



TE KAUNIHERA Ā ROHE O KAWERAU
KAWERAU DISTRICT COUNCIL
Annual Report | Te Pūrongo ā-Tau
For the Year Ended 30 June 2023



KAWERAU DISTRICT COUNCIL

ANNUAL REPORT FOR 2022/23

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MESSAGE FROM KAHIKA | MAYOR AND TE TUMU WHAKARAE | CHIEF EXECUTIVE OFFICER

Tēnā koutou and welcome to Council's annual report for the 12 months ended 30 June 2023. The year has seen a number of changes with the first being the swearing in of a new team of elected members to represent the rohe for the next triennium. The future continues to offer local government change, challenges and opportunity.

This Annual Report outlines how well Council has delivered on what was planned in the Annual Plan for 2022/23. It also determines the state of Council's finances at the end of the year.

The following is a brief summary of the financial results for 2022/23:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	16,744,310	16,200,807	(543,503)
Operating Expense	<u>16,505,360</u>	<u>17,684,556</u>	<u>(1,179,196)</u>
Operating Surplus/(Deficit)	238,950	(1,483,749)	(1,722,699)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	103,811,780	117,192,142	13,380,362
Liabilities	16,493,430	13,727,657	2,765,773
Ratepayers Equity	87,318,350	103,464,485	16,146,135

Overall, Council is in a reasonably strong financial position, with equity increasing due to the revaluation of Council's assets in 2022, by \$18.8m. The financial performance resulted in a deficit of \$1,483,749, attributing to this was the increased depreciation expenditure of \$1,184,931, due the increased asset value following the 2022 revaluation.

During the year Council spent an additional \$745,612 more than budget on operational expenditure, but also received \$647,925 more revenue than budget. The additional expenditure mostly resulted from the increased cost of solid waste disposal (both increased volume and the cartage and disposal costs). Offsetting part of this solid waste increased expenditure was the increased fees and charges income. Fees were amended in late 2022. The budget for 2023 also included sale proceeds for Central Cove subdivision. However, with the economic downturn and rising interest rates, there were no sections sold during 2022/23. Twelve sections remain available for sale.

For the 2022/23 financial year Council spent \$7.47 million on capital projects compared to the annual plan capital budget of \$8.85 million. Some capital projects were delayed and will be completed in 2023/24, such as the Rangī Delamare Pavilion, further water reticulation renewals and wastewater reticulation replacements.

The major achievements during the 2022/23 financial year included:

- Inauguration of the 2022-2023 Elected Members.
- Continued provision of council services to a high standard throughout the year.
- Construction of the final 11 units in the Porritt Glade Lifestyle Village
- Renewal of 4.9 kms of water mains in the Plunket Street and Onslow Street areas
- Replacement of 2.5 kms of wastewater pipes in CBD and Plunkett Street
- Major redevelopment of the buildings and entranceway into the Maurie Kjar Aquatic Centre

- Completion of new entranceway and recreational walking track to the summit of Monika Lanham
- Progress of renewal of damaged and dangerous footpaths as well as kerb and channels
- Progression of the Stoneham Park Residential Development

The Kawerau District and local government continues to face the certainty of significant change, challenges and uncertainty in the future due to the reforms currently underway including: Three waters reforms, reviewing the Resource Management Act and the Future for Local Government reform. The impact of these reforms is likely to be significant for both Council and the community, but we will endeavour to keep residents informed as soon as more information is available.

Council received funding throughout the year for events and projects from the following organisations:

- NZ Community Trust (NZCT)
- Lion Foundation
- Trust Horizon (formerly Eastern Bay Energy Trust)
- Community Organisation Grants Scheme (DIA)
- NZ Lotteries
- Ministry for Social Development (for Mayors Taskforce for Jobs)
- Ministry for Youth and Development

Council and the community appreciates the support it receives from these organisations.

Our sincere thanks to councillors, staff and residents for their input throughout the year and their ongoing commitment to making Kawerau a place we can all be proud of.

Council also wishes to acknowledge the on-going support of Tangata Whenua Iwi, stakeholders, residents and ratepayers.

Faylene Tunui
MAYOR
KAHIKA



Russell George, CA, MBA
CHIEF EXECUTIVE OFFICER
TE TUMU WHAKARAE



TANGATA WHENUA AND IWI RELATIONSHIPS AND CONTRIBUTION TO DECISION-MAKING

Te Kaunihera ā rohe o Kawerau | Kawerau District Council is committed to an open dialogue and working relationship with Māori, Tangata Whenua and Iwi, and has been working towards growing these relationships.

Council recognises Ngāti Tūwharetoa (Bay of Plenty) Settlement Trust as tangata whenua and mana whenua of the Kawerau rohe, and as a statutory Te Tiriti o Waitangi consultation partner.

At a governance level, the role undertaken by Ngāti Tūwharetoa (Bay of Plenty) Iwi Kaumātua provides Council with a Te Ao Māori lens within policy, decision-making and cultural areas.

During the 2022-2023 financial year, Council has continued to meet regularly with Iwi Kaumātua and acknowledges the support, knowledge and expertise of Tūwharetoa ki Kawerau Kaumātua Te Haukakawa Te Rire who has provided ongoing guidance on matters of tikanga ā-Iwi and tika.

Depth grows with understanding and during recent years this role has grown as Kaunihera (Council) increasingly embeds Te Ao Māori into decision-making and operations. The expertise and guidance, and ongoing commitment to encourage and support for the organisation is greatly appreciated. Also the many wānanga held to share and raise the capability and knowledge of kaimahi | Council staff.

Te Kaunihera ā rohe o Kawerau also wishes to acknowledge the guidance and support of Tūwharetoa ki Kawerau Kaumātua Te Amorangi Graham Te Rire, Luvi Ngahe, Tohia o te Rangi Marae Chair Tomai Fox and Kaumātua and Rautahi Marae committee Te Waraki (Chic) Te Ruki.

Kaunihera has increased connections to the wider hapori of Tūwharetoa ki Kawerau through engagement with the Tūwharetoa ki Kawerau Hauora and wishes to acknowledge co-chairs Hone Te Rire and Merehia Savage. Council acknowledges and supports Tūwharetoa ki Kawerau Hauora Te Papa Maengenge (Board of Trustees) mahi to support and improve the lives of people within the Kawerau rohe.

The need for community-lead solutions to be designed for and delivered by communities was clearly evident across many areas, particularly during the pandemic. Council is proud to have played a role in this community-lead engagement model led by Tūwharetoa ki Kawerau Hauora throughout the response.

In terms of moving into the space of engagement, Kaunihera acknowledges that an important facet is the timeliness of raising issues with Iwi Kaumātua. Council continues to encourage and develop our processes to ensure better planning to engage at the earliest stage.

A significant proportion of Māori residents in Kawerau are from Iwi other than Tūwharetoa ki Kawerau. Council ensures the view of the entire hapori by engaging with the Kaumātua and Rautahi Marae committee, an urban Marae, and consultation partner.

Council acknowledges all Iwi based organisations in the rohe as consultation partners including the Pūtauaki Trust, Māori Investments Limited (MIL) and the Kaumātua forum.

In addition, Te Kaunihera ā rohe o Kawerau acknowledges Te Rūnanga o Ngāti Awa and Ngāti Rangitihī, both Eastern Bay Iwi with a historical and mana whenua connection to whenua and awa in and around the Kawerau rohe.

Work continues on a number of projects involving Tangata Whenua including the boundary changes sought for Māori-owned land to be included in the Te Kaunihera ā rohe o Kawerau. Totaling 546 hectares, these requests have been endorsed by Kawerau and Whakatāne district councils. Council as directed is working with the Local Government Commission to ensure that affected Māori Landowners are fully supportive of the move.

The land includes:

- Tohia o te Rangi Marae seeking an area of 63 hectares, at the end of Spencer Avenue. A Tūwharetoa ki Kawerau Marae, Tohia o te Rangi Marae is already serviced by the Kawerau District.
- Approximately 400 hectares (over two separate parcels), largely bordering the existing industrial areas on Kawerau's northeast boundary with the Whakatāne District;
- Approximately 86 hectares, being the part of Otarahanga Farm outside of the western boundary of Kawerau.

SIGNIFICANT EVENTS DURING YEAR

COVID-19 PANDEMIC

The lockdown in August of 2022, restricted some Council services and delayed some capital projects. The projects that were delayed were carried forward to 2023/24.

Assumption

There is the possibility that the COVID-19 pandemic could in future negatively impact the community and in turn this will affect Council's revenue, however, the risk is considered low. The district's industry continues to operate without reductions to their operations or workforce numbers. Rate collection percentages have been impacted by the current difficult financial times, especially with high inflation and the significant increase in the costs of living, however Council is actively following up debtors and providing payment plans to clear outstanding rates. Council continues to encourage ratepayers to communicate with them if they are having difficulties. Only a small percentage of Council's revenue is dependent on visitor numbers and with any reduction in revenue being minimal.

Council is confident it can continue providing excellent services to the community for a reasonable cost, which the community will be able to afford.

THREE WATERS REFORM

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. Council has been advised that Council's Water Services will come under Entity B, with a proposed transfer date of October 2025, although the exact date of the transfer of assets and liabilities is uncertain.

Assumption

The 3 Waters reforms will have a significant impact for local government and their respective communities, including Kawerau District Council. Councils will have reduced activities and revenue following the 3 Waters reforms. However, Kawerau District Council has prepared these accounts under a going concern assumption and at the time of preparing this report is planning to continue to deliver the services as provided in Council's Annual Plan for 2023/24.

KAWERAU DISTRICT COUNCIL COUNCIL & STAFF INFORMATION

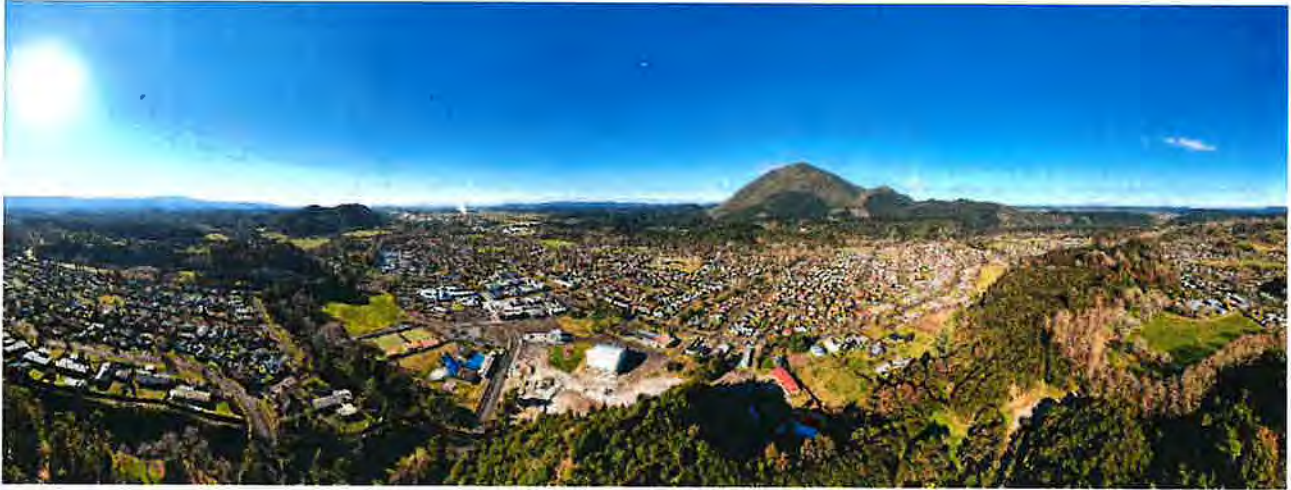
The Council is made up of a Mayor and eight Councillors. The local body elections were last held 8 October 2022 with the Mayor and Councillors inauguration held on 25 October 2022.

Mayor :	F K N (Faylene) Tunui	022 320 8840
Deputy Mayor :	A (Aaron) Rangihika	021 159 0794
Councillors :	R (Rowena) Andrews	021 775 147
	W (Warwick) Godfery	027 204 5278
	C J (Carolyn) Ion	027 415 6458
	B J (Berice) Julian	323-9190 (res)
	S (Sela) Kingi	027 766 5023
	J (Justin) Ross	027 862 2237
	R G K (Rex) Savage	323-7287 (res)

Committees: Regulatory & Services (Chairperson: Cr C J Ion)
Audit and Risk (Chairperson: Philip Jones)

Chief Executive Officer and Heads of Departments:

Chief Executive Officer	Russell George, CA, MBA
Group Manager, Operations & Services	Hanno van der Merwe, MSc (Eng), PhD
Group Manager, Regulatory & Planning	Michaela Glaspey LLB
Group Manager, Finance & Corporate Services	Lee-Anne Butler, CA, BMS
Economic & Community Development Manager	Lee Barton
Communications & Engagement Manager; Residential Developments	Tania Humberstone



VISION

To create a resilient and sustainable Kawerau District that meets the needs of the future.

MISSION STATEMENT

1. To represent the interests and aspirations of the Kawerau Community, within and beyond the District.
2. To promote the social, economic, environmental and cultural wellbeing of the Kawerau Community.
3. To continue to provide an industrial base within the District for established industries and their supporting businesses.
4. To promote the advantages of Kawerau in order to grow the District population and further encourage industrial investment and development.
5. To ensure that the independence of the District is maintained.

STATEMENT OF PRINCIPLES

To achieve its Mission, Council will -

1. Provide services, facilities and infrastructure that can support a high quality of life in Kawerau.
2. Engender an attitude of cost effectiveness, customer service and Community responsiveness.
3. Engage with all sectors of the Community to determine their needs and priorities.
4. Maintain a fair system of rating to ensure that Council services are sustainable and satisfy Community needs.
5. Inform and seek feedback from the Community about Council's current and planned activities.
6. Work cooperatively with government agencies, territorial authorities and other stakeholders to maintain or improve Council services.
7. Maintain relationships with industry and business groups represented in the District.
8. Promote the District to attract development.

COMPLIANCE WITH COUNCIL POLICIES

All local authorities are required to prepare the following funding and financial policy documents:

- Revenue and Financing Policy
- Investment Policy
- Liability Management Policy
- Development Contributions or Financial Contributions Policy
- Rates Remission and Rates Postponement on Maori Freehold Land Policy

This report provides an overview of the extent to which Council has complied with its policies.

REVENUE AND FINANCING POLICY

Council reviewed and adopted the Revenue and Financing Policy in June 2021 as part of the preparation of the 2021 – 2031 Long Term Plan. The objective of this policy is to ensure that the costs of Council's activities are met by those benefiting from, or contributing to the need for, the activity.

The overall funding mix achieved by Council for 2022/23 was consistent with its Revenue and Financing Policy.

INVESTMENT POLICY

Council reviewed and adopted the Investment and Policy 30 March 2021. Council delegates responsibility for the management, monitoring and reporting of its investments to the Regulatory and Services Committee. The Investment Policy document sets out the parameters for the operation of the investments that Council can be involved with. The mix of investments between short-term and longer term is determined according to Council's working capital needs.

There were no significant variations or material departures from Council's objectives for its investment activities as reported in the Investment Policy. Council's investments returned \$41,171 compared to the Annual Plan estimate for 2022/23 of \$34,390

LIABILITY MANAGEMENT POLICY

Council's Liability Management Policy was also adopted 30 March 2021. The policy ensures that Council's debt and associated risks are maintained at prudent levels.

There were no significant variations or material departures from Council's Liability Management Policy during the year.

FINANCIAL CONTRIBUTIONS POLICY

Council's Financial Contributions Policy adopted 30 March 2021, retains the provisions of the District Plan that allows the assessment of financial contributions.

No financial contributions were received during the 2022/23 financial year.

RATES REMISSION AND POSTPONEMENT FOR MAORI FREEHOLD LAND POLICY

This Policy sets out the conditions and criteria for the remission and postponement of rates on Maori Freehold Land.

There were no variations or departures during the year from Council's policy as reported in Council's Long Term Plan.

STATEMENT OF COMPLIANCE

COMPLIANCE AND RESPONSIBILITY

The Council and Management accept responsibility for the preparation of the Annual Report and the judgements used in it.

The Council and Management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and service performance reporting. The statement performance information in this report is compliant with NZ Generally Accepted Accounting Practice (GAAP).

In the opinion of the Council and Management, the Annual Report for the year ended 30 June 2023 fairly reflects the financial performance, financial position, cash flows and service performance of the Council.



F K N Tunui
Mayor Kahika



R B George, CA, MBA
Chief Executive Officer
Te Tumu Whakarae

Independent Auditor's Report

To the readers of Kawerau District Council's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Kawerau District Council (the District Council). The Auditor-General has appointed me, René van Zyl, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 25 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 18 to 53:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2023;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime;
- the funding impact statement on page 22, 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 annual plan;

- the statement of service performance on pages 61 to 126:
 - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 71 to 126, 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 71 to 125, 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 54 to 60, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

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

Emphasis of matter - uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to Note 30 on pages 50 and 51, which outlines developments in the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the

delivery of three waters services and related assets and liabilities currently controlled by local authorities.

Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in note 30 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council 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 annual plan and 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 [description used for the statement of service provision], as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 11 and 127 to 133, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

Independence

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

In addition to our audits of the District Council and our report on the disclosure requirements, we have performed a limited assurance engagement on the District Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.



René van Zyl
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

KAWERAU DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2023

\$ 2021/22		Note	\$ Budget	\$ 2022/23
	Revenue			
11,295,785	Rates revenue	3	11,953,620	12,159,251
1,518,712	Subsidies and grants	4	1,075,800	1,957,319
2,235,266	Fees and charges	5	3,610,500	1,789,092
16,770	Interest revenue	8	34,390	41,171
560,732	Other revenue	5	70,000	253,974
88,600	Vested assets		0	0
15,715,865	Total Revenue		16,744,310	16,200,807
	Expenses			
5,703,185	Personnel costs	6	6,111,890	6,059,952
3,518,140	Depreciation and amortisation expense	13-15	3,316,270	4,501,201
1,472	Finance costs	8	110,000	62,950
6,473,822	Other expenses	7	6,967,200	6,916,356
130,173	Loss on disposal of property, plant and equipment		0	144,097
15,826,792	Total Expenses		16,505,360	17,684,556
(110,927)	SURPLUS / (DEFICIT)		238,950	(1,483,749)
	Other comprehensive revenue and expense			
18,817,736	Property, plant and equipment revaluation		0	0
18,706,809	TOTAL COMPREHENSIVE REVENUE AND EXPENSE		238,950	(1,483,749)

Explanations of significant variances against budget are detailed in Note 32
The accompanying notes, including Accounting Policies, form part of these financial statements.

KAWERAU DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

\$ 2021/22		Note	\$ Budget	\$ 2022/23
ASSETS				
Current assets				
3,666,724	Cash and cash equivalents	9	5,074,310	3,779,501
1,333,372	Receivables	10	1,720,340	1,615,144
0	Other financial assets	12	0	0
515,490	Prepayments		0	182,722
1,305,973	Inventory	11	417,910	1,946,397
<u>6,821,559</u>	Total current assets		<u>7,212,560</u>	<u>7,523,764</u>
Non-current assets				
36,252	Other Financial Investment including CCOs	12	36,250	86,252
106,632,288	Property, plant and equipment	13	96,502,730	109,482,747
123,108	Intangible assets	14	60,240	99,379
<u>106,791,648</u>	Total non-current assets		<u>96,599,220</u>	<u>109,668,378</u>
<u>113,613,207</u>	TOTAL ASSETS		<u>103,811,780</u>	<u>117,192,142</u>
LIABILITIES				
Current liabilities				
2,227,388	Payables and deferred revenue	16	2,791,880	3,149,896
5,044	Borrowings and other financial liabilities	19	16,500	0
743,461	Employee entitlements	18	763,990	759,188
5,467,759	Retirement Village – Residents Liability	20	0	7,609,752
10,000	Provisions		10,000	10,000
<u>8,453,652</u>	Total current liabilities		<u>3,582,370</u>	<u>11,528,836</u>
Non-current liabilities				
142,857	Payables and deferred revenue	16	137,140	137,141
0	Borrowings and other financial liabilities	19	12,668,600	2,000,000
49,327	Employee entitlements	18	61,120	51,969
19,135	Provisions	17	44,200	9,709
<u>211,319</u>	Total non-current liabilities		<u>12,911,060</u>	<u>2,198,819</u>
<u>8,664,971</u>	TOTAL LIABILITIES		<u>16,493,430</u>	<u>13,727,655</u>
<u>104,948,236</u>	NET ASSETS		<u>87,318,350</u>	<u>103,464,487</u>
EQUITY				
37,258,721	Accumulated Funds	21	34,649,520	36,506,158
67,689,515	Reserves	21	52,668,830	66,958,329
<u>104,948,236</u>	TOTAL EQUITY		<u>87,318,350</u>	<u>103,464,487</u>

NB: PBE IPSAS 1.88 requires in the statement of financial position that separate line items be presented for recoverables from non-exchange transactions, receivables from exchange transactions, taxes and transfers payable, and payables under exchange transactions. We consider that it will be rare that this is a material disclosure. Therefore, we have chosen to focus on providing a meaningful breakdown of receivables and payables in the notes to the financial statements.



F K N Tunui
MAYOR



R.B. George, CA, MBA
CHIEF EXECUTIVE OFFICER

The accompanying notes, including Accounting Policies, form part of these financial statements. Explanations of significant variances against budget are detailed in Note 30

KAWERAU DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

\$ 2021/22	Total Equity	Note	\$ Budget	\$ 2022/23
86,241,427	Balance at 1 July		87,079,400	104,948,236
18,706,809	Total comprehensive revenue and expense		238,950	(1,483,749)
104,948,236	Balance at 30 June		87,318,350	103,464,487

The accompanying notes, including Accounting Policies, form part of these financial statements.



Aerial view of the proposed Stoneham Park Residential Development.

KAWERAU DISTRICT COUNCIL STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

\$ 2021/22	Note	\$ Budget	\$ 2022/23
CASH FLOWS FROM OPERATING ACTIVITIES			
11,288,041	Receipts from rates revenue	11,970,010	11,955,544
1,019,082	Rates on behalf Regional Council	0	25,933
1,562,212	Subsidies and grants received	1,075,800	1,819,148
2,636,145	Fees and charges received	3,610,500	1,878,122
15,360	Interest received	34,390	41,427
426,093	Receipts from other revenue	70,000	65,400
(8,173,184)	Payments to suppliers	(6,463,780)	(6,214,089)
(5,604,361)	Payment to employees	(6,033,530)	(6,041,583)
(1,472)	Interest paid	(110,000)	(62,950)
(170,184)	Goods and services tax (net)	0	(65,410)
(1,012,426)	Regional Council rates paid	0	0
<u>1,985,306</u>	Net cash flow from operating activities	<u>4,153,390</u>	<u>3,401,542</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
29,038	Receipts from sale of property, plant and equipment		12,170
(103,784)	Purchase of intangible assets	0	0
0	Sale/(Purchase) of investments	0	(50,000)
3,165,000	Receipt from ORA – Retirement Village	4,000,000	2,329,600
(6,010,592)	Purchase of property, plant and equipment	(8,850,360)	(7,575,491)
<u>(2,920,338)</u>	Net cash flow from investing activities	<u>(4,850,360)</u>	<u>(5,283,721)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
0	Loans/Finance Leases Raised	2,020,000	2,000,000
0	Repayment of borrowings	0	0
(14,875)	Payment of principal for finance leases	(11,500)	(5,044)
<u>(14,875)</u>	Net cash flow from financing activities	<u>2,008,500</u>	<u>1,994,956</u>
<u>(949,907)</u>	Net increase/(decrease) in cash, cash equivalents and bank overdrafts	<u>1,311,530</u>	<u>112,777</u>
4,616,631	Cash, cash equivalents and bank overdrafts at the beginning of the year	3,762,780	3,666,724
<u>3,666,724</u>	Cash, cash equivalents and bank overdrafts at the end of the year	<u>5,074,310</u>	<u>3,779,501</u>

The accompanying notes, including Accounting Policies, form part of these financial statements.

