



ANNUAL REPORT

2019-20

year 2 of the LONG TERM PLAN 2018-28



South
Waikato
District
Council

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MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

The 2019-20 financial year was certainly unusual with Council activities and projects progressing as normal until early 2020 when the COVID-19 pandemic emerged. This pandemic impacted our Council and community significantly, as it did across New Zealand and around the world.

Council remains in a strong financial position despite the fact that our debt increased this year from \$15.6m to \$17m. This increase was mainly due to the major project work undertaken to date in the Wastewater Services area in relation to the Sludge and Digester upgrade. We do have investments of \$21m set aside for replacement of our assets.

Our operating deficit was lower than expected at \$0.1m deficit against a budget of \$1.1m surplus. Most of this was because of the operating expenses in our Water and Wastewater services to meet compliance requirements and lower than expected finance revenue with lower interest income earned on operational bank accounts and the BNZ Portfolio.

Council made progress on some significant projects and outcomes over the course of the year.

Every three years we hold triennial elections and our community votes in a new Council. In October 2019 we saw five new faces welcomed to the Council table and said goodbye to several others who had served our organisation and community well over many decades. Changing faces bring opportunities, challenges, a new focus and fresh ideas.

Following 18 months of engagement and collaboration with our iwi partner Raukawa, other iwi stakeholders, expert consultants and public consultation we made key decisions regarding the future of our wastewater treatment plants. The first of these capital works projects – a new digester at the Tokoroa Wastewater Treatment Plant, valued at \$9.6 million, started prior to 1 July this year. Over the next 20 years we will be spending around \$30 million on various components including 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.

Following Council's consultation with our community regarding the urban household rubbish and recycling collection service in 2018, where options included combinations of the current rubbish bags, current recycling crates and new wheelie bins, the community's overwhelming response was to move to wheelie bins for both rubbish and recycling, retaining the crates for glass only. This decision was set for implementation in October last year but was later postponed due to COVID-19 and will now be introduced next July.

Work continued towards closing the Tokoroa landfill with the construction of a new Tokoroa Transfer Station at the landfill site. From October 2020 our rubbish will be transported out of the district. The cost and risks of managing a landfill continues to escalate due to the stringent environmental controls and monitoring and increasing cost of carbon credits and operations over which we have no control.

Responding to economic growth - both population and business - has been a focus of Council over the past two years. Staff have made significant progress on two District Plan Changes in Putāruru to rezone land for residential and business development and fund infrastructure upgrades. Identifying water, wastewater and stormwater capacity is also well underway in Tokoroa, Tirau and Arapuni to establish our capacity in these towns for increased population and business growth.

The long-awaited Tokoroa CBD upgrade was delayed during the COVID-19 lockdown. This has pushed construction through winter months, which is never ideal with weather related delays. The project is on track to be open in November and the project is also under budget. We are looking forward to having our beautiful new CBD area, new toilets and grassed plaza area available for our community and visitors to enjoy.

There has been significant business investment interest in the South Waikato and Council has worked hard 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 and positioning the South Waikato to attract business investment. Economic development, recovery and business assistance was a key focus pre and post-lockdown. We continue to provide support and advocacy for businesses in the South Waikato.

We successfully adopted our Annual Plan 2019-20 following a period of community consultation. The Annual Plan changed from Year 3 of the LTP 2018-28 in that Council was determined to deliver a zero per cent rate revenue

increase. We achieved this by postponing the introduction of the wheelie bins, postponing some projects to later years, staging several projects over more than one year and not funding some three waters replacement reserves for just one year. This doesn't mean we're not actually carrying out actual asset replacements.

Work on the next LTP 2021-31 has already started.

A number of other projects for the 2019-20 financial year are highlighted below:

The Tīrau Walkway was opened in July last year. This walkway is part of the wider Tīrau Domain project. Further improvements are budgeted for future years.

We launched our new attraction website in March this year, Space to Grow, coupled with social sites including Facebook and Instagram. This new website delivers a separate brand to improve our economic profile with a focus on who we are, why we're a great place to invest and to showcase the great opportunities we have in the district.

While the Tīrau i-SITE continues to operate, we closed the Tokoroa i-SITE in September, delivering services from businesses in town and via Council offices and library. Council couldn't justify an i-SITE service when visitor numbers using the service as a tourist centre were extremely low.

Following the resignation of a Tīrau Community Board member we held a by-election during June and were thrilled to have Christine Brasell join the team who was elected unopposed. At the same time Kerry Purdy was elected as TCB Chair.

Council announced its two new Mayoral Scholarship recipients in November last year, congratulating Ryan Hall of Forest View High School and Eshrita Lata of Tokoroa High School.

Recycling world markets continue to provide complexities for Council and our community. Plastics recycling especially is an increasingly costly venture and we all need to make improvements in the quality of the recycling product we put in our crates and drop off at the recycling zones. World markets dictate what products can be sold and processed. If Council can't sell the product, we can't collect it.

Our focus on improving relationships is going from strength to strength. We held successful meetings and sessions with individuals, groups and organisations from business sectors including forestry, estate agents and agricultural, and with our Pacific Island communities. Our relationship with Raukawa and other iwi continues to improve. Improved relationships play an important role in our collaborative delivery of programmes, events and initiatives for our community. This in turn enhances our resilience as a community, as a district and as a Council.

Our Annual Report message looking back at 2019-20 wouldn't be complete without expressing our huge appreciation to our community for their lockdown efforts. Special thanks and appreciation to the many community groups and individuals who stepped into the role of supporting others in the community, coordinating and delivering food parcels, checking in with elderly neighbours and spending local when and where you can. Extra special gratitude to our own Council staff, who worked long hours on the civil defence response, while keeping many of our services on track. The pressures of lockdown on families, businesses and our economy has been tremendous and it's not over yet. Recovery is going to take years. We tackled COVID-19 together and together we can tackle the future.

The 2019-20 year has certainly been a massive one, complicated by a world-wide pandemic that at the time of writing is still 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 2020-21 already 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 2020

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 22 October 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 79 to 128:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2020;
 - 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 83, 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 25 to 62:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2020, 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 25 to 62, 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 25 to 62, 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 20 to 24, 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.

Emphasis of Matter - Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in note 32 of the financial statements.

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 4 to 5, 10 to 19 and 63 to 78, 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 and our report on the disclosure requirements, we have no relationship with or interests in the District Council.

A handwritten signature in black ink that reads "Bruno Dente".

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, Marin Glucina, Peter Schulte, Hamish Daine, Hans Nelis, Alex Jansen, Deputy Mayor William (Bill) Machen.

Left to right front row: Arama Ngapo-Lipscombe, Her Worship the Mayor Jenny Shattock, Thomas Lee, Sandra Wallace

Councillor Name	Phone number	Email Address	Ward
Jenny Shattock QSM JP	0274416230	Jenny.Shattock@southwaikato.govt.nz	Mayor
William (Bill) Machen	0274715899	Bill.Machen@southwaikato.govt.nz	Deputy Mayor
Hamish Daine	0211259225	Hamish.Daine@southwaikato.govt.nz	Tokoroa
Marin Glucina	021416076	Marin.Glucina@southwaikato.govt.nz	Tokoroa
Alex Jansen	0279581906	Alex.Jansen@southwaikato.govt.nz	Tokoroa
Thomas Lee	0273321292	Thomas.Lee@southwaikato.govt.nz	Tokoroa
Hans Nelis	0210552306	Hans.Nelis@southwaikato.govt.nz	Putāruru
Arama Ngapo-Lipscombe	0275339988	Arama.Ngapo-Lipscombe@southwaikato.govt.nz	Tokoroa
Gary Petley	0274836809	Gary.Petley@southwaikato.govt.nz	Putāruru
Peter Schulte	021434933	Peter.Schulte@southwaikato.govt.nz	Tīrau
Sandra Wallace	02102913702	Sandra.Wallace@southwaikato.govt.nz	Putāruru

TĪRAU COMMUNITY BOARD MEMBERS

Name	Phone Number	Email Address
Kerry Purdy	0275427158	Kerry.Purdy@southwaikato.govt.nz
Kevin Slater	0272402267	Kevin.Slater@southwaikato.govt.nz
Sharon Burling-Claridge	078831776	Sharon.Burling-Claridge@southwaikato.govt.nz
Christine Brasell	021849417	Christine.Brasell@southwaikato.govt.nz

COUNCIL STRATEGY | TE RAUTAKI KAUNIHERA

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 2019-20 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, mentioned earlier in this document - 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 7.5%
External debt	External loans not to exceed 100% of total revenue	Yes	External loans as at 30 June 2020 were \$17m. Total revenue for 2019-20 was \$38.9m

KEY TOPICS FOR THE 2019-20 YEAR | KAUPAPA MĀTUA MO TE TAU 2019-20

The Annual Plan 2019-20 was a year to prepare for the 2021-31 Long Term Plan.

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.

ENGAGEMENT AND COMMUNICATION

At the beginning of the 2019-20 financial year Council's Community, Corporate and Regulatory Groups went through a structure review and as a result, the Community and Corporate groups merged.

During 2019-20, more resources were made available to increase and improve Council's engagement with our community groups.

The Strategy and Engagement team's role is to work across the Council department in an integrated manner and to deliver programmes on the Council's key focus areas such as Warm Homes, Clean Air and Waste Minimisation. The Community Programme Coordinators have been proactive, meeting with groups and going into public spaces to increase the participation in consultation and to provide events that celebrate the diversity of the district.

The Community Development Coordinator's role is to work with communities to gather aspirations of groups and how these could be implemented as part of the town's concept plans. These concept plans will inform the Long-Term Plan 2021-31.

COVID-19 highlighted Council's need to have multiple tools to engage with and tools that will reach our younger audience. Council investigated different tools and will be using these to engage during the 2020-21 year.

SOLID WASTE

The design of the Transfer Station at the Tokoroa Landfill site was completed during the year and construction is underway with a slight delay caused by COVID-19.

It was anticipated that the district would move to using wheelie bins, but this was deferred due to the international impact of COVID-19 and a delay in the delivery of the bins from China. This enabled Council to push out implementation for a year and contributed to the savings on rates.

Council's contractor EnviroWaste purchased a new recycling truck and is trialling it in our district. By gathering data on what and how our communities are disposing of their rubbish, Council is developing a programme to help clean up our rubbish and care for our environment.

WASTEWATER PLANT UPGRADES / RESOURCE CONSENT

The design for the new digester at the Tokoroa Wastewater Treatment plant is complete including the resource consent.

Council is now moving into the physical build of the digester and anticipates that this project will be completed in 2021.

Council had also planned to begin building the Tīrau wetlands as part of our wastewater consent requirement. This was delayed due to COVID-19. The project is now due to be completed by the 2020-21 financial year.

WAI ORA / HEALTHY RIVERS PLAN CHANGE 1

Waikato Regional Council continued with their consultation on Wai Ora/Healthy Rivers Plan Change 1 (PC1). Although Council supports the principle of sustainable management, PC1 did not provide clarity and certainty on the implementation, administration of its provision for landowners and land managers in our district.

Council has requested that 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.

Waikato Regional Council gave notice on 22 April 2020 of its decision on provisions and matters raised, and a hearing is to be held at the Environmental Court that our Council has an appeal requesting relief from the implementation of the proposed plan.

AIR QUALITY NATIONAL STANDARD

The Ministry for the Environment consulted on the measurement for air quality, which was due to close in May, but the consultation was extended to 31 July 2020 due to COVID-19.

Council provided a submission to the proposed change, as the change would have an impact on our district. The new proposed measure would see Putāruru lose its clean air shed status and Tokoroa may never be able to reach the proposed level.

Tokoroa is positioned in lowland and our district being situated on State Highway 1, meaning that there are extra challenges for our community to ameliorate. The cost of the proposed change would create added stress to our community who already live in highly deprived areas. The Ministry has not provided a date on when a decision on the air quality policy will be made.

ELECTIONS AND REPRESENTATION

Local Government elections were held in October 2019. The Mayoral position and Tīrau representative were elected unopposed. Three new representatives were elected for Putāruru and two new representatives for Tokoroa. The three new representatives for Putāruru meant that the ward would have no previous representative continue into the new term.



Matariki night markets in Tokoroa 17 July 2020

CONCEPT PLANS | NGĀ MAHERE O TE ĀPŌPŌ

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

The 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 are intended to evolve alongside the 2021-31 Long-Term Plan process and finally inform the Long-Term Plan.

From discussions held with the community groups, there is not a lot of change from the current Long-Term Plan (2018-28) and 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

Tokoroa is currently implementing the plan for the redevelopment of the town centre focussing on Leith Place. The Tokoroa CBD continues to be a focus area with the effects from COVID-19 on the business communities within the district.

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. The findings of this research will inform Council plans.

Council has been meeting with interested stakeholders to discuss the use of the Airport. The findings from these engagements will also inform the Council plans.

TIRAU CONCEPT PLAN

The Tirau Community Board has supported the consultation with Tirau residents on the draft 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.

CCTV was included in the Annual Plan 2020-21 consultation and it was decided that CCTV and free WiFi will be implemented in Tirau. Like the other towns, this will be funded through a targeted rate.

ARAPUNI CONCEPT PLAN

The Arapuni Village Community Association has supported the consultation with Arapuni residents on their draft concept plan, in preparation for the Long-Term Plan 2021-31.

The main themes for Arapuni are the safety of roads and footpaths, their internet connectivity and recreational activities for residents.

PUTĀRURU CONCEPT PLAN

The main focus for Putāruru over the 2019-20 year was development of new subdivisions and the funding of the infrastructure required in the planned growth areas.

The Putāruru Growth Plan is a big project for our district that required the establishment of a Development and Financial Contribution (DFC) Policy and a district plan change. The proposed sections of development were consulted on along with the DFC Policy and funding options as part of a special consultation process for an amendment to the current 2018-28 Long-Term Plan. The Long-Term Plan Amendment, DFC Policy and the district plan change have all been approved for the Putāruru Growth Plan.

Pride in Putāruru and Putāruru Moving Forward in partnership with Council continue to work towards the planning of the skate park and water feature. Recreational spaces such as Nola Block/Totara Park and Glenshea Park are identified as important assets in this community.

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	2018-19		2019-20	
	Number	Amount (\$) Including GST	Number	Amount (\$) Including GST
Community, sporting and other organisations	56	117,062	57	127,300
Rates on land protected for natural, historical or cultural conservation purposes	2	45	2	47
Uniform annual general charges and targeted rates on non-contiguous rural rating units in common ownership	25	19,870	25	17,933
Penalties	609	58,670	495	42,641
Māori freehold land	6	6,468	6	6,111
Uncollectable rates	0	0	0	0
Multiple dwellings with a common use on one rating unit	3	4,808	5	7,643
Water rates due to leaks	6	4,479	8	13,538

Rating Information

As at 30 June 2020, the number and value of the rating units in the South Waikato District were:

Number of rating units	10,109
The total capital value of the rating units	6,820,595,500
The total land value of the rating units	3,870,203,300

