not Achieved	We are currently in a transitional phase during which we are evaluating the most appropriate forms of community engagement that align with our intended objectives.

Funding impact statement – Wastewater

Funding Impact Statement - Wastewater	LTP 2022 \$000s	LTP 2023 \$000s	Actual 2023 \$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	4,385	5,088	5,287
Subsidies and grants for operating purposes	-	-	507
Fees and charges	79	81	158
Internal charges and overheads recovered	1,892	1,973	1,462
Local authorities fuel tax, fines, infringement fees, and other receipts	234	211	181
TOTAL SOURCES OF OPERATING FUNDING (A)	6,590	7,353	7,595
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,765	3,138	4,254
Finance costs	130	242	532
Internal charges and overheads applied	2,880	3,044	2,568
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	5,775	6,424	7,354
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	815	929	241
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	254
Development and financial contributions	91	93	225
Increase (decrease) in debt	(253)	(163)	628
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(162)	(70)	1,107
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	15	15	6
- to improve the level of services	2,813	1,279	2,480
- to replace existing assets	398	464	382
Increase (decrease) in reserves	(2,573)	(899)	(1,520)
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	653	859	1,348
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(815)	(929)	(241)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Stormwater



The stormwater activity maintains and operates our stormwater collection networks and disposal schemes throughout the District collecting stormwater via pipes, open drains and channels which discharge to surface water (streams and lakes).

WHAT WE DO

- Maintains 123km of stormwater collection networks and disposal schemes in Arapuni, Tīrau, Putāruru and Tokoroa
- Maintains a reticulated stormwater system of pipes and channels (primary network) sufficient to cope with frequent rainfall events
- Manages stormwater from land
- Ensures there are appropriate systems in place to deal with stormwater generated from future developments
- Provides planning and building input controls to restrict building in high flood risk areas
- Provides planning and policy initiatives to minimise stormwater quality and quantity effects at the source
- Provides a secondary stormwater system comprising swales, road, kerb and channel
- Maintains gross pollutant traps or similar treatment devices to reduce debris and contaminant levels in stormwater discharge

<p>These activities contribute to the following community outcomes of:</p> <p style="text-align: center;"><u>Growth</u> <u>Resilience</u></p>	<p>And contribute to the</p> <p style="text-align: center;"><u>Social</u> <u>Economic</u> <u>Cultural</u> <u>And Environmental</u> <u>Wellbeings</u></p>
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WHAT WE DELIVERED THIS YEAR

- A new stormwater detention pond was installed at Pellikan Place, Tokoroa as part of Councils land development project



CAPITAL PROJECTS

Stormwater	Actual Spend 2023 \$000s	Budget Spend 2023 \$000s	Actual Spend 2022 \$000s
District - Urban stormwater consent renewals	13	100	-
Tokoroa - Minor new works projects	15	11	13
Tokoroa - Upgrades	-	-	42
Putāruru - Stormwater improvements - Arapuni road culvert	-	160	-
Putāruru - Minor new works projects	12	11	40
Putāruru - Reservoir street upgrades	-	-	14
Putāruru - Upgrades	29	-	372
Putāruru - Ruru crescent stormwater drain	146	-	-
Tīrau - Minor new works projects	5	6	6
Arapuni - Minor new works projects	5	6	-
Total	225	294	487

KEY PERFORMANCE INDICATORS

STORMWATER			
Performance Measure	2021-2022 Outcome	2022-2023 Outcome	Commentary
No more than two flood events per year resulting in stormwater from Council's stormwater system entering a habitable floor in an urban area.	Achieved	Achieved	Two flood events occurred. Zero (0) habitable floor areas flooded. 100% achieved
The total number of complaints received does not exceed one complaint per 1,000 connections to Council's stormwater system. <i>Note: The total number of rateable properties within the stormwater area is 7686 which allows for a maximum of seven properties to be flooded before the KPI is exceeded. (KPI stormwater connections will be amended per year to account for changes in property numbers in the district).</i>	Achieved	Achieved	In the 2022-2023 year there were 7805 rateable properties within the stormwater area. This allows for a maximum of 7.805 properties to be flooded before the KPI is exceeded. Zero (0) complaints were received 100% achieved.
The median response times for callouts in response to a fault or interruption to Council's stormwater reticulation system does not exceed four hours of notice during a flood event. <i>A flood event is defined as an occasion where buildings that are compliant with the Building Code and are serviced by Council's reticulated stormwater system experience flooding.</i>	Achieved	Not achieved	One flood event where the timeframe exceeded the 4-hour period.
There will be no "Formal Enforcement Actions" from the consenting authority (Waikato Regional Council) in regard to Council's compliance with resource consent conditions relating to stormwater.	Achieved	Achieved	There were no formal enforcement actions undertaken.

Funding impact statement – Stormwater

Note:

\$164,000 has been reclassified from sources of capital funding to applications of capital funding in the 2023 LTP.

Funding Impact Statement - Stormwater	LTP 2022 \$000s	LTP 2023 \$000s	Actual 2023 \$000s
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	560	673	667
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	203	200	2
TOTAL SOURCES OF OPERATING FUNDING (A)	763	873	669
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	401	411	433
Finance costs	-	-	-
Internal charges and overheads applied	242	255	245
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	643	666	678
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	120	207	(9)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	153	197	210
- to replace existing assets	60	103	13
Increase (decrease) in reserves	(93)	(93)	(232)
Increase (decrease) in investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	120	207	(9)
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(120)	(207)	9
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



CoLAB report

Council Controlled Organisations (CCOs)

We are required under the Local Government Act 2002 to include information in our annual report on Council-Controlled Organisations (CCOs) in which we are a shareholder.

The Council is a shareholder in one CCO being CoLAB which is the newly established trading name of the original Waikato Local Authority Shared Services Limited (LASS). CoLAB was established in 2005-06 and is a legal entity to help foster and develop shared service initiatives throughout the Waikato region.

Co-LAB is jointly owned by the local authorities of the region: Waikato Regional Council, Hamilton City Council, Hauraki, Matamata-Piako, South Waikato, Thames-Coromandel, Taupo, Waikato, Otorohanga, Waitomo, and Waipa and District Councils.

Company objective

The objective of CoLAB is to provide local authorities of the Waikato Region with a vehicle to procure shared services.

The constitution of CoLAB sets out the principles of 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.

Council policies and objectives relating to CCOs.

South Waikato District Council's policy on Appointment of Directors to CCOs states that, where Council is but one of a group of councils jointly controlling a CCO, then Council shall provide representatives (as appropriate) to consider the appointment and remuneration. CoLAB is governed by a board of directors made up of the chief executives of the local authority shareholders. Council's involvement in CoLAB is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in CoLAB 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.

Nature of activities

As improving Councils' experience with and perception of Co-Lab they have been building a communications and change framework. The framework exists so that they are consistent in the way they communicate and behave with our councils. In turn this should enable a better experience of Co-Lab projects and services to Council colleagues, especially those that may result in change, to ensure a greater chance of success. It has been introduced to Co-Lab colleagues and we will focus on embedding it into our day to day practises over the coming months.

By the numbers - Summary financial results for the year:

	2023 (000s)	2022 (000s)	Change
Total income	9,101	8,576	6%
Net surplus before tax	505	543	(7%)
Cash on hand	2,313	2,570	(10%)

The net surplus before tax is high in comparison with the surplus projected in the budget. This principally reflects the lower than anticipated costs for Co-Lab Water Services.

Co-Lab's performance framework.

Performance reporting.

The following performance measures noted in the table below were included in the 2022 Statement of Intent. The company has assessed whether each target has, or has not, been achieved, and how these relate to our outcomes as an organisation.





Key:







- Achieved
- Unable to currently measure
- Partially achieved: Activity remains in progress
- Not achieved



Priority	Performance measure	Target	Outcome (progress toward target)	2022 Outcome
<p>Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives</p>	<p>➤ Business cases will include measurable benefits linked to one or more of the outcomes sought</p>	<p>Projected savings to councils of \$300k+</p>	<p>Seven significant projects monitored during the year. However, each of these projects – which were largely guided by feedback from councils – were principally focused on valuation creation (rather than cost savings) and/or are at an early stage where potential costs savings are yet to be quantified. The Customer Digital Enablement (CDE) project has the potential to save¹ significant amounts by pooling council investment. For example, market feedback suggested a ten-fold increase in the number of councils involved only bore a 16% increase in investment. Unfortunately, as noted earlier, most councils did not support progressing to RFP and product build. For these reasons, the target has not been met.</p> <p>The <i>Strategic Case</i> for the 'Right People, Right Place' project (see page 9) was approved by the Board in June 2023.</p> <p>A paper covering the 'People Post 3 Waters' project (see page 9) was presented to council Chief Executives in November 2022, with an update to the Board in March 2023. While we await feedback from councils on what resource might become available to redeploy, we are investigating a project management shared service to address one area where many councils are resource constrained.</p> <p>Neither of these investigations can yet claim to give projected savings to councils, although both</p>	<p>No business cases were presented to the Board during the last financial year but there were various Discovery reports for initiatives and expansive resourcing required to develop Co-Lab Learning.</p> <p>By their nature, some of these opportunities do not lend to readily quantifiable benefits. An example of this is the Community Needs Analysis: a project supporting eight of the councils by providing learnings grounded in stories of past successes and failures, that can be used by councils in their discussion with stakeholders relating to the Future for Local Government review.</p>

Priority	Performance measure	Target	Outcome (progress toward target)		2022 Outcome	
	<p>➤ Opportunity assessments are supported by councils (evidenced by Board minutes)</p>	75% of councils	<p>have the potential to reduce costs and create value in the future.</p> <p>We can't reasonably measure performance against this target because no opportunity assessments have been presented to the Board during the period. Having said that, as noted above, CDE is not expected to progress to this point, because of the lack of support to progress the opportunity. To that extent, it is an opportunity that, while initially supported by councils, has not ultimately been.</p> <p>Last year we reported that 9 of 12 councils agreed to participate in Co-Lab Learning. A 10th confirmed their involvement in the current period.</p> <p>Some opportunities have been capitalised on without a formal business case. An example of this in the current period is Co-Lab Procurement Support. That shared service came about from discussions with councils who had a need for procurement skills, but only on a part-time basis, or only as and when required to supplement their current resources.</p> <p>In July 2023 and August 2023, councils were presented with proposals to participate in a Building Consent Cadetship and in the RATA Spaces and Places Rōpū. Decisions are pending in early FY24.</p>	●	9 councils (out of 12 shareholding councils) have agreed to participate in Co-Lab Learning following proposals in May 2022. 8 councils chose to participate (and invest in) the Community Needs Analysis (CNA) project.	●

Priority	Performance measure	Target	Outcome (progress toward target)		2022 Outcome	
Develop opportunities and deliver projects within agreed budgets and timelines	➤ Opportunities / projects are developed / delivered within agreed timelines	80%	<p>14%: (1/7 projects)</p> <p>The low proportion of projects delivered within agreed timelines is disappointing. However, this should be considered in the context that most Co-Lab investigations commence with significant uncertainty, including council staff's capacity to get involved in the projects, which makes reliably estimating the time to complete challenging. While capacity is the most prominent unknown when setting timelines, the LiDAR project has been delayed by vendor performance issues.</p> <p>We acknowledge that we must be more realistic when estimating timelines.</p> <p>It is important to note that none of the delays have caused costs to escalate (i.e., the anticipated work is simply spread over a longer period, or the contract protects against cost escalation).</p>		38%: Five of the eight projects under development that had a major milestone during the year, had some delays in their progress. The most significant of these was the completion of the development of Co-Lab Learning. Although Covid pressures in late 2021 contributed to the delays, the main cause was the length of time taken to reach agreement with key council stakeholders. It is easy to underestimate how long this will take. Completed on time were the Community Needs Analysis project, the Building consent Cadetship discovery project and the project to establish the Co-Lab Geospatial Services unit.	
	➤ Opportunities / projects are developed / delivered, within approved budget	90%	<p>80%: Four of the five projects were completed within budget. The exception was the Co-Lab Learning Implementation where the cost of the project team went over project budget. The remaining of two projects have not started in the current year.</p>		86%: Six of the seven projects were completed within budget. The exception was the Learning & Development Shared Service project where the cost of the project team went slightly over budget. This was a result of the delays, and therefore extension of effort that is explained above.	

Priority	Performance measure	Target	Outcome (progress toward target)		2022 Outcome	
	benefits have been realised)	90% of projected quantifiable benefits are realised				
Ensure existing services are meeting the needs of councils.	➤ The services we provide are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey).	80% of councils	Based on our annual survey of councils, the target of 80% has not been met. 79.8% of respondents (0.2% less than the target) said that the services met or exceeded expectations. The survey response rate was 45% (200 were surveyed with 91 responses received).		A stakeholder survey was undertaken in May 2022 as noted above. 84% of respondents said that the services they received either met or exceeded their expectations.	
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	Ideas received and triaged in FY23: <ul style="list-style-type: none"> • One digital library book database • Common LGOIMA manager tool • Councillor Induction Programme • Common staff induction content • Shared resources for election years • Parking enforcement app • Joint Procurement for contracted resources 		Ideas for future consideration and/or initiatives identified include: <ul style="list-style-type: none"> • Redesign of the WBCG Quality Manual – In progress • Cadet Project – In progress • New Build Waikato website delivered – Completed • Water Data Quality dashboard • Fortnightly P&C response group for Covid-19 • The Insurance Advisory Group engaged Aon to undertake an assessment of potential losses to Waikato councils' three-waters reticulation networks and flood protection assets due to earthquake damage. • Procurement Managers have been involved in a few joint procurements. 	

Annual Report 2022-23

Pūrongo ā-tau



PART 3

Financial information

Ngā mōhiohio pūtea



SECURING **TODAY**. SHAPING **TOMORROW**. STRONG **FUTURE**.

