



KAWERAU DISTRICT COUNCIL

Annual Report

For the Year Ended 30 June 2021



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Message from the Mayor and Chief Executive Officer

Kō Pūtauaki te Maunga
Kō Te Aotahi te Tangata
Ko te takanga I o Apa te Wai
Kō Tūwharetoa te Iwi
Kō Te Arawa te Waka
Tihei Mauri Ora

Kia ora and welcome to Council's Annual Report for the 12 months ended 30 June 2021.

The Annual Report outlines how well Council has delivered on what was planned in the Annual and Long Term Plan. It also determines the state of Council's finances.

The following is a brief summary of the financial results for 2020/21:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	15,027,080	16,470,602	1,443,522
Operating Expense	<u>14,670,530</u>	<u>15,045,308</u>	(374,778)
Operating Surplus/(Deficit)	356,550	1,425,294	1,068,744
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	74,161,640	93,013,633	18,851,993
Liabilities	3,405,690	6,772,209	(3,366,519)
Ratepayers Equity	70,755,950	86,241,424	15,485,474

Overall, the financial result was very good, with Council continuing to maintain excellent services for residents while still being in a strong financial position. Council revalued its land at 30 June 2021 due to the significant increase in the value of these assets. This is the main reason for the significant increase in the value of assets.

During the year Council spent an additional \$374,780 more than budget but also received \$1,443,500 more revenue than budget. This additional revenue resulted from additional subsidies and grants income received for: swimming pool renovations, Three Waters Reform, roading subsidy for carried forward projects and employment initiative funding. This additional revenue meant Council was able to improve the facilities and services during the year for the community.

The COVID-19 pandemic continued to impact on Council and the community during the year with projects which were delayed in the previous year having to be carried out during 2020/21. Also some capital projects planned for the year were unable to be completed due to shortages in materials.

For the 2020/21 financial year Council spent \$7.2 million on capital projects compared to the budget of \$6.3 million. The additional expenditure was mainly due to the COVID-19 lockdown in the previous year delaying some projects which had to be carried forward.

The major achievements during the 2020/21 financial year included:

- Successful management and completion of events including King of the Mountain Race and Christmas in the Park
- Continued provision of council services to a high standard throughout the year
- Retention of Building Consent Authority registration and accreditation

The major projects undertaken during the year, included:

- Upgrading the culverts on River Road to reduce the likelihood of future flooding of properties in the area
- Upgrading the town centre (stage 1) and improving the safety for residents
- Construction and sale of eight units in the Porritt Glade Lifestyle Village
- Renewal of 3.9 kms of water mains in the Massey Street/Bell Street area as well as installing a new riser main to the Monica Lanham reservoirs
- Renewal and upgrade of Wastewater Treatment Plant
- Continued progress and renewal of damaged and dangerous footpaths as well as kerb and channels

There were some significant changes announced for local government during the year, which included: Three Waters reform, the Resource Management Act review and the Future of Local Government reform. The impact of these reforms is likely to be significant for both for Council and the community, and we will keep residents informed as more information becomes available.

In addition, the community's biggest ratepayer announced that it was ceasing operating from 30 June 2021. Council will be reviewing its services during the year to see if any savings can be achieved and also determining how the remaining rating shortfall will be spread.

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)
- NZ Lotteries Board
- Community Organisation Grants Scheme (DIA)
- Ministry for Youth and Development

Council appreciates the support it receives from these organisations.

Finally, 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.



Malcolm Campbell, JP
MAYOR



Russell George, CA, MBA
CHIEF EXECUTIVE OFFICER



Significant Events during the Year

COVID-19 PANDEMIC

The lockdown in the previous financial year restricted some Council services and delayed some capital projects. Most of these projects and corresponding revenue were undertaken during 2020/21.

However, the restrictions put in place by the Government continued to have an impact for Council during the 2020/21 financial year.

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. In addition, rate collection percentages are similar to previous years. 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 while there may be temporary reduction in this revenue, it is 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.

SIGNIFICANT RATEPAYER

During the year Norske Skog, which pays approximately 20% of Council's total rates, announced that it was ceasing operations and selling the site and assets. The last date of operation was 30 June 2021, and subsequently there was a significant reduction in the rateable value of this property. However, the rates revenue for the 2021/22 financial year was not impacted. Council will be considering options during the year which will include looking at council's costs as well as the allocation of the shortfall in rates. Council is confident that it remains a going concern and has prepared these accounts on that basis.



LEGISLATIVE REFORMS

During the year, Government announced that it was reviewing three significant areas of local government. These included:

- The three waters reforms
- Review of the Resource and Management Act 1991
- Review of the functions undertaken by local government

(i) Three Waters Reform

In July 2020, Government announced it was undertaking a review of the 3 waters (water, wastewater and stormwater) which are mostly owned and managed by the 67 local authorities throughout the country. The proposal by Government is that local authorities would no longer be responsible for delivering these activities and the assets would transfer to 4 entities to deliver the services.

(ii) RMA and Future of Local Government Reforms

A ministerial enquiry into the future of local government was undertaken during the year focusing on council's roles, functions and partnerships, representation and governance and funding and finance. A draft report with recommendations is scheduled for the end of September 2022 and a final report is expected to be presented to the minister at the end of April 2023. While this review could recommend significant changes to local government and what it does, there is no information available on the possible impacts of this review at this time.

The Minister for the Environment at the beginning of the financial year appointed a Resource Review panel to undertake a comprehensive review of the Resource Management Act and the relationship between affected parties. Government confirmed that the RMA will be repealed and replaced with 3 new acts. While, this will result in changes to how planning processes are carried out, there is no information on the possible impacts at this stage.

Assumptions

The three waters reform will have a significant impact for local government and their respective communities. Also, this will influence the future of the Local Government review as councils will have reduced activities and revenue unless other functions are given to local government.

However, Council has prepared these accounts as provided in Council's 2021 – 31 Long Term Plan.

Council and Staff Information

The Council is made up of a Mayor and 8 Councillors. The local body elections were last held 12 October 2019 and the next elections will be held in October 2022.

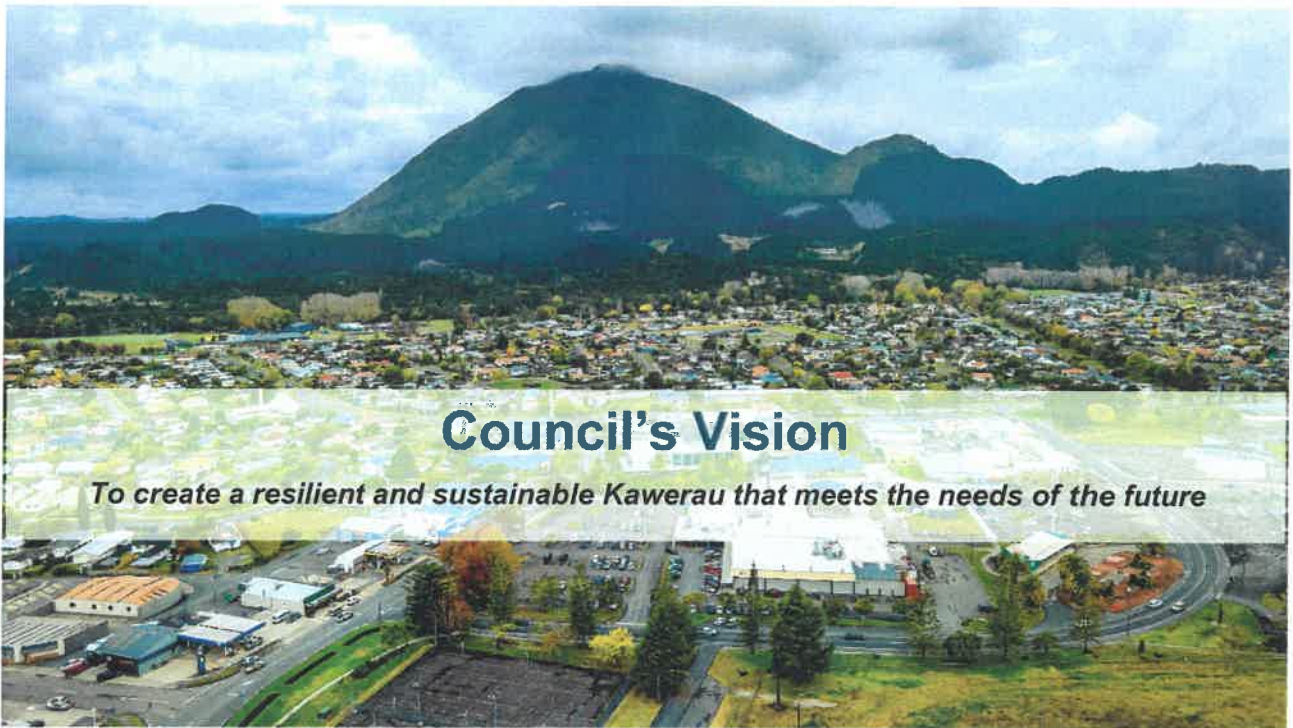
Mayor :	M J (Malcolm) Campbell, JP	027 457 6122
Deputy Mayor :	F K N (Faylene) Tunui	022 320 8840
Councillors :	W (Warwick) Godfery	027 204 5278
	C J (Carolyn) Ion	027 415 6458
	B J (Berice) Julian	323-9190 (res)
	S (Sela) Kingi	027 766 5023
	A (Aaron) Rangihika	021 159 0794
	R G K (Rex) Savage	323-7287 (res)
	D (David) Sparks	027 321 0740

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

Chief Executive Officer and Heads of Departments:

Chief Executive Officer	R B (Russell) George, CA, MBA
Group Manager, Finance & Corporate Services	P J (Peter) Christophers, BBS, ACA
Group Manager, Operations & Services	J J (Hanno) van der Merwe, MSc (Eng), PhD
Group Manager, Regulatory & Planning	M A (Michaela) Glaspey, LLB





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.

Building relationships with Tangata Whenua and Iwi

Kawerau District Council is committed to an open dialogue and ongoing relationship with Māori, Tangata Whenua and Iwi.

Council acknowledges that it can continue to improve relationships in both the areas of governance and operations.

At a governance level, the Iwi Kaumātua role on behalf of Tūwharetoa mai Kawerau ki te Tai Tangata Whenua has enabled Council to consider Te Ao Māori (world views) in its decision-making.

Council would like to acknowledge the cultural expertise provided by Reverend Amorangi (Graham) Te Rire, Kaumātua Te Haukakawa (Boycie) Te Rire and Reverend Tumihitai (George) Raerino.

Recently, Te Haukakawa accepted the role of Council's Cultural Advisor with support from his brother and fellow Kaumātua Reverend Amorangi Te Rire and Reverend Tumihitai Raerino and Iwi.

The basis and strength of this governance relationship relies on listening to one-another and kōrero kanohi te kanohi (talking face-to-face) at regular monthly hui. Gaining Te Ao Māori enables Council to seek out Tikanga Māori (protocols and customs) and advice and for inclusive decision-making processes.

Council recognises its obligation with te Tiriti o Waitangi (Treaty of Waitangi) and will strive to improve relationships and engagement with Tūwharetoa mai Kawerau ki te Tai as Tangata Whenua and Mana Whenua (the customary authority for the Kawerau District).

Within the Kawerau rohe (district) Council recognises the significance of iwi organisations and hapū including Hahuru Marae Trust, TOHU Marae Trust and Te Rautahi Marae (a community marae) are recognised consultation partners with regards to the development of strategies, policies, bylaws and plans.

Within the Covid-19 response, Council has forged ongoing relationships with Tūwharetoa Ki Kawerau Hauora governance, board and operations.

Council also recognises the importance of ongoing relationships and te Tiriti o Waitangi obligations with Te Rūnanga o Ngāti Awa, which has a historical tribal interest and owns some whenua (land) in the district, and with Ngāti Rangitahi, Ngai Tūhoe and Tūhourangi Tribal Authority?

Closer relationships have been forged with Pūtauaki Trust and Tūwharetoa mai Kawerau ki te Tai as part of the economic development thanks to investment via the Provincial Growth Fund.

Māori represent more than 62% of the Kawerau community and Council is fortunate that this is reflected in the ethnic makeup of both Council's elected members and the Kawerau Youth Council. However, Council has committed to engaging with the community about future representation including Māori wards for the 2025 election.

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 2020/21 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 \$17,574 compared to the Annual Plan estimate for 2020/21 of \$28,310.

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 which was 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 2020/21 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 confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

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 non-financial reporting.

In the opinion of the Council and Management, the Annual Report for the year ended 30 June 2021 fairly reflects the financial position and operations of the Council.



M J Campbell, JP
Mayor



R B George, CA, MBA
Chief Executive Officer



Independent Auditor's Report

To the readers of Kawerau District Council's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Kawerau District Council (the District Council). The Auditor-General has appointed me, J R Smail, 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.

Our audit was completed late

Our audit was completed on 28 June 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 98(7)(a) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Opinion on the audited information

In our opinion:

- the financial statements on pages 18 to 52:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2021;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the 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 long-term plan and annual plan;
- the statement of service performance on pages 59 to 105:
 - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 65 to 105, 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 65 to 104, 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 53 to 58, 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.

Emphasis of matter – The Government’s three waters reform programme announcement

Without modifying our opinion, we draw attention to note 30 on page 50, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

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

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

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 13 and 106 to 110, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners 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 audited the District Council's 2021-31 long-term plan and performed a limited assurance engagement related to 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.



J R Smail
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 2021

\$ 2019/20		Note	\$ Budget	\$ 2020/21
	Revenue			
10,370,965	Rates revenue	3	10,751,220	10,673,155
1,001,280	Subsidies and grants	4	1,393,820	3,178,444
1,395,185	Fees and charges	5	1,784,730	1,644,801
100,609	Interest revenue	8	28,310	17,574
524,547	Other revenue	5	1,069,000	956,628
13,392,586	Total Revenue		15,027,080	16,470,602
	Expenses			
5,239,940	Personnel costs	6	5,366,150	5,203,731
3,247,020	Depreciation and amortisation expense	13-15	3,082,300	3,375,028
4,935	Finance costs	8	6,210	2,602
5,287,076	Other expenses	7	6,215,870	6,311,527
377,747	Loss on disposal of property, plant and equipment		0	152,420
14,156,718	Total Expenses		14,670,530	15,045,308
(764,132)	SURPLUS / (DEFICIT)		356,550	1,425,294
	Other comprehensive revenue and expense			
0	Property, plant and equipment revaluation		0	13,780,169
(764,132)	TOTAL COMPREHENSIVE REVENUE AND EXPENSE		356,550	15,205,463

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 2021

\$ 2019/20		Note	\$ Budget	\$ 2020/21
ASSETS				
Current assets				
3,293,541	Cash and cash equivalents	9	2,648,950	4,616,631
1,355,725	Receivables	10	1,377,790	1,481,517
500,000	Other financial assets	12	0	0
197,668	Prepayments		0	210,706
1,219,632	Inventory	11	1,495,800	1,167,908
<u>6,566,566</u>	Total current assets		<u>5,522,540</u>	<u>7,476,762</u>
Non-current assets				
36,252	Investment in CCOs	12	36,250	36,252
68,005,825	Property, plant and equipment	13	68,517,750	85,460,233
55,927	Intangible assets	14	85,100	40,389
<u>68,098,004</u>	Total non-current assets		<u>68,639,100</u>	<u>85,536,874</u>
<u>74,664,570</u>	TOTAL ASSETS		<u>74,161,640</u>	<u>93,013,636</u>
LIABILITIES				
Current liabilities				
2,721,471	Payables and deferred revenue	16	2,486,350	3,433,278
20,053	Borrowings and other financial liabilities	19	10,340	14,872
619,684	Employee entitlements	18	639,910	650,001
0	Retirement Village – Residents Liability	20	0	2,438,193
10,000	Provisions	17	10,000	10,000
<u>3,371,208</u>	Total current liabilities		<u>3,146,600</u>	<u>6,546,344</u>
Non-current liabilities				
154,286	Payables and deferred revenue	16	151,670	148,571
19,917	Borrowings and other financial liabilities	19	9,540	5,045
47,109	Employee entitlements	18	53,660	43,963
36,086	Provisions	17	44,200	28,286
<u>257,398</u>	Total non-current liabilities		<u>259,090</u>	<u>225,865</u>
<u>3,628,606</u>	TOTAL LIABILITIES		<u>3,405,690</u>	<u>6,772,209</u>
<u>71,035,964</u>	NET ASSETS		<u>70,755,950</u>	<u>86,241,427</u>
EQUITY				
35,665,388	Accumulated Funds	21	36,651,760	37,211,385
35,370,576	Reserves	21	34,104,190	49,030,042
<u>71,035,964</u>	TOTAL EQUITY		<u>70,755,950</u>	<u>86,241,427</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.