REVENUE AND FINANCING POLICY REPORT

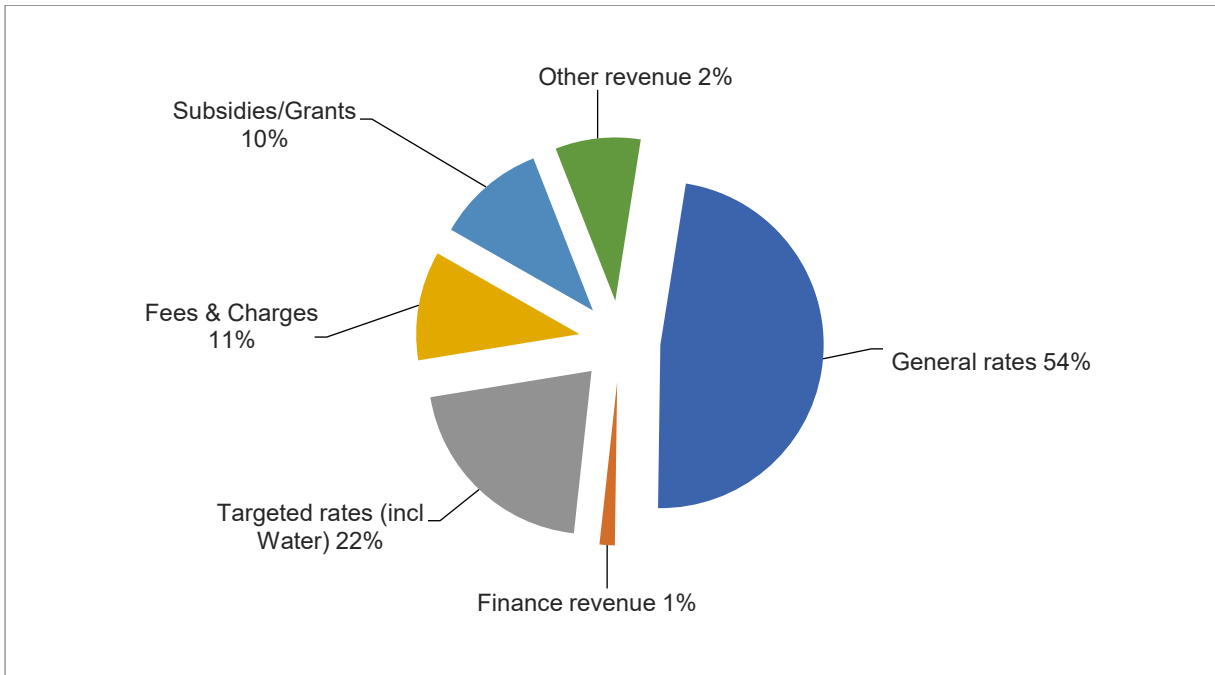
Background

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

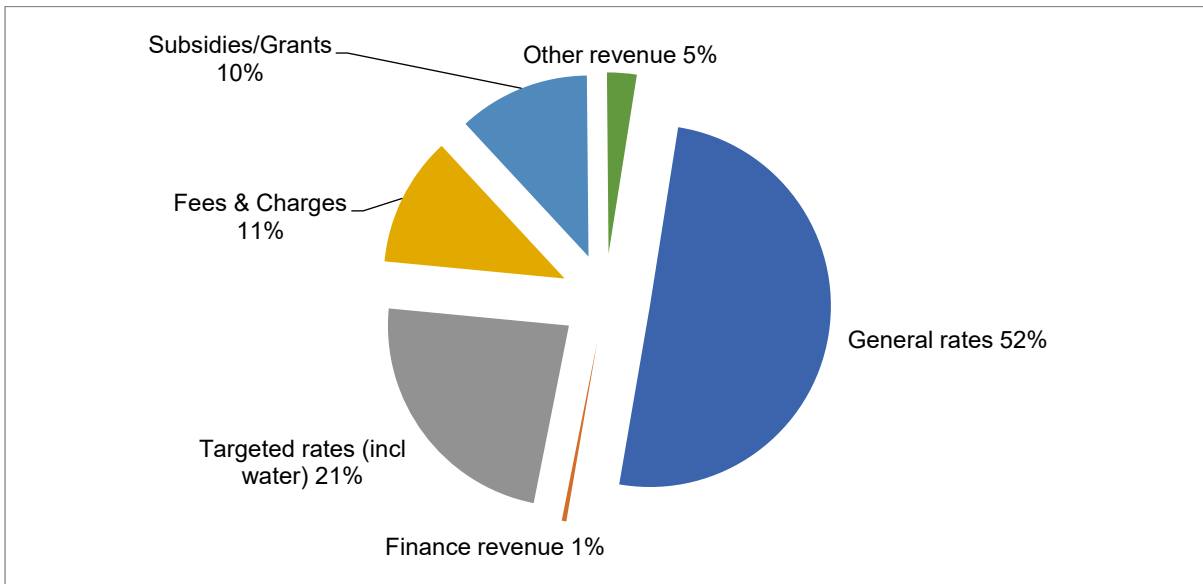
Significant Activity	General Rates Target	General Rates Actual	Targeted Rates Target	Targeted Rates Actual	User Fees Target	User Fees Actual
Animal Control	45%	48%			55%	52%
Building Consents and Inspections	50%	44%			50%	56%
Business and CBD Promotion - Tokoroa and Putāruru			100%	100%		
Cemeteries	40%	37%			60%	63%
Community Advocacy, Grants and Support (including Visitor Centres)	100%	100%				
Community Governance (Tirau Community Board)			100%	100%		
Community Halls			95%	96%	5%	4%
Compliance						
District Governance	100%	100%				
District Promotion	100%	100%				
Economic Development	100%	100%				
Emergency management (Civil Defence and Rural Fires)	100%	100%				
Health	80%	80%			20%	20%
Libraries	92%	97%			8%	3%
Parks and Reserves (including Sportsgrounds)	95%	79%			5%	21%
Pensioner Housing					100%	100%
Property Management	90%	85%			10%	15%
Public toilets	100%	100%				
Resource Management (consent processing)	65%	68%			35%	32%
Resource Management (policy and monitoring, including	100%	100%				
Roading (general roading activities)	100% (after subsidies)	97%				3%
Roading (CBD upgrade loan)	100%	100%				
South Waikato Performing Arts Centre (The Plaza and Tirau Hall)	100% (after hireage income)	96%				4%
South Waikato Sports and Events Centre	80%	77%			20%	23%
Stormwater			100%	80%		
Swimming Pools - Indoor (Tokoroa)	80%	83%			20%	17%
Swimming Pools - Seasonal (Putāruru and Tirau)	90%	90%			10%	10%
Talking Poles	100%	100%				
Te Waihou Walkway	100%	100%				
Tokoroa Airfield	50%	77%			50%	23%
Tokoroa Council of Social Services	85%	91%			15%	9%
Waste - Landfills and Refuse Disposal	20%	6%			80%	94%
Waste - Litter Collection	100%	100%				
Waste - Refuse Collection			50%	38%	50%	62%
Waste - Recycling			100%	93%		7%
Wastewater			100%	100%		
Water Supply			100%	100%		

SUMMARY OF ACTUAL AND TARGET REVENUE SOURCES

Funding revenue source – budgeted 2019-20



Funding revenue source – actual 2019-20



WHAT IS THE PURPOSE OF THIS STATEMENT?

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

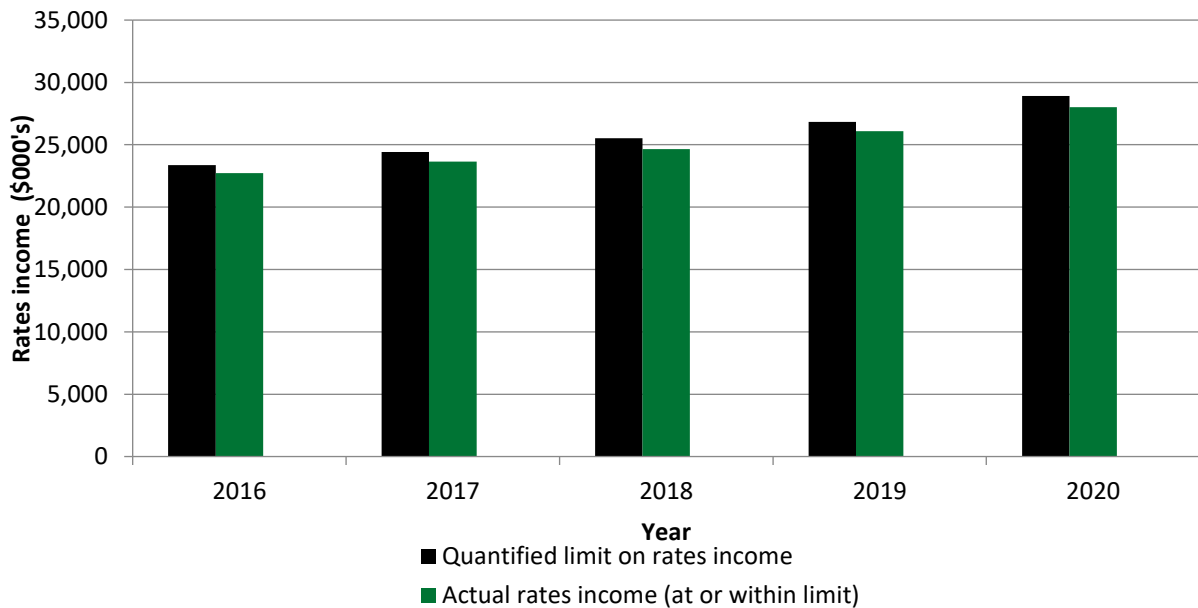
Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if:

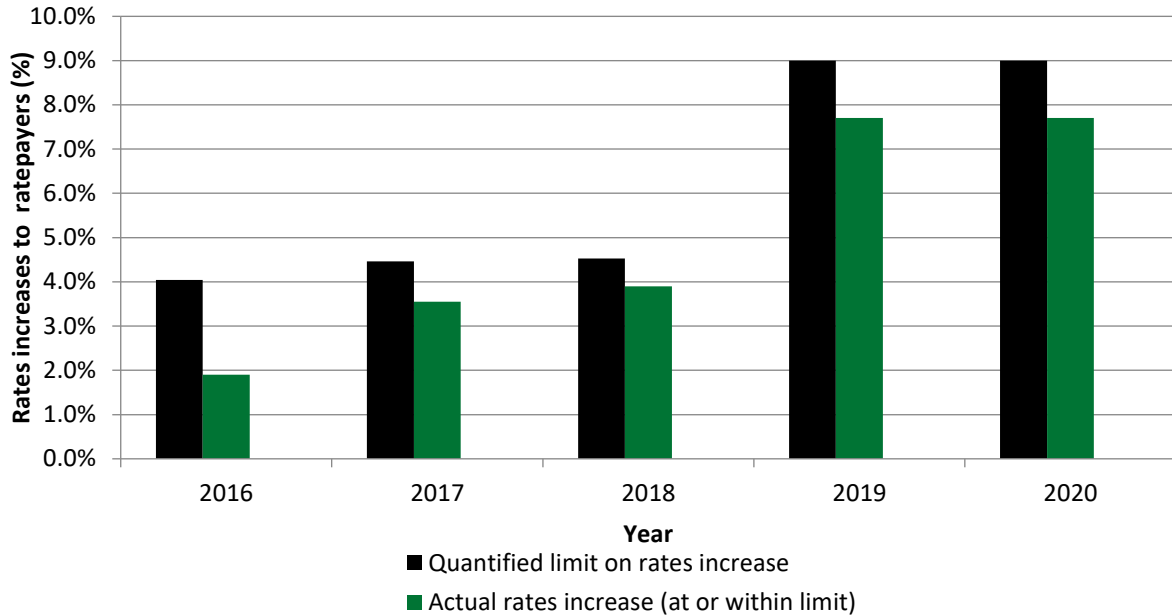
- its actual rates income equals or is less than each quantified limit on rates, and
- its actual rates increase equal or are less than each quantified limit on rates increases

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



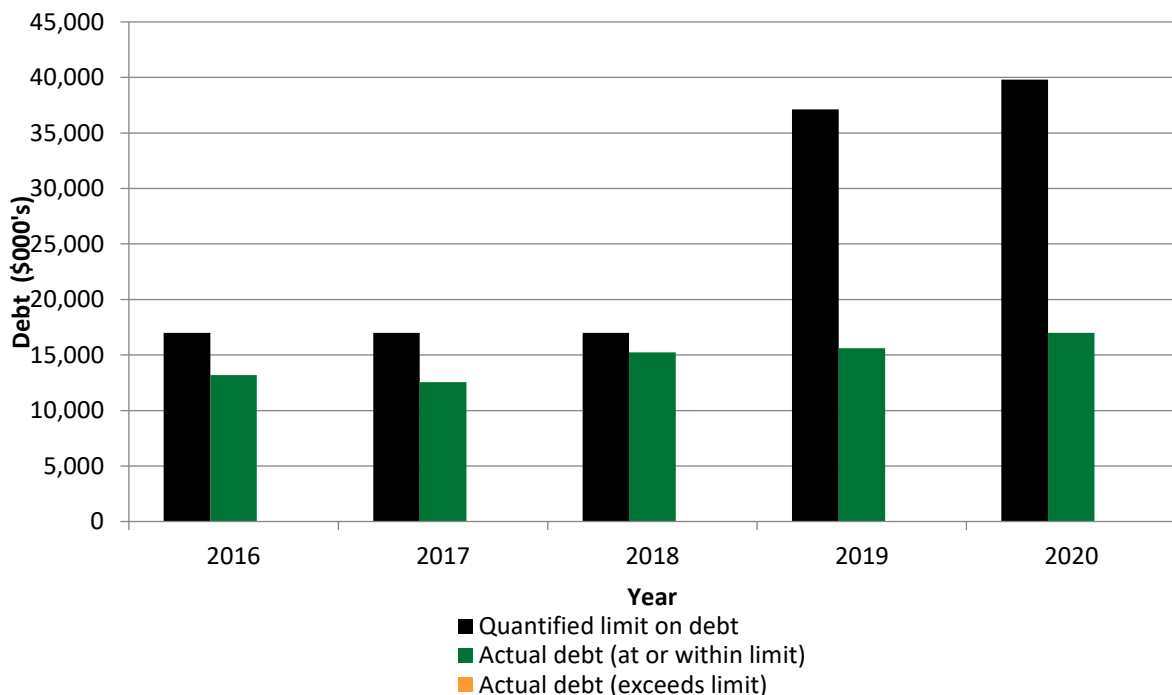
RATES (INCREASES) AFFORDABILITY

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



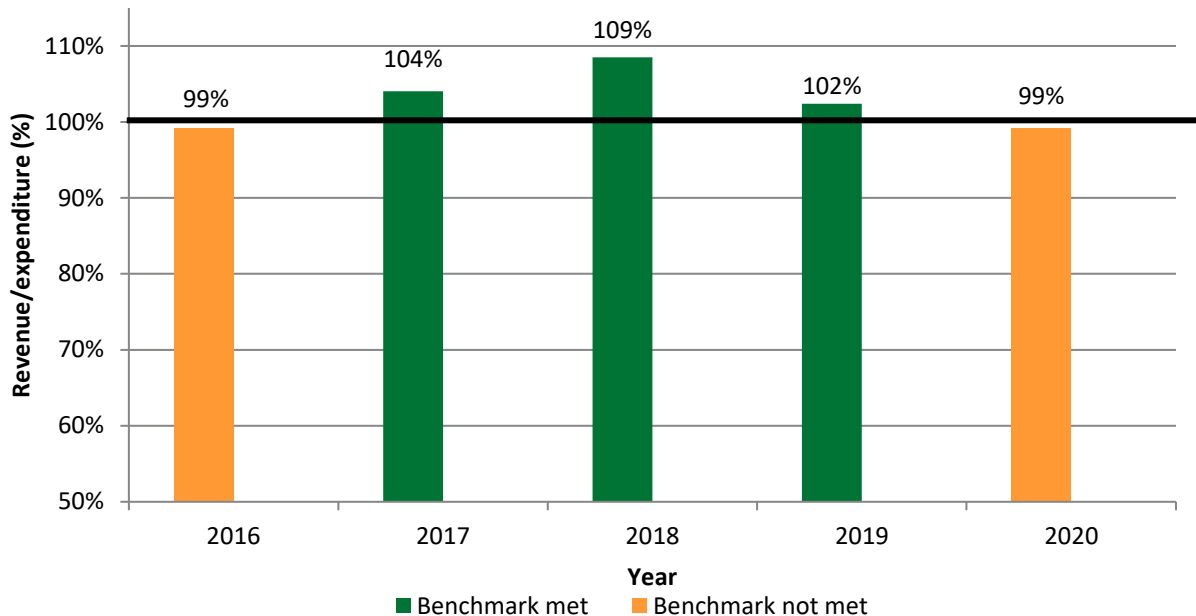
DEBT AFFORDABILITY BENCHMARK

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



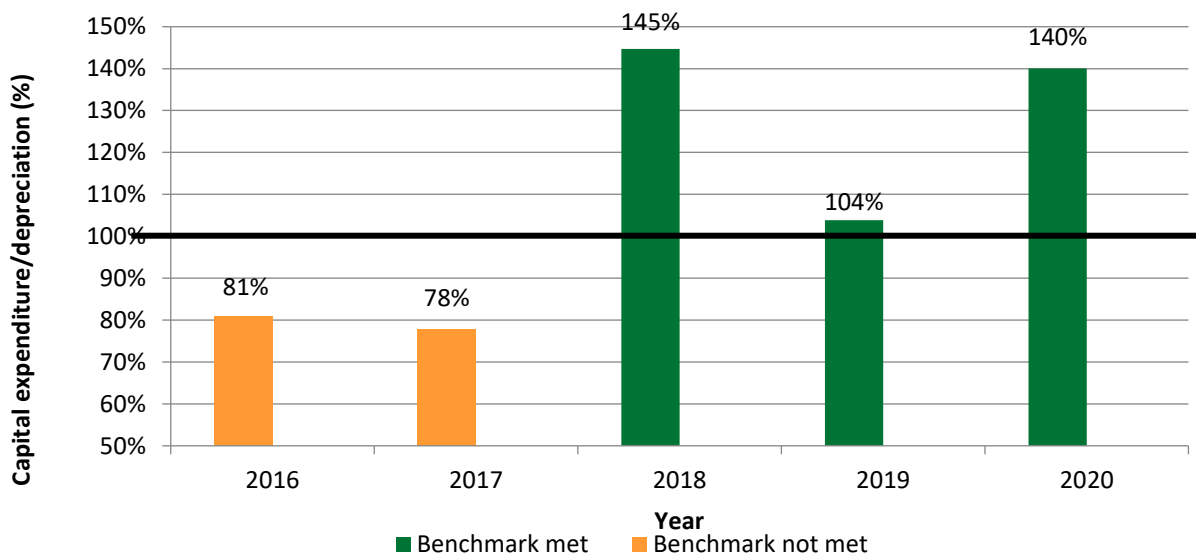
BALANCED BUDGET BENCHMARK

The following graph displays the 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). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



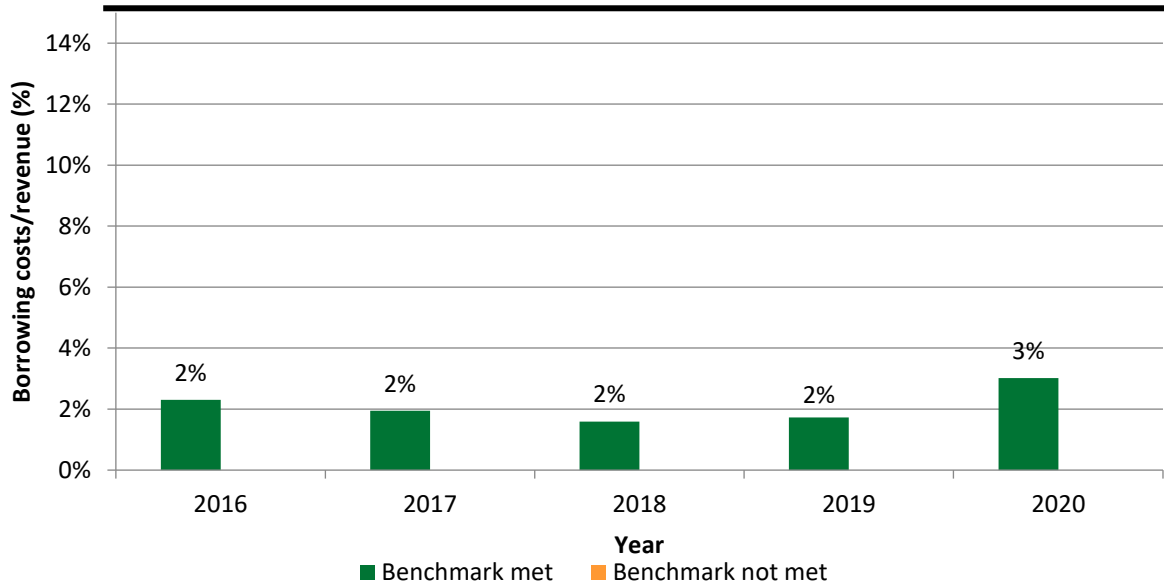
ESSENTIAL SERVICES BENCHMARK

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



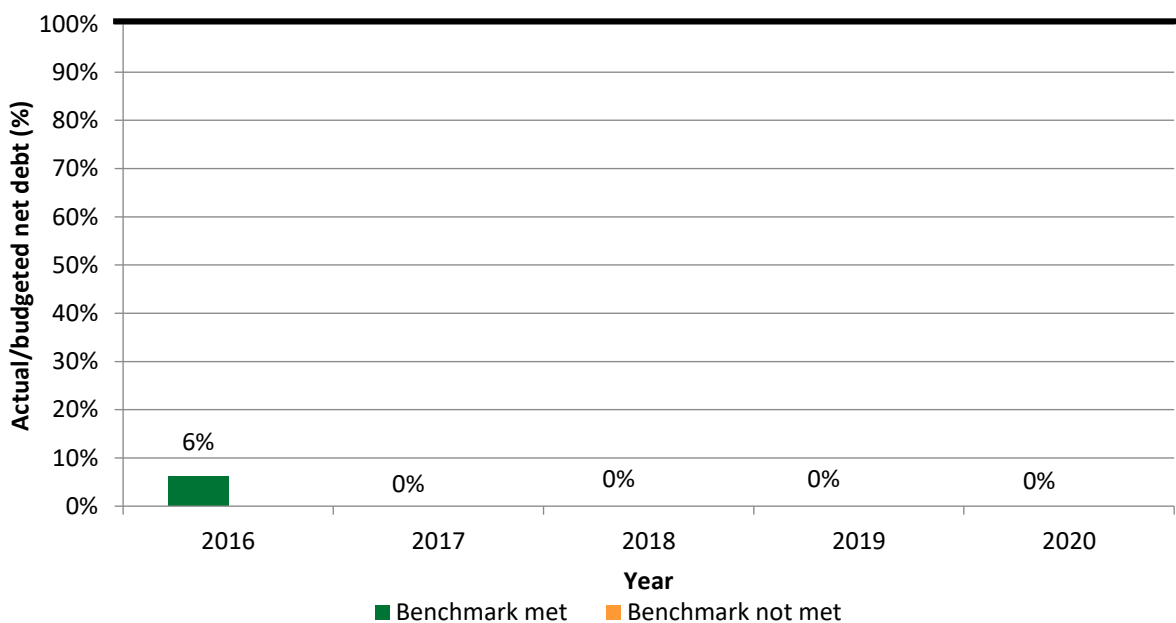
DEBT SERVICING BENCHMARK

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment). The Council meets this benchmark if its borrowing costs equal or are less than 15% of revenue.