Reports on achievement of objectives in funding and financial policies.

Rates remission and postponement policies report

Council has adopted policies in relation to the remission and postponement of rates. There are a number of circumstances in which applications are considered.

Remissions include:

- Community, sporting and other organisations
- Rates on land protected for natural, historical or cultural conservation purposes.
- Uniform annual general charges and targeted rates on non-contiguous rural rating units in common ownership
- Penalties
- Māori freehold land
- Uncollectable rates
- Multiple dwellings with a common use on one rating unit
- Water rates due to leaks

Rating Information

As at 30 June 2023, the number and value of the rating units in the South Waikato District were:

Number of rating units	
Number of rating units	10,352
The total capital value of the rating units	8,864,157,100
The total land value of the rating units	4,776,119,600

REMISSION GRANTED	2022-23		2021-22	
	Number	Amount (\$) Including GST	Number	Amount (\$) Including GST
Community, sporting, and other organisations	58	161,553	58	144,470
Rates on land protected for natural, historical, or cultural conservation purposes	2	54	2	54
Uniform annual general charges and targeted rates on non-contiguous rural rating units in common ownership	26	10,901	24	13,681
Penalties	482	62,208	588	64,355
Māori freehold land	1	1,220	7	6,676
Uncollectable rates	0	0	0	0
Multiple dwellings with a common use on one rating unit	3	4,760	3	4,973
Water rates due to leaks	14	23,276	2	11,404

Revenue and financing policy report

Background

The Revenue and Finance Policy describe where Council will receive its funding from, including what sort of rating model, it will use.

Significant Activity	General Rates Target	General Rates Actual	Targeted Rates Target	Targeted Rates Actual	User Fees Target	User Fees Actual
Animal Control	55%	52%			45%	48%
Building Consents and Inspections	50%	40%			50%	60%
Business and CBD Promotion - Tokoroa and Putāruru	8%	13%	92%	77%		10%
Cemeteries	78%	80%			22%	20%
Community Advocacy, Grants and Support (including Visitor Centres)	100%	98%				2%
Community Governance (Tirau Community Board)			100%	95%		5%
Community Halls		3%	95%	87%	5%	10%
Compliance	95%	100%			5%	
District Governance	100%	100%				
District Promotion	100%	99%				1%
Economic Development	100%	100%				
Emergency management	100%	99%				1%
Health	80%	79%			20%	21%
Libraries	92%	97%			8%	3%
Parks and Reserves (including Sportsgrounds)	95%	95%			5%	5%
Pensioner Housing					100%	100%
Property Management	90%	70%			10%	30%
Public toilets	100%	99%				1%
Resource Management (consent processing)	45%	41%			55%	59%
Resource Management (policy and monitoring, including environmental protection and monitoring)	100%	100%				
Roading (general roading activities)	100% (after subsidies)	91%				9%
Roading (CBD upgrade loan)	100%	100%				
South Waikato Performing Arts Centre (The Plaza and Tirau Hall)	100% (after hireage income)	93%				7%
South Waikato Sports and Events Centre	80%	74%			20%	26%
Stormwater			100%	100%		
Swimming Pools - Indoor (Tokoroa)	90%	86%			10%	14%
Swimming Pools - Seasonal (Putāruru and Tirau)	90%	96%			10%	4%
Talking Poles	100%	100%				
Te Waihou Walkway	100%	100%				
Tokoroa Airfield	50%	21%			50%	79%
Tokoroa Council of Social Services	93%	100%			7%	
Waste - Landfills and Refuse Disposal	20%	44%			80%	56%
Waste - Litter Collection	100%	100%				
Waste - Refuse Collection			100%	100%		
Waste - Recycling			100%	99%		1%
Wastewater			100%	90%		10%
Water Supply			100%	82%		18%

Annual report disclosure statement for the year ending 30 June 2023

What is the purpose of this statement?

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

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

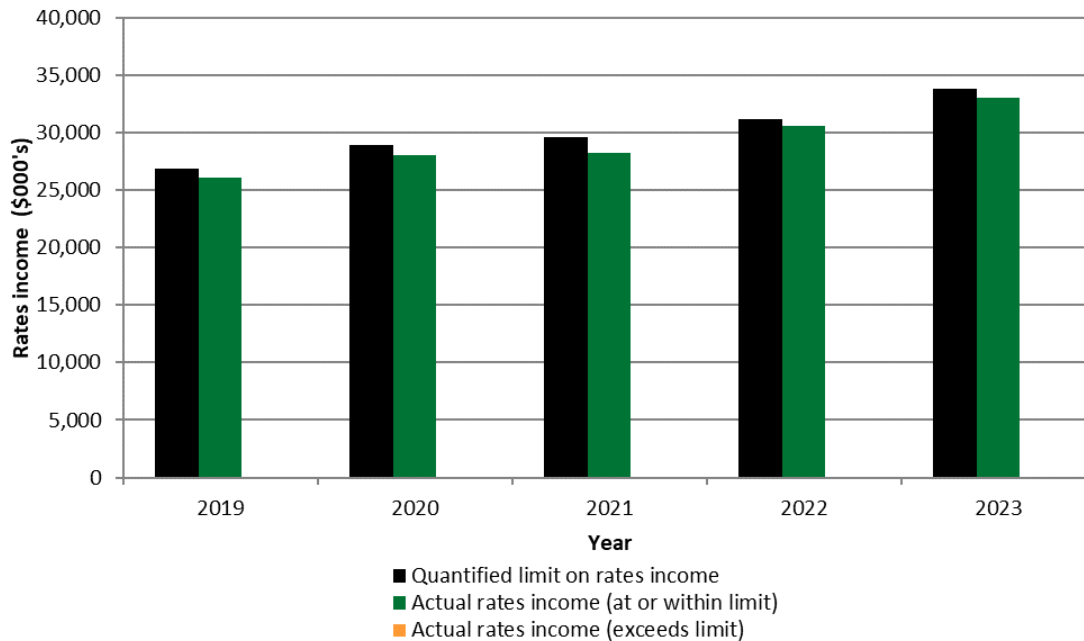
Rates affordability benchmark.

The Council meets the rates affordability benchmark if:

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

Rate (income) affordability.

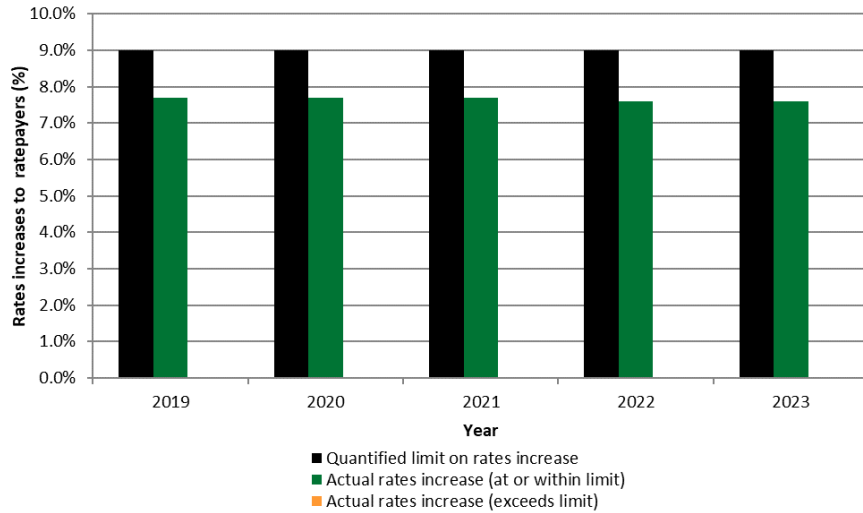
The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long Term Plan.



Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's Long Term Plan.

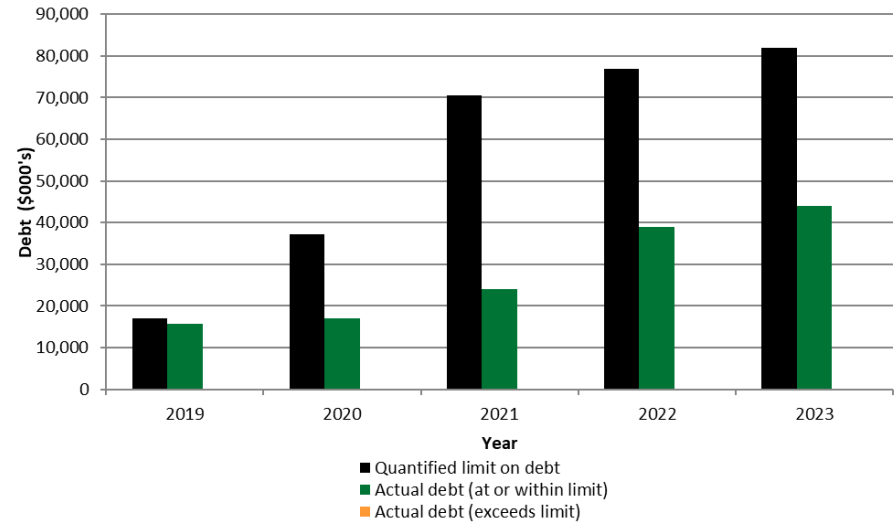
The quantified limit is rate increases will be no more than 9.0%



Debt affordability benchmark

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

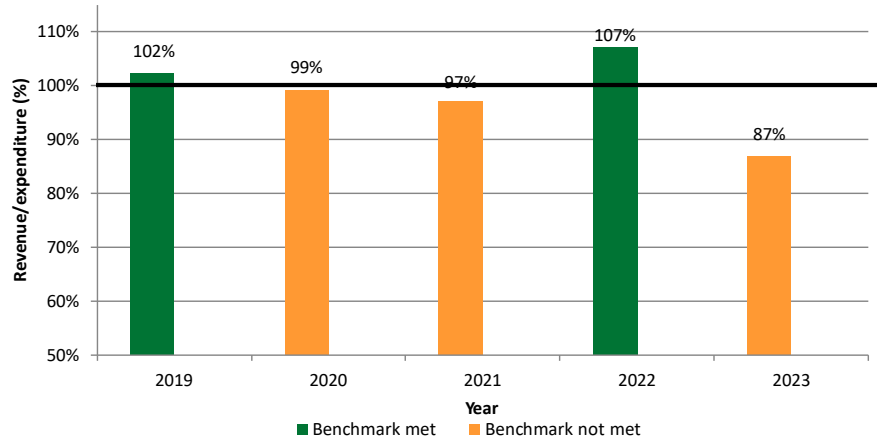
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's Long Term Plan.



Balanced budget benchmark.

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

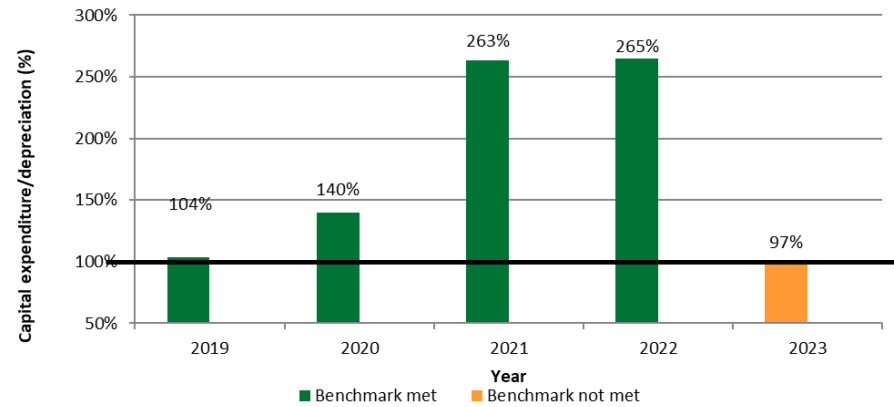
Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark.

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

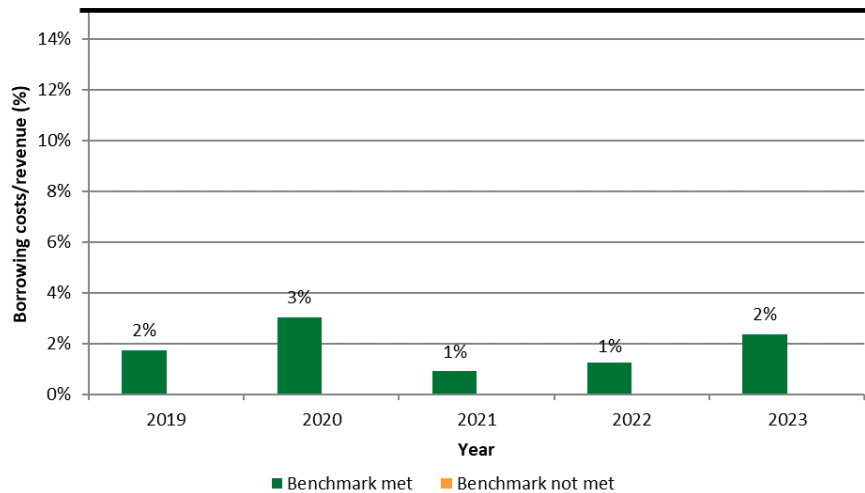
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark.

The following graph displays 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).