M.J. Campbell, JP
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 2021

\$ 2019/20	Total Equity	Note	\$ Budget	\$ 2020/21
71,800,096	Balance at 1 July		70,399,400	71,035,964
<u>(764,132)</u>	Total comprehensive revenue and expense		<u>356,550</u>	<u>15,205,463</u>
<u>71,035,964</u>	Balance at 30 June		<u>70,755,950</u>	<u>86,241,427</u>

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



KAWERAU DISTRICT COUNCIL

Statement of Cash Flows

For the Year Ended 30 June 2021

\$ 2019/20	Note	\$ Budget	\$ 2020/21
CASH FLOWS FROM OPERATING ACTIVITIES			
10,438,661		10,620,810	10,737,571
939,477		0	929,089
1,206,166		1,393,820	3,235,834
1,373,209		1,684,730	1,262,498
149,884		28,310	19,634
524,547		1,169,000	908,987
(5,533,309)		(6,079,360)	(6,006,704)
(5,179,078)		(5,389,37)	(5,176,560)
(4,935)		(6,200)	(2,602)
(151,354)		0	224,160
(934,965)		0	(925,965)
<u>2,828,303</u>		<u>3,421,740</u>	<u>5,205,942</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
39,823		1,860,000	33,200
(1,536)		0	0
2,500,000		0	500,000
0		0	2,485,000
(4,155,404)		(6,350,250)	(6,880,999)
<u>(1,617,117)</u>		<u>(4,490,250)</u>	<u>(3,862,799)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
0		0	0
0		0	0
(18,147)		(20,030)	(20,053)
<u>(18,147)</u>		<u>(20,030)</u>	<u>(20,053)</u>
<u>1,193,039</u>		<u>(1,088,540)</u>	<u>1,323,090</u>
2,100,502		3,737,490	3,293,541
<u>3,293,541</u>	9	<u>2,648,950</u>	<u>4,616,631</u>

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

Explanations of significant variances against budget are detailed in Note 31

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KAWERAU DISTRICT COUNCIL

Funding Impact Statement

(Whole of Council)
For the year ended 30 June 2021

	2020		2021	
	\$ Annual Plan	\$ Actual	\$ Annual Plan	\$ Actual
SOURCES OF OPERATING FUNDING				
General rates, UAGC and rate penalties	9,353,410	9,271,074	9,687,210	9,549,270
Targeted rates	1,040,330	1,099,891	1,064,010	1,123,885
Subsidies and grants for operating purposes	164,090	650,272	244,400	1,050,777
Fees and charges	1,513,310	1,395,185	1,684,700	1,644,801
Interest and dividends from investments	150,500	100,609	28,310	17,574
Local Authorities Fuel tax, fines, infringements and other receipts	668,350	524,547	1,169,000	909,821
TOTAL OPERATING FUNDING (A)	12,891,990	13,041,578	13,877,630	14,296,128
APPLICATIONS OF OPERATING FUNDING				
Payment to staff and suppliers	11,114,300	10,527,018	11,582,040	11,515,249
Finance costs	5,500	4,935	6,200	2,602
Other operating funding applications	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	11,119,800	10,531,953	11,588,240	11,517,851
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	1,772,190	2,509,625	2,289,390	2,778,277
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	712,660	351,008	1,149,420	2,127,667
Development and Financial contributions	0	0	0	0
Increase/(decrease) in debt	(19,600)	(18,147)	(20,030)	(20,053)
Gross proceeds from sale of assets	2,184,550	0	1,860,000	33,200
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	2,485,000
TOTAL SOURCES OF CAPITAL FUNDING (C)	2,877,610	332,861	2,989,390	4,625,814
APPLICATIONS OF CAPITAL FUNDS				
Capital expenditure:				
- to meet additional demand	2,386,000	2,378,734	1,503,000	2,342,880
- to improve the level of service	470,000	33,097	0	585,869
- to replace existing assets	3,066,520	1,932,212	4,847,250	4,267,274
Increase/(decrease) in reserves	(1,272,720)	(1,501,557)	(1,071,470)	208,070
Increase/(decrease) of investments	0	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	4,649,800	2,842,486	5,278,780	7,404,091
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(1,772,190)	(2,509,625)	(2,289,390)	(2,778,277)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0	0

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




Notes to Financial Statements

1. Statement of Accounting Policies for the Year Ended 30 June 2021

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 2021. The financial statements are authorised for issue by Council on 28 June 2022.

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.

New Zealand Transport Agency Subsidies

KDC receives government grants from the 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.

Retirement Village Occupation Right Agreement (ORA) revenue

Occupation Right Agreements confer the right of occupancy of the retirement village to the resident.

The Liabilities to Residents in the Statement of Financial Position represents the amounts due to residents. This is based on the ingoing price for the ORA and adjusted by any ORA terminated during the year and any recoverable Capital Sum.

The capital sum recoverable by the operator (Council) is accrued at 3.0% per annum of the ingoing price up to a total of 30% of the ingoing price.

On exit of the ORA the accrued capital sum is recoverable by the operator.

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.

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

Receivables are recorded at their face value less any provision for impairment.

Retirement village occupation right agreement receivables are recognised once an occupation right agreement settles and the funds are held by the Statutory Supervisor. The receivable is recorded at its nominal value and collection terms are based on the specific terms of the individual occupation right agreements. The Statutory Supervisor releases these funds to Council (operator) following instructions of the resident's lawyer at the commencement of occupation.

A provision for impairment of receivables is established when there is objective evidence that KDC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

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 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 (except for land). 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 valuations were performed by: Quotable Value Ltd of Council land as at 30 June 2021 and CBRE Ltd for the valuation of buildings as at 30 June 2019.

Restricted land and buildings are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuations were performed by: Quotable Value Ltd for Council land as at 30 June 2021 and CBRE Ltd for the valuation of buildings as at 30 June 2019

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 Knight Frank Ltd, and the valuation was effective as at 30 June 2019. 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, special collections 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, although at present Council does not hold any of these assets

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.

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%.

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 2020/21 in the 2020/21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the financial statements.

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.

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 2021:

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.

Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective, that have not been early adopted, and which are relevant to Council are:

PBE IPSAS 2 Cash Flow Statements

The amendment is effective for the year ending 30 June 2022 with early adoption permitted. This amendment will result in additional disclosures. Council did not early adopt this amendment.

PBE FRS 48 Services Performance Reporting

This standard is mandatory for annual report periods beginning on or after 1 January 2022. This standard 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.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial instruments replaces both PBE IPSAS 29 - Financial Instruments and PBE IFRS 9 – Financial Instruments and is effective for financial years beginning on or after 1 January 2022 with earlier adoption permitted.

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

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

The Council intends to adopt PBE IPSAS 41 for the 30 June 2022 financial year. The Council has not yet assessed in detail the impact of the new standard.

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Breach of Statutory Deadline

Kawerau Council was required under section 98 (7) (a) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 31 December 2021. This time frame was not met because Audit New Zealand was unable to complete the audit due to auditor shortage and the consequential effects of Covid-19 including lockdowns.

2. Summary of Revenue and Expenditure for Groups of Activities

The cost of service for each significant activity of the Council has been derived using the following costs allocation system: Direct costs are those costs directly attributable to a significant activity and are charged directly to those significant activities. Indirect costs are those costs that cannot be identified in an economical manner with a significant activity and are charged to significant activities using appropriate cost drivers such as expenditure, staff numbers and floor area. There has been no change to the costs drivers during the year.

General rates revenue has been included in the revenue for groups of activities.

Revenue and expenditure for groups of activities

<u>2019/20</u>		<u>Budget</u>	<u>2020/21</u>
	Revenue		
563,234	Democracy	737,010	976,436
2,128,966	Economic Development	2,311,840	1,779,735
1,251,714	Environmental Services	1,179,730	1,238,914
1,326,749	Roading	1,844,960	2,308,831
88,242	Stormwater	283,950	232,609
1,164,758	Water	1,182,550	1,254,093
1,728,926	Wastewater	1,776,870	2,094,761
1,795,426	Solid Waste	1,826,120	1,990,984
4,147,269	Leisure and Community Services	4,136,880	5,226,349
<u>14,195,284</u>		<u>15,279,910</u>	<u>17,102,712</u>
(802,69)	Less internal revenue	(252,830)	(632,110)
13,392,586	Total revenue	15,027,080	16,470,602

<u>2019/20</u>		<u>Budget</u>	<u>2020/21</u>
	Expenditure		
760,090	Democracy	855,770	993,279
2,203,913	Economic Development	2,386,710	2,135,248
1,148,365	Environmental Services	1,179,700	1,088,512
1,832,076	Roading	1,896,080	2,115,777
253,388	Stormwater	253,950	311,494
1,259,235	Water	1,182,540	1,552,022
1,630,532	Wastewater	1,776,870	1,879,914
1,732,897	Solid Waste	1,826,130	1,975,837
4,224,434	Leisure and Community Services	4,234,390	3,773,646
<u>15,044,930</u>		<u>15,279,910</u>	<u>15,825,729</u>
(888,212)	Less internal expenditure	(921,610)	(780,421)
14,156,718	Total expenditure	14,670,530	15,045,308

3. Rates Revenue

<u>2019/20</u>		<u>2020/21</u>
9,195,122	General rate	9,499,229
	Targeted rates attributable to activities:	
239,505	Water Supply – including metered water	273,788
424,014	Wastewater	411,150
436,372	Refuse Collection	438,947
75,952	Rate penalties	50,041
<u>10,370,965</u>	Total revenue from rates	<u>10,673,155</u>

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>2019/20</u>		<u>2020/21</u>
10,485,268	Total rates revenue	10,790,871
	Rates remissions	
<u>(114,303)</u>	Higher value properties/Farms	<u>(117,716)</u>
<u>10,370,965</u>	Rates revenue net of remissions	<u>10,673,155</u>

The Local Government (Rating) Act 2002 requires certain properties not 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>2019/20</u>		<u>2020/21</u>
497,211	NZ Transport Agency – Roading Subsidies	1,149,605
553	NZ Transport Agency – Subsidies for Stormwater	162,389
503,516	Grants for capital projects and events	1,262,450
0	Three Waters Reform Funding	604,000
<u>1,001,280</u>		<u>3,178,444</u>

There are no unfulfilled conditions or other contingencies attached to grants received (2020 \$Nil).

5. Fees and charges and other revenue

<u>2019/20</u>		<u>2020/21</u>
1,395,185	User fees and charges	1,644,801
63,004	Petrol Tax	66,128
13,940	Election recoveries	0
447,603	Profit on disposal of inventory	306,274
0	Recoveries – Netball Pavilion	537,419
0	Recognition of Retirement Village ORA	46,807
<u>1,919,732</u>	Total fees and charges and other revenue	<u>2,601,429</u>

6. Personnel Costs

<u>2019/20</u>		<u>2020/21</u>
5,046,035	Salaries & Wages	5,041,564
7,415	Employer contributions to multi-employer defined benefit plans	5,154
125,628	Employer contributions to Kiwisaver	129,842
60,862	Increase/ (decrease) in employee benefit liabilities	27,171
<u>5,239,940</u>	Total employee benefit expenses	<u>5,203,731</u>

7. Other expenses

<u>2019/20</u>		<u>2020/21</u>
38,843	General grants	38,314
1,550,943	Contractors	1,615,096
229,113	Insurance premiums	211,407
168,400	Consultants and legal fees	254,824
1,386	Impairment of receivables (note 9)	3,691
3,298,391	Other operating expenses	4,188,195
<u>5,287,076</u>		<u>6,311,527</u>

8. Interest revenue and finance costs

	Interest revenue:	
100,609	Interest - Term deposits	17,574
	Interest expense:	
0	Interest - other	0
(4,935)	Interest on finance leases	(2,602)
<u>95,674</u>	Net interest revenue	<u>14,972</u>

9. Cash and cash equivalents

<u>2019/20</u>		<u>2020/21</u>
1,793,541	Cash at bank and in hand	3,816,631
1,500,000	Short term deposits with maturities of 3 months or less	800,000
<u>3,293,541</u>	Total cash and cash equivalents	<u>4,616,631</u>

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

10. Receivables

<u>2019/20</u>		<u>2020/21</u>
313,253	Rates receivable	264,443
262,683	Other receivables	336,726
0	Licence to occupy deposits	372,523
436,068	Sundry debtors	391,955
348,328	GST receivable	124,168
1,360,332		1,489,815
(4,607)	Less provision for impairment of receivables	(8,298)
<u>1,355,725</u>	Current portion	<u>1,481,517</u>

1,181,185	Receivables from non-exchange transactions	828,174
<u>174,540</u>	Receivables from exchange transactions	<u>653,343</u>
<u>1,355,725</u>		<u>1,481,517</u>

Movements in the provision for impairment of receivables are as follows:

<u>2019/20</u>		<u>2020/21</u>
3,221	At 1 July	4,607
1,386	Additional provisions made during the year	3,691
<u>0</u>	Receivables written off during the period	<u>0</u>
<u>4,607</u>	At 30 June	<u>8,298</u>

11. Inventory

<u>2019/20</u>		<u>2020/21</u>
	Inventories held for distribution (Non-Commercial):	
130,739	Water & sewerage reticulation spare parts	157,924
<u>49,155</u>	Other	<u>54,531</u>
179,894	Total inventories held for distribution (Non-commercial)	212,455
	Inventory held for sale (Commercial):	
<u>1,039,739</u>	Residential Developments – Te Ariki Place & Central Cove	<u>955,453</u>
1,039,739	Total inventory held for sale (Commercial)	955,453
<u>1,219,632</u>	Total	<u>1,167,908</u>

There has been no write-down of inventory during the year (2019/20 – \$nil)
No inventories are pledged as securities for liabilities (2019/20 - \$nil)

12. Other Financial Assets/Investments in CCOs

<u>2019/20</u>		<u>2020/21</u>
	Current portion	
	<i>Loans and receivables</i>	
<u>500,000</u>	Short term deposits with maturities of 4 -12 months	<u>0</u>
500,000	Total loans and receivables	0
	Non-current portion	
	<i>Investments - at cost</i>	
31,161	Investment in Civic Financial Services Limited (other financial assets)	31,161
<u>5,091</u>	Investment in BOPLASS Ltd - CCO	<u>5,091</u>
36,252		36,252

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 2020 was \$0.96 (2019 - \$0.93).