Explanations of significant variances against budget are detailed in Note 32

KAWERAU DISTRICT COUNCIL FUNDING IMPACT STATEMENT

(Whole of Council)
For the year ended 30 June 2023

	2022		2023	
	\$ Long-Term Plan	\$ Actual	\$ Annual Plan	\$ Actual
SOURCES OF OPERATING FUNDING				
General rates, UAGC and rate penalties	10,074,470	10,085,280	10,762,550	10,906,725
Targeted rates	1,169,580	1,210,505	1,191,070	1,252,526
Subsidies and grants for operating purposes	285,300	973,660	241,020	1,587,975
Fees and charges	1,800,300	2,235,266	1,660,500	1,789,090
Interest and dividends from investments	16,980	16,770	34,390	41,171
Local Authorities Fuel tax, fines, infringements and other receipts	670,000	425,298	2,020,000	66,367
TOTAL OPERATING FUNDING (A)	14,016,600	14,946,779	15,909,530	15,643,854
APPLICATIONS OF OPERATING FUNDING				
Payment to staff and suppliers	11,813,900	12,176,359	13,079,140	12,976,423
Finance costs	29,000	1,471	110,000	62,950
Other operating funding applications	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	11,842,900	12,177,830	13,189,140	13,039,373
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	2,173,700	2,768,949	2,720,390	2,604,481
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	956,550	545,052	834,750	369,344
Development and Financial contributions	0	0	0	0
Increase/(decrease) in debt	2,037,000	(14,873)	1,995,490	1,994,956
Gross proceeds from sale of assets	3,500,000	8,815	0	7,332
Lump sum contributions	0	0	4,020,000	0
Other dedicated capital funding	0	3,029,566	0	2,329,600
TOTAL SOURCES OF CAPITAL FUNDING (C)	6,493,550	3,568,560	6,850,240	4,701,232
APPLICATIONS OF CAPITAL FUNDS				
Capital expenditure:				
- to meet additional demand	1,820,000	1,579,187	3,300,000	3,537,376
- to improve the level of service	532,000	0	330,000	0
- to replace existing assets	4,639,450	4,437,877	5,220,360	3,934,660
Increase/(decrease) in reserves	1,675,800	320,445	720,270	(216,323)
Increase/(decrease) of investments	0	0	0	50,000
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	8,667,250	6,337,509	9,570,630	7,305,713
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(2,173,700)	(2,768,949)	(2,720,390)	(2,604,481)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0	0

The accompanying notes, including Accounting Policies, form part of these financial statements.

KAWERAU DISTRICT COUNCIL

NOTES TO FINANCIAL STATEMENTS

1. Statement of Accounting Policies for the Year Ended 30 June 2023

REPORTING ENTITY

Kawerau District Council is a territorial local authority established under the Local Government Act 2002, is domiciled and operates in New Zealand and has designated itself a public benefit entity for financial reporting purposes.

The financial statements of Kawerau District Council are for the year ended 30 June 2023. The financial statements are authorised for issue by Council on 25 October 2023.

BASIS OF PREPARATION

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

The financial statements of Kawerau District Council (KDC) have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with the reduced disclosure regime of tier 2 Public Benefit Entities, as Council:

- Has total expenses of less than \$30 million for the year and
- Does not have debt or equity instruments nor holds assets in a fiduciary duty for a broad group of outsiders.

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

The financial statements are presented in New Zealand dollars. The functional currency of KDC is New Zealand dollars.

These financial statements are prepared in accordance with the Public Benefit Entity standards and comply with these standards.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value of consideration received or receivable.

The accounting policies for significant revenue items are explained as follows:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.

- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as Council is acting as an agent for the BOPRC.

Waka Kotahi - New Zealand Transport Agency Subsidies

KDC receives government grants from Waka Kotahi - New Zealand Transport Agency, which subsidises part of KDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

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

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Sales of goods

Sales of goods are recognised when a product is sold to the customer.

Vested assets

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

Interest and dividends

Interest revenue is recognised using the effective interest method.

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

Amenity fees

The Occupation Right Agreement (ORA) conferring the right to occupancy are considered leases under PBE IPSAS 13 – Leases. The amenities fee is calculated as a percentage of the ORA amount and accrues monthly, for a set period, based on the terms of the individual contracts and treated as lease income over the period. The current Disclosure Statement and ORA accrues amenity fees at the rate of 3% per annum for a maximum of 10 years.

The amenities fee is recognised on a straight-line basis in the Statement of Comprehensive Revenue and Expense over the average expected length of stay of residents.

The amenities fee is payable by the resident at the time of repayment (to the resident) of the refundable ORA amount due. At year end, the amenities fee receivable that has yet to be recognised in the Consolidated Statement of Comprehensive Revenue and Expense as amenities fee revenue is recognised as deferred amenities fee on the Consolidated Balance Sheet.

The timing of the recognition of amenities fee is a critical accounting estimate and judgement. The management fee is recognised on a straight-line bases in the Statement of Comprehensive Revenue and Expenditure over the average expected length of stay of residents. The current assessments are as follows:

Expected average length of stay	30 June 2022	30 June 2023
Independent living units	10 years	10 years

There is uncertainty regarding how long resident stays, as they have complete autonomy to terminate their ORA when and for such reasons as they see fit. As the village is new, there is limited data to determine the length of stay. At 30 June 2023, an increase in the average expected length of stay of residents by one year is estimated to reduce amenities fee revenue by \$21,736 (2022: \$12,325) and a decrease of one year would increase amenities fee revenue by \$26,567 (2022: \$15,033).

Borrowing Costs

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 KDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of KDC's decision.

Leases

Finance leases

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

At the commencement of the lease term, KDC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether KDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

Receivables

Short-term receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL). The Council applies the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been assessed on a collective basis as they possess shared credit risk characteristics. A provision matrix is used to establish the expected credit losses, which is based on the days past due date and those debts that have been referred to a Debt Collection Agency.

Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding rates debts, which assist in the high likelihood of recovering rates.

Financial assets

KDC classifies its financial assets into the following categories; loans and receivables and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus or deficit.

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

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

The categories of financial assets are:

1. Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance date which are included in non-current assets.

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

Financial assets in this category include cash, cash equivalents, short term deposits (maturities 4 – 12 months) and debtors

2. Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within twelve months of balance date.

This category encompasses:

- Investments that Kawerau District Council intends to hold long term, but which may be realised before maturity.
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense except for impairment losses which are recognised in the surplus or deficit. On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Currently, KDC has shares in BOPLASS Ltd and Local Government Insurance Corporation (Civic Assurance) which are recorded at cost.

Impairment of financial assets

At each balance date, KDC 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 surplus or deficit.

Loans and receivables and held-to-maturity investments

Impairment is established when there is evidence that KDC will not be able to collect amounts according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible it is written off against the allowance amount. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Impairment in term deposits, local authority stock, government bonds and community loans are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measures as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Equity instrument impairment losses recognised in the surplus or deficit, are not reversed through the surplus or deficit.

Inventory

Council currently holds two categories of inventory. These are:

- Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis, are measured at the lower of cost and current replacement cost.
- Residential sections which are available for sale. Council has developed residential sections which are currently held for sale and are measured at the lower of cost or net realisable value in accordance with PBE IPSAS 12

The cost of purchased inventory is determined using the FIFO method.

When land is held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory with the exception of infrastructural asset costs, which are capitalised to property, plant and equipment.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

The write down from cost to current replacement cost is recognised in the surplus or deficit in the period of the write-down.

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets — these include land, buildings, library books, plant and equipment, and motor vehicles.

Restricted assets — restricted assets are parks and reserves owned by KDC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets — infrastructure assets are the fixed utility systems owned by KDC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Land (operational and restricted), library and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Operational land and buildings are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Telfor-Young Ltd, and the valuation was effective as at 30 June 2022.

Restricted land and buildings are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Telfor-Young Ltd, and the valuation was effective as at 30 June 2022.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems are recorded at fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Bayleys Ltd, and the valuation was effective as at 30 June 2022. All infrastructural asset classes carried at valuation were valued.

Land under roads, was valued based on fair value of adjacent land determined by CB Richard Ellis, effective 1 July 2004. On transition to NZ IFRS, KDC elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Additions are recorded at cost. Land under roads is no longer revalued.

Library books were valued at deemed cost as at 1 July 1991, by Beca Carter Hollings and Ferner, (Registered Valuers). Library additions are recorded at cost less accumulated depreciation on the diminishing value basis.

Land (operational and restricted), library and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the asset's fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit, will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to KDC and the cost of the item can be measured reliably.

Work in progress is recognised at cost, less impairment and is not depreciated. Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, (non-exchange transaction), it is recognised at fair value as at the date of acquisition.

Disposals

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

Subsequent costs

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

Depreciation

Depreciation is provided on either the straight-line (SL) or diminishing value (DV) basis on all property, plant and equipment other than land and pavement formation, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful lives, associated depreciation rates and depreciation basis for each major class of assets is as follows:

	Estimated Useful Life	Depreciation Rate	Basis
Operational			
Buildings	5-50 years	2.0-20.0%	SL
Computer/Electronic Office Equipment	3-15 years	6.7-33.3%	SL
Fixtures, Fittings & Equipment	5-50 years	2.0-20.0%	DV
Plant (including vehicles)	5 years	20.0%	DV
Library Collections (excluding special collections)	7 years	15.0%	DV
Special Collections	Not depreciated		
Infrastructural			
Roading Network			
Street lighting	5-47 years	2.13-20.0%	SL
Kerb, channel & footpath	5-100 years	1.0-20.0%	SL
	Estimated Useful Life	Depreciation Rate	Basis
Infrastructural			
Pavement surface	3-19 years	5.26-33.3%	SL
Pavement structure	5-80 years	1.25-20.0%	SL
Stormwater	5-100 years	1.0-20.0%	SL
Water Systems:			
Collection & Storage	5-80 years	1.25-20.0%	SL
Local Distribution	5-80 years	1.25-20.0%	SL
Sewerage System:			
Reticulation system	5-80 years	1.25-20.0%	SL
Pumping & Treatment	5-80 years	1.25-20.0%	SL
Restricted			
Buildings & Other	6-25 years	4.0%-16.7%	SL

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Some assets components classified as buildings have a shorter life than others and therefore there is a significant range for the estimated useful lives of these assets.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by KDC, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Amortisation

The carrying value 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 surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

	Estimated Useful Life	Amortisation Rate	Basis
Computer Software	3 - 8 years	12.5 – 33.3%	SL

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment at balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated.

The impairment amount is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

The value in use for cash-generating assets is the present value of expected future cash flows.

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

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

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 that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at face value.

Employee entitlements

Short-term employee benefits

Employee benefits that KDC expects 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 to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

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

Long-term employee entitlements

These are employee entitlements that are payable beyond 12 months, which include long service leave and retirement leave, and have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate of 3.0%, and an inflation factor of 2.0% were used.
- The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

Refundable Occupation Right Agreements

Occupation right agreements (ORA) conferring the right to occupancy are considered leases under PBE IPSAS 13 – Leases. A new resident is charged a refundable security deposit on being issued the right to occupy which is refunded to the resident on termination, after the subtraction of the capital deduction. The Operator (Council) has a legal right to set off any amounts owing to the Operator by a resident against that resident's deposit, including amenities fee, loans receivable, service fees and village fees. As the agreement can be cancelled by the resident with one month's notice, the liability is considered to have a demand feature and is therefore shown at face value and classified in full as a current liability.

The right of residents to occupy the properties of the Operator (Council) are protected by the Statutory Supervisor restricting the ability of the Operator to fully control these assets without undergoing a consultation process with all affected parties. Residents do not have a right to participate in capital gains.

Provisions

KDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Landfill

KDC has a responsibility under its resource consent to provide ongoing maintenance and monitoring of the Kawerau landfill after the site is closed.

KDC recognises a liability for these costs. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred and the provision has been estimated taking account of existing technology and using a discount rate of 3.0%.

Financial guarantee

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a standalone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a provision is recognised based on the probability that KDC will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if KDC assesses that it is probable that expenditure will be required to settle a guarantee then the provision for the guarantee is measured at the present value of the future expenditure.

KDC currently is not a guarantor for any group or individual.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Equity

Equity is the community's interest in KDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

1. Accumulated Funds
2. Restricted and Council created reserves
3. Property revaluation reserves

Restricted and Council Created Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by KDC. Restricted reserves are those subject to specific conditions accepted as binding by KDC and which may not be revised by KDC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Property Revaluation Reserves

This reserve relates to the revaluation of property, plant and equipment to fair value.

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 Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council for 2022/23 in the Annual Plan 2022/2023. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the financial statements.

Cost allocation

KDC has derived the cost of service for each significant activity of KDC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements KDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

Note 17 provides information about the estimates and assumptions surrounding the landfill after care provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Costs (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset; for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible; for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions; for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset then KDC could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, KDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the KDC's asset management planning activities, which gives KDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations. Note 13 provides information about the estimates and assumptions surrounding infrastructure assets

Critical judgements in applying KDC's accounting policies

Management has exercised the following critical judgements in applying the KDC's accounting policies for the period ended 30 June 2023:

Classification of property

KDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the KDC's social housing policy. They are leased to and operated by the Kawerau Social Services Trust in order to meet these objectives. The properties are accounted for as property, plant and equipment.

Changes in accounting policies

PBE FRS 48 Services Performance Reporting

This standard is effective for annual report periods beginning on or after 1 January 2022. PBE FRS 48 replaces the service performance requirements of PBE PSAS 1 *Presentation of Financial Statements* and establishes new requirements for public benefit entities (PBEs) to select and present services performance information. The effect of this new standard is that additional information and explanations have been provided in reporting on statement of service performance.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial instruments replaces both PBE IPSAS 29 - Financial Instruments: Recognition and Measurement and PBE IFRS 9 – Financial Instruments and is effective for financial years beginning on or after 1 January 2022, which has been adopted by Council for the year ended 30 June 2023.

The main changes compared to PBE IPSAS 29 that are relevant to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected losses which might result in earlier recognition of impairment losses.

2. Summary of Revenue and Expenditure for Groups of Activities

Revenue and expenditure for groups of activities

<u>2021/22</u>		<u>Budget</u>	<u>2022/23</u>
	Revenue		
1,008,910	Democracy	816,610	1,284,310
1,867,579	Economic Development	3,116,840	1,567,849
1,312,917	Environmental Services	1,326,120	1,307,721
1,991,253	Roading	2,132,090	1,737,719
116,982	Stormwater	293,170	161,869
1,484,887	Water	1,630,780	1,678,322
1,969,162	Wastewater	1,863,280	1,975,549
2,053,524	Solid Waste	2,132,960	2,408,535
4,360,737	Leisure and Community Services	4,240,430	4,395,547
16,165,951		17,552,280	16,517,421
(450,086)	Less internal revenue	(807,970)	(316,614)
15,715,865	Total revenue	16,744,310	16,200,807

<u>2021/22</u>		<u>Budget</u>	<u>2022/23</u>
	Expenditure		
1,104,841	Democracy	851,610	1,312,732
1,982,755	Economic Development	2,811,840	2,107,936
1,078,517	Environmental Services	1,326,100	1,079,966
1,956,727	Roading	2,088,590	2,334,877
257,484	Stormwater	289,790	365,232
1,399,487	Water	1,630,770	1,689,331
1,953,340	Wastewater	1,863,270	2,019,734
2,418,873	Solid Waste	2,132,940	2,818,788
4,030,277	Leisure and Community Services	4,353,450	4,581,210
16,182,301		17,348,360	18,309,806
(355,509)	Less internal expenditure	(\$843,000)	(625,250)
15,826,792	Total expenditure	16,505,360	17,684,556

3. Rates Revenue

<u>2021/22</u>		<u>2022/23</u>
10,027,049	General rate	10,806,505
	Targeted rates attributable to activities:	
242,784	Water Supply – including metered water	262,892
450,783	Wastewater	440,250
516,938	Refuse Collection	549,384
58,231	Rate penalties	100,220
11,295,785	Total revenue from rates	12,159,251

Rates revenue is shown net of rates remissions. KDC's rate remission policy allows KDC to remit rates (for the purpose of ensuring the rates charged to these properties are fair and equitable) shown below:

<u>2021/22</u>		<u>2022/23</u>
11,328,990	Total rates revenue	12,179,173
	Rates remissions	
(33,205)	Higher value properties/Farms	(19,922)
<u>11,295,785</u>	Rates revenue net of remissions	<u>12,159,251</u>

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 & reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of water, wastewater and refuse collection. Non-rateable land does not constitute a remission under KDC's remission policies.

4. Subsidies and Grants

<u>2021/22</u>		<u>2022/23</u>
674,232	Waka Kotahi – Rooding Subsidies	458,371
19,121	Waka Kotahi – Subsidies for Stormwater	77,101
825,359	Grants for capital projects and events	1,421,847
<u>1,518,712</u>		<u>1,957,319</u>

Government Grants carried forward to the 2023/24 financial year are:

- Better off Funding for the Spatial Plan \$160,000
- Mayor's Task Force for Jobs \$104,422

There were no unfulfilled conditions or other contingencies attached to government grants received for the year to 30 June 2022.

5. Fees and charges and other revenue

<u>2021/22</u>		<u>2022/23</u>
2,235,266	User fees and charges	1,781,760
61,120	Petrol Tax	66,367
0	Election recoveries	0
364,178	Profit on disposal of inventory	7,332
0	Recoveries – Netball Pavilion	0
135,434	Amenities Fee	187,607
<u>2,795,998</u>	Total fees and charges and other revenue	<u>2,043,066</u>

6. Personnel Costs

<u>2021/22</u>		<u>2022/23</u>
5,459,997	Salaries & Wages	5,897,219
7,213	Employer contributions to multi-employer defined benefit plans	7,213
137,151	Employer contributions to Kiwisaver	137,151
98,824	Increase/ (decrease) in employee benefit liabilities	18,369
<u>5,703,185</u>	Total employee benefit expenses	<u>6,059,952</u>

7. Other expenses

<u>2021/22</u>		<u>2022/23</u>
47,356	General grants	40,616
1,766,760	Contractors	2,201,504
276,958	Insurance premiums	265,741
263,906	Consultants and legal fees	221,136
1,016	Impairment of receivables (note 9)	281
<u>4,117,826</u>	Other operating expenses	<u>4,187,078</u>
<u>6,473,822</u>		<u>6,916,356</u>

8. Interest revenue and finance costs

<u>2021/22</u>		<u>2022/23</u>
	Interest revenue:	
16,770	Term deposits	41,171
	Interest expense:	
0	Interest - loan	(62,422)
1,472	Interest on finance leases	(528)
<u>15,298</u>	Net interest revenue	<u>(21,779)</u>

9. Cash and cash equivalents

<u>2021/22</u>		<u>2022/23</u>
2,866,724	Cash at bank and in hand	3,779,501
<u>800,000</u>	Short term deposits with maturities of 3 months or less	<u>0</u>
<u>3,666,724</u>	Total cash and cash equivalents	<u>3,779,501</u>

The carrying value of short-term deposits with maturity dates of 3 months or less approximates to their fair value.

10. Receivables

<u>2021/22</u>		<u>2022/23</u>
336,190	Rates receivable	613,078
248,115	Other receivables	311,960
0	Licence to occupy deposits	0
464,028	Sundry debtors	339,938
<u>294,352</u>	GST receivable	<u>359,763</u>
1,342,685		1,624,739
<u>(9,313)</u>	Less Expected Credit Losses	<u>(9,595)</u>
<u>1,333,372</u>	Current portion	<u>1,615,144</u>
876,978	Receivables from non-exchange transactions	331,766
<u>456,394</u>	Receivables from exchange transactions	<u>1,283,378</u>
<u>1,333,372</u>		<u>1,615,144</u>

Movements in the Expected Credit Losses are as follows:

<u>2021/22</u>		<u>2022/23</u>
8,298	Balance as at 1 July measured under PBE IPSAS 29	9,313
1,015	Additional provisions made during the year	282
0	Receivables written off during the period	0
<u>9,313</u>	At 30 June	<u>9,595</u>

11. Inventory

<u>2021/22</u>		<u>2022/23</u>
	Inventories held for distribution (Non-Commercial):	
158,915	Water & sewerage reticulation spare parts	153,227
75,968	Other	66,991
<u>234,883</u>	Total inventories held for distribution (Non-commercial)	<u>220,218</u>
	Inventory held for sale (Commercial):	
1,071,090	Residential Developments – Hine Te Ariki Place, Central Cove & Stoneham Park	1,726,179
<u>1,071,090</u>	Total inventory held for sale (Commercial)	<u>1,726,179</u>
<u>1,305,973</u>	Total	<u>1,946,397</u>

There has been no write-down of inventory during the year (2021/22 – \$nil)
No inventories are pledged as securities for liabilities (2021/22 - \$nil)

12. Other Financial Assets/Investments in CCOs

<u>2021/22</u>		<u>2022/23</u>
	Current portion	
	<i>Loans and receivables</i>	
0	Short term deposits with maturities of 4 -12 months	0
<u>0</u>	Total loans and receivables	<u>0</u>
	Non-current portion	
	<i>Investments - at cost</i>	
31,161	Investment in Civic Financial Services Limited (other financial assets)	31,161
0	Debenture Stock	50,000
5,091	Investment in BOPLASS Ltd - CCO	5,091
<u>36,252</u>		<u>86,252</u>

There were no impairment provisions or expenses for other financial assets.

Shares in Civic Financial Services Limited are held at cost. The asset backing for these shares at 31 Dec 2022 was \$0.90 (2021 - \$0.99).

Maturity analysis and effective interest rates

The maturity dates for all other financial assets with the exception of equity investments, and advances to, subsidiaries and associates are as follows:

<u>2021/22</u>	Short Term Deposits	<u>2022/23</u>
0	Average investment	0
<u>0</u>		<u>0</u>

13. Property, plant and equipment 2023

	Cost/ revaluation 30-Jun-22	Accum Depn and Imp Chgs 30-Jun-22	Carrying Amount 30-Jun-22	WIP	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Valuation Adjustment	Cost/ revaluation 30-Jun-23	Accum Depn and Imp Chgs 30-Jun-23	Carrying Amount 30-Jun-23
Council operational assets												
Land	10,526,000	0	10,526,000	0	4,796	0	0	0	0	10,530,796	0	10,530,796
Buildings	16,825,400	0	16,825,400	768,255	3,694,866	0	0	850,698	0	21,288,521	(850,698)	20,437,823
Plant, machinery & vehicles	2,543,285	(1,440,623)	1,102,662	0	198,454	(122,966)	118,124	212,006	0	2,618,772	(1,534,505)	1,084,267
Fixtures, fittings and equipment	5,637,835	(3,507,245)	2,130,590	0	233,954	(359,701)	359,351	257,885	0	5,512,088	(3,405,779)	2,106,309
Library collections	1,843,092	(1,483,596)	359,496	0	67,743	0	0	59,005	0	1,910,835	(1,542,601)	368,234
Leased assets	90,259	(85,509)	4,750	0	0	0	0	4,750	0	90,259	(90,259)	0
Work in progress	850,335	0	850,335	(768,255)	135,657	0	0	0	0	217,737	0	217,737
Total operational assets	38,316,206	(6,516,973)	31,799,233	0	4,335,470	(482,667)	477,475	1,384,344	0	42,169,008	(7,423,842)	34,745,166
Roading network	24,624,320	(270,122)	24,354,198	0	406,706	(30,791)	0	1,396,791	0	25,000,233	(1,666,913)	23,333,320
Water - Other	12,029,850	0	12,029,850	0	1,532,336	(69,232)	0	529,565	0	13,492,955	(529,565)	12,963,390
Water - Treatment Plant	1,230,780	0	1,230,780	0	206,696	0	0	93,272	0	1,437,476	(93,272)	1,344,204
Sewerage - Other	9,705,560	0	9,705,560	0	552,209	(35,989)	0	443,177	0	10,221,780	(443,177)	9,778,603
Sewerage - Treatment Plant	4,059,700	0	4,059,700	0	81,824	0	0	184,113	0	4,141,524	(184,113)	3,957,411
Stormwater - Network	5,844,540	0	5,844,540	0	250,971	(2,894)	0	316,809	0	6,092,617	(316,809)	5,775,808
Work in Progress	0	0	0	0	25,920	0	0	0	0	25,920	0	25,920
Total infrastructural assets	57,494,750	(270,122)	57,224,628	0	3,056,662	(138,906)	0	2,963,727	0	60,412,505	(3,233,849)	57,178,656
Council restricted assets												
Land	15,076,924	0	15,076,924	0	0	0	0	0	0	15,076,924	0	15,076,924
Buildings	2,447,000	0	2,447,000	0	79,903	0	0	126,755	0	2,526,903	(126,756)	2,400,148
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	0	12,300	0	12,300
Other	88,100	(15,897)	72,203	0	0	0	0	2,650	0	88,100	(18,547)	69,553
Total restricted assets	17,624,324	(15,897)	17,608,427	0	79,903	0	0	129,405	0	17,704,227	(145,302)	17,558,925
Total property, plant and equipment	113,435,279	(6,802,991)	106,632,288	0	7,472,035	(621,573)	477,475	4,477,476	0	120,285,740	(10,802,993)	109,482,747