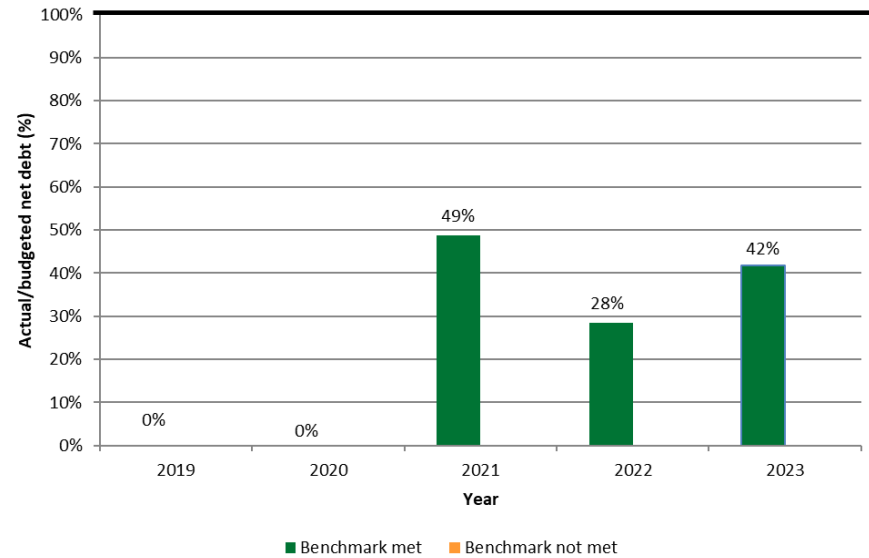
Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt- servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



Debt control benchmark.

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

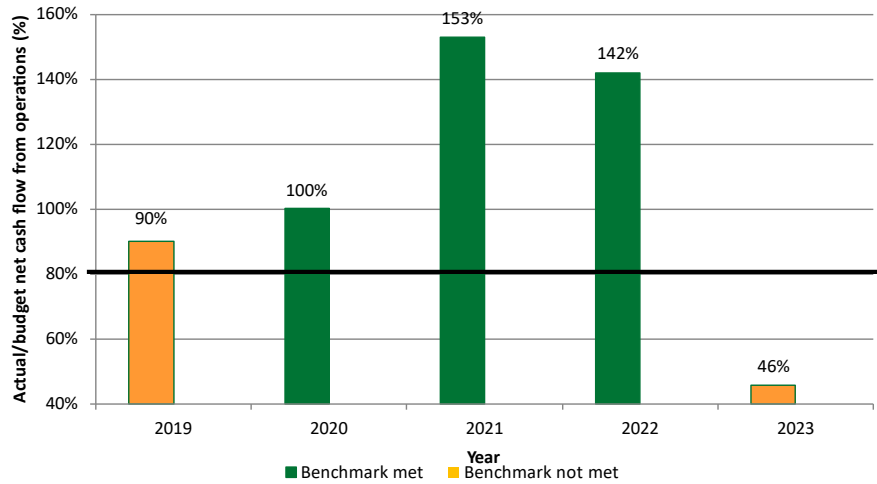
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark.

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

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



Financial statements

Statement of comprehensive revenue and expenses

For the year ended 30 June 2023				
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE				
	Note	Actual	Budget	Actual
	No.	2023	2023	2022
		\$000s	\$000s	\$000s
Revenue				
Rates, excluding targeted water supply rates	4	32,987	33,473	30,619
Fees, charges, and targeted rates for water supply		4,537	4,883	3,935
Development and financial contributions		793	227	333
Subsidies and grants	5	7,819	4,879	8,306
Finance income	6	899	370	1,942
Other revenue	7	2,410	2,155	1,836
Total revenue	3	49,445	45,987	46,971
Expenditure				
Employee benefits expense	8	13,828	12,476	11,899
Depreciation and amortisation expense	15/16	11,726	9,640	8,013
Finance costs	6	1,773	818	597
Other expenses	9	28,612	25,507	23,020
Total expenditure		55,939	48,441	43,529
Surplus/(Deficit)		(6,494)	(2,454)	3,442
Other comprehensive revenue and expense				
Gain/loss in Asset Revaluation Reserve	21	6,288	19,558	97,024
Gain/loss in Investment Revaluation Reserve	21	1,602	-	(2,471)
Total other comprehensive revenue and expense		7,890	19,558	94,553
Total comprehensive revenue and expense		1,396	17,104	97,995

Statement of changes in equity

For the year ended 30 June 2023							
STATEMENT OF CHANGES IN EQUITY	Note No.	Restricted Reserves \$000s	Council Created Reserves \$000s	Property Revaluation Reserves \$000s	Investment Revaluation Reserves \$000s	Retained Earnings \$000s	Total \$000s
Balance at 30 June 2021		22,114	430	295,472	5,796	150,916	474,728
Net surplus/(deficit) for the year	21	-	-	-	-	3,442	3,442
Transfers to retained earnings on disposal		-	-	(188)	-	188	-
Transfers to General Equity		5,275	1,311	-	-	(6,586)	-
Transfers from General Equity		(10,475)	(2,700)	-	-	13,175	-
Other comprehensive revenue and expense							
Gain/(loss) in Asset Revaluation Reserve	21	-	-	97,024	-	-	97,024
Gain/(loss) in Investment Revaluation Reserve	21	-	-	-	(2,471)	-	(2,471)
Total comprehensive revenue and expense		(5,200)	(1,389)	96,836	(2,471)	10,219	97,995
Balance at 30 June 2022		16,914	(959)	392,308	3,325	161,135	572,723
Net surplus/(deficit) for the year	21	-	-	-	-	(6,494)	(6,494)
Transfers to retained earnings on disposal		-	-	63	-	(63)	-
Transfers to General Equity		3,172	(266)	-	-	(2,906)	-
Transfers from General Equity		(6,906)	(383)	-	-	7,289	-
Other comprehensive revenue and expense							
Gain/loss in Asset Revaluation Reserve	21	-	-	6,288	-	-	6,288
Gain/loss in Investment Revaluation Reserve	21	-	-	-	1,602	-	1,602
Total comprehensive revenue and expense		(3,734)	(649)	6,351	1,602	(2,174)	1,396
Balance at 30 June 2023		13,180	(1,608)	398,659	4,927	158,961	574,119

Statement of financial position

For the year ended 30 June 2023		Actual	Budget	Actual
STATEMENT OF FINANCIAL POSITION		2023	2023	2022
	Note	\$000s	\$000s	\$000s
	No.			
Equity				
Retained earnings	21	158,961	163,972	161,135
Other reserves	21	415,158	306,491	411,588
Total equity		574,119	470,463	572,723
Assets				
Current assets				
Cash and cash equivalents	10	8,392	2,803	8,712
Receivables from non-exchange transactions	11	3,839	4,540	3,349
Receivables from exchange transactions	11	1,428	-	1,345
Inventories	12	106	171	105
Other financial assets	13	266	-	280
Non-current assets held for sale	14	1,905	-	1,760
Derivative Financial Instruments	28	868	-	534
Total current assets		16,804	7,514	16,085
Non-current assets				
Property, plant and equipment	15	590,156	493,303	584,424
Other financial assets	13	20,829	22,548	20,902
Derivative Financial Instruments	28	1,048	-	1,377
Intangible assets	16	6	328	17
Total non-current assets		612,039	516,179	606,720
Total assets		628,843	523,693	622,805
Liabilities				
Current liabilities				
Payables and deferred revenue from non-exchange transactions	17	2,197	5,965	1,805
Payables and deferred revenue from exchange transactions	17	6,293	-	6,935
Employee benefit obligations	19	1,391	609	1,388
Borrowings	20	6,000	1,904	5,000
Provision for landfill closure	18	37	748	38
Total current liabilities		15,918	9,226	15,166
Non-current liabilities				
Provision for landfill closure	18	573	873	649
Borrowings	20	38,000	42,883	34,000
Derivative Financial Instruments	28	-	-	-
Employee benefit obligations	19	233	248	267
Total non-current liabilities		38,806	44,004	34,916
Total liabilities		54,724	53,230	50,082
Net assets		574,119	470,463	572,723

Statement of cashflows

For the year ended 30 June 2023		Actual	Budget	Actual
STATEMENT OF CASH FLOWS		2023	2023	2022
	Note No.	\$000s	\$000s	\$000s
Cash flow from operating activities				
<i>Cash was provided from:</i>				
Rates		32,588	33,473	29,018
Subsidies and grants		7,697	4,879	7,917
Fees and charges		5,447	7,038	3,357
Other income		2,407	597	2,591
Dividends received		-	-	-
Interest received		899	-	1,942
		<u>49,038</u>	<u>45,987</u>	<u>44,825</u>
<i>Cash was applied to:</i>				
Interest paid		1,772	818	597
Net GST paid		-	-	11
Payment to suppliers and employees		43,026	37,983	33,188
		<u>44,798</u>	<u>38,801</u>	<u>33,796</u>
Net cash inflows/(outflows) from operating activities	22	4,240	7,186	11,029
Cash flow from investing activities				
<i>Cash provided from:</i>				
Proceeds from investments		1,684	681	-
Property, plant and equipment sales		-	-	60
		<u>1,684</u>	<u>681</u>	<u>60</u>
<i>Cash was applied to:</i>				
Purchase of investments		-	-	2,741
Purchase of property, plant and equipment		11,244	16,355	23,133
		<u>11,244</u>	<u>16,355</u>	<u>25,874</u>
Net cash inflows/(outflows) from investing activities		(9,560)	(15,674)	(25,814)
Cash flow from financing activities				
<i>Cash was provided from:</i>				
Loans raised		5,000	7,697	32,000
		<u>5,000</u>	<u>7,697</u>	<u>32,000</u>
<i>Cash was applied to:</i>				
Loans repaid		-	2,393	17,000
Net cash inflows/(outflows) from financing activities		5,000	5,304	15,000
Net increase/(decrease) in cash and cash equivalents		(320)	(3,184)	215
Cash and cash equivalents at the beginning of the year	10	8,712	5,987	8,497
Cash and cash equivalents at the end of the year	10	8,392	2,803	8,712

Funding impact statement - Council

Funding Impact Statement - Whole of Council	Annual Plan	Actual	Annual Plan	Actual
	2022	2022	2023	2023
	\$000s	\$000s	\$000s	\$000s
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	20,720	20,274	22,024	23,067
Targeted rates	9,990	10,755	11,026	11,107
Subsidies and grants for operating purposes	3,099	3,116	2,970	5,517
Fees and charges	5,558	4,464	5,957	5,018
Interest and dividends from investments	723	69	711	847
Local authorities fuel tax, fines, infringement fees, and other receipts	404	406	507	245
TOTAL SOURCES OF OPERATING FUNDING (A)	40,494	39,084	43,195	45,801
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	32,020	32,531	33,374	40,785
Finance costs	531	678	893	1,774
Other operating funding applications	1,508	1,447	1,684	1,194
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	34,059	34,656	35,951	43,753
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	6,435	4,428	7,244	2,048
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	1,654	5,009	1,755	2,304
Development and financial contributions	227	333	233	793
Increase (decrease) in debt	7,853	15,000	4,943	3,880
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	9,734	20,342	6,931	6,977
APPLICATION OF CAPITAL FUNDING				
Capital expenditure:				
- to meet additional demand	5,019	1,644	3,377	1,029
- to improve the level of services	6,937	17,032	5,680	7,176
- to replace existing assets	8,468	5,183	7,305	5,067
Increase (decrease) in reserves	(4,255)	1,856	(2,187)	(4,247)
Increase (decrease) in investments	-	(945)	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	16,169	24,770	14,175	9,025
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(6,435)	(4,428)	(6,435)	(2,048)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-

Notes to the financial statements.

1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The South Waikato District Council (the 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 Council's operations includes the LGA and the Local Government (Rating) Act 2002. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The reporting date of the Council is 30 June.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice. The financial statements of the Council are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 25 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 year.

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared in accordance with and 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).

Changes in accounting policies

In the current year, the Council has applied the following amendments to PBE Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. The following standards have been adopted as at 30 June 2023.

Standards issued and effective:

PBE IPSAS 41: Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

The Council has adopted PBE IPSAS 41 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks. Information about the transition to PBE IPSAS 41 is disclosed in Note 27.

PBE FRS 48: Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023. The adoption of this standard did not have a material impact on the service performance reporting as disclosed on page 26 to 71.

Standards issued and not yet effective.

Standards and amendments, issued but not yet effective that have not been early adopted:

- PBE IFRS 17 *Insurance Contracts* and amendments to PBE IFRS 17 - effective 1 January 2023
- Amendments to PBE IFRS 17 *Insurance Contracts* - effective 1 January 2023

- 2022 Omnibus Amendments to PBE standards - *effective 1 January 2023*
- Initial Application of PBE IFRS 17 *Insurance Contracts* and PBE IPSAS 41 *Financial Instruments* – Comparative information - *effective 1 January 2023*
- Public Sector Specific Financial Instruments (Non-Authoritative Amendments to PBE IPSAS 41 - *effective 1 January 2023*
- Disclosure of Fees for Audit Firms Services (Amendments to PBE IPSAS 1 *Presentation of Financial Reports*) - *effective 1 January 2024*

The council has not yet determined how application of the standards and how this will impact the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2022-2023 annual plan. The budget figures have been prepared in accordance with NZ

GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of interest rate swap yield curves
- Estimating the fair value of land, buildings and infrastructure assets
- Estimating retiring gratuity and long service leave obligations
- Estimating the landfill aftercare provision
- Estimating the provision for collectability of receivables

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Council and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services in the normal course of business, net of discounts and sales related taxes.

The specific accounting policies for significant revenue items are explained below:

Rates

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable. Rates charged to Council properties are excluded from rates income in the profit or loss. Revenue from metered water rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government grants

Government grants are recognised when claimed for work completed on previously approved programmes or when eligibility has been established by the grantor. Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. These subsidies are recognised upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

Revenue from the provision of services (fees and charges) are recognised as income when the obligation to pay, by reference to the stage of completion of the transaction at balance date, arises.

Interest and dividends

Interest income is recognised as it accrues using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

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

Vested or donated assets

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

Financial contributions

Financial contributions are recognised as revenue when the Council provides, or is able to provide, the services for which the contribution was charged. Otherwise, the financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Council 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.

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.

Expenditure

Finance costs

Costs of borrowing are recognised as an expense in the financial year in which they are incurred.

Grant expenditure

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Cost allocation

Direct costs are those that are directly attributable, and charged, to a specific significant activity.