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>2019/20</u>	Short Term Deposits	<u>2020/21</u>
<u>500,000</u>	Average investment - (2019/20 230 days)	<u>0</u>
<u>500,000</u>		<u>0</u>

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13. Property, plant and equipment 2021

	Cost/ revaluation 1-July-20	Accum Depn and Imp. Chgs 1-July-20	Carrying Amount 1-July-20	WIP Completion	Re - valuation	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-21	Accum Depn and Imp Chgs 30-Jun-21	Carrying Amount 30-Jun-21
Council operational assets												
Land	4,800,631	0	4,800,631	0	5,487,369	0	0	0	0	10,288,000	0	10,288,000
Buildings	8,592,308	(447,810)	8,144,498	915,398	2,485,855	0	0	0	480,886	11,993,561	-928,696	11,064,865
Plant, machinery and vehicles	2,020,197	(1,182,065)	838,132	0	452,134	(65,453)	55,589	193,916	193,916	2,406,878	-1,320,392	1,086,486
Fixtures, fittings and equipment	5,069,184	(2,977,671)	2,091,514	0	401,333	0	0	0	262,399	5,470,517	-3,240,070	2,230,447
Library collections	1,711,816	(1,369,181)	342,635	0	68,385	0	0	0	56,524	1,780,201	-1,425,705	354,496
Leased assets	\$90,259	(54,935)	35,323	0	0	0	0	0	18,052	90,259	-72,987	17,272
Work in progress	915,398	(915,398)	0	(915,398)	0	0	0	0	0	0	0	0
Total operational assets	23,199,793	(6,031,662)	17,168,131	0	5,487,369	3,407,707	55,589	1,011,777	1,011,777	32,029,416	(6,987,850)	25,041,566
Roading network	17,903,182	(1,131,225)	16,771,957	0	1,471,052	(60,639)	449	449	922,127	19,313,595	(2,052,903)	17,260,692
Water - Other	8,486,304	(454,636)	8,031,668	0	33,692	(49,970)	0	0	458,321	8,470,026	(912,957)	7,557,069
Water - Treatment Plant	1,062,059	(71,154)	990,905	0	180,431	0	0	0	82,276	1,242,490	(153,430)	1,089,060
Sewerage - Other	8,122,885	(361,882)	7,761,003	0	350,351	(53,101)	15,767	15,767	366,909	8,420,135	(713,024)	7,707,111
Sewerage - Treatment Plant	3,550,930	(146,249)	3,404,681	0	296,615	(8,220)	3,288	3,288	152,279	3,839,325	(295,240)	3,544,085
Stormwater - Network	5,345,916	(245,483)	5,100,433	0	146,433	0	0	0	249,673	5,492,349	(495,156)	4,997,193
Work in Progress	0	0	0	0	1,309,739	0	0	0	0	1,309,739	0	1,309,739
Total infrastructural assets	44,471,276	(2,410,629)	42,060,647	0	3,788,313	(171,930)	19,504	2,231,585	2,231,585	48,087,659	(4,622,710)	43,464,949
Council restricted assets												
Land	6,474,524	0	6,474,524	0	8,292,800	0	0	0	0	14,767,324	0	14,767,324
Buildings	2,326,199	(113,479)	2,212,720	0	0	0	0	0	113,479	2,326,199	(226,958)	2,099,241
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	0	12,300	0	12,300
Other	88,101	(10,598)	77,503	0	0	0	0	0	2,650	88,101	(13,248)	74,853
Total restricted assets	8,901,124	(124,077)	8,777,047	0	8,292,800	0	0	0	116,129	17,193,924	(240,206)	16,953,718
Total property, plant and equipment	76,572,193	(8,566,368)	68,005,825	0	13,780,169	7,196,020	75,093	3,359,491	3,359,491	97,310,999	(11,850,766)	85,460,233

Property, plant and equipment 2020

	Accum Depn and Imp. Chgs		Carrying Amount	Accum Depn and Imp Chgs		Carrying Amount
	Cost/ revaluation	1-July-19	1-July-19	Cost/ revaluation	30-Jun-20	30-Jun-20
Council operational assets						
Land	4,537,100	0	4,537,100	4,800,631	0	4,800,631
Buildings	8,772,198	0	8,772,198	8,592,308	(447,810)	8,144,498
Plant, machinery and vehicles	2,003,860	(1,061,795)	942,065	2,020,197	(1,182,065)	838,132
Fixtures, fittings and equipment	4,672,540	(2,731,710)	1,940,831	5,069,184	(2,977,671)	2,091,514
Library collections	1,647,827	(1,314,362)	333,465	1,711,816	(1,369,181)	342,635
Leased assets	\$90,259	(36,883)	53,375	\$90,259	(54,935)	35,323
Work in progress	538,596		538,596	915,398		915,398
Total operational assets	22,262,380	(5,144,750)	17,117,630	23,199,793	(6,031,662)	17,168,131
Roading network	16,928,378	(247,232)	16,681,146	17,903,182	(1,131,225)	16,771,957
Water - Other	8,139,640	0	8,139,640	8,486,304	(454,636)	8,031,668
Water - Treatment Plant	869,830	0	869,830	1,062,059	(71,154)	990,905
Sewerage - Other	7,814,380	0	7,814,380	8,122,885	(361,882)	7,761,003
Sewerage - Treatment Plant	3,500,270	0	3,500,270	3,550,930	(146,249)	3,404,681
Stormwater - Network	4,860,050	0	4,860,050	5,345,916	(245,483)	5,100,433
Total infrastructural assets	42,112,548	(247,232)	41,865,316	44,471,276	(2,410,629)	42,060,647
Council restricted assets						
Land	6,595,824	0	6,595,824	6,474,524	0	6,474,524
Buildings	2,326,199	0	2,326,199	2,326,199	(113,479)	2,212,720
Library - Special Collection	12,300	0	12,300	12,300	0	12,300
Other	88,101	(7,948)	80,153	88,101	(10,598)	77,503
Total restricted assets	9,022,424	(7,948)	9,014,476	8,901,124	(124,077)	8,777,047
Total property, plant and equipment	73,397,352	(5,399,930)	67,997,422	76,572,193	(8,566,368)	68,005,825

Core Asset Disclosures

Valuation

Land (operational and restricted)

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning which are based on the valuer's judgement. Restrictions on the Council's ability to sell land would not normally impair the value of the land because Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Council's operational and restricted land was re-valued by Maria McHugh of Quotable Value Ltd as at 30 June 2021.

Buildings (operational and restricted)

Council's buildings were last revalued by independent registered valuer Peter Schellekens of CBRE Limited as at 30 June 2019. The building 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
- 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 Knight Frank Ltd, on the depreciated replacement cost basis as at 30 June 2019 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 gain on disposal of property, plant and equipment \$301,186 (2020 - \$377,747 loss) 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 \$17,272 (2020 - \$35,323).

Impairment

There were no impairment losses incurred for the year to 30 June 2021 (2020 – 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.

2021	Closing book value	Additions (constructed)	Additions (transferred)	Most recent replacement cost estimate for revalued assets (30 June 2021)
Water Supply:				
-Treatment plant	1,089,060	180,431	0	1,771,780
-Other assets (reticulation)	7,557,069	33,692	0	27,320,510
Sewerage:				
-Treatment plant	3,544,085	296,615	0	6,369,160
-Other assets (reticulation)	7,707,111	350,351	0	25,338,620
Stormwater drainage	4,997,193	146,433	0	18,477,810
Roads and Footpaths	17,260,692	1,471,052	0	37,973,350
2020				Replacement cost: (30 June 2020)
Water Supply:				
-Treatment plant	990,904	192,229	0	1,591,350
-Other assets (reticulation)	8,031,668	346,664	0	27,286,820
Sewerage:				
-Treatment plant	3,404,682	53,800	0	6,072,540
-Other assets (reticulation)	7,761,003	308,505	0	24,988,270
Stormwater drainage	5,100,433	485,866	0	18,331,380
Roads and Footpaths	16,771,961	1,004,435	0	36,502,300

14. Intangible assets

<u>2019/20</u>		<u>2020/21</u>
	Acquired computer software	
	Balance at 1 July	
416,784	Cost	418,319
(344,609)	Accumulated amortisation and impairment	(362,393)
<u>72,175</u>	Opening carrying amount	<u>55,926</u>

1,535	Additions	0
(17,784)	Amortisation charge	(15,537)
<u>55,926</u>	Closing carrying amount	<u>40,389</u>

	Balance at 30 June	
418,319	Cost	418,319
(362,393)	Accumulated amortisation and impairment	(377,930)
<u>55,926</u>	Closing carrying amount	<u>40,389</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>2019/20</u> <u>Actual</u>	Depreciation and amortisation expense (for group of activity)	<u>2020/21</u> <u>Budget</u>	<u>2020/21</u> <u>Actual</u>
18,535	Democracy	23,080	18,726
200,058	Economic and community development	253,870	237,421
26,624	Environmental services	39,370	28,111
878,275	Roading	803,900	916,070
245,553	Stormwater	210,400	250,173
532,759	Water supply	447,220	547,630
521,333	Wastewater	429,900	533,331
29,950	Solid waste	34,120	33,068
637,852	Leisure and recreation	840,440	642,703
156,081	Other activities	0	167,795
<u>3,247,020</u>	Total	<u>3,082,300</u>	<u>3,375,028</u>

16. Payables and deferred revenue

<u>2019/20</u>	Current portion: Payables and deferred revenue under exchange transactions:	<u>2020/21</u>
925,363	Trade payables	1,636,410
763,164	Accrued expenses	371,176
5,714	Revenue in advance	5,714
<u>1,694,241</u>	Total	<u>2,013,300</u>

	Payables and deferred revenue under non-exchange transactions:	
842,804	Rates fees and grants received in advance	858,453
44,060	Rates due to BOP Regional Council	47,185
0	License to occupy deposits – Covenant Trustee:	372,523
140,366	Deposits and bonds	141,817
<u>1,027,230</u>	Total	<u>1,419,978</u>
<u>2,721,471</u>	Total payables and deferred revenue	<u>3,433,278</u>

<u>\$154,286</u>	Non-current portion: Payables and deferred revenue under exchange transactions:	<u>\$148,571</u>
	Income in advance	

Payables and deferred revenue are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables and deferred revenue approximates their fair value.

Deferred grant revenue and grants received in advance consist of grants received which have substantive conditions attached to the value provided. These conditions include for instance, requiring the full amount to be used or used in accordance with agreed terms otherwise the value is to be returned to the Grantor. Included within grants received in advance is a grant from the Department of Internal Affairs under the Three Waters Stimulus Programme, which is a three-year programme to reform local government three waters service delivery arrangements. As at 30 June 2021, \$100,000 has been received but not yet spent.

17. Provisions

<u>2019/20</u>		<u>2020/21</u>
	Current provisions are represented by:	
10,000	Landfill aftercare provision	10,000
	Non-current provisions are represented by:	
36,086	Landfill aftercare provision	28,286
	Landfill aftercare provision	
54,207	Opening balance	46,086
(6,894)	Amount utilised	(9,593)
1,879	Discounting changes	2,200
(3,106)	Increase/(Decrease) in provision	(407)
<u>46,086</u>	Closing Balance	<u>38,286</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 \$40,000 (2020 - \$50,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$38,286 (2020 - \$46,086) using a discount rate of 3.00% (2020 - 4.25%).

18. Employee Entitlements

<u>2019/20</u>		<u>2020/21</u>
491,507	Annual leave	489,461
47,213	Retirement gratuities	43,963
128,073	Accrued salaries	160,540
<u>666,793</u>	Total employee benefit liabilities	<u>693,964</u>
	Comprising:	
619,684	Current	650,001
47,109	Non-current	43,963
<u>666,793</u>	Total employee benefit liabilities	<u>693,964</u>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2020/21 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% (2020 6%) and an inflation factor of 2.0% (2020 2.0%) were used.

19. Borrowings and other financial liabilities

<u>2019/20</u>		<u>2020/21</u>
	Current	
20,053	Finance leases	14,872
<u>20,053</u>	Total current borrowings	<u>14,872</u>
	Non-current	
19,917	Finance leases	5,045
<u>19,917</u>	Total non-current borrowings	<u>5,045</u>

Security

KDC's loans are secured over either targeted or general rates of the District.

KDC currently has no secured loans.

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>2019/20</u>		<u>2020/21</u>
	Total minimum lease payments are payable	
23,170	Not later than one year	16,276
21,301	Later than one year and not later than five years	5,441
44,471	Total minimum lease payments	21,717
(4,501)	Future finance charges	(1,800)
<u>39,970</u>	Present value of minimum lease payments	<u>19,917</u>
	Present value of minimum lease payments are payable	
20,053	Not later than one year	14,872
19,917	Later than one year and not later than five years	5,045
<u>39,970</u>	Total	<u>19,917</u>

Description of material leasing arrangements

KDC has 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 12.

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 – Residents Liability

<u>2019/20</u>		<u>2020/21</u>
0	Occupation Rights - Deposits	1,739,500
0	Occupation Right – Amenity Fee Unamortised	745,500
0	Less Amortised Amenity Fee– 3% p.a	(46,807)
<u>0</u>	Liability – Retirement Village Residents	<u>2,438,193</u>

Occupational Right Agreements (Deposits and Amenity contributions) are current liabilities for liquidity purposes as the entity does not have an unconditional right to defer these. As at 30 June 2021 there were 4 unallocated licenses which deposits had been received for 3 of them. 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>2019/20</u>		<u>2020/21</u>
	Accumulated Funds	
34,741,518	As at 1 July	35,665,388
	Transfers to:	
(2,244,133)	Council created reserves	(2,185,034)
	Transfers from	
	Restricted reserves	
3,932,135	Council created reserves	2,305,737
(764,132)	Total Comprehensive Revenue and Expense	1,425,294
<u>35,665,388</u>	As at 30 June	<u>37,211,385</u>
	Council created reserves	
7,424,667	As at 1 July	5,736,665
	Transfers to:	
(3,932,135)	Accumulated Funds	(2,305,737)
	Transfers from:	
2,244,133	Accumulated Funds	2,185,034
<u>5,736,665</u>	As at 30 June	<u>5,615,962</u>
	Property revaluation reserves	
29,633,911	As at 1 July	29,633,911
0	Total Comprehensive Revenue and Expense	13,780,169
<u>29,633,911</u>	As at 30 June	<u>43,414,080</u>
<u>35,370,576</u>	TOTAL RESERVES	<u>49,030,042</u>
	Asset revaluation reserves consist of:	
	Operational Assets	
2,830,480	Land	8,317,849
74,548	Landscaping	74,548
2,649,065	Buildings	2,649,065
95,916	Other Equipment	95,916
<u>5,650,009</u>		<u>11,137,378</u>
	Infrastructural Assets	
8,573,165	Roading Network	8,573,165
4,779,878	Water System	4,779,878
4,178,323	Wastewater System	4,178,323
2,036,001	Stormwater Network	2,036,001
<u>19,567,367</u>		<u>19,567,367</u>
	Restricted Assets	
2,501,850	Land	10,794,650
1,914,685	Buildings	1,914,685
<u>4,416,535</u>		<u>12,709,335</u>
<u>29,633,911</u>		<u>43,414,080</u>

22. Reserves

2019/20 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure \$	2020/21 \$
	Asset Renewal Reserve (All Activities)			
	To set funds aside for the renewal of assets utilised by the following activities:			
114,661	Democracy	491	0	115,152
590	Building & Inspection	0	0	590
4,070	Environmental Health	(6)	0	4,064
(52,329)	Dog Control	19,467	(85,436)	(118,298)
1,712,926	Roading/Footpaths	311,661	(652,754)	1,371,833
403,338	Stormwater	51,438	(36,608)	418,168
4,451,737	Water Supply	436,735	(1,560,638)	3,327,834
3,925,481	Wastewater	399,528	(310,953)	4,014,056
(236,139)	Refuse Disposal	9,575	(35,901)	(262,465)
88,319	Zero Waste	5,857	0	94,176
(403,560)	Library	64,943	(130,933)	(469,550)
(146,158)	Museum	28,960	(12,910)	(130,108)
(978,022)	Swimming Pool	156,732	265,782	(555,508)
(252,687)	Rec Centre	80,884	(7,455)	(179,258)
286,913	Town Hall	48,193	(5,579)	329,527
16,239	Concert Chamber	27,584	(22,916)	20,907
(160,472)	Town Centre Toilets	6,999	0	(153,473)
518,533	Sportfields	146,887	512,908	1,178,328
(408,680)	Passive Reserves	83,589	(45,894)	(370,985)
226	Road Berms	(4)	0	222
18,939	Street Trees	2,213	0	21,152
1,252	Bedding Displays	1	0	1,253
311,457	Playgrounds	49,598	(34,556)	326,499
(33,113)	Pensioner Housing (Bert Hamilton Hall)	(1,060)	(97,070)	(131,243)
58,567	Cemetery	6,313	(4,250)	60,630
(801,725)	Residential Developments	2,771	(20,248)	(819,202)
(2,551,200)	Retirement Village	(1,264)	240,716	(2,311,748)
(216,028)	Firmin Lodge	41,391	(26,584)	(201,221)
(409,976)	District Office & Depot	117,572	(90,459)	(382,863)
431,270	Finance	59,735	(26,247)	464,758
5,711	Operations & Services	(19)	0	5,692
(135,034)	Information Centre	27,570	0	(107,464)
163,644	Plant	573	(117,754)	46,463
10,848	Development Feasibility Fund	176		11,024
(2,933)	Economic Development	(47)	0	(2,980)
5,736,665	Total	2,185,036	(2,305,739)	5,615,962

Council created reserve funds are held to fund the required renewals for each activity and to ensure they are used for that purpose. 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 in each activity.