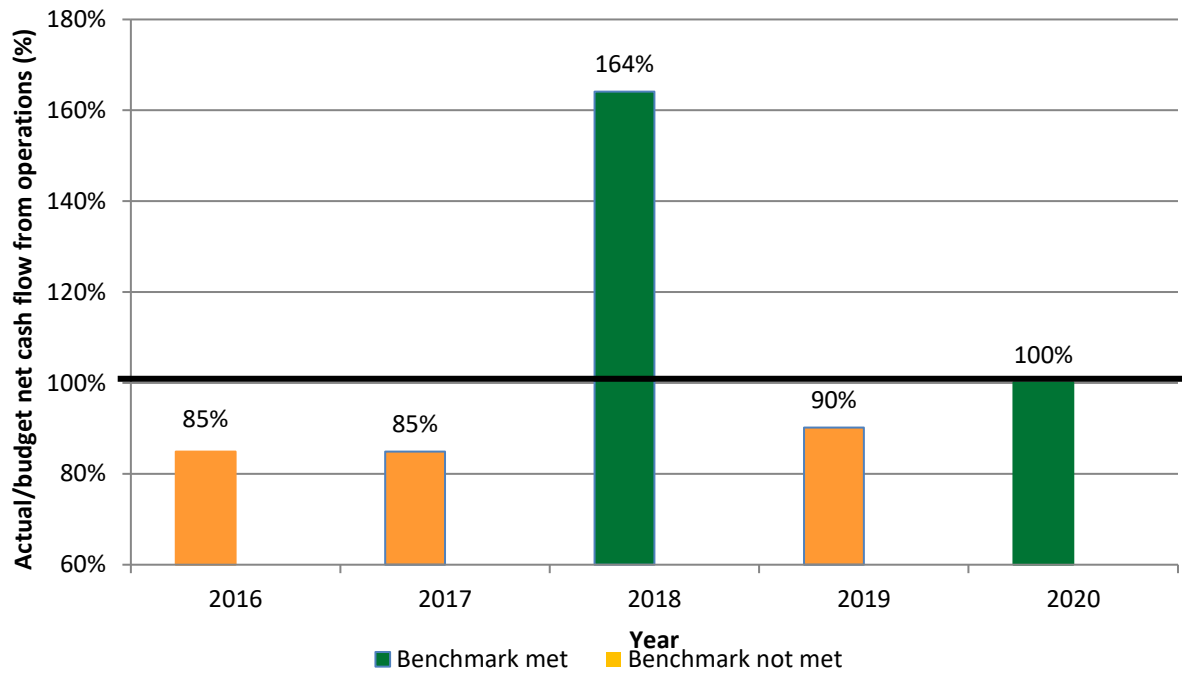
DEBT CONTROL BENCHMARK

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



OPERATIONS CONTROL BENCHMARK

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than 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 2021.

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 2019-20

Highlights of the roading and transport group of activities include:

- The realignment of a 908m section of Waotu South Road located approximately 2 km from Wiltstown Road. The alignment was improved and widened in response to safety concerns at this location. This was largely attributed to the large proportion of heavy traffic using this section of road. The project was necessary as the existing road had reached the end of its life and needed renewal

- The completion of approximately 12km (155,844 m²) of resurfacing on existing sealed roads to improve skid resistance and increase the remaining life of the road. Many incomplete urban chip sealing sites needed to be deferred as a result of work being stopped through COVID-19 lockdown. These will be completed in 2020-21
- The strengthening and rehabilitation of two sections of pavement on Leslie Road, and Leith Place. Together with Waotu South realignment this totalled 2.4km lane. Some advance designs of 2020-21 rehabilitation projects were also completed
- An increased incidence of vehicles striking streetlights occurred during 2019-20. This together with some isolated pole renewals made up the street lighting programme of work for 2019-20

CAPITAL PROJECTS

Transport and roading	Actual Spend	Budget Spend	Actual Spend
	2020	2020	2019
	\$000	\$000	\$000
Formation widening	378	360	466
Seal widening	53	230	58
Pavement rehabilitation	923	850	718
Drainage kerb and channel	-	180	168
Kerb and channel renewals	55	60	43
Christmas/feature Lighting	26	35	46
Maintenance chip seals and reseals	688	1,070	1,025
Traffic services renewals-signs	65	90	75
Traffic services renewals-street lights	139	105	133
Minor improvements	274	510	462
Footpath renewals	26	50	46
Leith Place	1,505	29	606
Sundry other	-	2	-
Total	4,132	3,571	3,846

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
Reseal: No more than 15% of the district's sealed transport network will exceed its useful life.	Not Achieved	Achieved	The percentage of sealed surface by area that has exceeded its useful life was 23% in 2018-19. This has improved to 3% in 2019-20. Following on from the result in 2018/19 staff commissioned a study to assess the remaining life of all sealed surfaces in the SWDC roading network. This was as part of a wider investigation into the development of a forward works programme. Results from that assessment have been used in measuring the KPI for 2019-20. The results indicate a large improvement in the KPI, when compared with 2018-19 results, which would suggest that the remaining useful life in RAMM may be incorrect and will require updating to that identified in the investigation. How appropriate this KPI is will need to be considered for the next Long-Term Plan. To make this KPI successful would require active and constant management

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
			of the design life and expiry date. This is labour intensive, and the value of this input would be questionable.
Rehab: The smooth travel exposure shall be at least 70% of NZTA target for roughness.	Achieved	Achieved	The smooth travel exposure was measured at 94% in both 2018-19 and 2019-20. This means that 94% of all travel was undertaken on what are considered "smooth" roads
Road Safety: There are no fatalities or serious injury crashes on the local transport network that are directly contributable to road conditions.	Achieved	Achieved	There were no fatalities or serious injury accidents that were attributed to road conditions in either 2018-19 or 2019-20.
Capital Footpath Renewals: 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 2019 and 2020 indicated below 1% of the footpath network had a displacement of 15mm or more. The audit each year was undertaken on a random sample of 10% of the footpath network. Results: 2018-19- 99%. 2019-20 - 99.7%
Maintenance: That Council will respond to 90% of all urgent service requests within 2 working days of notice.	Achieved	Achieved	Council received seven service requests and 100% were responded to on time.
Maintenance: That Council will respond to 90% of all non-urgent service requests within 10 working days of notice.	Achieved	Achieved	Council received 259 non-urgent service requests and 234 were responded to on time. End result: 90%

FUNDING IMPACT STATEMENT – TRANSPORT AND ROADING

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	4,380	5,025	4,811
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,768	1,873	2,523
Fees and charges	83	85	90
Interest and dividends from investments	-	-	11
Internal charges and overheads recovered	1,040	1,072	559
Local authorities fuel tax, fines, infringement fees, and other receipts	155	158	162
TOTAL OPERATING FUNDING (A)	7,426	8,213	8,156
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	3,468	3,732	4,286
Finance costs	180	204	90
Internal charges and overheads applied	2,217	2,307	1,631
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	5,865	6,243	6,007
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	1,561	1,970	2,149
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	2,257	2,299	1,459
Development and financial contributions	-	-	81
Increase (decrease) in debt	1,230	(388)	132
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	3,487	1,911	1,672
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	159	172	-
• to replace existing assets	4,903	3,502	4,132
Increase (decrease) in reserves	(85)	79	206
Increase (decrease) in investments	71	128	(517)
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	5,048	3,881	3,821
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(1,561)	(1,970)	(2,149)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



Water supply 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.

Council operates four urban and two rural drinking water supply networks, totalling over 200km of 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 2019-20

- Putāruru permanent chlorine system was installed at Te Waihou
- Permanent flow meter installed in Tokoroa that help modelling future growth
- Water main renewal contract awarded and construction started. Completion was delayed due to COVID-19 restrictions
- Renewal of water main and ridermain on Barberton Street
- Audit of Telemetry system and upgrade of servers started
- Putāruru DP Infrastructure Requirements – designs and investigation only were undertaken, construction to begin in 2020/21 year.

CAPITAL PROJECTS

Water supply	Actual Spend	Budget Spend	Actual Spend
	2020 \$000	2020 \$000	2019 \$000
Health & Safety	18	30	29
Tokoroa - reticulation replacements	313	360	253
Tokoroa - capital component of maintenance	24	15	5
Tokoroa - water plant & equipment replacement	56	34	
Putāruru - reticulation replacements	35	35	130
Putāruru - capital component of maintenance	3	15	8
Putāruru - Zone DP change Infrastructure requirements	81	287	-
Waihou Chlorine Disinfection & Te Waihou Screen	29	-	-
Pinedale Reservoir	45	-	-
Putāruru Drinking Disinfection	3	-	14
Putāruru Water - Design Water Supply Upgrades	4	200	7
Tīrau - capital component of maintenance	6	13	-
Tīrau - Fairview Development Water Pipe Replacement	75	-	21
Tīrau - Water Plant and Equipment Replacement	-	25	
Tīrau - Reticulation replacements	-	40	
Arapuni - reticulation renewal	11	28	23
Total	703	1,082	490

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
All unsecure water sources, will have their water treated as prescribed in part 5 of the drinking-water standards to treat protozoa.	Achieved	Achieved	Council has six water headworks. All headworks comply with Part 5 of the Drinking Water Standards by having ultraviolet light.
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	100% compliance was achieved during these reporting periods. 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	Achieved	Achieved	The median response time was as follows: 2018/19 = 45 minutes

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
system does not exceed one hour of notice.			2019/20 = 47 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 no complaints regarding the following during the 2018/19 and 2019/20 reporting periods: <ul style="list-style-type: none"> • Clarity • Taste • Odour • Pressure, flow or supply
The water loss from Council's reticulation network will be no more than 20%.	Achieved	Achieved	The water loss within the district was achieved during the 2018/19 and 2019/20 reporting periods.
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: 2018/19 = 450 litres 2019/20 = 362 litres It has been noted that the wording of this KPI is incorrect and will be corrected for the 2021-2031 LTP to ensure that there is a reference to "less than 500 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: 2018/19 = 1 hour and 5 minutes 2019/20 = 31 minutes

FUNDING IMPACT STATEMENT – WATER SUPPLY

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	-	-	-
Targeted rates	2,820	2,964	2,943
Subsidies and grants for operating purposes	-	-	-
Fees and charges	307	381	329
Interest and dividends from investments	-	-	182
Internal charges and overheads recovered	2,753	2,810	2,710
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
TOTAL OPERATING FUNDING (A)	5,880	6,155	6,164
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	1,439	1,351	1,590
Finance costs	18	46	1
Internal charges and overheads applied	3,528	3,671	3,455
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	4,985	5,068	5,046
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	895	1,087	1,118
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	843	83	82
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	843	83	82
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	40	-	-
• to replace existing assets	1,646	736	703
Increase (decrease) in reserves	(961)	(599)	(470)
Increase (decrease) in investments	1,013	1,033	967
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,738	1,170	1,200
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(895)	(1,087)	(1,118)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



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

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. A new consent has been issued for the Putāruru WWTP. The Tīrau consent has been issued in August 2020.

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 2019-20

Highlights of the wastewater activity include:

- Tokoroa Treatment Plant Digester – this project has been carried over; it will start once the new digester is commissioned successfully
- Tokoroa Sludge Upgrade including Digester – Construction has started and completion is expected in June 2021
- Tokoroa WWTP Equipment Replacement – the majority of replacements identified were completed; unfortunately the COVID-19 lockdown has delayed some work
- Tīrau Wetlands – this project was delayed due to delays in receiving the final discharge consent, detailed designs are being finalised with construction beginning this summer
- Putāruru Zone DP Infrastructure Requirements – Investigation and preliminary design work only undertaken in 2020
- Tīrau WWTP Equipment Replacement – the planned generator replacement was not required; associated replacements were undertaken; some delays were experienced due to COVID-19 lockdown

CAPITAL PROJECTS

Wastewater	Actual Spend	Budget Spend	Actual Spend
	2020	2020	2019
	\$000	\$000	\$000
Health & Safety	38	30	38
Wastewater Design to Support Growth Plan	59	200	-
Tokoroa - Plant & Equipment Upgrade	62	105	224
Tokoroa - Sludge Upgrade including Digester & Sludge Thickener	1,199	9,490	39
Tokoroa WWTP - Telemetry	33	40	-
Tokoroa WWTP - UV Lamps	36	40	130
Tokoroa WWTP - Resource consent	74	-	288
Putāruru WWTP - Plant & equipment upgrade	28	16	78
Putāruru filter pumps & UV	9	7	5
Putāruru Zone DP change Infrastructure Requirements	18	115	-
Putāruru Rangiura Development Wastewater	6	-	-
Tīrau - plant & equipment upgrade	44	92	36
Tīrau WWTP Membranes	26	30	32
Kittow St Sewer	-	-	42
Wetlands Tīrau	8	826	25
Total	1,640	10,991	937

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 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.	Achieved	Not Achieved	A formal warning was received from the Regional Council regarding continued non-compliance at the Tokoroa WWTP for exceeding our nitrate limits. The Council is in the process of applying for a new resource consent for this plant. A number of remedial actions have been taken at Tokoroa, including construction of new digester centrate holding tanks and construction of new trade waste facilities to better handle concentrated wastes and prevent shock loadings on the treatment system. Introduction of new caustic dosing system for the FAST treatment tanks and installation of a new standby generator.
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 18/19 or 19/20 reporting period regarding the following: <ul style="list-style-type: none"> • Odour • Faults • Blockages • Response times

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
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: 2018/19 = 1 hour and 5 minutes 2019/20 = 1 hour and 49 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: 2018/19 = 22 minutes 2019/20 = 10 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.	Not Achieved	Achieved	The number of overflows were as follows: 2018/19 = 22 2019/20 = 22

FUNDING IMPACT STATEMENT – WASTEWATER

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	-	-	-
Targeted rates	3,531	3,797	4,015
Subsidies and grants for operating purposes	-	-	-
Fees and charges	17	18	16
Interest and dividends from investments	-	-	292
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
TOTAL OPERATING FUNDING (A)	3,548	3,815	4,323
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	1,983	1,962	2,094
Finance costs	27	30	27
Internal charges and overheads applied	651	735	918
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,661	2,727	3,039
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	887	1,088	1,284
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	37	(17)	1,113
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	37	(17)	1,113
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	40	-
- to replace existing assets	445	380	1,640
Increase (decrease) in reserves	(445)	(368)	(176)
Increase (decrease) in investments	924	1,019	933
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	924	1,071	2,397
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(887)	(1,088)	(1,284)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



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 which discharge to surface water (streams or lakes).

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

WHAT WE DO

- Managing stormwater 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

DELIVERING ON OUR ANNUAL PLAN 2019-20

- Undertaking stormwater modelling for Tokoroa and Tīrau
- Updating the flood hazard maps for Tokoroa and Tīrau

CAPITAL PROJECTS

Stormwater	Actual Spend 2020 \$000	Budget Spend 2020 \$000	Actual Spend 2019 \$000
Tokoroa - Minor New Works Projects	11	11	2
State Highway 1 Stormwater & Stormwater Design Plan	802	-	280
Stormwater Design Plan	92	300	-
Putāruru - Minor New Works Projects	18	10	-
Putāruru - Zone DP change Infrastructure Requirements	24	172	-
Putāruru - Rangiura Development	27	-	-
Tīrau - Minor New Works Projects & Hillcrest Stormwater	31	6	99
Arapuni - Minor New Works Projects	5	-	-
Total	1,010	499	381



KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
Council will have no more than one per 1,000 habitable dwellings flooded during a storm event*. *A storm event causes flooding to compliant rateable habitable dwellings due to exceeding the design capacity of the stormwater system.	Achieved	Achieved	During the 2018-19 and 2019-20 reporting period there were no flooded buildings due to design capacity of the stormwater system.
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)	Achieved	Achieved	During the 2018-19 and 2019-20 reporting period there were no complaints regarding flooded buildings due to design capacity of the stormwater system.
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.	Achieved	Achieved	During the 2018-19 and 2019-20 reporting period there were no flood events which caused buildings under the building code to be flooded.
There will be no "Formal Enforcement Actions" from the consenting authority (Waikato Regional Council) in regard to Council's compliance with resource consent conditions relating to stormwater.	Achieved	Achieved	Council has not received any Formal Enforcement Actions for WRC during the 2018-19 or 2019-20 reporting period.

FUNDING IMPACT STATEMENT – STORMWATER

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	-	-	-
Targeted rates	703	843	822
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Interest and dividends from investments	-	-	251
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
TOTAL OPERATING FUNDING (A)	703	843	1,073
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	230	251	193
Finance costs	-	5	-
Internal charges and overheads applied	139	158	163
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	369	414	356
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	334	429	717
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	510
Development and financial contributions	-	-	-
Increase (decrease) in debt	64	72	24
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	64	72	534
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	-	-	-
• to replace existing assets	256	104	1,010
Increase (decrease) in reserves	(256)	(27)	(173)
Increase (decrease) in investments	398	424	414
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	398	501	1,251
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(334)	(429)	(717)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



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

Council owns one operating landfill in the district, two closed landfills, one transfer station, one recycling processing site and five un-manned recycling drop-off facilities. The resource consent for depositing waste at the landfill expires in October 2020 and the landfill cell in operation is expected to be filled at about the same time.

The South Waikato Achievement Trust (SWAT) operates a recycling processing facility under contract to Council at 21 Croad Place Tokoroa. The facility also includes a supervised recycling drop-off area for the public to use during opening hours.

There are four unsupervised recycling drop-off points for urban and rural customers which are available 24/7, and one unsupervised recycling drop-off point located within the Tokoroa landfill site.

Kerbside collections of rubbish and recycling is undertaken by Envirowaste Limited under a 10 year contract. Envirowaste will also operate both transfer stations in Putāruru and Tokoroa once the Tokoroa landfill closes.