Indirect costs are all other costs and are charged to significant activities based on cost drivers and related activity/usage information.

Non-current assets held for sale.

Non-current assets are classified as held for sale if the carrying amount will be recovered through a sale rather than continuing use. This condition is met only when the sale is highly probable and the asset is available for sale in its present condition. Council must be committed to the sale, and a completed sale is expected within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the asset's 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 profit or loss.

Any increase in fair value, less costs to sell, are recognised in profit or loss up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

Property, plant, and equipment

Critical accounting estimates and assumptions

Operational assets

These are tangible assets and include land, buildings and improvements, motor vehicles, the South Waikato Indoor Pools and associated equipment, and the library collection.

Infrastructural assets

These are fixed utility systems that provide a continuing service to the community and are not generally regarded as tradeable.

They include:

- all property, plant and equipment associated with water supply, wastewater, stormwater and waste disposal, including the land that they are located upon.
- all roads, service lanes, footpaths, streetlights, car parks and associated street furniture
- all public toilets and restrooms, public halls and the land they are situated on.

Restricted assets

These assets cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

They include:

- all property (excluding South Waikato Indoor Pools) associated with recreation, scenic, historic purposes, esplanade and local purpose reserves, including the reserve land.
- all cemeteries
- all land contained within road reserves.

Measurement at recognition

All items of property, plant and equipment that qualify for recognition as assets are initially measured at cost. An item of property, plant and equipment is recognised as an asset only if it is probable that any future economic benefits or service potential associated with them will flow to Council and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Measurement after recognition

Property, plant and equipment are shown at cost or revalued amount, less accumulated depreciation and impairment losses. Those asset classes that are revalued are generally valued on a three-year rotational basis, or sooner, to ensure revalued assets are carried at a value that is not materially different from fair value. All revaluations are either performed by independent and qualified valuers, or in-house and peer-reviewed by independent and qualified valuers. All other asset classes are carried at depreciated historical cost.

Library collection

Valuation is at cost less accumulated depreciation and any accumulated impairment losses.

Motor vehicles, plant and equipment, furniture and fittings

Valuation is at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings

Land and buildings including land underneath roads were revalued effective 30 June 2021 by Telfer Young, Registered Valuers and Property Consultants, Rotorua, at current market value.

Land

Land has been valued based on its current zoning, making allowance for any recent changes and designations effective from the new Operative Plan effective from 2015. Comparable sales have been analysed from a wide range of land sales and applied dependent on the location, use and zoning of the property. Adjustments have been made for contour, size and other factors.

Where a property is designated, adjustment for the lifting of the designation has been made.

Where a property is zoned Reserve, these assets have been valued on an underlying zoning basis. From this has been deducted the base valued as Rural, and to the difference applied, a change which is added back to the base value to arrive at the Reserve value. This is the normally accepted method for the valuation of Reserve land.

Specialised Buildings

Where there is no reliable market data available for such specialised buildings, the valuations have been prepared on an optimised depreciated replacement cost approach. The replacement cost of the assets is adjusted, where required, for optimisation due to over-design or surplus capacity. The replacement cost is derived from analysis of costing information held on the valuer's files, costing information derived from the marketplace, and costing information provided by Quantity Surveyors and other building experts. Construction costs vary dramatically dependent on the building.

Non-Specialised Buildings

Non-specialised buildings are those where there are known and active markets e.g., residential houses, office buildings, industrial workshops, warehouses and residential flats. These have been valued at fair value using market-based sales evidence.

Parks and Reserves

Parks and reserves assets were revalued effective 30 June 2021 at optimised depreciated replacement value. The revaluation was undertaken using an external consultant, Robert Berghuis, Senior Valuer from Beca Projects NZ Limited. The external consultant has an extensive knowledge base and background in parks and reserves asset management.

The external consultant reviewed the useful lives and replacement cost unit values on Council's fixed assets register.

The replacement cost unit values were updated to current market values by using either:

- available current contract-supplier unit rates for equivalent asset types (giving the highest level of confidence) or
- the 2018 asset values/purchase cost adjusted for industry-specific inflation indices to represent estimated replacement costs for modern equivalent asset (MEA) components as at 30 June 2021 (giving a high level of confidence)

As part of the revaluation process, where assets that continue to be in commission are found to have a remaining life of nil (on Council's fixed assets register), an adjusted remaining useful life of 2.5% of the original base life has been made.

Land under roads

The valuation methodology used for land underneath roads is the assessment of the value based upon an indicated value of the land adjoining the roads. Rural and urban roads have been separated and the average land value for adjoining land for each separate division applies. In some cases, a discount has been applied to the land value.

Landfill

Landfill cell development, pipes and pumps are valued at cost less accumulated depreciation and any impairment costs.

Street furniture

Street furniture is valued at cost less accumulated depreciation and any impairment costs.

Roads, footpaths, streetlights, large culverts and bridges

Roads, footpaths, streetlights, large culverts and bridges were revalued effective 30 June 2023 by Beca Projects NZ Limited, Auckland at optimised depreciated replacement value. Each asset component was valued considering its remaining useful life.

The valuation was performed in accordance with the International Accountancy Standard (IAS 16) modified to New Zealand requirements (IPSAS 17), and with New Zealand Local Authority Asset Management Practice, New Zealand Infrastructure Asset Management Manual (NZIAMM) and Valuations/Depreciation Guidelines. The RAMM valuation module has been used to complete the valuation.

Replacement cost is the cost of building the existing infrastructure using present day technology, but maintaining the originally designed level of service, assuming current technology ensures that no value results from the additional cost of outdated and expensive methods of construction. Maintaining the original level of service ensures that the existing asset with all its faults is valued, not the currently desirable alternative.

Replacement cost was calculated by multiplying asset quantities by unit cost rates factored to allow for other direct costs such as professional fees. Unit rates are obtained from a variety of sources, including the following:

- Recent maintenance contracts for SWDC

- Recent capital works undertaken for SWDC

Costs have been used which reflect the increased difficulties and constraints of undertaking construction, maintenance and renewal work simultaneously with continued operation of the infrastructure networks. Operational constraints include access, delivery, safety, security, material handling and storage, traffic control and hours available for construction work. The unit cost rates used for valuing the SWDC assets reflect an average cost rate for local construction. Paper roads with a total length of 151.378km are recorded at land value.

Wastewater, stormwater and water

Wastewater, stormwater disposal and water supply property, plant and equipment were revalued on 30 June 2022 by professionally qualified in-house staff, and peer reviewed by Beca Projects NZ Limited at optimised depreciated replacement value.

The underground reticulation pipework was also revalued on 30 June 2022 by professionally qualified in-house staff, and peer reviewed by Beca Projects NZ Limited, at optimised depreciated replacement value.

These assets have been valued by the optimised depreciated replacement cost approach reflecting factors such as technical obsolescence, over engineering and surplus capacity where these have been specifically identified by the asset manager. Assets that have reached the end of their base life (design life) have been inspected, a condition-based assessment carried out and a decision to replace an asset or defer replacement made based on the condition assessment. Allowance has been made for the costs of bringing the asset into working condition for its intended use and these costs include engineering fees and resource consent costs.

These assets were revalued in the Assetfinda database using replacement unit costs based on actual costs from recent contracts and where required an inflation adjustment has been applied.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined all capitalised costs are written off.

Accounting for revaluations

Council accounts for revaluations on property, plant and equipment on a class of asset basis.

The results of revaluing are recognised in other comprehensive income and accumulated as a separate component of equity in the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve it is expensed through profit or loss. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in profit or loss will be recognised first in profit or loss up to the amount previously expensed and then credited to other comprehensive income.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis at rates that reflect their estimated useful lives.

Depreciation is charged to write off the cost or valuation of assets, other than land and properties under construction and road formation cost, over their estimated useful lives. The depreciation rates are applied at a component level and are dependent on the remaining useful life of each component. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Operational and restricted assets

Heritage assets	Not depreciated.
Land	Not depreciated.
Buildings	40 - 100 years
Plant and equipment	5 - 30 years
Swimming pools	40 - 100 years
Motor vehicles	5 years
Computer equipment and furniture	3 - 10 years
Library equipment	5 - 10 years

Infrastructural assets

Roading Network

Top surface - rural	1 - 18 years
Top surface – urban	1 - 22 years
Pavement – rural	40 - 70 years
Pavement - urban	40 - 99 years

Culverts	25 - 80 years
Footpaths	10 - 80 years
Kerbs	80 years
Signs	6 - 9 years
Streetlights and poles	25 - 70 years
Bridges	78 - 118 years
Land (including land under roads)	Not depreciated.

Waste

Landfills, pipes and pumps	7 - 100 years
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Wastewater Systems

Manholes	80 years
Treatment plant	5 - 80 years

Stormwater Systems

Reticulated pipework	50 - 90 years
Manholes and cesspits	90 years
Detention dams	60 years

Water Supply

Reticulated pipework	55 - 95 years
Valves and hydrants	80 years
Pump stations (dependent on componentry)	Up to 100 years
Storage tanks	25 - 80 years

Other

Infrastructural buildings	40 - 100 years
Street furniture	3 - 10 years

Impairment

All assets, current and non-current, are tested annually for indicators of impairment and whenever events or changes in circumstances indicate 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 the 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 an 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 impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive income. Where that results in a debit balance in other comprehensive income, the balance is recognised in profit or loss.

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for the class of asset was previously recognised in profit or loss, a reversal of the impairment loss is also recognised in profit or loss.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in profit or loss.

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 profit or loss. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to general equity.

Subsequent cost

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

Assets under construction

Capital works under construction are valued at cost. The total cost of the project is transferred to the relevant asset class on its completion and then depreciated.

Vested assets.

Certain infrastructure assets have been vested in Council and are recognised in profit or loss at fair value. These assets have been valued based on the actual quantities of infrastructure components vested and the current 'in the ground' cost of providing identical services. On initial recognition the fair value of vested assets is recognised in profit or loss. Subsequently vested assets are revalued together with other property, plant and equipment, and surpluses or deficits arising on revaluation are treated in the same way as other property, plant and equipment.

Rental property

Rental property is included in property, plant and equipment as the rental property is held to provide a social service rather than for rental income, capital appreciation or both.

Intangible assets

Computer software

Acquired computer software is capitalised on the basis of the cost incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as expense 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 derecognised when they are used to satisfy carbon emission obligations.

Easements

No value is attached to easements due to the difficulty in establishing their original cost or fair value.

Amortisation of intangible assets

The carrying amount of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in profit or loss. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software 3 – 7 years

Financial assets at fair value

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41.

The main changes to the Council accounting policies are:

- Note 11 – Receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 13 – Financial assets – This policy has been updated to reflect:
 - the new classification categories;
 - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
 - the removal of impairment loss considerations for equity investments at fair value through other comprehensive revenue and expense (FVTOCRE).

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from the Council's operational activities and 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 associated gains or losses on derivatives that are not hedge accounted are recognised in surplus or deficit.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current.

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.

The use of financial derivatives is governed by Council's policies as approved by Council resolution and provide written principles on the use of financial derivatives consistent with Council's risk management strategy.

Other financial assets.

Other financial assets 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 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.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council 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

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, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE.

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. Debt instruments in this category are the Council listed bonds.

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 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.

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.

These include bonds and shares, the investment in Waikato Local Authority Shared Services Limited and Local Government Civic Assurance. If these assets are traded in an active market, they are measured at their fair value using quoted market prices at the balance sheet date. The quoted market price used is the current bid price. If the financial assets are not traded in an active market, their fair value is determined using valuation techniques. Council uses a variety of valuation methods and makes assumptions based on market conditions existing at each balance date. Of the remaining financial assets, if quoted market prices of similar financial assets in the market are not available, other techniques such as discounted expected cash flows are utilized to determine their fair value, or otherwise cost is used.

Expected credit loss allowance (ECL)

The Council 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 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 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's historical experience and informed credit assessment and including forward-looking information.

The Council consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council 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.

Financial liabilities

Financial liabilities including debt instruments issued by Council are classified according to the substance of the contractual arrangements entered into.

The accounting policies adopted for specific financial liabilities are as follows:

Bank borrowings

- Interest bearing bank loans are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Debt instruments

- Council issues bonds from time to time to raise funds. These are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade payables

- Trade payables are initially measured at fair value and are subsequently measured at amortised cost.

Previous accounting policy (summarised)

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

- loans and receivables at amortised cost (included rates receivable, accrued income and Waka Kotahi New Zealand Transport Agency subsidies receivable).
- held-to-maturity investments at amortised cost (included listed bonds).
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

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 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.

Investments in Council controlled organisations.

Council has an interest (2.17%) in (CoLab) Waikato Local Authority Shared Services Limited. Council has no significant influence on operational or financial policies.

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

Inventories

Inventories held for distribution or consumption in the provision of services are measured at the lower cost or current replacement cost. The cost to these inventories is assigned by using the weighted average cost formula. The write down from cost to current replacement cost is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

Employee benefits

Short-term employee entitlements

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

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

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

Long-term entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on an actuarial basis using the service of professional actuaries. The actuarial calculations are based on an assumed salary increase of 4.3% (2022: 2%) per annum and a discount rate between 4.19% and 5.34% (2022: 3.34% - 4.30%) per annum. The discount rate is derived from the forward rates on NZ Government Bonds over recent periods. It's also assumed that all employees will retire at the age of 65 and will resign in accordance with the withdrawal rate assumption taken from the Treasury Circular 1998/15. Any actuarial gain or loss resulting from re-measurement of these liabilities is recognised in profit or loss. Employees appointed to staff prior to 31 December 1989 who retire from Council with not less than ten years continuous service are eligible for retirement leave. Employees appointed to staff prior to 1 April 1992 are eligible for long service leave unless excluded under individual employment contracts.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave and non-vested long service leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Defined contribution scheme

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in profit or loss.

