



# ANNUAL REPORT

2020-21

*year 3 of the LONG TERM PLAN 2018-28*



South  
Waikato  
District  
Council

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### MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

The 2020-21 year was dominated by challenges and change for Council and our community. The COVID-19 pandemic has continued to impact everyone as we navigate through our new world, a world where COVID-19 related challenges are still very real.

In July last year, we were very much still emerging from lockdown with a few fluctuations up and down alert levels occurring over the past year. Amid the challenges of COVID, Central Government also announced several large proposed changes to local government that will heavily impact our organisation going forward – namely three waters, review of the Resource Management Act 1991 (RMA) and the future for local government.

Since the initial announcement on the three waters reform, there has been some finer details outlined. The Government is proposing to establish four large entities to own and operate water supply, wastewater and stormwater across the country. This is a complex process and information at the time of writing was not complete. Council is keeping a very close eye on this and will be engaging with our community before making any final decisions. Three waters accounts for some 32% of our operating costs and 18% of our assets. Based on this, it is clear that the impact on our Council and how we operate will be significant. The most significant impact will be making sure our communities can have a voice on where and when new assets are put in and on the maintenance of current assets and service levels.

The review of the RMA is also underway, and 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. At the time of writing, definite detail and impacts were still unclear.

Amid this challenging and changing landscape, our Council still managed to deliver on a large number of projects:

- The Tokoroa wastewater digester project kicked off. This is one of Council's single largest capital works projects with a value of \$9.5m. At the time of writing this was tracking towards successful commissioning in August 2021. Over the next 20 years\* we will be spending around \$30 million on various components including wastewater plant upgrades, wetlands and discharge improvements. The wastewater upgrade programme will be funded and actioned over many years to ensure the upgrades remain affordable for our community. *\* what this looks like going forward due to the three waters reform is unclear*
- We identified growth in our district a number of years ago. Catering for and supporting growth continues to be a priority for Council. The growth planning exercise in Putāruru fed into a District Plan review that focussed on increasing residential and business zoned land in Putāruru.
- Identifying water, wastewater and stormwater capacity is also well underway in Tokoroa and Tirau to establish our capacity in these towns for increased population and business growth.
- Council continues to focus on promoting the South Waikato as a great place to live, work and invest through its Space to Grow business development programmes. We have worked hard with our partners and stakeholders to bring in new jobs to the district and attract Central Government funding. Council continues to collaborate with the South Waikato Investment Fund Trust (SWIFT) on a range of initiatives such as attracting new businesses, business training, Spend Local campaign and positioning the South Waikato to attract business investment. A major milestone for SWIFT was securing funding for the soon to be constructed South Waikato Trades Training Centre.
- The Leith Place toilets and Plaza area were opened. Initial teething problems with the toilets have been resolved and the toilet towers are certainly doing what they were designed to do – attract passing interest and traffic.
- The Christmas Twilight Block Party was a resounding success and showcased just how versatile the Leith Place plaza area can be.

- We checked back in with our community through the town concept plans. These were refreshed, reviewed and action plans prioritised. All of this work fed into the Long Term Plan (LTP) 2021-31.
- We updated our Reserve Management Plans in collaboration with our community. These plans too fed into the LTP.
- Developing the 2021-31 LTP was a massive undertaking requiring countless hours. We received 148 submissions, covering 355 separate points. These were all discussed at public hearings, whereupon Council deliberated and made decisions to finalise the LTP for the next ten years. This will be reviewed again in 2024; and the LTP updated once again.
- Council worked closely with the South Waikato Achievement Trust and Envirowaste to find an improved recycling processing solution to the Croad Place recycling facility. Our recycling is now taken to a larger materials processing facility in Hamilton.
- We made a number of necessary changes to our recycling processing and requirements. This space is becoming increasingly complex and costly as our world grapples with plastics, rubbish and recycling challenges.
- 1 November saw the first users of the brand new Tokoroa Transfer Station facility, constructed to replace the old Tokoroa landfill, which was subsequently closed. The positive feedback on this facility has been tremendous.
- COVID-19 impacted our planned wheelie bin rollout further postponing the start of the programme to 6 September 2021. A significant amount of planning and logistic work was undertaken in the past financial year to prepare for this change to our urban kerbside collection service.
- Council brought the i-SITE service in Tīrau (the Dog) back in-house, which has provided us with the opportunity to enhance and extend the services that we deliver to our Tīrau community.
- We introduced a digital support programme funded through the New Zealand Partnership Programme that assists our community with basic online and digital skills, platforms and job seeker support.
- We successfully secured \$250,000 from Mayors Taskforce for Jobs to set up a WORKit programme that is aimed at getting young people into appropriate education, training or work. Over the space of 3 months we got 32 young people back into employment. WORKit is part of the Government's Community Recovery Programme. We have since secured a further \$500,000 for continued work in this area.
- Just before Christmas last year we held our official opening for the Tokoroa basketball court. It was exciting to see so many eager tamariki itching to throw a hoop or two... or many!
- We are required to undertake a full Representation Review every six years. Council has proposed no changes to the current representation believing our community is appropriately represented on Council. This proposal is currently out for public consultation.
- New designs for the Putāruru waterpark are underway, with funding committed for stage one, and external funding being sought for stage two. This project will embrace the Matariki concept. A formal name is still being finalised.
- Through the LTP, Council pulled the funding for the Tīrau Domain project forward so that project can now speed ahead.

***The 2020-21 year has certainly been a massive one, complicated by a world-wide pandemic that remains a significant issue in many countries. Council has taken the bull by the horns in terms of supporting, facilitating, attracting and seeking economic opportunities to grow and improve our district and respond to our growing population and towns; and we can't slow down even in these uncertain times. We are rising to the challenge and already 2021-22 looks set to be another huge year.***

Jenny Shattock QSM JP  
**MAYOR**

Ben Smit  
**CHIEF EXECUTIVE**

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF SOUTH WAIKATO DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 21 October 2021. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 80 to 132:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2021;
    - 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 84, 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 groups of activities) on pages 28 to 70:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2021, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 28 to 70, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and

- the funding impact statement for each group of activities on pages 28 to 70, 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 23 to 27, 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.

## **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 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 audit 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 obtain sufficient appropriate audit evidence regarding the entities or business activities within the Council to express an opinion on the consolidated audited information.

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.

## 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 to 4, 9 to 22 and 71 to 79, 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.

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 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, our report on the disclosure requirements and Trustee Reporting, we have no relationship with or interests in the District Council.



**Bruno Dente**

for Deloitte Limited

On behalf of the Auditor-General  
Hamilton, New Zealand



## COUNCILLORS AND THEIR CONTACT DETAILS | NGĀ KAIKAUNIHERA



Councillors from left to right back row: Gary Petley, Alex Jansen, Marin Glucina, Hans Nelis, Deputy Mayor William (Bill) Machen, Hamish Daine, Thomas Lee Peter Schulte.

Left to right front row: Arama Ngapo, Her Worship the Mayor Jenny Shattock, Sandra Wallace.

Councillor Name	Phone number	Email Address	Ward
Jenny Shattock QSM JP	0274416230	<a href="mailto:Jenny.Shattock@southwaikato.govt.nz">Jenny.Shattock@southwaikato.govt.nz</a>	Mayor
William (Bill) Machen	0274715899	<a href="mailto:Bill.Machen@southwaikato.govt.nz">Bill.Machen@southwaikato.govt.nz</a>	Deputy Mayor
Hamish Daine	0211259225	<a href="mailto:Hamish.Daine@southwaikato.govt.nz">Hamish.Daine@southwaikato.govt.nz</a>	Tokoroa
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Sandra Wallace	02102913702	<a href="mailto:Sandra.Wallace@southwaikato.govt.nz">Sandra.Wallace@southwaikato.govt.nz</a>	Putāruru

## TĪRAU COMMUNITY BOARD MEMBERS

Name	Phone Number	Email Address
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Christine Brasell	021849417	<a href="mailto:Christine.Brasell@southwaikato.govt.nz">Christine.Brasell@southwaikato.govt.nz</a>

The Council strategy is set in the Long-Term Plan 2018-28. It presents what Council is going to do for the next ten years to make our district a better place to live, work and play.

At the core of our strategy is Council's vision (how Council envisages its community in 30 years' time), outcomes (what Council would like to achieve to make the vision a reality) and strategies (what Council will actually do to achieve the outcomes). To put it simply, everything that Council does should align with its strategies, outcomes and vision.

The 2018-28 Long-Term Plan was adopted in 2018 and will be reported against in the 2020-21 Annual Report.

### COUNCIL VISION

The Council vision describes how Council would like to see our community in 30 years.

Our vision is **'Healthy people thriving in a safe, vibrant and sustainable community'**.

### COUNCIL OUTCOMES

Council's community engagement has helped shape our new outcomes - Growth, Resilience and Relationships. These are the driving forces behind our decision making for the future.



- In terms of GROWTH Council aims to increase population and jobs, reduce unemployment, increase average earnings and improve the deprivation index.
- In terms of RESILIENCE, both Council and the community, need to anticipate, resist, respond to and recover from significant change or events.  
This includes community, cultural, economic and environmental resilience as well as Council's infrastructure. This will help us to be prepared, lessen the effects of change and recover quickly.

Resilience covers a wide range of topics such as civil defence and storm events, how Council manages its financial position, the affordability of rates and asset replacement, and environmental sustainability and its ability to recover from difficult situations.

- In terms of RELATIONSHIPS, Council will build stronger relationships with Iwi and Māori, along with community and business groups to ensure that by working together Council can achieve growth and a resilient community.

Relationships with Iwi and Māori will be developed through strong governance models, building management/operational relationships, the development of cultural understanding among staff and elected members and undertaking joint projects.

Council recognises the important contribution our Pacific Peoples make towards the economic, environmental, social and cultural strength of our district. They make up 12% of our population and add significant cultural diversity to our community. Council will continue to work collaboratively with our Pacific Peoples to achieve mutual benefits and enhance relationships.

Council will also be talking to businesses and other community groups through improved engagement models so that we can better understand each other and share knowledge. Council wants to do more joint community projects and provide on-going operations of facilities and services together. However, Council also needs to work towards helping community groups that rely heavily on Council funding to be more self-sufficient and encourage independence. Partnership models with business will focus on economic development and, more directly, job creation and training.

## FINANCIAL STRATEGY LIMITS

Council recognises the financial constraints on our community, especially with the added pressures caused by the COVID-19 pandemic. Through these challenging times 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 0%
External debt	External loans not to exceed 100% of total revenue	Yes	External loans as at 30 June 2021 were \$24m. Total revenue for 2020-21 was \$40.3m

Council planned to focus on the district’s infrastructure while accommodating the anticipated legislation changes, while implementing GROWTH development in the district.

The COVID-19 pandemic tested the Council’s and community’s RESILIENCE and RELATIONSHIPS. Many lessons were learned as Council had to reprioritise work programmes.

GROWTH IN RESIDENTIAL HOUSING DEMAND

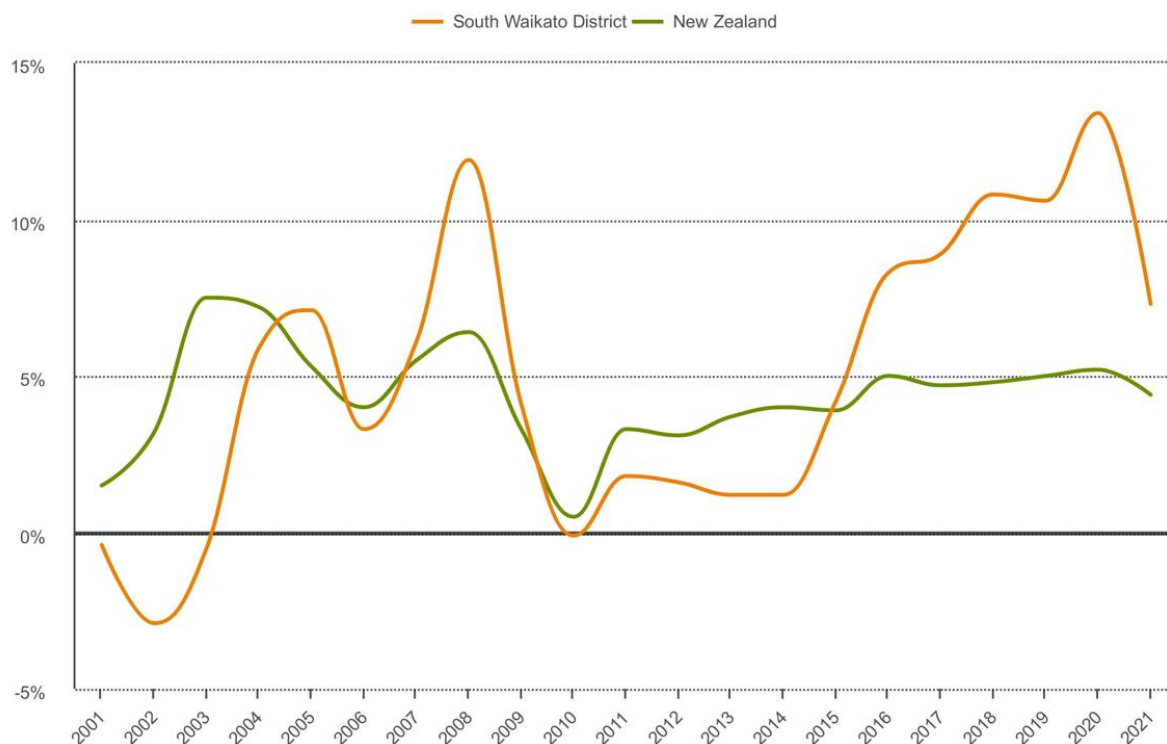
After a long period of population decline, particularly in urban Tokoroa, the district is being rediscovered as a place offering both great lifestyle and business opportunities. The population of the district has experienced a sustained period of growth since 2013. This is forecast to continue through to 2053, driven primarily by inbound migration from other parts of New Zealand. Affordable property, both residential and commercial, has led to more people from Auckland, Waikato and the Bay of Plenty moving into the district in search of affordable property and a better work life balance. The prices of residential property have increased dramatically during this period, which has also flowed through to the costs of rental property, with the overall yields being attractive for small scale property investors particularly.



House price growth. Source: Infometrics, New Zealand, August 2021

The levels of cost escalation align with the increases in population, especially since 2015, and reflects increased demand but limited increases in supply of new housing. The positive aspects of this increase is that the development economics of developing new housing supply are now attractive and provide a margin to a developer and builder, thus encouraging investment into the district. The escalation in rental costs has put significant pressure on those in our community on low incomes as wage inflation has been significantly lower than rent cost escalation during the period since 2015. Overall housing within the district is still considered to be ‘affordable’ as a multiple of average earnings however Council is

clear about the need and urgency to execute supply side initiatives and investments to better balance supply and demand and moderate cost escalation.



Average rent increases. Source: Infometrics, New Zealand, August 2021

### Putāruru Growth Plan

The District Plan change incorporating the Putāruru Growth areas was adopted by Council on 28 April 2021. Each of the new residential growth areas are in the planning phase by different developers. It is expected that physical work will commence during 2021 on the Overdale and Kennedy growth areas. These growth areas will be developed over a number of years, depending on demand.

### Council Involvement in Land Development

Council will continue to purchase and / or develop commercial and residential land where appropriate, and where the market has not been able to provide a solution. Council are mindful of our strategic roles and our preference is for the wider market and specialist providers, such as Kāinga Ora, to meet the needs of the entire housing and commercial spectrum. Where Council does invest in acquiring property and / or land, it ensures that a robust process is followed, with due diligence and the strategic case for Council investment subject to rigorous analysis.

A number of strategic investments have already been made and Council sets aside \$300,000 per annum to fund acquisitions. Each acquisition is subject to approval by Council. A number of such investments are for the purposes of unlocking future developments, be they housing related or commercial / industrial, and are strategic by nature.

Council has been working with central government to advocate for co-investment to support the development of an intermodal business park to be developed at Maraetai Road and to provide connection to the existing Tokoroa road network and rail terminal. The plans would provide for around 20 commercial development sites, suitable for owner / occupier processing companies and the delivery of over 200 new full time jobs. This project is based on utilising land acquired by Council in 2016 - 17 with the intention to leverage the full commercial benefit of the rail terminal to the district's economy.

## **District Plan Changes**

Two District Plan changes were completed successfully, without appeal to the Environment Court. The Putāruru Growth (PC1) and Infrastructure Management (PC2) District Plan change hearings were held in October 2020, closing in November 2020. The Hearings Panel decisions on submissions were notified in January 2021 and with no appeals received, the amendments to the District plan were made operative in April 2021.

## **OUR ENVIRONMENT AND HEALTHY RIVERS WAI ORA**

### **Healthy Rivers / Wai Ora Plan Change 1**

Healthy Rivers Wai Ora is a Waikato Regional Council plan change and is the first step in an 80 year journey to achieve rivers that are swimmable and safe for food gathering and achieve the requirements of Te Ture Whaimana o Te Awa o Waikato (Vision and Strategy for the Waikato River).

This Waikato Regional Council plan change (PC1) continued to progress through the post decision stage. Although Council supports the principle of sustainable management, PC1 did not provide clarity and certainty on the implementation and administration of its provisions for landowners and land managers in our district. Council has requested amendments be made to provide clarity that contained effects-based rules to regulate land use practices and activities that promote sustainable community and sub-catchment solutions. Council has continued to engage through the Resource Management Act 1991 (RMA) appeal process with Waikato Regional Council staff and legal advisors on a without prejudice basis, to enable better understanding on our appeal points. Council has also engaged with our neighbouring territorial authorities on matters of mutual interest with a view to support an effective response on municipal concerns. Waikato Regional Council had not yet commenced formally liaising with interest parties pursuant to section 274 of the RMA, which many of our community partners are.

### **Wastewater Plant Upgrades / Resource Consent**

Council has a legal obligation to upgrade wastewater treatment. We also have a very strong desire to improve the environment. Council needs resource consents from the Waikato Regional Council to allow us to discharge wastewater to water and/or land. Council has received 35 year resource consents to operate the Putāruru and Tīrau Wastewater Plants. Council is in the final stages of receiving new wastewater resource consents to operate the Tokoroa and Arapuni Wastewater Plants. While the Tokoroa consent expired in 2011 and the Arapuni consent expired in 2020, both continue to operate legally by agreement with Waikato Regional Council. This is approved under section 124 of the RMA. The plant upgrades will occur over a number of years. The disposal of residual sludge solids from the treatment process is taken to MYNOKE worm farm at Kinleith to be converted into fertiliser.

Construction has started at Tokoroa Wastewater Plant, with the construction of a new digester and biosolids thickening plant. This work is estimated to cost \$9.5 million. This facility will process all the biosolids for the district, the biosolids from the wastewater plants in the district will be trucked to Tokoroa.

As part of the new resource consents to operate the wastewater treatment plants, Council is required to undertake treatment improvement upgrades at the plants over the consent life. These upgrades will come at significant cost, so it is important that Council is financially prudent when making these decisions with its partners and the community. Council needs to maintain acceptable rates increases while creating a long term solution that has a positive impact on our waterways. The capital cost of these upgrades will be approximately \$30 million, with an increase in annual operating costs.

We believe that this level of capital and operating expenditure will give plant upgrades that will allow a reduction in nutrient levels in the wastewater discharge, reduce bacteria levels to amounts required by legislation, and cater for other Healthy Rivers requirements.

## Air Quality National Standard

In 2020, the government sought feedback on its proposed amendments to some provisions of the National Environmental Standards for Air Quality, the aim of these provisions being to better control the release of fine particles into our air. Council was one of 118 submissions made. The Ministry for the Environment is working to refine the proposed amendments based on feedback and advice received. The amendments are likely to take effect in the second half of 2021.

Waikato Regional Council measures the amount of PM<sub>10</sub> in our air. The national environmental standard is breached when 24-hour average PM<sub>10</sub> levels exceed 50 micrograms per cubic metre (mg/m<sup>3</sup>) of air two or more times in a 12-month period.

In Tokoroa, from 1 July 2019 to 30 June 2020, there were 7 x PM10 exceedances, and 23 x PM2.5 exceedances. (PM2.5 monitoring began from 1 August 2019). From 1 July 2020 to 30 June 2021, there were 19 x PM10 exceedances and 49 x PM2.5 exceedances.

Burning only dry wood in a modern, compliant wood burner can reduce PM<sub>10</sub> significantly. In a recent survey, *Your Environment-What Matters?* only 25% of respondents in the South Waikato believed that air pollution comes mainly from home fires.

## DISTRICT IMAGE AND JOB CREATION

The need to attract businesses and create jobs has never been stronger. Outcomes from Council's community consultation indicate more jobs, especially for younger people, are required.

### Space to Grow

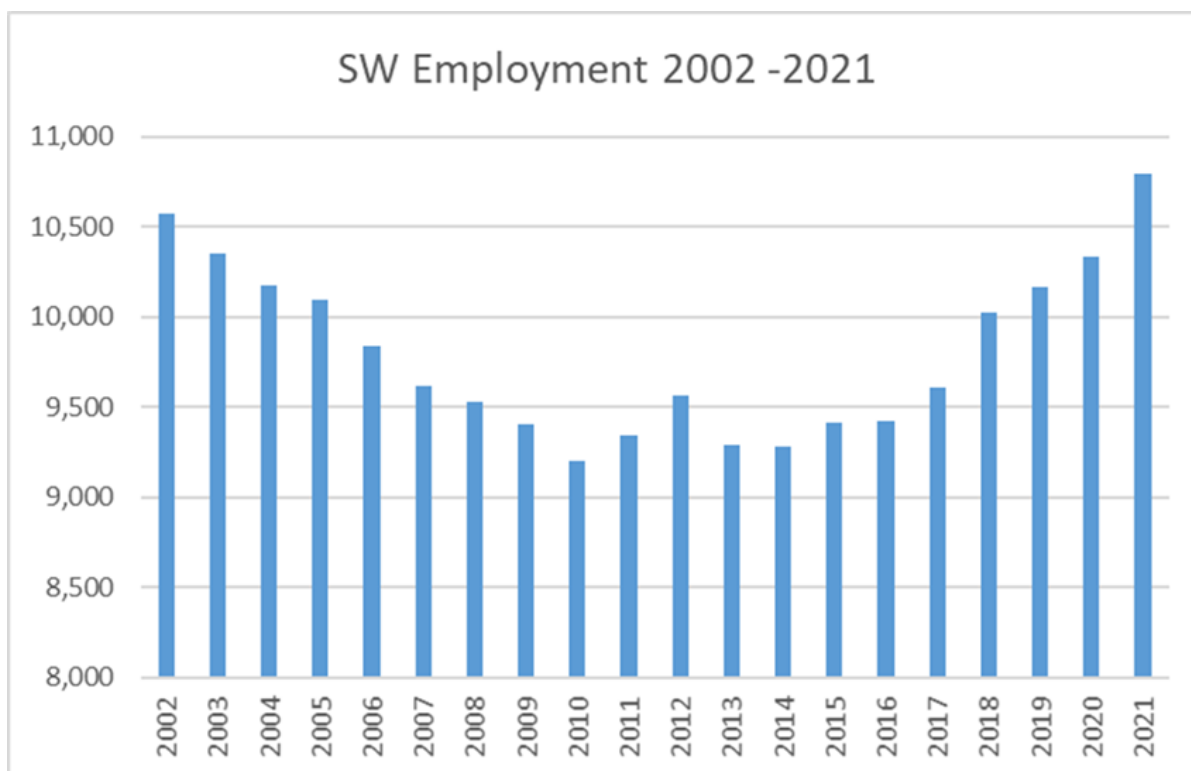
The business attraction website [www.swnz.co](http://www.swnz.co) and the brand 'SW Space to Grow' was the subject of significant investment during the year. Alongside that an extensive campaign calendar was implemented across digital, print, radio and social media platforms to direct traffic towards the website. This platform is aimed at three target audiences; attracting new enterprises (INVEST); attracting new residents (LIVE) and marketing the district to visitors (EXPLORE). The content and branding is designed to sit separate to the Council website and presents a 'shop front' to the district, providing a one stop source of key information, compelling value propositions and engaging content.