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.

2019/20		Internal Loans	2020/21		
Interest \$	Loans \$		Interest \$	Repayments \$	Loans \$
		Solid waste:			
4,478	100,882	Transfer Station Loan	3,762	(18,413)	82,469
		Leisure and Recreation:			
2,730	63,404	Swimming Pool Loan	2,469	(6,741)	56,663
16,538	404,335	Changing rooms Loan	16,049	(12,592)	391,743
34,913	853,596	Firmin Lodge Loan	33,881	(26,583)	827,013
18,142	444,201	Archives/Museum Loan	17,640	(12,911)	431,290
76,801	1,866,418	Total	73,801	(77,240)	1,789,178

24. Capital commitments and operating leases

At the 30 June 2021 there were five outstanding contracts for work still to be done totaling \$886,951 (2020 \$756,200).

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 2022.

<u>2019/20</u>		<u>2020/21</u>
Total minimum lease payments		
5,316	Not later than one year	3,562
<u>3,562</u>	Later than one year and not later than five years	<u>0</u>
<u>8,878</u>	Total minimum lease payments	<u>3,562</u>

25. Contingencies

Council currently has no outstanding loan guarantees for community organisations (2020 - \$Nil).

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>2019/20</u>		<u>2020/21</u>
Key management personnel compensation:		
<u>Councillors:</u>		
298,148	Remuneration (including non-financial benefits)	321,172
9	Full-time equivalent members (NB number of elected members)	9

<u>2019/20</u>	<u>Senior management team including Chief Executive Officer</u>	<u>2020/21</u>
631,064	Remuneration (including non-financial benefits)	620,412
18,932	Employer contribution to Kiwi-saver scheme	18,460
4	Full-time equivalents	4
948,144	Total key management personnel remuneration	941,584
13	Total full-time equivalent personnel	13

27. Remuneration

<u>2019/20</u>		<u>2020/21</u>
222,278	Chief Executive Officer	222,370
6,668	Employer contribution to Kiwi-saver scheme	6,671
	The Chief Executive Officer also received additional benefits of \$600.00 (\$600.00 2020) for telephone rental	

Elected Members

<u>Total</u>		<u>Communication Allowance</u>	<u>Salary</u>	<u>Total</u>
89,696	Mayor - M J Campbell JP	0	92,500*	92,500
30,040	Councillor - C J Ion	1,190	31,840	33,030
23,807	Councillor - B J Julian	640	25,472	26,112
23,767	Councillor - R G K Savage	600	25,472	26,072
24,357	Councillor - W Godfery	1,190	25,472	26,662
6,121	Councillor - C J Marjoribanks	0	0	0
18,236	Councillor – A Rangihika	1,190	25,472	26,662
33,410	Councillor - F K N Tunui	1,150	35,660	36,810
24,357	Councillor – D Sparks	1,190	25,472	26,662
24,357	Councillor – S Kingi	1,190	25,472	26,662

*includes value of vehicle

28. Staffing Levels and Remuneration

As at 30 June 2021 there were 54 staff which received annual salaries of less than \$60,000 (2020 55 employees)

<u>2019/20</u>	<u>Total annual remuneration (in bands)</u>	<u>2020/21</u>
No of Staff	(Total remuneration includes non-financial benefits provided to employees)	No of Staff
55	Salary < \$60,000	54
11	Salary \$60,000 - \$79,999	15
10	Salary \$80,000 - \$99,999	7
5	Salary \$100,000 - \$159,999	5
1	Salary \$160,000 - \$239,999	1
82	Total	82
49	Number of staff which were full time employees: (>40 hours per week)	52
19.4	Number of part time staff (ie < 40 hours per week) expressed as FTE	18.7

29. Severance Payments

During the year, there were no severance payments made to Council employees. (2020 \$0)

up
6

30. Events after balance date

Three waters reform:

In July 2020 Government announced its 3 waters reform proposal. Currently 67 councils own and deliver the majority of the water, wastewater and stormwater services throughout the country. This proposal was to allow councils the option of transferring the ownership and delivery of 3 waters into one of four large water entities covering the country.

On 27 October 2021 Government mandated the transfer of councils 3 waters assets to the four new statutory water service entities to deliver these services from 1 July 2024. As at 30 June 2021 the net book value of these assets is \$26,110,977 and Council has continued to recognise the three waters assets as at 30 June 2021 in accordance with the accounting policies set out in pages 21 to 31.

While the impacts of these changes have yet to be quantified they are expected to be significant for Council and the community.

(2019/20 no significant events after balance date).

31. Financial Instruments

Financial instrument categories

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

<u>2019/20</u>		<u>2020/21</u>
	Financial Assets	
	Loans and receivables	
3,293,541	Cash and cash equivalents	4,616,631
1,007,397	Debtors and other receivables	1,357,349
500,000	Held to maturity investments of 4-12 months	0
<u>4,800,938</u>	Total loans and receivables	<u>5,973,980</u>
	Fair value through other comprehensive revenue and expense	
36,252	Investments in unlisted shares	36,252
<u>36,252</u>	Total fair value through other comprehensive revenue and expense	<u>36,252</u>
<u>4,837,190</u>	Total financial assets	<u>6,010,232</u>
	Financial Liabilities	
	Financial liabilities at amortised cost	
1,872,953	Creditors and other payables	2,569,111
20,053	Borrowings	14,872
<u>1,893,006</u>	Total financial liabilities at amortised cost	<u>2,583,983</u>
	Non-current liabilities	
19,917	Borrowings	5,045
<u>19,917</u>	Total non-current liabilities	<u>5,045</u>
<u>1,912,923</u>	Total financial liabilities	<u>2,589,028</u>

32. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the Annual Plan for 2020/21 are as follows:

Statement of comprehensive revenue and expense

The significant variances from the estimated figures include: reduced income for interest revenue resulting from lower rates and reduced investment, additional income for subsidy and grants resulting from the 3 waters assistance and "Pathways to Work" programme and additional "other" revenue from insurance proceeds for the netball pavilion.

There was additional expenditure for the Mayor's Taskforce for Jobs scheme, as well as losses for assets that were disposed of during the year. Council also undertook an unplanned re-valuation of its land due to the significant increase in these values which resulted in a much greater total comprehensive revenue and expense surplus than budgeted.

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

Statement of financial position

Cash and cash equivalents and other financial assets overall, were higher than budget due to additional funds being received for the 3 waters grants and insurance payout for the netball pavilion

Non-current assets were higher than budget due to additional capital expenditure resulting from grants received for renewals during the year, and the re-valuation of land.

Liabilities were higher than the budget due to more creditors and additional deferred revenue.

Finally, reserves were higher than budget as a result of other funds (grants) being available to fund capital projects

Statement of cash flow

Subsidies and grants were higher than budget because additional grants received for 3 waters and for the Pathways to work programme.

Receipts from fees and charges were lower than budget however increased receipts from other sources offset this.

Payments to employees were lower than budget because there were some vacancies during the year. There were more retirement units (8 units) sold during the year, whereas the budget had anticipated only 6 units being sold.

Purchase of plant, property and equipment was higher than budget because some projects were carried over from the previous year and there was additional expenditure following the receipts of grants for the 3 waters

Funds from the Purchase of Investments exceeded the budget because Council had invested \$500k in the previous year, for longer than 90 days to get the best interest rates, whereas there were no investments of greater than 90 days at 30 June 2021

33. Rating Base

<u>30 June 2020</u>		<u>30 June 2021</u>	
2,983	Number of rating units	2,983	
\$958,317,000	Capital value of rating units	\$963,609,400	
\$352,991,000	Land value of rating units	\$353,242,000	

34. Insurance Disclosure

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

<u>30 June 2020</u>		<u>30 June 2021</u>
56,786,542	Total value of all Council assets covered by insurance contracts	60,399,256
170,888,971	Maximum amount to which insured assets are insured	136,419,764
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 (2020 Nil)	0

Disclosure Statements for Year Ending 30 June 2021

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.

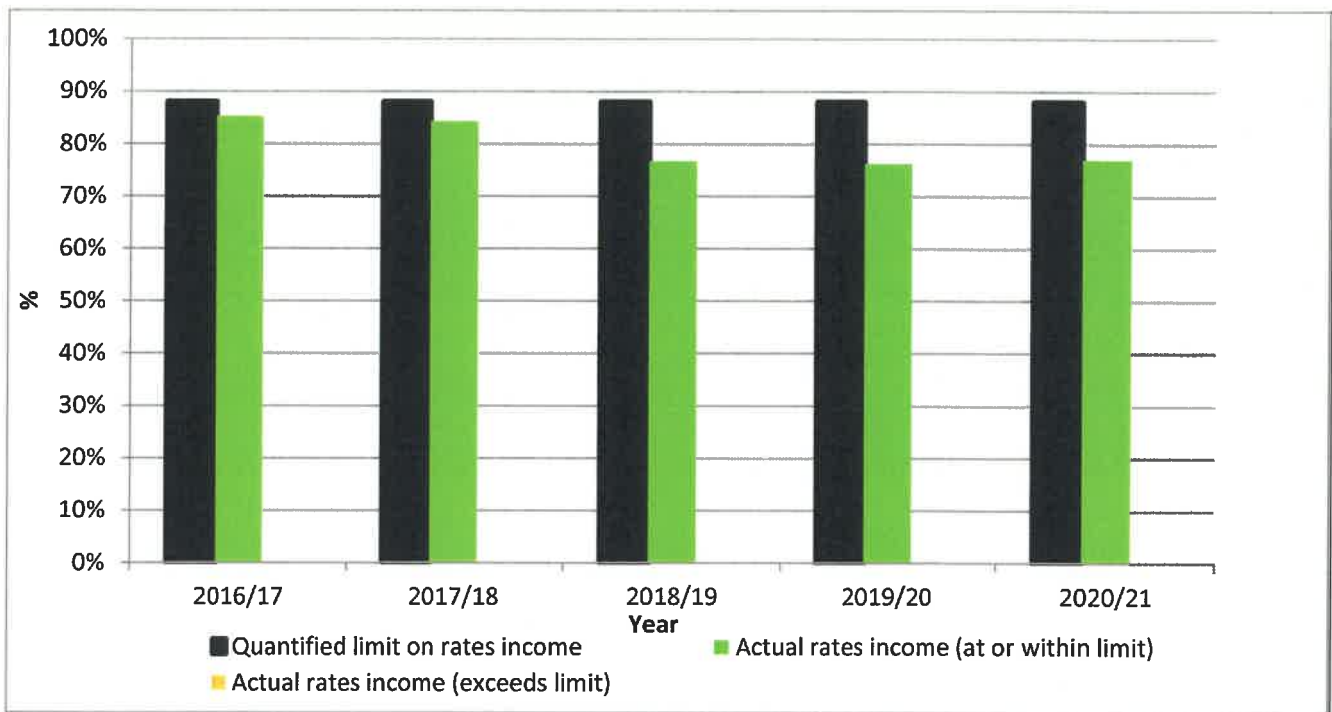
RATES AFFORDABILITY BENCHMARK

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

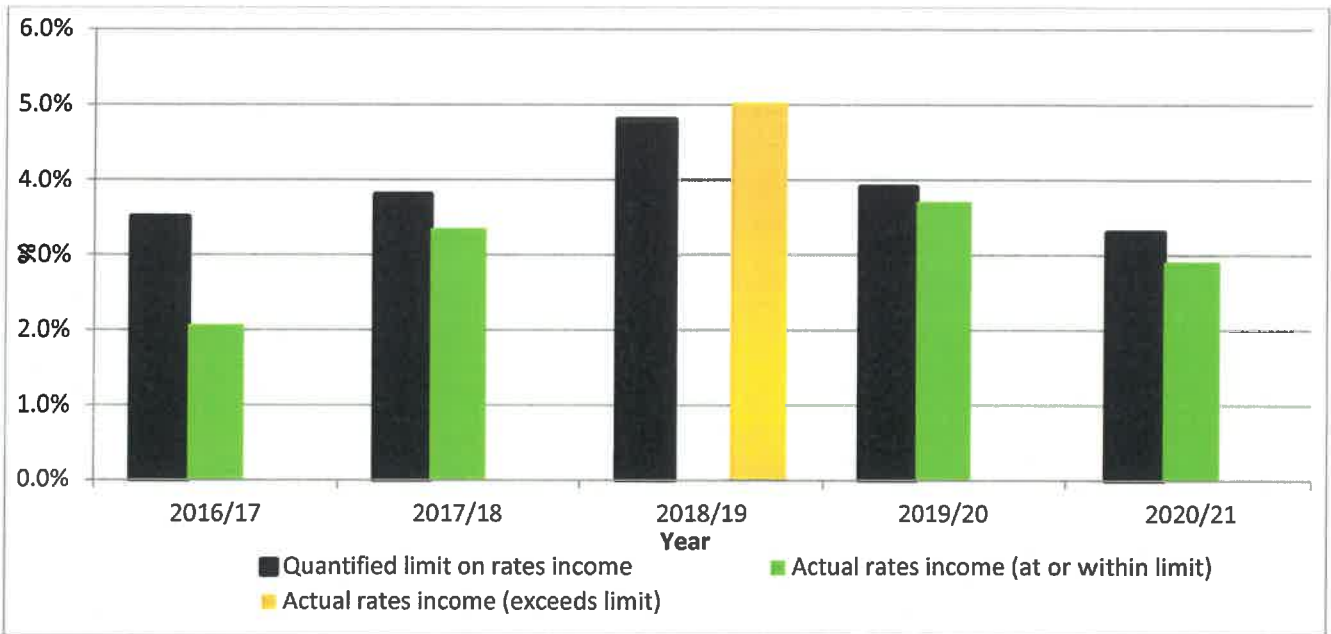
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



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.