WHAT WE DO

- Operate a landfill near Tokoroa
- Operate a transfer station near Putāruru
- Provide recycling 'drop off' centres in Tirau, Putāruru, Tokoroa, Waotu and Okoroire
- Contract the operation of a Recycling Centre in Tokoroa
- Collect household rubbish and recycling from the kerb in urban areas
- Provide rubbish bins in town centres and in public places
- Pick up litter that has been dropped in town centres
- Issue infringement notices to those who dump rubbish in inappropriate places

DELIVERING ON OUR ANNUAL PLAN 2019-20

- Continue working on final closure plan of the Tokoroa landfill
- Completed designs of new Refuse Transfer Station and commenced construction
- Awarded new kerbside rubbish and recycling contract to Envirowaste
- Council decided to move to wheelie bin collections for kerbside rubbish and recycling collections implementation to be in July 2021 (New bins to be ordered in January 2021)
- Decision on undertaking recycling upgrades at Croad place was deferred

CAPITAL PROJECTS

Solid waste and recycling	Actual Spend	Budget Spend	Actual Spend
	2020 \$000	2020 \$000	2019 \$000
Tokoroa - Recycling Facility	27	27	13
Tokoroa - Capital Component of Maintenance	-	-	-
Tokoroa - Landfill Projects	1,375	2,186	200
Putāruru - Capital Component of Maintenance	19	5	-
Putāruru - Weighbridge	-	-	-
Tirau - Recycling Station Relocation	7	-	-
District - Recycling containers & Upgrade Works	4	70	-
Total	1,432	2,288	213

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
Solid Waste and Recycling: 90% of enquiries and service requests relating to recycling collection are responded to within 2 working days of notice	Not Achieved	Achieved	Council received 189 service requests and 177 service requests were responded to on time. End result: 93%
Solid Waste and Recycling: 90% of enquiries and service requests relating to refuse collection are responded to within 2 working days of notice.	Not Achieved	Not Achieved	Council received 74 service requests and 55 were responded to on time. End result: 74.32%
Solid Waste and Recycling: The amount of waste that is recycled must not be less than 10% of the residual waste sent to landfill.	Achieved	Achieved	The waste recycled during 2018/19 and 2019/20 exceeded 10% of the residual waste sent to the landfill. This is verified using the monthly Ministry of Environment Reporting. Result: 19%
Solid Waste and Recycling: There will be no 'Formal Enforcement Actions' from the consenting Authority in regard to Council's compliance with resource consent conditions.	Achieved	Achieved	There were no 'Formal Enforcement Actions' undertaken.
Solid Waste and Recycling: 100% of enquiries and service requests relating to recycling collection are resolved within 3 working days of notice.	Not Achieved	Achieved	
Solid Waste and Recycling: 100% of enquiries and service requests relating to refuse collection are resolved within 3 working days of notice.	Not Achieved	Achieved	

FUNDING IMPACT STATEMENT – SOLID WASTE AND RECYCLING

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	367	511	387
Targeted rates	784	835	967
Subsidies and grants for operating purposes	130	133	-
Fees and charges	1,610	1,645	1,915
Interest and dividends from investments	-	-	34
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	90	92	86
TOTAL OPERATING FUNDING (A)	2,981	3,216	3,389
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,236	2,305	2,825
Finance costs	87	145	505
Internal charges and overheads applied	529	605	651
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,852	3,055	3,981
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	129	161	(592)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	77	4,528	1,265
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	77	4,528	1,265
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	-	-	-
• to replace existing assets	368	4,994	1,432
Increase (decrease) in reserves	(178)	(336)	(455)
Increase (decrease) in investments	16	31	(304)
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	206	4,689	673
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(129)	(161)	592
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



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

The Parks and Reserves team oversees the operation, maintenance and development of the district's parks, reserves and sportsground areas. The maintenance of these areas is currently let 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.

The team administer these contracts, undertake auditing, programme work, plan development and managing their use. Council provides a contact for users and administers the bookings for each of our parks and sportsgrounds. We are also involved in planning for and carrying out capital works as set out in the Long-Term Plans 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 over 240ha of parks, reserves, playgrounds and sportsgrounds
- Maintain cycleways and walkways
- Management of cemeteries
- Management of public toilets

DELIVERING ON OUR ANNUAL PLAN 2019-20

From the 2019-20 plan, we were able to deliver on the following major projects:

- Replace goal posts at Strathmore Park and Glenshea Park
- Transfer playground from Grey Street reserve to Barnett Street Reserve
- Walkway development in reserves
- Internal road upgrade in reserves
- Boardwalks on the Te Waihou walkway
- Berm installation in cemeteries

CAPITAL PROJECTS

Parks and Reserves	Actual Spend 2020 \$000	Budget Spend 2020 \$000	Actual Spend 2019 \$000
Cemeteries	8	9	10
Sportsgrounds - Memorial Park	116	-	-
Sportsground - Replacement Sports Equipment	13	41	19
Skatepark Upgrade	23	10	41
Reserves - Walkway Development	104	378	289
Playground Equipment renewals	85	35	2
Other Parks and Reserves Projects	128	87	553
Total	477	560	914

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
Parks: 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 520 non-urgent enquiries and service requests, of these 492 were responded to on time. End Result: 95%
Parks: 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 58 urgent enquiries and service requests, of these 56 were responded to within the required time frame. End Result: 97%

FUNDING IMPACT STATEMENT – PARKS AND RESERVES

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	3,479	3,645	3,617
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	178	182	172
Interest and dividends from investments	-	-	13
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
TOTAL OPERATING FUNDING (A)	3,657	3,827	3,802
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,310	2,367	2,385
Finance costs	92	120	60
Internal charges and overheads applied	835	863	919
Other operating funding applications	18	19	8
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,255	3,369	3,372
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	402	458	430
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	23	23	40
Increase (decrease) in debt	533	214	117
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	556	237	157
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	-	-	-
• to replace existing assets	882	582	477
Increase (decrease) in reserves	(327)	(345)	(558)
Increase (decrease) in investments	403	458	668
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	958	695	587
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(402)	(458)	(430)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



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 include 84 pensioner units, seven community halls, the Plaza Theatre and the Bridge Club in Putāruru, Council offices and libraries and 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 all properties that are owned by Council including:

- Library buildings
- Public toilets
- Pools and Sport and Events Centre
- Council office buildings
- Council fleet vehicles
- Community halls
- Pensioner housing

DELIVERING ON OUR ANNUAL PLAN 2019-20

This year Council:

- Outfitted the Tokoroa Council Office with 75 new workstations and associated furniture
- Completed minor renovations within a number of pensioner homes
- Completed the ventilation project in the Council Office in Tokoroa
- Replaced multiple CCTV cameras at the Sport and Events Centre
- Undertook a kitchen upgrade at the Tīrau Depot
- Replaced hall lighting at the Arapuni hall
- Installed a new security system at the Wastewater Treatment Plant

CAPITAL PROJECTS

Property	Actual Spend 2020 \$000	Budget Spend 2020 \$000	Actual Spend 2019 \$000
Council Admin Buildings and Depots	324	139	198
Community Halls	4	21	59
Property renewals - Dog Pound Upgrade	-	100	388
Pensioner Housing	42	77	161
Asbestos Management/Asset Mgmt Assessments	-	50	-
Total	370	386	806

KEY PERFORMANCE INDICATORS

Although just below the 95% target, COVID-19 has had an effect on the results as two units were about to be tenanted when lockdown came. One unit was also not available for tenanting due to its condition not being up to standard.

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
Public Toilets: 90% of enquiries and service requests relating to public toilets are responded to within two working days of notice.	Achieved	Achieved	Council received 81 enquiries. All requests were responded to within the required time frame. End result: 100%
Public Toilets: 90% of enquiries and service requests relating to public toilets are resolved within three working days of notice.	N/A	Achieved	Council received 81 enquiries. All requests were resolved within the required time frame. End result: 100%
Pensioner Housing: The occupancy of Council's pensioner housing units is at least 95% on an annual basis.	Achieved	Not Achieved	The occupancy of Council's pensioner housing units was 94.46%

FUNDING IMPACT STATEMENT – PROPERTY

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	822	859	908
Targeted rates	45	48	52
Subsidies and grants for operating purposes	-	-	-
Fees and charges	475	484	535
Interest and dividends from investments	-	-	6
Internal charges and overheads recovered	-	-	36
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
TOTAL OPERATING FUNDING (A)	1,342	1,391	1,537
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	548	551	991
Finance costs	94	90	133
Internal charges and overheads applied	410	432	375
Other operating funding applications	1	1	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,053	1,074	1,499
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	289	317	38
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(106)	(113)	(23)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(106)	(113)	(23)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	-	-	-
• to replace existing assets	1,015	306	370
Increase (decrease) in reserves	(108)	(76)	(279)
Increase (decrease) in investments	(724)	(26)	(76)
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	183	204	15
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(289)	(317)	(38)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



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 provide recreational facilities to encourage residents to be active, to engage the community and to improve the image and perception of the district.

Tokoroa and Putāruru Libraries provide a wide range of professional library services to meet the recreational, educational, reading and information needs of the community. A range of other services are also available, including large-print collections, Māori and Pacific Island collections, an audio-visual collection and e-books, toy collection, internet and free WIFI, and an inter-library loan service.

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.

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 indoor pools in Tokoroa and outdoor pools in Putāruru and Tīrau
- Tokoroa and Putāruru Libraries
- Tīrau i-SITE
- The South Waikato Performing Arts Centre (The Plaza)

DELIVERING ON OUR ANNUAL PLAN 2019-20

Council planned to do major works on the pools and increase the libraries' collection and information resources. COVID-19 delayed the work on the pools, but the Government's Infrastructure Fund that was a part of the COVID-19 recovery response, provided the opportunity for Council to investigate further options that could be provided with additional funding.

Council submitted an application to the Government's Infrastructure Fund for both the pools and library and are currently doing further research on the details of these high-level submissions. Council anticipates that a successful bid will provide a better product and service for our communities.

CAPITAL PROJECTS

Community Facilities	Actual Spend 2020 \$000	Budget Spend 2020 \$000	Actual Spend 2019 \$000
Events Centre - Plant Replacement & Exterior Waterproofing	-	24	3
Libraries	144	159	180
Pole Installation	40	10	11
Pools Plant Replacement	52	480	343
Total	236	673	537

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
South Waikato Sport and Events Centre: South Waikato Sport and Events Centre users rate their overall satisfaction level at an average of 90% or above <u>annually</u> .	Achieved	Achieved	Overall satisfaction for 2019-2020 was 98%
South Waikato Sport and Events Centre: Annual usage of the South Waikato Sport and Events Centre will equate to an average of at least twice the district's population.	Achieved	Achieved	There were 44,650 visits to the SW Events Centre. This equates to an average of 2.0 visits.
Swimming Pools: South Waikato pool facility users (Tokoroa, Putāruru, Tīrau) rate their overall satisfaction level at an average of at least 90% or above annually.	Achieved	Not Achieved	Overall satisfaction for 2019-2020 was 88%
Swimming Pools: Annual usage of the South Waikato pool facilities will equate to an average of at least four times the district's population.	Achieved	Not Achieved	There were 73,102 visits to the Swimming Pools, an average of 3.4 visits.
Swimming Pools: At least 90% of South Waikato pool water tests (Tokoroa, Putāruru and Tīrau) comply with the New Zealand Standard Pool Water Quality annually.	Achieved	Achieved	10,259 tests were undertaken at the pools in 2019-2020. 98% (10,039) of these tests were compliant.
Libraries: South Waikato Library services customers (Tokoroa, Putāruru and Tīrau) rate their overall satisfaction level at an average of 95% or above <u>annually</u> .	Achieved	Achieved	Overall satisfaction for 2019-2020 was 97%
Libraries: 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 108,157 visits to the SW Events Centre. This equates to an average of 4.9 visits.
Libraries: 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. 221 groups made contact with the libraries over the year.
Libraries: 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 22,758 online visits/hits for the year.

FUNDING IMPACT STATEMENT – COMMUNITY FACILITIES

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	3,176	3,370	3,314
Targeted rates	-	-	-
Subsidies and grants for operating purposes	12	12	-
Fees and charges	378	387	332
Interest and dividends from investments	-	-	22
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
TOTAL OPERATING FUNDING (A)	3,566	3,769	3,668
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	1,970	2,026	1,826
Finance costs	139	184	89
Internal charges and overheads applied	1,043	1,091	983
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,152	3,301	2,898
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	414	468	770
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	518	2,496	(90)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	518	2,496	(90)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	-	-	-
• to replace existing assets	845	2,937	236
Increase (decrease) in reserves	(126)	(204)	(111)
Increase (decrease) in investments	213	231	555
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	932	2,964	680
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(414)	(468)	(770)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



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 2019-20

Council was able to deliver on some projects for the community and economic development, but COVID-19 also prioritised some of the work that was planned so that Council were able to focus on the immediate and medium-term impacts of COVID-19. Below are some of the planned projects that Council were able to address.

- Retention of the i-SITE and customer services in Tīrau
- Warm homes clean air programme
- Community events
- Commencement of the concept plans for Tokoroa, Tīrau and Arapuni
- Support the delivery of the concept Plans for Tokoroa, Tīrau and Arapuni
- Continue to work collaboratively with representatives of the SWIF Trust on attracting new investment to the district and supporting the growth of existing enterprises

CAPITAL PROJECTS

Economic and community development	Actual Spend	Budget Spend	Actual Spend
	2020	2020	2019
	\$000	\$000	\$000
Logistics equipment replacement	-	-	-
District Branding - signs	-	15	7
Strategic Property Projects	1	300	-
District Gateway Project	-	-	-
Total	1	315	7

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 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	Council held 12 events where there were no less than two key stakeholders supporting the event. Events included a Matariki Celebration, Community Workshop (Energy efficiency), Totara Legacy Planting Day, Māori Language Week with SWPIC, Take a kid fishing, SWPIC Sport Waikato Passport Challenge, Armistice Day, Xmas Parade, Putāruru Water Festival, Festival of Cultures, Children's Day. The ANZAC ceremony and Neighbourhood series
Engage with, support or facilitate 10 interagency collaboration meetings in the social, education, health, youth and aged care areas annually.	Achieved	Achieved	Thirteen meetings were either engaged, supported or facilitated.
90% of the key performance indicators within community contracts are satisfactorily met by individual contract holders annually.	Achieved	Achieved	94% community contract KPIs were reliant on events happening and this was affected by the COVID-19 lockdown. Events such as Honouring Volunteers Week and Youth Week event and Children's Day go ahead.
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 97%

FUNDING IMPACT STATEMENT – ECONOMIC AND COMMUNITY DEVELOPMENT

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	2,561	2,614	2,377
Targeted rates	223	270	293
Subsidies and grants for operating purposes	-	-	-
Fees and charges	7	6	8
Interest and dividends from investments	-	-	5
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
TOTAL OPERATING FUNDING (A)	2,791	2,890	2,683
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	617	630	873
Finance costs	57	64	74
Internal charges and overheads applied	509	532	405
Other operating funding applications	1,416	1,479	1,175
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,599	2,705	2,527
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	192	185	156
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	150	147	56
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	150	147	56
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	-	-	1
• to replace existing assets	315	322	-
Increase (decrease) in reserves	(40)	(51)	124
Increase (decrease) in investments	67	61	87
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	342	332	212
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(192)	(185)	(156)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



These activities meet the Council outcomes in various ways to maintain and enhance a safe community. For example, 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 civil defence function and business case management function works with stakeholders across multiple disciplines by focussing on building relationships.

The Regulatory functions continued to meet legislative obligations to ensure a safe environment for our community even throughout the COVID-19 lockdown period.

Highlights included ongoing district plan changes to enable growth and sustainable development, regional and national engagement on water quality matters, successful external funding for local biodiversity, improving capacity and expertise in the environmental health team and successful building consent authority accreditation.

WHAT WE DO

- Resource management/Planning guidance, policy, biodiversity enhancement and compliance
- Building control, guidance, policy and compliance
- Civil defence
- Animal control and compliance
- Sale and Supply of Alcohol licensing
- Auditing food premises to ensure that they meet the food legislation
- Environmental health duties
- Noise control and compliance
- Parking enforcement
- Business case management (a programme for businesses wishing to locate in or expand in our district to help navigate them through regulatory processes)
- Bylaw management

DELIVERING ON OUR ANNUAL PLAN 2019-20

- Maintain effective noise contract by resolving contract extension from Dec 2019 to August 2020 – completed, contract extended, new improved Tender closed July 2020
- Evaluate noise activity, including internal options and combining with security activity by April 2020, with recommendations for improving effectiveness, endorsed and in place prior to August 2020 – completed, noise budget increased
- Complete clearance of IANZ non-compliances by 29 November 2019 to retain Building Consent Authority accreditation – completed, praise for team from IANZ
- Complete notification of Proposed Putāruru Zoning District Plan Change consequential to LTP and DC Policy outcomes as agreed – completed, submissions closed 24 June and further submissions closed July
- Together with Raukawa, progress engagement and implementation programme of proposed District Plan Change Nga Wahi Tuturu as agreed – completed, community engagement plan resolved by Council, ongoing
- Evaluate the Civil Defence Emergency Management Capability Assessment Report and recommend to Council an implementation programme for improvement December 2019 – completed and resolved by Council, ongoing
- Proposed District Plan effectiveness and review programme (including e plan and central and regional obligations) – drafted and ongoing
- Continue engagement on Resource Management Act process for Proposed Regional Plan Change, Healthy Rivers Wai Ora through mediation and appeal stage – completed, high level of engagement well received, ongoing
- Complete Proposed Plan Change to restrict services to developers on existing zoned land – completed, submissions closed 24 June and further submission closed July

CAPITAL PROJECTS

Regulatory	Actual Spend	Budget Spend	Actual Spend
	2020 \$000	2020 \$000	2019 \$000
Replace 13 portable radios	4	4	7
Explorer 700 BGAN	-	-	9
Honda Generator	-	-	3
Generator at Events Centre	88	-	-
Civil Defence Trailer Generator	-	-	3
New Switching for Generator in Putāruru	-	6	-
Gas Cell Replacement for Detector	-	2	-
Total	92	12	22

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
<p>Animal Control: That the *door to door programme be completed by the end of November every calendar year.</p> <p>*The door-to-door programme is defined as follows: dog registration fees are due annually by the 31st 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.</p>	Achieved	Achieved	The door to door programme was completed in October, a month early.
<p>Animal Control: 100% of urgent requests are attended to within one hour on 24/7 basis.</p>	Achieved	Achieved	There were 158 urgent requests received and 100% of these were responded to within one hour.
<p>Planning: Planning input into Building Consent applications is completed within five working days of online registration.</p>	Achieved	Achieved	Planning input within five working days was 100% completion. 417 of 417 Building Consent applications.
<p>Building Control: Council will retain accreditation as a Building Consent Authority.</p>	Achieved	Achieved	Accreditation retained.
<p>Building Control: The building team will meet with builders and designers at least twice per annum.</p>	Achieved	Not Achieved	The building team attended no meetings.
<p>Building Control: At least 95% of building consents are processed within statutory timelines (20 working days).</p>	Not Achieved	Achieved	Council processed 481 building consents, 480 were processed on time. End result: 99%
<p>Civil Defence: At least one South Waikato District Emergency Operations Centre or Managers exercise is held on an annual basis.</p>	Achieved	Achieved	One managers exercise was held in May.
<p>Civil Defence: More than three training sessions/exercises are attended within the Waikato Civil Defence Emergency Management Group.</p>	Achieved	Achieved	Six training sessions were attended.
<p>Civil Defence: Council staff will conduct 20 or more visits to local organisations to raise awareness of civil defence issues.</p>	Achieved	Not Achieved	Council conducted 13 visits.
<p>Environmental Health: 95% of premises registered pursuant to the Health Act 1956 will be inspected annually.</p>	Achieved	Achieved	43/43 inspections were completed. End result: 100%
<p>Environmental Health: 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></p>	Not Achieved	Not Achieved	38/130 verifications were completed within the required timeframes - this was due to staff capacity and workloads. End result: 29%

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
Liquor Licencing: 100% of premises that hold either on, off or club licences will be inspected annually.	Achieved	Achieved	52/52 inspections were completed. End result: 100%
Liquor Licencing: Three or more meetings per calendar year will be held with the South Waikato Liquor Accord group.	Achieved	Not Achieved	2/3 meetings were held – the last meeting was scheduled in March but had to be cancelled due to COVID-19
Resource management policy and monitoring, including environmental protection and monitoring: At least 95% of non-notified consents are processed within statutory timelines (10, 20 or 40 working days).	Not Achieved	Achieved	Council processed 91 resource consents, 91 (100%) were processed on time.
Resource Management Policy and monitoring, including environmental protection and monitoring: Not less than 80 hours per year is spent on monitoring land uses e.g. resource consents, certificates of compliance and existing situations.	Achieved	Achieved	Council staff spent 87 hours on monitoring land use.
Business Case Management: 90% of all potential business development projects that require an integrated regulatory approach (i.e. Business Case Management) are contacted within two working days.	Achieved	Achieved	There were 38 cases that required an integrated regulatory approach and 100% of these were contacted within 2 working days.