### South Waikato Economic Development Action Plan

Council takes a wide and collaborative approach to employment growth and resilience. From supporting the establishment of new businesses, and growth of existing companies, through to attracting new inbound investment, from within New Zealand and overseas. We partner with the South Waikato Investment Fund Trust (SWIFT) and Te Waka, the Waikato regional economic development agency to optimise our joint effectiveness in this space.

It is important that the district is seen as an attractive place to live, raise a family, start a business or expand an enterprise that is growth constrained. Council has invested into improving the perception of the district and its towns and promoting the lived experience of our community through investment into public relations and marketing. This year saw the launch of 'A great place to Live' which is available through [www.swnz.co](http://www.swnz.co) and also in hard copy. This is available to employers to use as part of recruitment efforts, especially in attracting highly skilled workers to the district.

The need to support local enterprises to grow has never been more important as we support the recovery from the 2020 outbreak of covid-19 and its impact on employment. Resources were deployed in support of a campaign to encourage the community to *Spend Local*, featuring Mayor Jenny Shattock. Alongside this investment of \$460,000 into local businesses in the form of training and capability development support was delivered through Te Waka and its Business Support Advisors, and the SWIF Trust.



Source: Infometrics, New Zealand, August 2021

Net employment grew for the 6<sup>th</sup> straight year, even with the impact of covid-19, though the growth in employment opportunities was unequal, especially for young people. As a result Council worked with The Mayors Taskforce for Jobs (MTFJ) and the Ministry of Social Development (MSD) to create and start a youth employment programme called *WORKit* with \$250,000 invested in the delivery of 25 sustainable employment outcomes for young people not in employment, education or training (NEET). This programme ran for a pilot period of three months and achieved its objectives being expanded to run for the 2021-2022 financial year.

#### **Mayoral Taskforce for Jobs**

The Community Recovery Programme is a partnership between Industry Partnerships at Ministry of Social Development and rural councils around New Zealand, through Mayoral Taskforce for Jobs (MTFJ). A pilot programme was run through provincial councils with funding to:

make grants for small to medium sized enterprises (SMEs) to support the cost of initiatives that promote recruitment, training or wage subsidy support for at risk youth or initiatives that will enable employment; and/or

employ a local coordinator, who will provide support for youth to be retained or placed into employment.

A Careers Event(s) which showcases local employment and career opportunities, including SME employer partners and previously hired youth not in employment, education, training (NEET) or displaced workers.

Council met with iwi and social service providers and educators to determine whether to participate in the programme. The forum agreed and Council resolved to participate in the programme. The programme began with the establishment of an Employment Coordinator in late (April) and \$250,000 was made available to be spent by the end of June 2021 to achieve the objective of 25 employment opportunities.



The Coordinator worked with the local network, supported by an extensive marketing campaign to connect, engage, excite, prepare and position NEET youth for employment opportunities within the district, where accessible and appropriate.

The programme required NEET youth to be in sustainable full-time (30 hours or more) employment, and all employment outcomes needed to be monitored, including casual, part-time or permanent. It was acknowledged from the start that many NEETs would require additional support and may also need to ease into sustainable employment by gradually taking on more hours over time. The programme in South Waikato District is called WORKit.

Young people are at the centre of WORKit and its success to date has been built on engaging with young people using tools, platforms and an approach that is relaxed, confident, supportive and inclusive. As an example, initial brand concepts did not engage young people when they were tested, thus staff changed the branding to resonate with its key target audience and ensured its availability on platforms such as Facebook, Instagram and TikTok. This flexible and agile approach has enabled Council to refine its support and marketing approach to ensure effective engagement with young people, employers and stakeholders to date.

While 100% of the funding was not committed due to the late start, the WORKit programme has achieved all outcomes as per the pilot agreement. The final spend for the pilot programme was \$108,187 which also includes ringfenced commitments to Clients and Employers. The remainder of the \$250,000 allocated for the Pilot programme will be returned to Ministry.

The total employment exceeded the outcome for the Pilot programme with a result of thirty-two (32). Twenty-five (25) youth (NEETs) were matched to sustainable full-time employment (FTE) and seven (7) into part time work and are working towards FTE.

## OTHER COUNCIL INFRASTRUCTURE, BUILDINGS AND OPERATIONS

There are a number of significant works and some increase in operations that Council must undertake, but they don't neatly fit under the umbrella of a single key issue. Council needs to do work on its own buildings and services to ensure they are fit for purpose and that our buildings, asset management and operating systems meet Council and community needs, are compliant and provide for the health and safety of our staff and the community. Some of these works include upgrading of the Wastewater Treatment Plan building and Tokoroa Depot office building.

### **Tokoroa Council Office**

The Tokoroa Council Office building is now over 30 years old and much of its internal infrastructure and fittings date back to the time it was built. Regular and more intensive maintenance is required. The internal building layout is currently being reconfigured to create a more efficient use of space.

### **Tokoroa Library and the South Waikato Heated Indoor Pools**

The recent 2021 – 31 Long Term Plan consultation process gave Council a good steer on what the community wanted to see in a future proofed pool facility and a future proofed library and community hub. After significant discussion, Council decided that the decisions regarding sites, keeping the facilities separate or integrated, relocating the facilities to new locations, refurbishments or new builds, required further investigations. Two of the primary concerns were not having a pool open to the community during possible refurbishment of the pools, funding levels and affordability. Council is undertaking further investigation and will be back out in the community with robust options for consultation.

### **Change in Waka Kotahi NZ Transport Agency Financial Assistance Rate**

Waka Kotahi was required to make a correction to the 2018 – 21 Financial Assistance Rate (FAR) which resulted in an increase from the 62% that was originally proposed, to 64%. This revised FAR will also continue through the next three year period from 2021 – 2024. This means that Council's rates contribution will reduce from 38% to 36% for the Waka Kotahi funded roading programme. This has provided Council with general rate savings for the programme funding requested, as well as through the 2018 – 21 funding period.

The Concept Plans are documents that capture the short, medium and long-term aspirations of our communities.

Council works collaboratively with communities to develop an understanding of what community groups want in their neighbourhoods and townships. Council does this through sharing with communities the opportunities that are available and what plans and projects can be developed under current legislation. Together Council and communities decide how each group will participate in implementing the concept plan, which includes advocating for external support and applying for funding.

The plans further evolved alongside the 2021-31 Long-Term Plan process helped to inform the Long-Term Plan.

There are some common themes across the townships such as:

- Employment Opportunities
- Business Support – start-ups and leadership
- Unique identity plus connections to each village/town as the South Waikato District
- Walkways, reserves and parks
- Connectivity and Accessibility – roads, footpaths, transport and digital
- Youth

### TOKOROA CONCEPT PLAN

The Tokoroa Concept Plan has been developed in collaboration with the Tokoroa community through a series of meetings, workshops and community events. The evolving action plan identifies specific activities to progress the vision and outcomes desired for Tokoroa.

The plan for the revitalisation of the central business district is currently being implemented, focussing on Leith Place and a CBD strategy that promotes market days, competitions, awards and events, and street entertainment.

A Tokoroa Airfield Strategy has been developed and the subsequent Tokoroa Airfield User Group established to ensure better involvement by the community and stakeholders in developing the Airfield and in the management of its operations.

Tokoroa communities are also interested in how the sport and recreational facilities are used, alongside parks and reserves. Council collaborated with Sport Waikato to develop a survey to gain insight into what our communities want. This has informed the South Waikato District Play, Active Recreation and Sport Plan 2021 – 2024.

### TIRAU CONCEPT PLAN

The Tirau Community Board has supported the consultation with Tirau residents on the concept plan after reviewing the previous plan which provided a solid base for an update to reflect current priorities.

The main themes are road safety, well maintained footpaths, CCTV and continued development at Tirau Domain as a community recreational space that brings together residents and visitors to enjoy the natural resources, public facilities, and intergenerational spaces.

The installation of CCTV and free WIFI has commenced, as well as the promotion of Take a Break – Take in Tirau, an initiative to showcase the local art, craft and boutique stores, tourism opportunities and to encourage new businesses and families to the area.

## ARAPUNI CONCEPT PLAN

The Arapuni Village Community Association supports consultation with Arapuni residents on their concept plan, which further evolved during the 2021 – 31 Long Term Plan process and actively informed decisions made for the achievement of outcomes for the community.

The main themes for Arapuni are the safety of roads and footpaths, their internet connectivity and recreational activities for residents. An investigation into speed management options for the village has commenced, and Council continues to advocate for an increased police presence in Arapuni to assist with deterring thoroughfare speeding.

## PUTĀRURU CONCEPT PLAN

The main focus areas for Putāruru over the 2020-21 year was development of new subdivisions and the funding of the infrastructure required in the planned growth areas, creating a more vibrant and appealing town centre and attracting new businesses, managing vehicular traffic, ensuring rangatahi have a voice in decision making, and making effective use of the recreational spaces on offer, including the enduring protection of Te Waihou.

The District Plan change incorporating the Putāruru Growth areas was adopted by Council on 28 April 2021. It is expected that physical work will commence during 2021 on the Overdale and Kennedy growth areas. These growth areas will be developed over a number of years, depending on demand.

Planning for a sports hub in Putāruru commenced during the year and a steering group has been established to drive this work.

## REPORT ON ACHIEVEMENT OF OBJECTIVES IN FUNDING AND FINANCIAL POLICIES

### RATES REMISSION AND POSTPONEMENT POLICIES REPORT

#### Background

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

REMISSION GRANTED	2019-20		2020-21	
	Number	Amount (\$) Including GST	Number	Amount (\$) Including GST
Community, sporting and other organisations	57	127,300	57	125,144
Rates on land protected for natural, historical or cultural conservation purposes	2	47	2	49
Uniform annual general charges and targeted rates on non-contiguous rural rating units in common ownership	25	17,933	24	17,097
Penalties	495	42,641	645	54,576
Māori freehold land	6	6,111	7	7,435
Uncollectable rates	0	0	0	0
Multiple dwellings with a common use on one rating unit	5	7,643	4	6,034
Water rates due to leaks	8	13,538	8	29,740

#### Rating Information

As at 30 June 2021, the number and value of the rating units in the South Waikato District were:

Number of rating units	10,208
The total capital value of the rating units	6,875,792,000
The total land value of the rating units	3,877,929,800

## REVENUE AND FINANCING POLICY REPORT

### Background

The Revenue and Finance Policy describes 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	45%	47%			55%	53%
Building Consents and Inspections	50%	41%			50%	59%
Business and CBD Promotion - Tokoroa and Putāruru		11%	100%	89%		
Cemeteries	40%	57%			60%	43%
Community Advocacy, Grants and Support (including Visitor Centres)	100%	100%				
Community Governance (Tirau Community Board)			100%	100%		
Community Halls			95%	98%	5%	2%
Compliance	95%	82%			5%	18%
District Governance	100%	100%				
District Promotion	100%	100%				0%
Economic Development	100%	100%				
Emergency management	100%	100%				0%
Health	80%	74%			20%	26%
Libraries	92%	94%			8%	6%
Parks and Reserves (including Sportsgrounds)	95%	97%			5%	3%
Pensioner Housing					100%	100%
Property Management	90%	87%			10%	13%
Public toilets	100%	100%				
Resource Management (consent processing)	65%	53%			35%	47%
Resource Management (policy and monitoring, including environmental protection and monitoring)	100%	100%				
Roading (general roading activities) (after subsidies)	100%	98%				2%
Roading (CBD upgrade loan)	100%	100%				
South Waikato Performing Arts Centre (The Plaza and Tirau Hall) (after hireage income)	100%	96%				4%
South Waikato Sports and Events Centre	80%	77%			20%	23%
Stormwater			100%	100%		
Swimming Pools - Indoor (Tokoroa)	80%	83%			20%	17%
Swimming Pools - Seasonal (Putāruru and Tirau)	90%	91%			10%	9%
Talking Poles	100%	100%				
Te Waihou Walkway	100%	100%				
Tokoroa Airfield	50%	70%			50%	30%
Tokoroa Council of Social Services	85%	89%			15%	11%
Waste - Landfills and Refuse Disposal	20%	12%			80%	88%
Waste - Litter Collection	100%	100%				
Waste - Refuse Collection			50%	65%	50%	35%
Waste - Recycling			100%	97%		3%
Wastewater			100%	99%		1%
Water Supply			100%	98%		2%

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.

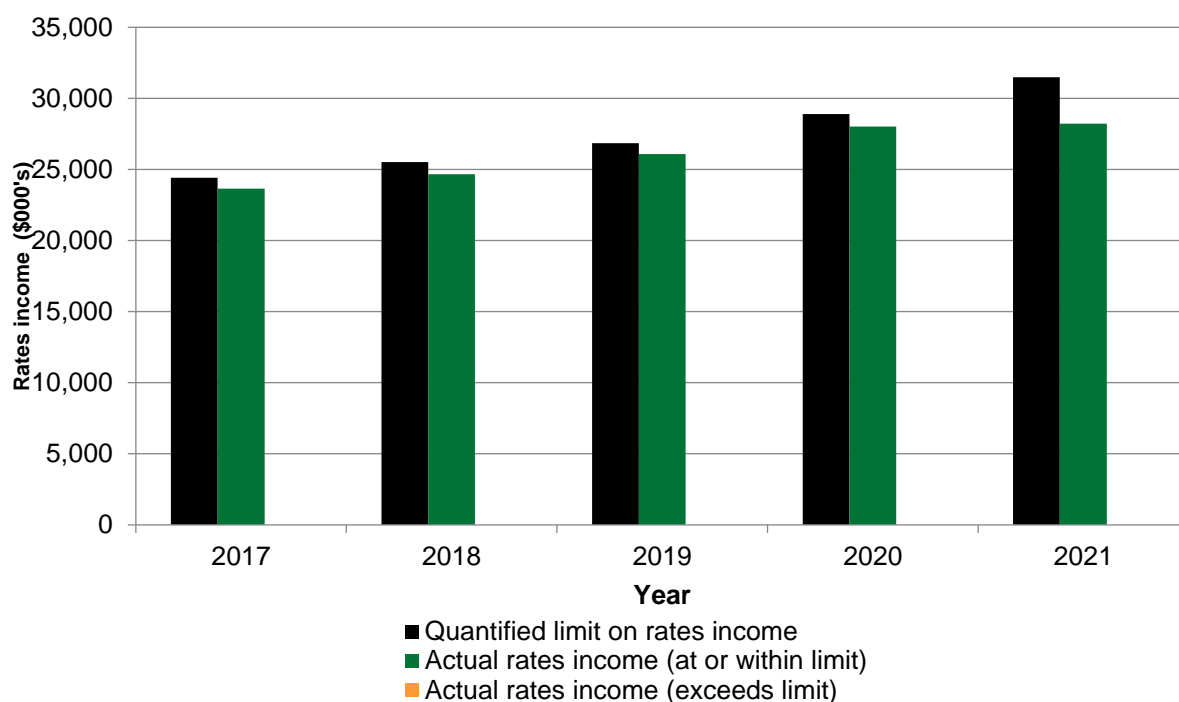
Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if:

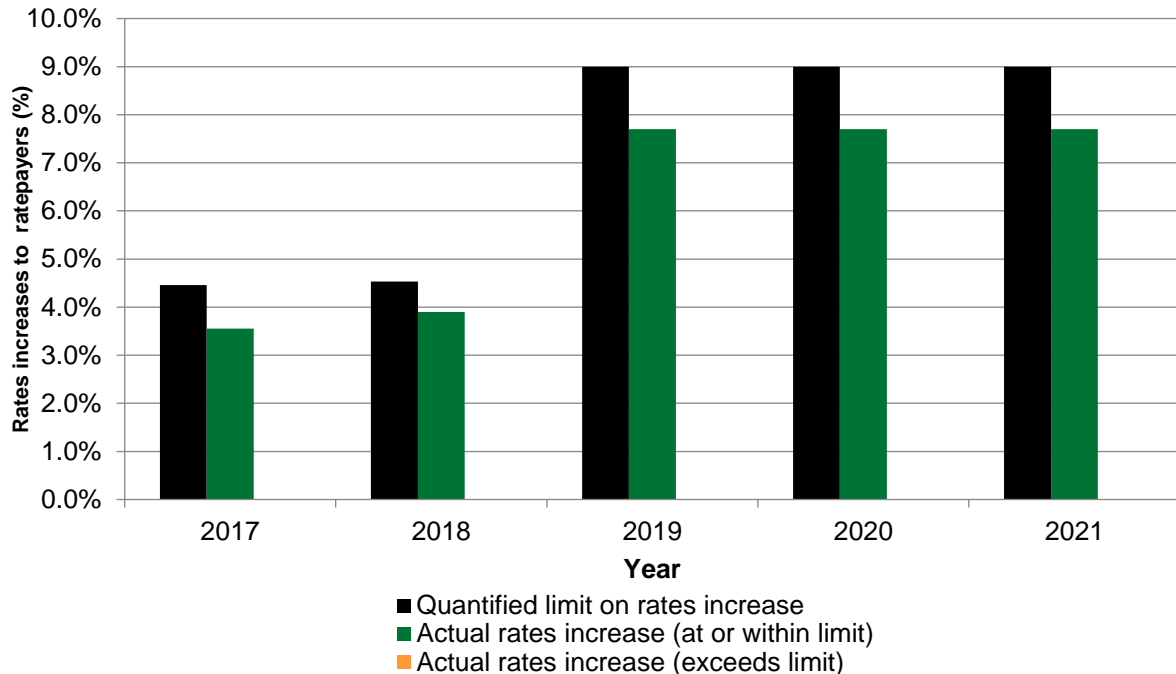
- its actual rates income equals or is less than each quantified limit on rates, and
- its actual rates increase equal or are less than each quantified limit on rates increases

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.



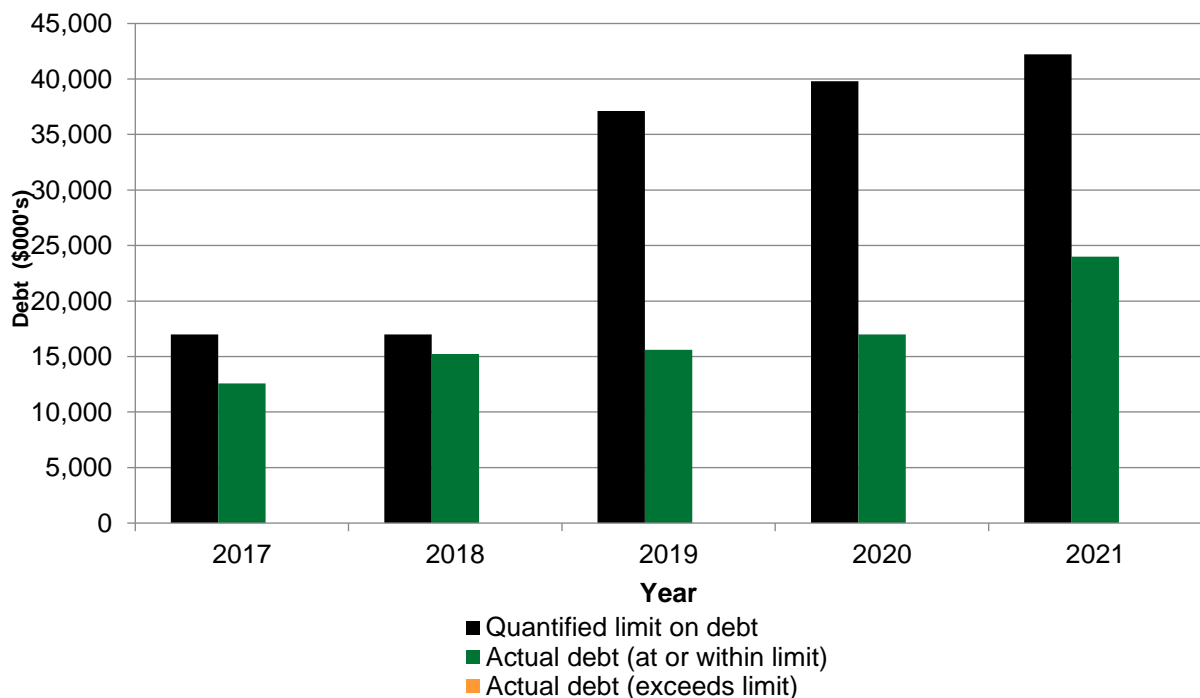
## RATES (INCREASES) AFFORDABILITY

The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long Term Plan. The quantified limit on rates increases will be no more than 9%.



## DEBT AFFORDABILITY BENCHMARK

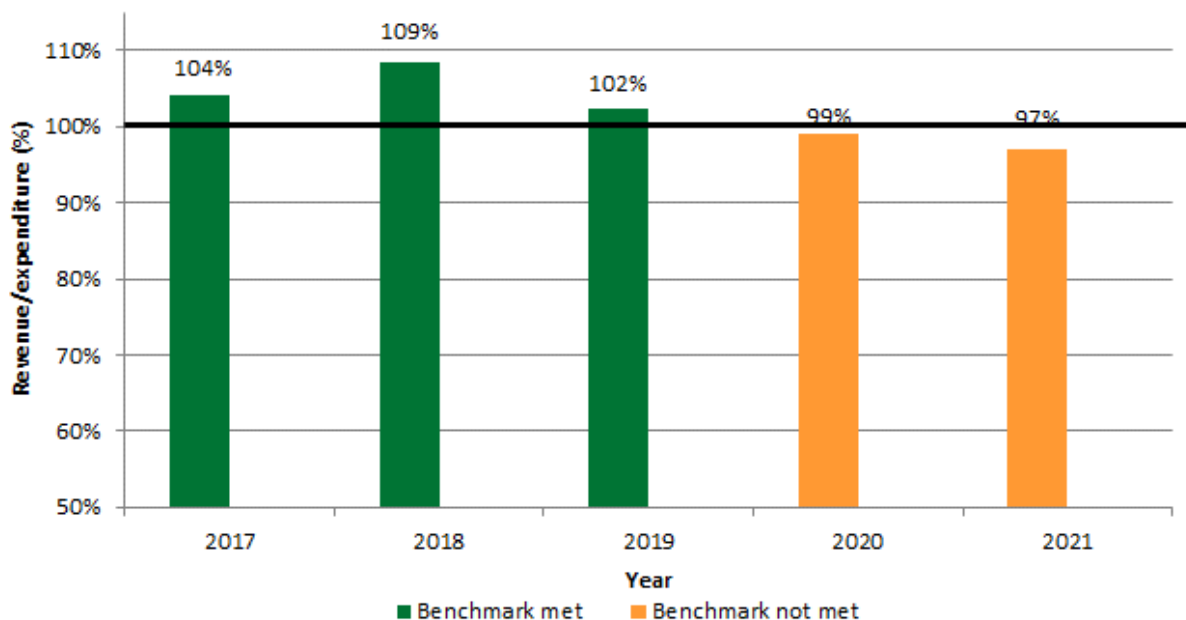
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's Long Term Plan.





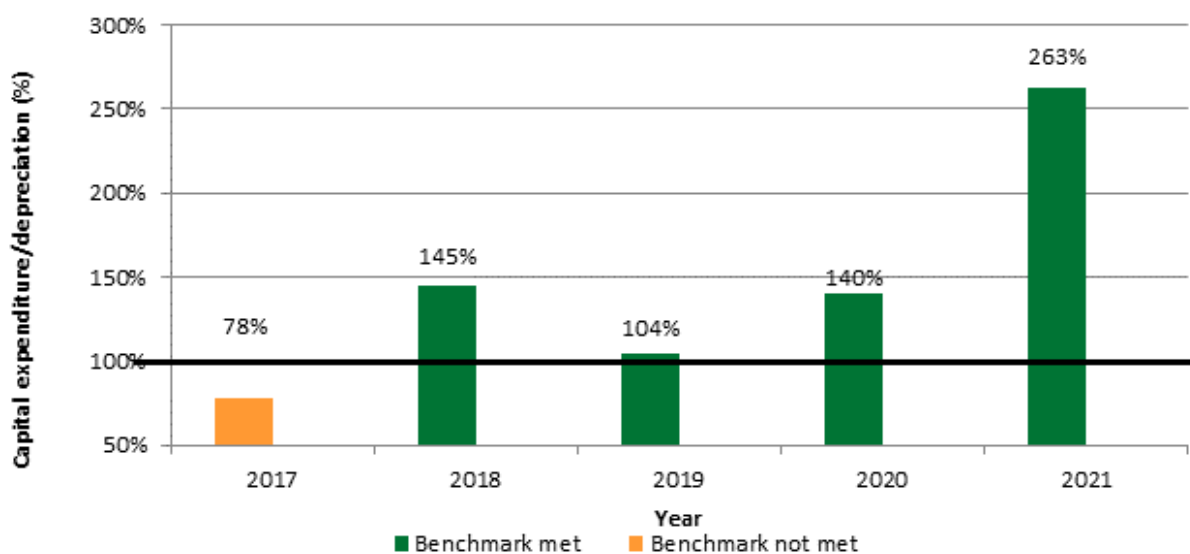
## BALANCED BUDGET BENCHMARK

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.



