



2021/22

ANNUAL REPORT

2021/22 PŪRONGO-Ā-TAU

FRONT COVER: BRIDGE, TE KUITI

CHRISTO DE BEER

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Everything we do at Waitomo District Council is linked to our vision.

“ WAITOMO – a vibrant district ”

Our aim is to make the District an attractive place that people will want to come and visit, work and live in. The intention is to enhance the liveability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. Waitomo District Council has set areas of focus to drive this vision and guide our efforts.

These are:

- provide value for money,
- support our communities, and
- enable a thriving community.

We have made excellent progress in our focus areas in the 2021/22 year.

Key highlights are included in the following pages with further detail of our achievements in the activity areas included in the 'Service Performance' section of the full Annual Report available at www.waitomo.govt.nz/council/publications

INTRODUCTION

KŌRERO WHAKATAKI

FROM THE MAYOR AND CHIEF EXECUTIVE

This report covers the first year of delivery on the 10 Year Plan 2021-2031 with our vision for Waitomo as a vibrant district. This year has proven to be a very successful year but a challenging one for us all. We have moved into the recovery stage from the COVID-19 global pandemic which continues to impact us as a community and individuals. Adding to this we have also experienced severe weather events during the year which presents another challenge on our recovery pathway.

In the face of these challenges, we have been able to deliver a substantial amount of capital projects, work programmes and levels of service. Contractor, materials, and staff shortages have made delivery of some projects and services very difficult. We have not been able to deliver all the capital works that we sought to.

Our community partnership programme Mayor's Taskforce for Jobs has been successful in assisting with sustainable local employment. Other highlights this year were completion of Te Ara Tika, commencement of the King Country Sports and Recreation centre and completing the Three Waters Reform Stimulus fund projects which added in total \$3.5 million of investment into our 3 waters infrastructure. These investments will benefit our communities now and for the next generations to come.

The Three Waters Reform programme continues to be progressed by central government with the creation of transitional entities that are working alongside councils through the transition period.

Elected members acknowledge the efforts of the Chief Executive and his team for both delivering on our business as usual programmes and for responding to these extra demands.

The affordability of rates continues to be at the forefront of elected member minds. In the year under review, the actual rates collected dropped by -0.84% for 2021/22 which was lower than forecasted in 10 Year Plan 2021-2031 at -0.54%. Our focus will continue to be on delivering services effectively and efficiently.

Annual reports for councils are extensive. We report on the performance of each service we provide followed by the overall financial statements which details our financial position as at 30 June 2022. We are pleased to report that for the financial year ending 30 June 2022 Council's external debt is now down to \$28.2 million. Some of this is due to deferred capital works, and some due to Council reducing cash on hand.

Our benchmark graphs show the Council is in a stable position for the significant change ahead. We will continue to work together and maintain this stability while maximising the government funding opportunities to deliver real change in our communities.

We acknowledge the residents and ratepayers of our district for their support and continued participation in our community activities this year.



John Robertson
Mayor



Ben Smit
Chief Executive

YOUR COUNCIL



JOHN ROBERTSON

Mayor

John.Robertson@waitomo.govt.nz



GUY WHITAKER

Deputy Mayor

Guy.Whitaker@waitomo.govt.nz



JANENE NEW

Councillor: Urban

Janene.New@waitomo.govt.nz



PHIL BRODIE

Councillor: Rural

Phil.Brodie@waitomo.govt.nz



LISA MARSHALL

Councillor: Urban

Lisa.Marshall@waitomo.govt.nz



ALLAN GODDARD

Councillor: Rural

Allan.Goddard@waitomo.govt.nz



SUE SMITH

Councillor: Rural

Our Impact on the District

Here's a sample of our performance and what we delivered last year across the district.