FUNDING IMPACT STATEMENT – REGULATORY

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges	2,614	2,886	2,990
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2	2	-
Fees and charges	1,305	1,334	1,361
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fee	69	71	70
TOTAL OPERATING FUNDING (A)	3,990	4,293	4,421
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,516	2,756	2,757
Finance costs	24	22	11
Internal charges and overheads applied	1,265	1,325	1,633
Other operating funding applications	6	6	7
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,811	4,109	4,408
SURPLUS (DEFICIT) OF OPERATING FUNDING	179	184	13
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(1)	(139)	(27)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(1)	(139)	(27)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of services	-	-	-
- to replace existing assets	123	6	92
Increase (decrease) in reserves	(17)	(32)	(6)
Increase (decrease) in investments	72	71	(100)
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	178	45	(14)
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(179)	(184)	(13)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-



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

Governance and Corporate looks after all the internal operations of Council including what is required for the Councillors and about electoral systems and information management.

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. The Council developed an Environmental Scan that 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 integrates 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 Tīrau Community Board meetings
- Engage effectively with our communities
- Develop Long Term Plans, Annual Plans and Annual Reports

DELIVERING ON OUR ANNUAL PLAN 2019-20

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

- Driving better project management through the Project Information Form process associated with the Long-Term Plan
- Increased levels of community engagement
- Significant investment in upgrading several software packages
- Upgrade of IT infrastructure
- Improving procurement process
- Review and update of the project framework and associated documents
- Review of the risk framework
- Support to the Waste Minimisation Plan

- Support and advice for various council projects
- Health and safety improvements
- Business improvement through process mapping

CAPITAL PROJECTS

Governance and Corporate	Actual Spend 2020 \$000	Budget Spend 2020 \$000	Actual Spend 2019 \$000
Property Purchases	-	-	-
IT Expenditure & GIS Upgrades	219	225	665
Vehicle Replacements	129	160	33
Furniture Renewals	1	15	-
Total	349	400	698

KEY PERFORMANCE INDICATORS

Key Performance Indicators	2018-19 Level Achieved	2019-20 Level Achieved	Comments
Communications: That 90% of media queries are <u>responded</u> to within 2 working days <i>*respond is defined as the initial response to the customer, with progress on the request</i>	Achieved	Achieved	Council received 68 media queries and all requests were responded to within the required timeframe. End result:100%
Communications: That 90% of media queries are <u>resolved</u> within 5 working days	Achieved	Achieved	Council received 68 media queries and all requests were responded to within the required timeframe. End result:100%
Communications: That at least 60% of media statements submitted, feature in local media within 28 days of release	Achieved	Achieved	Council submitted 41 media statements, 33 featured in local media within 28 days of release. End result: 80%
Communications: The level of community satisfaction with overall communication from Council is at least 75% satisfied	Not Achieved	Achieved	Overall satisfaction for 2019-20 was 77%

FUNDING IMPACT STATEMENT – GOVERNANCE AND CORPORATE

	LTP 2019 \$000's	LTP 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, rates penalties	1,336	1,549	1,555
Targeted rates	20	21	21
Subsidies and grants for operating purposes	-	-	-
Fees and charges	113	115	116
Interest and dividends from investments	1,044	1,204	348
Internal charges and overheads recovered	9,723	10,337	10,670
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
TOTAL OPERATING FUNDING (A)	12,236	13,226	12,710
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	8,537	8,979	8,982
Finance costs	137	152	82
Internal charges and overheads applied	2,390	2,498	2,844
Other operating funding applications	45	46	885
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	11,109	11,675	12,793
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	1,127	1,551	(83)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	501	(163)	(143)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	501	(163)	(143)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of services	-	-	-
• to replace existing assets	348	372	349
Increase (decrease) in reserves	559	738	(79)
Increase (decrease) in investments	721	278	(496)
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,628	1,388	(226)
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(1,127)	(1,551)	83
FUNDING BALANCE ((A-B)+(C-D))	-	-	-

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 2019-20 report is the fifth annual report survey under this regime.

SAMPLES SIZES

The survey was designed to be demographically representative: with a total of 402 respondents, 249 representatives were from the Tokoroa Ward, 113 were from the Putāruru Ward and 40 respondents were from the Tīrau Ward.

Gender and ethnic diversity were accounted for, with respondents identifying as 49% male and 51% female, 69% European, 29% Māori, 6% Pacific, 2% Asian and 4% other ethnicities (this does not add up to 100% as respondents are able to choose more than one ethnicity).

80% of respondents were ratepayers and 78% of all respondents had resided within the district for over 10 years. 34% of respondents were 19-39 years of age, 43% were aged 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 and the overall dissatisfaction figures include: very dissatisfied and somewhat dissatisfied.

OVERALL SATISFACTION

The overall results are presented below. In previous Annual Reports, Council has compared the results from surveys taken over the years. For some of our results, a significant amount of people answered, 'don't know', for example the Croad Place Recycling Centre, because the facility isn't used by Putāruru and Tīrau residents. For this reason, 'don't knows' are excluded from the data. A number of activities have a (UoS) associated, this indicates where Users of Services have been targeted.

The table below shows: Council Activity, satisfaction rates for financial year June 2017-2018, financial year June 2018-2019, financial year June 2019-2020 and the sample numbers or number of people who were surveyed for the associated activities.

CUSTOMER SATISFACTION RESULTS

Council Activity	2018 Satisfaction Level	2019 Satisfaction Level	2020 Satisfaction Level	2020 Sample size
Overall satisfaction with Council's Water Management	85%	84%	80%	361
How well the stormwater network is maintained	75%	73%	72%	331
Ability of stormwater network to keep roads and footpaths free from flooding	71%	71%	68%	377
Ability of stormwater network to protect your property from flooding	82%	83%	79%	350
Wastewater system reliability	95%	97%	98%	275
How Council treats and disposes of wastewater	94%	96%	94%	186
Odour of the water	84%	88%	86%	314
Reliability of the water supply	98%	95%	96%	324
Taste of the water	83%	84%	81%	318
Clarity of the water	84%	88%	86%	314
Pressure of the water	90%	90%	87%	321
Overall satisfaction with Councils Waste Management	82%	85%	81%	368
Putāruru, Tīrau, Waotu and Okoroire recycling points	82%	82%	79%	156
The Croad Place Recycling Centre	93%	87%	87%	169
Management of loose litter and bins in and around the town	76%	78%	79%	370
The services for managing general waste	85%	82%	77%	316
Kerbside recycling services	84%	85%	78%	310
The services for managing green waste	84%	74%	76%	214
Kerbside rubbish collection	94%	93%	88%	271
Overall satisfaction with Councils Road and footpaths	75%	77%	71%	386
Provision of dedicated walkways/other cycleways around the South Waikato	82%	79%	74%	344
How well the urban roads are maintained	73%	76%	71%	395
Availability of footpaths/crossing points for mobility scooters/wheel chairs	79%	76%	70%	316
Adequacy of cycleways on our roads	43%	54%	43%	305
How well footpaths are maintained	76%	75%	71%	367
The safety of roads	76%	72%	70%	390
How well rural roads are maintained	66%	66%	65%	366

Council Activity	2018 Satisfaction Level	2019 Satisfaction Level	2020 Satisfaction Level	2020 Sample size
Overall satisfaction with Councils Parks, Reserves and Open Spaces	91%	93%	93%	354
Satisfaction with other parks and reserves	92%	92%	91%	345
Satisfaction with playgrounds	93%	93%	91%	275
Satisfaction with cemeteries	93%	96%	92%	251
Satisfaction with sports grounds	93%	95%	92%	301
Overall Satisfaction with Councils Public Facilities	91%	94%	90%	344
Satisfaction with swimming pools (UoS)	94%	93%	88%	170
Satisfaction with public toilets (UoS)	62%	69%	64%	183
Satisfaction with South Waikato Sport and Events Centre (UoS)	96%	98%	98%	203
Satisfaction with community halls (UoS)	91%	91%	94%	103
Satisfaction with libraries (UoS)	97%	96%	97%	219
Library opening hours (UoS)	96%	96%	95%	219
Range of books and materials available at the libraries (UoS)	94%	97%	97%	219
The library charges (UoS)	94%	90%	95%	219
The overall service delivered by the library (UoS)	99%	98%	97%	219
The way that the libraries connect with local groups (UoS)	93%	95%	96%	219
Overall Satisfaction with Councils Rates and Values (Value for money)	77%	75%	69%	344
Rates being fair and reasonable	71%	64%	59%	316
Fees for other services (like pool entry fees, dog registration fee, taking out a library book) being fair and reasonable	82%	82%	79%	306
The ease of making payments	94%	93%	92%	316
Overall Satisfaction with Councils Regulatory Services	86%	83%	80%	241
Satisfaction with animal control (UoS)	78%	81%	83%	84
Satisfaction with managing and issuing building consents (UoS)	80%	68%	69%	30
Satisfaction with managing and issuing resource consents (UoS)	71%	67%	56%	14
Satisfaction with managing liquor licensing (UoS)	66%	70%	81%	13
Satisfaction with licensing premises such as cafes, restaurants and hairdressers (UoS)	63%	78%	61%	8

Council Activity	2018 Satisfaction Level	2019 Satisfaction Level	2020 Satisfaction Level	2020 Sample size
Overall Satisfaction with Councils Communication	80%	74%	77%	377
Participation in decision making	69%	69%	68%	335
Overall Satisfaction with Councils Reputation	80%	78%	77%	379
Quality of services and facilities	84%	78%	76%	389
Leadership	79%	75%	74%	375
Trust	72%	67%	71%	380
Financial Management	68%	59%	62%	325
Satisfaction with making a complaint or a request for service				
How easy it was to make your enquiry or requests (UoS)	79%	83%	84%	148
How long it took to resolve the matter (UoS)	51%	50%	53%	148
The information provided being accurate (UoS)	71%	71%	65%	148
How well Council staff understood your request and how well they communicated with you (UoS)	67%	76%	73%	148
The resolution or outcome achieved (UoS)	56%	55%	55%	148
How would you rate Council overall for how well they handled your enquiry (UoS)	56%	60%	65%	148

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, Taupo, 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 were included in the Statement of Intent for the 2019/20 financial year.

Key:

- Achieved or on track: has been completed or will be by 30 June 2020
- Currently behind schedule but target expected to be met by 30 June 2020
- Currently behind schedule and target unlikely to be met by 30 June 2020





Target	Measure	Outcome	
<p>Procurement Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.</p> <p><i>Method: Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</i></p>	<p>New suppliers are awarded contracts through a competitive tender process.</p>	<p>Achieved: Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year). For substantial contracts (e.g. LiDAR, insurance and risk management services, Professional Services Panel), a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.</p>	●
	<p>Professional Services Panel contracts are successfully negotiated.</p>	<p>Achieved: Contracts have been negotiated on time with the panel in place from 1 August 2019, as planned.</p>	●
<p>Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p> <p><i>Method: The focus is on shared services which will benefit all councils.</i></p>	<p>A minimum of six priority projects for collaboration are identified per annum.</p>	<p>Achieved: A new Professional Services Panel was established from 1 August 2019 with eight councils participating (previously four). Five priority projects to develop opportunities were approved by the Board in November and development of the opportunities commenced prior to year-end.</p> <p>The legal services group is also in early deliberations on a joint procurement for a tool to support legislative compliance.</p> <p>The Coordinated Infrastructure Procurement project was approved by the Board and recommendations from that</p>	●


Target	Measure	Outcome	
		<p>project made to the Board in June.</p> <p>The business case to expand RATA into waters asset management services was approved by the Board in July last year. The Waters Lead Manager has since been appointed.</p> <p>The business case for Waikato OneView was approved by the Board in November last year. Due to capacity constraints the Board agreed to defer commencing the project until July 2020.</p>	
	<p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p> <p>Savings to Councils identified in developed business cases exceeds \$300k.</p>	<p>Achieved: The development of any opportunity is subject to a phased approach involving discovery (validating why we would investigate the opportunity, or the problem being solved), opportunity assessment (a light business case), and business case (if required). The Board approves each phase before progression to the next stage.</p> <p>Achieved: Business cases or opportunity assessments delivered during the period related to:</p> <ul style="list-style-type: none"> • RATA – Waters collaboration: Benefits are not quantified but based on investment objectives they are considered substantial • Waikato OneView: From surveys undertaken, users of OneView estimate that it will save them time, conservatively estimated at ~\$500k p.a. – which should translate to reduced fees to councils. In addition, it is estimated that there will be software savings of ~\$20k p.a. and council staff time would reduce because users will be better equipped to ‘self-serve’ • Coordinated Infrastructure procurement: The case notes that if 0.5% of infrastructure spend is 	<p>●</p> <p>●</p>






Target	Measure	Outcome	
		<p>achieved from the project outcomes sought, that will represent a saving of ~\$1m+ p.a.</p> <ul style="list-style-type: none"> Building Consent Shared Services: The discovery report presented to the Board in May 2020, estimates savings (in time and cost) of \$1.75m p.a. 	
<p>Existing WLASS Contracts Existing contracts are managed and renegotiated as required.</p> <p><i>Method: Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</i></p>	<p>The WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are either renegotiated (where it makes commercial sense to continue with the current supplier) or re-tendered through a competitive process.</p>	<p>Achieved</p> <p>Achieved: Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year. For substantial contracts (e.g. LiDAR) a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.</p>	<p>●</p> <p>●</p>
<p>Cost Control Administration expenditure shall be managed and monitored.</p> <p><i>Method: The Financial Accountant and Chief Executive review expenditure monthly.</i></p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	<p>Achieved: Company administration costs exceed the 2020 budget by ~8% (\$47k). This excess is being met by funds available from the prior year. It principally reflects:</p> <ul style="list-style-type: none"> recruitment fees relating to the Board Chair (originally budgeted for in FY19) and the Executive Assistant (EA); salaries associated with increasing the EA role to a full-time position; and professional fees to progress the digital strategy. <p>Each of the above has been approved by the board.</p>	<p>●</p>
<p>Reporting Six monthly reports provided to Shareholders.</p> <p><i>Method: The Chief Executive prepares a written report for</i></p>	<p>The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.</p>	<p>Achieved The 2019 Annual report was prepared and provided to shareholders in September 2019. The Half-yearly report was delivered in February 2020.</p>	<p>●</p>

Target	Measure	Outcome	
<p><i>the WLASS Board every meeting.</i></p> <p><i>A Half-yearly and Annual Report are prepared for shareholders.</i></p>	<p>Every second report shall be the Annual Report.</p>		
<p>SVDS</p> <p>The SVDS is reliable, well maintained and available to all users.</p> <p><i>Method: A Contract Manager is appointed for SVDS.</i></p> <p><i>The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.</i></p> <p><i>Risks associated with the SVDS are well managed.</i></p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p> <p>The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.</p>	<p>Achieved: the SVDS has been available 99.95% for users during normal business hours.</p> <p>Achieved: Four meetings held in August, November, March & June</p> <p>Achieved: Accepted by the Advisory Group on 5 March</p>	<p>●</p> <p>●</p> <p>●</p>
<p>Insurance</p> <p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p> <p><i>Method: The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</i></p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>	<p>Not measured: Formal feedback from shareholders by way of annual survey is not being undertaken this year and therefore we are unable to measure performance against this measure. WLASS notes however that the collaborative insurance programme continues to deliver significant benefit to councils. Premium savings are estimated at \$1m-\$1.5m per annum. During the year, insurance and risk management services retendered with Aon re-appointed as the successful participant.</p> <p>The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.</p>	

Target	Measure	Outcome	
	The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	Not measured: Refer comment above.	
<p>Roading Asset Technical Accord (RATA) Deliver better data for decision making across the Waikato Region, enabling more consistent best practice</p> <p><i>Method: Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</i></p> <p><i>Data supplied by contractors is of good quality and meets all of the participating councils' requirements.</i></p>	<p>Reports are presented to stakeholders in October/January/ April and July each year.</p> <p>Reports on progress presented to WLASS Board as at 30 December and 30 June.</p> <p>All data are reviewed for compliance and all good practice requirements are met.</p> <p>Procurement of services complies with WLASS and NZTA's procurement requirements.</p>	<p>Achieved: All reports supplied to stakeholders. Improved reporting through Power BI was successfully trialled.</p> <p>Achieved: Reports to WLASS Board presented to required deadlines.</p> <p>Achieved: All data received was reviewed for quality requirements and approved.</p> <p>Achieved: Procurement of services is in line with WLASS procurement policy and NZTA requirements.</p>	<p>●</p> <p>●</p> <p>●</p> <p>●</p>
<p>Lead engagement and increase capability within the sector</p> <p><i>Method: Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</i></p>	<p>Present to a national conference on RATA innovations at least once per year.</p> <p>At least two RATA guidance documents detailing good practice are produced each year.</p>	<p>Not achieved: RATA presented the Waters Collaboration business case to the Mayoral Forum in August 2019.</p> <p>However, conferences were delayed due to COVID-19. An application to the WaterNZ conference has been submitted for a poster presentation in August 2020.</p> <p>Achieved: Issues and Options report prepared for Traffic management Coordinators investigating operational improvements.</p> <p>Stock Underpass business case investigated improvements for management of the assets across the region.</p> <p>RATA is supporting Waters Collaboration investigation work for seven participating councils. This is ongoing.</p>	<p>●</p> <p>●</p>