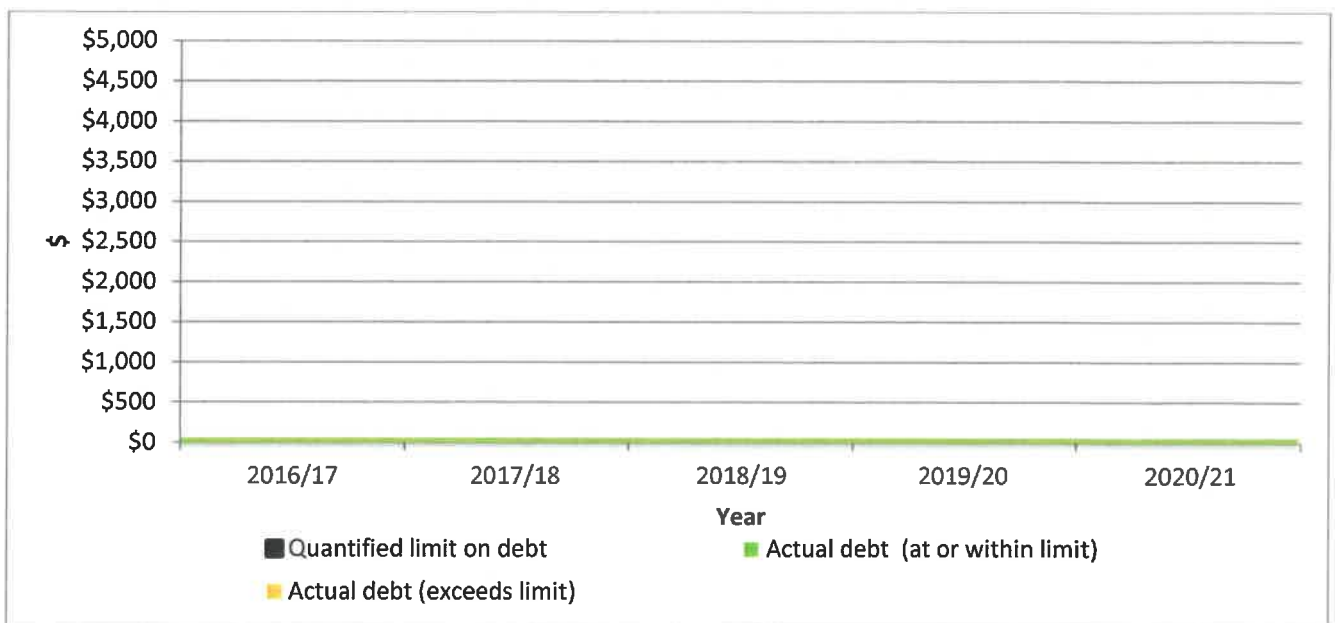
Comment:

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. For the other years Council has kept the rate increase within the quantified limit.

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 is \$0 excluding finance leases.

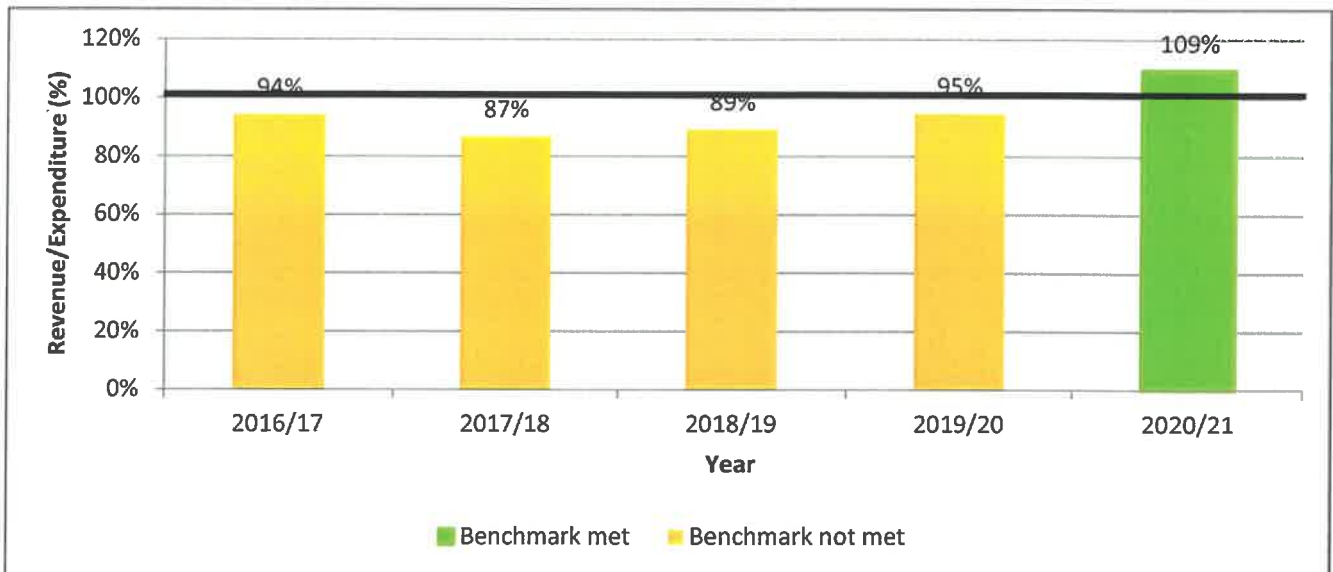


Comment:

Council does not have any debt, except for two finance leases, as it has sufficient funds to meet all anticipated expenditure. KDC entered into finance lease agreements for the acquisition of its copier/printers and telephone hardware. Finance leases are included as debt in Council's financial statements.

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 does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, 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 NZTA subsidies on asset renewals is that ratepayers are not funding depreciation that it believes is unlikely to be required in the future.

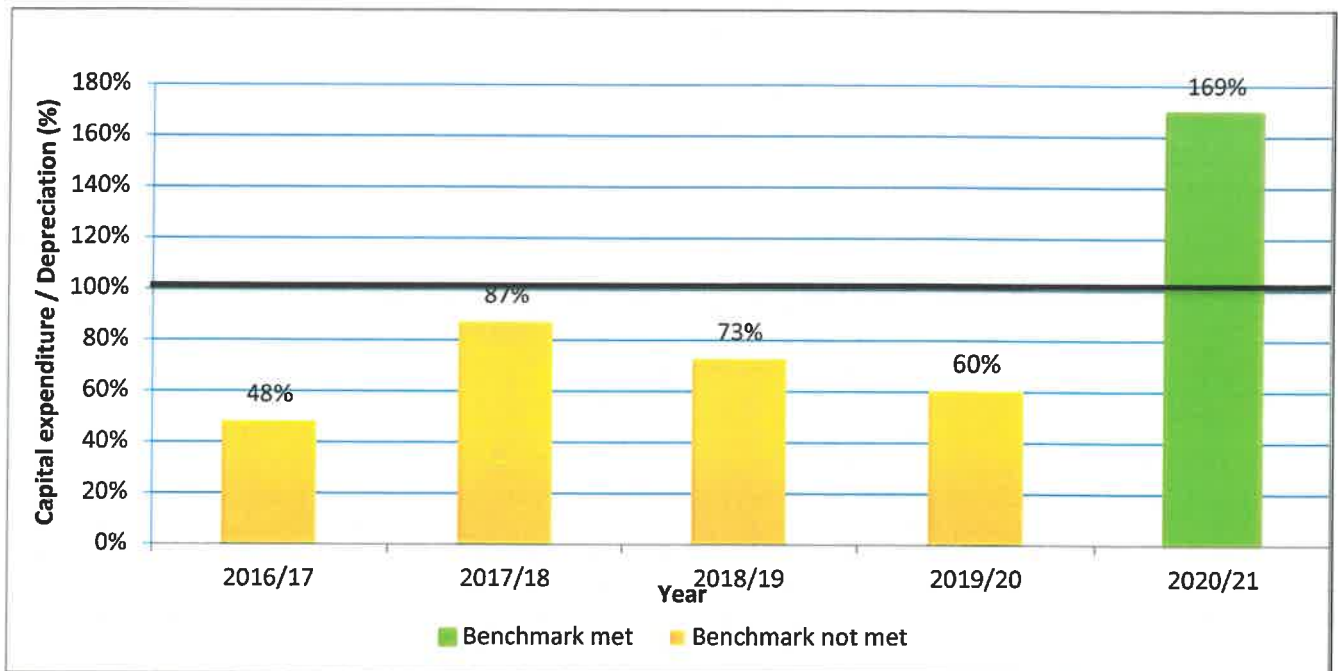
Council also does not fully fund depreciation for some buildings which will not be replaced, at least not as they are now.

The non-critical assets include the swimming pool complex, Town Hall, Concert Chambers, Library/Museum 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.

However, during 2020/21 Council received additional grants from Government for the 3 waters and insurance proceeds for the netball pavilion. This additional revenue meant that Council's revenue exceeded operating expenditure for 2020/21.

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 20 years. Council resolved to replace its AC and steel water pipes over a period of 6 years and commenced this programme in 2020/21 which is why network capital expenditure is considerably higher for the year when compared to previous years.

The following table broadly illustrates the age of Councils infrastructure.

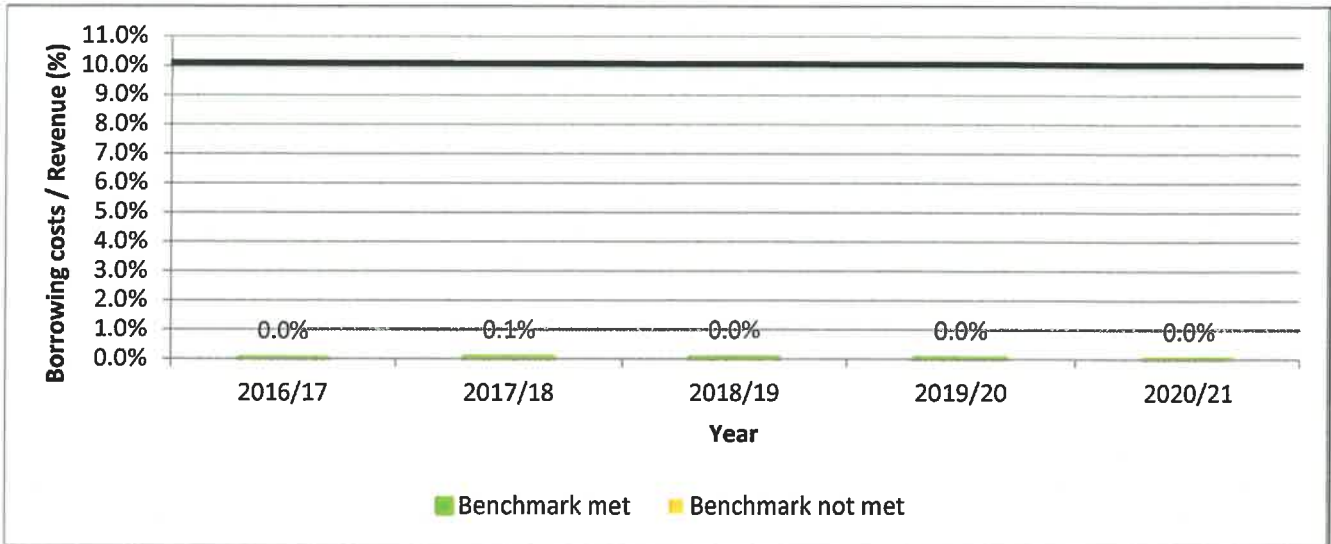
Zone	Area	Built (Approx.)	Age (Approx.)
1	Area bounded by State Highway 34 and River Road up to overflow stream and the swimming pool complex and including Ward Street and northern half of Bell, Massey Street area.	1955-58	64 years
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of 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

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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.

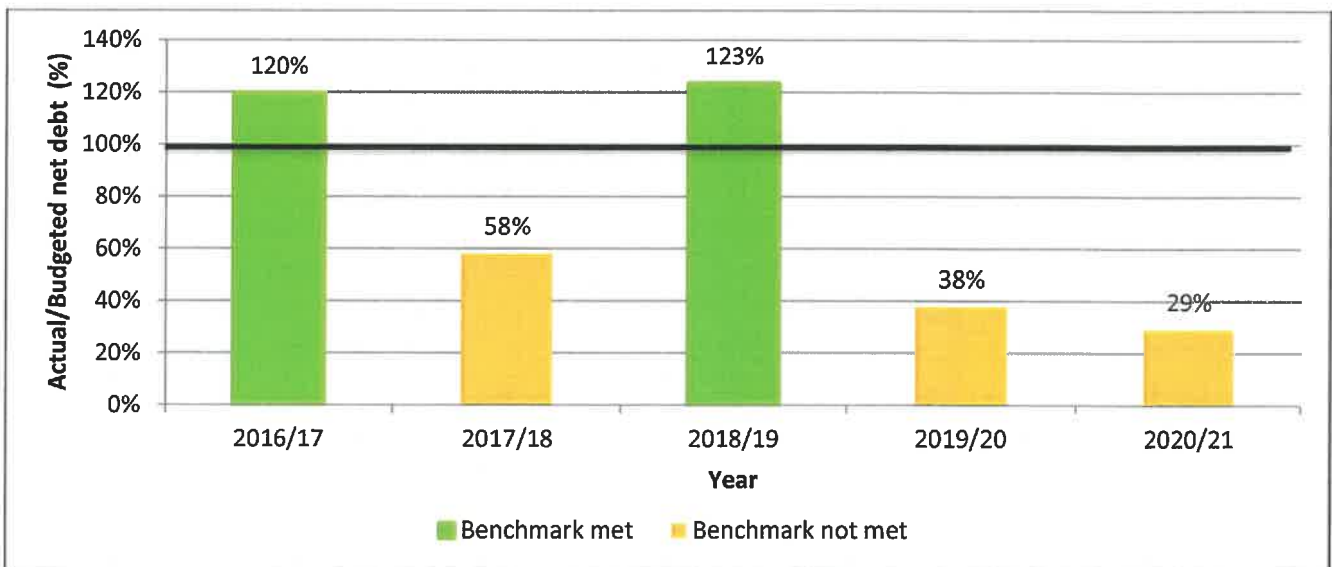


Comment:

Council's debt servicing relates to finance charges on leased assets (telephones and copiers/printers).

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). Due to Council's decision to use previous year's surpluses, and less sales of residential properties, Council had less net financial assets at year end than budgeted in the Long Term Plan for 2020/21.



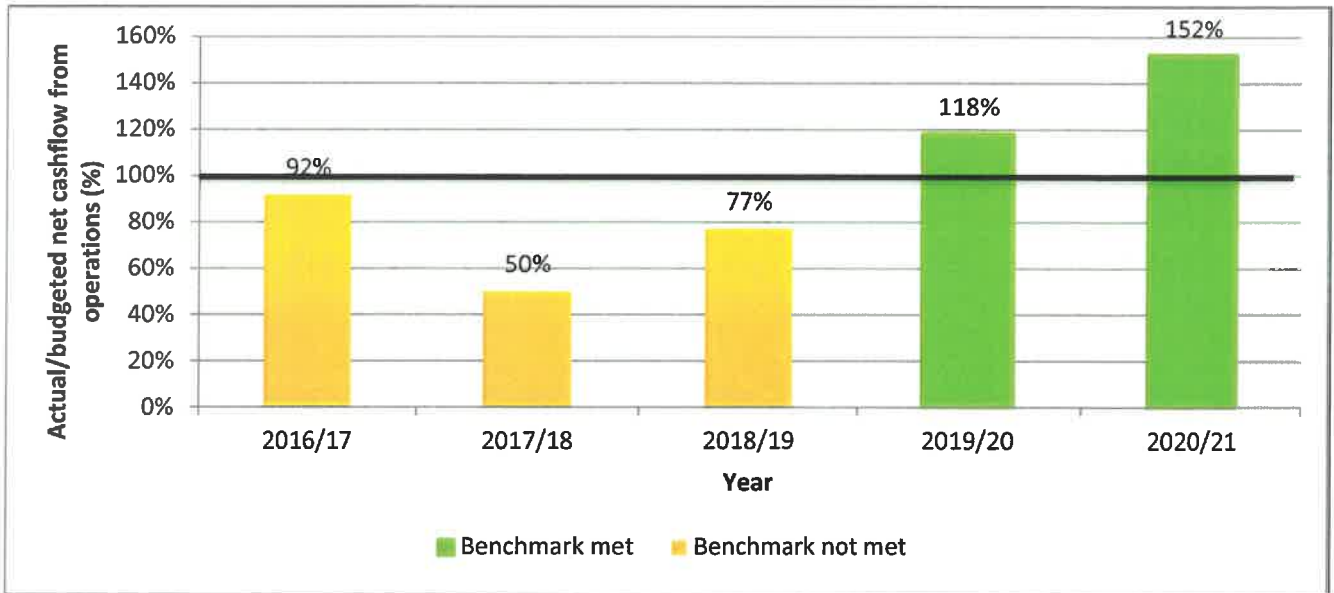
Comment:

Kawerau District Council's financial assets still exceed its financial liabilities at 30 June 2021 and therefore is still in a net asset position.