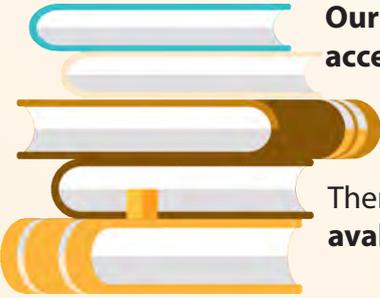


We received **4377 Service Requests**

Customer Service handled **13,686 calls**

311 Rate Rebates were processed

There are **over 2800 members of the library**



Our Online Library was accessed **5443 times**

There are more than **20,000 physical items** available for loan to our members



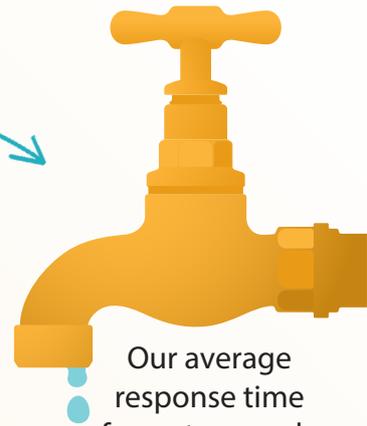
There was **1797 visits to the i-SITE**

283 WDC service visits to i-SITE



92% of building consents processed within 20 working Days

100% of Resource Consents processed within 20 working days



Our average response time for water supply related **urgent call outs** was **one hour**



We have **4.3k followers on Facebook**

We have produced **69 Media Releases**

There was **20.9k Facebook Page visits**



We have **3,311 registered Dogs**



Resurfacing of **27 km of sealed roads**



Maintained and/or replaced **366 signs and markers and 166 signposts**

Rehabilitated **54 km of unsealed road** and maintenance **grading of 830 km**

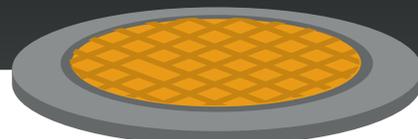
Maintained **170 bridges**



We constructed **1,311 m of new footpaths**

Length of pipes laid was **4,059m**

Reactive & planned road maintenance **rural roads 460 km sealed and 548 km unsealed**



533 requests were received relating to roads and footpaths. **486 were responded to within 10 days**

OUR FINANCIAL PERFORMANCE

This section of the report provides an overview of our financial performance for the year ended 30 June 2022. This overview provides an explanation to our financial statements and notes on pages 60 to 115.

OVERALL RESULTS

For the financial year WDC reported a net surplus of \$7.4 million compared to a budgeted surplus of \$2.9 million.

(\$000's)	2022 COUNCIL BUDGET	2022 COUNCIL ACTUAL	2021 COUNCIL ACTUAL
Total Revenue	35,743	44,224	37,848
Total Expenditure	32,812	36,864	29,719
Net surplus	2,931	7,360	8,129

(\$000's)	2022 COUNCIL BUDGET	2022 COUNCIL ACTUAL	2021 COUNCIL ACTUAL
Elements of Net Surplus is comprised of:			
Cash items			
Subsidies, grants and contributions for capital expenditure	5,676	8,281	5,362
Waka Kotahi subsidy applied to loan repayment	0	0	599
Gains on the sale of assets	0	57	158
Rates funding for loan repayment	37	46	200
Operational performance	(1,757)	2,277	1,996
Operational expenditure funded by loans	1,263	(421)	(382)
Total cash items	5,219	10,240	7,933
Non-cash items			
Gains on valuations of investment property and forestry assets	0	331	1,348
Losses on asset disposals	0	(725)	(358)
Depreciation expense not funded	(2,288)	(2,486)	(794)
Total non-cash items	(2,288)	(2,880)	196
Net Surplus	2,931	7,360	8,129

Set out in the table above is a summary of the main items that combine to contribute to the total net surplus of \$7.4 million for the year.

Included in the surplus are revenues for asset funding such as subsidies, grants and contributions for capital expenditure, gains on the sale of assets and rates funding applied to loan repayment. These revenues are applied to the cost of improving and renewing assets and the associated loan repayments which are not accounted for in the surplus.

Operational performance has also contributed to the net surplus, this includes additional revenue received that was more than forecast such as trade waste and landfill disposal fees and the forecast expenditure not fully spent during the year. This reduced expenditure was the result of the pandemic response to COVID 19 which has delayed progress on a number of projects and the Three Waters Reform Programme which diverted organisational resources from planned work programmes. These savings increased the balance of council

created reserves at year end and also were used to offset the need to borrow externally, thereby providing further savings in finance costs.

During the year loan funding was recognised for the district plan development and the King Country Indoor Sports and Recreation Centre.

Non-cash items included in the surplus include the gains on valuations of investment property, losses on asset disposals and the depreciation expense not funded by rates. These items are recorded for accounting purposes and are not supported by underlying cash revenue or expenditure.

Further details on the revenue and expenditure items that have contributed to the surplus are provided within each of Group of Activities and in note 35.