Target	Measure	Outcome	
<i>Leadership: Lead engagement and increase capability within the sector.</i>	RATA Forums are held 2-monthly to share learnings and experience.	Not achieved: RATA forums were significantly disrupted during the financial year with the departure of the previous RATA Manager and the COVID-19 lockdown. These have now recommenced.	
<p>Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.</p> <p><i>Method: RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group).</i></p> <p><i>RATA reports quarterly to the WRTM Project Advisory Group.</i></p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget</p> <p>A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>	<p>On track: Stantec continues to provide Service Reports. Ad hoc reporting is provided as requested.</p> <p>Achieved: Report for the six months to 30 June 2020 is being prepared. The report to 31 December 2019 was presented to the board meeting in February 2020.</p> <p>Achieved Model complies with guidelines but there are issues with modelling accuracy in some areas. Development of business case is underway to consider upgrading the model.</p>	  

Target	Measure	Outcome	
<p>Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p> <p><i>Method: Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</i></p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons. 	<p>The activity of the Waikato Building Consent Group has been heavily impacted throughout the year by a lack of resource (refer commentary under "Key Achievements" section above) and more recently, the WLASS Building Consent Shared Services (BCSS) project.</p> <p>On track: Thames-Coromandel, Waipa and Waitomo DCs have successfully implemented the preferred online Alpha One System. Matamata-Piako DC is transitioning to Alpha One in July 2020 and Hauraki DC in September 2020.</p> <p>Hamilton CC and Waikato DC will initiate a transition plan for implementation in the 2021/22 financial year. Otorohanga DC are not planning on changing to Alpha One.</p> <p>The Build Waikato website redesign has been put on hold until a clear direction from the BCSS project is reached. This decision was made to avoid costs being incurred on the redesign which may quickly become redundant.</p>	
	<ul style="list-style-type: none"> People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11. 	<p>On track: WLASS has completed discovery work on a collaborative cadet programme. Discovery has highlighted that the immediate benefits of such a scheme are minimal until the BCSS project outcomes are clear. Councils agreed that the post-COVID environment has produced a level of uncertainty in the next financial year as to building consent numbers which may impact on the success of any programme. Such a programme is being considered as part of the BCSS project.</p>	

Target	Measure	Outcome	
	<ul style="list-style-type: none"> Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. 	<p>On track: There have been successful IANZ audits with good feedback on the cluster QA overall. A new Quality Assurance Coordinator has been appointed and work will commence in the next twelve months on the quality manual and internal audit regime.</p>	
<p><i>Method: Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.</i></p>	<ul style="list-style-type: none"> Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes. 	<p>Partially achieved: This is an area requiring continuous improvement. The Technical Committee is continuing to work on consistency across councils on RFI's to improve the customer experience. The BCSS project also has this work in scope.</p> <p>On track: Submissions are made when appropriate. Importantly, engagement with Central Government (MBIE) has been targeted and is improving.</p>	 
	<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> Full participation in WBCG projects and programmes 	<p>Achieved: Good participation of all in projects when required but an area where we strive for continuous improvement.</p>	
	<ul style="list-style-type: none"> Audits demonstrating implementation and compliance with the agreed QA systems Consistency in service delivery, measured by customer surveys 	<p>Achieved: Audits are demonstrating compliance with QA systems.</p> <p>Not measured: No customer survey was undertaken this year. However, customers were engaged as part of the discovery phase of the BCSS project, which reinforced that consistency could be improved. Customers are being engaged via a stakeholder reference group as part of that project which has improving "customer experience" as a critical success factor.</p>	

Target	Measure	Outcome	
	<p>Risk management is visible through regular reviews of the Risk Register.</p> <p>All funding requirements are met by each of the participating councils.</p>	<p>On track: Risk register implemented and reported on quarterly to Advisory Group</p> <p>On track: All funding commitments met.</p>	<p>●</p> <p>●</p>
	<p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p>	<p>Achieved: Reporting on performance measures received and presented to board as part of the annual report. In addition, the Advisory Group Chair has provided the Board with verbal updates on progress recruiting a new group manager (which has now occurred). Monthly reporting to the WLASS CE on delivery of the annual workplan, a summary of which is included in the monthly portfolio reporting to board.</p>	
<p>Future Proof Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p><i>Method:</i> <i>Joint preparation and input into Phase 2 of the Strategy update</i></p>	<p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2020.</p>	<p>Not achieved: Phase 2 of the Future Proof Strategy update has been on hold to allow other projects to sufficiently progress, including the H2A. Work has commenced again on Phase 2. It is anticipated that a draft will be completed early 2021.</p>	<p>●</p>
<p>The Future Proof budget is well managed and monitored.</p> <p><i>Method:</i> <i>Bi-monthly reports presented to the Future Proof Chief Executives Advisory Group, and six monthly and annual reports to the WLASS Board.</i></p> <p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p> <p><i>Method:</i></p>	<p>The overall Future Proof work programme is delivered within the approved budget.</p> <p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p>	<p>Achieved: the Future Proof work programme to end June 2020 was on budget; however several line items were significantly over budget due to high activity associated with the H2A. This was balanced by unspent items. Government funding for the Sub-Regional Three Waters Study has not yet been successful.</p> <p>Achieved: Future Proof has lodged 11 submissions over the past 12 months</p>	<p>●</p> <p>●</p>

Target	Measure	Outcome	
<p><i>Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</i></p>			
<p>Shareholder Survey Shareholders are satisfied with the performance of WLASS.</p> <p><i>Method: An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.</i></p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	<p>Not achieved: The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.</p>	●
<p>Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p> <p><i>Method: The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</i></p>	<p>Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.</p> <p>The WLASS website is regularly maintained and updated.</p>	<p>Achieved: WLASS achievements are included in the half-yearly report and in the 2019 Annual Report.</p> <p>Not achieved: Some, but not all areas of the website have been updated. This remains a work in progress. We are also working on enhancing the WLASS website to include additional information for councils on what the company is doing.</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

22 October 2020



Ben Smit

CHIEF EXECUTIVE

22 October 2020

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

	Note No.	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Revenue				
Rates, excluding targeted water supply rates	4	28,023	28,566	26,078
Fees, charges, and targeted rates for water supply		4,451	4,241	4,356
Development and financial contributions		122	23	126
Subsidies and grants	5	4,579	4,249	4,311
Finance income	6	223	592	293
Other revenue	7	1,534	1,586	3,713
Total revenue	3	38,932	39,257	38,877
Expenditure				
Employee benefits expense	8	10,661	10,328	9,620
Depreciation and amortisation expense	15/16	7,940	1,031	7,376
Finance costs	6	1,343	8,370	673
Other expenses	9	19,183	18,428	19,074
Total expenditure		39,127	38,157	36,743
Surplus/(Deficit)		(195)	1,100	2,134
Other comprehensive revenue and expense				
Gain/loss in Asset Revaluation Reserve	21	19,832	18,637	10,044
Gain/loss in Investment Revaluation Reserve	21	913	-	868
Total other comprehensive revenue and expense		20,745	18,637	10,912
Total comprehensive revenue and expense		20,550	19,737	13,046

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 84 to 128.

STATEMENT OF CHANGES IN EQUITY

	Restricted Reserves	Council Created Reserves	Property Revaluation Reserves	Investment Revaluation Reserves	Retained Earnings	Total
Balance at 30 June 2018	17,538	2,444	249,563	1,635	151,453	422,633
Net profit for the year	-	-	-	-	2,134	2,134
Transfers to retained earnings on disposal	-	-	(665)	-	665	-
Transfers to General Equity	5,212	1,117	-	-	(6,329)	-
Transfers from General Equity	(3,550)	(2,427)	-	-	5,977	-
Other comprehensive revenue and expense	-	-	-	-	-	-
Gain/loss in Asset Revaluation Reserve	-	-	10,044	-	-	10,044
Gain/loss in Investment Revaluation Reserve	-	-	-	868	-	868
Balance at 30 June 2019	19,200	1,134	258,942	2,503	153,900	435,679
Net profit for the year	-	-	-	-	(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)	-	-	3,773	-
Other comprehensive revenue and expense	-	-	-	-	-	-
Gain/loss in Asset Revaluation Reserve	-	-	19,832	-	-	19,832
Gain/loss in Investment Revaluation Reserve	-	-	-	913	-	913
Total comprehensive revenue and expense	2,697	(605)	19,628	913	(2,082)	20,550
Balance at 30 June 2020	21,897	529	278,570	3,416	151,818	456,229

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 84 to 128.

STATEMENT OF FINANCIAL POSITION

	Note	Actual	Budget	Actual
	No.	2020	2020	2019
		\$000	\$000	\$000
Equity				
Retained earnings	21	151,817	161,657	153,900
Other reserves	21	304,412	287,518	281,779
Total equity		456,229	449,175	435,679
Assets				
Current assets				
Cash and cash equivalents	10	5,986	4,376	5,234
Receivables from non-exchange transactions	11	2,601	3,625	2,457
Receivables from exchange transactions	11	1,862	-	1,894
Inventories	12	171	189	132
Other financial assets	13	278	-	185
Current assets held for sale	14	890	-	938
Total current assets		11,788	8,190	10,840
Non-current assets				
Property, plant and equipment	15	448,291	456,622	426,545
Other financial assets	13	21,404	18,775	20,512
Intangible assets	16	328	298	600
Total non-current assets		470,023	475,695	447,657
Total assets		481,811	483,885	458,497
Liabilities				
Current liabilities				
Payables and deferred revenue from non-exchange transactions	17	1,283	4,983	1,267
Payables and deferred revenue from exchange transactions	17	4,310	-	3,681
Employee benefit obligations	19	1,100	1,075	844
Borrowings	20	1,694	1,624	1,381
Provision for landfill closure	18	671	(575)	703
Trust accounts	17	17	-	-
Total current liabilities		9,075	7,107	7,876
Non-current liabilities				
Provision for landfill closure	18	938	1,515	454
Borrowings	20	15,306	25,918	14,228
Employee benefit obligations	19	263	170	260
Total non-current liabilities		16,507	27,603	14,942
Total liabilities		25,582	34,710	22,818
Net assets		456,229	449,175	435,679

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 84 to 128.

STATEMENT OF CASHFLOWS

For the year ended 30 June 2020				
	Note	Actual	Budget	Actual
	No.	2020	2020	2019
		\$000	\$000	\$000
Cash flow from operating activities				
<i>Cash was provided from:</i>				
Rates		27,719	28,566	25,842
Subsidies and grants		4,560	4,249	4,442
Fees and charges		4,869	5,827	3,851
Other income		1,376	23	2,438
Dividends received		149	-	147
Interest received		223	50	293
		<u>38,896</u>	<u>38,715</u>	<u>37,013</u>
<i>Cash was applied to:</i>				
Interest paid		1,343	1,030	673
Net GST paid		1,589	-	1,589
Payment to suppliers and employees		27,024	28,756	26,719
		<u>29,956</u>	<u>29,786</u>	<u>28,981</u>
Net cash inflows/(outflows) from operating activities	22	8,940	8,929	8,032
Cash flow from investing activities				
<i>Cash provided from:</i>				
Proceeds from investments		-	542	96
Property, plant and equipment sales		210	-	30
		<u>210</u>	<u>542</u>	<u>126</u>
<i>Cash was applied to:</i>				
Purchase of investments		72	2,200	-
Purchase of property, plant and equipment		9,718	20,778	8,455
		<u>9,790</u>	<u>22,978</u>	<u>8,455</u>
Net cash inflows/(outflows) from investing activities		(9,580)	(22,436)	(8,329)
Cash flow from financing activities				
<i>Cash was provided from:</i>				
Loans raised		3,111	13,883	1,874
		<u>3,111</u>	<u>13,883</u>	<u>1,874</u>
<i>Cash was applied to:</i>				
Loans repaid		1,719	1,578	1,485
		<u>1,719</u>	<u>1,578</u>	<u>1,485</u>
Net cash inflows/(outflows) from financing activities		1,392	12,305	389
Net increase/(decrease) in cash and cash equivalents		752	(1,202)	92
Cash and cash equivalents at the beginning of the year	10	5,234	5,578	5,142
Cash and cash equivalents at the end of the year	10	5,986	4,376	5,234

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 84 to 128.

FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

	Annual Plan 2019 \$000's	Actual 2019 \$000's	Annual Plan 2020 \$000's	Actual 2020 \$000's
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, rates penalties	18,735	18,810	19,843	19,959
Targeted rates	7,594	8,190	8,414	9,113
Subsidies and grants for operating purposes	1,912	2,809	1,996	2,523
Fees and charges	4,472	4,637	4,547	4,875
Interest and dividends from investments	1,044	487	1,134	1,164
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	312	1,361	314	318
TOTAL OPERATING FUNDING (A)	34,069	36,294	36,248	37,952
APPLICATION OF OPERATING FUNDING				
Payments to staff and suppliers	25,853	27,836	27,491	28,808
Finance costs	854	902	1,031	1,074
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	1,486	1,234	1,247	1,219
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	28,193	29,972	29,769	31,101
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	5,876	6,322	6,479	6,851
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	2,257	1,831	2,163	1,970
Development and financial contributions	22	125	23	122
Increase (decrease) in debt	3,845	424	12,304	2,507
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	6,124	2,380	14,490	4,599
APPLICATION OF CAPITAL FUNDING				
Capital expenditure:				
* to meet additional demand	-	-	-	-
* to improve the level of services	199	-	10,690	-
* to replace existing assets	11,145	8,852	10,088	10,442
Increase (decrease) in reserves	(1,985)	(2,855)	(2,530)	(1,977)
Increase (decrease) in investments	2,641	2,705	2,721	2,985
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	12,000	8,702	20,969	11,450
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(5,876)	(6,322)	(6,479)	(6,851)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-

The Financial Statements should be read in conjunction with the accounting policies and notes on pages 84 to 128.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The South Waikato District Council (Council) is a territorial authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of Council is to provide services and social benefits to the community rather than making a financial return. Accordingly, Council has designated itself as a public benefit entity for the purposes of financial reporting. The financial statements of the Council are for the year ended 30 June 2020. The financial statements were authorised for issue by the Councillors on 6 October 2020.

Basis of preparation

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared in accordance with NZ GAAP and they comply with Tier 1 Public Benefit Entity (PBE) Standards.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluations of land and buildings, certain infrastructural assets, and certain financial instruments (including derivative instruments).

Functional and presentation currency

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

The accounting policies set out below have been applied consistently for all periods presented in these financial statements.

Changes in accounting policies

There have been no changes in accounting policies.

Standard, amendments and interpretations issued but not yet effective

The following table shows the major new accounting standards, interpretations and amendments that are relevant to Council that have not yet been adopted.

Major new standard, interpretation or amendment	Effective Date (periods beginning on or after)
PBE IFRS 9 Financial Instruments	1 January 2021
PBE FRS 48 Service Performance Reporting	1 January 2021

Significant accounting policies

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

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 water rates by meter is recognised on an accrual basis. 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
- eligibility has been established by the grantor.

Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. These subsidies are recognised upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

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

Interest and dividends

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

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

Vested 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 borrowing costs

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.

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

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria 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 policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information. Direct costs are those costs directly attributable to a specific activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Cost drivers for allocation of indirect costs

The cost of internal services not directly charged to activities is allocated as support costs using appropriate cost drivers such as actual usage, staff numbers and floor area.

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

Restricted assets

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

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

Measurement at recognition

All items of property, plant and equipment that qualify for recognition as assets are initially measured at cost. An item of property, plant and equipment is recognised as an asset only if it is probable that

any future economic benefits or service potential associated with them will flow to Council and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Measurement after recognition

Property, plant and equipment are shown at cost or revalued amount, less accumulated depreciation and impairment losses. Those asset classes that are revalued are generally valued on a three year rotational basis 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 2018 by Telfer Young, Registered Valuers and Property Consultants, Rotorua, at current market value.

Land

Land has been valued based on its current zoning, making allowance for any recent changes and designations effective from the new Operative Plan 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 a 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 2018 at 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 2015 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 2018 (giving a high level of confidence).

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

Land under roads

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

Landfill

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

Street furniture

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

Roads, footpaths, streetlights, large culverts and bridges

Roads, footpaths, streetlights, large culverts and bridges were revalued effective 30 June 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 taking into account 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.

The SWDC transport assets as at 2020 have been valued on a replacement cost basis in accordance with accepted New Zealand accounting practices.

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

Replacement cost was calculated by multiplying asset quantities by unit cost rates factored to allow for other direct costs such as professional fees.

Unit rates are obtained from a variety of sources, including the following:

- Recent maintenance contracts for SWDC
- Recent capital works undertaken for SWDC

Costs have been used which reflect the increased difficulties and constraints of undertaking construction, maintenance and renewal work simultaneously with continued operation of the

infrastructure networks. Operational constraints include access, delivery, safety, security, material handling and storage, traffic control and hours available for construction work.

The unit cost rates used for valuing the SWDC assets reflect an average cost rate for local construction. Paper roads with a total length of 151.378km are recorded at land value.

Wastewater, stormwater and water

Wastewater, stormwater disposal and water supply property, plant and equipment were revalued on 30 June 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
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
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 asset's ability to generate net cash inflows and where an entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive income. Where that results in a debit balance in other comprehensive income, the balance is recognised in profit or loss.

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

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in profit or loss. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to general equity.

Subsequent cost

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to 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. Subsequent to these 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
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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 New Zealand 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.

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 with the exception of 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 (2.7%) in a Council Controlled Organisation (CCO), Waikato Local Authority Shared Services Limited. Council has no significant influence on operational or financial policies.

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

Inventories

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

Foreign currencies

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

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.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to the Inland Revenue (IRD) is included as part of receivables or payables in the Balance Sheet. The net amount of GST paid 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 flow. Commitments and contingencies are disclosed exclusive of GST.

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 actuarial basis using the service of professional actuaries. The actuarial calculations are based on an assumed salary increase of 3.5% (2019: 3.5%) per annum and a discount rate between 0.22% and 4.30% (2019: 1.26% - 4.21%) 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 a number of reserves to enable clearer identification of the specific uses Council makes of its accumulated surpluses. The components of equity are:

- general equity (retained earnings)
- restricted reserves
- Council-created reserves
- property revaluation reserves
- investment revaluation reserves.

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

General equity (retained earnings)

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

Restricted reserves

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

Council created reserves

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

Property revaluation reserves

Revaluation reserves arise from certain asset classes being revalued.