Property, plant and equipment 2022

	Cost/ revaluation 30-Jun-21	Accum Depn and Imp Chgs 30-Jun-21	Carrying Amount 30-Jun-21	WIP	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Valuation Adjustment	Cost/ revaluation 30-Jun-22	Accum Depn and Imp Chgs 30-Jun-22	Carrying Amount 30-Jun-22
Council operational assets												
Land	10,288,000	0	10,288,000	0	0	0	0	0	238,000	10,526,000	0	10,526,000
Buildings Plant, machinery & vehicles	11,993,561	-928,696	11,064,865	0	1,684,936	0	0	538,978	4,614,577	16,825,400	0	16,825,400
Fixtures, fittings and equipment	2,406,878	-1,320,392	1,086,486	0	250,153	(113,748)	93,437	213,668	0	2,543,285	(1,440,623)	1,102,662
Library collections	5,470,517	-3,240,070	2,230,447	0	173,247	(5,929)	4,057	271,232	0	5,637,835	(3,507,245)	2,130,590
Leased assets	1,780,201	-1,425,705	354,496	0	62,892	0	0	57,891	0	1,843,092	(1,483,596)	359,496
Work in progress	90,259	-72,987	17,272	0	0	0	0	12,521	0	90,259	(85,509)	4,750
Total operational assets	32,029,416	(6,987,850)	25,041,566	0	3,021,563	(119,677)	97,494	1,094,290	4,852,577	38,316,206	(6,516,973)	31,799,233
Roading network	19,313,595	(2,052,903)	17,260,692	93,280	631,414	(43,704)	0	955,125	7,367,641	24,624,320	(270,122)	24,354,198
Water - Other	8,470,026	(912,957)	7,557,069	1,216,459	1,294,136	(41,286)	0	467,245	2,470,717	12,029,850	0	12,029,850
Water - Treatment Plant	1,242,490	(153,430)	1,089,060	0	51,106	0	0	88,611	179,225	1,230,780	0	1,230,780
Sewerage - Other	8,420,135	(713,024)	7,707,111	0	920,369	(43,311)	0	365,572	1,486,963	9,705,560	0	9,705,560
Sewerage - Treatment Plant	3,839,325	(295,240)	3,544,085	0	62,290	0	0	159,276	612,601	4,059,700	0	4,059,700
Stormwater - Network	5,492,349	(495,156)	4,997,193	0	21,000	0	0	250,828	1,077,175	5,844,540	0	5,844,540
Work in Progress	1,309,739	0	1,309,739	(1,309,739)	0	0	0	0	0	0	0	0
Total infrastructural assets	48,087,659	(4,622,710)	43,464,949	0	2,980,315	(128,301)	0	2,286,657	13,194,322	57,494,750	(270,122)	57,224,628
Council restricted assets												
Land	14,767,324	0	14,767,324	0	0	0	0	0	309,600	15,076,924	0	15,076,924
Buildings Library - Special Collection	2,326,199	(226,958)	2,099,241	0	0	0	0	113,479	461,238	2,447,000	0	2,447,000
Other	12,300	0	12,300	0	0	0	0	0	0	12,300	0	12,300
Total restricted assets	88,101	(13,248)	74,853	0	0	0	0	2,650	0	88,100	(15,897)	72,203
Total restricted assets	17,193,324	(240,206)	16,953,118	0	0	0	0	116,129	770,838	17,624,324	(15,897)	17,608,427
Total property, plant and equipment	97,310,999	(11,850,766)	85,460,233	0	6,001,878	(247,978)	97,494	3,497,077	18,817,737	113,435,279	(6,802,991)	106,632,288

Core asset disclosures

Valuation

Land and Buildings

Council's operational and restricted land and buildings were revalued by independent registered valuer Grant Utteridge of Telfor-Young Limited as at 30 June 2022. The land is valued at fair value as determined from market-based evidence by the independent valuer. For buildings these assets were revalued on the basis of depreciated replacement cost in accordance with PBE IPSAS 17. Non-specialised buildings (residential and commercial) were valued using market based evidence (income and lease data). Specialised assets were valued on the basis of depreciated cost replacement method.

Depreciated replacement cost is determined using a number of significant assumptions, which include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For the Council's earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated after considering factors such as the condition of the assets, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Infrastructural Assets

Council's Infrastructural assets were revalued by independent registered valuer Mike Morales of Bayleys Ltd, on the depreciated replacement cost basis as at 30 June 2022 in accordance with NZ IAS 16. These assets were considered to be specialised as they were unlikely to be sold on the open market.

The depreciated replacement cost is determined using a number of significant assumptions, which include:

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

The library collection was initially valued at deemed cost in accordance by Beca Carter Hollings and Ferner (Valuers) in 1991 and since then additions have been recorded at cost and depreciation charged on the diminishing value basis.

Disposals

The net loss on disposal of property, plant and equipment \$144,097 (2021 - \$152,420) has been recognised in the statement of comprehensive revenue and expense.

Leases

The net carrying amount of plant and equipment held under finance leases is \$nil, as the lease expired during 2022/23 and no new lease has been entered into as at 30 June 2023 (2022 - \$339).

Impairment

There were no impairment losses incurred for the year to 30 June 2023 (2022 – nil).

Restrictions

Land and buildings in the Restricted Assets category are subject to either restrictions on use or disposal or both. This includes restrictions from legislation (such as a reserve under the Reserves Act 1977) or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used). No restricted assets are used as security for Council liabilities.

Core infrastructure asset disclosure

Included within the Council infrastructure assets (above) are the following core Council assets.

2023	Closing book value	Additions (constructed)	Additions (transferred)	Most recent replacement cost estimate for revalued assets (30 June 2023)
Water Supply:				
-Treatment plant	1,344,204	206,696	0	2,380,680
-Other assets (reticulation)	12,963,390	1,532,336	0	34,837,770
Sewerage:				
-Treatment plant	3,957,411	81,824	0	7,304,910
-Other assets (reticulation)	9,778,602	552,209	0	30,728,320
Stormwater drainage	5,775,808	250,971	0	22,464,660
Roads and Footpaths	23,333,325	406,706	0	53,853,650
2022				Replacement cost:
(30 June 2022)				
Water Supply:				
-Treatment plant	1,230,780	51,106	0	2,173,980
-Other assets (reticulation)	12,029,850	173,266	0	33,305,430
Sewerage:				
-Treatment plant	4,059,700	62,290	0	7,223,090
-Other assets (reticulation)	9,705,560	831,769	0	30,176,110
Stormwater drainage	5,844,540	21,000	0	22,213,690
Roads and Footpaths	24,354,198	631,414	0	53,446,940

14. Intangible assets

<u>2021/22</u>		<u>2022/23</u>
	Acquired computer software	
	Balance at 1 July	
418,319	Cost	522,103
<u>(377,930)</u>	Accumulated amortisation and impairment	<u>(398,995)</u>
<u>40,389</u>	Opening carrying amount	<u>123,108</u>
103,784	Additions	0
<u>(21,065)</u>	Amortisation charge	<u>(23,729)</u>
<u>123,108</u>	Closing carrying amount	<u>99,379</u>
	Balance at 30 June	
522,103	Cost	522,103
<u>(398,995)</u>	Accumulated amortisation and impairment	<u>(422,724)</u>
<u>123,108</u>	Closing carrying amount	<u>99,379</u>

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

15. Depreciation and amortisation expense by group of activity

<u>2021/22</u> <u>Actual</u>	Depreciation and amortisation expense (for group of activity)	<u>2022/23</u> <u>Budget</u>	<u>2022/23</u> <u>Actual</u>
18,540	Democracy	18,120	26,814
287,882	Economic and community development	229,190	486,131
29,874	Environmental services	27,750	31,508
948,612	Roading	923,470	1,384,637
250,886	Stormwater	245,830	317,269
562,615	Water supply	582,890	631,297
545,217	Wastewater	531,720	648,569
36,986	Solid waste	34,120	42,502
647,530	Leisure and recreation	723,180	749,797
189,998	Other activities	0	182,677
<u>3,518,140</u>	Total	<u>3,316,270</u>	<u>4,501,201</u>

16. Payables and deferred revenue

<u>2021/22</u>	Current portion: Payables and deferred revenue under exchange transactions:	<u>2022/23</u>
557,051	Trade payables	1,294,634
438,087	Accrued expenses	620,794
5,714	Revenue in advance	5,714
<u>1,000,852</u>	Total	<u>1,921,142</u>
	Payables and deferred revenue under non-exchange transactions:	
989,657	Rates fees and grants received in advance	965,225
53,841	Rates due to BOP Regional Council	34,232
0	Licence to occupy deposits – Covent Trustees	0
183,038	Deposits and bonds	229,297
<u>1,226,536</u>	Total	<u>1,228,754</u>
<u>2,227,388</u>	Total payables and deferred revenue	<u>3,149,896</u>
	Non-current portion: Payables and deferred revenue under exchange transactions:	
<u>\$142,857</u>	Income in advance	<u>\$137,143</u>

17. Provisions

<u>2021/22</u>		<u>2022/23</u>
	Current provisions are represented by:	
10,000	Landfill aftercare provision	10,000
	Non-current provisions are represented by:	
19,135	Landfill aftercare provision	9,709

<u>2021/22</u>		<u>2022/23</u>
	Landfill aftercare provision	
38,286	Opening balance	29,135
(24,813)	Amount utilised	(11,731)
849	Discounting changes	574
14,813	Increase/(Decrease) in provision	1,731
<u>29,135</u>	Closing Balance	<u>19,709</u>

KDC gained a resource consent in late 2002 to operate the Kawerau Landfill. KDC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The landfill closed in July 2006 and the cash outflows for landfill post-closure are expected to occur until 2024/25.

The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred

The provision, taking into account existing technologies and known legal requirements, is estimated at \$20,000 (2022 - \$30,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$19,709 (2022 - \$29,135) using a discount rate of 3.00% (2022 – 3.0%).

18. Employee Entitlements

<u>2021/22</u>		<u>2022/23</u>
581,602	Annual leave	609,621
49,327	Retirement gratuities	51,969
161,859	Accrued salaries	149,567
<u>792,788</u>	Total employee benefit liabilities	<u>811,157</u>
	Comprising:	
743,461	Current	759,188
49,327	Non-current	51,969
<u>792,788</u>	Total employee benefit liabilities	<u>811,157</u>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2022/23 did not exceed the sick leave entitlement for the year. The present value of retirement gratuities, depends on a number of factors and are determined on an actuarial basis. Two key assumptions are used in calculating this liability: the discount rate and the salary inflation factor. Any changes to these assumptions will affect the carrying amount of the liability. A weighted average discount rate of 3% (2022 3%) and an inflation factor of 2.0% (2022 2.0%) were used.

19. Borrowings and other financial liabilities

<u>2021/22</u>		<u>2022/23</u>
	Current	
5,044	Finance leases	0
<u>5,044</u>	Total current borrowings	<u>0</u>
	Non-current	
0	Loan	2,000,000
<u>0</u>	Total non-current borrowings	<u>2,000,000</u>

Security

KDC's loans are secured over either targeted or general rates of the District. The \$2,000,000 loan was uplifted in December 2022 and is due for repayment on the 15 April 2025. The interest rate is 5.75% p.a.

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

Internal borrowings

Information about internal borrowings is provided in note 21 of the annual report. Internal borrowings are eliminated on consolidation of activities in the financial statements.

Analysis of finance lease liabilities

<u>2021/22</u>		<u>2022/23</u>
	Total minimum lease payments are payable	
5,441	Not later than one year	0
0	Later than one year and not later than five years	0
5,441	Total minimum lease payments	0
(397)	Future finance charges	(0)
5,044	Present value of minimum lease payments	0
	Present value of minimum lease payments are payable	
5,044	Not later than one year	0
0	Later than one year and not later than five years	0
5,044	Total	0

Description of material leasing arrangements

During 2022/23 the photocopier lease agreement period came to an end and Council had not committed to a new photocopier lease agreement as at 30 June 2023.

For the 2021/22 year KDC had entered into finance leases for the phone system and the printer/copiers. The net carrying amount of the leased items within each class of property, plant and equipment is shown in Note 13.

The finance leases can be renewed at KDC's option with the agreement of the lessor, with rents equal to the original terms. KDC does not have the option to purchase the assets at the end of the lease terms.

20. Retirement Village – Liability to residents

<u>2021/22</u>		<u>2022/23</u>
3,955,000	Residents liability – refundable occupation right agreements –	5,579,000
1,512,759	Residents liability – refundable amenities fee	2,030,752
5,467,759	Total refundable occupational rights agreements	7,609,752

Refundable Occupational Right Agreements and Amenity fees are liabilities for liquidity purposes as the entity does not have an unconditional right to defer these. A terminating resident occupational license deposit is repaid once the license has been assigned to an incoming resident.

It is expected that the new residents deposits will generally exceed the repaid residents deposits and will represent a positive cash flow for Council.

21. Equity

<u>2021/22</u>		<u>2022/23</u>
	Accumulated Funds	
37,211,385	As at 1 July	37,258,721
	Transfers to:	
(2,379,720)	Council created reserves	(2,436,588)
	Transfers from:	
54,480	Restricted reserves	
2,483,503	Revaluation reserve - disposals	76,509
(110,927)	Council created reserves	3,091,265
<u>37,258,721</u>	Total Comprehensive Revenue and Expense	<u>(1,483,749)</u>
	As at 30 June	<u>36,506,158</u>
	Council created reserves	
5,615,962	As at 1 July	5,512,179
	Transfers to:	
(2,483,503)	Accumulated Funds	(3,091,265)
	Transfers from:	
2,379,720	Accumulated Funds	2,436,588
<u>5,512,179</u>	As at 30 June	<u>4,857,502</u>
	Property revaluation reserves	
43,414,080	As at 1 July	62,177,336
18,817,736	Total Comprehensive Revenue and Expense	0
(54,480)	Revaluation reserve - disposals	(76,509)
<u>62,177,336</u>	As at 30 June	<u>62,100,827</u>
<u>67,689,515</u>	TOTAL RESERVES	<u>66,958,329</u>
	Asset revaluation reserves consist of:	
	Operational Assets	
8,555,849	Land	8,555,849
74,548	Landscaping	74,548
7,263,642	Buildings	7,263,642
95,916	Other Equipment	95,916
<u>15,989,955</u>		<u>15,989,955</u>
	Infrastructural Assets	
15,921,404	Roading Network	15,901,497
7,409,501	Water System	7,370,817
6,263,126	Wastewater System	6,246,751
3,113,177	Stormwater Network	3,111,634
<u>32,707,208</u>		<u>32,630,699</u>

		Restricted Assets		
11,104,250	Land		11,104,250	
2,375,923	Buildings		2,375,923	
13,480,173			13,480,173	
62,177,336			62,100,827	

22. Reserves

2021/22 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure	Transfer \$	2022/23 \$
Asset Renewal Reserve (All Activities)					
To set funds aside for the renewal of assets utilised by the following activities:					
115,633	Democracy	1,405	0	(117,038)	0
592	Building & Inspection	7	0	(599)	0
4,070	Environmental Health	31	0	(4,101)	0
(113,590)	Dog Control	10,597	0	102,993	0
1,402,887	Roading/Footpaths	317,767	(256,312)	(1,464,342)	0
474,219	Stormwater	65,275	(16,837)	(522,657)	0
2,544,861	Water Supply	575,519	235,047	(3,355,427)	0
3,590,418	Wastewater	548,625	(632,457)	(3,506,586)	0
(287,284)	Refuse Disposal	6,810	(55,547)	336,021	0
99,945	Zero Waste	6,671	0	(106,616)	0
(471,297)	Library	82,241	(74,998)	464,053	0
(123,796)	Museum	19,742	(13,980)	118,033	0
(1,283,285)	Swimming Pool	115,735	(237,002)	1,404,553	0
(110,376)	Rec Centre	62,679	(4,779)	52,476	0
377,499	Town Hall	50,761	0	(428,260)	0
37,445	Concert Chamber	18,380	(9,874)	(45,950)	0
(147,131)	Town Centre Toilets	3,962	0	143,169	0
1,169,539	Sportfields	124,045	(69,473)	(1,224,111)	0
(329,705)	Passive Reserves	62,643	(84,251)	351,313	0
222	Road Berms	(3)	0	(219)	0
23,084	Street Trees	2,037	0	(25,121)	0
1,256	Bedding Displays	3	0	(1,257)	0
347,037	Playgrounds	28,476	(33,574)	(341,939)	0
(132,049)	Pensioner Housing (Bert Hamilton Hall)	(874)	(3,442)	136,366	0
66,156	Cemetery	6,050	0	(72,206)	0
(1,053,095)	Residential Developments	(10,706)	(380,689)	1,444,490	0
(695,841)	Retirement Village	(9,540)	(1,207,776)	1,913,157	0
(196,124)	Firmin Lodge	34,629	(70,269)	231,764	0
(314,716)	District Office & Depot	96,319	(40,192)	258,589	0
433,872	Finance	60,110	(14,471)	(479,512)	0
5,684	Operations & Services	37	0	(5,720)	0
(100,209)	Information Centre	8,433	(1,287)	93,063	0
168,147	Plant	148,589	(119,102)	(197,634)	0

Reserves continued					
2021/22	Council created Reserves	Deposits	Expenditure	Transfer	2022/23
\$	Purpose of Fund	\$		\$	\$
(3,006)	Economic Development	(50)	0	3,056	0
	General Asset Renewal Reserve for all Council Assets – (Depreciation Reserve for all Council assets where depreciation is funded).	0		4,857,502	4,857,502
5,512,179	Total	2,436,588	(3,091,265)	0	4,857,502

Council resolved at the Council meeting of 29 March 2023, to combine all the current separate activity depreciation reserve accounts into one Council created reserve account called “General Depreciation Reserve”. The Council created depreciation reserves have been funded by the General Rate. As this change in the Council Created reserves was late in the financial year the above note shows the transfers in as deposits and out for expenditure, as well as the overall transfer to the new General Depreciation Reserve.

The Council created reserve funds are held to fund the required asset renewals of Council’s assets. Surpluses held in reserves are credited with interest. The Council created reserves are discretionary reserves which are funds set aside for the renewal of assets and Council has full discretion to determine the application of the reserve fund.

Council also has revaluation reserves, which reports the amount that Council’s assets have increased in value.

23. Internal Loans

Internal Loans are used to fund capital works from reserves where there is insufficient funds set aside in the specific council created depreciation reserve. The internal loans are charged approximately the same interest rate as Council’s average return on bank investments and the remaining repayment periods for these loans ranges between 1 and 15 years. Internal loan costs (interest and principal) are funded by the activity for which the loan was raised and the corresponding revenue is recognised in interest revenue. Internal borrowings are eliminated on consolidation of activities in Council’s financial statements.

2021/22		Internal Loans	2022/23		
Interest \$	Loans \$		Interest \$	Repayments \$	Loans \$
		Solid Waste:			
1,943	63,215	Transfer Station Loan	1,456	(20,137)	43,078
		Leisure and Recreation:			
1,373	49,613	Swimming Pool Loan	1,194	(7,372)	42,241
9,713	378,642	Changing rooms Loan	9,382	(13,630)	365,012
20,504	799,355	Firmin Lodge Loan	19,806	(28,775)	770,580
10,699	417,859	Archives/Museum Loan	10,360	(13,974)	403,885
44,232	1,708,684	Total	42,198	(83,888)	1,624,796

24. Capital commitments and operating leases

At the 30 June 2023 there were outstanding contracts for work still to be done totaling \$1,780,386 (2022 \$2,923,800).

Capital commitments were for Rangī Delamere Pavilion \$989,286 and Bell Street Duplex construction \$791,000.

Council leases the Tarawera Sports Clubrooms which is situated on Tarawera Park reserve to the Kawerau Sports Club Inc. The lease is for a period of 5 years, and expires 28 February 2027.

<u>2021/22</u>		<u>2022/23</u>
Total minimum lease payments		
5,316	Not later than one year	5,316
<u>19,510</u>	Later than one year and not later than five years	<u>14,194</u>
<u>24,826</u>	Total minimum lease payments	<u>19,510</u>

25. Contingencies

Council currently has no outstanding loan guarantees for community organisations (2022 - \$Nil).

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

26. Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Council would have adopted in dealing with the party at arm's length in the same circumstances.

<u>2021/22</u>	Key management personnel compensation:	<u>2022/23</u>
Councillors:		
325,468	Remuneration (including non-financial benefits)	362,769
9	Full-time equivalent members (NB number of elected members)	9
Senior management team including Chief Executive Officer		
606,589	Remuneration (including non-financial benefits)	906,695
18,055	Employer contribution to Kiwi-saver scheme	26,955
4	Full-time equivalents	6
932,057	Total key management personnel remuneration	1,269,464
13	Total full-time equivalent personnel	15

27. Remuneration

<u>2021/22</u>		<u>2022/23</u>
222,370	Chief Executive Officer	222,362
6,671	Employer contribution to Kiwi-saver scheme	6,671
	The Chief Executive Officer also received additional benefits of \$600 (\$600 - 2022) for telephone rental	

<u>2021/22</u>				<u>2022/23</u>
Elected Members				
<u>Total</u>		<u>Communication Allowance</u>	<u>Salary</u>	<u>Total</u>
0	Mayor - F K N Tunui	0	75,128*	75,128
93,500	Mayor - M J Campbell JP	0	27,313*	27,313
27,044	Deputy Major – A Rangihika	1,650	37,185	38,835
<u>Total</u>		<u>Communication Allowance</u>	<u>Salary</u>	<u>Total</u>
37,345	Deputy Major – F K N Tunui	550	10,951	11,501
33,508	Chairperson - C J Ion	1,650	35,977	37,627
0	Councillor – R Andrews	1,375	21,516	22,891
27,044	Councillor - W Godfery	1,650	29,057	30,707
26,494	Councillor - B J Julian	1,600	29,057	30,657
27,044	Councillor – S Kingi	1,650	29,057	30,707
0	Councillor – J Ross	1,375	21,516	22,891
26,454	Councillor - R G K Savage	1,400	29,057	30,457
27,044	Councillor – D Sparks	550	7,541	8,091

* Includes value of vehicle

28. Staffing Levels and Remuneration

As at 30 June 2023 there were 58 staff which received annual salaries of less than \$60,000 (2022 62 employees)

<u>2021/22</u>	<u>Total annual remuneration (in bands)</u>	<u>2022/23</u>
No of Staff	(Total remuneration includes non-financial benefits provided to employees)	No of Staff
62	Salary < \$60,000	56
14	Salary \$60,000 - \$79,999	13
6	Salary \$80,000 - \$99,999	10
5	Salary \$100,000 - \$139,999	4
3	Salary \$140,000 - \$229,999	4
90	Total	87
<u>2021/22</u>		<u>2022/23</u>
62	Number of staff which were full time employees (>40 hours per week)	60
15	Number of part time staff (ie < 40 hours per week) expressed as FTE	14

29. Severance Payments

During the year, there were no severance payments made to Council employees. (2022: \$0)

30. Events after balance date

3 Waters Reforms

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities.

Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. Subsequent to balance date Council has been advised of a proposed transfer date for 3 Waters of October 2025, although the exact date of the transfer of assets and liabilities is uncertain.

High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with any certainty. As at 30 June 2023, the total stormwater infrastructure assets were \$5,775,808 (2022: \$5,844,540), total water infrastructure assets were \$14,307,594 (2022: \$13,260,630) and total wastewater infrastructure were \$13,736,014 (2022: \$13,765,260). Not all of these assets may transfer, particularly assets that are used by other parts of the Council. Other non-infrastructure assets may also transfer. The fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanisms for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment.

(2021/22: Government passed legislation during October 2021 to mandate the transfer the 3 waters assets to the four new entities by June 2024. While the impacts have not been quantified they are expected to be significant for Council and the community. The other event was the lockdown of the district (level 3) due to the COVID-19 outbreak. Council had to close a number of facilities and activities, apart from essential services during this period and staff were encouraged to work from home where possible).

31. Financial Instruments

Financial instrument categories

The accounting policies for financial instruments have been applied to the items below:

<u>2021/22</u>		<u>2022/23</u>
	Financial Assets	
	Loans and receivables	
3,666,724	Cash and cash equivalents	3,779,501
1,048,333	Debtors and other receivables	1,255,381
0	Held to maturity investments of 4-12 months	0
<u>4,715,057</u>	Total loans and receivables	<u>5,034,882</u>
	Fair value through other comprehensive revenue and expense	
<u>36,252</u>	Investments in unlisted shares	<u>86,252</u>
<u>36,252</u>	Total fair value through other comprehensive revenue and expense	<u>86,252</u>
<u>4,751,309</u>	Total financial assets	<u>5,121,134</u>
	Financial Liabilities	
	Financial liabilities at amortised cost	
1,232,017	Creditors and other payables	2,178,957
5,044	Borrowings	0
<u>5,467,759</u>	Retirement Village – Residents Liability	<u>7,609,752</u>
<u>6,704,820</u>	Total financial liabilities at amortised cost	<u>9,788,709</u>

	Non-current liabilities	
0	Borrowings	2,000,000
0	Total non-current liabilities	2,000,000
6,704,820	Total financial liabilities	11,788,709

32. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the Annual Plan for 2022/23 are as follows:

Statement of comprehensive revenue and expense

The significant variances from the estimated figures include: additional income for grants and subsidy revenue for "Mayor's Taskforce for Jobs", Covid Subsidy, funding for pool geothermal heat exchange and Government 3-Waters Funding. Fees and Charges income is lower than budget as there were no sale processes for the sale of sections at Central Cove.