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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 meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. For 2020/21, Council's actual net cash flow from operations was higher than budget due to additional grants and insurance proceeds.

GROUPS OF ACTIVITIES

Statements of Service Performance & Funding Impact Statements

Council is responsible and accountable for giving effect to identified Community Outcomes and priorities in an efficient and effective manner. Council operations have been divided into nine activity groups.

The contribution of Council's activities toward achieving the Community Outcomes and promoting the well-being of the Kawerau Community is set out below.

Activity Group	Community Outcome	Well-being
Democracy	Leadership Council advocates within and beyond the district and governs for community needs and interests.	Social
Democracy	Equity Council embraces involvement from all sectors of the community in its democracy and decision making.	Social
Economic and Community Development Leisure and Recreation	Activity Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.	Social, Cultural
Economic and Community Development	Development Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our Community.	Economic
Leisure and Recreation Environmental Services	Environment Council sustainably manages Kawerau's environment through its stewardship, planning and consents.	Environmental
Environmental Services	Regulation 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 environments.	Environmental, Social
Environmental Services Roading Stormwater Water Supply Wastewater Solid Waste	Services Council infrastructure and services are accessible, age-friendly, effective, efficient and affordable, now and for the future.	Environmental, Economic

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

Council has a total 78 performance targets for all groups for the 2020/21 year (excluding those which were not applicable) and managed to achieve 52 (66.7%) of them (2019/20 51%).

This section of the Annual Report details:

- The achievement of both financial and performance targets for the activities and their respective functions.

- 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 2020/21 year, Council achieved 52 (66.7%) of the non-financial performance targets.

Activity	2020/21			2019/20 Achievement Rate
	No. of targets	End of Year Result		
Democracy	5	4	80%	38%
Economic & Community Development	7	6	86%	67%
Environmental Services	18	10	56%	37%
Roading	6	2	33%	44%
Stormwater	3	3	100%	100%
Water Supply	12	9	75%	77%
Wastewater	7	4	57%	63%
Solid Waste Management	4	4	100%	63%
Leisure and Recreation	16	10	63%	40%
TOTAL*	78	52	67%	51%

*excludes the N/A targets

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

Democracy

86.1% (target >90%) of the annual works programme was completed for the year to 30 June 2021.

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.

Economic and Community Development

Covid-19 impacted on the delivery of events during August 2020 otherwise all targets would have been achieved.

Environmental Services

There were eight targets that were not achieved:

1. Review of civil defence plans
2. Training of civil defence staff
3. Response times for dog complaints
4. Response times to noise complaints
5. Response times to other environmental health complaints
6. Satisfaction with the building consent processes

7. Satisfaction with environmental health inspection processes
8. Inspection of licensed premises

The reason that most of these targets were not achieved was due to resourcing shortages. Some of these shortages have been addressed for the 2021/22 year, so it is anticipated there will be less targets not achieved for the next financial year.

Roading

Council did not achieve the targeted timeframes for responding to all streetlight outages. Council continues to work with the contactor to address the delays.

Also Council resurfaced 3.75% of its sealed roads during the year (Target: 5.0% - 6.5%) and the road roughness score was 76.9% (Target: >95%).

Waka Kotahi 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 previously.

Water Supply

Council commenced chlorinating the water supply from 1 July 2018 and since then there have been incidences of discoloured water. There were subsequent complaints about the taste and "dirty water" after the continuing release of built-up manganese from the water reticulation pipes. However, the reports of discoloured water has been reducing following ongoing flushing of pipes.

Also there was 1 technical protozoal non-compliance as well as 16 unplanned shutdowns (target:<13 shutdowns). There had been a staff vacancy for part of the year, which was has since been filled.

Wastewater

Council did not comply with the resource consent for the wastewater treatment plant due to material and volumes that were received from the dairy factory. Council has since entered to an agreement with the dairy factory to ensure that the resource consent is complied with and no further infringements are received, otherwise Council will stop any further trade waste being sent to the waste water treatment plant. Also Council did not resolve a sewer blockage until 2 weeks (Target: <8 hours) due a sewer line collapse. Council will be carrying out condition assessment on its pipes over the next year to ensure that collapses don't occur before they are replaced.

Leisure and Recreation

Council achieved 63% of its targets for leisure and recreation during the year.

COVID-19 has resulted in some targets not being achieved due to fear in the community and also a shortage in resourcing.

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.

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.

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 and District Health Board elections.

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.

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 2020/21 were:

- Preparation and consultation of the 2021 – 2031 Long Term Plan – the Plan was adopted 27 July 2021
- The adoption of the 2019/20 Annual Report
- Adoption of the 2020/21 Annual Plan
- 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 2020/21, Council used the special consultative procedure and/or community consultation process when adopting the following:

- 2021 – 2031 Long Term Plan (including all the policies and strategies required for this document)
- Dog Control – Policies and Practices

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

- Electoral System for the 2022 and 2025 Council elections
- Council's Fraud Policy
- Council's Code of Conduct
- Eastern Bay Road Safety Committee – Terms of Reference



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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 2020/21	Results 2019/20	Results 2020/21	Comment
The community has confidence in the quality of democracy and representation provided by elected members	Community satisfaction with the Mayor and councillors	N/A	83%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
Council encourages the community to contribute to Council decision-making and informs the community about key issues and activities	Community satisfaction with Council consultation	N/A	65%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
Council informs the community about key issues and activities.	Public notification of meetings	100%	Achieved (100%)	Achieved	All meetings during year were publicly notified.
	Number of newsletters	At least 11 publications for year	Achieved (16 published)	Achieved	22 newsletters published
	Number of visits to Council's website	At least 46,000	Achieved (58,749 visits)	Achieved	There were 53,143 visits to the council website for the year to 30 June 2021.
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	Not achieved (COVID lockdown)	Achieved	Public forum was available for all council and committee meetings
Financial management is prudent, effective and efficient	Community satisfaction with way rates are spent	N/A	89%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
	Percentage completion of the annual work programme	>90%	Not achieved (61.5%)	Not achieved	93 out of 108 projects (86.1%) of the annual work programme were completed for 2020/21

KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
DEMOCRACY

	2020 Long Term Plan	2021 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	574,850	555,300	730,648
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	243,951
Fees and charges	0	0	0
Internal charges and overheads recovered	3,540	3,610	1,837
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	599,290	558,910	976,436
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	391,930	358,770	684,777
Finance costs	1,550	1,470	1,569
Internal charges and overheads applied	189,480	182,680	288,207
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	582,960	542,920	974,553
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	16,330	15,990	1,883
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	16,330	15,990	1,883
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	16,330	15,990	1,883
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(16,330)	(15,990)	(1,883)
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.

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 2020/21 were:

- Continuing the development of the Industrial Symbiosis and container hub project,
- Continuing the development of the Porritt Glade Lifestyle Village which included the construction of another six retirement units
- Continued sales of residential property in Central Cove with a further four sections in the subdivision being sold during the year .

Other achievements included:

- Continuing to manage and obtaining funding for “Christmas in the Park” and “King of the Mountain “race
- Obtaining funding and progressing Kawerau Trails project
- 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.



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ECONOMIC AND COMMUNITY DEVELOPMENT

PERFORMANCE

Levels of Service	Measures	Target 2020/21	Results 2019/20	Results 2020/21	Comment
Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at trustee meetings	90% of trustee meetings	Not achieved	Achieved	CEO attended all trust meetings (6/6) during the year
Council is actively involved in the Industrial Symbiosis project	Allocation of resources to ISK	0.5 FTE staff member allocated	Achieved	Achieved	ECD Manager manages ISK projects/programmes and CEO is standing member of ISK Steering Group.
Council encourages positive perceptions of Kawerau by supporting local events.	Frequency of events from February to December	At least 1 per month	Not achieved	Not achieved	There were no events held in August due to COVID-19.
Council contributes to successful events	Allocation of resources to event coordination	1 FTE staff resource allocated	Achieved	Achieved	Events & Venues Manager 1 FTE plus Events Co-ordinator 0.75 FTE
Council provides an information centre which suits the community's need	Community satisfaction with the information centre	N/A	Achieved 85%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	User satisfaction with the information centre	>95%	Achieved 95%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Council provides a local information centre which is accessible to visitors and the local community	Number of days open each year	At least 360 days	Not 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 2021 for the year.
	Satisfaction with youth council collaboration from collaborating groups	>80% satisfaction	Achieved 89%	Achieved 90%	Survey undertaken of collaborating groups which reported 10/11 satisfaction with Youth Council collaboration.

KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
ECONOMIC AND COMMUNITY DEVELOPMENT

	2020 Long Term Plan	2021 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	1,150,250	1,116,480	743,542
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	511,607
Fees and charges	432,670	490,060	171,505
Internal charges and overheads recovered	0	8,500	0
Local authorities fuel tax, fines, infringements and other receipts	650,000	805,000	306,274
TOTAL OPERATING FUNDING (A)	2,232,920	2,420,040	1,732,928
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,524,720	1,560,250	1,391,950
Finance costs	77,330	48,830	88,757
Internal charges and overheads applied	355,390	379,920	417,120
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,957,440	1,989,000	1,897,827
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	275,480	431,040	(164,899)
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	4,315,600	1,560,000	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	2,485,000
TOTAL SOURCES OF CAPITAL FUNDING (C)	4,315,600	1,560,000	2,485,000
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	3,200,000	1,200,000	2,342,880
- to improve level of service	0	0	0
- to replace existing assets	20,380	20,770	0
Increase/(decrease) in reserves	1,370,700	770,270	(22,779)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	4,591,080	1,991,040	2,320,101
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(275,480)	(431,040)	164,899
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2019/20</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2020/21</u>
27,522	Fence – Pensioner Housing	0	97,070
<u>2,378,734</u>	Land, Infrastructure and Buildings (Additional demand)	<u>1,560,000</u>	<u>2,245,810</u>
<u>2,402,256</u>		<u>1,560,000</u>	<u>2,342,880</u>
FUNDED BY:			
0	Unit sales – (Occupation Right Agreements)	1,560,000	2,485,000
<u>2,406,256</u>	Depreciation Reserve Funding	<u>0</u>	<u>(142,120)</u>
<u>2,406,256</u>		<u>1,560,000</u>	<u>2,342,880</u>

During the year the first six units were completed and a further six retirement units were constructed. The site allows for 29 units and 12 were completed to 30 June 2021. Eight units were sold and occupied during the year and the remaining four units were under contract. Council will construct more units during 2021/22 and it is anticipated that the village will be completed by 30 June 2023.



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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 2020/21 were:

- Ongoing accreditation of Council's building consent activity by the Building Consent Authority.
- 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
- Impounding 199 dogs during the year for various statutory breaches
- Responding to and investigating 361 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 2020/21	Result 2019/20	Result 2020/21	Comments
Council provides in-house building consent, inspection and approval services.	Bi-annual Building Consent Authority accreditation re-assessment	Accreditation and registration retained	Achieved	Achieved	BCA 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 8/9 (88.9%)	Achieved 6/6 (100%)	There was a total of 40 survey forms sent out and 6 responded scoring the service as being predominantly good or excellent.
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Achieved 10/11 (90.9%)	Not achieved 7/8 (87.5%)	There were a total of 36 survey forms sent out and 8 responded. (7 scored the service as being predominantly good or excellent)
Kawerau buildings requiring Building Warrant of Fitness (WOF) are compliant	Number of buildings audited for Building WOF requirements	35% audited	Not achieved (8.9%)	Achieved	28/80* (35%) *figure = 30/6/2021
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey and all follow up actions undertaken	N/A	N/A	Survey discontinued
	Inspection of pool fencing for compliance	35%	Not achieved (21.7%)	Achieved	15/38 (39.5%)

*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 2020/21	Result 2019/20	Result 2020/21	Comments
Customers consider Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	N/A (No surveys returned)	Not Achieved 1/3 (33.3%)	There were a total of 11 survey forms sent out and 3 responded. (1 scored the service as being predominantly good or excellent)
Registered premises comply with statutory requirements	Inspection of licenced premises for compliance with the relevant standards	100% annually	Achieved (100%)	Achieved	4/4 (100%) Hairdressers premises
	Audit of food premises operating Food Control Plans	100% annually	Not Achieved (69%)	Achieved	31/31 (100.0%)

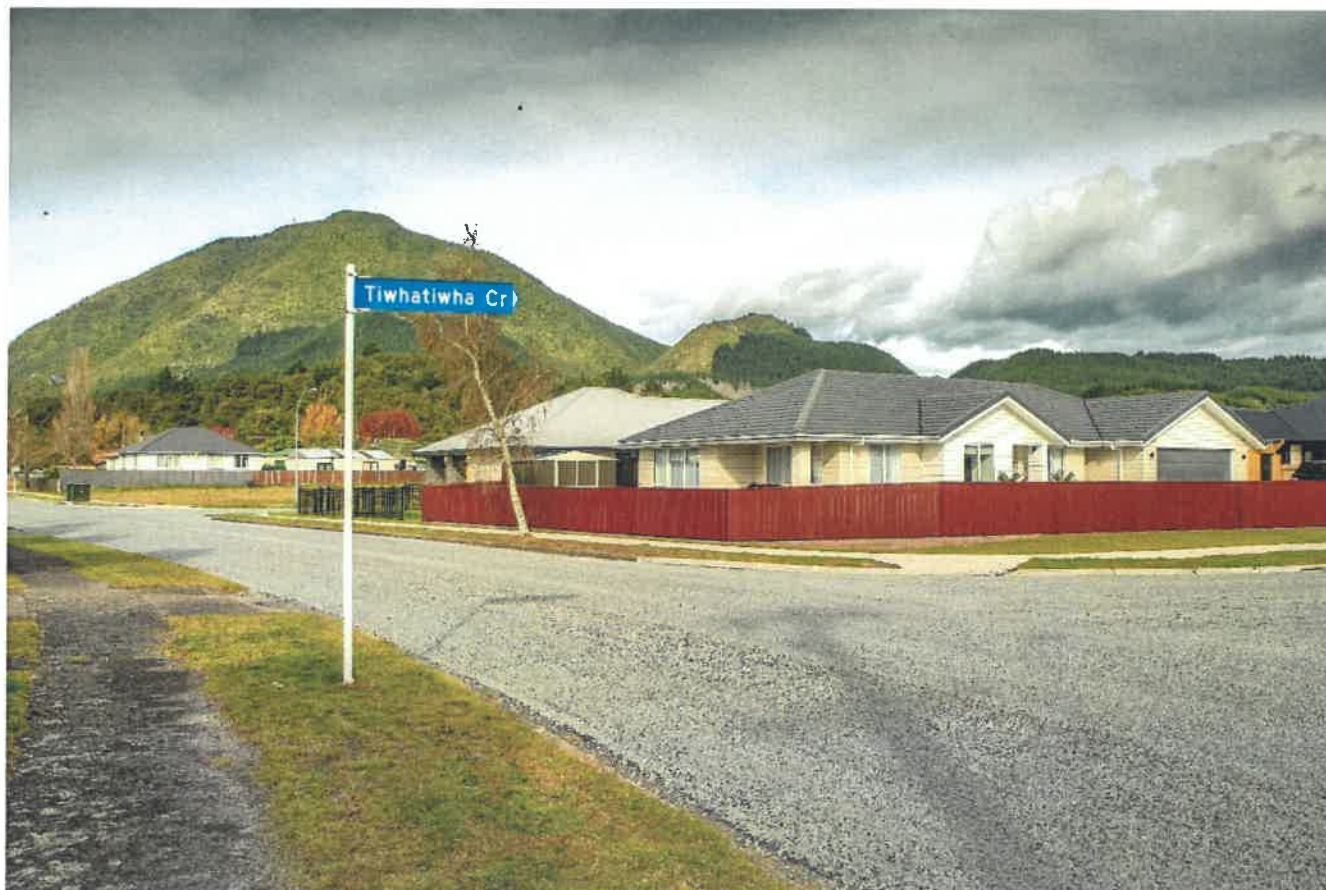
Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comments
Premises licensed under the Sale and Supply of Liquor Act 2012 comply with license conditions.	Inspection of licensed premises for compliance	100% annually	Achieved (100%)	Not achieved	9/15 (60%)
Council monitors and keeps public places free of litter and general environmental health conditions	Weekday patrols	At least 480 weekday patrols	Not Achieved (434 patrols)	Achieved	495 weekday patrols for year.
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 (94.2% within 30 Minutes)	Not achieved	246/392 (62.8% within 20 minutes) 363/392 (92.6%) within 30 minutes
	Response to other Environmental Health service requests/complaints	100% within 1 working day	Achieved (100%)	Not achieved	61/69 (88.4%) responses within 1 working day

Dog Control and Registration

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comments
Council maintain community satisfaction levels for the dog control service	Community satisfaction with dog control services	N/A	Achieved 81%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
The level of dog registration maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	Not achieved (434 weekday & 263 after hours)	Achieved	508 weekday patrols and 354 after-hours patrols
	Annual District survey to detect unregistered dogs	All residential properties surveyed and follow up actions taken	N/A	N/A	Survey discontinued
	Number of dogs on Council's register of known dogs that are unregistered	None as at 30 April	Not achieved 1,502/1,505 dogs registered)	Achieved	1,481/1,481 (100%) dogs registered at 30 April 2021
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 (84.7% within 20 & 97.5% within 30 minutes)	Not achieved	592/806 (73.4%) responded to within 20 minutes, 753/806 (93.4%) responded to within 30 minutes There were 53 instances where the time limit was exceeded.