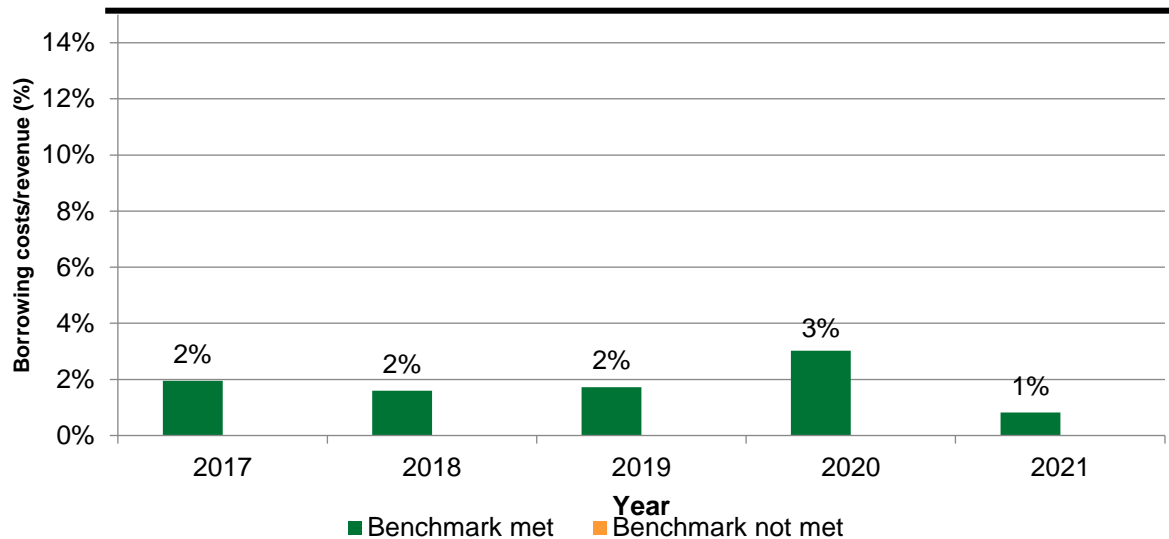
## ESSENTIAL SERVICES BENCHMARK

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.



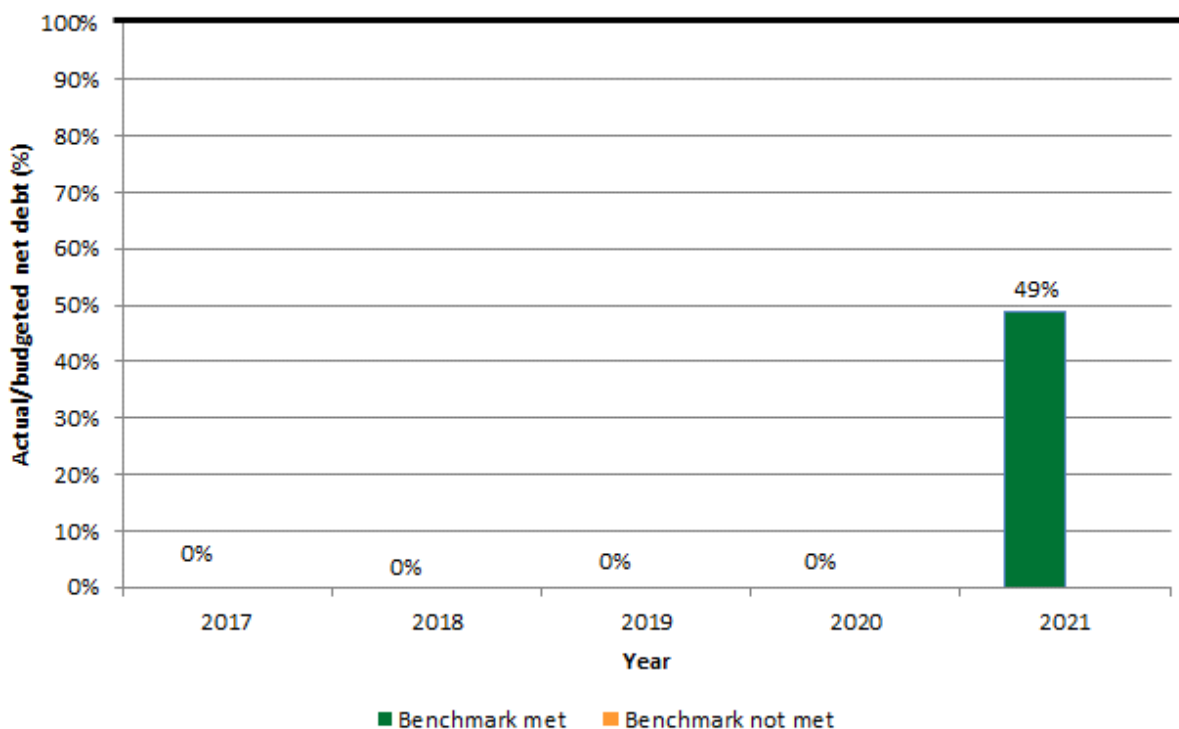
## DEBT SERVICING BENCHMARK

The following graph displays 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 and equipment). Council meets this benchmark if its borrowing costs equal or are less than 15% of revenue.



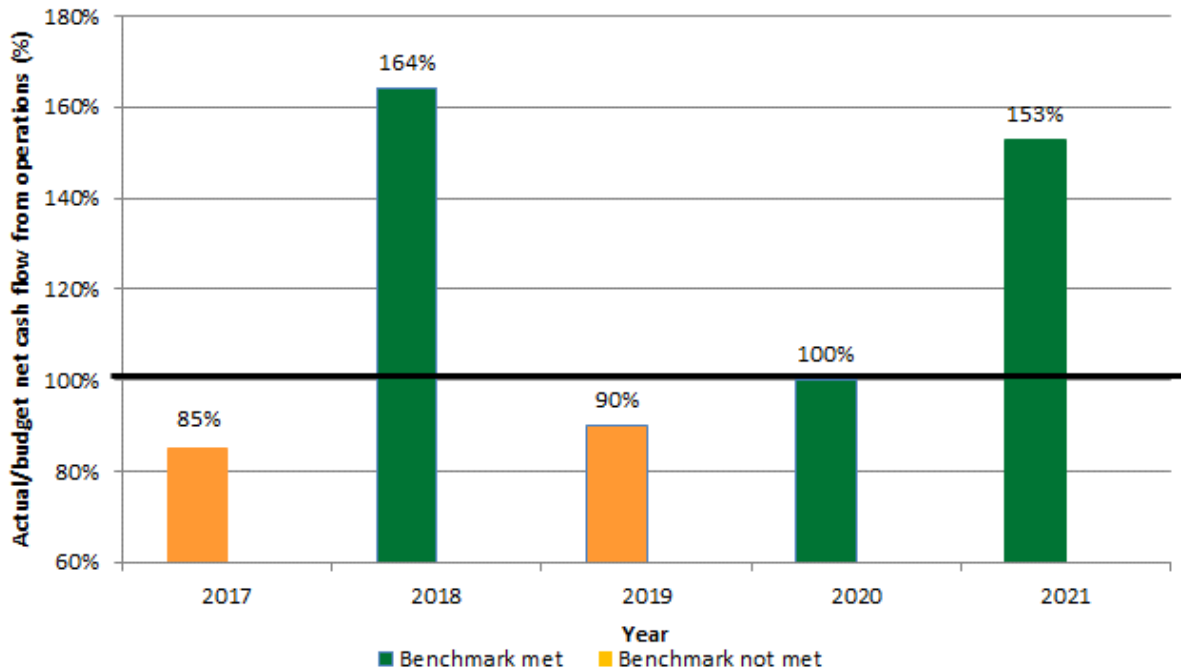
## DEBT CONTROL BENCHMARK

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.





This activity helps embrace and deliver growth. The roading activity contributes to economic growth by providing efficient, safe and secure transport links for our community and between customers and suppliers.

The transport and roading activity is an important part in the daily lives of our community. It allows people to travel to work, school or play by car, bicycle, foot or mobility scooter. It also allows for the efficient, reliable and safe transportation of goods and services which is important for our business's prosperity.

It provides an essential linkage to support growth and productivity through access to markets, employment and business hubs. It supports the wellbeing of our residents and visitors to the district by providing access to social, health and educational opportunities.

It is customer fronting by providing efficient, reliable and safe access to reach key destinations and the other transport networks available to them.

Public transport continues to grow and is provided by the Urban Connector. A review of public transport across the district and region is underway and will be implemented in 2022.

## WHAT WE DO

The roading activity includes:

- Resealing
- Pavement rehabilitation
- Seal widening
- General maintenance
- Seal extension
- Road marking
- Traffic services (streetlighting and signage)
- Road safety
- Footpaths
- Drainage from roads

## DELIVERING ON OUR ANNUAL PLAN 2020-21

Highlights of the roading and transport group of activities include:

- The completion of approximately 37km (263,292m<sup>2</sup>) of resurfacing on existing sealed roads to improve skid resistance and increase the remaining life of the road. This included the completion of most of the sites not completed in 2020 due to the COVID-19 lockdown.
- The strengthening and rehabilitation of two sections of pavement on Mannering Street, and Rangipai Road. Together these two projects totalled 2.1km.

- An increased incidence of vehicles striking streetlights occurred during 2020-21. This together with some isolated pole renewals, plus the new lighting installation on Raukawa Way made up the street lighting programme of work for 2020-21.
- The flood damage repair of the eastern approach to Little Waipa Bridge on Arapuni Road was also completed during the year. Flooding during mid-April 2021 caused the bridge approach to wash out and put the bridge structure at risk of failure. A gravity retaining wall was constructed together with drainage improvements and scour protection.

## CAPITAL PROJECTS

Transport and roading	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Formation widening	349	360	378
Seal widening	154	80	53
Pavement rehabilitation	486	1,090	923
Drainage kerb and channel	123	160	-
Kerb and channel renewals	35	90	55
Christmas/feature Lighting	-	-	26
Maintenance chip seals and reseals	1,304	1,100	688
Traffic services renewals-signs	93	115	65
Traffic services renewals-street lights	97	140	139
Minor improvements	236	330	274
Footpath renewals	55	80	26
Leith Place	1,049	-	1,505
Minor Events	274	-	-
Dumfries Link Road	468	-	-
Sundry other	38	-	-
<b>Total</b>	<b>4,761</b>	<b>3,545</b>	<b>4,132</b>

## KEY PERFORMANCE INDICATORS

TRANSPORT AND ROADING KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
<b>Reseal:</b> No more than 15% of the district's sealed transport network will exceed its useful life.	Achieved	Achieved	The percentage of sealed surface by area that has exceeded its useful life was 2% as at 30 June 2021. This is a small improvement on the 3% reported in 19/20. The Useful Lives were taken from the field assessment undertaken by an independent consultant in 2019, modified by works sealed since then. Seals still showing as overdue are checked each year and prioritised for resurfacing based on condition.
<b>Rehab:</b> The smooth travel exposure shall be at least 70% of NZTA target for roughness.	Achieved	Achieved	The roughness of District roads was measured in July 2020. The smooth travel exposure was measured at 90% compared to 94% in both 18/19 and 19/20. This means that 90% of all travel was undertaken on what are considered "smooth" roads.
<b>Road Safety:</b> There are no fatalities or serious injury crashes on the local transport network that are directly contributable to road conditions.	Achieved	Not Achieved	There were no fatal crashes and 17 serious injury accidents reported on District roads during 2020/21. One report listed "Lost Control – road conditions" as a contributing factor.
<b>Capital Footpath Renewals:</b> An annual audit of 10% of the footpath network will be undertaken. 90% of the footpath network should have a displacement of less than 15mm.	Achieved	Achieved	The annual audit undertaken in June 2021 indicated less than 1.5% of the footpath network had a displacement of 15mm or more. The audit was undertaken on a random sample of 10% of the footpath network. Results: 2020-21 – 98.56%
<b>Maintenance:</b> That Council will respond to 90% of all urgent service requests within 2 working days of notice.	Achieved	Achieved	Council received 17 urgent service requests and 100% were responded to on time.
<b>Maintenance:</b> That Council will respond to 90% of all non-urgent service requests within 10 working days of notice.	Achieved	Achieved	Council received 719 non-urgent service requests and 688 were responded to on time. End result: 96%

## FUNDING IMPACT STATEMENT – TRANSPORT AND ROADING

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	5,025	5,099	4,621
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,873	1,875	2,456
Fees and charges	85	87	30
Interest and dividends from investments	-	-	107
Internal charges and overheads recovered	1,072	1,084	-
Local authorities fuel tax, fines, infringement fees, and other receipts	158	162	203
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>8,213</b>	<b>8,307</b>	<b>7,417</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	3,732	3,864	3,913
Finance costs	204	191	33
Internal charges and overheads applied	2,307	2,383	1,306
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>6,243</b>	<b>6,438</b>	<b>5,252</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>1,970</b>	<b>1,869</b>	<b>2,165</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	2,299	2,440	1,762
Development and financial contributions	-	-	82
Increase (decrease) in debt	(388)	(284)	691
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>1,911</b>	<b>2,156</b>	<b>2,535</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	172	181	1,665
- to replace existing assets	3,502	3,820	3,096
Increase (decrease) in reserves	79	(102)	24
Increase (decrease) in investments	128	126	(85)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>3,881</b>	<b>4,025</b>	<b>4,700</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(1,970)</b>	<b>(1,869)</b>	<b>(2,165)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



The water supply activity contributes to growth and resilience: this activity is an essential contribution to economic growth and increased quality of life. An inevitable consequence of urban growth is an increased demand for water supply. Council will continue to assess the need for service extensions to areas of growth, and is committed to providing a secure, safe, and high-quality water supply to all urban residents. It understands the importance of its obligations and role in facilitating and managing the supply of water from its source to the customer, to ensure the protection of public health and wellbeing.

Council maintains and operates a safe and reliable source of water via four urban and two rural drinking water supply networks, totalling 228km of reticulation pipeline, and six treatment plants. Most of the water is taken from underground sources, which are of high quality. Some of Putāruru's water is sourced from the Blue Spring, which is bottled by three water bottling companies and sold internationally.

The Athol water supply is sourced from Oji Fibre Solutions network and connected into the local Council supply network. The water supply systems are maintained and operated by Council staff. Capital works may be carried out internally or contracted out based on the scale and nature of the work and the relative efficiencies obtained by tendering out. The network has an estimated replacement value of \$65.6m, almost half of which is pipe reticulation (\$36m).

The Tokoroa water supply is sourced by two bores in Elizabeth Park. The water is pumped to the reservoir (headworks) on the corner of Billah Street and May Street. The water is treated with chlorine, lime (which corrects the PH), fluoride and ultraviolet light before it is pumped up to Colson Hill reservoirs. The water from the bore is an average of nine years old.

The Putāruru water supply is sourced from two locations. Glenshea Park has two bores and this water is treated with chlorine, micro filtration and UV disinfection. The other supply is from the Waihou Spring (Blue Spring). This water is treated by ultraviolet light and passes through a micro filter and is chlorinated prior to being pumped to two reservoirs at Pinedale, before it gravitates to town. Tīrau's water is supplied from a spring on the banks of the Oraka River. The water is pumped to two reservoirs at the top of Fairview Street. It is treated with chlorine and ultraviolet light and passes through a micro filter.

The Arapuni water supply is sourced from two bores at the southern end of town. It is then pumped into two reservoirs in Pioneer Street and is treated with chlorine and ultraviolet light and passes through a micro filter. Lichfield water comes from a single bore in Ngātira Road, supplies 18 properties and is treated with chlorine, micro filters and ultraviolet treatment.



## WHAT WE DO

- Supply potable (drinkable) water to the urban areas of Tokoroa, Putāruru, Tīrau, 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

## DELIVERING ON OUR ANNUAL PLAN 2020-21

- The adoption of a revised water supply bylaw
- The adoption of revised water safety plans
- Installation of permanent chlorination of the Te Waihou water supply
- Completion of watermain renewals in Tokoroa and Tīrau
- Awarding the contract for upgrade works to the Putāruru (Glenshea Park) water supply

Considerable effort was made in 2020 – 21 to undertake the investigation and design of the proposed upgrades to the Putāruru water supply, in particular to meet growth forecasts. As a result of this, multiple programmes have been included in the 2021 – 31 Long Term Plan.

## CAPITAL PROJECTS

Water supply	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Health & Safety	21	30	18
District - Telemetry	139	-	-
Tokoroa - reticulation replacements	695	390	313
Tokoroa - capital component of maintenance	11	14	24
Tokoroa - water plant & equipment replacement	7	15	56
Putāruru - reticulation replacements	39	58	35
Putāruru - capital component of maintenance	22	14	3
Putāruru - Zone DP change Infrastructure requirements	184	-	81
Waihou Chlorine Disinfection & Te Waihou Screen	71	-	29
Pinedale Reservoir	12	-	45
Putāruru Drinking Disinfection	-	-	3
Putāruru Water - Design Water Supply Upgrades	70	868	4
Putāruru Reservoir St Upgrades	24	1	-
Putaruru - Telemetry Dataloggers	4	-	-
Tīrau - capital component of maintenance	6	14	6
Tīrau - Fairview Development Water Pipe Replacement	86	-	75
Tīrau - Water Plant and Equipment Replacement	7	15	-
Tīrau - Reticulation replacements	82	37	-
Arapuni - Water Plant and Equipment Replacement	8	6	-
Arapuni - reticulation renewal	12	26	11
<b>Total</b>	<b>1,500</b>	<b>1,488</b>	<b>703</b>

## KEY PERFORMANCE INDICATORS

<b>WATER SUPPLY KPIs Drinking water treatment and distribution</b>	<b>2019-2020 Level Achieved</b>	<b>2020-2021 Level Achieved</b>	<b>Comments</b>
All unsecure water sources, will have their water treated as prescribed in part 5 of the drinking-water standards to treat protozoa.	Achieved	Achieved	All water supplies comply with Part 5 of the Drinking Water Standards by having ultra-violet light treatment.
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.	Achieved	Achieved	99% compliance was achieved. All sampling is reported to the Ministry of Health as required by the Drinking Water Standards.
The median response times for call-outs in response to a fault or interruption to the water reticulation system does not exceed one hour of notice.	Achieved	Achieved	The median response time was as follows: 2019/20 = 47 minutes 2020/21 = 35 minutes
The total number of complaints received by Council about water supply issues (including clarity, taste, odour, water pressure/flow and continuity of supply) does not exceed one complaint per 1000 connections to Council's water supply system.	Achieved	Achieved	Council received 1 complaint which may have affected 19 properties in Putāruru during the 2020/21 reporting period. This was investigated and the water was compliant with the Drinking Water Standards.
The water loss from Council's reticulation network will be no more than 20%.	Achieved	Achieved	The water loss within the district was achieved: 2019/20 = 3.4% 2020/21 = 3.5%
The average amount of water consumed per resident per day is 500 litres.	Not Achieved	Not Achieved	The average amount of water used per person per day was as follows: 2019/20 = 362 litres 2020/21 = 403 litres
Water (Network reliability): 90% of disruptions to Council's urban water supply network will be remedied within twelve hours of notice.	Achieved	Achieved	The median time to remedy supply was as follows: 2019/20 = 31 minutes 2020/21 = 1 hour 11 minutes

## FUNDING IMPACT STATEMENT – WATER SUPPLY

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,964	3,115	2,996
Subsidies and grants for operating purposes	-	-	-
Fees and charges	381	389	390
Interest and dividends from investments			493
Internal charges and overheads recovered	2,810	2,857	696
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>6,155</b>	<b>6,361</b>	<b>4,575</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	1,351	1,400	1,845
Finance costs	46	49	3
Internal charges and overheads applied	3,671	3,758	762
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>5,068</b>	<b>5,207</b>	<b>2,610</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>1,087</b>	<b>1,154</b>	<b>1,965</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	33
Increase (decrease) in debt	83	(47)	183
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>83</b>	<b>(47)</b>	<b>216</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	96
- to improve the level of services	-	-	-
- to replace existing assets	736	679	1,404
Increase (decrease) in reserves	(599)	(666)	7
Increase (decrease) in investments	1,033	1,094	674
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>1,170</b>	<b>1,107</b>	<b>2,181</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(1,087)</b>	<b>(1,154)</b>	<b>(1,965)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



This activity helps embrace and deliver growth and build our resilience for the future. Reliable, safe and well-maintained wastewater (sewerage) systems are fundamental requirements for health and the general wellbeing of the community and the environment.

Council's reticulated wastewater collection, treatment and disposal systems serve the four urban areas of Tokoroa, Putāruru, Tīrau and Arapuni.

These four physically separate systems collectively comprise 167.1km of reticulation pipelines in sizes from 150mm to 450mm diameter, 18 pump stations, 3,190 manholes, and four treatment plants.

Pump stations have been installed within the reticulation networks for the purpose of pumping sewerage to higher levels to enable it to ultimately gravitate to the treatment plants.

Operation of the wastewater treatment plants is undertaken by Council wastewater staff with the discharge controlled by resource consents issued by the Regional Council. All council treatment plants discharge into either the Waikato catchment (Tokoroa and Arapuni) or the Waihou catchment (Putāruru and Tīrau). New consents have been applied for the discharge from each WWTP, and consents have been issued for both Tīrau and Putāruru WWTP's. A new consent for Tokoroa is expected to be issued by September 2021.

## WHAT WE DO

- 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 landfill
- Manage trade waste (industrial/commercial business) discharges

## DELIVERING ON OUR ANNUAL PLAN 2020-21

Council successfully operated and maintained the wastewater system throughout the year in compliance with the requirements of its resource consents. Highlights of the wastewater activity include:

- Tokoroa Sludge Upgrade including Digester – Construction has continued, however delays in obtaining some critical equipment have delayed completion until September 2021
- Tokoroa WWTP Equipment Replacement – upgrades to the inlet screens and trade waste reception facilities have progressed but due to contractor constraints, these have been delayed until the new year with completion expected in September 2021
- Tīrau Wetlands – this contract has now been awarded. Further discussions were required with Raukawa, which have resulted in modifications to the consent. Construction is now expected to commence in October 2021

- A new resource consent was issued for the Putāruru wastewater treatment plant for a period of 35 years. The first upgrades are scheduled for 2024-25 of the Long Term Plan 2021-31, with improvements to nitrogen removal
- Funding provided by the Department of Internal Affairs as part of the Three Waters Reform programme has enabled Council to bring forward planned nitrogen upgrades to the Tokoroa WWTP. A solution has been identified and equipment will be ordered, with completion required by 31 March 2022. This upgrade will enable Council to substantially improve the quality of the discharge approximately nine years before it will be required.