There was additional depreciation expenditure arising from the signification increase in the value of Council's assets (\$18m) following the revaluation as at 30 June 2022.

Descriptions of variances compared to budget are also included in the group Funding Impact Statements.

Statement of financial position

Cash and cash equivalents are lower than budget due to residential section sales not proceeding and similarly inventory is higher because these sales did not occur as anticipated.

Non-current assets (as well as reserves) were higher than budget due to the revaluation of assets to 30 June 2022.

Liabilities overall were higher than the budget due to the retirement village resident's liability recognition – this had anticipated to be an asset sale.

The revaluation reserve is more than budgeted due to the significant increase in property, plant and equipment following the 30 June 2022 revaluation.

Statement of cash flow

Subsidies and grants were higher than budget because additional grants received for Mayor Task Force for Jobs, project funding and the Government 3-Waters grants. There was reduced revenue for property sales due to delays in construction and softening of the property market, (increasing inventory).

Also, there were reduces Occupation Right Agreement Lease signed for the retirement units, as there are still five units that are available for leasing at 30 June 2023.

Overall, this resulted in there being \$1.2m less cash than budgeted for the year.

33. Rating Base

<u>30 June 2022</u>		<u>30 June 2023</u>
2,987	Number of rating units	3,002
\$1,366,179,500	Capital value of rating units	\$1,372,142,500
\$515,146,000	Land value of rating units	\$515,320,000

34. Insurance Disclosure

The following information relates to the insurance of Council assets as at 30 June:

<u>30 June 2022</u>		<u>30 June 2023</u>
81,153,471	Total value of all Council assets covered by insurance contracts	83,974,406
136,419,764	Maximum amount to which insured assets are insured	230,939,752
0	Total value of all Council assets covered by financial risk sharing arrangements (Council withdrew from this arrangement on 1 June 2014)	0
0	Maximum amounts available to Council under financial risk sharing arrangements. Council does not have any assets that are self-insured (2022 Nil)	0

KAWERAU DISTRICT COUNCIL DISCLOSURE STATEMENTS FOR YEAR ENDING 30 JUNE 2023

PURPOSE OF THIS STATEMENT

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

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

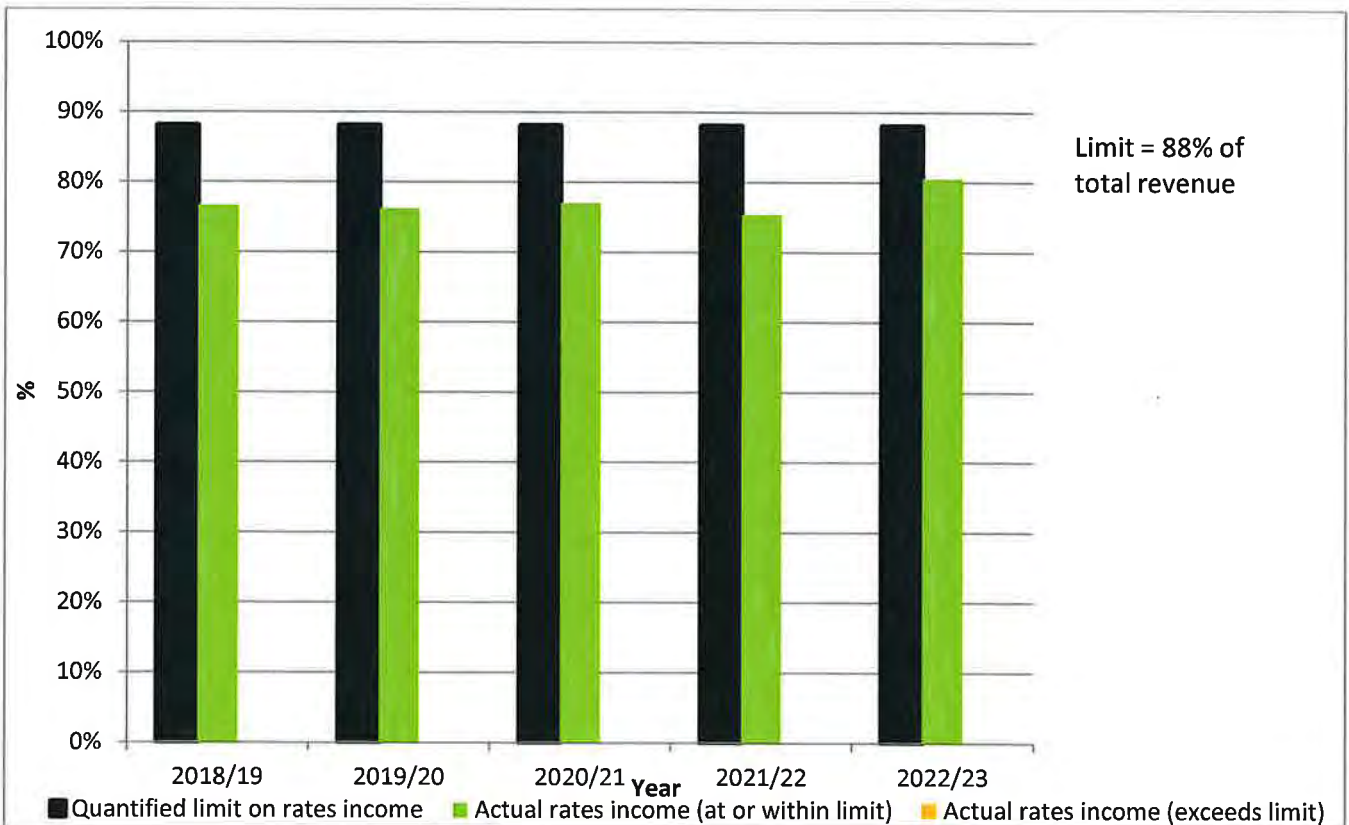
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

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

Rates (income) affordability

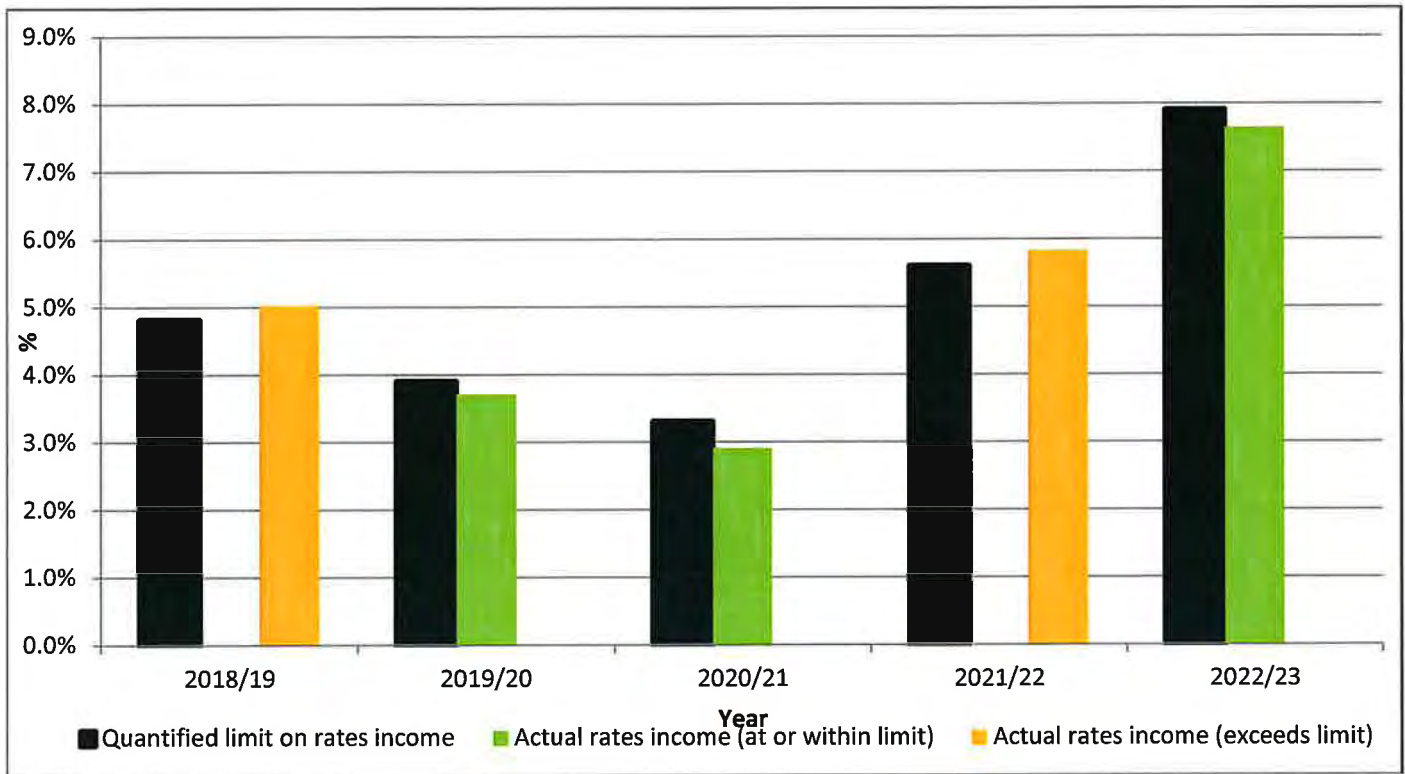
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy in council's long-term plan. The quantified limit is the underlying average rate of inflation (for Council costs) plus 2%. Council has used the actual rate of inflation each year (plus 2%), rather than budgeted inflation, as its quantified limit on rates.

Actual rates income is the rates revenue reported in the annual report compared to the rates revenue for the previous year.



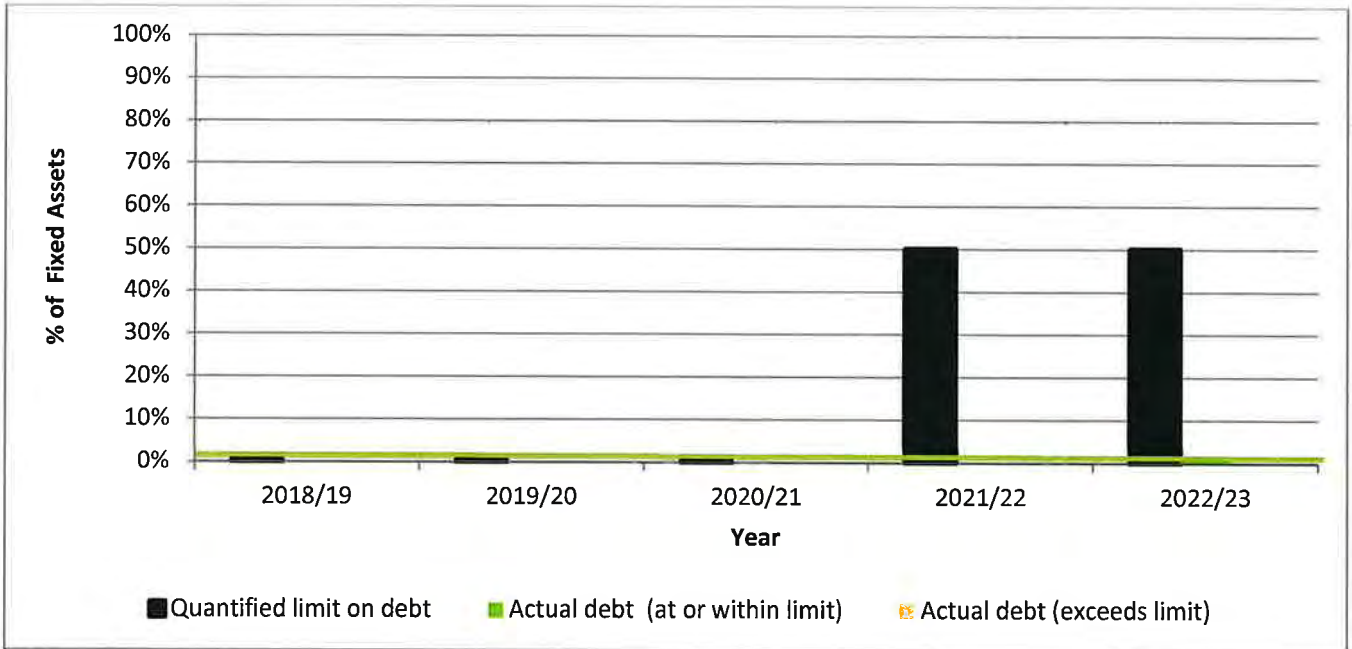
Comment:

Prior to adopting the 2018 – 2028 Long Term Plans, Council reviewed the levels of service for all its activities. Following this review it was determined that there needed to be an improved level of service for some of the Council activities, and approved additional resourcing to improve the level of service. This resulted in the overall rate increase for 2018/19 exceeding the qualified limit as set in the financial strategy. Also, for 2022/23 Council exceeded the limit due to some increased level of service and rising costs. For 2022/23 Council is within the limit, however there was a significant increase in inflation during this period.

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 the council's long-term plan. The quantified limit for the year to 2022/23 was \$0 (excluding finance leases). The quantified limit on debt for 2022/23 is 50% of fixed assets (\$54.7 million).

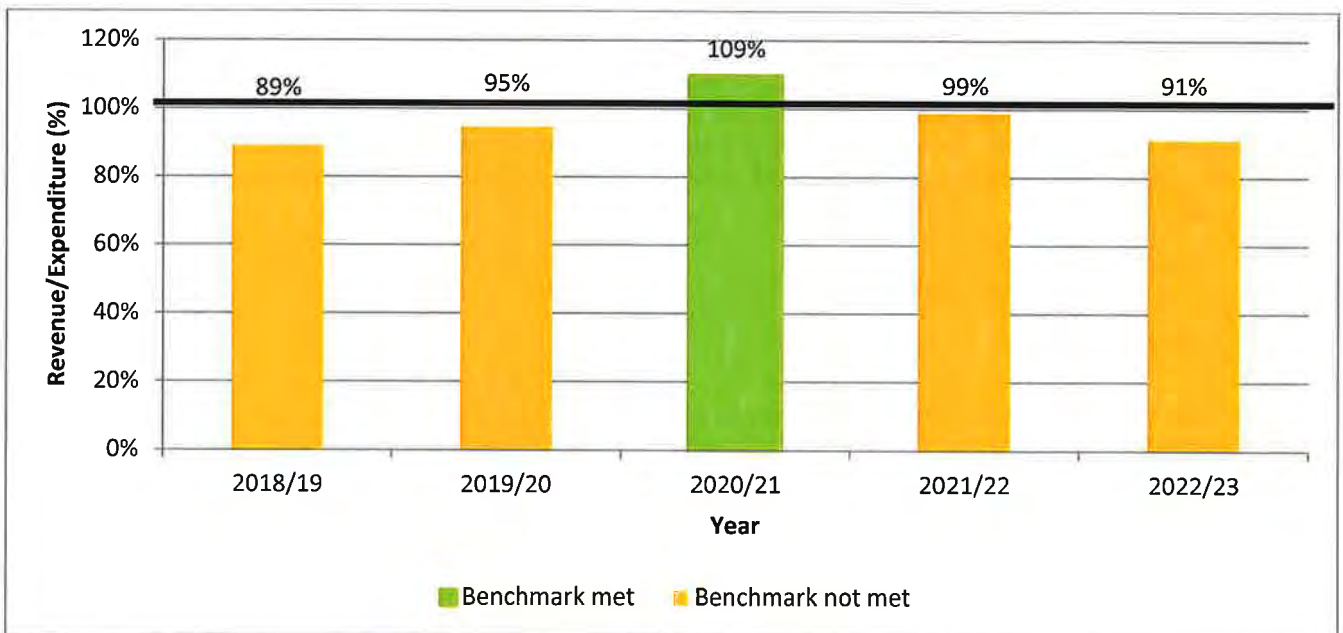


Comment:

Council raised a \$2m loan in December 2022 to fund the water reticulation renewals. The \$2m debt equates to 1.8% of Council’s total Property Plant and Equipment of \$109m.

BALANCED BUDGET BENCHMARK

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Comment:

Council's depreciation expenditure has significantly increased by \$1.3m, due to the triennial revaluation of assets to 30 June 2022. Council did not budget or rate for this significant increase for 2022/23, as the impact of the revaluation was not known at the time the budget and rates were set.

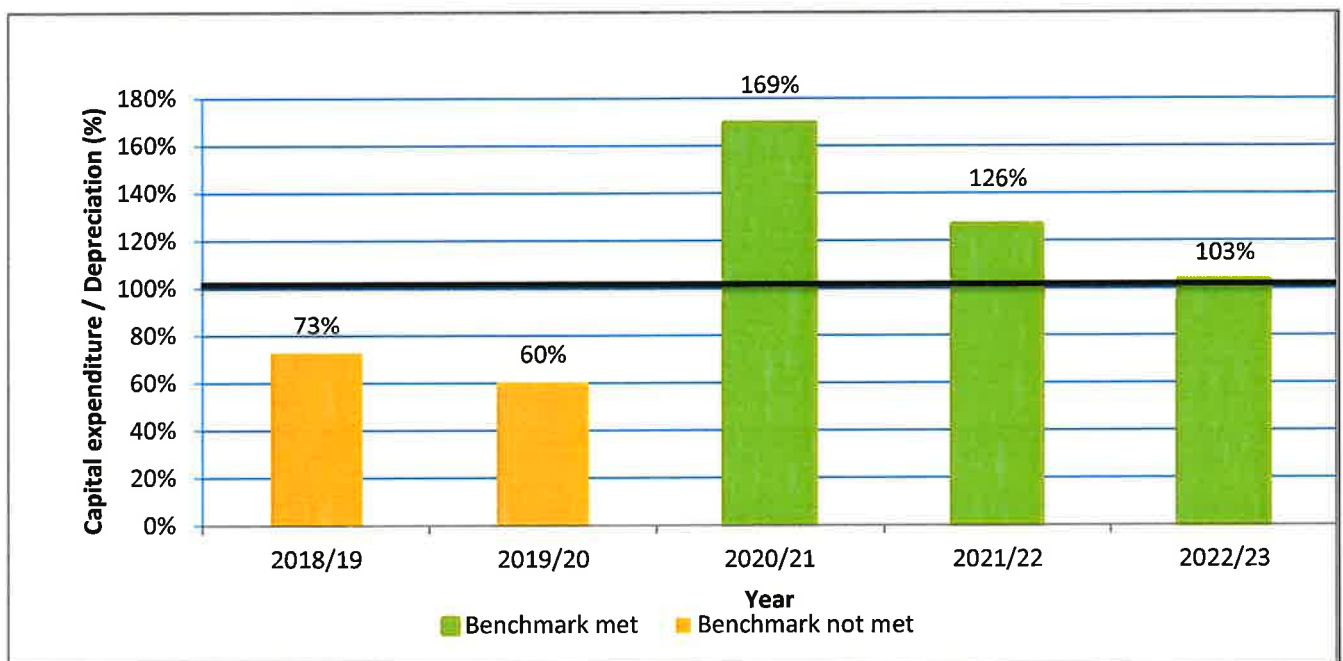
Council does not fully fund depreciation for roads that are subject to Waka Kotahi - New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, Waka Kotahi - NZTA will contribute towards the cost on the currently agreed rate of 75%. The benefit of not funding the portion of depreciation where Council expects Waka Kotahi - NZTA subsidies on asset renewals is that ratepayers are not funding depreciation that it believes is unlikely to be required in the future.

Council also does not fully fund depreciation for some buildings which will not be replaced, at least not as they are now.

The non-critical assets include the swimming pool complex, Town Hall, Concert Chambers, Library building, District Office, Tarawera Park Amenity Building, Ron Hardie Recreation Centre, Council Depot and pensioner housing. The advantage of not funding depreciation on non-critical buildings is that the community is not funding depreciation on assets that are unlikely to be replaced with buildings of equivalent value.

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.



Comment:

The Kawerau town was built over a period of about 30 years from 1955 to 1987. With asset lives of up to 80 years, the majority of planned renewals will start occurring during the next 15 - 20 years. Council resolved to replace its AC and steel water pipes over a period of 6 years and commenced this programme in 2022/23 which is why network capital expenditure is higher for that and the following year when compared to previous years.

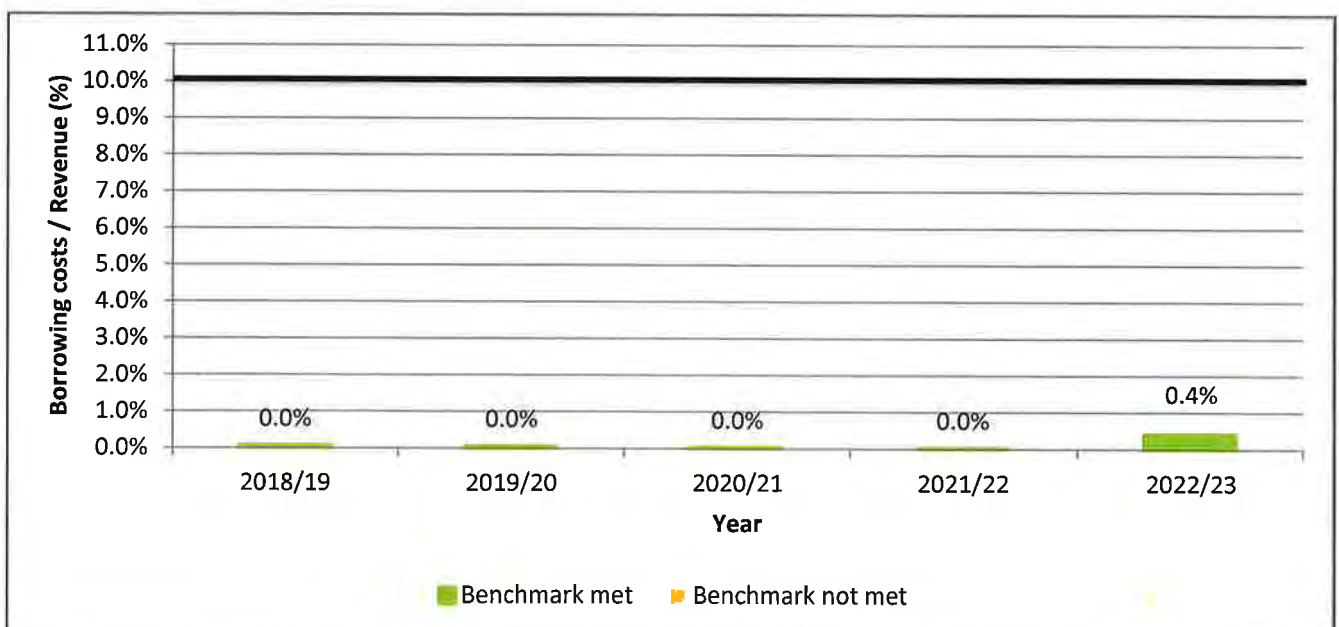
The following table broadly illustrates the age of Councils infrastructure.

Zone	Area	Built (Approx.)	Age (Approx.)
1	Area bounded by State Highway 34 and River Road up to overflow stream and the swimming pool complex and including Ward Street and northern half of Bell, Massey Street area.	1955-58	64 years
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	54 years
3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	47 years
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	42 years
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	35 years
6	Geothermal area (Rec. Centre, Pool, Bowling Club, TAB carpark).	1962	59 years

DEBT SERVICING BENCHMARK

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equals or is less than 10% of its revenue.