OUR FINANCIAL STRATEGY

Our 2021-31 10 Year Plan includes a financial strategy that sets out the important financial aspects of Council's planned direction and how it intends to manage its financial performance.

The Financial Strategy can be read in full in the 2021-31 10 Year Plan or on our website.

DEBT

Council borrows externally to fund assets or services that will provide benefit well into the future. We ended the financial year with an external debt position of **\$28.2 million**, which was significantly lower than the forecast target in the 2021-2031 10 Year Plan of **\$39.5 million**. This was a reduction in total borrowings of \$6 million since 30 June 2021.

We have been able to significantly reduce debt this year due to a cash surplus bought about in part by reduced operating costs and unspent capital expenditure adding to our planned debt repayment.

See Total borrowing cost graph on page 12.

CAPITAL EXPENDITURE

The 2021/22 approved capital budget was \$10.3 million, the actual spend for the capital portfolio was \$13.3 million. Included in the actual spend, is additional expenditure for the Three Waters Reform Programme, the service concession asset for the right of use of the King Country Indoor Sports and Recreation Centre, the purchase of carbon credits, and the projects that were deferred to 2021/22 from the previous financial year.

Some capital expenditure projects that were not completed during the year will be deferred to the 2022/23 year. Delays in these projects occurred due to internal resourcing, the impact of issues with global supply chains on availability of supplies and contractor availability.

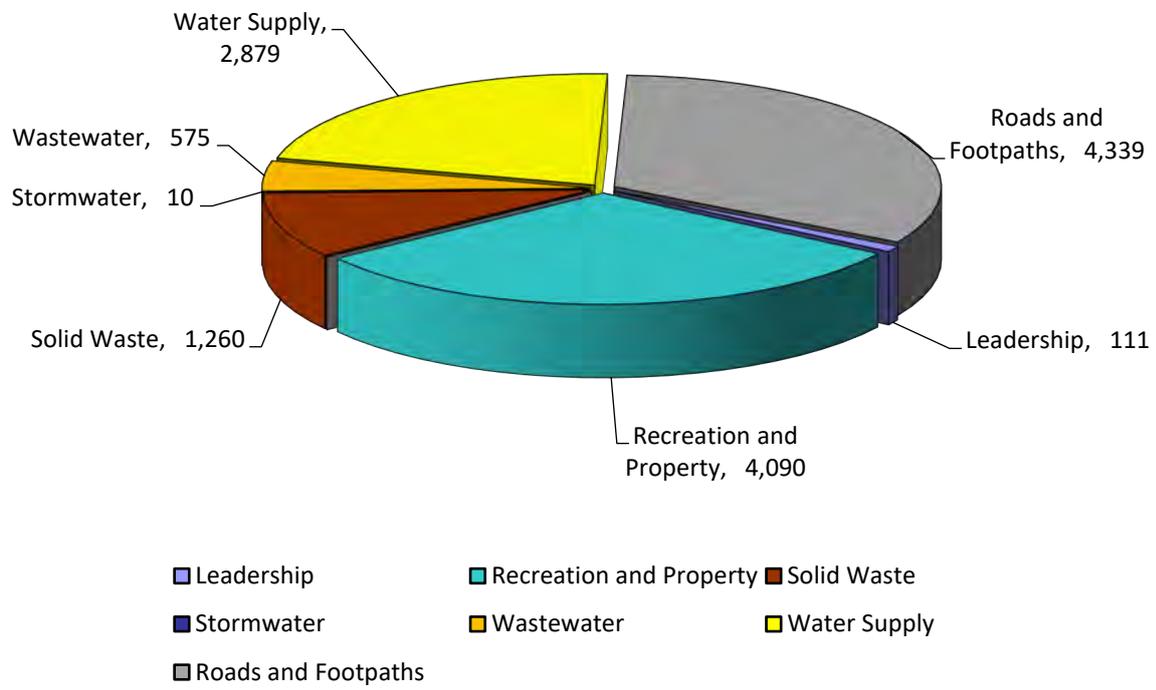
In the 2021/22 we invested \$13.3 million in capital projects.