## CAPITAL PROJECTS

Wastewater	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Health & Safety	19	30	38
Wastewater Design to Support Growth Plan	177	-	59
Tokoroa - Plant & Equipment Upgrade	489	87	62
Tokoroa - Sludge Upgrade including Digester & Sludge Thickener	6,540	-	1,199
Tokoroa WWTP - Telemetry	-	-	33
Tokoroa WWTP - UV Lamps	44	50	36
Tokoroa WWTP - Resource consent	45	-	74
Tokoroa WWTP - De-nitrification	173	-	-
Putāruru WWTP - Plant & equipment upgrade	70	72	28
Putāruru filter pumps & UV	7	8	9
Putāruru Zone DP change Infrastructure Requirements	-	-	18
Putāruru Rangiura Development Wastewater	-	-	6
Putaruru - Overdale PS Storage	58	296	-
Putāruru - Wetlands	40	1,080	-
Putāruru - Grey PS flow upgrade	30	224	-
Putāruru - Arapuni Tīrau St WW pipe upgrade	12	1,392	-
Putāruru - Development contribution storage & flow upgrades	244	1,010	-
Putāruru - Development contribution Arapuni Tīrau St WW pipe upgrade	22	659	-
Tīrau - treatment plant auto start system	40	20	-
Tīrau - plant & equipment upgrade	21	21	44
Tīrau WWTP Membranes	23	35	26
Wetlands Tīrau	48	-	8
<b>Total</b>	<b>8,102</b>	<b>4,984</b>	<b>1,640</b>

## KEY PERFORMANCE INDICATORS

WASTEWATER KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
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.	Not Achieved	Not Achieved	Council received one formal warning regarding a pump failure at Baird Road pump station.
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	Council has not received any complaints during the 19/20 or 20/21 reporting period regarding the following: <ul style="list-style-type: none"> <li>• Odour</li> <li>• Faults</li> <li>• Blockages</li> <li>• Response times</li> </ul>
The median time to clear blockages or faults to Council's wastewater reticulation network will not exceed 24 hours from notification.	Achieved	Achieved	The median time to clear blockages was as follows: 2019/20 = 1 hour and 49 minutes 2020/21 = 2 hours and 47 minutes
The median response times for call-outs in response to a fault or interruption to Council's wastewater reticulation system does not exceed one hour of notice.	Achieved	Achieved	The median response time was as follows: 2019/20 = 10 minutes 2020/21 = 20 minutes
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	The number of overflows were as follows: 2019/20 = 22 2020/21 = 20

## FUNDING IMPACT STATEMENT – WASTEWATER

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	3,797	4,117	3,624
Subsidies and grants for operating purposes	-	-	-
Fees and charges	18	18	395
Interest and dividends from investments	-	-	810
Internal charges and overheads recovered	-	-	2,492
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>3,815</b>	<b>4,135</b>	<b>7,321</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	1,962	2,006	2,577
Finance costs	30	93	39
Internal charges and overheads applied	735	753	1,327
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>2,727</b>	<b>2,852</b>	<b>3,943</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>1,088</b>	<b>1,283</b>	<b>3,378</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	21
Increase (decrease) in debt	(17)	2,500	6,338
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>(17)</b>	<b>2,500</b>	<b>6,359</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	265
- to improve the level of services	40	20	6,806
- to replace existing assets	380	2,939	1,031
Increase (decrease) in reserves	(368)	(387)	1,333
Increase (decrease) in investments	1,019	1,211	302
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>1,071</b>	<b>3,783</b>	<b>9,737</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(1,088)</b>	<b>(1,283)</b>	<b>(3,378)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



This activity helps embrace and deliver growth and build our resilience for the future.

Council collects stormwater from roads, homes and business via stormwater pipes, open drains and channels, which discharge to surface water (streams or lakes).

It is Council's responsibility to ensure these stormwater pipes and structures, open drains and channels are able to cope with the amount of stormwater going through them and that the discharge has no environmental effects.

The provision of stormwater collection networks is vital to the needs and wellbeing of all who live in the district. They provide the means of safe, reliable and efficient disposal stormwater for all resident's homes, schools and businesses, 24 hours a day, 365 days a year in a manner that is safe for both human health and property.

## WHAT WE DO

- Managing stormwater runoff from the roading network
- Managing stormwater from land (ensuring that there are appropriate systems to deal with stormwater generated from existing activities happening on the land)
- Ensuring that there are appropriate systems in place to deal with stormwater generated from future developments
- Provide planning and building input controls to restrict building in high flood risk areas
- Provide planning and policy initiatives to minimise stormwater quality and quantity effects at the source



## DELIVERING ON OUR ANNUAL PLAN 2020-21

- The 2020-21 year was spent on investigating and designing several significant projects in Putāruru Mountbatten Place, Reservoir Street and Golf Street. These are complex projects that have required additional modelling and investigation work to develop solutions. The delivery of these projects is expected in the 2021-22 financial year
- A significant achievement was made in the awarding of a new 5-year stormwater maintenance contract

## CAPITAL PROJECTS

Stormwater	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Tokoroa - Minor New Works Projects	-	11	11
State Highway 1 Stormwater & Stormwater Design Plan	-	-	802
Stormwater Design Plan	162	-	92
Putāruru - Minor New Works Projects	-	-	18
Putāruru - Zone DP change Infrastructure Requirements	-	-	24
Putāruru - Rangiura Development	-	-	27
Putāruru - Upgrades	150	842	-
Tīrau - Minor New Works Projects & Hillcrest Stormwater	3	5	31
Tīrau - Upgrades	-	50	-
Arapuni - Minor New Works Projects	-	-	5
<b>Total</b>	<b>315</b>	<b>908</b>	<b>1,010</b>

## KEY PERFORMANCE INDICATORS

STORMWATER KPIS	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
<p>Council will have no more than one per 1,000 habitable dwellings flooded during a storm event*.</p> <p>*A storm event causes flooding to compliant rateable habitable dwellings due to exceeding the design capacity of the stormwater system.</p>	Achieved	Achieved	There are 7511 serviced residential properties within the district. During this reporting period there was one dwelling flooded during a storm event.
<p>The total number of complaints received does not exceed one complaint per 1,000 connections to Council's stormwater system. 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)</p>	Achieved	Achieved	During this reporting period there was one complaint regarding Council's stormwater system received in March 2021.
<p>The median response times for call-outs in response to a fault or interruption to Council's stormwater reticulation system does not exceed four hours of notice during a flood event. 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.</p>	Achieved	Achieved	The median response time to a fault or interruption during flood events was 31 minutes.
<p>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.</p>	Achieved	Achieved	There were no formal enforcement actions during this reporting period.

## FUNDING IMPACT STATEMENT – STORMWATER

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	843	815	526
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Interest and dividends from investments	-	-	712
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>843</b>	<b>815</b>	<b>1,238</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	251	157	368
Finance costs	5	7	-
Internal charges and overheads applied	158	165	153
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>414</b>	<b>329</b>	<b>521</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>429</b>	<b>486</b>	<b>717</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	72	(6)	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>72</b>	<b>(6)</b>	<b>-</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	-	92
- to replace existing assets	104	80	223
Increase (decrease) in reserves	(27)	(80)	395
Increase (decrease) in investments	424	480	7
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>501</b>	<b>480</b>	<b>717</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(429)</b>	<b>(486)</b>	<b>(717)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



This activity helps embrace and deliver growth and build our resilience for the future.

Council owns three closed landfills in Tokoroa, Putāruru and Tīrau, two transfer stations, one partially manned recycling drop off facility, along with recycling drop off facilities at the Tokoroa and Putāruru transfer stations. The resource consent for depositing waste at the Tokoroa landfill expired in October 2020, and the landfill was closed, and an intermediate cap placed over it in anticipation of the final cap being placed in the summer of 2021-22.

The South Waikato Achievement Trust withdrew from undertaking Council recycling processing part way through the year.

Kerbside collections of rubbish and recycling are undertaken by Envirowaste Limited under a 10 year contract. Envirowaste also operates both transfer stations in Putāruru and Tokoroa and undertakes processing of all recycling collected by Council (both kerbside and drop off sites).

## WHAT WE DO

Council provides rubbish and recycling services for the South Waikato District. The community requires a reliable and efficient waste and recycling service, where Council's ability to recycle is continuously reviewed. As part of providing this service, Council:

- operates refuse transfer stations in Tokoroa and Putāruru
- provides recycling 'drop off' facilities in Tokoroa, Putāruru and Tīrau
- collects household rubbish and recycling from urban areas
- provides rubbish bins in public places and undertakes litter collection services in urban areas

## DELIVERING ON OUR ANNUAL PLAN 2020-21

- The Tīrau recycling facility was relocated and the opening hours changed to three days per week. This has substantially reduced contamination rates
- The new Tokoroa transfer station was completed last year on time and under budget. This facility has been very well received by the community and is performing to a high standard
- The Tokoroa landfill was closed in accordance with its resource consent
- Council undertook a highly successful campaign to reduce contamination rates in our kerbside recycling
- Ongoing supply issues related to COVID-19 delayed the district wide wheelie bin rollout. This has been rescheduled to commence operation from 6 September 2021.

## CAPITAL PROJECTS

Solid waste and recycling	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Tokoroa - Recycling Facility	-	-	27
Tokoroa - Capital Component of Maintenance	2	20	-
Tokoroa - Landfill Projects	2,091	320	1,375
Putāruru - Capital Component of Maintenance	-	5	19
Tīrau - Recycling Station Relocation	2	-	7
District - Recycling containers & Upgrade Works	-	15	4
Wheelie Bins	350	-	-
<b>Total</b>	<b>2,445</b>	<b>360</b>	<b>1,432</b>

## KEY PERFORMANCE INDICATORS

SOLID WASTE AND RECYCLING KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
90% of enquiries and service requests relating to <u>recycling</u> collection are responded to within 2 working days of notice.	Achieved	Achieved	93% of service requests relating to recycling collection were responded to within 2 working days of notice.
90% of enquiries and service requests relating to <u>refuse</u> collection are responded to within 2 working days of notice.	Not Achieved	Achieved	98% of service requests relating to refuse collection were responded to within 2 working days of notice.
The amount of waste that is recycled must not be less than 10% of the residual waste* sent to landfill.	Achieved	Achieved	The percentage of residual waste recycled during this reporting period was 11%.
There will be no 'Formal Enforcement Actions' from the consenting Authority in regard to Council's compliance with resource consent conditions.	Achieved	Not Achieved	Council received a formal warning from WRC regarding the storage of biosolids on 30 July 2020. The biosolids have now been removed.
100% of enquiries and service requests relating to recycling collection are resolved within 3 working days of notice.	Achieved	Not Achieved	95% of recycling collection service requests were resolved within 3 working days. This was due to not being able to sign-off service requests and confusion over the deadline dates. The issue has now been resolved.
100% of enquiries and service requests relating to refuse collection are resolved within 3 working days of notice.	Achieved	Achieved	100% of service requests relating to refuse collection were resolved within 3 working days of notice.

## FUNDING IMPACT STATEMENT – SOLID WASTE AND RECYCLING

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	511	1,379	728
Targeted rates	835	923	1,197
Subsidies and grants for operating purposes	133	136	-
Fees and charges	1,645	1,682	1,764
Interest and dividends from investments	-	-	85
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	92	94	65
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>3,216</b>	<b>4,214</b>	<b>3,839</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	2,305	2,913	3,314
Finance costs	145	317	289
Internal charges and overheads applied	605	627	637
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>3,055</b>	<b>3,857</b>	<b>4,240</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>161</b>	<b>357</b>	<b>(401)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Increase (decrease) in debt	4,528	(270)	1,832
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>4,528</b>	<b>(270)</b>	<b>1,832</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	-	2,235
- to replace existing assets	4,994	378	210
Increase (decrease) in reserves	(336)	(512)	(300)
Increase (decrease) in investments	31	221	(714)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>4,689</b>	<b>87</b>	<b>1,431</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(161)</b>	<b>(357)</b>	<b>401</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



This activity helps embrace and deliver growth, and support and maintain quality relationships.

Our team oversees the operation, maintenance and development of the district's reserves, including urban parks, rural and esplanade reserves, cemeteries, playgrounds and sportsgrounds, which enables increased wellbeing for our community.

The maintenance of these areas is currently undertaken in one amalgamated open space maintenance contract, incorporating the Southern Open Spaces Contract, Northern Open Spaces and Cemeteries Contract, Sports Parks Contract and the Open Spaces and Urban Litter Control Contract.

Facilities within our reserves are also maintained under the open space maintenance contract other than toilet facilities that are maintained under Council's cleaning contract.

Our role sees us administer contracts, undertake contract on-site and health & safety auditing, issue interment warrants, programme work, plan for development and manage reserves and facilities condition and usage. Council provides a contact for users and administers the bookings for each of our parks and sportsgrounds.

Our team also manages trees located within reserves, urban road reserves and street berms. We are also involved in planning for and carrying out capital works as set out in the Long Term Plan and Annual Plans.

## WHAT WE DO

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.

- Manage approximately 280ha of urban and rural reserves, playgrounds, sportsgrounds and cemeteries
- Maintain cycleways and walkways
- Management of public toilets within reserves

## DELIVERING ON OUR ANNUAL PLAN 2020-21

From the 2020-21 plan, we were able to deliver on the following major projects:

- Replaced rugby / league goal posts at Glenshea Park
- Installed player shelters at Strathmore Park
- Walkway development in reserves
- Upgraded playground modules
- Developed and replenished gravel roads within reserves
- Burial and ash berm installation in cemeteries

- Installed a pedestrian / cycle bridge linking the Upper and Lower Tīrau Domain
- Installed a basketball court and carpark at the Tokoroa Skate Park
- Installed a carparking bay on Okoroire Street for the Okoroire-Prospect Reserve
- Installed park furniture, drinking fountains and bollards in reserves

## CAPITAL PROJECTS

Parks and Reserves	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Cemeteries	378	119	8
Sportsgrounds – Tokoroa War Memorial Sportsground	3	-	116
Sportsground - Replacement Sports Equipment	66	145	13
Skatepark Upgrade	105	30	23
Reserves - Walkway Development	254	665	104
Playground Equipment renewals	49	50	85
Other Parks and Reserves Projects	135	97	128
<b>Total</b>	<b>990</b>	<b>1,106</b>	<b>477</b>

## KEY PERFORMANCE INDICATORS

PARKS AND RESERVES KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
<b>Parks:</b> 90% of non-urgent enquiries and service requests relating to parks and reserves are responded to within ten working days of notice.	Achieved	Achieved	Council received 632 non-urgent enquiries and service requests, of these 629 were responded to on time. End result: 99%
<b>Parks:</b> 90% of urgent enquiries and service requests relating to parks and reserves are responded to within two working days of notice.	Achieved	Achieved	Council received 61 urgent enquiries and service requests, of these 60 were responded to within the required time frame. End result: 98%



## FUNDING IMPACT STATEMENT – PARKS AND RESERVES

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	3,645	3,826	3,875
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	182	186	188
Interest and dividends from investments	-	-	36
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>3,827</b>	<b>4,012</b>	<b>4,099</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	2,367	2,447	2,455
Finance costs	120	143	20
Internal charges and overheads applied	863	892	999
Other operating funding applications	19	19	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>3,369</b>	<b>3,501</b>	<b>3,474</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>458</b>	<b>511</b>	<b>625</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	23	24	51
Increase (decrease) in debt	214	613	463
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>237</b>	<b>637</b>	<b>514</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	-	567
- to replace existing assets	582	913	423
Increase (decrease) in reserves	(345)	(597)	(38)
Increase (decrease) in investments	458	832	187
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>695</b>	<b>1,148</b>	<b>1,139</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(458)</b>	<b>(511)</b>	<b>(625)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



This activity helps build relationships with our communities through ensuring that the properties that Council have are suitable to build our communities wellbeing.

Council owns and manages a number of properties in the district which includes 84 pensioner units, seven community halls, the Plaza Theatre and the Bridge Club in Putāruru, Council offices, libraries, public toilets as well as vacant and leased land.

In many cases Council provides these facilities as part of the service to the community such as the administration buildings and libraries.

A number of properties are under Council management due to historical reasons, such as pensioner housing. Other areas, such as community halls, have come under Council management over the years when these have passed from community into Council ownership or management.

## WHAT WE DO

The Property team manage and maintain all properties that are owned by Council including:

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

The Property team also undertake:

- Graffiti removal
- Lease administration

## DELIVERING ON OUR ANNUAL PLAN 2020-21

This year Council:

- Continued the outfitting of the Tokoroa Council Office with workstations and associated furniture
- Completed minor renovations within a number of pensioner homes
- Upgraded three CCTV camera sites, with the installation of dedicated 360° cameras
- Installed CCTV to the new Leith Place toilet blocks
- Upgraded security at the Tokoroa WWTP
- Replaced two compressors within the Tokoroa Council Office HVAC system
- Replaced the existing asset management system

## CAPITAL PROJECTS

Property	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Council Admin Buildings and Depots	115	295	324
Community Halls	1	6	4
Pensioner Housing	37	83	42
<b>Total</b>	<b>153</b>	<b>384</b>	<b>370</b>

## KEY PERFORMANCE INDICATORS

PROPERTY KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
<b>Public Toilets:</b> 90% of enquiries and service requests relating to public toilets are responded to within two working days of notice.	Achieved	Achieved	Council received 151 enquiries. All requests were responded to within the required time frame. End result: 100%
<b>Public Toilets:</b> 90% of enquiries and service requests relating to public toilets are resolved within three working days of notice.	Achieved	Achieved	Council received 151 enquiries. All requests were resolved within the required time frame. End result: 100%
<b>Pensioner Housing:</b> The occupancy of Council's pensioner housing units is at least 95% on an annual basis.	Not Achieved	Achieved	The occupancy of Council's pensioner housing units was 97%

## FUNDING IMPACT STATEMENT – PROPERTY

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	859	795	848
Targeted rates	48	49	54
Subsidies and grants for operating purposes	-	-	-
Fees and charges	484	496	579
Interest and dividends from investments	-	-	4
Internal charges and overheads recovered	-	-	572
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>1,391</b>	<b>1,340</b>	<b>2,057</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	551	568	950
Finance costs	90	84	40
Internal charges and overheads applied	432	451	334
Other operating funding applications	1	1	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,074</b>	<b>1,104</b>	<b>1,324</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>317</b>	<b>236</b>	<b>733</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(113)	(119)	(322)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>(113)</b>	<b>(119)</b>	<b>(322)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	-	-
- to replace existing assets	306	601	153
Increase (decrease) in reserves	(76)	(79)	(23)
Increase (decrease) in investments	(26)	(405)	281
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>204</b>	<b>117</b>	<b>411</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(317)</b>	<b>(236)</b>	<b>(733)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



This activity helps embrace and deliver growth and support and maintain quality relationships.

The South Waikato Sport and Events Centre and the district pools are recreational facilities that are managed by Council to contribute to the wellbeing of our community by encouraging residents to be active, and to engage with the community and improve the image and perception of the district.

The district libraries provide a wide range of professional library services to meet the recreational, reading and information needs of the community. These include diverse physical and digital collections, educational, recreational and junior programmes, free Wi-Fi and internet, digital support, photocopying, printing and scanning, readers' advisory, celebrations and events, housebound and outreach services, Justice of the Peace clinics and meeting and display space. Library services are delivered from three sites across the district in Tokoroa, Putāruru and Tirau, and via outreach into schools, early childhood centres and rest homes.

Council also owns The Plaza in Putāruru and maintains the building so that the South Waikato Arts Trust are able to provide activities and events for our community.

The Tirau i-SITE provides quality, expert local and non-local information for visitors to the district. The i-SITE promotes local attractions, activities and businesses to visitors, provides booking services for tourism products and national transport carriers, and is Qualmark rated. The i-SITE service has been enhanced to include the provision of full Council customer services, and a full library service. The i-SITE houses a small selection of library collections and provides free internet and Wi-Fi, digital support, photocopying, printing and scanning, and programmes and events

## WHAT WE DO

Council manages several facilities on behalf the community to provide residents with access to facilities which contribute to their health, social and cultural wellbeing. Council regularly assess the access and utility of facilities to ensure that they align with the needs of the community.

- The South Waikato Sport and Events Centre
- The South Waikato Heated Indoor Pools in Tokoroa and outdoor pools in Putāruru and Tirau
- Tokoroa and Putāruru Libraries
- Community halls
- Tirau I-SITE
- The South Waikato Performing Arts Centre (The Plaza)

## DELIVERING ON OUR ANNUAL PLAN 2020-21

- Plant and equipment upgrades for the South Waikato Heated Indoor Pools
- Replaced the existing admissions system and lockers at the South Waikato Heated Indoor Pools
- Upgraded and replaced plant at the outdoor pools in Putāruru and Tirau
- Purchased Chromebooks for the code club activity of the district libraries
- Ongoing acquisitions for the district libraries collections
- Plant and technology upgrades at the South Waikato Sport and Events Centre

## CAPITAL PROJECTS

Community Facilities	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Events Centre - Plant Replacement & Exterior Waterproofing	8	50	-
Libraries	119	131	144
Pole Installation	5	10	40
Pools Plant Replacement	149	245	52
<b>Total</b>	<b>281</b>	<b>436</b>	<b>236</b>

## KEY PERFORMANCE INDICATORS

COMMUNITY FACILITIES KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
<b>South Waikato Sport and Events Centre:</b> South Waikato Sport and Events Centre users rate their overall satisfaction level at an average of 90% or above annually.	Achieved	Achieved	Overall satisfaction for 2020-2021 was 93%
<b>South Waikato Sport and Events Centre:</b> Annual usage of the South Waikato Sport and Events Centre will equate to an average of at least twice the district's population.	Achieved	Achieved	There were 70,541 visits to the SW Events Centre. This equates to an average of 3.1 visits.
<b>Swimming Pools:</b> South Waikato pool facility users (Tokoroa, Putāruru, Tīrau) rate their overall satisfaction level at an average of at least 90% or above annually.	Not Achieved	Not Achieved	Overall satisfaction for 2020-2021 was 83%
<b>Swimming Pools:</b> Annual usage of the South Waikato pool facilities will equate to an average of at least four times the district's population.	Not Achieved	Achieved	There were 90,563 visits to the Swimming Pools, an average of 4.1 visits.
<b>Swimming Pools:</b> 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	6,248 tests were undertaken at the pools in 2020-2021. 97% (6,083) of these tests were compliant.
<b>Libraries:</b> South Waikato Library services customers (Tokoroa, Putāruru and Tīrau) rate their overall satisfaction level at an average of 95% or above annually.	Achieved	Achieved	Overall satisfaction for 2020-2021 was 97%
<b>Libraries:</b> Annual visits to the South Waikato library facilities will equate to an average of at least 6.5 times the districts population 2019/20.	Not Achieved	Not Achieved	There were 113,567 visits to the SW library facilities. This equates to an average of 5.1 visits.
<b>Libraries:</b> Ten or more community groups engage with the district libraries each month.	Achieved	Achieved	The annual target for engagement with community groups was 120 groups or over. 318 groups made contact with the libraries over the year.
<b>Libraries:</b> Customer engagement with online library services and library promotional activities on Council's social media site(s), receive a minimum of 1,000 visits/hits per month or 12,000 visits/hits annually.	Achieved	Achieved	There were 22,475 online visits/hits for the year.

## FUNDING IMPACT STATEMENT – COMMUNITY FACILITIES

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	3,370	3,607	3,163
Targeted rates	-	-	-
Subsidies and grants for operating purposes	12	13	-
Fees and charges	387	395	409
Interest and dividends from investments	-	-	99
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>3,769</b>	<b>4,015</b>	<b>3,671</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	2,026	1,998	1,916
Finance costs	184	284	29
Internal charges and overheads applied	1,091	1,128	986
Other operating funding applications	-	-	-
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>3,301</b>	<b>3,410</b>	<b>2,931</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>468</b>	<b>605</b>	<b>740</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	2
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,496	(119)	(125)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>2,496</b>	<b>(119)</b>	<b>(123)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	-	-
- to replace existing assets	2,937	471	281
Increase (decrease) in reserves	(204)	(363)	29
Increase (decrease) in investments	231	378	307
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>2,964</b>	<b>486</b>	<b>617</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(468)</b>	<b>(605)</b>	<b>(740)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>





This activity helps embrace and deliver growth, build our resilience for the future and support and maintain quality relationships.