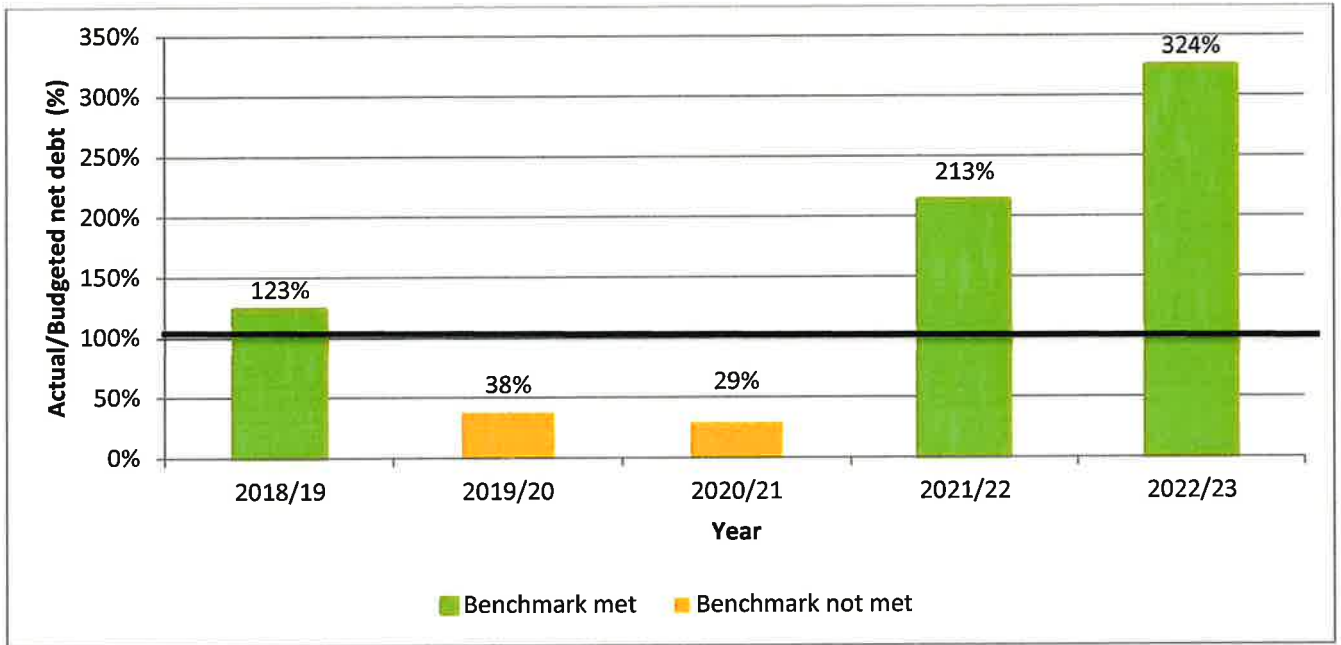


Comment:

Council's debt servicing is for the \$2m loan that was raised in December 2022 to fund the water reticulation renewals.

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).

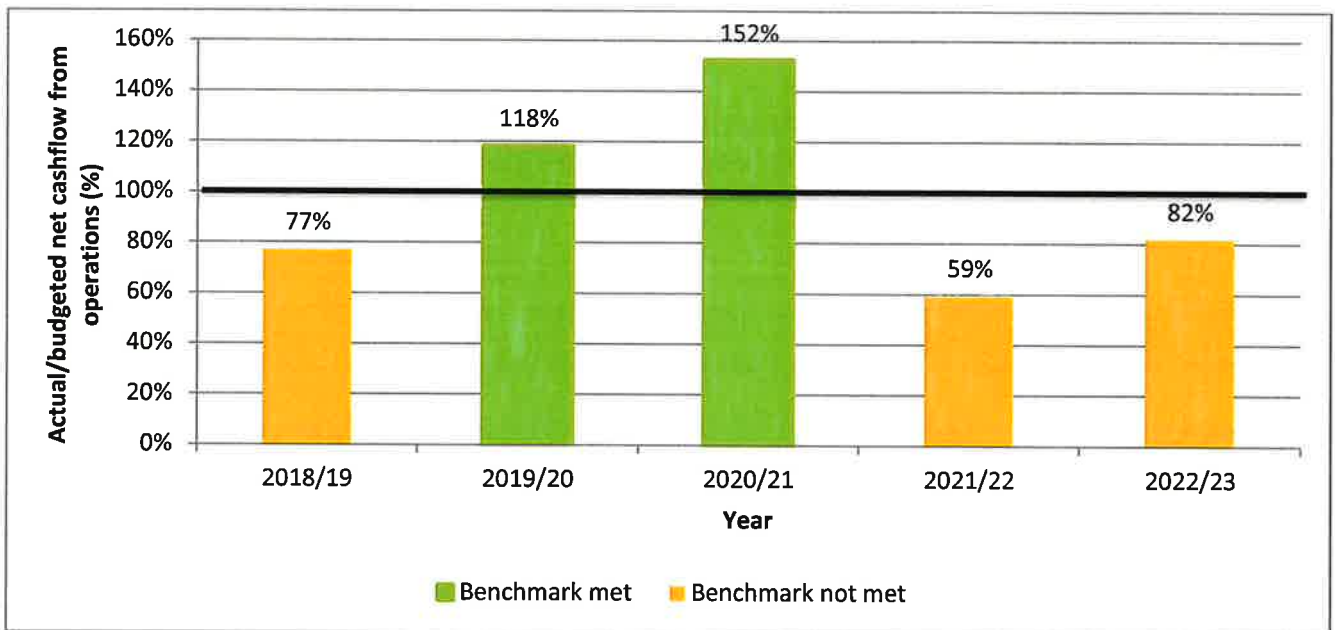


Comment:

Kawerau District Council's financial assets exceed its financial liabilities at 30 June 2023 whereas the planned net debt in the Long Term Plan was expected to be lower.

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.



Comment:

The council did not meet the operations control benchmark if its actual net cash flow from operations is less than its planned net cash flow from operations. For 2022/23 Council did meet the 100% threshold, as Council had a significant increase in solid waste costs. For 2021/22, Council's actual net cash flow from operations was lower than budget due to additional expenditure needed for solid waste operations.

Groups of Activities

STATEMENTS OF SERVICE PERFORMANCE & FUNDING IMPACT STATEMENTS

The Council's Statement of Service Performance information on pages 61 to 124 has been prepared in accordance with the latest Public Benefit Entity Financial Reporting Standards (PBE RFS 48) and with generally accepted accounting practice (GAAP).

For PBE FRS 48 it states that in reporting about the entity's objectives and how it intends to achieve them, the information should be drawn from the found documents, governance documents and accountability documents. As such, Council has drawn this information from the 2021-2031 Long-Term Plan (LTP), which sets the direction for the next 10 years.

Also, PBE FRS 48 states judgement is required in deciding how much information to provide about the current reporting period as well as comparatives for all performance measure and survey results. Please refer to the individual Statements of Service Performance for each activity.

Service Performance Judgements and Assumptions

When Council prepared the forecast Statement of Service Performance in the 2021-2031 Long-Term Plan, Council made the following judgements in the selection of service performance measures detailed under each Group of Activities sections:

- Council reflected on the extent to which the levels of service Council plans to provide to the community were best captured by performance measures.
- Consideration was given to the views expressed by Kawerau residents and ratepayers. This includes relevant feedback to the levels of service and performance measures received throughout the LTP consultation process.
- Council have ensured that the performance measures adequately inform Kawerau residents and ratepayers of progress towards delivering Council's outcomes.

Relevant measurement judgements have been included within each group of activity section to which the judgement relates.

This information applies to the Statement of Service Performance reporting from pages 61 to 124 of this report.

Under the Local Government Act 2022 Council are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, sewerage and the treatment and disposal of sewage, stormwater drainage, flood protection and control works and the provision of roads and footpaths (Kawerau District Council does not report on performance measures relating to flood protections as it does not have any major flood protection and control works as per the DIA definition). DIA guidance has been followed in measuring performance against all mandatory performance measures.

Further to the above judgements being made in the selection of performance measures, Council also applies judgements in the measurement, aggregations, and presentation of service performance information.

As part of setting funding levels Council has considered the impact on services and their related performance measures. Despite funding pressures across the group, management has determined it is possible to continue to provide services at current levels and the related performance measures do not need to be adjusted for funding reasons.

Material judgements have been applied as follows:

Surveys

To measure the quality of outputs, Council use customer surveys to cover perceptual related research on customers, citizens and the community. This helps Council to assess the quality of the service provided to Kawerau residents and ratepayers. The survey Council conducts, is distinct from Council's other "satisfaction" surveys which are related to customer interactions with Council services rather than wider perceptions (eg satisfaction with the Mayor and Councillors). The survey also tracks the attitudes and perceptions of Kawerau such as safety, community attractiveness and quality place to live.

The surveys are designed by in-house staff and the external research experts, based on best practices in survey design. They are designed to measure changes in perceptions of service delivery over time. For example, questions are written so they are clearly understood by participants and neutral in tone; and response options are designed so they are balances, do not lead participants to respond in a certain way and cover all possible responses a participant may wish to provide. Where neutrality is important these surveys are independently run.

Survey sampling (i.e. recruitment of participants) is conducted in a way that maximises the representativeness of respondents, and post-survey weighting is often used to further ensure results are representative of the population of interest. Statistical significance testing is used where appropriate to assist in identifying meaningful results. Where there is a margin of error for the survey sample this has been reported as a whole as below, as well as for each activity as a footnote under each applicable community survey performance target.

External Implications for Statements about Performance

There are conditions that affect the service performance results and may result in a variation from the anticipated or forecasted results. There are ones which are outside the control of the Council. Examples of this are, but not limited to changes in government policy in New Zealand, extreme weather events, global and domestic economic conditions that may impact areas such as recruitment and other unforeseen considerations.

Statement of Service Overview

Council is responsible and accountable for giving effect to identified Community Outcomes and priorities in an efficient and effective manner. The services that Council provides are organised into what are known as 'Groups of Activities' and Council has nine activity groups. The Statement of Service Performance reports on Council's progress towards the vision, outcomes and specific statements of intended service provision as set out in Council's Long-term Plan.

Every three years Council is required to prepare a Long-Term Plan which sets out Council's strategic direction for the next 10 years, including outcomes, service levels and financial forecasts. The Long-Term Plan 2021-2031 was adopted in 2021 and includes the Statement of Intended Service Provision for each Group of Activities, which specifically details the:

- Levels of Services - the outputs that Council expects to be generated by the activity.
- Performance measures – the means used to measure whether the levels of service are being delivered.
- Performance targets – the desired levels of performance against the performance measures.

The Long-Term Plan performance measures selected are to provide the public with information to assess the level of service across all of Council's activities.

Community Survey

An important performance target that is measured every three years is the Community Survey, which provides Council with direct feedback on the range of services provided to the Community. Overall, the community survey results are reported with margins of error of +/- 4% to 6%, the individual margins of error are provided as a footnote below each activity throughout the Statement of Service Performance reporting. The National benchmarking results are reported at 95% confidence level +/- 4 - 5% however excludes Auckland, Wellington, Christchurch and Dunedin councils. The National survey data is collected throughout the year so that annual results can be presented without seasonal bias. The data is collected using a 1 -10 scales: satisfaction percentages are aggregated 6-10 ratings. Further details on the triennial survey are detailed below.

Each activity group has a limited amount of funding and resources to achieve the identified outcomes.

Council has a of total 85 performance targets for all groups for the 2022/23 year (excluding those which were not applicable) and managed to achieve 44 (52%) of them (2021/22 64.5%).

The performance targets that are set come directly from Council's Long-Term Plan 2021-2031 and the 2022/23 performance targets relate to year three, of the Long-Term Plan.

This section of the Annual Report details:

- The achievement of both financial and performance targets for the activities and their respective functions. The service performance targets provide comparisons with the previous years achievements.
- The reasons for any significant variance between actual service provision and expected service provision.
- The reasons for any significant changes in the capital acquisitions and replacement programmes.

QUALITY

Each activity group includes performance measures which incorporate elements of quality. Quality processes are a standard feature of management control systems.

Specifically:

- **Capital Works** - are constructed to design specifications. Inspection of works is undertaken by suitably qualified engineers.
- **Maintenance Works** - are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with maintenance programmes.
- **Regulatory Functions** - are undertaken by suitably qualified and experienced employees in accordance with legislative requirements.

SUMMARY OF PERFORMANCE FOR YEAR

During the 2022/23 year, Council achieved 44 (52%) of the non-financial performance targets.

Activity	2022/23			2021/22 Achievement Rate
	No. of targets	End of Year Result		
Democracy	5	1	0%	33%
Economic & Community Development	6	5	83%	80%
Environmental Services	14	9	64%	64%
Roading	9	0	0%	57%
Stormwater	3	3	100%	100%
Water Supply	14	12	86%	83%
Wastewater	8	4	50%	43%
Solid Waste Management	5	2	40%	50%
Leisure and Recreation	21	8	38%	58%
TOTAL*	85	44	52%	65%

*excludes the N/A targets

The following actions are being taken to address the targets that were not achieved:

Change to Triennial Community Survey

Council has a number of performance targets relating to community satisfaction, with the results having an impact on Council not achieving the targets previously set. The following is further explanation of what has changed with regards to the community survey.

The community satisfaction survey has been completed every three years since the 1990s. For this triennial survey, Council engaged a new provider SIL Research to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Considerable effort was made to ensure the survey results were comparable with previous surveys. However, it was necessary to review and adjust the survey methodology to improve on previous sample limitations.

The changes of the survey provider and the methodology have impacted the survey results which make it difficult to accurately compare the 2023 results, with historical survey results.

Also, the targets set as part of the Long Term Plan 2021-2031, were set on the basis of the same survey and methodology would be carried out.

In combination, this necessitates a 'reset' due to multiple differences in methodology including:

- Industry standard 10-scale answer model: Moving to an industry-standard 1-10 rating scale from the previous 4-scale rating model provides an opportunity for residents' to better quantify sentiments;
- Mixed-mode of data collection were utilised to ensure residents were well-represented (e.g., via telephone, postal forms and social media);
- Additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.

With a number of the targets not achieved, the following is of particular note with regard to the drinking water supply. The 2023 survey was carried out during the peak levels of the brown / discoloured water issues that were experienced sporadically throughout the district in April and May 2023. The level of dissatisfaction with this service correlates with the high number of service requests received. Council investigations in May and June confirmed that the cause of the brown water was due to high levels of manganese in Te Wai o Marukaa | Pumphouse Spring which when combined with chlorine, oxidise and turn the water brown/rusty coloured. Testing and isolation of the source confirmed this and the water quality issues have since improved in July to a level where there were zero service requests raised by the community relating to brown water issues in the month following.

It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living and weather events that have brought local issues to the fore particularly due to the recent local body elections in October 2022.

Democracy

The community survey changes, and the timing of the survey have impacted two of the five targets set for Democracy, with regards to community satisfaction. Overall satisfaction with the Mayor and Councillors at 69% is higher than the National Benchmark for 53% and likewise rates value at 62% compared with 39%.

For the annual works programme 41% (target >90%) was completed for the year to 30 June 2023. The reason the target was not achieved was due to the disruptions caused by the COVID-19 pandemic, and the resulting backlog of projects as well as shortage of materials faced by contractors. Also, public forums were not held for the first three months of the financial year due to the COVID restrictions.

Economic and Community Development

Only one target was not met which was for community satisfaction, which would be partly impacted by the community survey changes, as detailed under the Triennial survey results.

Environmental Services

There were five targets that were not achieved:

- response times for dog complaints
- response times to noise complaints
- response times to other environmental health service complaints

- satisfaction with building consent process
- community satisfaction with dog control

The reason that most of these targets were not achieved was due to resourcing shortages. The staffing shortage was addressed at the start of the 2023/24 year, so it is anticipated there will be less targets not achieved for the next financial year. The community survey results have also been impacted by the change in provider for the Triennial survey.

Roading

Council did not achieve the targeted timeframes for responding to all streetlight outages. Council is reliant of a contractor to complete the streetlight outages and continues to work with the contractor to address the delays.

Due to the significant high-water table throughout the District, roading reseals were delayed. This also impacted on the road roughness with a score of 89%.

Waka Kotahi (NZTA) has reviewed the quality of the district's roads and considered them to be in very good order and therefore Council does not need to resurface roads as often as it has been doing.

Water Supply

Council received 126.1 complaints per 1,000 connections about water clarity during the year (target < 4 per 1,000). The level of complaints with this service correlates with the high number of service requests received. Council investigations in May and June confirmed that the cause of the brown water was due to high levels of manganese in Te Wai o Marukaa | Pumphouse Spring which when combined with chlorine, oxidise and turn the water brown/rusty coloured. Testing and isolation of the source confirmed this and the water quality issues have since improved to a level of no brown and there has since been minimal complaints.

The timing of the water issues coincided with the Triennial survey, which would have contributed to the low satisfaction with the water services.

Wastewater

Council did not comply with all conditions of the resource consent due to a component failure in the treatment plant and infringement notice was issued.






















There was 1 dry weather overflow event during the year (Target: 0) due a sewer line collapse. Council has replaced the sewer line and is carrying an assessment programme to determine the remaining life of its pipes. Finally, Council took longer than 8 hours to resolve a sewer overflow due to the deterioration of the pipe, which was subsequently was renewed.

Leisure and Recreation

Council achieved 36% of its targets for leisure and recreation during the year.

A significant number, 9 out of 21 of the performance targets for Leisure and Recreation relate to community satisfaction and with the changes to the triennial survey provider and methodology this has impacted on the overall results, for this activity (see full explanation of survey changes and impact under the Triennial Survey Statement. Also resourcing shortages and repairs needed for the pool contributed to other targets not being achieved.

Summary Survey Results Compared to National Benchmarks

 Kawerau cemetery KDC 2023: 91% NZB 2023: 79%	 District library KDC 2023: 90% NZB 2023: 87%	 Rubbish collection KDC 2023: 90% NZB 2023: 73%	 i-Site KDC 2023: 88% NZB 2023: n/a	 Safety KDC 2023: 84% NZB 2023: 58%	 Community attractiveness KDC 2023: 84% NZB 2023: n/a
 Kawerau Museum KDC 2023: 77% NZB 2023: n/a	 Council staff KDC 2023: 75% NZB 2023: 54%	 Community spirit KDC 2023: 75% NZB 2023: n/a	 Good quality of life KDC 2023: 72% NZB 2023: n/a	 Swimming pool KDC 2023: 72% NZB 2023: 69%	 Stormwater KDC 2023: 70% NZB 2023: 56%
 Emergency kit KDC 2023: 50% NZB 2023: n/a	 Water service* KDC 2023: 40% NZB 2023: 73%	 Dog control KDC 2023: 34% NZB 2023: 63%	 Place to live (Better-Same) KDC 2023: 67% NZB 2023: n/a	 Overall performance KDC 2023: 70% NZB 2023: 58%	 - Good performance (70% and above)  - Services with positive performance (below 70% but equal to or above 50%)  - Services for improvement.  - Overall performance indicators

* An average score between water delivery and water quality

Council endeavours to achieve the best outcome for the community and maximise the community's wellbeing.

THE YEAR IN SUMMARY

Highlights for the Democracy group of activities in 2022/23 were:

- Preparation, consultation and adoption of the 2023/24 Annual Plan
- The adoption of the 2021/22 Annual Report
- Holding citizenship ceremonies and welcoming new residents to the community
- Adoption of a number of policies and strategies throughout the year for the betterment of the town and residents

In 2022/23, Council used the special consultative procedure and/or community consultation process when adopting the following:

- Proposed Stoneham Park Residential Development to engage about the Intention to Exchange the Reserve status of Stoneham Park (the former soccer grounds) and the District Plan 4 amendments
- Annual Plan 2023/24
- Eastern Bay of Plenty Local Authority Alcohol Policy

Other policies and strategies that were adopted during the year, included:

- Council's Fraud Policy
- Council's Code of Conduct
- Eastern Bay Road Safety Committee – Terms of Reference



DEMOCRACY

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELL-BEINGS

The Democracy group of activities is the political arm of Kawerau District Council. It includes the following activities:

The Council

Comprising the Mayor and eight Councillors, Council meets monthly to develop and monitor policy, objectives and outcomes for the District. The Mayor and eight Councillors are elected by registered electors in the District every three years.

Regulatory and Services Committee

This standing committee is responsible for matters relating to Council regulation and services. The Committee meets monthly on alternate fortnights to Council meetings. All nine Elected Members of Council are members of the Regulatory and Services Committee, which then elects a Chairperson at the commencement of each triennium.

Audit & Risk Committee

The responsibilities of the audit and risk committee include: ensuring Council fulfils its legal responsibilities, monitors existing corporate policies and recommends new policies, provides a communication link between management, council and auditors, monitors performance and internal controls and ensures that Council's risk is appropriately managed.

Community Engagement

The consideration of community views is fundamental to Council decision making. Legislation requires Council to use a special consultative procedure in some circumstances. A community consultation process contained in Council's consultation policy is used to seek input into other decisions.

Local Elections

Council is responsible for holding the elections for District Council representatives every three years, concurrent with Regional Council. In October 2022, the election was held, with the Mayor being appointed unopposed and the two new councillors joining Council.

Impact on Community Well-beings

The democracy activity impacts on all four well-beings (Social, Cultural, Environmental and Economic) as this activity is responsible for the provision, levels of service and overview of all council activities. Also it ensures that Council provides sustainable services which have minimal impact on the environment, that are affordable for the community and finally making sure that iwi is consulted and provided a forum that allows participation in Council's decision-making.

NATURE AND SCOPE

Democracy involves the elected members making decisions and advocating on behalf of the needs and interests of the Kawerau Community both in the present and for the future.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Democracy group of activities contributes principally to Kawerau's Community Outcomes of:

- *Council advocates within and beyond the district and governs for community needs and interest.*
- *Council embraces involvement from all sectors of the community in its democracy and decision making.*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Democracy activity includes balancing the needs and wants of community members when making decisions.

DEMOCRACY

PERFORMANCE

During the year there were eleven ordinary Council meetings, eleven Regulatory and Services Committee meetings, five meetings of the Audit and Risk Committee and eight Youth Council meetings.

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
The community has confidence in the quality of democracy and representation provided by elected members	Community satisfaction with the Mayor and councillors	>85%	Not achieved ¹ Community satisfaction 57% 69% satisfaction by respondents who are aware of Council.	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau. It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment. Please refer to page 62 regarding survey methodology.
Financial management is prudent, effective and efficient	Community satisfaction with way rates are spent	90%	Not Achieved ² Community satisfaction 53% 64% satisfaction by respondents who are aware of Council	N/A	

¹ Triennial Community Survey results have a margin of error of +/-6%

² Triennial Community Survey results have a margin of error of +/-6%

Levels of Service	Measures	Target 2022/23	Results 2022/23	Results 2021/22	Comment
Financial management is prudent, effective and efficient	Percentage completion of the annual work programme ³	>90%	Not achieved (41%)	Not achieved (50%)	There are 39 significant projects in the annual work programme, of which 16 (41%) were completed. Many of the projects are underway, just not completed as at 30 June 2023. The remaining projects are to be completed late in 2023.
Council informs the community about key issues and activities.	Number of newsletters	At least 20 publications for year	Not achieved	Achieved (22 published)	19 newsletters published. There were no newsletters in-between the change in Council following the election. The new Council was inaugurated in October 2022 and after the summer meeting break, an internal review of the bi-weekly pānui was carried out in early 2023.
Council encourages the community to contribute to Council decision-making	Provision of a public forum at council and committee meetings.	Public forum available at every meeting	Achieved	Not achieved (COVID restrictions)	Public forums were not available in person to the public in the first 3 months of the year due to COVID restrictions, however the Public Forum was still available via zoom to the community.



St John Hato Hone Health Shuttle launched recently ensures all ages within the Kawerau community have access to healthcare throughout the wider Bay of Plenty Region.

³ The significant projects for the year are those significant capital expenditure projects detailed in the Annual Plan for 2022/23, a total of 39. This measure is included as a performance target to ensure the community can assess Councils performance in completing capital projects.

KAWERAU DISTRICT COUNCIL DEMOCRACY

Funding Impact Statement for the year ended 30 June 2023

	2022	2023	
	Long Term Plan	Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	702,610	725,400	810,245
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	450,000
Fees and charges	0	0	22,166
Internal charges and overheads recovered	1,160	1,170	1,899
Local authorities fuel tax, fines, infringements and other receipts	0	15,000	0
TOTAL OPERATING FUNDING (A)	703,770	741,570	1,284,310
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	439,870	463,140	931,740
Finance costs	420	390	1,320
Internal charges and overheads applied	246,500	260,810	352,858
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	686,790	724,340	1,285,918
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	16,980	17,230	(1,608)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	16,980	17,230	(1,608)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	16,980	17,230	(1,608)
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(16,980)	(17,230)	1,608
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

There was no capital expenditure for this activity in the current year.

ECONOMIC AND COMMUNITY DEVELOPMENT

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

Economic Development

Council is involved in economic development activity at the sub-regional level and is also taking a leadership role in local economic development initiatives.

Council works closely with the Opotiki and Whakatane District Councils and the BOP Regional Council as an active member of the Eastern BOP economic development agency, Toi EDA.

Events Management

Council supports a diverse range of events in the District and provides a strategic framework to meet future needs and demands. Council's involvement in events management takes advantage of and showcases the District's resources and helps to build capability and capacity of Community volunteers.