Some key projects undertaken were:

- Construction commenced on King Country Indoor Sports and Recreation Centre.
- Upgrade of the effluent field in preparation for Mokau public toilets.
- Completion of the Te Ara Tika pedestrian overbridge project and amenity areas.
- Backflow installation project in Te Kuiti, Mokau and Piopio completed.
- Backup generators installed at water and wastewater treatment plants.
- Mokau water treatment plant sand filter and UV upgrade completed, commissioning is underway.
- Resurfaced 27km of sealed roads.
- Unsealed roads received 54km of rehabilitation and 95km were re-metalled.
- Waimiha Road pavement rehabilitation completed.
- A total of 1311m of new footpaths were constructed during the year

TOTAL CAPITAL EXPENDITURE BY ACTIVITY 2021/22

\$000's



FINANCIAL REPORTING AND PRUDENCE BENCHMARKS

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

What is the 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. The regulations can be found on the New Zealand legislation website legislation.govt.nz.

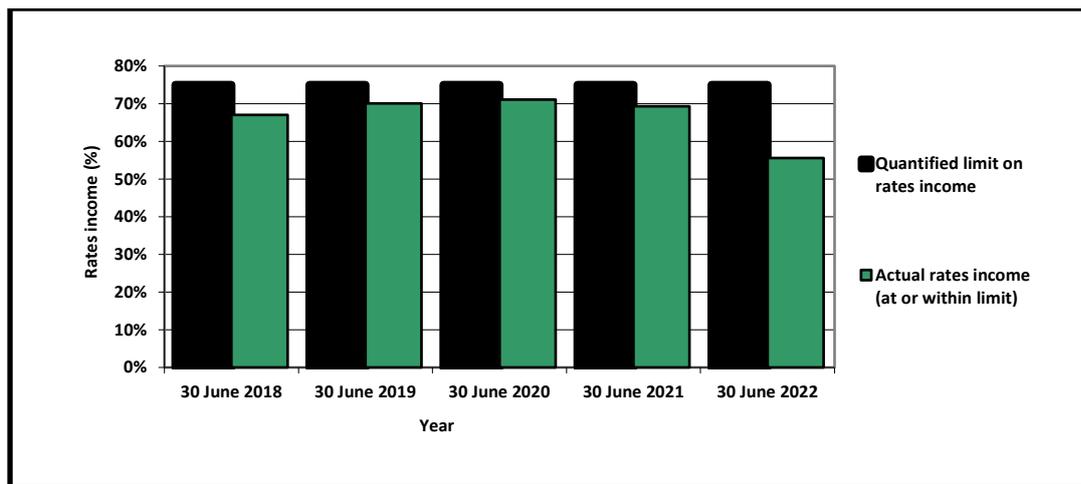
RATES AFFORDABILITY BENCHMARK

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

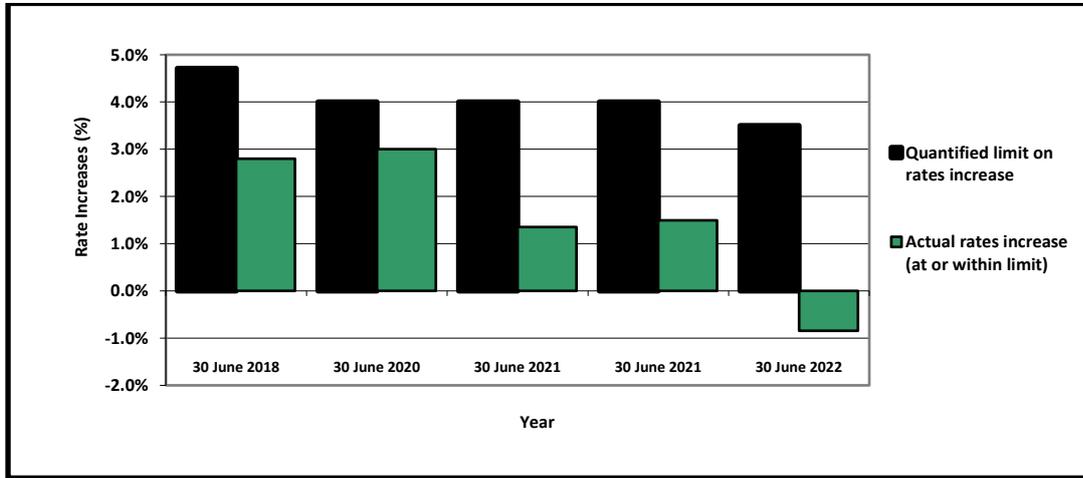
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan.



The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue excludes rates penalties. Rates income was of 56% of operating expenditure in 2021/22.