The community and economic development work that Council undertakes is important because it helps build community cohesion by encouraging community pride and supporting our community groups. As identified in the Council Strategy, encouraging economic development is seen to be a very important role for Council so that we can create new jobs for our residents and help to slow the rate of population decline.

## WHAT WE DO

- Facilitate economic development
- Provide community grants
- Support youth initiatives
- Promote our central business districts
- Organise community events to help foster community pride
- Promote the district to those who live and work outside the South Waikato
- Undertake joint ventures with government agencies
- Support skills training and business development
- Advocate for (and with) South Waikato communities
- Advocate to Government
- Support community groups and help with capacity building

## DELIVERING ON OUR ANNUAL PLAN 2020-21

Council delivered economic and community development activities, often in partnership with our communities, across the district.

- Warm homes clean air programme and funding clean heating upgrades to improve air quality in the district
- Delivering three new bus shelters for Tokoroa
- Two new Talking Poles associated with Raukawa were commissioned and are almost complete. These will be added to the Talking Pole Forest in Leith Place.
- Delivering community events such as ANZAC Day for Tokoroa, Putāruru and Tīrau
- Supporting the delivery of numerous community events such as the Putāruru Water Festival and Take a Kid Fishing

- Co-leading the delivery of various community events such as the Festival of Cultures and Waitangi Day celebrations
- Supporting the delivery of the concept Plans for Tokoroa, Tīrau and Arapuni
- Advocacy with central government helped secure \$11.54m in grant funding for projects within the South Waikato, including the development of a new Trades Training Centre
- Supported the establishment of the Central North Island Wood Council and the Generation Programme, proving an employment pathway into the forestry sector
- Collaborating with Kāinga Ora and the Ministry of Housing and Urban Development on the delivery of new social housing within the district
- Established the Spend Local campaign, and hosted two Mayoral Breakfasts and three business breakfasts to support local business to recover from the effects of COVID-19
- Launched the new LIVE campaign through our district marketing platform, [www.swnz.co.nz](http://www.swnz.co.nz)
- Worked with the Mayors Taskforce for Jobs and the Ministry for Social Development to secure \$250,000 funding to start the WORKit programme in the district, to support young people into employment and training. \$500,000 funding has been secured for the 2021 - 22 financial year
- Engaging with developers to expedite the growth in new market housing throughout the district

## CAPITAL PROJECTS

Economic and community development	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
District Branding - signs	56	15	-
CCTV/Security Cameras	60	130	-
Tirau Wifi	25	55	-
Strategic Property Projects	174	300	1
<b>Total</b>	<b>315</b>	<b>500</b>	<b>1</b>

## KEY PERFORMANCE INDICATORS

COMMUNITY DEVELOPMENT KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
Facilitate ten or more events per year, with no less than two key stakeholders supporting or partnering with Council to hold each event.	Achieved	Achieved	The Strategy and Engagement team exceeded the number of events where there were a minimum of 2 key stakeholders supporting the event. Events included Matariki, Anzac, Festival of Cultures, Putāruru Water, Bay of Plenty Carnival, Māori and Pacifica Entrepreneurship, Youth event, Forestland Wheelers, Armistice Day to name a few. Highlight events for the year were the very successful Late Night Madness market, take a kid fishing and the Christmas Event.
Engage with, support or facilitate 10 interagency collaboration meetings in the social, education, health, youth and aged care areas annually.	Achieved	Achieved	Exceeded in the engagement, support and facilitation with Council's interagency collaborations with a minimum of 50 meetings that were either supported or facilitated.
90% of the key performance indicators within community contracts are satisfactorily met by individual contract holders annually.	Achieved	Achieved	Satisfaction within community contracts key performance indicators was 97%.
At least 80% of the customers, who engaged with our frontline customer services team, indicated that they received courteous and respectful service.	Achieved	Achieved	Overall satisfaction was 95%.

## FUNDING IMPACT STATEMENT – ECONOMIC AND COMMUNITY DEVELOPMENT

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	2,614	2,678	2,722
Targeted rates	270	280	198
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6	7	171
Interest and dividends from investments	-	-	92
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>2,890</b>	<b>2,965</b>	<b>3,183</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	630	644	1,043
Finance costs	64	73	19
Internal charges and overheads applied	532	549	317
Other operating funding applications	1,479	1,501	1,213
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>2,705</b>	<b>2,767</b>	<b>2,592</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>185</b>	<b>198</b>	<b>591</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	147	137	(429)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>147</b>	<b>137</b>	<b>(429)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	52	216
- to replace existing assets	322	329	99
Increase (decrease) in reserves	(51)	(114)	41
Increase (decrease) in investments	61	68	(194)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>332</b>	<b>335</b>	<b>162</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(185)</b>	<b>(198)</b>	<b>(591)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



This activity group helps to embrace and deliver growth, build our resilience for the future, and supports and maintains quality relationships.

The planning team deliver proposed plan changes and subdivision consents to embrace and deliver growth opportunities.

The building team build resilience for the future by ensuring that consents are managed in accordance with the Building Act and Code. The environmental health and animal control teams work with premises and dog owners to minimise risk which improves community resilience.

Council's emergency response function and business case management function works with stakeholders across multiple disciplines by focussing on building relationships.

The Regulatory functions continue to meet legislative obligations to ensure a safe environment for our community.

#### WHAT WE DO

- **Building Control:** maintain Building Consent Authority accreditation to ensure building work completed is safe and complies with the requirements of legislation. Includes a duty building control officer service for guidance, and swimming pool inspections and compliance
- **Environmental Health, Food Premise Auditing and Sale and Supply of Alcohol:** provide health and licencing services and provide general protection to public health and safety by ensuring legislative requirements are met (e.g. food premises and motels). A 24/7 noise complaint service is provided by external contractors
- **Animal Control and Compliance:** Council is required to have a service that is responsible for keeping dog registration records and provide officers that are charged with keeping control of animals within their district. Our team works within our community 24/7 to promote and regulate responsible dog ownership and welfare of dogs. We provide a dog and stock pound facility, rehoming and desexing programme, and microchipping service to ensure that animals, predominantly dogs, do not become a nuisance to the community. Minimal parking compliance and monitoring operates within the CBDs or as directed. General bylaw compliance matters are also managed on a reactive basis
- **Business Case Management:** potential business development projects that require involvement with one or more departments within Council's regulatory group are given support to make navigating through the regulatory processes seamless, while still ensuring that legislated requirements are met

- Resource Management: to promote the sustainable management of the district's natural and physical resources and process resource consents and provide environmental services in accordance with the Resource Management Act 1991. Council must provide for the regulation of the Resource Management Act by preparing, changing, monitoring and administering an operative District Plan to essentially manage the use, development, subdivision and protection of land and natural and physical resources (including heritage, cultural and archaeological sites) within the district. Processing of resource consents and monitoring of consented activities, complaint investigation, duty planner guidance and environmental enhancement programmes and projects help to promote sustainable management
- Emergency Management: Council is mandated to plan and provide for emergencies within the district. We provide a 24/7 response capability, education and awareness within the community and facilities training for staff and community partnering agencies to ensure that we are prepared for natural hazards and emergencies

## DELIVERING ON OUR ANNUAL PLAN 2020-21

- The Putāruru Zoning and Infrastructure Management District Plan changes were heard and determined successfully without appeal
- Together with Raukawa we continued to progress engagement with affected parties on Ngā Wāhi Tūturu, a proposed culturally significant District Plan change
- Completion of District Plan Effectiveness and Efficiency Report and Monitoring Strategy
- District Plan review programming commenced in collaboration with Raukawa
- Continued to engage through appeal to Waikato Regional Plan Change Healthy Rivers / Wai Ora
- Continued to enhance the relationship with the Mokaihaha Kokako Trust
- Completed proposed Compliance Strategy and Infringement Policy
- Reviewed the Solid Waste, Freedom Camping and Land Transportation bylaws and commenced a review of the Public Places Bylaw
- Dog pound upgrade to meet the Animal Welfare Codes
- Emergency management readiness improvements through the Emergency Service Group, staff training and exercises, community response planning, emergency attendance and tool purchases
- Ongoing agreements with the SPCA and PAWS
- Improved animal control and compliance team safety protocols and tools
- Continued COVID-19 resurgence planning
- Enhanced Local Welfare Committee with Raukawa as co-chair
- Implemented noise control contract
- Continued engagement and training through industry meetings and newsletters in the building and alcohol areas
- Enhanced training of District Licencing Committee members
- Initiated potentially earthquake prone building assessments
- Reviewed the stereo seizure and return procedure
- Commenced the gambling policy social impact assessment and policy review

## CAPITAL PROJECTS

Regulatory	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
Replace 13 portable radios	-	-	4
Dog Pound Upgrade	81	65	-
Generator at Events Centre	28	-	88
<b>Total</b>	<b>109</b>	<b>65</b>	<b>92</b>

## KEY PERFORMANCE INDICATORS

REGULATORY KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
<b>Animal Control:</b> That the *door to door programme be completed by the end of November every calendar year. *The door-to-door programme is defined as follows: dog registration fees are due annually by the 31 <sup>st</sup> July; dog owners are given further one month to pay the registration fee without incurring a penalty fee. Animal Compliance Officers are then required under the Dog Control Act to sight the dog to confirm it is with the owner at the same property before enforcing compliance either by seizing the dog for being unregistered or issuing a fine for failing to register.	Achieved	Achieved	The door to door programme was completed in November.
<b>Animal Control:</b> 100% of urgent requests are attended to within one hour on 24/7 basis.	Achieved	Achieved	There were 193 urgent requests received and 100% of these were responded to within one hour.
<b>Planning:</b> Planning input into Building Consent applications is completed within five working days of online registration.	Achieved	Achieved	Planning input within five working days was 100% completion. 491 of 491 Building Consent applications.
<b>Building Control:</b> Council will retain accreditation as a Building Consent Authority.	Achieved	Achieved	Accreditation retained.
<b>Building Control:</b> The building team will meet with builders and designers at least twice per annum.	Not Achieved	Achieved	The building team attended two meetings with stakeholders held on 24 and 25 March in Tokoroa & Putāruru.
<b>Building Control:</b> At least 95% of building consents are processed within statutory timelines (20 working days).	Achieved	Achieved	Council processed 517 building consents, 517 were processed on time. End result: 100%
<b>Civil Defence:</b> At least one South Waikato District Emergency Operations Centre or Managers exercise is held on an annual basis.	Achieved	Achieved	Three manager's exercise were held in February, April and May. They were a Third alarm exercise, Oji tabletop exercise and a tabletop exercise at function managers meeting.
<b>Civil Defence:</b> More than three training sessions/exercises are	Achieved	Achieved	6 training sessions were attended.

REGULATORY KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
attended within the Waikato Civil Defence Emergency Management Group.			
<b>Civil Defence:</b> Council staff will conduct 20 or more visits to local organisations to raise awareness of civil defence issues.	Not Achieved	Achieved	Council conducted 21 visits: Shakeout at Council, Shakeout at SWPIC, RST Speaker evening BBQ at Putāruru, LWC Tokoroa, Santa Parade Putāruru, Santa Parade Tokoroa, RST BBQ, RST BBQ, Water Festival in Putāruru, Festival of Cultures, Take a Kid Fishing, Grey Power, Lions Presentation, TBC Response Planning.
<b>Environmental Health:</b> 95% of premises registered pursuant to the Health Act 1956 will be inspected annually.	Achieved	Achieved	43/43 inspections were completed. End result: 100%
<b>Environmental Health:</b> 90% of premises registered under the Food Act 2014 will be verified in accordance with legislative requirement. <i>Please note the Food Act will be revoked in 2019 and a new measure will be determined at this time.</i>	Not Achieved	Not Achieved	64/82 verifications were completed within the required timeframes – Those completed outside the required timeframes were due to reasons out of staff control (cancellation/postponing verifications, premises not operating). End result: 78%
<b>Liquor Licencing:</b> 100% of premises that hold either on, off or club licences will be inspected annually.	Achieved	Achieved	49/49 inspections were completed. End result: 100%
<b>Liquor Licencing:</b> Three or more meetings per calendar year will be held with the South Waikato Liquor Accord group.	Not Achieved	Achieved	3/3 meetings were held.
<b>Resource management policy and monitoring, including environmental protection and monitoring:</b> At least 95% of non-notified consents are processed within statutory timelines (10, 20 or 40 working days).	Achieved	Achieved	Council processed 81 resource consents, 82 (98%) were processed on time.
<b>Resource Management Policy and monitoring, including environmental protection and monitoring:</b> 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 83 hours on monitoring land use.
<b>Business Case Management:</b> 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	There were 47 cases that required an integrated regulatory approach and 100% of these were contacted within 2 working days.



## FUNDING IMPACT STATEMENT - REGULATORY

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	2,886	2,956	3,019
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2	2	-
Fees and charges	1,334	1,364	1,528
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	71	72	60
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>4,293</b>	<b>4,394</b>	<b>4,607</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	2,756	2,839	2,553
Finance costs	22	16	3
Internal charges and overheads applied	1,325	1,361	1,648
Other operating funding applications	6	6	7
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>4,109</b>	<b>4,222</b>	<b>4,211</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>184</b>	<b>172</b>	<b>396</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(139)	(145)	(108)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>(139)</b>	<b>(145)</b>	<b>(108)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	-	-
- to replace existing assets	6	-	109
Increase (decrease) in reserves	(32)	(26)	(61)
Increase (decrease) in investments	71	53	240
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>45</b>	<b>27</b>	<b>288</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(184)</b>	<b>(172)</b>	<b>(396)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



This activity helps embrace and deliver growth, build resilience for the future and support and maintain quality relationships.

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.

To be able to provide services to our communities, Council needs buildings, vehicles, equipment and software to function effectively. Council also needs to ensure the wellbeing of community members and staff as they fulfil their functions. An Environmental Scan provides an overview of some of the local, regional, national and international factors that have an impact on Council's planning. The Governance and Corporate section integrate information from other sections in the Council to develop district wide plans.

#### 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 and business improvement).
- Organise local government elections
- Support elected members
- Support Council and Tirau Community Board meetings
- Engage effectively with our communities
- Develop Long Term Plans, Annual Plans and Annual Reports

## DELIVERING ON OUR ANNUAL PLAN 2020-21

Governance and Corporate aims to improve the way Council business is managed. The highlights for the group include:

- Increased levels of community engagement
- Upgrade and cloud migration of our document management system
- Cloud migration for Council staff email and intranet
- The implementation of Smartsheets to digitise and automate processes, including the Long Term Plan budget and consultation, project management framework and policy management
- Implementation of the Accounts Payable automation system
- The implementation of a new swimming pool management system
- Replacement of meeting and activity tables at the Tokoroa Library Provided new furniture to the Tīrau I-SITE (The Dog)
- Seven utility vehicles ordered for fleet replacement; however, COVID-19 delays means that they will be delayed until November 2021.
- Improving procurement process
- Review and update of the project framework and associated documents
- Review of the risk framework
- Support and advice for various council projects
- Health and safety improvements
- Business improvement through process mapping

## CAPITAL PROJECTS

Governance and Corporate	Actual Spend 2021 \$000	Budget Spend 2021 \$000	Actual Spend 2020 \$000
IT Expenditure & GIS Upgrades	426	360	219
Security Devices	2	-	-
Vehicle Replacements	9	160	129
Furniture Renewals	6	15	1
Asbestos Management/Asset Mgmt Assessments	13	50	-
<b>Total</b>	<b>456</b>	<b>585</b>	<b>349</b>

## KEY PERFORMANCE INDICATORS

GOVERNANCE AND CORPORATE KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
<b>Communications:</b> That 90% of media queries are <u>responded</u> to within 2 working days	Achieved	Achieved	Council received 65 media queries and 62 requests were responded to within the required time frame. End result: 95%
<b>Communications:</b> That 90% of media queries are <u>resolved</u> within 5 working days	Achieved	Achieved	Council received 68 media queries and 64 requests were responded to within the required time frame. End result: 94%
<b>Communications:</b> That at least 60% of media statements submitted, feature in local media within 28 days of release	Achieved	Achieved	Council submitted 29 media statements, 23 featured in local media within 28 days of release. End result:79%
<b>Communications:</b> The level of community satisfaction with overall communication from Council is at least 75% satisfied	Achieved	Not Achieved	Overall satisfaction for 2020-2021 was 68%.
<b>Communications:</b> All official information requests are responded to within the statutory timeframe (20 or 40 working days)	Not Achieved	Not Achieved	45 of 46 Official Information Requests (OIR) were responded to within the statutory time frame. OIRs are handled by individuals who can be based in any Group. Achieving the 20 day processing timeframe is the responsibility of individual staff.  End result: 97%
<b>Governance:</b> The level of community satisfaction with participation in decision-making is at least 70%.	Not Achieved	Not Achieved	Overall satisfaction for 2020-2021 was 62%
<b>Revenue/Rates:</b> The total amount of rate arrears is less than 7.5% of the current year's rates charged by Council.	Achieved	Achieved	The amount of rate arrears was less than 7.5% of the current year's total rates paid to Council. End result: 4.3%
<b>Strategic Planning and Projects:</b> Annual Plans and Long Term Plans will be adopted in compliance with the requirements and deadlines of the Local Government Act 2002.	Not Achieved	Achieved	The LTP was effective 1 July 2021
<b>Finance:</b> 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 overs is \$207,000.
<b>Elections:</b> Council will conduct error-free local government elections (the election process is defined in the Local Electoral Act 2001).	Achieved	Achieved	No issues experienced to date with the 2020 local government elections.

GOVERNANCE AND CORPORATE KPIs	2019-2020 Level Achieved	2020-2021 Level Achieved	Comments
<b>Democracy:</b> 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 followed with no known breaches.
<b>Information Services:</b> 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	Council achieved 99%. Throughout the year there were minor interruptions to the servers, email, internet access, Archive Manager, printing and MagiQ

## FUNDING IMPACT STATEMENT – GOVERNANCE AND CORPORATE

	LTP 2020 \$000's	LTP 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	1,549	1,599	1,666
Targeted rates	21	21	21
Subsidies and grants for operating purposes	-	-	-
Fees and charges	115	118	120
Interest and dividends from investments	-	-	(2,357)
Internal charges and overheads recovered	10,337	10,707	10,076
Local authorities fuel tax, fines, infringement fees, and other receipts	1,204	1,331	-
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>13,226</b>	<b>13,776</b>	<b>9,526</b>
<b>APPLICATION OF OPERATING FUNDING</b>			
Payments to staff and suppliers	8,979	9,199	9,827
Finance costs	152	151	82
Internal charges and overheads applied	2,498	2,577	2,684
Other operating funding applications	46	48	93
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>11,675</b>	<b>11,975</b>	<b>12,686</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>1,551</b>	<b>1,801</b>	<b>(3,160)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(163)	(147)	(86)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>(163)</b>	<b>(147)</b>	<b>(86)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	-	-
- to replace existing assets	372	476	456
Increase (decrease) in reserves	738	802	319
Increase (decrease) in investments	278	376	(4,021)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>1,388</b>	<b>1,654</b>	<b>(3,246)</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(1,551)</b>	<b>(1,801)</b>	<b>3,160</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## INTRODUCTION

Council employs Key Research Limited to undertake satisfaction reporting four times a year.

These community satisfaction reports, provide Council with more timely understanding on the satisfaction levels of our residents with the services and facilities that Council delivers.

The 2020-21 report is the sixth annual report survey under this regime; except this report introduces the implementation of a few refinements such as two new methods of surveying: online and mail.

## SAMPLES SIZES

The survey was designed to be demographically representative: with a total of 528 respondents, 62% of the representatives were from the Tokoroa Ward, 28% were from the Putāruru Ward and 10% from the Tīrau Ward.

Gender and ethnic diversity were accounted for, with respondents identifying as 49% male and 51% female, 29% Māori and 71% Non-Māori.

75% of the respondents had resided within the South Waikato District for over 10 years. 34% of respondents were between 19-39 years of age, 43% were between 40-64 and 23% were 65 years and over.

It is important to capture true satisfaction levels of actual users of specific services. Council has worked with researchers to ensure sample numbers for 'activity specific' questions, such as those associated with building consent processes, liquor licensing and the utility of facilities.

The overall satisfaction figures include the categories: somewhat satisfied, satisfied and very satisfied. The overall dissatisfaction figures include very dissatisfied and somewhat dissatisfied.

## OVERALL SATISFACTION

The overall results are presented in the table below. The table shows: Council Service / Facility / Activity, satisfaction rates for financial year June 2021, financial year June 2020, financial year June 2019, the percentage difference between 2020-2021, and the difference in graphical bar form.

### Key Findings:



68% of residents are satisfied (scoring 6 to 10, out of 10) with South Waikato District Council's *Overall performance*. However, satisfaction with the overall key measures: *Reputation*, *Value for money*, and *Services and facilities*, has declined compared with the results in 2020.

An analysis of the results shows that *Quality of services* has the greatest impact on satisfaction with Council's *Image and reputation*. In the last three months, just under four in ten residents (38%) have had contact with Council's customer services team. Almost all of those who had Council interaction (95%) received courteous and respectful service. The most common subject of request or complaint from residents were about dogs, water supply and building works.

Perceptions of *How well Council handled enquiries* in the last year has improved (from 65% satisfied residents in 2020 to 70% satisfied residents in 2021).

## CUSTOMER SATISFACTION RESULTS

Service/Facility/Activity	2021 (%6-10)	2020 (%6-10)	2019 (%6-10)	Change 2020 to 2021	Difference
Library: Range of books and other material available	94	97	97	-3	
The overall service delivered by the library	93	97	98	-4	
The reliability of the water supply	93	96	95	-3	
Overall satisfaction with South Waikato Sport and Events Centre	93 ▼	97	95	-4	
Library opening hours	92	95	96	-3	
The library charges	90	95	90	-5	
Overall satisfaction with the libraries	90 ▼	96	96	-6	
The way that the library connects with local groups	89 ▼	96	95	-7	
The reliability of the wastewater system	89 ▼	98	97	-9	
The ease of making payments	88	92	93	-4	
Maintenance of sportsgrounds	87	92	95	-5	
How the South Waikato District Council treats and disposes of wastewater	83 ▼	94	96	-11	
Maintenance of playgrounds	85 ▼	91	93	-6	
Overall satisfaction with community halls	85	89	86	-4	
Maintenance of cemeteries	85 ▼	92	96	-7	
Council's kerbside collection service	85	88	93	-3	
Overall satisfaction with council-maintained parks and reserves	84 ▼	93	93	-9	
Maintenance of other parks and reserves	84 ▼	91	92	-7	
How easy it was to make your enquiry or request	84	84	83	+0	
The clarity of the water	84	85	89	-1	
The pressure of the water	83	87	90	-4	
Overall satisfaction with swimming pools	83	86	91	-3	
The odour of the water	81	86	88	-5	
Overall satisfaction with public facilities	80 ▼	90	94	-10	
Ability to protect your property from flooding	79	79	83	+0	
How well Council staff understood your request and how they communicated with you	79	73	76	+6	
Providing dog and animal control	79	81	83	-2	
The taste of the water	78	81	84	-3	
Overall water management	77	80	84	-3	

Year-on-year  
 Significantly higher  
 Significantly lower



## CUSTOMER SATISFACTION RESULTS

Service/Facility/Activity	2021 (%6-10)	2020 (%6-10)	2019 (%6-10)	Change 2020 to 2021	Difference
The services for managing general waste	73	77	82	-4	
The information provided being accurate	73	65	71	+8	
Putaruru, Tirau, Waotu and Okoroire recycling points	73	79	82	-6	
Overall regulatory services	73	80	83	-7	
The kerbside recycling services	71 ▼	78	85	-7	
Preparing for civil defence emergencies	71	73	77	-2	
The provision of dedicated walkways and other cycleways around the South Waikato	71	74	79	-3	
Overall waste disposal services	71 ▼	81	85	-10	
The resolution or outcome achieved	70 ▲	55	55	+15	
Fees for other services (like pool entry fees, dog registration fee, taking out a library book) being fair and reasonable	70 ▼	79	82	-9	
Overall handling of enquiry	70	65	60	+5	
The quality of the services and facilities Council provide the district	69 ▼	76	78	-7	
Management of loose litter and bins in and around the town	68 ▼	79	78	-11	
Keeping the public informed	68 ▼	77	74	-9	
How well the stormwater system is maintained	67	72	73	-5	
Leadership in relation to creating economic development and promoting the district	67 ▼	74	75	-7	
The services for managing green waste	67 ▼	76	74	-9	
The availability of footpaths and crossing points for mobility scooters and wheelchairs	66	70	76	-4	
How long it took to resolve the matter	66	53	50	+13	
Overall reputation	66 ▼	77	78	-11	
Overall value for money given spend in rates and other services	66	69	75	-3	
Licensing premises such cafes, restaurants and hairdressers	65	70	80	-5	
How well the urban roads are maintained	65	71	76	-6	
The safety of the roads	65	70	72	-5	
Keeping roads and footpaths free of flooding	65	68	71	-3	
Managing and issuing building consents	64	65	68	-1	
Overall satisfaction with public toilets	64	62	66	+2	
Overall roads, cycle ways, footpaths and walkways around the South Waikato District	64 ▼	71	77	-7	
How well footpaths are maintained	63 ▼	71	75	-8	
How easy the council makes it for you to participate in decision making that affects the South Waikato district	62	68	69	-6	
Managing and issuing resource consents	62	61	67	+1	
Trust - Council can be relied on to act honestly and fairly, and their ability to work in the best interests of the district	60 ▼	71	67	-11	
Managing liquor licensing	57	61	75	-4	
How well the rural roads are maintained	57 ▼	65	66	-8	
Rates being fair and reasonable	56	59	64	-3	
Adequacy of cycleways on our roads	50	43	54	+7	
Financial management – how appropriately it invests in the district, how wisely it spends and avoids waste, and its transparency around spending	50 ▼	62	59	-12	

▲ Year-on-year  
 Significantly higher  
 ▼ Significantly lower

## INVOLVEMENT WITH COUNCIL CONTROLLED ORGANISATIONS (CCOs)

A CCO is a company with a majority Council shareholding, or a trust or similar organisation with a majority of Council-controlled votes or Council-appointed trustees. Council is involved in one regional CCO called Local Authority Shared Services (LASS) Limited.