Grants and Funding

Council administers various grants which help to:

- Support Community organisations to help maintain Community services
- Promote artistic development
- Assist event organisers to organise new and innovative Community-run events, and
- Fund small business entrepreneurs to conduct feasibility studies of proposed new business ventures in the District.

Information Centre

The Information Centre provides services to residents and visitors ranging from tourism information, event information, travel bookings and forest permits and information. The Centre also maintains the town centre public toilets.

Youth Development

Council's youth development activities include selecting recipients and presenting Young Achievers Awards, coordinating activities during school holidays and supporting Kawerau Youth Council activities, which are funded by the Ministry of Youth Development.

Kawerau Youth Council

Established in 2009, the Youth Council aims to create confident youth leaders who will monitor successive generations. Members meet each month to organise activities and provide a voice on matters affecting youth in our District. The Youth Council has up to 20 members aged between 14 and 24 years, for whom nominations are called each year.

Impact on Community Well-beings

The Economic and Community Development activity impacts mostly on the social and economic well-beings in the community.

The activity is responsible for encouraging and facilitating economic growth in the community thereby ensuring the community grows and council services remain affordable. Also the activity encourages the social development of the community through such initiatives as the youth council, events and community grants.

NATURE AND SCOPE

Council considers it appropriate that it should be involved in local economic development. Activities in this group focus on promoting and encouraging industrial development, marketing the District as a desirable place to live and developing and extending current event activities.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Economic and Community Development group of activities contributed mainly to Kawerau's Community Outcomes of:

- *Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities in the district.*
- *Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activities*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Economic Development activity provides funding to a number of agencies that seek to further economic development in the District including the Eastern Bay of Plenty Regional Economic Development Trust.

THE YEAR IN SUMMARY

Major highlights for the Economic and Community Development group of activities in 2022/23 were:

- Completion of the Porritt Glade Lifestyle Village development which included the construction of the final eleven retirement units.
- Consultation and development progress for the Stoneham Park Subdivision.
- Continuing the development of the Industrial Symbiosis and container hub project.

Other achievements included:

- Continuing to manage and obtaining funding for "Christmas in the Park".
- Delivering a strong calendar of events
- Appointment of the Kawerau Youth Council and providing support for its activities.
- Administering and providing grants to community groups for projects which benefit Kawerau residents.



Kawerau Community Awards presented during Manawātia a Matariki 2023.

ECONOMIC AND COMMUNITY DEVELOPMENT

PERFORMANCE

Levels of Service	Measures	Target 2022/23	Results 2022/23	Results 2021/22	Comment
Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at trustee meetings	90% of trustee meetings	Achieved	Achieved	CEO attended all trust meetings during the year
Council encourages positive perceptions of Kawerau by supporting local events.	Frequency of events from February to December	At least 1 per month	Achieved	Not achieved (due to Covid restrictions)	There was at least one event held each month, with more than 1 event held as follows: August = 3 September = 2 October = 2 November = 8 December = 3 January = 2 April = 2 May = 3 June = 2
Council provides an information centre which suits the community's need	Community satisfaction with the information centre	>83%	Not achieved ⁴ Community satisfaction 67% Achieved for user satisfaction 88%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau. It is also important to consider the impact of significant circumstances when evaluating satisfaction

⁴ Triennial Community Survey results have a margin of error of +/-5%

Levels of Service	Measures	Target 2022/23	Results 2022/23	Results 2021/22	Comment
					levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore. Please refer to page 62 regarding survey methodology.
Council provides a local information centre which is accessible to visitors and the local community	Number of days open each year ⁵	At least 360 days	Achieved	Achieved	The information centre was open 364/365 days for the year
Council supports young people to develop skills and attitudes needed to take a positive part in society	Youth council in place	Annual appointments made	Achieved	Achieved	New Youth Council appointed in March 2023 for the year.
	Satisfaction with youth council collaboration from collaborating groups	>95% satisfaction	Achieved 95%	Achieved 96%	Survey undertaken of collaborating groups which reported 95% satisfaction with Youth Council collaboration.

⁵ Council's target for the local information centre being open at least 360 days of the year is to ensure high accessibility for all visitors, residents and ratepayers to the Information Centre (isite). The Information Centre - isite was only closed on Christmas Day.

KAWERAU DISTRICT COUNCIL
ECONOMIC AND COMMUNITY DEVELOPMENT

Funding Impact Statement
for the year ended 30 June 2023

	2022	2023	
	Long Term Plan	Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	774,560	877,040	623,545
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	482,888
Fees and charges	554,000	558,370	268,450
Internal charges and overheads recovered	0	0	5,359
Local authorities fuel tax, fines, infringements and other receipts	600,000	550,000	0
TOTAL OPERATING FUNDING (A)	1,928,560	1,985,410	1,380,242
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,354,670	1,350,490	1,016,369
Finance costs	33,790	23,000	89,072
Internal charges and overheads applied	492,760	526,550	516,364
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,881,220	1,900,040	1,621,805
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	47,340	85,370	(241,563)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale/lease of assets	3,500,000	1,920,000	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	2,329,600
TOTAL SOURCES OF CAPITAL FUNDING (C)	3,500,000	1,920,000	2,329,600
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	1,820,000	1,560,000	3,537,376
- to improve level of service	0	0	0
- to replace existing assets	11,400	11,640	82,110
Increase/(decrease) in reserves	1,715,940	433,730	(1,531,449)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	3,547,340	2,005,370	(2,088,037)
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(47,340)	(85,370)	241,563
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Capital expenditure during the year that relates to this activity is as follows:

<u>2021/22</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2022/23</u>
0	Building Renewals - various		82,110
<u>1,579,187</u>	Porritt Glade Lifestyle Village Construction of 11 units	<u>1,560,000</u>	<u>3,537,376</u>
<u>1,579,187</u>		<u>1,560,000</u>	<u>3,619,486</u>
FUNDED BY:			
3,029,566	Unit sales – (Occupation Right Agreements)	1,560,000	2,329,600
<u>(1,450,379)</u>	Depreciation Reserve Funding		<u>1,289,886</u>
<u>1,579,187</u>		<u>1,560,000</u>	<u>3,619,486</u>

In April 2023, three years after the project began, all 29 units were constructed and completed at the Council-owned Porritt Glade Lifestyle Village. This retirement village project aimed to provide quality and affordable living for seniors over 60 and free up the family homes for other whānau. To date 24 of the units have been leased with a Right to Occupy and an official ceremony marked the completion with all current residents, Her Worship the Mayor Faylene Tunui and former Mayor Malcolm Campbell (now the Bay of Plenty Regional Council Eastern Bay representative).



Porritt Glade Lifestyle Village inaugural resident Mrs Kathleen Cook.

ENVIRONMENTAL SERVICES

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

The activities in the Environmental Services group are:

Resource Management Planning

Resource Management Planning aims to ensure responsible stewardship of natural and physical resources. Council's resource management responsibilities include ongoing review of policies, objectives and rules contained in the District Plan as well as information management and associated environmental monitoring.

Resource Consents

Council issues land use and subdivision consents for activities which balance development opportunities against the need to minimise adverse environmental effects. Consents are issued with regard to policies, objectives and rules in the District Plan.

Building Control

The Building Control activity regulates buildings to ensure public safety and health. Council's functions are to consent, inspect, monitor and certify building work and building safety.

Environmental Health Services

This activity promotes, safeguards and enhances public health by achieving compliance with environmental health and associated legislation and bylaws in particular food safety, water supply, noise control, liquor licensing and gambling.

Dog Registration and Control

Dog Registration activity is a statutory obligation under the Dog Control Act 1996 for Council to keep a register of dogs kept in the District. Dog Control activity is a community safety service focused on the control of dogs in the district and the enforcement of the Dog Control Act and Council's Dog Control Bylaw.

Civil Defence

The Civil Defence activity provides local planning for and management of civil defence emergencies. It relates to readiness, response, reduction and recovery.

Impact on Community Well-beings

The environmental services activity impacts mostly on the social and environmental well-beings in the community.

The activity is responsible for both providing and monitoring the necessary measures to ensure that the environment is maintained for future generations in a sustainable manner and that is affordable for residents. Also the activity ensures that the community's social needs are met by establishing the necessary bylaws or provisions in the district plan that enable residents to live together in harmony.

NATURE AND SCOPE

Council has regulatory and enforcement duties and powers under several acts of Parliament including the Local Government Act, the Health Act, the Building Act, the Dog Control Act and the Resource Management Act. Warranted officers work autonomously and in conjunction with enforcement authorities such as the police and public health, to uphold environmental, health and safety standards.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Environmental Services group of activities contributes primarily to the Community Outcomes of:

- *Council sustainably manages Kawerau's environment through its stewardship, planning and consents.*
- *Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environment*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

Council is committed to the protection and enhancement of the environment, and the promotion, protection and enhancement of public health and safety.

THE YEAR IN SUMMARY

Major highlights for the Environmental Services group of activities in 2022/23 were:

- Continued provision of good quality regulatory services to meet legislative requirements and also the needs of the community.

Other achievements included:

- Carrying out, on average, more than one patrol each day to identify illegally dumped litter, abandoned vehicles, fire hazards and health nuisances.
- Spatial plan developments in collaboration with Whakatane and Opotiki District Council's.
- Review of the Eastern Bay of Plenty Local Authority Alcohol Policy
- Review of the District Plan, for Stoneham Park
- Impounding 252 dogs during the year for various statutory breaches
- Responding to and investigating 377 noise complaints in accordance with statutory requirements and practice guidelines
- Participating in a shared service arrangement to deliver civil defence management capability across the Eastern Bay of Plenty.



ENVIRONMENTAL SERVICES

PERFORMANCE

Building Control

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
Council provides in-house building consent, inspection and approval services.	Bi-annual Building Consent Authority accreditation re-assessment ⁶	Accreditation and registration retained	Achieved	Achieved	Building Control Authority accreditation and registration retained.
Service users consider Council's building control activity to be effective	Satisfaction* of service users – Building Inspection Processes	>90% satisfaction	Not Achieved 8/10 (80%)	Achieved 10/10 (100%)	There were a total of 26 survey forms sent out and 10 responded with 8 scoring the service as being predominantly good or excellent. For the two responses that were not achieved, one was where there was no response indicated and one response was predominantly only fair.
	Satisfaction* of service users – Building Consents Processes	>90% satisfaction	Achieved 8/8 (100%)	Not achieved 1/2 (50%)	There was a total of 27 survey forms sent out and 8 responded.
Kawerau buildings requiring Building Warrant of Fitness (WOF) are compliant	Number of buildings audited for Building Warrant of Fitness (WOF) requirements ⁷	At least 35% audited	Achieved	Achieved	28/80 (35%)

*The questions asked in the survey to determine user satisfaction were:

1. Getting you quickly and directly to someone you could explain your needs to
2. How knowledgeable that person was about your request
3. The time it took for us to do what we said we could for you
4. How well our response or actions solved the matter for you
5. How friendly and interested we were

Environmental Health

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
Premises licensed under the Sale and Supply of Alcohol Act 2012 comply with license conditions	Inspection of licensed premises for compliance ⁸	100% annually	Achieved 14/14 (100%)	Achieved 14/14 (100%)	14/14 (100%).
Registered premises comply	Inspection of registered premises for compliance with	100% annually	Achieved 6/6 100%	Achieved 6/6 (100%)	6/6 (100%)

⁶ Accreditation as a Building Control Authority allows Council the ability to provide in-house Building Control Services. This requires meeting the Building Act requirements, which includes being audited every 2 years by International Accreditation New Zealand (IANZ)

⁷ Auditing of Building Warrant of Fitness ensures that buildings are complying with that specific buildings Building Warrant of Fitness Requirements including specific systems. There is no set number of audits required to be completed each year, the target of 35% set by Council ensures all audits are completed triennially.

⁸ All premises with a license under the Sale and Supply of Alcohol Act are inspected yearly to ensure compliance with their license conditions.

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
with statutory requirements	the relevant standards ⁹				
	Audit of food premises operating Food Control Plans ¹⁰	100% annually	Achieved (23/23 100%)	Achieved (29/29 100%)	23/23 (100%)
Council responds to complaints and service requests for environmental health conditions (noise complaints, nuisance conditions and health risks)	Response to noise complaints	80% within 20 minutes and 98% within 30 minutes	Not Achieved	Not Achieved (84.7% within 20 minutes and 92% within 30 minutes)	60% within 20 minutes and 74% within 30 minutes All noise complaints are attended by Council's external contractor. Two noise jobs were not attended as awaiting Police due to safety risk and one delay was due to issues with new software at the call centre.
	Response to other Environmental Health service requests/ complaints	100% within 1 working day	Not achieved (4/5 80%)	Not achieved	1 response (July) exceeded 1 working day as the service request was inadvertently missed due to a change in which staff member response to these requests.

Dog Control and Registration

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
Council maintain community satisfaction levels for the dog control service	Community satisfaction with dog control services	>77% ¹¹	Not Achieved ¹² Community satisfaction 43% User satisfaction 34%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional

⁹ The registered premises are Hairdressers and Funeral Homes, who are inspected annual to ensure compliance with the relevant legislation applicable to the business type.

¹⁰ All food premises are inspected either every year, 18 months or two years. The regularity of the inspections is determined by the grading they receive in compliance with the Food Safety Standards. The number of non-compliance standard determines the inspection timeframes, if more non-compliance the shorter the inspection period applies.

¹¹ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2014, 2017 and 2020 Community survey results (by NBR)

¹² Triennial Community Survey results have a margin of error of +/- 4%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
					<p>sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.</p> <p>It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.</p> <p>Please refer to page 62 regarding survey methodology.</p>
Service requests about uncontrolled dogs are actioned	Adherence to complaint response process to respond, investigate and record the complaint and advise the complainant of progress or outcome within 24 hours	80% within 20 minutes and 98% within 30 minutes	Not achieved (66% within 20 minutes and 76% within 30 minutes)	Not achieved (84.9% within 20 minutes and 94.4% within 30 minutes)	<p>66% responded to within 20 minutes, 76% responded to within 30 minutes</p> <p>Throughout 2022/23 Council had staff shortages with only one Dog rangers, which impacted response times as not enough staff to cover complaints. The afterhours response to dog complaints is provided to Council by an External Contractor. The contractor had various delays from staffing, vehicle and new software issues.</p>

Civil Defence

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
Council provides community education initiatives to increase public awareness and readiness for local and regional hazards	% of residents that have an understanding of what the consequences would be if a disaster struck their area	>80%	Achieved 100%	N/A	100% that responded to survey, however sample size is not representative of the community – 79% achieved across the Bay of Plenty Region
	% of residents that have taken any action to prepare for an emergency	>80%	Achieved 100%	N/A	100% that responded to survey, however sample size is not representative of the community

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
Council will maintain capability to effectively respond to an emergency ¹³	Council is prepared for and can respond to an emergency	>70%	Not achieved 67%	Achieved 80%	Council did not have enough staff trained (only 67%) to meet the capability to effectively respond to an emergency.

¹³ Capacity to respond relates to the percentage of staff assigned, trained and available for civil defence emergencies. This target is set by CDEM Group.

KAWERAU DISTRICT COUNCIL ENVIRONMENTAL SERVICES

Funding Impact Statement for the year ended 30 June 2023

	2022 Long Term Plan	2023 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	1,080,130	975,680	1,141,274
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	184,000	184,180	166,370
Internal charges and overheads recovered	50	50	77
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,264,180	1,159,910	1,307,721
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	811,360	701,850	616,357
Finance costs	8,020	7,740	3,062
Internal charges and overheads applied	402,480	407,960	429,039
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,221,860	1,117,550	1,048,458
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	42,320	42,360	259,263
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	42,320	42,360	259,263
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	42,320	42,360	259,263
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(42,320)	(42,360)	(259,263)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

There was some reduced activity expenditure due to staff vacancies and additional capital expenditure was for the new dog pound which was budgeted in the previous year

ROADING

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

The roading group of activities aims to provide and maintain a system of roads and footpaths which provides safe and comfortable passage for all users. Activities in the group are:

- Managing and monitoring the transport network
- Repairing and maintaining assets and structures
- Operating roading activity assets, and
- Planning to improve operations and meet future requirements.

Council's roading group of activities provides a network of roads/footpaths for the safe and comfortable passage of vehicles and vulnerable road users such as pedestrians, cyclists and mobility scooters in and through the District.

Impact on Community Well-beings

The roading activity impacts mostly on the social and economic well-beings for the community.

This activity is responsible for providing and maintaining the roading network within the community to ensure that economic activity can continue and that residents are able to maintain their social networks.

Also the roading activity is provided in a sustainable manner to ensure that it is affordable.

STRATEGY

Council has developed a Roding Asset Management Plan which provides for the efficient and effective management of the roading asset. This Plan allows Council to allocate detailed funding to properly maintain the asset while also making provision for the longer term financing required.

NATURE AND SCOPE

The roading network comprises approximately 43 kilometres of roads and associated infrastructure such as bridges, street lights, kerbing, signs and markings, car parks and footpaths.

Control over the District's roads is vested in Council by the Local Government Act 2002. Waka Kotahi subsidises much of Council's roading expenditure, including street cleaning and the maintenance of roads and associated lighting systems. In addition to this work, Council also maintains Kawerau's footpaths and a substantial paved area in the town centre. Waka Kotahi is responsible for State Highway 34.

GOALS

To provide and maintain a system of roads/footpaths for the safe and comfortable passage of vehicles, pedestrians, cyclists and other vulnerable road users (including mobility scooters) in and through the District.

CONTRIBUTION TO COMMUNITY OUTCOMES

The roading group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

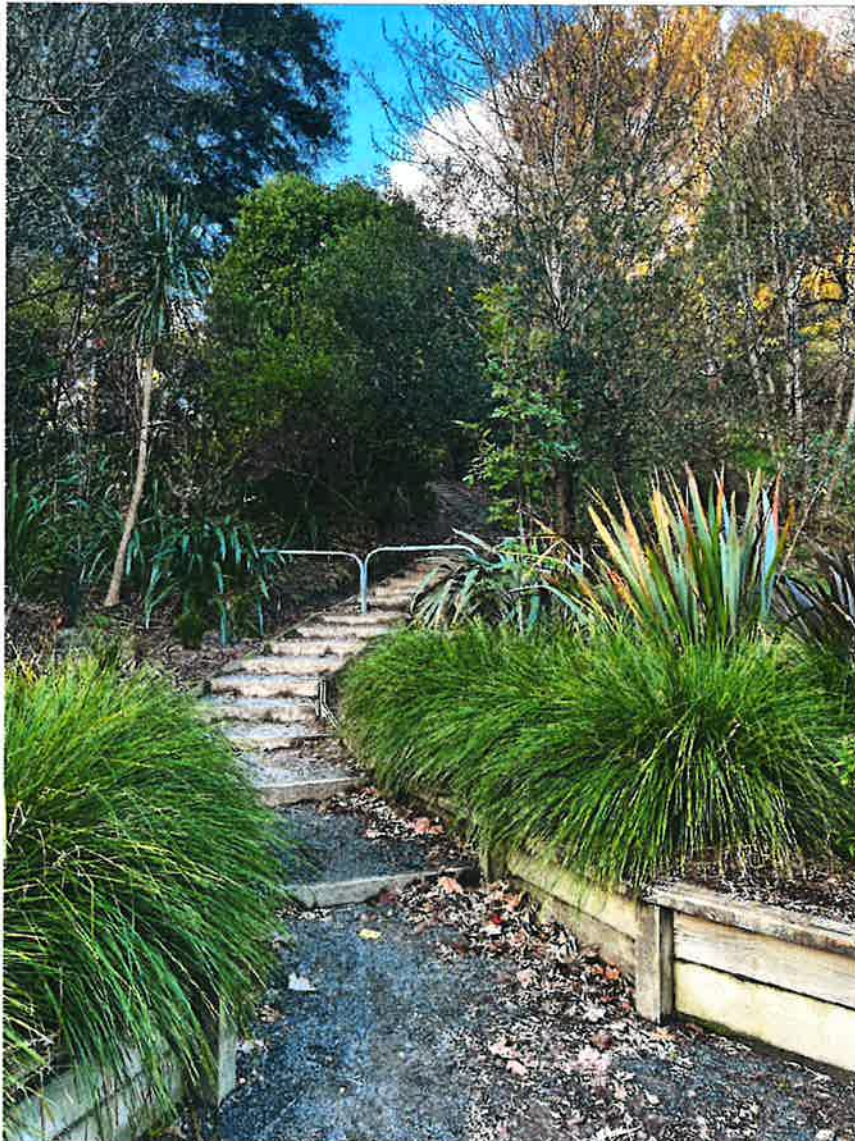
The Roding activity delivers an efficient transport network that has minimal impact on the environment. During the year, Council carried out its programmed reseals, street lighting upgrades, road marking and safety improvements.

Significant negative effects on the roading network are traffic accidents. To reduce numbers and severity, Council is a partner in the Eastern Bay of Plenty Road Safety Management System. Council has developed the Eastern Bay of Plenty Road Safety System, undertakes safety audits and provides street lighting, signage and pavement marking.

THE YEAR IN SUMMARY

Achievements for the Roding group of activities in 2022/23 were:

- Ongoing renewals of footpaths and upgrading streetlights to improve safety for residents
- Continuation of improvement to Town Centre.
- Construction of dewatering project in Hardie Ave to reduce ongoing flood damage to Council footpaths and roads.



New stairs into Monika Lanham Reserve improved access after extreme weather damage

ROADING

PERFORMANCE

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
Council maintains community satisfaction for the roading activity	Community satisfaction with roading assets	>90% ¹⁴	Not Achieved ¹⁵ Community satisfaction 56% User satisfaction 57%	N/A	<p>A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments.</p> <p>Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023.</p> <p>In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.</p> <p>It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.</p> <p>Lower results for the areas of roading and footpaths may reflect several localised areas of roading impacted by extreme weather events such as River Road in the area of Transfer</p>

¹⁴ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2011, 2014 and 2017 Community survey results (by NBR)

¹⁵ Triennial Community Survey results have a margin of error of +/- 4%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
					Station Road and the Hardie Avenue area. Rainfall, totalling twice the yearly average has impacted the quality of footpaths, and roadways. In addition, there have been ongoing issues regionally and nationally with potholes and road maintenance of State Highways in Kawerau along Tamarangi Drive, en route to Whakatāne, within the Bay of Plenty and national roading networks, which are likely to have contributed to lower than usual satisfaction ratings. Please refer to page 62 regarding survey methodology.
Council provides a network of roads which facilitates the safe movement of people and vehicles around the district	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Increase of zero or less	Not Achieved ¹⁶	Not Achieved (1 crash with serious injury)	There were 3 serious crash events resulting in 4 serious injuries on the roads controlled by Council for this financial year.
Road quality	The average quality of ride on a sealed local road network, measure by smooth travel exposure (STE) ¹⁷	No less than 95%	Not Achieved 89%	Not Achieved (93%)	The Road Roughness Survey was undertaken with a result of 89% STE
Road maintenance	The percentage of the sealed local road network that is resurfaced.	>5% per annum	Not achieved	Not achieved (1.15%)	Resealing was delayed due to the priority of resolving the dewatering works. The reseals will be completed in 2023/24 year.
Response to service requests	The percentage of customer service requests relating to roads to which Council responds within the time frame specified	Potholes: 90% within 14 days and 100% within 28 days	Not achieved	Achieved	12 potholes reported – 9 responded to within 14 days, 3 exceeded 28 days to repair due to staff shortages.
		Streetlights 90% within 14 days and 100% within 28 days	Not achieved	Not achieved	65 streetlight outages reported, 43 responded within 14 days (66.1%), 57 responded within 28 days (87.7%) - 7

¹⁶ DSI numbers may differ for the same time period due to dependency on Waka Kotahi's Crash Analysis System which is updated continuously.

¹⁷ The percentage of vehicle kilometers travelled in the district exposed to roads with roughness less than the threshold for urban roads set by the National State Highway Strategy

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
					exceeded 28 days and 1 in progress - Contractor delays
Response to service requests	The percentage of customer service requests relating to footpaths to which Council responds within the time frame specified.	Footpaths 100% within 14 days	Not achieved 70%	Achieved (100%)	17 service requests received with 10 attended within 14 days. 4 exceeded 14 day response – 3 still in progress at 30 June 2023.
Footpath condition	Percentage of footpaths that fall within the level of service for the condition of footpaths set out in the Long Term Plan*	95%	Not Achieved (unknown result)	Achieved (100%)	The survey was not undertaken in the 2022/23 year due to extensive 3 water renewals work in the berm causing damage which is to be repaired by the contractor.
Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths	>75% ¹⁸	Not Achieved 19 Community satisfaction 59% User satisfaction 60%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.