Civil Defence

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comments
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Kawerau District Civil Defence Emergency Management Plans are current and reviewed every three years	All plans reviewed within the past 3 years	Not Achieved (4 plans not reviewed)	Not Achieved	There are 4 plans that have not been reviewed in the last 3 years. (1 plan has been reviewed)
	Level of household planning and preparedness for a civil defence emergency	N/A	Not achieved 49%	N/A	The NRB community survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Emergency Operating Centre (EOC) is equipped and operational within two hours of the controller activating.	Staff are identified, trained and exercised twice each year	Not achieved (81.2% staff trained)	Not achieved	80% of staff are identified and training undertaken (target 85%). 1 exercise held.
	Council delivers 4 public engagement initiatives to promote Community awareness, preparedness and resilience.	Initiatives delivered	Achieved (8 initiatives delivered)	Achieved	6 initiatives delivered:



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KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
ENVIRONMENTAL SERVICES

	2020 Long Term Plan	2021 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	1,064,620	1,065,100	1,001,041
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	194,110	198,520	237,799
Internal charges and overheads recovered	34,520	35,290	74
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,293,250	1,298,910	1,238,914
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	832,140	826,290	692,340
Finance costs	26,220	25,360	3,128
Internal charges and overheads applied	395,770	408,080	364,933
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,254,130	1,259,730	1,060,401
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	39,120	39,180	178,513
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	85,436
Increase/(decrease) in reserves	39,120	39,180	93,077
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	39,120	39,180	178,513
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(39,120)	(39,180)	(178,513)
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. Land Transport New Zealand 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. NZTA 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 2020/21 were:

- Ongoing asset renewals including pavement reseals, carparks, kerbs and channels, and street lights.
- Accelerated renewal of footpaths to improve the safety for residents
- Replacement and upgrading of River Road culverts to reduce likelihood of future flooding of residential property



ROADING

PERFORMANCE

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comments
Council maintains community satisfaction for the roading activity	Community satisfaction with roading assets	N/A	Achieved 95%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
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	Achieved	Not Achieved	There was 1 fatality on the roads controlled by Council.
Road quality	The average quality of ride on a sealed local road network, measure by smooth travel exposure	No less than 95%	Not measured (due to COVID)	Not Achieved	Road roughness survey undertaken May 2021 which showed ride quality of 90.0%. This is as a result of a reduced amount of reseals being undertaken in recent years
Road maintenance	The percentage of the sealed local road network that is resurfaced.	Between 5 and 6.5% per annum	Not achieved (0.5%)	Not achieved	Approx 1.6 kms (3.75%) of resurfacing done. This reflects the reduced funding from NZTA
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 (77.7% within 14 & 88.9% within 28 days)	N/A	0 actual potholes reported.
		Streetlights: 90% within 14 days and 100% within 28 days	Not achieved (53.8% within 14 & 59.6% within 28 days)	Not achieved	54 Streetlight outages reported. 29 responded to within 14 days (53.7%) and 42 responded to within 28 days (77.8%).
		Footpaths: 100% within 14 days	Achieved	Achieved	4 service requests were received and all were attended to within 14 days.
Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths	N/A	Achieved 81%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
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 measured (due to COVID)	Achieved	100%. All footpaths inspected and those outside the service standard were repaired during year

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



KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
ROADING

	2020 Long Term Plan	2021 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	947,850	971,380	1,030,857
Targeted rates	0	0	0
Subsidies and grants for operating purposes	200,380	204,590	241,763
Fees and charges	17,000	17,000	37,068
Internal charges and overheads recovered	55,780	60,300	25,173
Local authorities fuel tax, fines, infringements and other receipts	66,940	68,410	66,128
TOTAL OPERATING FUNDING (A)	1,287,950	1,321,680	1,400,989
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	446,260	455,680	471,999
Finance costs	0	0	1,120
Internal charges and overheads applied	507,860	528,200	666,404
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	954,120	983,880	1,139,523
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	333,830	337,800	261,466
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	439,680	411,030	907,842
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)	439,680	411,030	907,842
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	50,000	0	585,869
- to replace existing assets	586,630	599,530	974,727
Increase/(decrease) in reserves	136,880	149,300	(391,288)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	773,510	748,830	1,169,308
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(333,830)	(337,800)	(261,466)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0



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

<u>2019/20</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2020/21</u>
24,754	Streetlights renewals and upgrade	81,470	72,418
235,721	Kerbs & Footpaths renewals	260,598	350,811
118,456	Reseals	147,795	148,021
435,565	Other renewals	109,667	989,346
814,496	Total Infrastructural	599,530	1,560,596
FUNDED BY:			
463,491	Depreciation Reserve Funding	188,500	652,754
351,005	Subsidies and grants for capital purposes	411,030	907,842
814,496		599,530	1,560,596

The replacement of the River Road culverts (\$586k) to reduce the likelihood of flooding and renewing the town centre paving (\$385k) were done during the year along with the corresponding subsidy, but had been budgeted in the previous year. Also an additional \$75k was spent on footpath renewals because additional subsidy was available. Overheads were more than budget due to the additional expenditure for the activity.



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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.

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

THE YEAR IN SUMMARY

The stormwater pipes in the town centre were replaced during the year as part of the upgrade of the CBD. Also cesspits in River Road and Robinson Street were renewed.



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STORMWATER

PERFORMANCE

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	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 (0 flood events)	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	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	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 (0 flood events)	Achieved	There were no flooding events during the year
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 (No notices, orders or convictions)	Achieved	Council complied with the all conditions of its resource consent. There were no notices, orders or convictions.

KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
STORMWATER

	2020 Long Term Plan	2021 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	46,500	45,770	63,498
Targeted rates	0	0	0
Subsidies and grants for operating purposes	24,590	25,130	52,564
Fees and charges	0	0	0
Internal charges and overheads recovered	13,290	14,710	6,722
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	84,380	85,610	122,784
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	32,790	33,510	46,911
Finance costs	0	0	50
Internal charges and overheads applied	9,820	10,330	14,360
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	42,610	43,840	61,321
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	41,770	41,770	61,463
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	109,825
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)	187,500	0	109,825
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	146,433
Increase/(decrease) in reserves	41,770	41,770	24,855
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	41,770	41,770	171,288
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(41,770)	(41,770)	(61,463)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2019/20</u>	<u>CAPTIAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2020/21</u>
0	Pipework renewals/Cesspits	0	146,433
0	Total Infrastructural	0	146,433
	FUNDED BY:		
0	Depreciation Reserve Funding	0	36,608
0	Subsidies and grants for capital purposes	0	109,825
0		0	146,433

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 2020/21 were:

- Commencement of 6 year programme to replace AC and steel pipes in town – 3.9 km
- Installation of 3.2 km Riser Main to Monica Lanham reservoir to provide backup for exiting pipe
- Ongoing flushing of lines when "dirty" water is reported - significant reduction in "dirty" water reported
- Continuing programme of valve and toby replacement

WATER SUPPLY

PERFORMANCE

Levels of Service	Measures	Target 2020/21	Results 2019/20	Results 2020/21	Comments
Provision of a quality water supply	Community satisfaction with water supply	N/A	Not achieved 73%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Customer satisfaction	The total number of complaints received about any of the following: 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.	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 Overall the target is no more than 11 complaints per 1,000 connections.	Not achieved a) 9.3 b) None c) None d) 2.08 e) 0 f) 0	Not achieved	Council has 2,880 connections a) 9 per 1,000 b) 0 per 1,000 c) 0 per 1,000 d) 2.1 per 1,000 e) 0 per 1,000 f) 0 per 1,000
Safety of drinking water	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	Not achieved (2 months of excessive flows & 10 instances where monitoring system off-line)	Achieved Not achieved	There was no instance of bacteria non-compliance. There was one technical protozoal non-compliance
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	<200 litres per connection per day	Achieved (179 litres per connection per day)	Achieved	The analysis undertaken (May 2021) found the average leakage was approximately 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 (0.41m ³)	Achieved	The average consumption was 0.52 m ³ per person per day.
Levels of Service	Measures	Target 2020/21	Results 2019/20	Results 2020/21	Comments

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 (6 callouts and the median response time was 0.42 hours)	Achieved	There were 4 urgent call outs during the year and the median attendance time was 0.15 hours
	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.	Less than 8 hours	Achieved (Median resolution time was 6.49 hours)	Achieved	The median resolution time for urgent call-outs was 2.68 hours
	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 (56 callouts and the median response time was 0.43 hours)	Achieved	There were 68 non-urgent call-outs during the year and the median attendance time was 0.37 hours
	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 (Median resolution time was 1.37 hours)	Achieved	The median resolution time for non-urgent call-outs was 1.85 hours*
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	Achieved	Achieved	Complying with old consent and still seeking a new consent
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Achieved (6 shutdowns)	Not achieved	There were 16 unplanned shutdowns during the year
	Number of unplanned shutdowns - pump stations	None	Achieved (None)	Achieved	There were no unplanned shutdowns of pump stations during the year
	Number of water main breaks	No more than 8	Achieved (2 breaks)	Achieved	There was 7 water main breaks during the year

* 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.

KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
WATER SUPPLY

	2020 Long Term Plan	2021 Long Term Plan	Actual
General rates, UAGC and rate penalties	745,040	745,370	861,916
Targeted rates	179,030	184,280	273,788
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	12,020
Internal charges and overheads recovered	142,350	126,600	66,369
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,066,420	1,056,250	1,214,093
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	333,830	320,000	627,644
Finance costs	0	0	430
Internal charges and overheads applied	308,450	312,210	326,348
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	642,280	632,210	954,422
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	424,140	424,040	259,671
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	40,000
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	40,000
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	795,560	974,110	1,418,595
Increase/(decrease) in reserves	(371,420)	(550,070)	(1,118,924)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	424,140	424,040	299,671
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(424,140)	(424,040)	(259,671)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

There was additional expense (\$182k) for the write-off of the water pipe bridge damage claim. This revenue had been recognised in 2018/19 as it was anticipated that the full amount would be recovered.

Capital expenditure for this activity during the year included:

<u>2019/20</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2020/21</u>
14,172	UV Tube Replacement	12,840	16,956
10,128	Pipework renewals	633,680	1,216,459
4,002	Toby renewals	23,000	27,984
322,657	Other renewals	304,850	157,196
350,959	Total Infrastructural	974,110	1,418,595
FUNDED BY:			
0	Subsidies and grants for capital purposes	0	40,000
350,959	Depreciation Reserve Funding	974,110	1,378,595
350,959		974,110	1,418,595

There was additional pipes replaced that had been planned for 2019/20 but were delayed. Also the planned water flow restrictor as well as pump refurbishment projects were not undertaken.



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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 2020/21 were:

- Continuous provision of service to high standard
- Renewal of pumps at pumping station
- Upgrades to treatment plant
- Only 1 overflow for the year that was quickly resolved

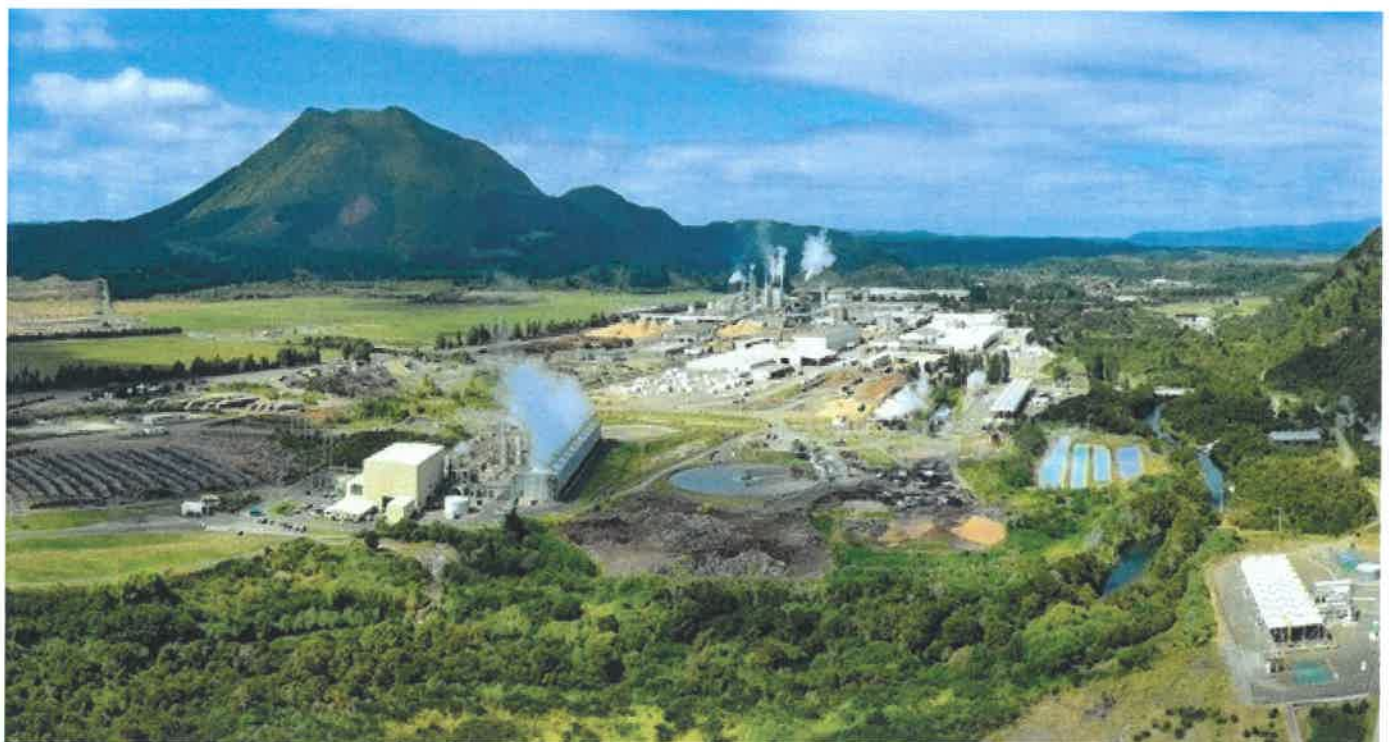
WASTEWATER

PERFORMANCE

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comment
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	N/A	Not achieved 95%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
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 per 1,000 b) 0 per 1,000 c) 4.3 per 1,000 d) 0 per 1,000	Achieved	Council has 2,880 connections a) No odour issues (0 per 1,000) b) No faults (0 per 1000) c) There were 8 blockages (2.7 per 1000) d) There were no complaints about responses (0 per 1,000)
System Adequacy	The number of dry weather sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system.	0 per 1,000 connections to the sewerage system	Achieved (0 overflows)	Not Achieved	1 dry weather overflows during the year.
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 (1 overflow attended in 0.33 hours)	Achieved	There was 1 overflow resulting from a blockage which was attended to in 0.17 hours*
	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 (1 overflow resolved in 2.50 hours)	Not achieved	1 blockage causing overflow was resolved after 2 weeks due to sewer line collapse
Council provides a reliable domestic wastewater collection and disposal service	Number of disruptions to wastewater collection service	No more than 50.	Achieved (0)	Achieved	There was 1 disruption to wastewater collection service during the year.