The company was established in 2005-06 and is a legal entity to help foster and develop shared service initiatives throughout the region.

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

## COMPANY OBJECTIVE

The objective of LASS is to provide local authorities of the Waikato Region with a vehicle to procure shared services. The LASS also provides Councils that wish to develop new services with a corporate structure under which they can develop and promote services to other local authorities.

The constitution of LASS 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.

## NATURE AND SCOPE OF ACTIVITIES

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

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

### 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.

LASS is governed by a board of directors made up of the chief executives of the local authority shareholders. Council's involvement in LASS is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in LASS 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.




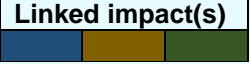



## PERFORMANCE MEASURES





The following performance measures noted in the table below were included in the 2020 Statement of Intent covering the financial years ended 30 June 2021-2023. The company has assessed whether each target has, or has not, been achieved.

### Key:

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

Priority	Performance measure	Target	Outcome (progress toward target)	
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives  <div style="border: 1px solid black; padding: 2px; width: fit-content;"> <b>Linked impact(s)</b> </div>	➤ Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k+	The WLASS Water Services Business Case was delivered in September 2020. The benefits are linked to all three of the outcomes sought. In particular, KPI's will measure improvements in trade waste management, water usage and regulatory compliance. Although these will provide a measure of the realized benefits, it is difficult to readily quantify this in dollar terms.  The business case for WLASS Learning & Development Shared Services (LDSS) was approved by the Board in June 2021. Collectively, the projected savings (including monetised time savings), to Waikato councils from the opportunity are ~\$2.4m over the first three years.  Other projects are at various stages of development. While indicatively, on some, the quantifiable benefits to councils are potentially significant, further work is required before the company can confidently state a projected saving.	<span style="color: green; font-size: 2em;">●</span>
	➤ Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	Following consultation with council CEs and GMs in April, the BCSS project has progressed under an increased scope and changed focus.  9 of 10 councils have engaged WLASS to undertake one or more of the service offerings contained in the WLASS Water Services business case.  The opportunity assessment for LDSS was presented to the Board in June 2021. The project was approved to progress to the next stage on the back of 9 councils indicating they wish to participate.	<span style="color: green; font-size: 2em;">●</span>

Priority	Performance measure	Target	Outcome (progress toward target)	
Develop opportunities and deliver projects within agreed budgets and timelines  <b>Linked impact(s)</b> 	➤ Opportunities / projects are developed / delivered within agreed timelines	80%	63%: Three of the eight projects under development that had a milestone during the year, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.  The transition of all councils across to the new waters services has taken three months longer than anticipated. While most councils had transitioned, some had to be deferred as HCC recruited the required resources to meet expected service delivery levels.	
	➤ Opportunities / projects are developed / delivered, within approved budget	90%	100%: The five completed projects all came within budget.	
Ensure projects realise their expected benefits  <b>Linked impact(s)</b> 	➤ Measurable benefits are actively monitored and reported against	Six-monthly	Project benefit assessments are now being presented to the Audit & Risk Committee. These assessments report on whether the benefits noted in project business cases have been realised. They also contain 'lessons learnt' to take forward to future projects.  The first such assessment related to the Waikato Data Portal (WDP) and was considered by the Committee in June 2021.  As these assessments are completed the measurable benefits will then be monitored ongoing.	
	➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months  90% of projected quantifiable benefits are realised	Project benefit assessments are now being undertaken at each Audit & Risk Committee meeting. The first of these, which considered the WDP, took place in June 2021.  10 of the 15 stated benefits of the WDP are assessed as having been realised. A further 4 are considered difficult to measure, and 1 has not been achieved.  The original business case did not include projected quantifiable benefits, or at least baselines for these to measure against. For that reason, we	  

Priority	Performance measure	Target	Outcome (progress toward target)	
			are unable to attribute a percentage to the extent to which the benefits have been achieved, although evidence shows that there have been time and cost savings for councils because of the WDP.	
<p>Ensure existing services are meeting the needs of councils</p> <p><b>Linked impact(s)</b></p> 	<p>➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> <li>○ RATA – roading &amp; waters</li> <li>○ Waikato Building Cluster</li> <li>○ Regional Infrastructure Technical Specifications</li> <li>○ Energy &amp; Carbon Management</li> <li>○ Professional Services Panel</li> <li>○ Health &amp; Safety pre-qualification</li> </ul>	80% of councils	<p>A stakeholder survey was undertaken in May 2021. The survey was sent to 220 council staff with 68 responses (~31%).</p> <p>81% of respondents said that the services they received either met or exceeded their expectations.</p> <p>The 80% target was also met for each of the services individually, other than the Waikato Building Consent Group.</p> <p>While the result for that service offering was disappointing, it was not unexpected. The prospect of change from the Building Consent Shared Services project has been unsettling for some council staff and this is reflected in the feedback on Waikato Building Consent Group.</p>	
<p>Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice</p> <p><b>Linked impact(s)</b></p> 	<p>➤ Across these groups, ideas for future consideration and/or initiatives are identified each year</p>	Six per annum	<p>Initiatives have arisen during the year from the Shared Services Working Party (SSWP), Waikato IT Managers, Procurement Managers and Legal Services groups.</p> <p>Discussion at the SSWP led to the priority project “Customer Digital Enablement”.</p> <p>The Procurement Managers group have commenced a review of the Professional Services Panel, and the tender for the data, print and mailhouse contract (awarded in August 2021).</p> <p>The performance measure was established to ensure that the working groups:</p> <ol style="list-style-type: none"> <li>1) were action-orientated; and</li> <li>2) acted as a feeder for WLASS priority projects.</li> </ol> <p>Various other smaller initiatives have also come from the working parties (e.g.</p>	

Priority	Performance measure	Target	Outcome (progress toward target)	
			<p>critical roles stocktake, development of a psychological wellbeing best practice document).</p> <p>The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils.</p> <p>Meetings of the groups also play an important role in fostering relationships and learning from the experience of their colleagues at other councils. They are therefore fulfilling the priority area of 'fostering and promoting cross-council collaboration and networking'</p>	

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.



Jenny Shattock QSM JP

**MAYOR**

21 October 2021



Ben Smit

**CHIEF EXECUTIVE**

21 October 2021

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2021

	Note No.	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
<b>Revenue</b>				
Rates, excluding targeted water supply rates	4	28,227	28,566	28,023
Fees, charges, and targeted rates for water supply		4,755	5,245	4,451
Development and financial contributions		188	244	122
Subsidies and grants	5	4,283	4,018	4,579
Finance income	6	716	1,025	223
Other revenue	7	2,119	1,194	1,534
<b>Total revenue</b>	<b>3</b>	<b>40,288</b>	<b>40,292</b>	<b>38,932</b>
<b>Expenditure</b>				
Employee benefits expense	8	10,953	11,068	10,661
Depreciation and amortisation expense	15/16	8,685	8,355	7,940
Finance costs	6	591	989	1,343
Other expenses	9	21,099	19,682	19,183
<b>Total expenditure</b>		<b>41,328</b>	<b>40,094</b>	<b>39,127</b>
<b>Surplus/(Deficit)</b>		<b>(1,040)</b>	<b>198</b>	<b>(195)</b>
<b>Other comprehensive revenue and expense</b>				
Gain/loss in Asset Revaluation Reserve	21	17,159	12,064	19,832
Gain/loss in Investment Revaluation Reserve	21	2,380	-	913
<b>Total other comprehensive revenue and expense</b>		<b>19,539</b>	<b>12,064</b>	<b>20,745</b>
<b>Total comprehensive revenue and expense</b>		<b>18,499</b>	<b>12,262</b>	<b>20,550</b>

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 85 to 132.



## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Note No.	Restricted Reserves	Council Created Reserves	Property Revaluation Reserves	Investment Revaluation Reserves	Retained Earnings	Total
<b>Balance at 30 June 2019</b>		<b>19,200</b>	<b>1,134</b>	<b>258,942</b>	<b>2,503</b>	<b>153,900</b>	<b>435,679</b>
Net profit/(deficit) for the year	21	-	-	-	-	(195)	(195)
Transfers to retained earnings on disposal		-	-	(204)	-	204	-
Transfers to General Equity		5,743	121	-	-	(5,864)	-
Transfers from General Equity		(3,046)	(726)	-	-	3,772	-
<b>Other comprehensive revenue and expense</b>							
Gain/(loss) in Asset Revaluation Reserve	21	-	-	19,832	-	-	19,832
Gain/(loss) in Investment Revaluation Reserve	21	-	-	-	913	-	913
<b>Total comprehensive revenue and expense</b>		<b>2,697</b>	<b>(605)</b>	<b>19,628</b>	<b>913</b>	<b>(2,083)</b>	<b>20,550</b>
<b>Balance at 30 June 2020</b>		<b>21,897</b>	<b>529</b>	<b>278,570</b>	<b>3,416</b>	<b>151,817</b>	<b>456,229</b>
Net profit/(deficit) for the year	21	-	-	-	-	(1,040)	(1,040)
Transfers to retained earnings on disposal		-	-	(257)	-	257	-
Transfers to General Equity		13,255	888	-	-	(14,143)	-
Transfers from General Equity		(13,038)	(987)	-	-	14,025	-
<b>Other comprehensive revenue and expense</b>							
Gain/loss in Asset Revaluation Reserve	21	-	-	17,159	-	-	17,159
Gain/loss in Investment Revaluation Reserve	21	-	-	-	2,380	-	2,380
<b>Total comprehensive revenue and expense</b>		<b>217</b>	<b>(99)</b>	<b>16,902</b>	<b>2,380</b>	<b>(901)</b>	<b>18,499</b>
<b>Balance at 30 June 2021</b>		<b>22,114</b>	<b>430</b>	<b>295,472</b>	<b>5,796</b>	<b>150,916</b>	<b>474,728</b>

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 85 to 132.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2021				
	Note	Actual	Budget	Actual
	No.	2021	2021	2020
		\$000	\$000	\$000
<b>Equity</b>				
Retained earnings	21	150,916	175,962	151,817
Other reserves	21	323,812	292,209	304,412
<b>Total equity</b>		<b>474,728</b>	<b>468,171</b>	<b>456,229</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	10	8,497	5,852	5,986
Receivables from non-exchange transactions	11	3,016	4,422	2,601
Receivables from exchange transactions	11	1,242	-	1,862
Inventories	12	141	132	171
Other financial assets	13	280	-	278
Current assets held for sale	14	904	-	890
<b>Total current assets</b>		<b>14,080</b>	<b>10,406</b>	<b>11,788</b>
<b>Non-current assets</b>				
Property, plant and equipment	15	474,625	474,336	448,291
Other financial assets	13	22,498	20,341	21,404
Other financial assets	28	48	-	-
Intangible assets	16	33	600	328
<b>Total non-current assets</b>		<b>497,204</b>	<b>495,277</b>	<b>470,023</b>
<b>Total assets</b>		<b>511,284</b>	<b>505,683</b>	<b>481,811</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and deferred revenue from non-exchange transactions	17	1,517	5,008	1,283
Payables and deferred revenue from exchange transactions	17	7,634	-	4,310
Employee benefit obligations	19	1,255	861	1,100
Borrowings	20	9,000	1,624	1,694
Provision for landfill closure	18	1,052	113	671
Trust accounts	17	10	-	17
<b>Total current liabilities</b>		<b>20,468</b>	<b>7,606</b>	<b>9,075</b>
<b>Non-current liabilities</b>				
Provision for landfill closure	18	805	1,056	938
Borrowings	20	15,000	28,592	15,306
Derivative Financial Instruments	28	3	-	-
Employee benefit obligations	19	280	258	263
<b>Total non-current liabilities</b>		<b>16,088</b>	<b>29,906</b>	<b>16,507</b>
<b>Total liabilities</b>		<b>36,556</b>	<b>37,512</b>	<b>25,582</b>
<b>Net assets</b>		<b>474,728</b>	<b>468,171</b>	<b>456,229</b>

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 85 to 132.

## STATEMENT OF CASHFLOWS

For the year ended 30 June 2021				
	Note	Actual	Budget	Actual
	No.	2021	2021	2020
		\$000	\$000	\$000
<b>Cash flow from operating activities</b>				
<i>Cash was provided from:</i>				
Rates		30,099	28,566	27,719
Subsidies and grants		4,695	4,018	4,560
Fees and charges		4,852	6,439	4,869
Other income		2,103	294	1,376
Dividends received		2	-	149
Interest received		716	-	223
		<u>42,467</u>	<u>39,317</u>	<u>38,896</u>
<i>Cash was applied to:</i>				
Interest paid		591	988	1,343
Net GST paid		797	-	1,589
Payment to suppliers and employees		29,488	30,750	27,024
		<u>30,876</u>	<u>31,738</u>	<u>29,956</u>
<b>Net cash inflows/(outflows) from operating activities</b>	22	<b>11,591</b>	<b>7,579</b>	<b>8,940</b>
<b>Cash flow from investing activities</b>				
<i>Cash provided from:</i>				
Proceeds from investments		1,240	975	-
Property, plant and equipment sales		63	-	210
		<u>1,303</u>	<u>975</u>	<u>210</u>
<i>Cash was applied to:</i>				
Purchase of investments		-	1,500	72
Purchase of property, plant and equipment		(17,383)	19,076	9,718
		<u>(17,383)</u>	<u>20,576</u>	<u>9,790</u>
<b>Net cash inflows/(outflows) from investing activities</b>		<b>(16,080)</b>	<b>(19,601)</b>	<b>(9,580)</b>
<b>Cash flow from financing activities</b>				
<i>Cash was provided from:</i>				
Loans raised		24,000	13,883	3,111
		<u>24,000</u>	<u>13,883</u>	<u>3,111</u>
<i>Cash was applied to:</i>				
Loans repaid		(17,000)	1,578	1,719
		<u>(17,000)</u>	<u>1,578</u>	<u>1,719</u>
<b>Net cash inflows/(outflows) from financing activities</b>		<b>7,000</b>	<b>12,305</b>	<b>1,392</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,511</b>	<b>283</b>	<b>752</b>
<b>Cash and cash equivalents at the beginning of the year</b>	10	5,986	5,569	5,234
<b>Cash and cash equivalents at the end of the year</b>	10	<b>8,497</b>	<b>5,852</b>	<b>5,986</b>

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 85 to 132.

## FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

	Annual Plan 2020 \$000's	Actual 2020 \$000's	Annual Plan 2021 \$000's	Actual 2021 \$000's
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	19,843	19,959	21,383	20,642
Targeted rates	8,414	9,113	9,320	8,616
Subsidies and grants for operating purposes	1,996	2,523	2,026	2,456
Fees and charges	4,547	4,875	4,742	5,574
Interest and dividends from investments	-	-	-	81
Internal charges and overheads recovered	1,134	1,164	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	314	318	1,659	328
<b>TOTAL SOURCES OF OPERATING FUNDING (A)</b>	<b>36,248</b>	<b>37,952</b>	<b>39,130</b>	<b>37,697</b>
<b>APPLICATION OF OPERATING FUNDING</b>				
Payments to staff and suppliers	27,491	28,808	28,034	28,116
Finance costs	1,031	1,074	1,408	557
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	1,247	1,219	1,575	1,313
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>29,769</b>	<b>31,101</b>	<b>31,017</b>	<b>29,986</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>6,479</b>	<b>6,851</b>	<b>8,113</b>	<b>7,711</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	2,163	1,970	2,439	1,764
Development and financial contributions	23	122	24	187
Increase (decrease) in debt	12,304	2,507	2,113	8,437
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>14,490</b>	<b>4,599</b>	<b>4,576</b>	<b>10,388</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure:				
- to meet additional demand	-	-	-	361
- to improve the level of services	10,690	-	254	11,581
- to replace existing assets	10,088	10,442	10,685	7,485
Increase (decrease) in reserves	(2,530)	(1,977)	(2,124)	1,726
Increase (decrease) in investments	2,721	2,985	3,874	(3,054)
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>20,969</b>	<b>11,450</b>	<b>12,689</b>	<b>18,099</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(6,479)</b>	<b>(6,851)</b>	<b>(8,113)</b>	<b>(7,711)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 85 to 132.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATEMENT OF ACCOUNTING POLICIES

#### REPORTING ENTITY

The South Waikato District Council (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 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 2021. The financial statements were authorised for issue by Council on 21 October 2021.

#### BASIS OF PREPARATION

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

There have been no changes in accounting policies.

Standards and amendments issued, not yet effective and not early adopted.

#### • FINANCIAL INSTRUMENTS

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and PBE IFRS 9 *Financial Instruments* and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted. The main changes compared to PBE IPSAS 29 that are relevant to the Council 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 losses, which may result in earlier recognition. The Council has not assessed the effect of the new standard, but it does not expect any significant changes as the requirements are similar to PBE IFRS 9 and PBE IPSAS 41.

PBE IPSAS 41 had minimal impact on Council.

#### • SERVICE PERFORMANCE REPORTING

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Council has not yet determined how application of PBE FRS 48 will affect its statement of performance.

#### • STATEMENT OF CASH FLOWS

An amendment to PBE IPSAS 2 *Cash Flow Statements* requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021.

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Foreign currency transactions**

Foreign currency transactions (including those that are 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 2020-21 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 Waka Kotahi NZ 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.

## **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.

## **Current assets held for sale**

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. 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.

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 Heated 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**



The use or transfer of these assets is legally restricted. They are mainly parks and reserves owned by Council that provide a benefit or service to the community.

### **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 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 TelferYoung, Property Valuers and Advisors, 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 which took over in 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 of 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 applied. In some cases, a discount has been applied to the land value.

### **Landfill**

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

### **Street furniture**

Street furniture is carried 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 2020 by professionally qualified appointed RATA specialist Cameron Senior, and peer reviewed by WSP New Zealand 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. Council transportation assets as at 2020 have been valued on a n optimised replacement cost basis.

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 Council; and

- Recent capital works undertaken for Council.

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 Council 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 2019 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 2019 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 applied an inflation adjustment.

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, then 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, this balance 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
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Manholes and cesspits	90 years
Detention dams	60 years

#### *Water Supply*

Reticulated pipework	55 - 95 years
Valves and hydrants	80 years
Pump stations	Up to 100 years (dependent on componentry)
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 or 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 assets 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 in accordance with PBE IPSAS, 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 instruments**

### **Financial assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value plus transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### **Financial assets at fair value**

Financial assets in this category are either financial assets held for trading or financial assets designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Council manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 13.

These consist of forward foreign exchange contracts that are assets. Council uses these derivative financial instruments to hedge exposure to foreign exchange fluctuations. However, as permitted by PBE IPSAS 29, Council does not employ hedge accounting techniques in its accounting for derivative financial instruments. After initial measurement these assets are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss. Council does not currently hold any of these investments.

#### **Financial assets at fair value through profit or loss**

These consist of forward foreign exchange contracts that are assets. Council uses these derivative financial instruments to hedge exposure to foreign exchange fluctuations. However, as permitted by PBE IPSAS 29, Council does not employ hedge accounting techniques in its accounting for derivative financial instruments. After initial measurement these assets are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss.

#### **Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that Council's management has the positive intention and ability to hold to maturity. These investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective interest basis. Currently Council does not hold any assets in this category.

#### **Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Loans and receivables are classified as trade and other receivables in the balance sheet and include rates receivable, accrued income and Waka Kotahi NZ Transport Agency subsidies receivable.

#### **Available for sale financial assets**

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Certain shares held by Council are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 13. Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the investment revaluation reserve is included in profit or loss for the period. Council is aware of the amendments made to PBE IPSAS 30 around the application of Interest Rate Benchmarks Reforms regarding financial instruments which has not had a significant impact on the presentation of financial instruments.

Dividends on available-for-sale equity instruments are recognised separately in profit or loss in the statement of comprehensive income when Council's right to receive payment is established.

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.

### **Impairment of financial assets**

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the profit or loss.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as available for sale and financial lease receivables, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



## **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.

## **Derivative financial instruments**

These are mainly forward foreign exchange contracts. These are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates. Any gain or loss is recognised in profit or loss immediately.

Council activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. Council uses derivative financial instruments (primarily foreign currency forward contracts) to mitigate its risks associated with foreign currency fluctuations which relate to certain firm commitments and forecasted transactions. The significant interest rate risk arises from bank loans.

The use of financial derivatives is governed by Council's policies as approved by Council resolution, and which provide written principles on the use of financial derivatives consistent with Council's risk management strategy. Council does not use derivative financial instruments for speculative purposes.

## **Investments in Council controlled organisations**

Council has an interest (2.17%) in 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 net realisable value. 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 2% (2020: 3.5%) per annum and a discount rate between 0.38% and 4.30% (2020: 0.22% - 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 the 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 the 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.

### **Superannuation schemes**

#### **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 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 classified as 'available for sale' in accordance with PBE IPSAS 29.

## **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. 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, considering 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 disclosed as contingent liabilities. The amount of these contingent liabilities is equal to the loan balances guaranteed.

## 2. COST OF SERVICES

	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
<b>REVENUE</b>			
<b>Revenue From Significant Activities</b>			
Community Facilities	3,668	3,531	3,659
Economic & community development	3,182	2,890	2,758
Governance & Corporate	451	2,092	1,286
Parks and Reserves	4,046	3,955	3,733
Property	1,205	1,102	1,204
Regulatory	4,607	4,431	4,409
Solid Waste & Recycling	3,826	4,404	3,312
Stormwater	1,191	774	1,537
Transport & Roading	9,439	8,701	9,048
Wastewater	4,880	4,911	4,645
Water Supply	3,793	3,501	3,341
<b>Total Service Statement Revenue</b>	<b>40,288</b>	<b>40,292</b>	<b>38,932</b>
<b>EXPENDITURE</b>			
<b>Expenditure From Significant Activities</b>			
Community Facilities	3,347	3,510	3,311
Economic & community development	2,621	2,791	2,574
Governance & Corporate	3,364	2,130	2,582
Parks and Reserves	3,785	3,918	3,693
Property	888	1,277	1,045
Regulatory	4,237	4,315	4,436
Solid Waste & Recycling	4,349	4,439	4,170
Stormwater	1,051	950	876
Transport & Roading	9,151	8,272	8,710
Wastewater	6,290	7,030	6,135
Water Supply	2,245	1,462	1,595
<b>Total Service Statement Expenditure</b>	<b>41,328</b>	<b>40,094</b>	<b>39,127</b>
<b>NET DEFICIT BEFORE TAX</b>	<b>(1,040)</b>	<b>198</b>	<b>(195)</b>

The comparative information for 2019-20 does not match what was in the 2019-20 Annual Report. This is for two reasons:

1. The grouping of the significant activities has been revised to match what is in the rest of the annual report; and
2. The general revenue has been included in the revenue from each significant activity.