Public equity

Public equity is the community's interest in the Council, as measured by the value of total assets less total liabilities. Public equity is disaggregated and classified into several reserves to enable clearer identification of the specific uses Council makes of its accumulated surpluses.

The components of equity are:

- General equity (retained earnings)
- Restricted reserves
- Council-created reserves
- Property revaluation reserves
- Investment revaluation reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

General equity (retained earnings)

General equity refers to reserves that do not fall into any of the four categories below.

Restricted reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specific purposes or if certain specified conditions are met. The reserves represent balances held from the collection of targeted rates and charges on activities that are funded from targeted rating or those same activities funding depreciation.

Council created reserves

Council-created reserves are a part of the accumulated balance and are established at the will of Council. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Property revaluation reserves

Revaluation reserves arise from certain asset classes being revalued.

Investment revaluation reserve

The investment revaluation reserve contains cumulative unrealised gains and losses in investments.

Finance leases

A finance lease 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 start 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 and the present value of the minimum lease payments.

The finance charge is charged to surplus or deficit over the lease period 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 reasonable certainty as to whether the Council 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.

All other leases are classified as operating leases.

Operating leases

Council as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Council as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Provisions

Council recognises a provision for future expenditure of uncertain amount when there is a present obligation (legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are 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 the time at 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.

Landfill closure and post-closure provision

Council, as operator of the Tokoroa landfill, has a legal obligation under its resource consent, to provide on-going maintenance and monitoring services at the landfill site after closure. A provision for closure and post-closure costs is recognised as a liability when the obligation for closure and post-closure expenses arises.

A calculation of these future costs has been discounted and is measured based on the present value of future cash flows expected to be incurred, taking into account future events, including new legal requirements and known improvements in technology. The discount rate used is a pre-tax rate that reflects current market assessments of the time, value of money and the risks specific to Council. Amounts provided for landfill closure and post-closure are capitalised in the landfill asset where they give rise to future economic benefit to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

Assumptions about the future have been made in the calculation of the landfill closure and post closure cost provisions. These are disclosed in the notes to the financial report.

Financial guarantee contracts

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss

incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with the expected credit loss (ECL) model.

Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model described in the expected credit allowance policy.
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Financial guarantee contracts are disclosed as contingent liabilities. The amount of these contingent liabilities is equal to the loan balances guaranteed.

2 Cost of Services

	Actual 2023 \$000s	Budget 2023 \$000s	Actual 2022 \$000s
REVENUE			
Revenue From Significant Activities			
Community Facilities	4,015	3,952	3,707
Economic & community development	3,528	3,459	3,293
Governance & Corporate	3,994	2,496	4,464
Parks and Reserves	4,803	4,692	4,331
Property	1,496	1,736	1,393
Regulatory	4,830	4,741	4,602
Solid Waste & Recycling	4,344	4,876	4,088
Stormwater	610	862	515
Transport & Rooding	11,665	9,658	8,821
Wastewater	6,392	5,755	7,799
Water Supply	3,768	3,760	3,958
Total Service Statement Revenue	49,445	45,987	46,971
EXPENDITURE			
Expenditure From Significant Activities			
Community Facilities	4,239	3,858	3,624
Economic & community development	3,036	3,675	2,806
Governance & Corporate	3,728	2,779	2,278
Parks and Reserves	5,086	4,602	4,149
Property	2,891	1,727	1,290
Regulatory	5,293	5,093	4,407
Solid Waste & Recycling	4,498	4,403	3,990
Stormwater	1,540	1,171	1,949
Transport & Rooding	13,346	10,908	9,232
Wastewater	7,725	6,345	5,549
Water Supply	4,557	3,880	4,255
Total Service Statement Expenditure	55,939	48,441	43,529
NET SURPLUS/ (DEFICIT) BEFORE TAX	(6,494)	(2,454)	3,442

3 Exchange/non-exchange revenue

	Actual	Budget	Actual
3 Revenue reclassified as exchange or non-exchange transactions	2023	2023	2022
	\$000s	\$000s	\$000s
Revenue from exchange transactions			
Fees and user charges including targeted rates for water supply	4,537	4,883	3,935
Total revenue from exchange transactions	4,537	4,883	3,935
Revenue from non-exchange transactions			
Development contributions	793	227	333
Subsidies and grants	7,819	4,879	8,306
Interest revenue	899	370	1,942
Other revenue	2,407	2,155	1,819
Rates	32,987	33,473	30,619
Vested assets	3	-	17
Total revenue from non-exchange transactions	44,908	41,104	43,036
Total revenue	49,445	45,987	46,971

Please Note: \$772k has been reclassified from other revenue to fees and user charges in the prior period comparative for consistency and comparability.

4 Rates revenue

Councils' rates policy allows Council to remit rates on churches, marae, play centres, schools and other community or sporting organisations. There are also remissions on protected land or in certain cases where land is being commercial developed.

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

The amount of rates written off for the financial year ending 30 June 2023 was \$6,279.

4. Rates Revenue	Actual 2023 \$000s	Actual 2022 \$000s
General Rates	22,608	20,504
Targeted rates attributable to activities		
Water	3,212	3,299
Wastewater	5,287	4,434
Stormwater	667	563
Solid waste	1,683	2,071
Business Promotion	187	314
Public Halls	51	54
District Governance	21	20
Less rates charged to Council Properties	(729)	(640)
Total rates, excluding targeted water supply rates	32,987	30,619

5 Subsidies and grants

5 - GRANTS AND SUBSIDIES	Actual 2023 \$000s	Actual 2022 \$000s
New Zealand Transport Agency roading subsidies	6,225	3,817
National Waste Levy	267	182
Sundry other	1,327	4,307
Total subsidies and grants	7,819	8,306

There are no unfulfilled conditions and other contingencies attached to subsidies and grants (2022: nil).

6 Finance income and finance costs

6 - FINANCE INCOME AND FINANCE COSTS	Actual 2023 \$000s	Actual 2022 \$000s
Finance Income		
Interest Income		
- Call account	243	69
- Gain on Interest rate swap	656	1,873
Total Finance Income	899	1,942
Finance Cost		
- Interest on bank borrowings	1,773	597
Total Finance Costs	1,773	597

7 Other revenue

7 - OTHER REVENUE	Actual 2023 \$000s	Actual 2022 \$000s
Petrol tax	174	167
Vested assets	3	17
Rates penalties	458	410
Other	1,775	1,242
Total other revenue	2,410	1,836

Please Note: \$772k has been reclassified from other revenue to fees and user charges in the prior period comparative for consistency and comparability.

8 Employee benefit expenses

Defined benefit retirement leave provision.

At the time of retirement from the Council, including early retirement on medical grounds, every employee who has completed not less than ten years current continuous service will be entitled to retirement leave.

The amount of the leave entitlement payable will be calculated at the rate of one weeks leave for each year of current continuous service, with a maximum of 26 weeks.

Any employee who was appointed to the staff of Council after December 31, 1989, will not be entitled to any retirement leave.

If any eligible employee dies whilst in the service of the Council, the Council will pay in lieu to his or her estate.

No retirement leave entitlement will accrue to an employee who resigns, is dismissed or made redundant.

8 - EMPLOYEE BENEFIT EXPENSES	Actual 2023 \$000s	Actual 2022 \$000s
The principal assumptions used for the purpose of the actuarial valuations were as follows:		
Discount rate	4.19%-5.43%	3.34%-4.30%
Expected rate of salary increase	4.3%	2.0%
Retirement age for all employees	65	65
Amounts recognised in the balance sheet in respect of the defined benefit retirement plan are as follows:		
Present value of unfunded obligation	51	121
Net liability recognised in the balance sheet	51	121
Comprising:		
Current	4	3
Non-current	47	118
Total employee benefit obligations	51	121
Amounts recognised in the income statement in respect of the defined benefit retirement plan are as follows:		
Current service cost	(2)	4
Interest cost	6	3
Actuarial gains/(losses)	(4)	(55)
Total	-	(48)
The charge for the year is included in the employee benefits expense in the income statement.		
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	(131)	(83)
Current service cost	(2)	4
Interest cost	6	3
Actuarial gains/(losses)	(4)	(55)
Less: benefits paid	80	-
Closing defined benefit obligation	(51)	(131)

Long service compensated leave.

Every employee who has completed a period of 15, 20, and 25 years current continuous service who was employed prior to 1 April 1992 is entitled to a special holiday of two weeks, three weeks and four weeks respectively.

Every employee who was employed on or after 1 July 2003 who is under coverage of the Officers (Public Service Association) Collective Employment Agreement and who has completed a period of 10, 15 and 20 years current continuous service will be entitled to a special holiday of one week at each of those anniversaries. This clause will not apply to employees who have, or will, become entitled in terms of the previous clause.

Severance Payments

During the year to 30 June 2023 there was one severance payments made to employees of the South Waikato District Council of \$77,000 (2022: \$59,860)

8 - EMPLOYEE BENEFIT EXPENSES	Actual	Actual
Defined Benefit Long Service Leave Provision	2023	2022
	\$000s	\$000s
The present value of long service compensated leave	35	49
Comprising:		
Current	3	2
Non-current	32	47
Total employee benefit obligations	35	49
Amounts recognised in the profit or loss in respect of Council's long service compensated leave and salaries are as follows:		
Salaries	13,828	11,908
Current service cost	2	2
Interest cost	1	1
Actuarial (gains)/ losses	(3)	(12)
Past service cost	-	-
Total	13,828	11,899
The charge for the year is included in the employee benefits expense in the profit or loss.		
Changes in the present value of long service compensated leave are as follows:		
Opening long service compensated leave obligation	(35)	(26)
Current service cost	2	2
Interest cost	1	1
Past service cost	-	-
Less: benefits paid	-	-
Actuarial (gains)/losses	(3)	(12)
Closing long service compensated leave obligation	(35)	(35)
Total employee benefits expense recognised in the profit or loss	13,828	11,899
Current portion of employee benefit obligations recognised in the balance sheet.	1,391	1,388
Non-current portion of employee benefit obligations recognised in the balance sheet.	233	267

9 Other expenses

9 -OTHER EXPENSES	Actual 2023 \$000s	Actual 2022 \$000s
Audit Fees-audit of financial statements	203	158
Audit Fees - Trustee reporting	8	8
Audit Fees - LTP Amendment	54	-
Impairment of receivables	17	10
Rates Remissions	157	203
Councillors Remuneration (including meeting allowances)	574	551
Insurance	577	516
Subscriptions, fees and contribution to other organisations	302	332
Legal and settlement fees	165	182
Donations and grants	255	400
Economic and Community fund grants	874	902
Community contracts	-	2
Inventories consumed	(1)	-
Losses on disposal of property, plant and equipment	(133)	292
Repairs and maintenance	7,705	5,255
Energy	1,719	997
Other operating expenses	16,136	13,212
Total other expenses	28,612	23,020

10 Cash and cash equivalents

The carrying amount of short-term deposits with maturity dates of three month or less approximates their fair value. The weighted average effective interest rate for cash and cash equivalents is 1% (2022 1%).

Cash investments in restricted reserves represents the cash portion of the value of the Asset Replacement Reserves invested by the BNZ Private Bank.

10 - CASH AND CASH EQUIVALENTS	Actual 2023 \$000s	Actual 2022 \$000s
Cash at bank and in hand	2	4
Cash investments in Restricted reserves	1,098	1,312
Call account balances	7,292	7,396
Total cash and cash equivalents	8,392	8,712

11 Trade and other receivables

Rates receivable

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

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. The carrying amount of trade and other receivables approximates their fair value.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: \$Nil (2022: Nil)
- Section 90B: \$Nil (2022: Nil)

Other receivables

The ECL rates for other receivables at 30 June 2023 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

11- TRADE AND OTHER RECEIVABLES	Actual 2023 \$000s	Actual 2022 \$000s
Rates receivable	2,926	2,334
Metered water	98	92
Sundry debtors	1,541	1,664
Prepayments	92	86
Accrued revenue	789	667
	5,446	4,843
Less: allowance for expected credit losses	179	149
Total trade and other receivables	5,267	4,694
Receivables from non-exchange transactions include outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,839	3,349
Receivables from exchange transactions include outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,428	1,345
	Actual	Actual
The age of rates receivables overdue but not impaired are as follows:	2023 \$000s	2022 \$000s
Arrears (> 1 year)	1,380	1,088
Current (< 1 year)	1,209	971
Penalties	337	275
Carrying amount	2,926	2,334
Movements in the allowance for expected credit losses are as follows:		
At 1 July	149	140
Increase/(decrease) in provisions made during the year	30	9
Receivables written off during the year	-	-
At 30 June	179	149

12 Inventories

12 - INVENTORIES	Actual 2023 \$000s	Actual 2022 \$000s
Reticulation repairs stock	106	105
Total	106	105

13 Other financial assets

Fair value

The fair value of financial assets at amortised cost has been determined using cash flows discounted at a rate based on the South Waikato District Council's borrowing rates 2023 Nil (2022: Nil). The fair value approximates the carry amount stated above.

The shares in Civic Financial Services Limited, and Shared Valuation Database Systems are unlisted. The fair value of these unlisted shares has not been disclosed for these instruments because their fair value cannot be measured reliably. It cannot be reliably measured due to a lack of an active market and a lack of appropriate cashflow projection information for Civic Financial Services Limited. Shared Valuation Database Systems shares cannot be reliably measured due to the lack of an active market and reliable revenue stream information. Council does not intend to dispose of the unlisted shares.

Impairment

No impairment provisions were made for other financial assets.