¹⁸ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2014, 2017 and 2020 Community survey results (by NBR)

¹⁹ Triennial Community Survey results have a margin of error of +/- 6%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
					<p>It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.</p> <p>Please refer to page 62 regarding survey methodology.</p>

Note: *20 lips equates to 5% that are outside the service standard for footpath condition.

KAWERAU DISTRICT COUNCIL ROADING

Funding Impact Statement for the year ended 30 June 2023

	2022	2023	
	Long Term Plan	Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	988,490	1,059,090	1,135,978
Targeted rates	0	0	0
Subsidies and grants for operating purposes	234,900	234,900	139,538
Fees and charges	75,000	17,000	53,105
Internal charges and overheads recovered	18,230	18,080	23,898
Local authorities fuel tax, fines, infringements and other receipts	70,000	72,170	66,367
TOTAL OPERATING FUNDING (A)	1,386,620	1,401,240	1,418,886
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	515,000	521,550	384,308
Finance costs	0	0	540
Internal charges and overheads applied	595,520	601,590	531,707
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,110,520	1,123,140	916,555
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	276,100	278,100	502,331
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	790,500	620,250	318,833
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	790,500	620,250	318,833
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	532,000	330,000	0
- to replace existing assets	563,960	542,510	575,144
Increase/(decrease) in reserves	(29,360)	25,840	246,020
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,066,600	898,350	821,164
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(276,100)	(278,100)	(502,331)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Capital expenditure during the year for this activity is as follows:

<u>2021/22</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2022/23</u>
76,429	Streetlights renewals and upgrade	32,000	67,024
226,099	Kerbs & Footpaths renewals	235,000	174,463
130,000	Reseals	130,000	0
<u>219,874</u>	Other renewals	<u>668,960</u>	<u>333,657</u>
<u>652,402</u>	Total Infrastructural	<u>872,510</u>	<u>575,144</u>
FUNDED BY:			
163,100	Depreciation Reserve Funding	252,260	256,311
<u>489,302</u>	Subsidies and grants for capital purposes	<u>620,250</u>	<u>318,833</u>
<u>652,402</u>		<u>872,510</u>	<u>575,144</u>

STORMWATER

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELL-BEINGS

The purpose of the stormwater activity is to dispose of stormwater in a manner which protects the community from flooding and minimises negative impacts to the environment. Activities in the group include:

- Disposal of stormwater from the roading network
- Repairing or replacing unsound pipes and other stormwater structures
- Cleaning pipes and cesspits
- Planning to meet future requirements and improving operations

Impact on Community Well-beings

The stormwater activity impacts mostly on the social and environmental well-beings for the community.

This activity is responsible for providing and maintaining the stormwater network within the community to ensure that the risk of flooding is mitigated as much as possible and residents are kept safe.

Also the stormwater activity is provided in a sustainable manner to minimise the impact on the environment and to ensure that it is affordable for residents.

STRATEGY

Council has adopted a stormwater Asset Management Plan which provides for the efficient and effective management of stormwater assets. This Plan allows Council to properly maintain the asset at the optimum level while also making provision for the longer term financing required.

NATURE AND SCOPE

The stormwater system is a network of pipes, manholes and cesspits which collects stormwater from roads and transports it to natural water courses. The network is divided into six zones based on the estimated average date at which each zone was developed. Each zone is given the same installation date and the same replacement date.

Most of the stormwater network is made of concrete pipes and the rate of deterioration is very slow. To resist corrosion in the small geothermal area in the CBD, the network has a mixture of glazed earthenware and High Density Polyethylene (HDPE) black plastic pipes, which are more resistant to the sulphur.

GOALS

To provide and maintain a system for the disposal of stormwater in a manner which the community from flooding and minimises the negative impacts to the environment.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Stormwater activity contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The stormwater activity delivers an efficient network that has minimal impact on the environment. During the year, Council carried out its programmed renewal work.

The significant negative effects for the collection and discharge of stormwater are that it contains contaminants from road surfaces. However, the receiving water (Tarawera River) is large, clear and fast flowing and capable of dealing with the discharges.

Flooding from the stormwater network can cause property damage for residents.

THE YEAR IN SUMMARY

Renewal of cesspit in Massey Street and geothermal manhole.

STORMWATER

PERFORMANCE

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (System adequacy)	The number of flood events that occur in the district.	No more than 10	Achieved	Achieved	There were no flooding events where habitable dwellings were flooded
	For each flood event, the number of habitable floors affected.	N/A	N/A ²⁰	N/A	Kawerau properties are not connected to Council's stormwater system
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (Customer satisfaction)	The number of complaints received by Council about the performance of its stormwater system.	N/A	N/A ²¹	N/A	Kawerau properties are not connected to Council's stormwater system
Response Times	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Less than one hour	Achieved	Achieved	All flooding events were attended within the timeframe.
Discharge compliance	Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> • abatement notices • Infringement notices • Enforcement orders, and • Convictions received by Council in relation to those resource consents	No notices, orders or convictions	Achieved	Achieved	Council complied with all conditions of its resource consent. Council did not receive any notices, orders or convictions.

²⁰ Mandatory measure however is not applicable as Kawerau properties are not connected to Council's stormwater system.

²¹ Mandatory measure however is not applicable as Kawerau properties are not connected to Council's stormwater system.

KAWERAU DISTRICT COUNCIL STORMWATER

Funding Impact Statement for the year ended 30 June 2023

	2022 Long Term Plan	2023 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	93,990	258,920	76,699
Targeted rates	0	0	0
Subsidies and grants for operating purposes	49,500	23,250	26,590
Fees and charges	0	0	0
Internal charges and overheads recovered	3,940	3,950	8,069
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	147,430	286,120	111,358
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	66,000	31,000	35,453
Finance costs	0	0	20
Internal charges and overheads applied	19,430	9,310	12,490
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	85,430	40,310	47,963
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	62,000	245,810	63,395
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	166,050	0	50,511
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	166,050	0	50,511
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	221,400	250,000	67,348
Increase/(decrease) in reserves	6,650	(4,190)	46,558
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	228,050	245,810	113,906
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(62,000)	(245,810)	(63,395)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2021/22</u>	CAPTIAL RENEWALS	Budget (LTP)	2022/23
21,000	Pipework Cesspits/Manhole renewals	250,000	67,348
21,000	Total Infrastructural	250,000	67,348
FUNDED BY:			
5,250	Depreciation Reserve Funding	6,650	16,837
15,750	Subsidies and grants for capital purposes	166,050	50,511
21,000		221,400	67,348



Pipework replacement in Liverpool Street in Kawerau undertaken by Council.

WATER SUPPLY

ACTIVITIES IN THE GROUP AND IMPACT ON THE COMMUNITY WELL-BEINGS

The Water Supply group of activities is concerned with sourcing, treating and supplying potable (drinkable) water to more than 2400 households, four large industries and approximately 200 other businesses in the District.

Impact on Community Well-beings

The water activity impacts mostly on the social, environmental and economic well-beings for the community.

This activity is responsible for providing potable water to the community in a sustainable manner to ensure that it is affordable, and meets the necessary health standards.

NATURE AND SCOPE

The District water supply is sourced from two springs on privately owned land, one in town and the other 3.5 km to the south west. From there, water is pumped to a treatment plant for UV disinfection and chlorination to comply with Drinking Water Standards of NZ guidelines. After treatment, water is pumped to three reservoirs, two on Monika Lanham Reserve and one above Beattie Road, and then gravity-fed to premises around Kawerau.

In times of peak demand, additional water can also be obtained from a bore field in Tarawera Park.

The Water Supply activity also involves:

- Managing Water Supply assets: pipes, structures and plant
- Monitoring and reporting water quality
- Planning to improve operations and meet future requirements.

CONTRIBUTION TO COMMUNITY OUTCOMES

The supply of good quality water is fundamental to Community wellbeing. This group of activities contributes mainly to the Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

The provision of potable water is fundamental to a community's health and well-being.

Kawerau's water supply is not considered a "secure" supply as defined by the Drinking Water Standards New Zealand (DWSNZ) due to historical detection of faecal coliforms in the source water and the inability to prove that the water has been underground for more than twelve months or is not directly affected by surface or climate influences in the environment. Previously, contaminations, when detected, were temporarily treated with a shock dose of chlorine to the water supply.

Council after considering all the potential risks to the community resolved to chlorinate the water supply from 1 July 2018 in order to comply with the DWSNZ.

THE YEAR IN SUMMARY

Achievements for the Water Supply group of activities in 2022/23 were:

- Continuation (year 3) of 6 year programme to replace AC and steel pipes in town – 4.2 km
- Continuing programme of valve and toby replacement

WATER SUPPLY

PERFORMANCE

Levels of Service	Measures	Target 2022/23	Results 2022/23	Results 2021/22	Comments
Provision of a quality water supply	Community satisfaction with water supply	>89% ²²	Not Achieved 23 Community satisfaction 36% User satisfaction 36%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau. It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.

²² Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2011, 2014 and 2017 Community survey results (by NBR)

²³ Triennial Community Survey results have a margin of error of +/- 6%

Levels of Service	Measures	Target 2022/23	Results 2022/23	Results 2021/22	Comments
					The 2023 survey was carried out during the peak levels of the brown / discoloured water issues in April and May 2023. The level of dissatisfaction with this service correlates with the high number of service requests received. Council investigations in May and June confirmed that the cause of the brown water was due to high levels of manganese in Te Wai o Marukaa Pumphouse Spring which when combined with chlorine, oxidise and turn the water brown/rusty coloured. Testing and isolation of the source confirmed this and the water quality issues have since improved. Please refer to page 62 regarding survey methodology.
Customer satisfaction	<p>The total number of complaints received about any of the following:</p> <p>a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) Council's response to any of these issues expressed per 1,000 connections to the networked reticulation system.</p>	<p>a) No more than 4 per 1,000 connections b) No more than 2 per 1,000 connections c) No more than 1 per 1,000 connections d) No more than 2 per 1,000 connections e) No more than 2 per 1,000 connections f) 0 per 1,000 connections</p> <p>Overall the target is no more than 11 complaints per 1,000 connections.</p>	Not achieved	<p>Not achieved</p> <p>a) 1.8 b) 1 c) 0 d) 2.9 e) 0 f) 0</p>	<p>Council has 2,885 connections. To date Council received (per 1,000):</p> <p>a) 91.8 water clarity complaints b) 0 water taste complaints c) 0 water odour complaints d) 0.7 water pressure complaints e) 0 continuity of supply complaints f) 0 complaints regarding Council's responses.</p> <p>The complaints on water clarity relate to the brown / discoloured water issues in April and May 2023. Council's investigations in May and June confirmed that the cause of the brown water was due to high levels of manganese in Te Wai o Marukaa Pumphouse Spring which when combined with chlorine,</p>

Levels of Service	Measures	Target 2022/23	Results 2022/23	Results 2021/22	Comments
					oxidise and turn the water brown/rusty coloured. Testing and isolation of the source confirmed this and the water quality issues have since improved to a level of no brown water issues.
Safety of drinking water ²⁴	The extent to which Council's drinking water supply complies with: a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria)	a) no more than 1 instance of bacteria criteria non-compliance, and b) no instance of protozoal criteria non-compliance	a) Achieved b) Achieved	Not achieved. (While there was no bacteria non-compliance, there were 2 technical breaches for protozoal)	There were no instances of bacteria or protozoal non-compliance to meet the standards in place to December 2022.
The result below is reported in line with Taumata Arowai's drinking water quality and assurance rule (DWQAR) aesthetic values and the new drinking water standards applicable from 14 November 2022. However, Council elected to apply them from 1 January 2023 to 30 June 2023.					
Safety of drinking water	New standard equivalent to the extent to which the Council's drinking water supply complies with part 4 of the drinking water standards (bacteria compliance criteria)	Water supply complies with standards for bacteria	Not Achieved	Not measured	For the new rules subsequent to December Council did not meet the rules for Bacterial and protozoal criteria the treatment plant did not meet the DWQAR requirements for UV disinfections for both bacterial and protozoal treatment, which was due to absence of continuous monitoring for UV transmittance and the absence of monthly checks of the UV sensor.
Safety of drinking water	New standard equivalent to the extent to which the Council's drinking water supply complies with part 5 of the drinking water standards (protozoal compliance criteria)	Water supply complies with standards for protozoal	Not Achieved	Not measured	Also the new rule not met was the DWQAR requirements for adequate FAC levels results of <0.1mg/L on 5 & 6/4/2023 and due to an insufficient total number of samplers per week in January to April 2023 and exceeding the maximum interval between samples in January to May 2023.

²⁴ The information about the old rules (DWSNZ) can be found at:

[https://www.moh.govt.nz/notebook/nbbooks.nsf/0/0B9917ABBB22BE387CC2583B2007928FE/\\$file/dwsnz-2005-revised-mar2019.pdf](https://www.moh.govt.nz/notebook/nbbooks.nsf/0/0B9917ABBB22BE387CC2583B2007928FE/$file/dwsnz-2005-revised-mar2019.pdf). Further details are about the new standards (DWQAR) can be found at: <https://www.taumataarowai.govt.nz/for-water-suppliers/new-compliance-rules-and-standards/>

Levels of Service	Measures	Target 2022/23	Results 2022/23	Results 2021/22	Comments
Maintenance of the reticulation network	The percentage of real water loss from the Council's networked reticulation system, measure using the minimum night flow (MNF) analysis method contained in the DIA Guidelines ²⁵	<200 litres per connection per day	Achieved	Achieved (160 litres per connection per day)	Average water loss for the year is 154 litres per connection per day.
Demand management	The average consumption of drinking water per day per resident within the district.	<0.6 m ³	Achieved (0.42m ³)	Achieved (0.53m ³)	The average consumption was 0.42 m ³ per person per day.
Fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are:				
	a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 2 hours	Achieved	Achieved (0 urgent call outs)	There were 2 non urgent call outs received and the median response time was 27 minutes.
	b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption. ²⁶	Less than 8 hours	Achieved	Achieved	Median resolution was 3 hours 12 minutes.
	c) Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	24 hours	Achieved	Achieved (88 callouts and the median response time was 0.57 hours)	461 non-urgent call outs and median response time 26 minutes. Many of the non-urgent call outs related to the discolouration of the water issue as raised under complaints. The issue was complex and took some time to identify the issue which related to high levels of manganese in Te Wai o Marukaa Pumphouse Spring which when combined with chlorine, oxidise and turn the water brown/rusty coloured. Testing and isolation of the source confirmed this and the water quality issues have since improved to a level of no brown water issues.

²⁵ Taumata Arowai introduced new Drinking Water Quality Assurance Rules (DWQAR from 12 November 2022. The reporting again it started from 1 January 2023.

²⁶ An urgent call-out is one that leads to a complete loss of supply of drinking water. A non-urgent call-out is one where there is still a supply of drinking water.

Levels of Service	Measures	Target 2022/23	Results 2022/23	Results 2021/22	Comments
	d) Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	48 hours	Achieved	Achieved (Median resolution time was 2.23 hours)	Median resolution was 1 hour 55 minutes.
Water is sourced with minimal environmental effects	Compliance with BOP Regional Council water supply resource consents as reported in annual "consents and compliance field sheet"	Compliance ²⁷	Not Achieved	Achieved	There was one non-compliance with BOP Regional Council water consent.
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Achieved	Achieved (2 shutdowns)	1 unplanned shutdown occurred.
	Number of unplanned shutdowns – pump stations	None	Achieved	Achieved (None)	There were no unplanned shutdowns of pump stations during the year
	Number of water main breaks	No more than 8	Achieved	Achieved (7 breaks)	2 water main breaks occurred.

* Results are based on attendance and resolution times recorded by Council staff responding to the call-outs, however there is no process to independently verify the information.



Wayne's Way was unveiled to recognise the contribution and mana of the late Wayne Brooking, Council's former Three Waters Team Leader

²⁷ BOPRC inspection reports state either compliance or non-compliance

KAWERAU DISTRICT COUNCIL WATER SUPPLY

Funding Impact Statement for the year ended 30 June 2023

	2022 Long Term Plan	2023 Long Term Plan	Actual
General rates, UAGC and rate penalties	1,173,550	1,290,120	1,350,858
Targeted rates	208,070	214,650	262,892
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	50,080	52,470	64,572
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,431,700	1,557,240	1,678,322
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	466,600	498,230	517,328
Finance costs	25,000	75,000	62,742
Internal charges and overheads applied	383,770	401,460	408,732
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	875,370	974,690	988,802
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	556,330	582,550	689,520
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	2,000,000	2,000,000	2,000,000
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	2,000,000	2,000,000	2,000,000
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	2,213,000	2,580,780	1,764,952
Increase/(decrease) in reserves	343,330	1,770	924,568
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	2,556,330	2,582,550	2,689,520
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(556,330)	(582,550)	(689,520)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Capital expenditure for this activity during the year included:

<u>2021/22</u>	CAPITAL RENEWALS	Budget (LTP)	2022/23
1,232,000	Pipework Replacement	1,900,500	1,249,662
48,186	Toby Replacement	157,500	45,895
0	Valve Replacement	42,000	147,795
0	Refurbish Pumps	22,155	168,542
3,816	UV Tube Replacement	13,650	11,259
0	Reservoir, Headworks & Hydrants	44,975	141,800
61,240	Other renewals	0	0
<u>1,345,242</u>	Total Infrastructural	<u>2,580,780</u>	<u>1,764,952</u>

FUNDED BY:

20,000	Subsidies and grants for capital purposes	0	0
0	Loan	2,000,000	2,000,000
1,325,242	Depreciation Reserve Funding	580,780	(235,048)
<u>1,345,242</u>		<u>2,580,780</u>	<u>1,764,952</u>

The pipework replacement project made significant progress during the year and the loan to fund this project was raised in December 2022.



Mayor Faylene Tunui and Three Waters Team Leader Glen Penny at the Water Treatment Plant.

WASTEWATER

ACTIVITIES IN THE GROUP AND IMPACTS ON COMMUNITY WELLBEINGS

The Wastewater group of activities involves the collection and disposal of wastewater (including sewage). Council's wastewater system is a network of pipes, manholes, cleaning eyes, pumps and a treatment plant. Wastewater is collected from almost all properties in the district and treated and disposed of in accordance with consent conditions.

The wastewater activities are:

- The treatment of wastewater from properties in the district
- Repairing or replacing unsound pipes and other wastewater structures
- Cleaning pipes
- Planning to meet future requirements and improving operations

Impact on Community Well-beings

The wastewater activity impacts mostly on the social, environmental and cultural well-beings for the community.

This activity is responsible for providing wastewater disposal services for the community in a sustainable manner that is not culturally offensive, ensuring that it meets the necessary environmental standards and is affordable for residents.

NATURE AND SCOPE

Council is involved in wastewater collection and disposal to fulfil a range of legislative duties imposed by the Health Act, the Building Act and the Local Government Act. Council's aims in providing a wastewater disposal system are to enhance public health in the District and to safeguard the local environment.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Wastewater group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

The Wastewater activity contributes to the good health and safety of the Community.

THE YEAR IN SUMMARY

Achievements in the Wastewater group of activities in 2022/23 were:

- Continuous provision of service to high standard
- Renewal of pumps at treatment plant
- Renewal of 0.7 km of wastewater pipe for the year

WASTEWATER

PERFORMANCE

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	>96% ²⁸	<p style="text-align: center;">Not Achieved 29</p> <p>Community satisfaction 70%</p> <p>User satisfaction 82%</p>	N/A	<p>A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau. It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore. The 2023 survey was carried out during the peak levels of the brown / discoloured water issues in April</p>

²⁸ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2011, 2014 and 2017 Community survey results (by NBR)

²⁹ Triennial Community Survey results have a margin of error of +/- 6%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
					and May 2023. Despite this measure being specifically about wastewater, it is likely that the level of dissatisfaction with water may have impacted on the level of satisfaction of the provision of all water services. Council investigations in May and June confirmed that the cause of the brown water was due to high levels of manganese in Te Wai o Marukaa Pumphouse Spring which when combined with chlorine, oxidise and turn the water brown/rusty coloured. Testing and isolation of the source confirmed this and the water quality issues have since improved to a level of no brown water issues. Please refer to page 62 regarding survey methodology.
Customer satisfaction	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, expressed per 1000 connections to the sewerage system.	a) No more than 1 per 1,000 connections b) No more than 15 per 1,000 connections c) No more than 15 per 1,000 connections d) 0 per 1,000 connections	Achieved a) 0.3 per 1,000 b) 0 per 1,000 c) 1.7 per 1,000 d) 0 per 1,000	Achieved a) 0 per 1,000 b) 1.7 per 1,000 c) 2.8 per 1,000 d) 0 per 1,000	Council has 2,880 connections a) 1 odour issues (0.3 per 1,000) b) 0 faults reported (0 per 1000) c) There were 5 blockages (1.7 per 1000) d) There were no complaints about responses (0 per 1,000)
System Adequacy	The number of dry ³⁰ weather sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system ³¹	0 per 1,000 connections to the sewerage system	Not Achieved (1 overflow)	Not Achieved (4 overflows)	There was 1 dry weather overflow reported during the year.

³⁰ Dry weather sewage overflow means sewage that escapes a territorial authority's sewerages system and enters the environment during periods of dry weather.

³¹ Sewage overflow means sewage that escapes Council's sewerage system and enters the environment.

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Fault response times	Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:				
	a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 1 hour.	Achieved	Achieved (5 overflow attended within 1 hour)	There were 1 sewerage overflows which was attended to in 15 minutes.
	b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	Less than 8 hours.	Achieved	Not achieved (4 overflow resolved but one took over 8 hours)	1 sewerage overflow occurred, response attendance 2 hours.
Council provides a reliable domestic wastewater collection and disposal service	Number of disruptions to wastewater collection service	No more than 50.	Achieved	Achieved only 1 disruption	There were no disruptions to wastewater collection service during the year.
Discharge compliance	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received in relation those resource consents.	No notices, orders or convictions.	Not Achieved a) 0 b) 1 c) 0 d) 0	Not Achieved a) 0 b) 14 c) 0 d) 0	Council did not receive any abatement notices, enforcement orders nor convictions during the year.
The wastewater treatment plant operates effectively	Compliance with wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Compliance. ³²	Not achieved	Not achieved (Excessive volumes from dairy factory)	Council did not comply with all conditions of the resource consent due to a component failure in the treatment plant. An infringement notice was issued.

* Results are based on attendance and resolution times recorded by Council staff responding to the call-outs, however, there is no process to independently verify the information.

³² BOPRC inspection reports state either compliance or non-compliance.

KAWERAU DISTRICT COUNCIL WASTEWATER

Funding Impact Statement for the year ended 30 June 2023

	2022 Long Term Plan	2023 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	1,277,630	1,306,370	1,357,403
Targeted rates	446,910	459,290	440,250
Subsidies and grants for operating purposes	0	0	0
Fees and charges	50,000	51,700	117,662
Internal charges and overheads recovered	38,070	32,270	60,234
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,812,610	1,849,630	1,975,549
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	731,790	750,900	690,257
Finance costs	0	0	440
Internal charges and overheads applied	558,910	576,480	644,479
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,290,700	1,327,380	1,335,176
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	521,910	522,250	640,373
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	985,000	1,209,700	634,032
Increase/(decrease) in reserves	(463,090)	(687,450)	6,341
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	521,910	522,250	640,373
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(521,910)	(522,250)	(640,373)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

There was less spent on pipe renewals and treatment plant update due to delays resulting from resource shortages.

The capital expenditure during the year that relates to this activity is as follows:

<u>2021/22</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2022/23</u>
742,056	Wastewater Pipework	791,160	357,741
208,743	Other renewals	418,540	276,291
950,799	Total Infrastructural	1,209,700	634,032
FUNDED BY:			
930,799	Depreciation Reserve Funding	1,209,700	634,032
20,000	Subsidies and grants for capital purposes	0	0
950,799		1,209,700	634,032



Mayor Faylene Tunui and Deputy Mayor view the new telemetry operations system installed at the Waste Water Treatment Plant control room with Three Waters Team Leader Glen Penny.

SOLID WASTE

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

The Solid Waste group of activities involves the collection and disposal of solid waste to maintain public health avoid public nuisance and retain aesthetic values in the district.

The solid waste activities are:

- The weekly residual household waste collection.
- The operation of a local transfer station which accepts all types of waste. Residual waste is transported to Tirohia landfill on the Hauraki Plains.
- A weekly “zero-waste” kerbside collection of recyclable materials and a fortnightly green waste collection

Impact on Community Well-beings

The solid activity impacts mostly on the social, environmental and cultural well-beings for the community.

This activity is responsible for providing solid waste disposal services for the community in a sustainable manner that is not culturally offensive, ensuring that it meets the necessary environmental standards and is affordable for residents.

NATURE AND SCOPE

Council is involved in refuse collection to provide the community with a convenient method to remove unwanted materials from their properties, thereby upholding public health and hygiene standards.