### 3. EXCHANGE/NON-EXCHANGE REVENUE

	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
<b>Revenue from exchange transactions</b>			
Fees and user charges including targeted rates for water supply	4,755	5,245	4,451
<b>Total revenue from exchange transactions</b>	<b>4,755</b>	<b>5,245</b>	<b>4,451</b>
<b>Revenue from non-exchange transactions</b>			
Development contributions	188	244	122
Subsidies and grants	4,283	4,018	4,579
Interest revenue	716	1,025	223
Other revenue	2,105	1,193	1,525
Rates	28,227	28,566	28,023
Vested assets	14	-	9
<b>Total revenue from non-exchange transactions</b>	<b>35,533</b>	<b>35,046</b>	<b>34,481</b>
<b>Total revenue</b>	<b>40,288</b>	<b>40,291</b>	<b>38,932</b>

### 4. RATES REVENUE

	Actual 2021 \$000	Actual 2020 \$000
<b>General Rates</b>	<b>20,248</b>	<b>19,563</b>
<b>Targeted rates attributable to activities</b>		
Water	2,997	2,943
Wastewater	3,624	4,016
Stormwater	526	822
Solid waste	1,197	967
Business Promotion	198	293
Public Halls	54	52
District Governance	21	21
Less rates charged to Council Properties	(638)	(654)
<b>Total rates, excluding targeted water supply rates</b>	<b>28,227</b>	<b>28,023</b>

Council's 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 commercially developed.

In accordance with the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens 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.

## 5. SUBSIDIES AND GRANTS

	Actual 2021 \$000	Actual 2020 \$000
New Zealand Transport Agency roading subsidies	4,217	4,491
Grants and donations for the SW Sport and Events Centre	-	-
National Waste Levy	64	86
Sundry other	2	2
<b>Total subsidies and grants</b>	<b>4,283</b>	<b>4,579</b>

There are no unfulfilled conditions and other contingencies attached to subsidies and grants (2020: nil).

## 6. FINANCE INCOME AND FINANCE COSTS

	Actual 2021 \$000	Actual 2020 \$000
Finance Income		
Interest Income		
- Call account	79	80
- Available for Sale bonds	637	143
<b>Total Finance Income</b>	<b>716</b>	<b>223</b>
Finance Cost		
- Interest on bank borrowings	226	553
- Other finance expenses	365	790
<b>Total Finance Costs</b>	<b>591</b>	<b>1,343</b>

## 7. OTHER REVENUE

	Actual 2021 \$000	Actual 2020 \$000
Dividends revenue	2	149
Petrol tax	203	163
Vested assets	14	9
Rates penalties	395	395
Other	1,505	818
<b>Total other revenue</b>	<b>2,119</b>	<b>1,534</b>

## 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 week's 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.

	Actual 2021 \$000	Actual 2020 \$000
The principal assumptions used for the purpose of the actuarial valuations were as follows:		
Discount rate	0.38%-4.30%	0.22%-4.30%
Expected rate of salary increase	2.0%	3.5%
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	136	142
<b>Net liability recognised in the balance sheet</b>	<b>136</b>	<b>142</b>
Comprising:		
Current	3	4
Non-current	133	138
<b>Total employee benefit obligations</b>	<b>136</b>	<b>142</b>
Amounts recognised in the income statement in respect of the defined benefit retirement plan are as follows:		
Current service cost	4	4
Interest cost	3	3
Actuarial gains/(losses)	(55)	(55)
<b>Total</b>	<b>(48)</b>	<b>(48)</b>
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	(34)	14
Current service cost	4	4
Interest cost	3	3
Actuarial gains/(losses )	(55)	(55)
Less: benefits paid	0	0
<b>Closing defined benefit obligation</b>	<b>(83)</b>	<b>(34)</b>



## 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.

	Actual 2021 \$000	Actual 2020 \$000
The present value of long service compensated leave	49	27
Comprising:		
Current	2	17
Non-current	47	10
Total employee benefit obligations	49	27
Amounts recognised in the profit or loss in respect of Council's long service compensated leave and salaries are as follows:		
Salaries	10,962	10,670
Current service cost	2	2
Interest cost	1	1
Actuarial (gains)/ losses	(12)	(12)
Past service cost	-	-
<b>Total</b>	<b>10,953</b>	<b>10,661</b>
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:		
<b>Opening long service compensated leave obligation</b>	<b>(17)</b>	<b>28</b>
Current service cost	2	2
Interest cost	1	1
Past service cost	0	0
Less: benefits paid	0	0
Actuarial (gains)/losses	(12)	(12)
<b>Closing long service compensated leave obligation</b>	<b>(26)</b>	<b>19</b>
<b>Total employee benefits expense recognised in the profit or loss</b>	<b>10,953</b>	<b>10,661</b>
<b>Current portion of employee benefit obligations recognised in the balance sheet.</b>	<b>1,255</b>	<b>1,100</b>
<b>Non-current portion of employee benefit obligations recognised in the balance sheet.</b>	<b>280</b>	<b>263</b>

## Severance Payments

During the year to 30 June 2021 there were no severance payments made to employees of the South Waikato District Council (2020: nil).

## 9. OTHER EXPENSES

	Actual 2021 \$000	Actual 2020 \$000
Audit Fees-audit of financial statements	153	143
Audit Fees-audit of Long Term Plan	88	40
Audit Fees - Trustee reporting	5	-
Impairment of receivables	(1)	(20)
Rates Remissions	135	138
Councilors Remuneration (including meeting allowances)	532	520
Insurance	379	313
Subscriptions, fees and contribution to other organisations	189	180
Legal and settlement fees	38	79
Donations and grants	226	118
Economic and Community fund grants	745	785
Community contracts	74	4
Inventories consumed	3	1
Losses on disposal of property, plant and equipment	190	434
Repairs and maintenance	2,761	2,874
Energy	1,079	1,129
Other operating expenses	14,503	12,445
<b>Total other expenses</b>	<b>21,099</b>	<b>19,183</b>

## 10. CASH AND CASH EQUIVALENTS

	Actual 2021 \$000	Actual 2020 \$000
Cash at bank and in hand	5	7
Cash investments in Restricted reserves	3,806	1,510
Call account balances	4,686	4,469
<b>Total cash and cash equivalents</b>	<b>8,497</b>	<b>5,986</b>

The carrying amount of short-term deposits with maturity dates of three months or less approximates their fair value. The weighted average effective interest rate for cash and cash equivalents is 0.05% (2020 0.05%).

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

## 11. TRADE AND OTHER RECEIVABLES

	Actual 2021 \$000	Actual 2020 \$000
Rates receivable	2,098	2,082
Metered water	46	40
Sundry debtors	1,571	1,486
Prepayments	405	308
Accrued revenue	278	690
	<b>4,398</b>	<b>4,606</b>
Less: Provision for Impairment of receivables	140	143
<b>Total trade and other receivables</b>	<b>4,258</b>	<b>4,463</b>

Receivables from non-exchange transactions include outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,016	2,601
Receivables from exchange transactions include outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,242	1,862

The carrying amount of trade and other receivables approximates their fair value. A provision for receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate method. This provision has been determined by reference to past default experience. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The age of rates receivables overdue but not impaired are as follows:

	Actual 2021 \$000	Actual 2020 \$000
Arrears (> 1 year)	891	745
Current (< 1 year)	951	1,073
Penalties	256	264
<b>Carrying amount</b>	<b>2,098</b>	<b>2,082</b>
Movements in the provision for impairment of receivables are as follows:		
At 1 July	143	163
Increase/(decrease) in provisions made during the year	(3)	(20)
Receivables written off during the year	-	-
<b>At 30 June</b>	<b>140</b>	<b>143</b>

## 12. INVENTORIES

	Actual 2021 \$000	Actual 2020 \$000
Reticulation repairs stock	130	128
Other stock	11	43
<b>Total</b>	<b>141</b>	<b>171</b>

## 13. OTHER FINANCIAL ASSETS

	Actual 2021 \$000	Actual 2020 \$000
<b>Current portion</b>		
<b><i>Loans and receivables</i></b>		
Heat Swap paying providers	280	278
<b>Total current portion</b>	<b>280</b>	<b>278</b>
<b>Non-Current portion</b>		
<b><i>Available for Sale Financial Assets:</i></b>		
Corporate bonds, deposits and other fixed interests	8,016	6,263
Overseas share portfolio	13,142	13,911
Shared Valuation Database Systems	42	43
Civic Financial Services Limited	41	39
<b><i>Loans and receivables</i></b>		
Heat Swap paying providers	1,257	1,148
<b>Total non-current portion</b>	<b>22,498</b>	<b>21,404</b>

### Fair value

The fair value of loans and receivables has been determined using cash flows discounted at a rate based on the South Waikato District Council's borrowing rates – 2021 Nil (2020: 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.

## 14. ASSETS HELD FOR SALE

	Actual 2021 \$000	Actual 2020 \$000
<b>Current</b>		
Depot – Patetere Street – Tirau	848	830
Putāruru Smallbore Rifle Club land only	56	60
<b>Total assets held for sale</b>	<b>904</b>	<b>890</b>

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 2021.

The accumulated property revaluation reserve recognised in equity for these properties at 30 June 2021 is \$697,624 (2020: \$684,624).

## 15. PROPERTY, PLANT AND EQUIPMENT

Asset Class	Cost/revaluation 1 July 2020 \$000	Accumulated depreciation & impairment charges 1 July 2020 \$000	Carrying amount 1 July 2020 \$000	Current year addition \$000	Assets transferred to Council \$000	Current year disposal \$000	Revaluation surplus \$000	Current year depreciation charges \$000	Depreciation write-off on disposals \$000	Cost/revaluation 30 June 2021 \$000	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021 \$000
<b>Operational assets</b>												
<i>Heritage assets</i>	145	-	145	-	-	-	-	-	-	145	-	145
Library collection	1,461	(1,055)	406	113	-	(76)	-	(103)	61	1,498	(1,097)	401
Buildings	20,330	(742)	19,588	52	-	-	6,756	(390)	-	27,138	(1,132)	26,006
Furniture & fittings	2,690	(1,432)	1,258	89	-	(8)	-	(171)	8	2,771	(1,595)	1,176
Equipment	5,934	(4,856)	1,078	308	-	(21)	-	(418)	21	6,221	(5,253)	968
Land	5,049	(6)	5,043	-	-	-	3,066	-	-	8,115	(6)	8,109
Motor vehicles	1,360	(850)	510	9	-	(63)	-	(73)	40	1,306	(883)	423
Other major plant	653	(350)	303	31	-	(3)	-	(39)	3	681	(386)	295
<b>Total operational assets</b>	<b>37,622</b>	<b>(9,291)</b>	<b>28,331</b>	<b>602</b>	<b>-</b>	<b>(171)</b>	<b>9,822</b>	<b>(1,194)</b>	<b>133</b>	<b>47,875</b>	<b>(10,352)</b>	<b>37,523</b>
<b>Infrastructural assets</b>												
Bridges	9,054	(629)	8,425	-	-	-	-	(210)	-	9,054	(839)	8,215
Culverts	8,313	(417)	7,896	31	-	(5)	-	(217)	-	8,339	(634)	7,705
Buildings	4,484	(181)	4,303	13	-	(195)	699	(91)	6	5,001	(266)	4,735
Land	5,338	-	5,338	-	-	-	1,710	-	-	7,048	-	7,048
Landfill	4,238	(2,623)	1,615	-	-	-	-	(98)	-	4,238	(2,721)	1,517
Pipes	13	(3)	10	-	-	-	-	-	-	13	(3)	10
Pumps	267	(267)	-	-	-	-	-	-	-	267	(267)	-
Roads and footpaths	261,601	(7,782)	253,819	2,886	-	(67)	-	(3,077)	4	264,420	(10,855)	253,565
Sewerage Treatment plant and facilities	15,101	(1,828)	13,273	209	-	(1)	-	(519)	-	15,309	(2,347)	12,962
Sewerage Other (includes reticulation)	18,514	(2,244)	16,270	-	-	(2)	-	(1,027)	-	18,512	(3,271)	15,241
Street furniture	573	(544)	29	63	-	-	-	(14)	-	636	(558)	78
Streetlights	5,904	(611)	5,293	177	-	-	-	(191)	-	6,081	(802)	5,279
Stormwater system	26,031	(2,027)	24,004	46	-	-	-	(572)	-	26,077	(2,599)	23,478
Water Treatment plant and facilities	7,585	(1,173)	6,412	93	-	(8)	-	(361)	-	7,670	(1,534)	6,136
Water Other (includes reticulation)	21,668	(2,441)	19,227	149	14	(15)	-	(661)	-	21,816	(3,102)	18,714
<b>Total infrastructural assets</b>	<b>388,684</b>	<b>(22,770)</b>	<b>365,914</b>	<b>3,667</b>	<b>14</b>	<b>(293)</b>	<b>2,409</b>	<b>(7,038)</b>	<b>10</b>	<b>394,481</b>	<b>(29,798)</b>	<b>364,683</b>
<b>Restricted assets</b>												
Parks & reserves	5,774	(704)	5,070	181	-	(2)	455	(372)	-	6,408	(1,076)	5,332
Restricted buildings	2,857	(117)	2,740	6	-	(9)	320	(58)	-	3,174	(175)	2,999
Restricted land	34,573	(5)	34,568	-	-	(80)	4,057	-	-	38,550	(5)	38,545
<b>Total restricted assets</b>	<b>43,204</b>	<b>(826)</b>	<b>42,378</b>	<b>187</b>	<b>-</b>	<b>(91)</b>	<b>4,832</b>	<b>(430)</b>	<b>-</b>	<b>48,132</b>	<b>(1,256)</b>	<b>46,876</b>
Capital work in progress	11,668	-	11,668	17,826	-	(3,951)	-	-	-	25,543	-	25,543
<b>Total All Assets</b>	<b>481,178</b>	<b>(32,887)</b>	<b>448,291</b>	<b>22,282</b>	<b>14</b>	<b>(4,506)</b>	<b>17,063</b>	<b>(8,662)</b>	<b>143</b>	<b>516,031</b>	<b>(41,406)</b>	<b>474,625</b>

Asset Class	Cost/revaluation 1 July 2019 \$000	Accumulated & depreciation & impairment charges 1 July 2019 \$000	Carrying amount 1 July 2019 \$000	Current year addition \$000	Assets transferred to Council \$000	Current year disposal \$000	Revaluation surplus \$000	Current year depreciation charges \$000	Depreciation write-off on disposals \$000	Cost/revaluation 30 June 2020 \$000	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020 \$000
<b>Operational assets</b>												
<i>Heritage assets</i>	145	-	145	-	-	-	-	-	-	145	-	145
Library collection	1,428	(1,009)	419	116	-	(83)	-	(107)	61	1,461	(1,055)	406
Buildings	20,313	(354)	19,959	22	-	(5)	-	(388)	-	20,330	(742)	19,588
Furniture & fittings	2,302	(1,285)	1,017	394	-	(6)	-	(153)	6	2,690	(1,432)	1,258
Equipment	5,757	(4,506)	1,251	197	-	(20)	-	(365)	15	5,934	(4,856)	1,078
Land	5,049	(5)	5,044	-	-	-	-	(1)	-	5,049	(6)	5,043
Motor vehicles	1,249	(746)	503	128	-	(17)	-	(118)	14	1,360	(850)	510
Other major plant	731	(430)	301	71	-	(149)	-	(34)	114	653	(350)	303
<b>Total operational assets</b>	<b>36,974</b>	<b>(8,335)</b>	<b>28,639</b>	<b>928</b>	<b>-</b>	<b>(280)</b>	<b>-</b>	<b>(1,166)</b>	<b>210</b>	<b>37,622</b>	<b>(9,291)</b>	<b>28,331</b>
<b>Infrastructural assets</b>												
Bridges	8,028	(419)	7,609	-	-	-	1,026	(210)	-	9,054	(629)	8,425
Culverts	6,187	(276)	5,911	-	-	-	2,126	(141)	-	8,313	(417)	7,896
Buildings	4,484	(90)	4,394	-	-	-	-	(91)	-	4,484	(181)	4,303
Land	5,338	-	5,338	-	-	-	-	-	-	5,338	-	5,338
Landfill	4,238	(2,441)	1,797	-	-	-	-	(182)	-	4,238	(2,623)	1,615
Pipes	13	(3)	10	-	-	-	-	-	-	13	(3)	10
Pumps	267	(267)	-	-	-	-	-	-	-	267	(267)	-
Roads and footpaths	245,590	(5,157)	240,433	782	-	(351)	15,581	(2,721)	95	261,601	(7,782)	253,819
Sewerage Treatment plant and facilities	15,021	(1,320)	13,701	91	-	(11)	-	(508)	-	15,101	(1,828)	13,273
Sewerage Other (includes reticulation)	18,472	(1,608)	16,864	42	-	-	-	(636)	-	18,514	(2,244)	16,270
Street furniture	573	(535)	38	-	-	-	-	(9)	-	573	(544)	29
Streetlights	4,987	(385)	4,602	-	-	-	917	(226)	-	5,904	(611)	5,293
Stormwater system	24,919	(1,464)	23,455	1,166	-	(54)	-	(563)	-	26,031	(2,027)	24,004
Water Treatment plant and facilities	7,442	(843)	6,599	168	-	(25)	-	(330)	-	7,585	(1,173)	6,412
Water Other (includes reticulation)	21,581	(1,773)	19,808	102	8	(23)	-	(668)	-	21,668	(2,441)	19,227
<b>Total infrastructural assets</b>	<b>367,140</b>	<b>(16,581)</b>	<b>350,559</b>	<b>2,351</b>	<b>8</b>	<b>(464)</b>	<b>19,650</b>	<b>(6,285)</b>	<b>95</b>	<b>388,684</b>	<b>(22,770)</b>	<b>365,914</b>
<b>Restricted assets</b>												
Parks & reserves	5,410	(323)	5,087	381	2	(19)	-	(381)	-	5,774	(704)	5,070
Restricted buildings	2,857	(59)	2,798	-	-	-	-	(58)	-	2,857	(117)	2,740
Restricted land	34,573	(4)	34,569	-	-	-	-	(1)	-	34,573	(5)	34,568
<b>Total restricted assets</b>	<b>42,840</b>	<b>(386)</b>	<b>42,454</b>	<b>381</b>	<b>2</b>	<b>(19)</b>	<b>-</b>	<b>(440)</b>	<b>-</b>	<b>43,204</b>	<b>(826)</b>	<b>42,378</b>
Capital work in progress	4,893	-	4,893	7,724	-	(949)	-	-	-	11,668	-	11,668
<b>Total All Assets</b>	<b>451,849</b>	<b>(25,302)</b>	<b>426,545</b>	<b>11,384</b>	<b>10</b>	<b>(1,712)</b>	<b>19,650</b>	<b>(7,891)</b>	<b>305</b>	<b>481,178</b>	<b>(32,887)</b>	<b>448,291</b>

The net carrying amount of property, plant and equipment held under a finance lease is \$Nil; (2020 \$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 (2020 \$Nil). The closing balance of the revaluation reserve is \$295,472,000 (2020 \$278,570,000).

Network infrastructure	Most recent estimate of replacement cost \$000	Date of estimate
Roads and Footpaths	371,521	30/06/2020
Wastewater		
Treatment plant and facilities	25,149	30/06/2019
Other	46,986	30/06/2019
Water systems		
Treatment plant and facilities	13,964	30/06/2019
Other	51,345	30/06/2019
Stormwater system	46,369	30/06/2019

#### Depreciation and amortisation expense by group of activity

	Actual 2021 \$000	Actual 2020 \$000
Transport and roading	3,712	3,324
Recreation and facilities	1,361	1,277
Water supply	1,023	1,032
Stormwater	572	563
Wastewater	1,555	1,147
Solid waste and recycling	110	200
Regulatory	5	23
Environment - emergency management	24	14
Governance and corporate	323	360
<b>Total</b>	<b>8,685</b>	<b>7,940</b>



## 16. INTANGIBLE ASSETS

	Actual 2021 \$000	Actual 2020 \$000
<b>Computer Software</b>		
Cost	2,617	2,616
Accumulated amortisation and impairment	(2,589)	(2,543)
Opening carrying amount	28	73
Additions/(disposals)	28	1
Additional assets classified as intangible assets	-	-
Accumulated amortisation charge on additional assets	-	-
Amortisation charge	(23)	(46)
<b>Closing carrying amount</b>	<b>33</b>	<b>28</b>
<b>Carbon credits</b>		
Cost	300	527
Accumulated amortisation and impairment	-	-
Opening carrying amount	300	527
Additions/(disposals)	(300)	(227)
Amortisation charge	-	-
<b>Closing carrying amount</b>	<b>-</b>	<b>300</b>
<b>Total closing carrying amounts</b>	<b>33</b>	<b>328</b>

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.

### Carbon credits

Council has previously acquired carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its landfill operations. Council forfeited all carbon credits by 30 June 2021.

## 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.

	Actual 2021 \$000	Actual 2020 \$000
Sundry Creditors	5,361	3,217
Accrued expenses	386	864
Income received in advance	3,404	1,512
<b>Total</b>	<b>9,151</b>	<b>5,593</b>
Payables and deferred revenue under non-exchange transactions	1,517	1,283
Payables and deferred revenue under exchange transactions	7,634	4,310
<b>Trust Accounts</b>	<b>10</b>	<b>17</b>

## 18. LANDFILL PROVISIONS

	Actual 2021 \$000	Actual 2020 \$000
Opening balance	1,609	1,157
Additional provision made during the year	38	8
Amounts used during the year	(39)	(8)
Unused amount reversed during the year	-	-
Discount unwinding	249	452
<b>Total landfill provision</b>	<b>1,857</b>	<b>1,609</b>
Presented by:		
Current provision	1,052	671
Non-current provision	805	938
<b>Total landfill provision</b>	<b>1,857</b>	<b>1,609</b>

Council owns three closed landfills in Tīrau, Putāruru and Tokoroa. These are controlled by various consents covering discharges to ground, water and air. The Tokoroa landfill was the most recently closed, in October 2020. An intermediate cap was placed over the landfill immediately after closure. There are numerous post closure responsibilities.

### Closure responsibilities

This includes final cover application and vegetation, incremental drainage control features, completing facilities for leachate collection and monitoring, water quality monitoring and gas recovery and monitoring. The final cap is programmed to be placed in the summer of 2021-22. This is to allow for the recently placed refuse to settle, thereby avoiding excessive settlement to damage the final cap.

### Post closure responsibilities

This includes treatment and monitoring of leachate, ground water and surface monitoring, gas monitoring and recovery, implementation of remedial measures such as those needed for cover and control systems, and ongoing site maintenance for drainage systems, final cover and vegetation.

### Capacity of the site

The cash out flows for landfill post closure are expected to occur between 2021 and 2054. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated, taking into account technology, and is discounted using forward rates of 0.38%-4.30% (2020: forward rates of 0.22%-2.87%) as provided by the New Zealand Treasury.