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comment
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 to those resource consents.	No notices, orders or convictions.	Not achieved a) 0 b) 2 c) 0 d) 0	Achieved a) 0 b) 0 c) 0 d) 0	
The wastewater treatment plant operates effectively	Compliance with wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Compliance. ¹	Not achieved (Excessive volumes from dairy factory)	Not achieved	Council did not comply with conditions of the resource consent during the year due to the volumes received from the dairy factory.

* 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.



¹ BOPRC inspection reports state either compliance or non-compliance.

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KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
WASTEWATER

	2020 Long Term Plan	2021 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	869,580	874,070	1,118,731
Targeted rates	357,870	368,350	411,150
Subsidies and grants for operating purposes	0	0	0
Fees and charges	77,100	78,950	154,683
Internal charges and overheads recovered	143,570	154,250	65,197
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,448,120	1,475,620	1,749,761
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	553,860	565,720	731,252
Finance costs	0	0	730
Internal charges and overheads applied	464,730	480,230	572,335
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,018,590	1,045,950	1,304,317
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	429,530	429,670	445,444
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	345,000
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	345,000
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	48,180	175,510	655,953
Increase/(decrease) in reserves	381,350	254,160	134,491
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	429,530	429,670	790,444
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(429,530)	(429,670)	(445,444)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

There was additional operating costs resulting from trade waste sent by the dairy factory which was offset by additional fees and charges. Also Council received a capital grant from government for 3 waters improvements which was used to fund capital works.

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

<u>2019/20</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2020/21</u>
0	Wastewater Pipework	0	72,927
151,199	Other renewals	175,510	583,026
<u>151,199</u>	Total Infrastructural	<u>175,510</u>	<u>655,953</u>
FUNDED BY:			
151,199	Depreciation Reserve Funding	175,510	310,953
0	Subsidies and grants for capital purposes	0	345,000
<u>151,199</u>		<u>175,510</u>	<u>655,953</u>



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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 2020/21 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 2020/21	Result 2019/20	Result 2020/21	Comment
Provision of cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	N/A	Achieved 97%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
	Community satisfaction with refuse disposal	N/A	Achieved 78%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	User satisfaction with refuse disposal	N/A	Achieved 85%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Council's refuse collection and disposal services meet the needs of the Kawerau community and help maintain public health and a clean environment.	Frequency of residual refuse collection from residential properties.	52 weekly collections	Achieved (52 weeks)	Achieved	Collection occurred every week throughout the year (52 weeks).
	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 2020/21	Result 2019/20	Result 2020/21	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	No less than 178 kg per annum	Not achieved (143.3 kg per household)	Achieved	2,880 households and 250 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	N/A	Not achieved 91%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Frequency of residual recycling collection service from residential properties.	52 weekly collections	Not achieved (41/52) collections	Achieved	52/52 weeks of collections.

KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
SOLID WASTE

	2020 Long Term Plan	2021 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	880,560	907,230	788,620
Targeted rates	421,210	433,270	438,947
Subsidies and grants for operating purposes	0	0	0
Fees and charges	355,840	363,680	761,958
Internal charges and overheads recovered	15,330	15,810	1,459
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,672,940	1,719,990	1,990,984
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,140,470	1,164,320	1,290,946
Finance costs	12,320	11,940	9,699
Internal charges and overheads applied	490,350	513,580	642,124
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,643,140	1,689,840	1,942,769
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	29,800	30,150	48,215
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	17,489
Increase/(decrease) in reserves	29,800	30,150	30,726
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	29,800	30,150	48,215
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(29,800)	(30,150)	(48,215)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

More fees were received for waste disposal, and there was a slight increase in costs because of higher volumes. During the COVID-19 lockdown, Council ceased the recycle collection, closed the transfer station and allowed residents to put both recycling and residual domestic waste into the larger bins. While this resulted in greater rubbish volumes, costs were lower.

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 three large public halls for recreational and cultural pursuits, four clubroom/pavilion buildings on reserves used by various sporting codes and three 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 Well-beings

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 2020/21 were:

- Renewal of children and adult books at the library and completion of upgrade to reception area
- On-going renewals at the swimming pool
- Improvements to the sound system in the Concert Chamber
- New water irrigation system for Tarawera Park
- Renewal of a number of reserve fences including boundary fences
- Purchase of new equipment for playgrounds



LEISURE & RECREATION

PERFORMANCE

Public Library

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comment
The library is accessible to the public	Percentage of the population who are active members of the library	>25%	Not achieved (24.5%)	Not achieved	At the end of June 2021, there were 1,726 active users of the library (24.1%)
	Number of visitors to the library per annum	>90,000	Not achieved	Not achieved	There were 66,119 visits to the library during the year.
	New items per 1,000 population added to the collection each year	500	Not achieved (409 new items per 1,000)	Not achieved	There were 496 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	N/A	Achieved 87%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	User satisfaction with the public library	N/A	Not achieved 93%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.

Museum

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comment
Council provides a museum service which reflects community needs	Community satisfaction with the museum	N/A	Not achieved 58%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	User satisfaction with the museum	N/A	Not achieved 82%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Number of exhibitions held	6 exhibitions held for year	Achieved (6 exhibitions held)	Achieved	There were 7 exhibitions held during the year
	Number of historical articles produced	10 historical articles produced for year.	Achieved (10 articles)	Achieved	There were 11 historical articles produced during the year
	Number of objects accessioned to the museum collection per annum	200	Not achieved (84 objects accessioned)	Not achieved	There were only 65 objects accessioned into the museum collection

Swimming Pools

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comment
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	N/A	Not achieved 90%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	User satisfaction with the public swimming pool	N/A	Not achieved 93%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Council provides a swimming pool complex which is accessible to the Community	Weeks open per year	Open at least 48 weeks	Not achieved (44/52 weeks)	Achieved	Pool was open 48/52 weeks for the year.
Swimming pool water meets water quality standards	Level of compliance with standards	Full compliance in 95% of tests	Achieved (97%)	Achieved	There was at least 97% compliance for tests

Public Halls and Facilities

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comment
Council provides public halls and facilities which reflects community needs	Community satisfaction with public halls	N/A	Not achieved 80%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	User satisfaction with the public halls	N/A	Not achieved 92%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Community satisfaction with public toilets	N/A	Achieved 80%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	User satisfaction with the public toilets	N/A	Achieved 95%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
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	Not achieved (46/52 weeks)	Achieved	All halls were open for 50/52 weeks for the year.
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	Not achieved (335/366 days)	Achieved	The town centre public toilets were open 365/365 days

Parks and Reserves

Levels of Service	Measures	Target 2020/21	Result 2019/20	Result 2020/21	Comment
Council provides parks and reserves which meets community needs	Community satisfaction with parks and reserves	N/A	Not achieved 93%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Community satisfaction with community attractiveness and beautification	N/A	Not achieved 98%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
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	Sports fields inspected October 2020 and recommendations implemented
Council provides an adequate number of reserves for community leisure and recreation	Percentage of households situated within 500 metres of a reserve	At least 95%	Achieved	Achieved	100% of properties are within 500 metres of a reserve
Bedding displays are attractive and updated to suit the season	Number of bedding displays	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 ten inspections were carried out due to staff shortages
	Remediation of all identified problems	All repairs completed within 2 weeks	Achieved	Not achieved	Minor defects were identified from inspection and public. 1 repair was delayed due contractor not being available
The Kawerau Cemetery meets community interment needs in the present and the medium term	Community satisfaction with the cemetery	N/A	Not achieved 76%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Visitor satisfaction with the cemetery	N/A	Achieved 97%	N/A	The NRB community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Number of burial plots available	At least enough available for the next 5 years	Achieved	Achieved	There are currently enough plots available for approximately a further 10 years

KAWERAU DISTRICT COUNCIL
Funding Impact Statement for the year ended 30 June 2021
LEISURE AND RECREATION

	2020 Long Term Plan	2021 Long Term Plan	2021 Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	4,050,070	4,161,720	4,035,834
Targeted rates	0	0	0
Subsidies and grants for operating purposes	920	940	892
Fees and charges	66,680	68,230	130,068
Internal charges and overheads recovered	33,850	40,650	22,136
Local authorities fuel tax, fines, infringements and other receipts	0	0	537,419
TOTAL OPERATING FUNDING (A)	4,151,520	4,271,540	4,726,349
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	2,124,730	2,155,550	1,949,462
Finance costs	109,230	102,650	74,159
Internal charges and overheads applied	1,269,320	1,300,650	1,107,322
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,503,280	3,558,850	3,130,943
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	648,240	712,690	1,595,406
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	500,000
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	500,000
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	260,200	251,080	490,980
Increase/(decrease) in reserves	388,040	461,610	1,604,426
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	648,240	712,690	2,095,406
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(648,240)	(712,690)	(1,595,406)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2019/20</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2020/21</u>
63,988	Library Stock Renewals	71,360	68,385
64,868	Other Library/Museum	29,005	62,548
68,023	Swimming Pool Upgrades / Clubrooms	7,600	214,885
5,600	Recreation Centre Upgrades	22,460	7,455
8,633	Town Hall Upgrades	8,585	5,579
1,422	Concert Chamber Upgrade	14,400	22,916
29,990	Public Toilets	0	0
1,007	Sports-fields Improvements	4,340	24,511
85,679	Passive Reserves Improvements	52,850	45,895
36,430	Playground Renewals	35,260	34,556
2,300	Cemetery	5,220	4,250
367,940	Total Operational	251,080	490,980
FUNDED BY:			
0	Grants for capital renewals	0	500,000
367,940	Depreciation Reserve Funding	251,080	(9,020)
367,940		251,080	490,980

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

- Swimming Clubrooms fit-out and renewing of geothermal steam bore
- Installation of irrigation system at Tarawera Park

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 2021		
	Parent 2019/20 \$000's	Parent 2020/21 \$000's
Revenue	1,405	1,563
Expense	(1,420)	(1,539)
Net (Deficit)/Surplus Year	(15)	24
Less Tax Expenses	0	8
Net Surplus/(Deficit) after Tax	(15)	16

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 2020/21 and associated budget formally adopted by the directors at the meeting held 30 June 2020.

The following is a report of performance against targets set in the Statement of Intent for 2020/21.

Performance Targets for 2020/21		
Targets	Measure	Progress as at 30 June 2021
Investigate new joint procurement initiatives for goods and services for BOPLASS councils. Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	Minimum of 4 new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved services levels to participating councils.	Achieved. Joint procurement initiatives which were investigated for the year, included: <ul style="list-style-type: none"> • Waste Operator Licensing and Data System • Skin scans / Mole mapping • Infrastructure Insurance • GIS Technical Support • Website Quality Assurance • IPWEA Membership • Courier Services
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Achieved. BOPLASS identified the following opportunities for collaboration: <ul style="list-style-type: none"> • Debt Recovery Services • Insurance Renewal Standardisation • Insurance Forum • Courier Services • Inter-LASS meetings • Waste Operator Licensing & Data Collection • Waste Minimisation Fund Application • Occupational Health Services

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Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils	Manage and/or renegotiate existing contracts. Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.	Achieved. Contracts negotiated and/or renewed for: <ul style="list-style-type: none"> • Video conferencing services • GIS software and services • Print Media Copyright Agency (PMCA) • ESRI Licence Agreement • Aerial Imagery • GSB (N3) Membership • Vertical Horizonz (H&S trainer contract) • Media Monitoring Services • Zoom Services • Standards NZ
Communicate with each shareholding council at appropriate levels.	Meeting with each executive leadership team. (At least once per year)	Achieved. Executive-level meetings held with councils as well as Chair and CE undertook roadshow to meet with senior staff of member councils
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. Increase the use of the collaboration portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 20% per year. Number of active users to increase by 20% per year.	Achieved. This target was achieved by: <ul style="list-style-type: none"> • Active promotion of the “Mahi Tahī” collaboration portal, increased the number of users by 71% • Ongoing development and training of the collaboration portal • Number of projects increased by 5 over last year (10%) RSIP Redevelopment – Regional Sector Information Portal now hosted by BOPLASS
Ensure current funding model is appropriate.	Review BOPLASS expenditure and revenue as well as review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved. Funding and viability of funding model reviewed and reported to Board. <ul style="list-style-type: none"> • Council contributions levied • Contributions received from activities producing savings. • Vendor rebates collected. • Monthly and quarterly performance reviewed. • Financial statements reported and reviewed at board meetings



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."



Tina Ngatai, Charelle Stevenson, Justin Ford-Robertson, Wiremu Doherty (Chair), David Glover, Karilyn Te Riini

Monitoring of Progress towards achieving Community Outcomes

One of the approaches Council uses to determine how well it is performing is the National Research Bureau's 'Communitrak' survey. The results of the survey commissioned in January 2020, the Community Outcome to which each measure primarily contributes and results from the last survey are shown in the table below. The next survey is intended to be carried out in January 2023.

Measure (Community satisfaction with)	Very/ Fairly Satisfied 2017 %	Very/ Fairly Satisfied 2020 %
Performance of the Mayor and Councillors in the last year	87	83
The way rates are spent on services and facilities provided by Council	93	89
Consultation and Community Involvement - The way Council involves the public	63	65
Dog Control Service	69	81
Public Library	84	87
Refuse disposal (Refuse Transfer Station)	81	78
Rubbish collection	95	97
Recycling services	95	91
Community attractiveness and beautification	100	98
Museum	63	58
Quality of life in Kawerau	94	91
Kawerau is definitely or mostly a safe place to live	90	88
Kawerau as a place to live is the same or better than it was three years ago	92 (agree)	92 (agree)
Emergency management – Percentage of households which have an emergency management kit	54	49
Water supply	96	73
Parks and reserves	96	93
Swimming pool	90	90
Roads	97	95
Footpaths	85	81
Wastewater (sewage disposal)	91	95
Cemetery	71	76
Public toilets	54	80
Community spirit	85	86
Public halls	75	80



Council also undertook monthly surveys of users of its services throughout the 2020/21 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

2019/20	Customer Service Satisfaction Survey (CSSS)	2020/21
611	CSSS forms posted out	638
142	CSSS forms returned	120
23.2%	Response rate	18.8%
Feedback received from Customers		
87	Predominantly Excellent	82
33	Predominantly Good	25
5	Predominantly Only Fair	8
12	Predominantly Poor	8
4	Not applicable	0
1	No boxes ticked	5
Conclusion		
87.6%	% customers satisfied (Excellent/Good)*	87.0%
12.4%	% customers unsatisfied (Fair/Poor)*	16.0%



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