Investment revaluation reserve

The investment revaluation reserve contains cumulative unrealised gains and losses in investments 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, taking into account future events, including new legal requirements and known improvements in technology. The discount rate used is a pre-tax rate that reflects current market assessments of the time, value of money and the risks specific to Council. Amounts provided for landfill closure and post-closure are capitalised in the landfill asset where they

give rise to future economic benefit to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

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

Financial guarantee contracts

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

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

Critical judgements and estimations

The preparation of financial statements in conformance with PBE IPSAS requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

Management has made the following judgments and estimations that have the most significant effect on the amounts recognised in the financial statements:

Property, plant and equipment

As the Council is a Public Benefit Entity, property plant and equipment are valued at depreciated replacement cost that is based on an estimate of either fair value or current gross replacement costs of improvement less allowances for physical deterioration and optimisation for obsolescence and relevant surplus capacity. There are certain assets such as wastewater or stormwater related assets which may be affected by changes in the measurement of qualitative standards which could affect the results of future periods.

The depreciation method used reflects the service potential of assets and is reviewed each year to ensure that there is no under maintenance of assets which could affect the results of future periods.

Classification of investments

Council has designated all of its bond investments as 'available for sale', rather than 'held to maturity', although they all have specific maturity dates. This was due to significant disposals within this class of financial asset before maturity in previous financial years. Therefore, unrealised gains and losses on these investments are recognised as a movement in other comprehensive income. The carrying amount of the available for sale financial assets is disclosed in the notes to the financial report.

Long service leave provisions

Key assumptions concerning the future have been made in the actuarial calculation of long service leave and retiring leave. These are disclosed in the notes to the financial report.

2. COST OF SERVICES

	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
REVENUE			
Revenue From Significant Activities			
Economic and community development	308	296	242
Facilities, property and amenities	801	889	865
Governance and Corporate	212	634	269
Leisure Services	291	325	1,709
Solid Waste and Recycling	2,870	2,794	2,609
Stormwater	1,081	815	884
Transport and Roding	4,438	4,099	4,316
Wastewater	3,860	4,127	3,619
Water Supply	3,105	3,248	3,174
Regulatory services	1,420	1,440	1,320
Total Service Statement Revenue	18,386	18,667	19,007
General Revenue	20,546	20,590	19,828
TOTAL REVENUE	38,932	39,257	38,835
EXPENDITURE			
Expenditure From Significant Activities			
Economic and community development	2,574	2,527	2,380
Facilities, property and amenities	2,331	2,745	2,337
Governance and Corporate	2,407	1,892	2,195
Leisure Services	5,766	6,291	5,867
Solid Waste and Recycling	4,136	3,576	4,428
Stormwater	913	878	838
Transport and Roding	9,023	8,551	8,359
Wastewater	4,181	4,221	3,648
Water Supply	3,360	3,192	2,993
Regulatory services	4,436	4,284	3,656
Total Service Statement Expenditure	39,127	38,157	36,701
NET DEFICIT BEFORE TAX	(195)	1,100	2,134

3. EXCHANGE/NON-EXCHANGE REVENUE

	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Revenue from exchange transactions			
Fees and user charges including targeted rates for water supply	4,451	4,241	4,356
Total revenue from exchange transactions	4,451	4,241	4,356
Revenue from non-exchange transactions			
Development contributions	122	23	126
Subsidies and grants	4,579	4,249	4,311
Interest revenue	223	592	293
Other revenue	1,525	1,586	2,584
Rates	28,023	28,566	26,078
Vested assets	9	-	1,129
Total revenue from non-exchange transactions	34,481	35,016	34,521
Total revenue	38,932	39,257	38,877

4. RATES REVENUE

	Actual 2020 \$000	Actual 2019 \$000
General Rates	19,563	18,507
Targeted rates attributable to activities		
Water	2,943	2,829
Wastewater	4,016	3,575
Stormwater	822	709
Solid waste	967	787
Business Promotion	293	224
Public Halls	52	45
District Governance	21	20
Less rates charged to Council Properties	(654)	(618)
Total rates, excluding targeted water supply rates	28,023	26,078

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 2020 \$000	Actual 2019 \$000
New Zealand Transport Agency roading subsidies	4,491	4,171
Grants and donations for the SW Sport and Events Centre	-	10
National Waste Levy	86	92
Sundry other	2	38
Total subsidies and grants	4,579	4,311

There are no unfulfilled conditions and other contingencies attached to subsidies and grants (2019: nil).

6. FINANCE INCOME AND FINANCE COSTS

	Actual 2020 \$000	Actual 2019 \$000
Finance Income		
Interest Income		
- Call account	80	103
- Available for Sale bonds	143	190
Total Finance Income	223	293
Finance Cost		
- Interest on bank borrowings	553	599
- Other finance expenses	790	74
Total Finance Costs	1,343	673

7. OTHER REVENUE

	Actual 2020 \$000	Actual 2019 \$000
Dividends revenue	149	147
Petrol tax	163	191
Vested assets	9	1,129
Rates penalties	395	346
Other	818	1,900
Total other revenue	1,534	3,713

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 2020 \$000	Actual 2019 \$000
The principal assumptions used for the purpose of the actuarial valuations were as follows:		
Discount rate	0.22%-4.30%	1.26%-4.21%
Expected rate of salary increase	3.5%	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	142	135
Net liability recognised in the balance sheet	142	135
Comprising:		
Current	4	6
Non-current	138	129
Total employee benefit obligations	142	135
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)
Total	(48)	(48)
The charge for the year is included in the employee benefits expense in the income statement.		
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	14	62
Current service cost	4	4
Interest cost	3	3
Actuarial gains/(losses)	(55)	(55)
Less: benefits paid	0	0
Closing defined benefit obligation	(34)	14

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 2020 \$000	Actual 2019 \$000
The present value of long service compensated leave	<u>27</u>	<u>32</u>
Comprising:		
Current	17	17
Non-current	10	15
Total employee benefit obligations	<u>27</u>	<u>32</u>
Amounts recognised in the profit or loss in respect of Council's long service compensated leave and salaries are as follows:		
Salaries	10,670	9,628
Current service cost	2	3
Interest cost	1	1
Actuarial (gains)/ losses	(12)	(12)
Past service cost	-	-
Total	<u>10,661</u>	<u>9,620</u>
The charge for the year is included in the employee benefits expense in the profit or loss.		
Changes in the present value of long service compensated leave are as follows:		
Opening long service compensated leave obligation	28	36
Current service cost	2	3
Interest cost	1	1
Past service cost	-	-
Less: benefits paid	-	-
Actuarial (gains)/losses	(12)	(12)
Closing long service compensated leave obligation	<u>19</u>	<u>28</u>
Total employee benefits expense recognised in the profit or loss	10,661	9,620
Current portion of employee benefit obligations recognised in the balance sheet.	1,100	844
Non-current portion of employee benefit obligations recognised in the balance sheet.	263	260

Severance Payments

During the year to 30 June 2020 there were no severance payments made to employees of the South Waikato District Council (2019: nil).

9. OTHER EXPENSES

	Actual 2020 \$000	Actual 2019 \$000
Audit Fees-audit of financial statements	143	141
Audit Fees-audit of Long Term Plan	40	-
Impairment of receivables	(20)	(32)
Rates Remissions	138	129
Councilors Remuneration (including meeting allowances)	520	454
Insurance	388	308
Subscriptions, fees and contribution to other organisations	132	101
Legal and settlement fees	79	75
Donations and grants	64	81
Economic and Community fund grants	712	723
Community contracts	4	154
Inventories consumed	1	2
Losses on disposal of property, plant and equipment	434	493
Repairs and maintenance	3,144	5,293
Energy	1,129	1,004
Other operating expenses	12,275	10,148
Total other expenses	19,183	19,074

10. CASH AND CASH EQUIVALENTS

	Actual 2020 \$000	Actual 2019 \$000
Cash at bank and in hand	7	(49)
Cash investments in Restricted reserves	1,510	1,390
Call account balances	4,469	3,893
Total cash and cash equivalents	5,986	5,234

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% (2019 1%).

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 2020 \$000	Actual 2019 \$000
Rates receivable	2,082	1,745
Metered water	40	36
Sundry debtors	1,486	1,787
Prepayments	308	276
Accrued revenue	690	670
	4,606	4,514
Less: Provision for Impairment of receivables	143	163
Total trade and other receivables	4,463	4,351

Receivables from non-exchange transactions include outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	2,601	2,457
Receivables from exchange transactions include outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,862	1,894

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 2020 \$000	Actual 2019 \$000
Arrears (> 1 year)	745	623
Current (< 1 year)	1,073	898
Penalties	264	224
Carrying amount	2,082	1,745
Movements in the provision for impairment of receivables are as follows:		
At 1 July	163	196
Increase/(decrease) in provisions made during the year	(20)	(28)
Receivables written off during the year	-	(5)
At 30 June	143	163

12. INVENTORIES

	Actual 2020 \$000	Actual 2019 \$000
Reticulation repairs stock	128	129
Other stock	43	3
Total	171	132

13. OTHER FINANCIAL ASSETS

	Actual 2020 \$000	Actual 2019 \$000
Current portion		
Loans and receivables		
Heat Swap paying providers	278	185
Total current portion	278	185
Non-Current portion		
Available for Sale Financial Assets:		
Corporate bonds, deposits and other fixed interests	6,263	8,445
Oveseas share portfolio	13,911	10,968
Shared Valuation Database Systems	43	43
Civic Financial Services Limited	39	40
Loans and receivables		
Heat Swap paying providers	1,148	1,016
Total non-current portion	21,404	20,512

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 – 2020 Nil (2019: 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 2020 \$000	Actual 2019 \$000
Current		
Dumfries Rd	-	231
Depot – Patetere Street – Tirau	830	661
Pentland Terrace Stopped Lane	-	9
Putāruru Smallbore Rifle Club land only	60	37
Total assets held for sale	890	938

Council has approved the sale of these properties and they are currently available for sale. The completion date of the properties listed under current is expected to be by 30 June 2020.

The accumulated property revaluation reserve recognised in equity for these properties at 30 June 2020 is \$684,624 (2019:\$496,000).

15. PROPERTY, PLANT AND EQUIPMENT

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
Operational assets												
<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
Total operational assets	36,974	(8,335)	28,639	928	-	(280)	-	(1,166)	210	37,622	(9,291)	28,331
Infrastructural assets												
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
Total infrastructural assets	367,140	(16,581)	350,559	2,351	8	(464)	19,650	(6,285)	95	388,684	(22,770)	365,914
Restricted assets												
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
Total restricted assets	42,840	(386)	42,454	381	2	(19)	-	(440)	-	43,204	(826)	42,378
Capital work in progress	4,893	-	4,893	7,724	-	(949)	-	-	-	11,668	-	11,668
Total All Assets	451,849	(25,302)	426,545	11,384	10	(1,712)	19,650	(7,891)	305	481,178	(32,887)	448,291

Asset Class	Cost/revaluation 1 July 2018 \$000	Accumulated depreciation & impairment charges 1 July 2018 \$000	Carrying amount 1 July 2018 \$000	Current year addition \$000	Asset transfers	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 2019 \$000	Accumulated depreciation and impairment charges 30 June 2019 \$000	Carrying amount 30 June 2019 \$000
Operational assets													
<i>Heritage assets</i>	145	-	145	-	-	-	-	-	-	-	145	-	145
Library collection	1,342	(944)	398	138	-	-	(52)	-	(108)	43	1,428	(1,009)	419
Buildings	18,135	(1)	18,134	1,293	-	885	-	-	(353)	-	20,313	(354)	19,959
Furniture & fittings	2,120	(1,135)	985	184	-	-	(2)	-	(152)	2	2,302	(1,285)	1,017
Equipment	5,040	(4,242)	798	792	-	-	(75)	-	(306)	42	5,757	(4,506)	1,251
Land	5,049	(5)	5,044	-	-	-	-	-	-	-	5,049	(5)	5,044
Motor vehicles	1,246	(638)	608	32	-	-	(29)	-	(119)	11	1,249	(746)	503
Other major plant	714	(390)	324	17	-	-	-	-	(40)	-	731	(430)	301
Total operational assets	33,791	(7,355)	26,436	2,456	-	885	(158)	-	(1,078)	98	36,974	(8,335)	28,639
Infrastructural assets													
Bridges	8,028	(209)	7,819	-	-	-	-	-	(210)	-	8,028	(419)	7,609
Culverts	6,042	(138)	5,904	133	-	17	(5)	-	(139)	1	6,187	(276)	5,911
Buildings	4,361	-	4,361	68	-	55	-	-	(90)	-	4,484	(90)	4,394
Land	5,338	-	5,338	-	-	-	-	-	-	-	5,338	-	5,338
Landfill	5,038	(2,991)	2,047	24	-	-	(824)	-	(188)	738	4,238	(2,441)	1,797
Pipes	13	(3)	10	-	-	-	-	-	-	-	13	(3)	10
Pumps	267	(267)	-	-	-	-	-	-	-	-	267	(267)	-
Roads and footpaths	243,325	(2,562)	240,763	2,424	-	153	(312)	-	(2,674)	79	245,590	(5,157)	240,433
Sewerage Treatment plant and facilities	13,795	(943)	12,852	178	-	2	(151)	1,197	(437)	60	15,021	(1,320)	13,701
Sewerage Other (includes reticulation)	16,512	(1,065)	15,447	2	-	-	-	1,958	(543)	-	18,472	(1,608)	16,864
Street furniture	564	(527)	37	9	-	-	-	-	(8)	-	573	(535)	38
Streetlights	4,829	(166)	4,663	182	-	-	(24)	-	(221)	2	4,987	(385)	4,602
Stormwater system	22,086	(982)	21,104	102	(1,215)	-	-	3,946	(482)	-	24,919	(1,464)	23,455
Water Treatment plant and facilities	7,035	(579)	6,456	52	-	-	(9)	364	(257)	(7)	7,442	(843)	6,599
Water Other (includes reticulation)	18,871	(1,188)	17,683	185	-	18	(25)	2,532	(590)	5	21,581	(1,773)	19,808
Total infrastructural assets	356,104	(11,620)	344,484	3,359	(1,215)	245	(1,350)	9,997	(5,839)	878	367,140	(16,581)	350,559
Restricted assets													
Parks & reserves	2,772	-	2,772	1,389	1,215	2	(15)	47	(324)	1	5,410	(323)	5,087
Restricted buildings	2,830	-	2,830	143	-	-	(116)	-	(59)	-	2,857	(59)	2,798
Restricted land	34,571	(4)	34,567	117	-	-	(115)	-	-	-	34,573	(4)	34,569
Total restricted assets	40,173	(4)	40,169	1,649	1,215	2	(246)	47	(383)	1	42,840	(386)	42,454
Capital work in progress	3,533	-	3,533	1,360	-	-	-	-	-	-	4,893	-	4,893
Total All Assets	433,601	(18,979)	414,622	8,824	-	1,132	(1,754)	10,044	(7,300)	977	451,847	(25,302)	426,545

During the revaluation of the transport assets it was recognised that Covid-19 could have two potential impacts on this year's transport asset valuation. There is the impact on market prices for the construction of transport infrastructure and the level of demand for the use which in turn determines the optimised quantum of infrastructure assets to be valued.

Market price impacts were shown in the decrease of the NZTA indices between December 2019 and March 2020 but it was recognised that the effects are likely to be more short term. The recommendation in this case was to follow standard indexing procedure and monitoring the actual indices during the next valuation period.

Demand on South Waikato District Council transport assets were recognised as not likely to be reduced as a result of Covid-19.

Consequently, the quantum of assets remains appropriate and optimised from a valuation and financial reporting purpose and did not impact significantly on this year's revaluation of the transport assets.

The net carrying amount of property, plant and equipment held under a finance lease is \$Nil; (2019 \$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 (2019 \$Nil). The closing balance of the revaluation reserve is \$278,570,000 (2019 \$258,942,000).

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 2020 \$000	Actual 2019 \$000
Transport and roading	3,324	3,270
Recreation and facilities	1,277	1,193
Water supply	1,032	883
Stormwater	563	481
Wastewater	1,147	982
Solid waste and recycling	200	206
Regulatory	23	24
Environment - emergency management	14	14
Governance and corporate	360	323
Total	7,940	7,376

16. INTANGIBLE ASSETS

	Actual 2020 \$000	Actual 2019 \$000
Computer Software		
Cost	2,616	2,614
Accumulated amortisation and impairment	(2,543)	(2,467)
Opening carrying amount	73	147
Additions/(disposals)	1	1
Additional assets classified as intangible assets	-	-
Accumulated amortisation charge on additional assets	-	-
Amortisation charge	(46)	(75)
Closing carrying amount	28	73
Carbon credits		
Cost	527	14
Accumulated amortisation and impairment	-	-
Opening carrying amount	527	14
Additions/(disposals)	(227)	513
Amortisation charge	-	-
Closing carrying amount	300	527
Total closing carrying amounts	328	600

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 is required to forfeit carbon credits for emissions following the end of each calendar year.

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 2020 \$000	Actual 2019 \$000
Sundry Creditors	3,217	3,019
Accrued expenses	864	470
Income received in advance	1,512	1,459
Total	5,593	4,948
Payables and deferred revenue under non-exchange transactions	1,283	1,267
Payables and deferred revenue under exchange transactions	4,310	3,681
Trust Accounts	17	-

18. LANDFILL PROVISIONS

	Actual 2020 \$000	Actual 2019 \$000
Opening balance	1,157	928
Additional provision made during the year	8	8
Amounts used during the year	(8)	(8)
Unused amount reversed during the year	-	-
Discount unwinding	452	229
Total landfill provision	1,609	1,157
Presented by:		
Current provision	671	703
Non-current provision	938	454
Total landfill provision	1,609	1,157

Council operates the Tokoroa landfill under various resource consent conditions. Council has responsibility, under the resource consent, to provide ongoing maintenance and monitoring of the landfill after the site is closed. The Tirau landfill site has been permanently closed and the surface of the site capped to resource consent standards. There are closure and post-closure responsibilities such as the following:

Closure responsibilities

Include final cover application and vegetation, incremental drainage control features, completing facilities for leachate collection and monitoring, water quality monitoring and gas recovery and monitoring.

Post closure responsibilities

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

Capacity of the site

Final capping at Tokoroa is programmed for 2020. The remaining capacity of the site (refuse, clean fill and cover) is approximately 12,000 cubic metres (2019: 20,000 cubic metres). Estimates of life have been made by Council's Engineers, based on historical volume information. The cash out flows for landfill post closure are expected to occur between 2004 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 0.22%-2.87% (2019: forward rates of 1.26%-3.41%) as provided by the New Zealand Treasury.