13 - OTHER FINANCIAL ASSETS	Actual 2023 \$000s	Actual 2022 \$000s
Current portion		
<i>Financial assets at amortised cost</i>		
Heat Swap paying providers	266	280
Total current portion	266	280
Non-Current portion		
<i>Financial assets at FVTOCRE</i>		
Corporate bonds, deposits and other fixed interests	7,845	8,255
Overseas share portfolio	11,817	11,345
Shared Valuation Database Systems	43	43
Civic Financial Services Limited	42	42
<i>Financial assets at amortised cost</i>		
Heat Swap paying providers	1,082	1,217
Total non-current portion	20,829	20,902

14 Non-current assets held for sale.

Council has approved the sale of these properties and they are currently available for sale and being actively marketed. The completion date of the properties listed under current is expected to be by 30 June 2024.

The accumulated property revaluation reserve recognised in equity for these properties at 30 June 2023 is \$91,425 (2022: \$109,809).

14 - Non-Current assets held for sale	Actual 2023 \$000s	Actual 2022 \$000s
Non-current		
42-52 Logan Street Tokoroa	914	928
21 Croad Place Tokoroa	-	832
Depot – Patetere Street – Tīrau	968	-
Putāruru Smallbore Rifle Club land only	23	-
Total assets held for sale	1,905	1,760

15a Property, plant and equipment

15. PROPERTY, PLANT AND EQUIPMENT	Cost/Revaluation 1 July 2022	Accumulated Depreciation and Impairment Charges	Carrying Amount 1 July 2022	Current Year Additions	Vested Assets	Current Year Disposals	Revaluation Surplus	Current Year Depreciation	Depreciation Write offs on Disposals	Cost/Revaluation 30 June 2023	Accumulated Depreciation and Impairment Charges 30 June 2023	Carrying Amount 30 June 2023
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Asset Class												
Operational assets												
<i>Heritage assets</i>	145	-	145	-	-	-	-	-	-	145	-	145
Library collection	732	(336)	396	118	-	(8)	-	(111)	7	842	(440)	402
Buildings	28,276	(1,621)	26,655	-	-	-	-	(519)	-	28,276	(2,140)	26,136
Furniture & fittings	3,062	(1,788)	1,274	8	-	-	-	(206)	-	3,070	(1,994)	1,076
Equipment	6,234	(5,676)	558	285	-	-	-	(324)	-	6,519	(6,000)	519
Land	9,024	(6)	9,018	-	-	(991)	-	-	-	8,033	(6)	8,027
Motor vehicles	1,581	(900)	681	366	-	(227)	-	(142)	147	1,720	(895)	825
Other major plant	1,522	(500)	1,022	-	-	-	-	(129)	-	1,522	(629)	893
Total operational assets	50,576	(10,827)	39,749	777	-	(1,226)	-	(1,431)	154	50,127	(12,104)	38,023
Infrastructural assets												
Bridges	10,492	(1,049)	9,443	-	-	-	(510)	(247)	-	9,982	(1,296)	8,686
Culverts	13,970	(848)	13,122	412	-	-	(14)	(219)	-	14,368	(1,067)	13,301
Buildings	4,656	(355)	4,301	312	-	-	-	(98)	-	4,968	(453)	4,515
Land	6,682	-	6,682	-	-	-	-	-	-	6,682	-	6,682
Landfill	4,238	(2,811)	1,427	3,141	-	1	-	(129)	(1)	7,380	(2,941)	4,439
Pipes	13	(3)	10	-	-	-	-	-	-	13	(3)	10
Pumps	267	(267)	-	-	-	-	-	-	-	267	(267)	-
Roads and footpaths	316,563	(12,054)	304,509	4,156	-	(482)	6,618	(4,566)	403	326,855	(16,217)	310,638
Sewerage Treatment plant and facilities	27,181	(3,072)	24,109	283	-	-	-	(935)	-	27,464	(4,007)	23,457
Sewerage Other (includes reticulation)	31,094	(3,414)	27,680	90	-	(8)	-	(1,107)	-	31,176	(4,521)	26,655
Street furniture	654	(588)	66	26	-	-	71	(26)	-	751	(614)	137
Streetlights	5,914	(995)	4,919	135	-	-	202	(267)	-	6,251	(1,262)	4,989
Stormwater system	42,853	(2,981)	39,872	27	-	(9)	-	(924)	-	42,871	(3,905)	38,966
Water Treatment plant and facilities	8,394	(1,781)	6,613	86	-	-	-	(367)	-	8,480	(2,148)	6,332
Water Other (includes reticulation)	30,220	(3,757)	26,463	700	-	(151)	-	(872)	-	30,769	(4,629)	26,140
Total infrastructural assets	503,191	(33,975)	469,216	9,368	-	(649)	6,367	(9,757)	402	518,277	(43,330)	474,947
Restricted assets												
Parks & reserves	7,037	(1,438)	5,599	1,503	-	(135)	-	(448)	101	8,405	(1,785)	6,620
Restricted buildings	3,480	(236)	3,244	13	-	(3)	-	(61)	-	3,490	(297)	3,193
Restricted land	38,816	(5)	38,811	-	-	-	-	-	-	38,816	(5)	38,811
Total restricted assets	49,333	(1,679)	47,654	1,516	-	(138)	-	(509)	101	50,711	(2,087)	48,624
Capital work in progress	27,805	-	27,805	9,274	-	(8,517)	-	-	-	28,562	-	28,562
Total All Assets	630,905	(46,481)	584,424	20,935	-	(10,530)	6,367	(11,697)	657	647,677	(57,521)	590,156

15a Property, plant and equipment continued

15. PROPERTY, PLANT AND EQUIPMENT	Cost/Revaluati on 1 July 2021	Accumulated Depreciation and Impairment Charges	Carrying Amount 1 July 2021	Current Year Additions	Vested Assets	Current Year Disposals	Revaluation Surplus	Current Year Depreciation	Depreciation Write offs on Disposals	Cost/Revaluati on 30 June 2022	Accumulated Depreciation and Impairment Charges	Carrying Amount 30 June 2022
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Asset Class												
Operational assets												
<i>Heritage assets</i>	145	-	145	-	-	-	-	-	-	145	-	145
Library collection	1,498	(1,097)	401	99	-	(865)	-	(111)	872	732	(336)	396
Buildings	27,138	(1,132)	26,006	1,804	-	(666)	-	(489)	-	28,276	(1,621)	26,655
Furniture & fittings	2,771	(1,595)	1,176	292	-	(1)	-	(194)	1	3,062	(1,788)	1,274
Equipment	6,221	(5,253)	968	13	-	-	-	(423)	-	6,234	(5,676)	558
Land	8,115	(6)	8,109	1,187	-	(278)	-	-	-	9,024	(6)	9,018
Motor vehicles	1,306	(883)	423	335	-	(60)	-	(68)	51	1,581	(900)	681
Other major plant	681	(386)	295	841	-	-	-	(114)	-	1,522	(500)	1,022
Total operational assets	47,875	(10,352)	37,523	4,571	-	(1,870)	-	(1,399)	924	50,576	(10,827)	39,749
Infrastructural assets												
Bridges	9,054	(839)	8,215	-	-	-	1,438	(210)	-	10,492	(1,049)	9,443
Culverts	8,339	(634)	7,705	123	-	(7)	5,515	(218)	4	13,970	(848)	13,122
Buildings	5,001	(266)	4,735	131	-	(476)	-	(89)	-	4,656	(355)	4,301
Land	7,048	-	7,048	-	-	(366)	-	-	-	6,682	-	6,682
Landfill	4,238	(2,721)	1,517	-	-	-	-	(90)	-	4,238	(2,811)	1,427
Pipes	13	(3)	10	-	-	-	-	-	-	13	(3)	10
Pumps	267	(267)	-	-	-	-	-	-	-	267	(267)	-
Roads and footpaths	264,420	(10,855)	253,565	4,005	-	(2,347)	50,485	(3,072)	1,873	316,563	(12,054)	304,509
Sewerage Treatment plant and facilities	15,309	(2,347)	12,962	10,577	-	(64)	1,359	(734)	9	27,181	(3,072)	24,109
Sewerage Other (includes reticulation)	18,512	(3,271)	15,241	8	-	(8)	12,582	(144)	1	31,094	(3,414)	27,680
Street furniture	636	(558)	78	-	-	-	18	(30)	-	654	(588)	66
Streetlights	6,081	(802)	5,279	121	-	-	(288)	(193)	-	5,914	(995)	4,919
Stormwater system	26,077	(2,599)	23,478	32	-	(99)	16,843	(463)	81	42,853	(2,981)	39,872
Water Treatment plant and facilities	7,670	(1,534)	6,136	80	-	(65)	709	(247)	-	8,394	(1,781)	6,613
Water Other (includes reticulation)	21,816	(3,102)	18,714	86	-	(66)	8,384	(658)	3	30,220	(3,757)	26,463
Total infrastructural assets	394,481	(29,798)	364,683	15,163	-	(3,498)	97,045	(6,148)	1,971	503,191	(33,975)	469,216
Restricted assets												
Parks & reserves	6,408	(1,076)	5,332	627	17	(15)	-	(366)	4	7,037	(1,438)	5,599
Restricted buildings	3,174	(175)	2,999	306	-	-	-	(61)	-	3,480	(236)	3,244
Restricted land	38,550	(5)	38,545	266	-	-	-	-	-	38,816	(5)	38,811
Total restricted assets	48,132	(1,256)	46,876	1,199	17	(15)	-	(427)	4	49,333	(1,679)	47,654
Capital work in progress	25,543	-	25,543	14,128	-	(11,866)	-	-	-	27,805	-	27,805
Total All Assets	516,031	(41,406)	474,625	35,061	17	(17,249)	97,045	(7,974)	2,899	630,905	(46,481)	584,424

15b Depreciation by group of activity

The net carrying amount of property, plant and equipment held under a finance lease is \$Nil; (2022 \$Nil). No impairment losses have been recognised in infrastructural assets due to damage or rapid wear and tear. No compensation has been received from insurance claims for damage to motor vehicles and equipment (2022 \$Nil).

The closing balance of the revaluation reserve is \$398,659,000 (2022 \$392,308,000).

	Actual 2023 \$000s	Actual 2022 \$000s
Transport and roading	5,320	3,723
Recreation and facilities	1,682	1,499
Water supply	1,241	905
Stormwater	924	463
Wastewater	2,055	893
Solid waste and recycling	216	169
Regulatory	5	5
Environment - emergency management	35	31
Governance and corporate	248	325
Total	11,726	8,013

Depreciation expense by group of activity

Network infrastructure	Most recent estimate of replacement cost \$000s	Date of estimate
Roads and Footpaths	493,234	30/06/2023
Wastewater - Treatment plant and facilities	37,863	30/06/2022
Wastewater - Other	87,104	30/06/2022
Water Systems - Treatment plant and facilities	14,981	30/06/2022
Water Systems - Other	74,542	30/06/2022
Stormwater system	83,242	30/06/2022

16 Intangible assets

The intangible assets included above have finite useful lives of between 3-4 years, over which the assets are amortised. These assets are amortised on a straight-line basis. The amortisation charge for the year is included in the depreciation and amortisation expense line of the Statement of Comprehensive Revenue and Expense.

16 - INTANGIBLE ASSETS	Actual 2023 \$000s	Actual 2022 \$000s
Computer Software		
Cost	2,645	2,645
Accumulated amortisation and impairment	(2,628)	(2,612)
Opening carrying amount	17	33
Additions/(disposals)	-	-
Additional assets classified as intangible assets	-	-
Accumulated amortisation charge on additional assets	-	-
Amortisation charge	(11)	(16)
Closing carrying amount	6	17

17 Trade and other payables

Trade and other payables are non-interest bearing and are normally settled on the 20th of the following month basis. Therefore, the carrying amount of trade and other payables approximates their fair value. Furthermore, the carrying amount of trust accounts approximates their fair value.

17 - TRADE AND OTHER PAYABLES	Actual 2023 \$000s	Actual 2022 \$000s
Sundry Creditors	5,359	4,515
Accrued expenses	938	2,195
Income received in advance	2,193	2,030
Total	8,490	8,740
Payables and deferred revenue under non-exchange transactions	2,197	1,805
Payables and deferred revenue under exchange transactions	6,293	6,935

18. Landfill provisions

Council is responsible for three closed landfill sites – Tīrau, Putāruru and Tokoroa.

The cash outflows for landfill post-closure costs are expected to occur until 2054. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The future cash outflows have been estimated, taking into account, existing technology and known changes to legal requirements.

An annual inflation factor ranging from 1.93% to 3.36% (2022: 1.76% to 3.87%) has been applied in estimating the future cash outflows.

Discount rates ranging from 4.19% to 5.43% (2022: 3.34% to 4.47%) have been used to discount the estimated future cash outflows.

The gross provision before discounting is \$833,000 (2022: \$889,000).

18 LANDFILL PROVISIONS	Actual 2023 \$000s	Actual 2022 \$000s
Opening balance	687	1,857
Additional provision made during the year	(19)	-
Amounts used during the year	(34)	(933)
Unused amount reversed during the year	(4)	(237)
Discount unwinding	(20)	-
Total landfill provision	610	687
Presented by:		
Current provision	37	38
Non-current provision	573	649
Total landfill provision	610	687

19 Employee benefit liabilities

19 EMPLOYEE BENEFIT LIABILITIES	Actual 2023 \$000s	Actual 2022 \$000s
Accrued pay	513	461
Annual Leave	925	971
Long service leave	35	49
Retirement gratuities	51	121
Sick leave	100	53
Total employee benefit liabilities	1,624	1,655
Comprising		
Current	1,391	1,388
Non-current	233	267
Total employee benefit liabilities	1,624	1,655

20 Borrowings

INTEREST TERMS FOR SECURED LOANS

Council has \$10 million of its total debt of \$44 million issued at fixed rates of interest (2022 \$10 million of \$39 million). The remainder of Council's secured loans are issued at floating rates of interest. For floating rate "debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk."

SECURITY

Council's secured loans have been issued in accordance with the Local Government Act 2002. The loans are secured through the debenture trust deed over all rates.