The aim of refuse disposal is to dispose of refuse in an environmentally acceptable manner.

The recycling/zero waste activity aims to reduce the volume of waste going to the landfill by maximising the material going to reusable waste streams thereby minimising some of the negative environmental effects of human consumption.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Solid Waste group of activities contributes mainly to Kawerau’s Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The potential negative effects for this group of activities are:

- Odour
- Health risks
- Vermin infestation
- Visual pollution.

THE YEAR IN SUMMARY

Achievements in the Solid Waste group of activities in 2022/23 were:

- Refuse and recycle collections continued throughout the year without disruption
- There was additional revenue as a result of increased volumes, but there was also increased disposal costs
- Increased volumes of material going to the recycling centre compared to previous years.

SOLID WASTE

PERFORMANCE

Refuse Collection and Disposal

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Provision of cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	>92% ³³	Not Achieved 34 Community satisfaction 90% User satisfaction 90%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau. It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore. Please refer to page 62 regarding survey methodology.
	Community satisfaction with refuse disposal	>74%	Not Achieved Community satisfaction 68% User satisfaction 78%	N/A	

³³ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2011, 2014 and 2017 Community survey results (by NBR)

³⁴ Triennial Community Survey results have a margin of error of +/- 3%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Council's refuse collection and disposal services meet the needs of the Kawerau community and help maintain public health and a clean environment.	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual consents and compliance field sheets	Compliance	Achieved	Achieved	No notices, abatement notices, enforcement orders or convictions.

Recycling (Zero Waste)

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Material that would otherwise go to the landfill as household refuse is collected by the recycling collection service.	Average amount of recyclable material collected from each household ³⁵	No less than 178 kg per annum	Achieved	Not Achieved (72.3 kg per household)	2,880 households and 188 kg per household on average.
Council's refuse collection and disposal services meets the needs of the Kawerau community and helps maintain public health and a clean environment	Community satisfaction with recycling services	>92% ³⁶	Not Achieved 37 Community satisfaction 76% User satisfaction 81%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau. It is also important to consider the impact of significant circumstances when evaluating satisfaction

³⁵ This performance target is set to encourage recycling, which reduces the amount of refuse disposed of to landfill. The minimum amount set was selected in the LTP as an initial starting point to encourage household recycling. The average is determined by the total amount of recyclable material dived

³⁶ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2011, 2014 and 2017 Community survey results (by NBR)

³⁷ Triennial Community Survey results have a margin of error of +/- 5%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
					<p>levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.</p> <p>Please refer to page 62 regarding survey methodology.</p>

**KAWERAU DISTRICT COUNCIL
SOLID WASTE**

**Funding Impact Statement
for the year ended 30 June 2023**

	2022 Long Term Plan	2023 Annual Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	771,460	781,830	849,053
Targeted rates	514,600	527,350	549,384
Subsidies and grants for operating purposes	0	0	0
Fees and charges	601,100	613,120	976,049
Internal charges and overheads recovered	47,870	48,870	34,049
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,935,030	1,971,170	2,408,535
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,329,690	1,347,070	1,921,964
Finance costs	4,500	4,140	6,135
Internal charges and overheads applied	569,230	587,790	848,187
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,903,420	1,939,000	2,776,286
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	31,610	32,170	(367,751)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	3,000	0	35,411
Increase/(decrease) in reserves	28,610	32,170	(403,162)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	31,610	32,170	(367,751)
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(31,610)	(32,170)	367,751
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

More fees were received for waste disposal, but there was also an increase in costs because of higher volumes and increased disposal costs. Also, during the year Council had to replace the gate to the transfer station and carry out site investigations for a contaminated material disposal site.

LEISURE & RECREATION

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

The Leisure and Recreation group of activities includes community halls and facilities, the district library and museum, the swimming pool complex, Kawerau's many parks and gardens and the cemetery. The activities are:

Community Halls and Public Facilities

Council owns and maintains four public halls for recreational and cultural pursuits, four clubroom/pavilion buildings on reserves used by various sporting codes and 3 public toilet facilities on reserves. All these halls and facilities are available for public hire at reasonable rates.

District Library and Museum

The Kawerau District Library and Sir James Fletcher Kawerau Museum is a key facility which supports Community information needs, recreation, cultural interests and lifelong learning.

Parks and Reserves

Council owns and maintains a number of recreation reserves which include sports fields, passive reserves and children's playgrounds. Specimen trees and flowerbeds on roadside and amenity reserves further enhance the visual beauty of the District. Council also provides the Kawerau Cemetery to accommodate Community interment needs.

Swimming Pools Complex

Popular both with locals and visitors, the Maurie Kjar Memorial Swimming Pools Complex is a year-round facility with geothermally-heated swimming and spa pools. Entry is free.

IMPACT ON COMMUNITY WELLBEING

The leisure and recreation activity impacts mostly on the social, cultural and economic well-beings for the community.

This activity group is responsible for providing leisure and recreation services for the community to meet their social and cultural needs and also promote both physical and mental health. The activities in this group are provided by Council to make them available and affordable for residents.

NATURE AND SCOPE

Council maintains sporting, leisure and recreational facilities to enhance the nature of Kawerau as a recreation and leisure-conscious Community and to maximise opportunities for the Community to participate in recreational and cultural pursuits. Because this group of activities can potentially improve the quality of life of the whole Community in some way, it is important to Council that a wide range of services is provided.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Leisure and Recreation group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*
- *Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.*

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Leisure and Recreation group of activities provides the people of Kawerau with a quality of life second to none. The level of quality and extent of these services directly improves the quality of life of the community.

THE YEAR IN SUMMARY

Major highlights for the Leisure and Recreation group of activities in 2022/23 were:

- Renewal of children and adult books at the library and completion of upgrade to reception area
- On-going renewals at the swimming pool
- Construction of new pool entrance and office
- Renewal of a number of reserve fences including boundary fences
- Purchase of new equipment for Hilldale Reserve Playground.



Mayor Faylene Tunui reopens the Maurie Kjar Aquatic Centre in November 2022.



LEISURE & RECREATION

PERFORMANCE

Public Library

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
The library is accessible to the public	Percentage of the population who are active members of the library ³⁸	>25%	Not achieved (18.1%)	Not achieved (19.5%)	At the end of June 2023, there were 1,354 active users of the library (18.1%)
	New items per 1,000 population added to the collection each year ³⁹	500	Not achieved (411 new items per 1,000)	Not achieved (403 new items per 1,000)	There were 411 new items (per 1,000 of population) added to the collection.
Council provides public library services and resources which suit community needs	Community satisfaction with the public library	>86% ⁴⁰	Not Achieved ⁴¹ Community satisfaction 73% User satisfaction 90%	N/A	<p>A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023.</p> <p>In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.</p> <p>It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.</p> <p>Please refer to page 62 regarding survey methodology.</p>

³⁸ Based on those who have used the library services in the past two years.

³⁹ The target for new books is to ensure there are new library book stocks available, ensuring the books are new and relevant to meet the needs of the library users. The target was set in the LTP and took into consideration historic knowledge on collection levels.

⁴⁰ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2014, 2017 and 2020 Community survey results (by NBR)

⁴¹ Triennial Community Survey results have a margin of error of +/- 4%

Museum

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Council provides a museum service which reflects community needs	Number of exhibitions held	6 exhibitions held for year	Achieved (6 exhibitions)	Achieved (7 exhibitions)	There were 6 exhibitions held during the year
	Number of objects processed per annum	200	Achieved (234 objects)	Achieved (224 objects)	There were 234 objects accessioned into the museum collection
	Community satisfaction with the museum	>62% ⁴²	<p>Not Achieved ⁴³</p> <p>Community satisfaction 37%</p> <p>User satisfaction 77%</p> <p>(NB the community satisfaction includes 44% of respondents who were unsure)</p>	N/A	<p>A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023.</p> <p>In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.</p> <p>It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.</p> <p>Please refer to page 62 regarding survey methodology.</p>

⁴² Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2014, 2017 and 2020 Community survey results (by NBR)

⁴³ Triennial Community Survey results have a margin of error of +/- 9%

Swimming Pools

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Council provides a swimming pool complex which is accessible to the Community	Weeks open per year	Open at least 48 weeks	Not Achieved (39/52)	Not achieved (20/52)	Pool was open 39/52 weeks for the year due to staff shortages, maintenance and issues with the geothermal well.
Swimming pool water meets water quality standards	Level of compliance with standards ⁴⁴	Full compliance in 95% of tests	Achieved (97%)	Achieved (97%)	There was at least 97% compliance for tests
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	>93% ⁴⁵	Not Achieved ⁴⁶ Community satisfaction 63% User satisfaction 72%	N/A	<p>A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023.</p> <p>In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.</p> <p>It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.</p> <p>It is important to note that the Aquatic Centre had multiple closures due to staff shortages during the pandemic; and a prolonged closure due to</p>

⁴⁴ The water quality standards are to comply with Standard for Pool Water Quality – NZS 5826:2010

⁴⁵ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2014, 2017 and 2020 Community survey results (by NBR)

⁴⁶ Triennial Community Survey results have a margin of error of +/- 6%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
					issues with the geothermal well which required major refurbishment. This facility is a well-loved facility for locals both during public hours and also as a venue for private functions, birthday parties and events. Please refer to page 62 regarding survey methodology.

Public Halls and Facilities

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Council provides public halls and facilities which reflects community needs	Community satisfaction with public halls	>81% ⁴⁷	Not Achieved ⁴⁸ 57%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau. It is also important to consider the impact of significant circumstances when
	User satisfaction with the public halls	>93% ³⁰	Not Achieved ³¹ 83%	N/A	
	Community satisfaction with public toilets	>70% ³⁰	Not achieved ³¹ 57%	N/A	
	User satisfaction with the public toilets	>87% ³⁰	Not achieved ³¹ 79%	N/A	

⁴⁷ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2014, 2017 and 2020 Community survey results (by NBR)

⁴⁸ Triennial Community Survey results have a margin of error of +/- 6%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
					evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore. Please refer to page 62 regarding survey methodology.
Four Community halls available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall	Number of weeks public halls available for hire	Each hall is available for 50 weeks	Achieved (52/52 weeks)	Not Achieved (47/52 5 weeks closed due to Covid Lockdown)	Despite some ongoing restrictions that were put in place for the health, safety and well-being of residents due to the pandemic all halls were available for 52 weeks to 30 June 2023, apart from the Rec Centre which was closed 2 weeks
Clean public toilets are provided in the central business district	Town centre public toilets are open for at least 360 days	Open at least 360 days	Achieved (365/365)	Achieved (365/365)	The town centre public toilets were open 365/365 days at end of June.

Parks and Reserves

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
Council provides parks and reserves which meets community needs	Community satisfaction with parks and reserves	>93% ⁴⁹	Not Achieved ⁵⁰ Community satisfaction 78% User satisfaction 82%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.

⁴⁹ Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2014, 2017 and 2020 community survey results (by NBR)

⁵⁰ Triennial Community Survey results have a margin of error of +/- 5%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
					It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore. Please refer to page 62 regarding survey methodology.
Sport field playing surfaces meet the requirements of codes for which they are used	Implementation of recommendations of NZ Sports Turf Institute advisory reports.	100%	Achieved	Achieved	NZ Sports and Turf inspected the sports fields in August 2022, with recommendations implemented.
Bedding displays are attractive and updated to suit the season	Number of bedding displays ⁵¹	2 (1 summer and 1 winter)	Achieved	Achieved	Summer and winter displays were planted
Playground equipment is safe for children to use	Monthly inspections of all playground equipment	12 inspections conducted	Not achieved	Not achieved (only 10 inspections)	Only ten inspections were carried out due to staff shortages
The Kawerau Cemetery meets community interment needs in the present and the medium term	Number of burial plots available	At least enough available for the next 5 years	Achieved	Achieved	There are currently enough plots for approximately a further 18 years.
	Community satisfaction with the cemetery	>78% ⁵²	Not Achieved ⁵³ Community satisfaction 64% User satisfaction 91%	N/A	A new service provider has completed Council's triennial survey to ensure a better set of results that represent a fairer and more accurate measure of residents' sentiments. Comparisons with previous targets are largely lower and these differences can be attributed to a mixed-mode of collection allowing different demographics to be heard in 2023. In combination, this necessitates a 'reset' due to new methodology; 10-scale answer model (industry

⁵¹ Bedding displays are the garden plant displays around the District. To keep the town looking attractive a winter and summer display is Council target for all year round attractive gardens.

⁵² Target set in Long-Term Plan 2021-2031 Statement of Intended Service Provision based on average of 2011, 2014 and 2017 survey results (by NBR)

⁵³ Survey results have a margin of error of +/- 5%

Levels of Service	Measures	Target 2022/23	Result 2022/23	Result 2021/22	Comment
					<p>standard); mixed-mode of data collection; additional sampling methods and weightings based on age, gender and ethnicity population statistics in Kawerau.</p> <p>It is also important to consider the impact of significant circumstances when evaluating satisfaction levels and the ability of Council to meet the needs of the community due to post-pandemic issues and sentiment; rising cost of living, and extreme weather events that have brought local issues to the fore.</p> <p>Please refer to page 62 regarding survey methodology.</p>

KAWERAU DISTRICT COUNCIL
Leisure and Recreation
Funding Impact Statement
for the year ended 30 June 2023

	2022 Long Term Plan	2023 Long Term Plan	2023 Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	3,979,910	4,107,550	4,145,513
Targeted rates	0	0	0
Subsidies and grants for operating purposes	900	920	91,100
Fees and charges	193,000	196,850	124,795
Internal charges and overheads recovered	14,850	16,400	34,139
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	4,188,660	4,321,720	4,395,547
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	2,289,640	2,365,890	2,380,055
Finance costs	43,240	41,760	64,714
Internal charges and overheads applied	1,236,660	1,281,330	1,386,759
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,569,540	3,688,980	3,831,528
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	619,120	632,740	564,019
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	371,340	265,370	525,154
Increase/(decrease) in reserves	247,780	367,370	38,865
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	619,120	632,740	564,019
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(619,120)	(632,740)	(564,019)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2021/22</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2022/23</u>
62,891	Library Stock Renewals	74,400	67,743
6,250	Other Library/Museum	14,110	704
941,059	Swimming Pool Upgrades / Clubrooms	55,500	270,775
1,658	Recreation Centre Upgrades	6,730	4,778
0	Town Hall Upgrades	22,750	0
1,995	Concert Chamber Upgrade	10,470	9,874
0	Public Toilets	0	0
101,007	Sports-fields Improvements	22,700	53,454
25,619	Passive Reserves Improvements	54,880	84,251
4,077	Playground Renewals	3,830	33,575
0	Cemetery	0	0
1,144,556	Total Operational	265,370	525,154
FUNDED BY:			
0	Grants for capital renewals	0	0
1,144,556	Depreciation Reserve Funding	265,370	525,154
1,144,556		265,370	525,154

There was some additional projects done during the year in response to community demand. These included:

- Swimming Clubrooms fit-out and construction of new pool entrance/office
- Installation of irrigation system at Tarawera Park
- Renewal of playground equipment at Hilldale Reserve



Kawerau District Library.

COUNCIL CONTROLLED ORGANISATIONS

BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES

Background

The Council Controlled Organisation was formally established in January 2008. The Company was set up by the eight local authorities in the Bay of Plenty region to foster collaboration between Councils in the delivery of services particularly back office or support services.

As a Council Controlled Organisation, the Bay of Plenty Local Authority Shared Services (BOPLASS) is a separate legal entity from Council and is responsible for delivering in accordance with an agreed Statement of Intent. The Company is governed by a Board of Directors who are the Chief Executives of the constituent local authorities.

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2023		
	Parent 2022/23 \$000's	Parent 2021/22 \$000's
Revenue	1,927	1,998
Expense	(1,951)	(1,986)
Net (Deficit)/Surplus Year	(24)	12
Less Tax Expenses		6
Net Surplus/(Deficit) after Tax	(24)	6

Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and had the Statement of Intent for 2022/23 and associated budget formally adopted by the directors at the meeting held 30 June 2021.

The following is a report of performance against targets set in the Statement of Intent for 2022/23.

Performance Targets for 2022/23		
Targets	Measure	Progress as at 30 June 2023
<p>Investigate new joint procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p>	<p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to participating councils.</p>	<p>Achieved. The new procurement initiatives which have been investigated during the year are as follows:</p> <ul style="list-style-type: none"> • MFDs (Photocopiers/Printers) • Oblique Aerial Imagery • Infrastructure Insurance • Social Listening Services • Crime Prevention Co-funding • CCTV Monitoring • Crime Prevention through Environmental Design • 24/7 Emergency Communications • New service for ICN • Waste Operator and Licensing Data System (WOLDS) • NAMS+ Subscription • Electronic Signing

Targets	Measure	Progress as at 30 June 2023
<p>Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.</p>	<p>BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.</p> <p>Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.</p>	<p>Achieved. BOPLASS is leading or managing, on behalf of other LASS:</p> <ul style="list-style-type: none"> • Waste Operator Licencing Data System • Postal Services • Courier Services • H&S Management System • Staff Wellbeing Portal • Regional Contractor Database • Occupational Health Services • Broader Outcomes in Procurement • Health & Safety training • Managing Conflict & Aggressive Behaviour • SHE Prequalification • Insurance Markets Joint Communications • Insurance Forum • Engagement with other LG collaborative groups. <p>BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads engaging regularly and formally meeting on a quarterly basis. Shared services projects being undertake by other LASS have been offered to BOPLASS councils, with the board making a decision to utilise these opportunities to avoid duplication of services.</p>
<p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils</p>	<p>Manage and/or renegotiate existing contracts.</p> <p>Contracts are reviewed annually to test for market competitiveness.</p> <p>New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p>	<p>Achieved. Contracts negotiated and/or renewed for:</p> <ul style="list-style-type: none"> • Cyber Insurance • GIS software and services • FME software • X-Tools • LiDAR Capture • My Everyday Wellbeing • Print Media Copyright Agency (PMCA) • ESRI Enterprise Licence Agreement • n3 (previously GSB) Membership • Media Monitoring Services • Inter-Council Network (ICN) • Zoom Video Conferencing Services • Standards NZ • Antenno • Health & Safety Management Software • IPWEA Membership • Aerial Imagery • GIS Training

Targets	Measure	Progress as at 30 June 2023
<p>Communicate with each shareholding council at appropriate levels.</p>	<p>Meeting with members of Executive Leadership Team, at least one meeting per year.</p>	<p>Achieved. BOPLASS continues to regularly engage with our constituent councils, senior management, and shareholders to ensure opportunities continue to be developed to the benefit of stakeholders.</p> <p>Engagement with individual ELT members was regularly undertake but formal meetings with all executive teams was unable to be completed with all councils this year.</p>
<p>Further develop and extend the collaboration portal for access to and sharing of, project information and opportunities from other councils and the greater local government community to increase the breadth of BOPLASS collaboration.</p> <p>Increase the use of the Collaboration Portal by providing support and training material for new and existing users.</p> <p>Proactively market the benefits to councils.</p>	<p>Number of listed projects to increase by 5% per year.</p> <p>Number of active users to increase by 5% per year.</p>	<p>Achieved. Projects continue to be added to the MahiTahi LG Collaboration Portal*, increasing 5% from 88 to 93 this year. Over time, usage of the dedicated project area has declined, with project activity increasing but now being mainly run from within specific Teams or Channels with the Portal. Given this change in usage, and the difficulty of monitoring individual Channels, this target has been removed for future years.</p> <ul style="list-style-type: none"> • Continued promotion of the MahiTahi LG Collaboration Portal * has seen a 13% increase in registered users with numbers increasing from 429 to 485. • On-boarding and training material has been helpful in creating a smooth transition for any new members. • The Regional Software Holdings Limited migration has resulted in exponential growth, with the Te Uru Kahika hub (regional and unitary councils) now hosted within the same environment as the MahiTahi Collaboration Portal*. Both the MahiTahi LG Collaboration Portal* and Te Uru Kahika sit side-by-side, with regional council users able to interact on both platforms. • A Teams environment was developed for Entity B of the Affordable Water Reform in order to provide a secure workspace and assist the group with communications and collaboration. The development of this Team was conducted in conjunction with Entity B stakeholders and a third-party Teams developer.

Targets	Measure	Progress as at 30 June 2023
Ensure current funding model is appropriate.	<p>Review BOPLASS expenditure and revenue and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved.</p> <p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <ul style="list-style-type: none"> • Council contributions were levied with annual council contributions now CPI adjusted. • Contributions were received from activities producing savings. • Vendor rebates collected. • An annual contribution from Co-Lab, MQ LASS, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal *. • Monthly and quarterly performance reviewed. • Financial statements and budget variances reported and reviewed at Board meetings. • Financial position year end 30 June 2023: \$22,979 deficit.

* The MahiTahi Collaboration Portal is an initiative to assist in accelerating growth of shared service strategies and projects throughout Local Government in New Zealand by increasing visibility of councils' opportunities to collaborate.

Toi-EDA (Economic Development Agency)

Toi-EDA is the Eastern Bay of Plenty Regional Economic Development Agency. It was set up by the three territorial authorities (Kawerau, Opotiki and Whakatane), the regional council (Bay of Plenty Regional Council) and Te Rūnanga o Ngāti Awa on behalf of Mataatua Iwi Forum.

Toi-EDA operates under a Deed of Trust. It has six experienced business people and community leaders as board members or trustees. The Trust operates under the umbrella of the new Bay of Plenty regional partnership with two other groups: Tauranga's Priority One and Destination Rotorua Economic Development.

Toi-EDA is responsible for economic development activities across the Eastern Bay of Plenty Region.

Toi-EDA adopted a three-year strategic plan with a strong focus on enhancing the Eastern Bay of Plenty's economic growth and resultant wealth for its people. It is a conduit in the Eastern Bay for Central Government economic development funding, and has been involved in designing an action plan of projects for funding from New Zealand Trade and Enterprise.

The work of Toi-EDA supports Kawerau District Council's community outcome "Council encourages economic and employment opportunities for the community."



The roundabout on State Highway 2 developed for entry into the Pūtauaki Trust Industrial land.

MONITORING OF PROGRESS TOWARDS ACHIEVING COMMUNITY OUTCOMES

One of the approaches Council uses to determine how well it is performing is by obtaining community feedback by conducting a structured survey with the community. For the 2022/23 survey this was conducted for the first time by SIL with a new methodology (see detailed explanation of the changes under the Statement of Service Performance). The results for the January 2020 survey were collected by the National Research Bureau's 'Communitrak' survey. The overall satisfaction below is based on user satisfaction, which is more consistent with the NBR results for 2020. To further assess Council's performance comparisons against the national benchmarks are included below.

Measure (Community satisfaction with)	Very/ Fairly Satisfied 2020 %	Very/ Fairly Satisfied 2023 %	Very/ Fairly Satisfied National Benchmark 2023 %
Performance of the Mayor and Councillors in the last year	83	69	53
The way rates are spent on services and facilities provided by Council	89	62	39
Consultation and Community Involvement - The way Council involves the public	65	64	51
Dog Control Service	81	34	63
Public Library	87	83	N/A
Refuse disposal (Refuse Transfer Station)	78	78	66
Rubbish collection	97	90	73
Recycling services	91	81	N/A
Community attractiveness and beautification	98	84	N/A
Museum	58	77	N/A
Quality of life in Kawerau	91	67	N/A
Kawerau is definitely or mostly a safe place to live	88	84	58
Kawerau as a place to live is the same or better than it was three years ago	92 (agree)	67 (agree)	N/A
Emergency management – Percentage of households which have an emergency management kit	49	50	N/A
Water supply	73	40	73
Parks and reserves	93	82	82
Swimming pool	90	72	69
Roads	95	57	43
Footpaths	81	60	60
Wastewater (sewage disposal)	95	82	74
Cemetery	76	91	79
Public toilets	80	79	67
Community spirit	86	75	N/A
Public halls	80	83	N/A

Council also undertook monthly surveys of users of its services throughout the 2022/23 year. There continued to be a high level of user satisfaction with all Council services. The Summary of these survey results is as follows:

ALL SERVICES

2021/22	Customer Service Satisfaction Survey (CSSS)	2022/23
477	CSSS forms posted out	592
107	CSSS forms returned	133
22.4%	Response rate	22.4%
Feedback received from Customers		
68	Predominantly Excellent	78
19	Predominantly Good	36
7	Predominantly Only Fair	8
5	Predominantly Poor	6
3	Not applicable	1
5	No boxes ticked	4
Conclusion		
87.9%	% customers satisfied (Excellent/Good)*	85.7%
12.1%	% customers unsatisfied (Fair/Poor)*	10.5%

*The not applicable boxes and no boxes ticked categories have not been included in the percentage figures



A view of Kawerau township.