19. EMPLOYMENT BENEFIT OBLIGATIONS

	Actual 2020 \$000	Actual 2019 \$000
Accrued pay	295	210
Annual Leave	842	687
Long service leave	27	32
Retirement gratuities	142	135
Sick leave	57	40
Total employee benefit liabilities	1,363	1,104
Comprising		
Current	1,100	844
Non-current	263	260
Total employee benefit liabilities	1,363	1,104

20. BORROWINGS

	Actual 2020 \$000	Actual 2019 \$000
Current portion	1,694	1,381
Non-current portion	15,306	14,228
Total borrowings	17,000	15,609
<i>Made up of:</i>		
Airport	75	79
CBD Infrastructure Loan	179	309
Cemeteries	135	146
District Plans	225	343
Fibre Optic	130	147
Halls	7	8
Heat Swap	1,355	1,159
LED Lights	86	109
Other Loans	827	787
Parks and Reserves	1,348	1,314
Pensioner Housing	229	253
Pools	718	717
Property	3,457	3,849
Putaruru Landfill Closure	160	180
Putaruru Service Centre	317	357
Putaruru Transfer Station	140	158
Recycling Centre	669	710
Roading	1,780	2,002
Solid Waste	215	98
Sportsgrounds	225	154
Timber Museum	254	281
Toilets	1,149	1,262
Tokoroa Landfill development	1,251	341
Warm Homes	231	352
Wastewater	1,801	481
Water	37	13
Total borrowings	17,000	15,609

Council's source of external borrowing at 30 June 2020 is a customised average rate term loan (CARL) with a limit of \$17m (2019: \$17m). Within the facility is one fixed rate funding agreement of \$2.5m which expired 30 June 2020. The total of the approved facilities is \$17m (2019: \$17m).

Security

Council loans are secured over targeted and general rates revenue of the district by Deed of Charge in favour of the Bank of New Zealand. Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. There were no changes to the Liability Management Policy during the period.

21. EQUITY

	Actual 2020 \$000	Actual 2019 \$000
Retained earnings		
Opening Balance	153,900	151,453
Net surplus/(deficit) for the year	(195)	2,134
<i>Transfers (to)/from:</i>		
Property Revaluation Reserves	204	665
Restricted Reserves	(2,697)	(1,662)
Council Created Reserves	605	1,310
Closing balance	151,817	153,900
Other Reserves		
Asset Replacement and Restricted Reserves		
Opening Balance	19,200	17,538
Transfers to General Equity	5,743	5,212
Transfers from General Equity	(3,046)	(3,550)
Closing balance	21,897	19,200
Council Created Reserves		
Opening Balance	1,134	2,444
Transfers to General Equity	121	1,117
Transfers from General Equity	(726)	(2,427)
Closing balance	529	1,134
Property Revaluation Reserves		
Opening Balance as previously reported	258,942	249,563
Increase/(decrease) in revaluation	19,832	10,044
Transfers to retained earnings on disposal	(204)	(665)
Closing balance	278,570	258,942
<i>Represented by:</i>		
Land (Restricted)	23,991	23,991
Land (Operational)	3,266	3,130
Buildings (Infrastructural)	741	740
Buildings (Operational)	6,120	6,066
Building (Restricted)	549	549
Parks and Reserves	2,555	1,365
Roading	197,501	177,953
Sewerage	14,620	14,627
Stormwater	11,620	12,872
Water	17,607	17,649
	278,570	258,942
Investment Revaluation Reserve		
Opening Balance	2,503	1,635
Valuation gains/(losses) taken to equity	913	868
Closing balance	3,416	2,503
Total other reserves	304,411	281,779

MOVEMENT OF COUNCIL CREATED, RESTRICTED AND DEPRECIATION RESERVES

	Actual 1 July 2019 \$000	Transfers in \$000	Transfers out \$000	Actual 30 June 2020 \$000
Council Created Reserves				
Pensioner Housing	(86)	40	(45)	(91)
SWDC asset purchase	(58)	-	-	(58)
South Waikato Economic Development Fund	323	-	(78)	245
Roading reserve extra NZTA subsidy	-	-	-	-
SW Economic Develop Trust	29	-	(2)	27
Riverside access	421	-	-	421
Financial contributions - reserves	68	8	-	75
Financial contributions - roading	243	36	(128)	151
National waste levy	103	22	-	125
Financial contributions - stormwater	2	-	-	2
Financial contributions - water	1	-	-	1
Financial contributions - wastewater	-	-	-	-
Mayoral grants reserve	4	15	-	19
Forestry/Airport reserve	619	-	-	619
Land purchase reserve	(87)	-	(65)	(152)
Whakamaru Forestry Reseve	423	-	(239)	184
Solidwaste ringfencing	(870)	-	(169)	(1,039)
Total Council Created Reserves	1,134	121	(726)	529
Restricted Reserves				
Water	(504)	230	(59)	(335)
Wastewater	(44)	89	-	45
Stormwater	(434)	520	(246)	(160)
Refuse collection	(157)	92	-	(65)
Upper Atiamuri Hall	(33)	14	-	(19)
Puketurua Hall	(1)	15	-	14
Waotu Hall	(5)	3	(3)	(5)
Lichfield Hall	(35)	41	-	6
Arapuni Hall	1	6	-	7
Tapapa Hall	2	13	-	15
Piarere Hall	-	-	-	-
Tirau Community Board	10	2	-	12
Tokoroa CBD	83	108	-	191
Putāruru Promotion (CCTV)	21	15	-	36
Putāruru CBD	17	2	-	19
District Recycling	(215)	-	(440)	(655)
Total Restricted Reserves	(1,295)	1,150	(748)	(893)
Asset Replacement Reserves				
General	395	148	(23)	520
Water	3,945	1,092	(592)	4,445
Wastewater	6,587	1,226	(604)	7,210
Stormwater	5,824	535	(178)	6,181
Refuse disposal	638	74	(27)	685
The Plaza	4	11	-	15
Vehicles	411	46	(129)	328
Toilets	173	48	(115)	106
Sport and events centre	685	123	(2)	806
Sportsgrounds	237	159	(106)	290
Parks and reserves	(164)	291	(255)	(128)
Cemeteries	58	9	(16)	51
Libraries	(68)	36	(4)	(36)
Pools	(184)	87	(83)	(180)
Bridges	553	351	-	904
General properties	198	245	(110)	333
Trade training centre	42	42	-	84
Putāruru CCTV	30	1	-	31
Tokoroa CCTV	38	2	-	40
Information Services	940	39	(20)	959
District Recycling	152	28	(33)	147
Total Asset Replacement Reserves	20,495	4,593	(2,297)	22,791
Total Asset Replacement and Restricted Reserves	19,200	5,743	(3,046)	21,897

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 in 17/18 for work relating to the 16/17 year. The reserve was used to fund part of the roading programme in 18/19 and 19/20.

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 grants are not spent, they will be transferred to this reserve to be available in the following year.

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 for tree planting at the reserve.

Solid Waste ringfencing: The Tokoroa landfill is projected to be closed in September 2020. The increased fees which were applied from 1 March 2019 were to fund additional operating costs from 1 March to 30 September 2020. This reserve is being used to ring fence those costs and revenues over the 3 financial years.

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 2020 \$000	Actual 2019 \$000
Net surplus before tax	(195)	2,134
<i>Add /(deduct) non-cash items</i>		
Depreciation and amortisation of plant, property and equipment	7,940	7,376
Assets vested in Council	(10)	(1,129)
Loss on sale of property, plant and equipment	434	493
<i>Add /(deduct) movements in working capital items</i>		
Trade and other receivables	(111)	(794)
Trade and other payables	645	28
Inventories	(39)	57
Trust accounts	17	(6)
Employee benefits	259	(127)
Net cash inflow/(outflow) from operating activities	8,940	8,032

23. CAPITAL COMMITMENTS AND CONTINGENCIES

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

There is \$11.7m of capital commitments at 30 June 2020 (2019: \$1.0m). This relates to the Leith Place contracts, Tokoroa Transfer Station contracts, Tokoroa Wastewater Treatment Plant Digester Upgrade contracts, the Putāruru Zone District Plan Infrastructure contract, the Putāruru Water Park design contract and the Putāruru Water Infrastructure Upgrade at Glenshea contract. This work is currently contracted as at 30 June 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.

24. REMUNERATION

Chief Executive

During the year ended 30 June 2020, Council's Chief Executive was remunerated as follows:

	Actual 2020 \$000	Actual 2019 \$000
Craig Hobbs (1 July 2018 - 28 September 2018)		
Base Salary	-	65
Vehicle (market value plus FBT)	-	5
Kiwisaver Employer's Contribution	-	2
Total	-	72
Ben Smit - Acting (1 October 2018 - 25 November 2018)		
Base Salary	-	35
Vehicle (market value plus FBT)	-	4
Kiwisaver Employer's Contribution	-	1
Total	-	40
Ben Smit		
Base Salary	265	153
Vehicle (market value plus FBT)	12	14
Kiwisaver Employer's Contribution	8	5
Total	285	172

For the year ended 30 June 2020, 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 (2019:\$284,000)

Key Management Personnel

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

	Actual 2020 \$000	Actual 2019 \$000
Salaries and other short term employee benefits	1,840	1,473
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Total	1,840	1,473

In the current year, the number of key management personnel increased from 5 to 7.

Council Employees

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

	Actual 2020 \$000	Actual 2019 \$000
<\$60,000	92	95
\$60,000 - \$79,999	21	23
\$80,000 - \$99,999	31	23
\$100,000 - \$119,999	7	7
\$120,000 - \$239,000	7	4
\$240,000+	1	1
Total employees	159	153

At balance date, the Council employed 115 full-time employees (2019: 109), with the balance of staff representing 16.66 (2019: 16.35) full-time equivalent employees. A full-time employee is determined on the basis of a 37.5-hour working week.

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 2020 \$000	Actual 2019 \$000
Mayor and Councillors		
Jenny Shattock (Mayor)	117	97
Herman Van Rooijen	11	28
Adrienne Bell	11	33
Jeff Gash	17	43
William Machen	43	28
Marin Glucina	35	28
Thomas Lee	36	28
Peter Schulte	34	27
Gray Baldwin	15	32
Arama Ngapo-Lipscombe	38	27
Wendy Cook	9	27
Sandra Wallace	24	-
Stephen Petley	24	-
Alex Jansen	24	-
Johannes Nelis	24	-
Hamish Daine	24	-
Total Councillors	486	398
Community Board Members		
Clive Collingwood	1	3
Casandra Robinson	2	7
Sharon Burling - Claridge	3	-
Holly Blair	3	3
Kerry Purdy	3	3
Kevin Slater	5	-
Total Community Board members	17	16

26. RELATED PARTIES

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

As at 30 June 2020 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 2020 \$000	Actual 2019 \$000
Financial assets			
Loans and receivables			
Cash and cash equivalents	10	5,986	5,234
Trade and other receivables	11	3,465	3,405
Other financial assets:			
Sundry loans	13	1,426	1,201
Total loans and receivables		10,877	9,840
Available for sale financial assets			
Other financial assets:			
Bonds, deposits and other fixed interests	13	6,263	8,445
Unlisted shares	13	82	83
Listed shares	13	13,911	10,968
Total available for sale financial assets		20,256	19,496
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	17	3,217	3,019
Trust Accounts	17	17	-
Secured loans	20	17,000	15,609
Total financial liabilities at amortised cost		20,234	18,628

Fair values hierarchy disclosures

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

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

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

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

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

	Total \$000	Quoted Market Price \$000 Level 1	Observable inputs \$000 Level 2	Significant non- observable inputs \$000 Level 3
30 June 2020				
<i>Financial assets</i>				
General Funds				
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	-	-
30 June 2019				
<i>Financial assets</i>				
General Funds				
Bank security bonds (AA-)	1,212	1,212	-	-
Corporate bonds (BBB+ to AA-)	5,661	5,661	-	-
Local Government bonds (A to AA)	-	-	-	-
NZ Government Bonds (AA+)	-	-	-	-
International bonds (not rated)	12,541	12,541	-	-

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	2020 \$000		2019 \$000	
Interest Rate Risk		Profit	Other Equity	Profit	Other Equity
Financial assets			0.5%		-0.5%
NZ fixed interest bonds	a		8		(8)
Financial liabilities		0.25%		-0.25%	
Borrowings	b	43		(43)	
				39	
					(39)
Foreign Exchange Risk		Profit	Other Equity	Profit	Other Equity
Financial assets		0.5%		-0.5%	
International fixed interest bonds	c	24		(24)	
International equity	d	46		(46)	
Australian equity	e	23		(23)	
International Cash		10.0%		-10.0%	
US dollar denominated cash	f	-		-	
					-
					-
Equity Price Risk		Profit	Other Equity	Profit	Other Equity
Financial assets			5.0%		-5.0%
NZ Equity investments	g		-		-
NZ Property investments	h		-		-
International Equity investments	i		463		(463)
Australian Equity investments	j		233		(233)
					378
					(378)
					171
					(171)

Explanation of sensitivity analysis

Financial assets

a - General funds fixed interest bonds

A total of \$1,508,900 (2019: \$4,030,064) invested in local bonds is classified as available for sale financial assets. A movement in interest rates of plus or minus 0.5% in 2019-20 would have had an impact of +/- \$8,000 (2019: \$20,000) on the fair value of the asset and the investment revaluation reserve.

b - Borrowings

A total of \$17,000,000 (2019: \$15,609,000) is classified as long term borrowings. A movement of plus or minus 0.25% in interest rates in 2019-20 would have had an impact of +/- \$43,000 (2019: \$39,000) on the profit or loss.

c - International fixed interest bonds

A total of \$4,753,706 (2019: \$4,415,120) is classified as available for sale financial assets. A movement of plus or minus 0.5% in the US exchange in 2019-20 would have had an impact of \$24,000 (2019: \$22,000) on the fair value of the asset and the investment revaluation reserve.

d - International equity

A total of \$9,253,521 (2019: \$7,550,366) is classified as available for sale financial assets. A movement of plus or minus 0.5% in the US exchange rate in 2019-20 would have had an impact of \$46,000 (2019: \$38,000) on the fair value of the asset and the investment revaluation reserve.

e - Australian equity

A total of \$4,657,536 (2019: \$3,417,975) is classified as available for sale financial assets. A movement of plus or minus 0.5% in the US exchange rate in 2019-20 would have had an impact of \$23,000 (2019: \$17,000) on the fair value of the asset and the investment revaluation reserve.

f - International cash

A total of \$0 (2019: \$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 2019-20 would have had an impact of \$0 (2019: \$0) on the fair value of the asset and the investment revaluation reserve.

g - NZ equity investments

A total of \$0 (2019: \$0) invested in listed local shares classified as available for sale financial assets. A movement of plus or minus 5% in share prices in 2019-20 would have had an impact of \$0 (2019: \$0) on the fair value of the asset and the investment revaluation reserve.

h - NZ property investments

A total of \$0 (2019: \$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 2019-20 would have had an impact of \$0 (2019: \$0) on the fair value of the asset and the investment revaluation reserve.

i - International equity investments

A total of \$9,253,521 (2019: \$7,550,366) invested in overseas shares is classified as available for sale financial assets. A movement of plus or minus 5% in share prices in 2019-20 would have had an impact of \$463,000 (2019: \$378,000) on the fair value of the asset and the investment revaluation reserve.

j - Australian equity investments

A total of \$4,657,536 (2019: \$3,417,975) invested in Australian shares is classified as available for sale financial assets. A movement of plus or minus 5% in share prices in 2019-20 would have had an impact of \$233,000 (2019: \$171,000) 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.

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 2020 \$000	Actual 2019 \$000
Cash and cash equivalents:		
Cash and short term deposits (AA to BBB)	5,986	5,234
Total cash and cash equivalents	5,986	5,234
General Funds:		
Sundry corporate and government securities (AA- to AA)	5,020	5,661
Bank security bonds (AA+ to AAA)	308	1,212
Local Government Bonds (A to AA)	78	0
NZ Government Bonds (AA+)	702	0
International Bonds (Not rated)	14,066	12,541
Total general fund bonds	20,174	19,414

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 2019). Council policy restricts loan principal outstanding to the value of the District's annual revenue. Loan principal outstanding was 43% of the annual revenue (2019: 40%).

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
30 June 2020						
Trade and other payables		3,217	3,217	3,217	-	-
Borrowings	3.80%	17,000	22,998	2,506	8,021	12,471
Trust Accounts		-	-	-	-	-
Financial guarantees	3.50%	-	-	-	-	-
Total		20,217	26,215	5,723	8,021	12,471
30 June 2019						
Trade and other payables		3,019	3,019	3,019	-	-
Borrowings	3.80%	15,609	20,895	2,117	7,077	11,171
Trust Accounts		-	-	-	-	-
Financial guarantees	3.50%	-	-	-	-	-
Total		18,628	23,914	5,136	7,077	11,171

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

28. 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 2020 \$000	Actual 2019 \$000
Not later than one year	65	72
Later than one year and not later than five years	193	180
Later than five years	300	333
Total non-cancellable operating leases	558	585

No contingent rents have been recognised in the profit and loss during the period (2019:\$nil).

29. 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 \$50,000,000

Public liability \$50,000,000

30. 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 completion of State Highway One stormwater work during the financial year offset by lower NZTA subsidies for other roading work affected by COVID-19 delays.

Depreciation is \$0.4m less than expected. This was due to the delays in the capital expenditure programme being completed

Other expenses are \$0.7m higher than expected. This is due to an increase in chemical, laboratory services and energy costs in the water and wastewater activities, an increase in refuse collection costs as part of the open spaces contract and general operational increases in the infrastructure and maintenance areas.

Statement of Financial Position

Other reserves are \$17m higher than expected. This is mainly due to the increase in the property revaluation and investment revaluation reserves by \$20m offset by the \$3m reduction in restricted reserves and council created reserves.

Property, plant and equipment non-current assets at balance date is \$8.3m less than expected due to the delays in the completion of capital projects.

Total borrowings are \$10.5m lower than expected. This is mainly due to the delays in the capital expenditure programme being completed.

Statement of Cashflows

Purchase of property plant and equipment is \$10.6m lower than expected. This is due to the delays in the capital expenditure programme being completed.

Loans raised are \$10.6m lower than expected. This is due to the delays in the capital expenditure programme being completed.

31. CAPITAL MANAGEMENT

The 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 the Council. Intergenerational equity requires today's rate payers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the 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 the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the 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).

32. COVID-19 IMPACT

During 2019-20 there was a period of time where New Zealand was in varying stages of lockdown. The effect on revenue for the South Waikato District Council was not significant as it mainly related to the hire of the Events Centre, pool attendees and the borrowing of books. Part of the revenue effect was offset by casual staff which were not required during this period. The Landfills were not open during this time either but there was a significant catch up period when we entered Level 2.

During this year’s transport asset revaluation process the potential impacts of Covid-19 were evaluated and it was determined that the impact was not significant. The quantum of assets remains appropriate and optimised from a valuation and financial reporting perspective. This is referred to in Note 15 of these financial statements.

The most significant effect was the delay in completing capital works and this has resulted in a larger carryover budget from the 2019-20 year to the 2020-21 year than expected.

33. EVENTS AFTER BALANCE DATE

The South Waikato District Council has updated its borrowing facility from the Bank of New Zealand to the Local Government Funding Authority as approved by the South Waikato District Council Councillors on 30 July 2020 effective 3 August 2020.