FAIR VALUES

The carrying amounts of borrowings repayable within one year approximate their fair value as the effect of discounting is not significant. Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of the majority of secured loans approximates their fair value.

20 BORROWINGS	Actual 2023 \$000s	Actual 2022 \$000s
Current portion	6,000	5,000
Non-current portion	38,000	34,000
Total borrowings	44,000	39,000

21 Equity

21 - EQUITY	Actual 2023 \$000s	Actual 2022 \$000s
Retained earnings		
Opening Balance	161,135	150,916
Net surplus/(deficit) for the year	(6,494)	3,442
<i>Transfers (to)/from:</i>		
Property Revaluation Reserves	(63)	188
Restricted Reserves	3,734	5,200
Council Created Reserves	649	1,389
Closing balance	158,961	161,135
Other Reserves		
Asset Replacement and Restricted Reserves		
Opening Balance	16,914	22,114
Transfers to General Equity	3,172	5,275
Transfers from General Equity	(6,906)	(10,475)
Closing balance	13,180	16,914
Council Created Reserves		
Opening Balance	(959)	430
Transfers to General Equity	(266)	1,311
Transfers from General Equity	(383)	(2,700)
Closing balance	(1,608)	(959)
Property Revaluation Reserves		
Opening Balance as previously reported	392,308	295,472
Increase/(decrease) in revaluation	6,288	97,024
Transfers to retained earnings on disposal	63	(188)
Closing balance	398,659	392,308
<i>Represented by:</i>		
Land (Restricted)	30,026	30,026
Land (Operational)	5,658	6,006
Buildings (Infrastructural)	1,025	1,025
Buildings (Operational)	13,523	13,193
Building (Restricted)	889	894
Parks and Reserves	3,014	3,005
Roading	260,828	254,463
Sewerage	28,560	28,560
Stormwater	28,463	28,463
Water	26,673	26,673
Closing balance	398,659	392,308
Investment Revaluation Reserve		
Opening Balance	3,325	5,796
Valuation gains/(losses) taken to equity	1,602	(2,471)
Closing balance	4,927	3,325
Total other reserves	415,158	411,588

21A Reserve movements

Purpose of reserves

Pensioner housing: Manage the surpluses and deficits from the pensioner housing activity, when more or less rental is collected than is required to fund the annual expenditure of the pensioner houses.

SWDC asset purchase: Hold the proceeds from the sale of assets until they are applied to purchase other assets.

South Waikato Economic Development Fund: Council expressed in its Long Term Plan 2006-2016 that Council would take a leadership decision to establish a South Waikato Development Fund of \$4.5 million. The fund would support developments that the community considered are needed across the district. It was specifically established to develop facilities and amenities of strategic value to the district that would otherwise require financing through rate funding; enhance local employment opportunities and economic growth; and attract and retain residents by making the district a more desirable place to live.

Roading reserve extra NZTA Subsidy: This reserve was created from additional subsidy provided from NZTA as a result of the change in the subsidy rates. The reserve will be used to fund part of the roading programme in future years.

21a - RESERVE MOVEMENTS	Actual			Actual
	1 July 2022 \$000s	Transfers in \$000s	Transfers out \$000s	30 June 2023 \$000s
Council Created Reserves				
Pensioner Housing	(623)	(544)	-	(1,167)
SWDC asset purchase	-	-	-	-
South Waikato Economic Development Fund	155	17	-	172
Roading reserve extra NZTA subsidy	400	-	-	400
SW Economic Develop Trust	-	-	-	-
Riverside access	428	47	-	475
Financial contributions - reserves	71	94	-	165
Financial contributions - roading	436	245	-	681
National waste levy	112	17	-	129
Financial contributions - stormwater	2	-	-	2
Financial contributions - water	1	3	-	4
Financial contributions - wastewater	16	22	-	38
Mayoral grants reserve	3	48	-	51
Forestry/Airport reserve	629	70	-	699
Land purchase reserve	(2,226)	(448)	(228)	(2,902)
Whakamaru Forestry Reserve	47	-	-	47
Solidwaste ringfencing	(519)	-	-	(519)
Murray Kivell Scholarship	9	-	-	9
Digital Hub Reserve	91	-	(59)	32
Cougar Park Grants	9	150	(96)	63
Ex South Waikato Music Society	-	13	-	13
Total Council Created Reserves	(959)	(266)	(383)	(1,608)
Restricted Reserves				
Water	950	-	(490)	460
Wastewater	1,135	-	(921)	214
Stormwater	(349)	-	(10)	(359)
Refuse collection	(287)	-	(111)	(398)
Upper Atiamuri Hall	(17)	-	(9)	(26)
Puketurua Hall	11	1	(4)	8
Waotu Hall	-	-	(6)	(6)
Lichfield Hall	7	1	-	8
Arapuni Hall	23	1	(28)	(4)
Tapapa Hall	19	2	(2)	19
Piarere Hall	-	1	-	1
Tirau Community Board	7	1	-	8
Tokoroa CBD	185	17	(56)	146
Putāruru Promotion (CCTV)	58	12	-	70
Putāruru CBD	19	2	(1)	20
District Recycling	(364)	9	-	(355)
Tirau CCTV	14	5	-	19
Total Restricted Reserves	1,411	52	(1,638)	(175)

SW Economic Development Trust: This reserve is committed to fund trade training initiatives.

Riverside access: Manage sale of proceeds from certain stopped roads. This is to be used for opening up areas to public access in the South Waikato district.

Financial contributions: To manage financial contributions levied from the development of subdivisions until this funding is used for the development of related activities.

National waste levy: Manage the funds received from government relating to the national waste levy levied.

Mayoral grants reserve: If the mayoral and community development grants are not spent, they will be transferred to this reserve to be available in the following year at the Mayor's discretion.

Forestry / Airport reserve: To ring fence the proceeds of the sale of harvested logs near the airport to be used in the future to fund the replacement of the runway and maintenance of the planted forest.

Land purchase reserve: To ring fence the loan costs from the purchase of strategic land. When this land is sold, the proceeds will be applied against this reserve.

Whakamaru Forestry reserve: To ring fence the proceeds of the sale of trees from the Whakamaru reserve to be used in the future at the reserve

21a - RESERVE MOVEMENTS	Actual			Actual
	1 July 2022 \$000s	Transfers in \$000s	Transfers out \$000s	30 June 2023 \$000s
Asset Replacement Reserves				
General	211	42	(219)	34
Water	3,130	683	(1,441)	2,372
Wastewater	4,410	1,136	(1,758)	3,788
Stormwater	6,084	2	(224)	5,862
Refuse disposal	(167)	81	-	(86)
The Plaza	27	-	(39)	(12)
Vehicles	196	224	(366)	54
Toilets	(77)	-	-	(77)
Sport and events centre	858	82	(161)	779
Sportsgrounds	21	45	(186)	(120)
Parks and reserves	(360)	358	(213)	(215)
Cemeteries	(16)	8	(28)	(36)
Libraries	(42)	-	-	(42)
Pools	(157)	87	-	(70)
Bridges	709	1	(223)	487
General properties	(84)	365	(410)	(129)
Trade training centre	-	-	-	-
Putāruru CCTV	46	-	-	46
Tokoroa CCTV	19	6	-	25
Information Services	520	-	-	520
District Recycling	175	-	-	175
Total Asset Replacement Reserves	15,503	3,120	(5,268)	13,355
Total Asset Replacement and Restricted Reserves	16,914	3,172	(6,906)	13,180

Solid Waste ringfencing: The Tokoroa landfill was closed in October 2020. The increased fees which were applied from 1 March 2019 were to fund additional operating costs from 1 March to its closure. This reserve is being used to ring fence the costs associated with the costs and revenues of the closed Tokoroa landfill and Tokoroa Transfer Station over the next 3 financial years.

Murray Kivell scholarship: This reserve is to recognise the gift of \$10,000 from Murray Kivell, who was a nationally respected and sought after resource management planner that worked with the South Waikato District Council for over 25 years. This reserve will be used for staff training purposes to further environmental sustainability knowledge, sustainable management practices and environmental management in the South Waikato.

Digital Hub reserve: This reserve is as a result of funds received from the South Waikato Investment Funds Trust as their contribution towards the Digital Hub project. This reserve will be used to co-fund the project that the South Waikato District Council is managing.

Restricted (targeted rate) reserves: Targeted rate reserves are used to manage the surpluses and deficits of specific targeted activities such as water, stormwater, wastewater and halls that arise when more or less rates revenue is collected to fund the annual expenditure of that activity.

This ensures that rates collected from a certain group of targeted rate payers can only be used for the benefit of that group.

Asset replacement reserves: These accumulate funds from rates and are used for the future capital funding for the replacement of assets. Each major activity group e.g., water, roading, wastewater, storm water, solid waste, has their own depreciation reserve so that the funds from each can be applied to the appropriate activity's capital expenditure.

Asset replacement reserve – general rating activities: This reserve accumulates funded depreciation and is used to fund replacement capital expenditure for general rated activities.

22 Reconciliation of net cashflows from operating activities to net surplus

	Actual	Actual
22 Reconciliation of net cash flows from operating activities to net surplus	2023	2022
	\$000s	\$000s
Net surplus / (deficit)	(6,494)	3,442
<i>Add/(deduct) non-cash items</i>		
Depreciation and amortisation of plant, property and equipment	11,726	8,013
Assets vested in Council	(3)	(17)
Loss on sale of property, plant and equipment	(133)	292
<i>Add/(deduct) movements in working capital items</i>		
Trade and other receivables	(573)	(436)
Trade and other payables	(250)	(411)
Inventories	(2)	36
Trust accounts	-	(10)
Employee benefits	(31)	120
Net cash inflow/(outflow) from operating activities	4,240	11,029

23 Capital commitments & Contingencies

Capital commitment represents capital expenditure contracted for at balance date but not yet spent. There is \$3.6m of capital commitments as at 30 June 2023 (2022: \$1.8m). This relates to numerous projects across the district with the majority of the work relates to roading and footpath renewals and the Tokoroa Wastewater Treatment Plant. This work is currently contracted as at 30 June 2023 for the acquisition of property, plant and equipment.

Ongoing obligation relating to New Zealand Mutual Liability Riskpool

scheme: South Waikato 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.

New Zealand Local Government Funding Agency Limited- South Waikato District 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)

PBE Accounting Standards require the Council to initially recognise the guaranteed liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised.

The Council has assessed the 12-month ECL of the guaranteed liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

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

- it is 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 raise sufficient funds to meet any debt obligations if further funds were required.

Credit risk

The Council is exposed to credit risk as a guarantor of all NZLGFA's borrowings. Information about this exposure is explained in note 27.

Liquidity risk

The Council is exposed to liquidity risk as a guarantor of all of NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 27.

24 Remuneration

Chief Executive

During the year ended 30 June 2023 Council had one Chief Executive who was remunerated as follows:

CHIEF EXECUTIVE	Actual 2023 \$000s	Actual 2022 \$000s
Susan Law (1 July 2022 - 30 June 2023)		
Base Salary	285	25
Vehicle (market value plus FBT)	9	1
Kiwisaver Employer's Contribution	11	1
Total	305	27
Ben Smit (1 July 2021 - 30 June 2022)		
Base Salary	-	234
Vehicle (market value plus FBT)	-	7
Kiwisaver Employer's Contribution	-	7
Total	-	248

For the year ended 30 June 2023, the total annual cost including fringe benefit tax to the South Waikato District Council of the remuneration

package being received by the Chief Executive is calculated at \$305,000 (2022: \$275,000).

Key Management Personnel

Key management personnel include the Mayor, Councillors, the Chief Executive and other senior management of Council.

KEY MANAGEMENT PERSONNEL	Actual 2023 \$000s	Actual 2022 \$000s
Salaries and other short term employee benefits	1,787	1,870
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Total	1,787	1,870

Council Employees

The total annual remuneration by band for employees as at 30 June 2023 are:

COUNCIL EMPLOYEES	Actual 2023 \$000s	Actual 2022 \$000s
<\$60,000	103	102
\$60,000 - \$79,999	36	38
\$80,000 - \$99,999	21	20
\$100,000 - \$119,999	16	9
\$120,000 - \$239,000	10	8
\$240,000+	1	1
Total employees	187	178

Total remuneration includes non-financial benefits provided to employees. At balance date, the Council employed 119 full-time employees (2022: 115),

with the balance of staff representing 26.39 (2022: 29.67) full-time equivalent employees.

A full-time employee is determined on the basis of a 37.5-hour working week or a 40 hour working week (depending on their start date).

25 Elected members remuneration

Elected Representatives

The following monetary and non-monetary remuneration was paid to Councillors and Community Board representatives during the year. Monetary remuneration excludes payment of non-taxable allowances which are considered reimbursement of actual expenses incurred.