RATES (INCREASES) AFFORDABILITY

The following graph compares the Council’s actual rates increases with a quantified limit on rates increases in the financial strategy included in the Council’s 2021-31 Long Term Plan. The quantified limit for rates increases is 3.5% for the year ending June 2022 (Local Government Cost Index + 2%). Actual rates decrease from 2020/21 to 2021/22 was -0.8%. For the years June 2019 to June 2021 the rates limit was 4% as set out in the 2018-28 Long Term Plan.



DEBT AFFORDABILITY BENCHMARK

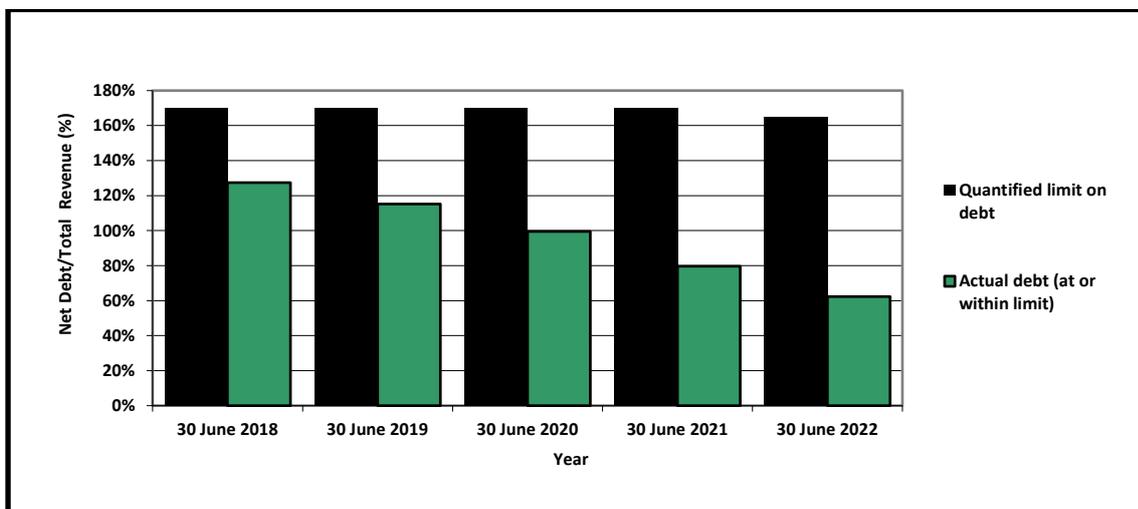
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. There are two quantified limits described in the long-term plan.

Total interest expense includes interest on borrowings and finance leases.

Total revenue includes rates revenue and penalties, government grants and subsidies for operating and capital expenditure, interest revenue, gains on sale of assets, and other revenue. Total revenue excludes gains or losses from change in value of investment property and available for sale non current assets, gains on derivatives, gains on forestry and revenue on acquisition of property plant and equipment at nominal value.

Net debt will not exceed 165% of total revenue

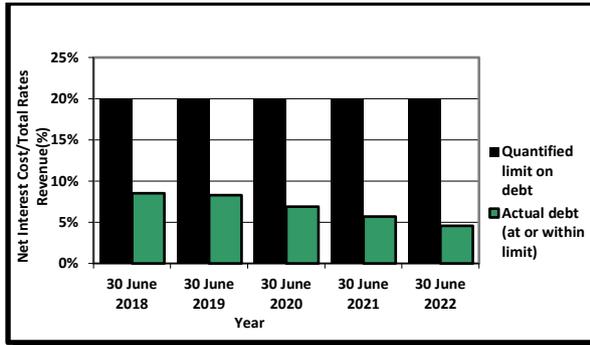
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is net debt will not exceed 165% of total revenue. A value of less than 165% indicates compliance with the prudential limit.



**DEBT AFFORDABILITY BENCHMARK
(CONT.)**

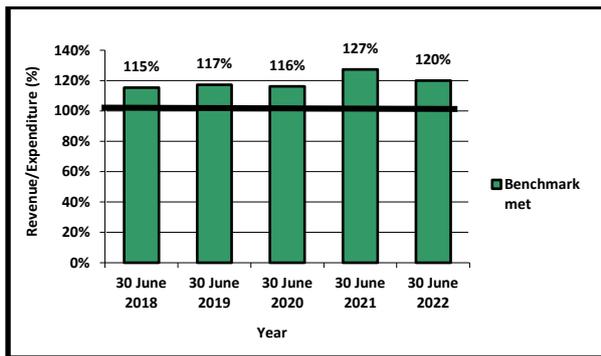
Net interest will not exceed 20% of annual rates

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 net interest will not exceed 20% of annual rates. A value of less than 20% indicates compliance with the prudential limit.