## 19. EMPLOYEE BENEFIT OBLIGATIONS

	Actual 2021 \$000	Actual 2020 \$000
Accrued pay	378	295
Annual Leave	911	842
Long service leave	49	27
Retirement gratuities	136	142
Sick leave	61	57
<b>Total employee benefit liabilities</b>	<b>1,535</b>	<b>1,363</b>
Comprising		
Current	1,255	1,100
Non-current	280	263
<b>Total employee benefit liabilities</b>	<b>1,535</b>	<b>1,363</b>

## 20. BORROWINGS

	Actual 2021 \$000	Actual 2020 \$000
Current portion	9,000	1,694
Non-current portion	15,000	15,306
<b>Total borrowings</b>	<b>24,000</b>	<b>17,000</b>

### Interest terms for secured loans

Council has \$9 million of its total debt of \$24 million issued at fixed rates of interest (2020 \$nil of \$17 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.

## 21. EQUITY

	Actual 2021 \$000	Actual 2020 \$000
<b>Retained earnings</b>		
Opening Balance	151,817	153,900
Net surplus/(deficit) for the year	(1,040)	(195)
<i>Transfers (to)/from:</i>		
Property Revaluation Reserves	257	204
Restricted Reserves	(217)	(2,697)
Council Created Reserves	99	605
<b>Closing balance</b>	<b>150,916</b>	<b>151,817</b>
<b>Other Reserves</b>		
<b>Asset Replacement and Restricted Reserves</b>		
Opening Balance	21,897	19,200
Transfers to General Equity	13,255	5,743
Transfers from General Equity	(13,038)	(3,046)
<b>Closing balance</b>	<b>22,114</b>	<b>21,897</b>
<b>Council Created Reserves</b>		
Opening Balance	529	1,134
Transfers to General Equity	888	121
Transfers from General Equity	(987)	(726)
<b>Closing balance</b>	<b>430</b>	<b>529</b>
<b>Property Revaluation Reserves</b>		
Opening Balance as previously reported	278,570	258,942
Increase/(decrease) in revaluation	17,159	19,832
Transfers to retained earnings on disposal	(257)	(204)
<b>Closing balance</b>	<b>295,472</b>	<b>278,570</b>
<i>Represented by:</i>		
Land ( Restricted)	29,678	23,991
Land ( Operational)	6,357	3,266
Buildings (Infrastructural)	1,354	741
Buildings (Operational)	12,863	6,120
Building (Restricted)	895	549
Parks and Reserves	3,011	2,555
Roading	197,488	197,501
Sewerage	14,619	14,620
Stormwater	11,620	11,620
Water	17,587	17,607
	<b>295,472</b>	<b>278,570</b>
<b>Investment Revaluation Reserve</b>		
Opening Balance	3,416	2,503
Valuation gains/(losses) taken to equity	2,380	913
<b>Closing balance</b>	<b>5,796</b>	<b>3,416</b>
<b>Total other reserves</b>	<b>323,812</b>	<b>304,411</b>

## MOVEMENT OF COUNCIL CREATED, RESTRICTED AND DEPRECIATION RESERVES

	Actual 1 July 2020 \$000	Transfers in \$000	Transfers out \$000	Actual 30 June 2021 \$000
<b>Council Created Reserves</b>				
Pensioner Housing	(91)	10	-	(81)
SWDC asset purchase	(58)	-	-	(58)
South Waikato Economic Development Fund	245	-	(76)	169
Roading reserve extra NZTA subsidy	-	378	-	378
SW Economic Develop Trust	27	-	(9)	18
Riverside access	421	-	-	421
Financial contributions - reserves	75	38	(9)	104
Financial contributions - roading	151	172	(43)	280
National waste levy	125	126	(223)	28
Financial contributions - stormwater	2	-	-	2
Financial contributions - water	1	-	-	1
Financial contributions - wastewater	-	-	-	-
Mayoral grants reserve	19	3	(12)	10
Forestry/Airport reserve	619	1	-	620
Land purchase reserve	(152)	-	(615)	(767)
Whakamaru Forestry Reseve	184	-	-	184
Solidwaste ringfencing	(1,039)	-	-	(1,039)
Murray Kivell Scholarship	-	10	-	10
Digital Hub Reserve	-	150	-	150
<b>Total Council Created Reserves</b>	<b>529</b>	<b>888</b>	<b>(987)</b>	<b>430</b>
<b>Restricted Reserves</b>				
Water	(335)	1,719	(1,524)	(140)
Wastewater	45	3,078	(3,583)	(460)
Stormwater	(160)	346	(360)	(174)
Refuse collection	(65)	930	(1,046)	(181)
Upper Atiamuri Hall	(19)	11	(12)	(20)
Puketurua Hall	14	7	(6)	15
Waotu Hall	(5)	5	(2)	(2)
Lichfield Hall	6	5	(4)	7
Arapuni Hall	7	21	(15)	13
Tapapa Hall	15	658	(656)	17
Piarere Hall	-	-	-	-
Tirau Community Board	12	52	(57)	7
Tokoroa CBD	191	80	(131)	140
Putāruru Promotion (CCTV)	36	171	(157)	50
Putāruru CBD	19	95	(96)	18
District Recycling	(655)	934	(874)	(594)
Tirau CCTV	-	39	(23)	16
<b>Total Restricted Reserves</b>	<b>(893)</b>	<b>8,151</b>	<b>(8,546)</b>	<b>(1,288)</b>
<b>Asset Replacement Reserves</b>				
General	520	113	(90)	543
Water	4,445	1,084	(1,131)	4,398
Wastewater	7,210	1,632	(1,530)	7,312
Stormwater	6,180	725	(316)	6,589
Refuse disposal	685	67	(240)	512
The Plaza	15	13	-	28
Vehicles	328	143	(9)	462
Toilets	106	13	(198)	(79)
Sport and events centre	806	188	(27)	967
Sportsgrounds	290	149	(180)	259
Parks and reserves	(128)	274	(389)	(243)
Cemeteries	51	12	(26)	37
Libraries	(36)	-	(6)	(42)
Pools	(180)	87	(145)	(238)
Bridges	904	107	-	1,011
General properties	333	336	(162)	507
Trade training centre	84	10	-	94
Putāruru CCTV	31	4	-	35
Tokoroa CCTV	40	5	(43)	2
Information Services	959	113	-	1,072
District Recycling	147	29	-	176
<b>Total Asset Replacement Reserves</b>	<b>22,790</b>	<b>5,104</b>	<b>(4,492)</b>	<b>23,402</b>
<b>Total Asset Replacement and Restricted Reserves</b>	<b>21,897</b>	<b>13,255</b>	<b>(13,038)</b>	<b>22,114</b>

## 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.

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.

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 CASH FLOW TO OPERATING SURPLUS /(DEFICIT)

	Actual 2021 \$000	Actual 2020 \$000
<b>Net surplus</b>	<b>(1,040)</b>	<b>(195)</b>
<i>Add /(deduct) non-cash items</i>		
Depreciation and amortisation of plant, property and equipment	8,685	7,940
Assets vested in Council	(15)	(10)
Loss on sale of property, plant and equipment	3	434
<i>Add /(deduct) movements in working capital items</i>		
Trade and other receivables	205	(111)
Trade and other payables	3,558	645
Inventories	30	(39)
Trust accounts	(7)	17
Employee benefits	172	259
<b>Net cash inflow/(outflow) from operating activities</b>	<b>11,591</b>	<b>8,940</b>

## 23. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitment represents capital expenditure contracted for at balance date by not yet earned:

There is \$6.1m of capital commitments as at 30 June 2021 (2020: \$11.7m). This majority of this relates to District Roding and the Tokoroa Wastewater Treatment Plant Digester upgrades. This work is currently contracted as at 30 June 2021 but has not been completed.

### **Contingent Liabilities**

#### **Responsibility for shortfall for mutual liability**

Up until 30 June 2012, the South Waikato District Council was a member of the New Zealand Mutual Liability RiskPool.

The New Zealand Mutual Liability RiskPool had been the key mechanism for the sector to protect itself against public liability and professional indemnity claims over the past fifteen years.

In 2012 Council received advice from RiskPool that payments of weather tightness claims on behalf of members were at a level that had resulted in deficits for the fund. These deficits would require calls on members under the mutual fund rules to meet the funding shortfalls. The mutual fund's rules also require the South Waikato District Council to share in the funding of shortfalls, for those years the Council has been a member of RiskPool (even after it has exited the mutual fund).

There remains the potential for further currently unquantified obligations/calls on Council. There is considerable uncertainty about any future claims and Council is uncertain if there will be additional obligations.

#### **New Zealand Local Government Funding Agency Limited**

Council is a guarantor of the New Zealand Local Government Funding Agency (NZLGFA). 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 Fitch Ratings of AA (positive outlook) and AAA from Standard and Poor's. The foreign currency rating from both agencies is AA+.

NZLGFA had borrowings of \$13.61b (2020 \$12.40b) for which Council is one of 63 guarantors along with other local government shareholders and guarantors.

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable value for the guarantee, and therefore has not recognised a liability.

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

- Council 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 recover sufficient funds to meet any debt obligation if further funds were required; and
- NZLGFA has a credit rating of AAA from Standard and Poor's, and AA+ from Fitch Ratings.



## 24. REMUNERATION

### Chief Executive

During the year ended 30 June 2021, Council's Chief Executive was remunerated as follows:

	Actual 2021 \$000	Actual 2020 \$000
<b>Ben Smit</b>		
Base Salary	265	265
Vehicle (market value plus FBT)	12	12
Kiwisaver Employer's Contribution	8	8
<b>Total</b>	<b>285</b>	<b>285</b>

For the year ended 30 June 2021, 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 \$285,000 (2020: \$285,000).

### Key Management Personnel

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

	Actual 2021 \$000	Actual 2020 \$000
Salaries and other short term employee benefits	1,826	1,840
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
<b>Total</b>	<b>1,826</b>	<b>1,840</b>

### Council Employees

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

	Actual 2021 \$000	Actual 2020 \$000
<\$60,000	86	92
\$60,000 - \$79,999	36	21
\$80,000 - \$99,999	18	31
\$100,000 - \$119,999	8	7
\$120,000 - \$239,000	7	7
\$240,000+	1	1
<b>Total employees</b>	<b>156</b>	<b>159</b>

Total remuneration includes non-financial benefits provided to employees. At balance date, the Council employed 124 full-time employees (2020: 115), with the balance of staff representing 16.83 (2020: 16.66) 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. COUNCILLOR 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.

	Actual 2021 \$000	Actual 2020 \$000
<b>Mayor and Councillors</b>		
Jenny Shattock (Mayor)	119	121
Herman Van Rooijen	-	11
Adrienne Bell	-	11
Jeff Gash	-	17
William Machen	47	43
Marin Glucina	33	35
Thomas Lee	37	36
Peter Schulte	35	34
Gray Baldwin	-	15
Arama Ngapo-Lipscombe	41	38
Wendy Cook	-	9
Sandra Wallace	33	24
Stephen Petley	33	24
Alex Jansen	33	24
Johannes Nelis	33	24
Hamish Daine	33	24
<b>Total Councillors</b>	<b>477</b>	<b>490</b>
<b>Community Board Members</b>		
Clive Collingwood	-	1
Cassandra Robinson	-	2
Sharon Burling - Claridge	3	3
Holly Blair	-	3
Kerry Purdy	7	3
Kevin Slater	6	5
Christine Brasell	3	-
<b>Total Community Board members</b>	<b>19</b>	<b>17</b>

## 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.

As at 30 June 2021 Mayor Jenny Shattock was a non-voting advising Trustee on the South Waikato Investment Fund Trust (SWIF Trust), representing the Council. All transactions between South Waikato District Council and the SWIF Trust are carried out at arm's length.

## 27. FINANCIAL INSTRUMENTS

	Note	Actual 2021 \$000	Actual 2020 \$000
<b>Financial assets</b>			
<b>Fair value through surplus or deficit</b>			
Derivative financial instrument assets	28	48	-
<b>Total fair value through surplus or deficit</b>		<b>48</b>	<b>-</b>
<b>Loans and receivables</b>			
Cash and cash equivalents	10	8,497	5,986
Trade and other receivables	11	3,575	3,465
Other financial assets:			
Sundry loans	13	1,537	1,426
<b>Total loans and receivables</b>		<b>13,609</b>	<b>10,877</b>
<b>Available for sale financial assets</b>			
Other financial assets:			
Bonds, deposits and other fixed interests	13	8,016	6,263
Unlisted shares	13	83	82
Listed shares	13	13,142	13,911
<b>Total available for sale financial assets</b>		<b>21,241</b>	<b>20,256</b>
<b>Financial liabilities</b>			
<b>Fair value through surplus or deficit</b>			
Derivative financial instrument liabilities	28	3	-
<b>Total fair value through surplus or deficit</b>		<b>3</b>	<b>-</b>
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	17	5,361	3,217
Trust Accounts	17	10	17
Secured loans	20	24,000	17,000
<b>Total financial liabilities at amortised cost</b>		<b>29,371</b>	<b>20,234</b>

### 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 (on the following page) analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Total \$000	Quoted Market Price \$000 Level 1	Observable inputs \$000 Level 2	Significant non- observable inputs \$000 Level 3
<b>30 June 2021</b>				
<i>Financial assets</i>				
<b>General Funds</b>				
Bank security bonds (AA-)	345	345	-	-
Corporate bonds (BBB+ to AA-)	4,672	4,672	-	-
Local Government bonds (A to AA)	96	96	-	-
NZ Government Bonds (AA+)	903	903	-	-
International bonds (not rated)	14,768	14,768	-	-
<b>30 June 2020</b>				
<i>Financial assets</i>				
<b>General Funds</b>				
Bank security bonds (AA-)	308	308	-	-
Corporate bonds (BBB+ to AA-)	5,020	5,020	-	-
Local Government bonds (A to AA)	78	78	-	-
NZ Government Bonds (AA+)	702	702	-	-
International bonds (not rated)	14,066	14,066	-	-

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

### Financial instrument risks

Council has a series of policies to manage the risks associated with financial instruments. The South Waikato District Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Liability Management and Investment policies which have been adopted by Council.

These policies do not allow any transactions that are speculative in nature to be entered into.

### Market Risk

#### Price risk

Price risk is the risk that the 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 manages its interest rate exposure by restricting the gross interest of all external borrowing to 10% of total revenues and to 15% of Council's operating revenue. 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.

## 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.

	Note	2021 \$000		2020 \$000	
<b>Interest Rate Risk</b>		Profit	Other Equity	Profit	Other Equity
<b>Financial assets</b>			0.5%		-0.5%
NZ fixed interest bonds	a		9		(8)
<b>Financial liabilities</b>		0.25%		-0.25%	
Borrowings	b	60		(60)	
				43	(43)
<b>Foreign Exchange Risk</b>		Profit	Other Equity	Profit	Other Equity
<b>Financial assets</b>		0.5%		-0.5%	
International fixed interest bonds	c	29		(29)	
International equity	d	44		(44)	
Australian equity	e	21		(21)	
<b>International Cash</b>		10.0%		-10.0%	
US dollar denominated cash	f	-		-	
<b>Equity Price Risk</b>		Profit	Other Equity	Profit	Other Equity
<b>Financial assets</b>			5.0%		-5.0%
NZ Equity investments	g		-		-
NZ Property investments	h		-		-
International Equity investments	i		442		(442)
Australian Equity investments	j		215		(215)
				463	(463)
				233	(233)

## Explanation of sensitivity analysis

### Financial assets

#### a - General funds fixed interest bonds

A total of \$1,794,465 (2020: \$1,508,900) invested in local bonds is classified as available for sale financial assets. A movement in interest rates of plus or minus 0.5% in 2020-21 would have had an impact of +/- \$9,000 (2020: \$8,000) on the fair value of the asset and the investment revaluation reserve.

#### b - Borrowings

A total of \$24,000,000 (2020: \$17,000,000) is classified as long term borrowings. A movement of plus or minus 0.25% in interest rates in 2020-21 would have had an impact of +/- \$60,000 (2020: \$43,000) on the profit or loss.

#### c - International fixed interest bonds

A total of \$5,846,151 (2020: \$4,753,706) is classified as available for sale financial assets. A movement of plus or minus 0.5% in the US exchange in 2020-21 would have had an impact of \$29,000 (2020: \$24,000) on the fair value of the asset and the investment revaluation reserve.

#### **d - International equity (foreign exchange risk)**

A total of \$8,848,143 (2020: \$9,253,521) is classified as available for sale financial assets. A movement of plus or minus 0.5% in the AU exchange rate in 2020-21 would have had an impact of \$44,000 (2020: \$46,000) on the fair value of the asset and the investment revaluation reserve.

#### **e - Australasian equity**

A total of \$4,293,929 (2020: \$4,657,536) is classified as available for sale financial assets. A movement of plus or minus 0.5% in the AU exchange rate in 2020-21 would have had an impact of \$21,000 (2020: \$23,000) on the fair value of the asset and the investment revaluation reserve.

#### **f - International cash**

A total of \$0 (2020: \$0) was cash held in US & AU dollars and classified as available for sale financial assets. A movement of plus or minus 10% in the exchange rate in 2020-21 would have had an impact of \$0 (2020: \$0) on the fair value of the asset and the investment revaluation reserve.

#### **g - NZ equity investments**

A total of \$0 (2020: \$0) invested in listed local shares classified as available for sale financial assets. A movement of plus or minus 5% in share prices in 2020-21 would have had an impact of \$0 (2020: \$0) on the fair value of the asset and the investment revaluation reserve.

#### **h - NZ property investments**

A total of \$0 (2020: \$0) invested in the New Zealand property equity market is classified as available for sale financial assets. A movement of plus or minus 5% in the New Zealand property share prices in 2020-21 would have had an impact of \$0 (2020: \$0) on the fair value of the asset and the investment revaluation reserve.

#### **i - International equity investments (equity price risk)**

A total of \$8,848,143 (2020: \$9,253,521) invested in overseas shares is classified as available for sale financial assets. A movement of plus or minus 5% in share prices in 2020-21 would have had an impact of \$442,000 (2020: \$463,000) on the fair value of the asset and the investment revaluation reserve.

#### **j - Australian equity investments**

A total of \$4,293,929 (2020: \$4,657,536) invested in Australian shares is classified as available for sale financial assets. A movement of plus or minus 5% in share prices in 2020-21 would have had an impact of \$215,000 (2020: \$233,000) on the fair value of the asset and the investment revaluation reserve.

#### **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 to support these financial instruments. 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:

	Actual 2021 \$000	Actual 2020 \$000
<b>Cash and cash equivalents:</b>		
Cash and short term deposits (AA to BBB)	8,497	5,986
<b>Total cash and cash equivalents</b>	<b>8,497</b>	<b>5,986</b>
<b>General Funds:</b>		
Sundry corporate and government securities (AA- to AA)	4,672	5,020
Bank security bonds (AA+ to AAA)	345	308
Local Government Bonds (A to AA)	96	78
NZ Government Bonds (AA+)	903	702
International Bonds ( Not rated)	14,768	14,066
<b>Total general fund bonds</b>	<b>20,784</b>	<b>20,174</b>

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.

Council has no significant concentration of credit risk in relation to trade and other receivables, as it has a large number of credit customers (mainly ratepayers) and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash in the form of bank current accounts and demand deposits. In meeting its liquidity requirements, Council maintains access to a committed facility with BNZ from which funds can be drawn at any time.

### Liquidity and market risk

Interest rates ranged from 0.5% to 1.5% (0.5% to 1.5% for 2020). Council policy restricts loan principal outstanding to the value of the District's annual revenue. Loan principal outstanding was 56% of the annual revenue (2020: 43%).

## Fair Value

Contractual maturity analysis of financial liabilities:

	Weighted average interest rate	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	2-5 years \$000	>5 years \$000
<b>30 June 2021</b>						
Trade and other payables		5,361	5,361	5,361	-	-
Borrowings	3.80%	24,000	25,305	9,340	15,965	-
<b>Total</b>		<b>29,361</b>	<b>30,667</b>	<b>14,702</b>	<b>15,965</b>	<b>-</b>
<b>30 June 2020</b>						
Trade and other payables		3,217	3,217	3,217	-	-
Borrowings	3.80%	17,000	22,998	2,506	8,021	12,471
<b>Total</b>		<b>20,217</b>	<b>26,215</b>	<b>5,723</b>	<b>8,021</b>	<b>12,471</b>

Trade and other payables do not have a weighted average interest rate due to them being settled on the 20<sup>th</sup> of each month.

## 28. DERIVATIVE FINANCIAL INSTRUMENTS

The notional principal amounts of the outstanding interest rate swap contracts for Council was \$21 million (2020 \$nil). This includes \$5 million (2020 \$nil) of forward start swaps, leaving \$16 million (2020 \$nil) in committed swaps at 30 June 2021. At 30 June 2021 the fixed interest rates of fair value interest rate swaps ranged from 0.83% to 1.58% (2020 nil). The Council has no fair value hedges.

	Actual 2021 \$000	Actual 2020 \$000
<b>Non current asset portion</b>		
Interest rate swaps	48	-
<b>Total non-current asset portion</b>	<b>48</b>	<b>-</b>
<b>Total derivative financial instrument assets</b>	<b>48</b>	<b>-</b>
<b>Non-Current liability portion</b>		
Interest rate swaps	3	-
<b>Total non-current liability portion</b>	<b>3</b>	<b>-</b>
<b>Total derivative financial instrument liabilities</b>	<b>3</b>	<b>-</b>



## 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:

	Actual 2021 \$000	Actual 2020 \$000
Not later than one year	78	65
Later than one year and not later than five years	225	193
Later than five years	269	300
<b>Total non-cancellable operating leases</b>	<b>572</b>	<b>558</b>

No contingent rents have been recognised in the profit and loss during the period (2020:\$nil).

## 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 - \$30,000,000**

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 \$944,039**

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

### **Infrastructure \$98,579,173**

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 revenue is \$0.2m higher than budgeted. This is due to the additional funding received from NZTA for the change in subsidy rates from 62% to 64%.

Other revenue is \$0.9m higher than budgeted. This is mainly due to the receipt of unplanned funding from, Murray Kivell for the Murray Kivell scholarship and the SWIF Trust for the Digital Hub project.

Finance costs are \$0.4m lower than budgeted mainly due to a change in interest costs when the borrowing facility provider was changed from BNZ to LGFA.

Other expense are \$1.4m higher than expected. This is due to an increase in energy costs across the organisation, contractor and consultant costs due to staffing resource changes, loss on sale of assets and the write-off of WIP that was not able to be capitalised.

### **Statement of Financial Position**

Current assets are \$3.6m higher due to there being \$2.6m in cash and cash equivalents at balance date than expected due to the higher returns in the BNZ Wealthnet Portfolio, an increase in cash at the bank due to the timing of payments from customers prior to the balance date, and other financial assets and current assets held for sale not being budgeted for.

Total borrowings are \$6.2m lower than expected. This is due to the delays in the capital expenditure programme being completed.

### **Statement of Cashflows**

Purchase of property plant and equipment is \$1.5m lower than expected. This is due to the delays in the capital expenditure programme being completed.

Loans raised and repaid are significantly different from budget due to the timing of changing borrowing from BNZ to LGFA.

## 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. COVID-19 IMPACT

New Zealand has been impacted by the COVID-19 pandemic but the effect on revenue for Council has not been significant. The impact of the changes in alert levels has been relative to the facilities not being able to be used by the public, resulting in a reduced number of pool attendees and library patrons. The use of the South Waikato Sports and Events Centre for events such as weddings and significant birthdays was impacted by regional lockdowns, travel restrictions and level changes because family was unable to travel to attend.

The most significant effect that the COVID-19 pandemic has had is the delay in the sourcing of materials and resources for the completion of capital projects. A lot of the budgeted funds for the projects have been committed through various contracts This has resulted in a need to carryover budgets from the 2020-21 year to the 2021-22 to complete the projects.

## 34. EVENTS AFTER BALANCE DATE

No significant events have occurred between balance date and the signing of the financial statements.

On 18 August 2021 all of New Zealand entered COVID-19 alert level 4 and the associated lock down. The areas south of Auckland reduced to alert level 3 on 1 September 2021, with all of New Zealand except for Auckland reducing to alert level 2 on 8 September 2021. The Auckland region reduced to alert level 3 on 21 September 2021, with parts of Waikato moving to alert level 3 on 3 October 2021. Certain levels of service provided by the Council ceased across alert level 4 but subsequently recommenced upon moving to alert level 3.