25 ELECTED MEMBERS REMUNERATION	Actual 2023 \$000s	Actual 2022 \$000s
Mayor and Councillors		
Jenny Shattock (Mayor)	39	121
Stephen Petley (Mayor)	104	35
William Machen (Deputy Mayor)	50	49
Hamish Daine	46	35
Marie Farrell	33	-
Rebekah Garner	29	-
Marin Glucina	11	35
Alex Jansen	11	35
Thomas Lee	44	39
Johannes Nelis	40	35
Arama Ngapo- Lipscombe	14	42
Kerry Purdy	31	-
Peter Schulte	11	35
Maria Te Kanawa	29	-
Josiah Teokotai	29	-
Sandra Wallace	40	35
Total Councillors	561	496
Community Board Members		
Gaby Bond	2	-
Christine Brasell	1	3
Sharon Burling - Claridge	1	3
Kerry Purdy	1	7
Graham Singers	2	0
Kevin Slater	4	3
Jessica Wanden	5	0
Total Community Board members	16	16

26 Related parties

Related party transactions should be disclosed when they are other than that which would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

27 Financial instruments

Table A

	Note	Actual 2023 \$000s	Actual 2022 \$000s
Financial assets			
Fair value through surplus or deficit			
Derivative financial instrument assets	28	1,916	1,911
Total fair value through surplus or deficit		1,916	1,911
Financial assets at amortised cost			
Cash and cash equivalents	10	8,392	8,712
Trade and other receivables	11	4,386	3,941
Other financial assets:			
Sundry loans	13	1,348	1,497
Total financial assets at amortised cost		14,126	14,150
Financial assets at FVTOCRE			
Other financial assets:			
Bonds, deposits and other fixed interests	13	7,845	8,255
Unlisted shares	13	85	85
Listed shares	13	11,817	11,345
Total financial assets at FVTOCRE		19,747	19,685
Financial liabilities			
Fair value through surplus or deficit			
Derivative financial instrument liabilities	28	-	-
Total fair value through surplus or deficit		-	-
Financial liabilities at amortised cost			
Trade and other payables	17	5,359	4,515
Trust Accounts	17	-	-
Secured loans	20	44,000	39,000
Total financial liabilities at amortised cost		49,359	43,515

Fair values hierarchy disclosures

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy.

Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in active markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observables.

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

Table B

	Total \$000s	Quoted Market Price \$000s	Observable inputs \$000s	Significant non- observable inputs \$000s
		Level 1	Level 2	Level 3
30 June 2023				
<i>Financial assets</i>				
General Funds				
Bank security bonds (AA-)	326	326	-	-
Corporate bonds (BBB+ to AA-)	4,000	4,000	-	-
Local Government bonds (A to AA)	93	93	-	-
NZ Government Bonds (AA+)	977	977	-	-
International bonds (not rated)	13,167	13,167	-	-
30 June 2022				
<i>Financial assets</i>				
General Funds				
Bank security bonds (AA-)	385	385	-	-
Corporate bonds (BBB+ to AA-)	4,125	4,125	-	-
Local Government bonds (A to AA)	115	115	-	-
NZ Government Bonds (AA+)	1,054	1,054	-	-
International bonds (not rated)	13,071	13,071	-	-

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

Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk.

The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to price risk on its equity and bond investments, which are classified as available for-sale-financial assets.

The price risk is managed by diversification of Council investment portfolio in accordance with the limits set out in Council Investment policy.

Currency Risk

Currency risk is the risk that cash flows relating to certain forecast transactions or firm commitments will fluctuate.

Council is managing this risk through forward foreign exchange contracts.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. Borrowing and investment at fixed interest rates expose Council to fair value interest rate risk. Council can also use interest rate derivatives such as interest rate swaps and options to manage interest rate risks when the need arises. Interest rates on borrowings are subject to quarterly repricing.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in floating interest rates and borrowings. Council is exposed to cash flow interest rate risk on cash and cash equivalents.

Generally, the Council raises long-term borrowings at floating rates. The Council uses interest rate swaps. Interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Sensitivity analysis

The table below illustrates the potential profit or loss and equity (excluding retained earnings) impact for reasonably possible market movement, with all other variables held constant, based on Council's financial instruments exposures at the balance date. The particular sensitivities chosen for the analysis reflect the actual movements that occurred in the relevant immediately preceding financial year.

Table C

	Note	2023 \$000s		2022 \$000s					
Interest Rate Risk									
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Financial assets			0.5%		-0.5%		0.5%		-0.5%
NZ fixed interest bonds	a		9		(9)		11		(11)
Financial liabilities		0.3%		-0.3%		0.30%		-0.3%	
Borrowings	b	132		(132)		98		(98)	
Foreign Exchange Risk									
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Financial assets		0.5%		-0.5%		0.5%		-0.5%	
International fixed interest bonds	c	18		(18)		26		(26)	
International equity	d	41		(41)		38		(38)	
Australian equity	e	19		(19)		19		(19)	
International Cash		10.0%		-10.0%		10.0%		-10.0%	
US dollar denominated cash	f	-		-		-		-	
Equity Price Risk									
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Financial assets			5%		-5%		5.0%		-5.0%
NZ Equity investments	g								
NZ Property investments	h								
International Equity investments	i		408		(408)		379		(379)
Australian Equity investments	j		182		(182)		188		(188)

Explanation of sensitivity analysis

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a percentage movement in interest rate. We have used the following sensitivity measures for the categories exposed to this risk:

- Financial assets +/- 0.50%
- Financial liabilities +/- 0.25%

Explanation of foreign exchange risk sensitivity

The foreign exchange rate sensitivity is based on a reasonably possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in foreign exchange rate. We have used the following sensitivity measures for the categories exposed to this risk:

- Financial assets +/- 0.50%

Explanation of equity price risk sensitivity

The equity price sensitivity is based on a reasonably possible movement in listed equity prices, with all other variables held constant, measured as a percentage movement in listed equity prices. We have used the following sensitivity measures for the categories exposed to this risk:

- Financial assets +/- 5.00%

Credit risk

Credit risk is the risk that a third party will default on its obligations to Council, causing Council to incur a loss. Council has no significant concentration of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. Investments are also well diversified across a wide range of companies and industries. Accordingly, Council does not require any collateral or security. The maximum exposure to credit risk is equal to the carrying amount of all financial assets subject to credit risk.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired are assessed by reference to Standard and Poor's or other recognised credit ratings, or historical information about counterparty default rates:

Table D

	Actual 2023 \$000s	Actual 2022 \$000s
Cash and cash equivalents:		
Cash and short term deposits (AA to BBB)	8,392	8,712
Total cash and cash equivalents	8,392	8,712
General Funds:		
Sundry corporate and government securities (AA- to AA)	4,000	4,125
Bank security bonds (AA+ to AAA)	326	385
Local Government Bonds (A to AA)	93	115
NZ Government Bonds (AA+)	977	1,054
International Bonds (Not rated)	13,167	13,071
Total general fund bonds	18,563	18,750

Trade and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the ability to close out market positions and having committed credit facilities.

The Council measures its liquidity requirements in accordance with its Liability Management Policy and Treasury Management Policy. In meeting its liquidity requirements, Council maintains access to sufficient cash reserves to meet the minimum policy covenants and also is able to close out equity investments if required. The Local Government Funding Agency also provides ready access to funding.

Fair Value

Contractual maturity analysis of financial liabilities:

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

Table E

	Carrying amount \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	2-5 years \$000s	>5 years \$000s
30 June 2023					
Trade and other payables	5,359	5,359	5,359	-	-
Borrowings	44,000	51,087	8,665	29,958	12,464
Total	49,359	56,446	14,024	29,958	12,464
30 June 2022					
Trade and other payables	4,515	4,515	4,515	-	-
Borrowings	39,000	44,079	6,214	27,508	10,357
Total	43,515	48,594	10,729	27,508	10,357

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

Table F

	Contractual cash flows \$000s	Less than 1 year \$000s	2 - 5 years \$000s	More than 5 years \$000s
30 June 2023				
Cash and cash equivalents	8,392	8,392	-	-
Trade and other receivables	4,750	4,750	-	-
Net settled derivative assets	1,916	109	1,807	-
Sundry loans	1,348	1,348	-	-
Bonds, deposits and other fixed interest	7,845	7,845	-	-
Unlisted shares	85	-	-	85
Listed shares	11,817	-	-	11,817
Total	36,153	22,444	1,807	11,902
30 June 2022				
Cash and cash equivalents	8,712	8,712	-	-
Trade and other receivables	3,941	3,941	-	-
Net settled derivative assets	1,911	534	1,349	28
Sundry loans	1,497	1,497	-	-
Bonds, deposits and other fixed interest	8,255	8,255	-	-
Unlisted shares	85	-	-	85
Listed shares	11,345	-	-	11,345
Total	35,746	22,939	1,349	11,458

28 Derivative Financial instruments

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$21 million (2022 \$21 million).

At 30 June 2023 the fixed interest rates of fair value interest rate swaps ranged from 0.83% to 1.58% (2022 0.83% to 1.58%).

The Council has no fair value hedges.

28 DERIVATIVE FINANCIAL INSTRUMENTS	Actual 2023 \$000s	Actual 2022 \$000s
Current asset portion		
Interest rate swaps	868	534
Total Current asset portion	868	534
Non current asset portion		
Interest rate swaps	1,048	1,377
Total non-current asset portion	1,048	1,377
Total derivative financial instrument assets	1,916	1,911

29 Operating lease as lessor

Council leases its operational properties under operating leases. The great majority of these leases have a non-cancellable term that ranges between one and thirty years. The future aggregate minimum lease payments to be collected under non-cancellable leases are as follows:

No contingent rents have been recognised in the profit and loss during the period (2022: \$nil).

29 OPERATING LEASE AS LESSOR	Actual 2023 \$000s	Actual 2022 \$000s
Not later than one year	79	99
Later than one year and not later than five years	173	206
Later than five years	305	338
Total non-cancellable operating leases	557	643

30 Insurance contracts

South Waikato District Council is part of a Regional collective of local authorities for insurance purposes. Through the collective economies of scale Council has access to the best process and cover.

As at the end of the financial year, Council had the following insurance cover in place:

Material damage excluding fire - \$150,000,000.

Material damage fire only - \$125,000,000

Council's Material Damage cover is based on a Maximum Probable Loss model (MPL) which means that its assets are insured for the value of the largest probable loss that could result from a disaster in the South Waikato. Council is insured within a \$150 million primary layer which is shared between the Regional collective. A separate policy is in place which is shared by the Regional collective which provides cover for damage that is caused by fire, or fire following a natural disaster, with SWDC limit being \$30 million.

Commercial motor vehicles \$1,347,608

Motor insurance up to the market value of each individual vehicle.

Infrastructure \$126,587,371

Based on risk engineering and loss modelling for the Waikato hazard scape a \$300 million shared loss limit is in place with the Regional collective. Each council then has its own sublimit in place based on their individual exposures. SWDC loss limit is \$25m. Insurance is to the level of 40% in anticipation of 60% contribution from central government in the event of a disaster. In addition to this SWDC have access to a second cover for the 60% up to a shared loss limit of \$10 million.

Business interruption

A shared \$10 million Additional Increased Cost of Working limit with the Regional collective and provides cover for consequential loss through the physical damage to any property used by Council. There is also an

additional \$2.5 million claim preparation costs cover associated with this contract.

Professional indemnity \$15,000,000 Primary layer individual to Council and an \$145,000,000 excess layer obtained through London shared across 45 councils.

Public liability \$15,000,000 Primary layer individual to Council and an \$145,000,000 excess layer obtained through London share across 45 councils.

Employers Liability \$1,000,000

Statutory Liability \$1,000,000

Crime \$2,000,000

Cyber \$1,000,000

Airport Owners and Operators \$10,000,000

31 Major budget variations

Statement of comprehensive revenue and expense

Subsidies and grants received for the year include unbudgeted funding from the Department of Internal Affairs for three waters transition costs associated with three waters reform and Local Government New Zealand for the Mayoral Task Force for Jobs (MTFJ) programme initiative of \$0.5m and \$0.49m respectively. The depreciation and amortisation expenses are higher than budgeted by \$2m due to the revaluation of the three water and transport, roading and footpath assets in the 2021/2022 year that would not have been catered for as part of the 2022/2023 annual plan budgets due to the timing of the revaluation and the legislative requirement of the adoption of the 2022/2023 annual plan. Other expenses are higher than budget by \$3.1m, mainly due to increased repairs and maintenance requirements across transport, roading and footpath assets, increased energy costs to operate service facilities and higher insurance costs as a result of global and national weather and political events.

Statement of Financial Position

Total equity is \$104m greater than budget due to the asset revaluations that took place in the 2021/2022 year that was not able to be captured in the 2022/2023 annual plan budgets. Property, plant and equipment shows the equivalent effect of the revaluation outcome noted above, tempered by the capital expenditure programme lagging behind expected budgeted spend.

Statement of Cashflows

Subsidies and grants income is higher than budgeted due to the timing of transport, roading and footpath maintenance and unbudgeted funding received as noted above in the Statement of Comprehensive Revenue and Expense commentary. Purchase of property, plant and equipment is lower than budget due to capital programme delivery capabilities by contractors in transport, roading and footpaths and programme scoping reviews required in spaces like community pool facilities and three waters services.

32 Capital management

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

The Local Government Act 2002 (the Act) 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. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's rate payers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of 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 Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

The South Waikato District Council has the following reserves:

- reserves for different areas of benefit
- self-insurance reserves
- trust reserves
- other reserves

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

Trust reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust reserves where applicable and deductions are made where funds have been used for the purpose they were donated. Other reserves are created to set aside funding from general rates for future expenditure on specific projects or activities as approved by Council. Council categorises self-insurance reserves and other reserves as “Council Created Reserves”, while the others are categorised as “Restricted Reserves” (refer Note 21).

33 Events after balance date

Settlement of the sale of 45 – 52 Logan Street, Tokoroa has been extended to 30 June 2025. Ownership of the asset will not transfer to the South Waikato Achievement Trust until settlement is made.

On the 5 September 2023 Trustees of the South Waikato Education Centre Trust resolved to wind-up the organisation on 1 October 2023.

Per the Trust Deed, this will trigger the termination clause and return the 15-19 Braeside Avenue property to the South Waikato District Council at a value of \$0.75 million.

34 Water services reform programme

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

How to obtain a copy of the 2022-2023 Annual Report

The full Annual Report is Council's key accountability document.

Full copies of the Annual Report can be obtained by:

- Visiting our website: www.southwaikato.govt.nz to download a copy
- Calling our Customer Services staff on (07) 885 0340 during normal business hours
- Emailing us at: info@southwaikato.govt.nz
- Writing to us at: South Waikato District Council, Private Bag 7, Tokoroa 3444
- Viewing a hard copy at our Council offices and library sites (located in Tokoroa, Putāruru or Tīrau)