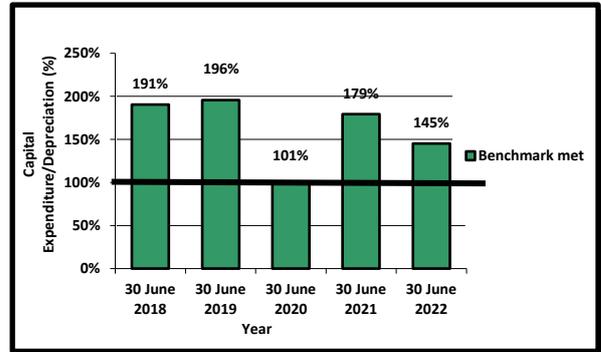
BALANCED BUDGET BENCHMARK

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. Revenue expenditure excludes rates received or paid on Council properties.



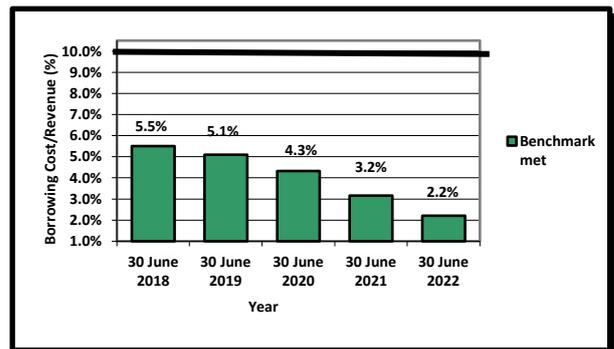
ESSENTIAL SERVICES BENCHMARK

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



DEBT SERVICING BENCHMARK

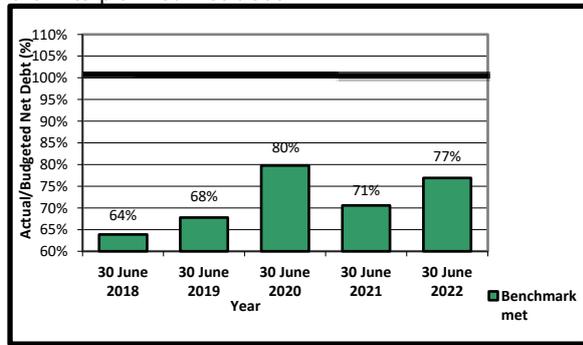
The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council’s population will grow more slowly than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



DEBT CONTROL BENCHMARK

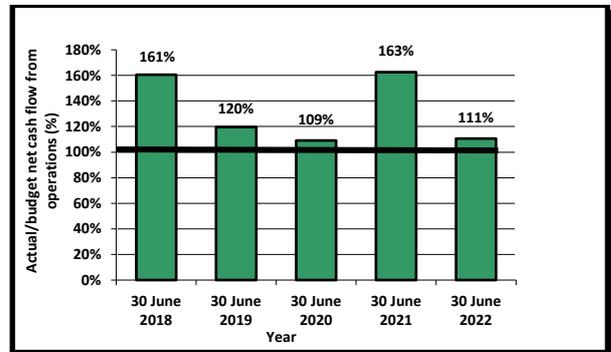
The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities

(excluding employee entitlements and provisions) less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONS CONTROL BENCHMARK

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



GROUP PERFORMANCE

The Group consists of the Council and its 100% owned subsidiary, Inframax Construction Ltd. The Group's overall performance for the year was an **after tax surplus of \$6.1 million**.

Inframax Construction Ltd reported a net loss after tax of \$0.8 million for the year ended 30 June 2022. This was due to increased expenditure for direct contract expenses and employee benefit expense and the impairment of assets.

The subsidiary was eligible and received the wages subsidy which supported the subsidiary operations during ongoing uncertainty in the contracting environment. Despite challenging operating conditions, revenue was above forecast. The equity position of the subsidiary reduced to \$11.6 million with a decrease in the equity ratio to 57%.

At 30 June 2022, total equity for the Group was **\$476.7 million**, an increase of \$114.7 million from the prior year. This increase in equity reflects the following net asset increases:

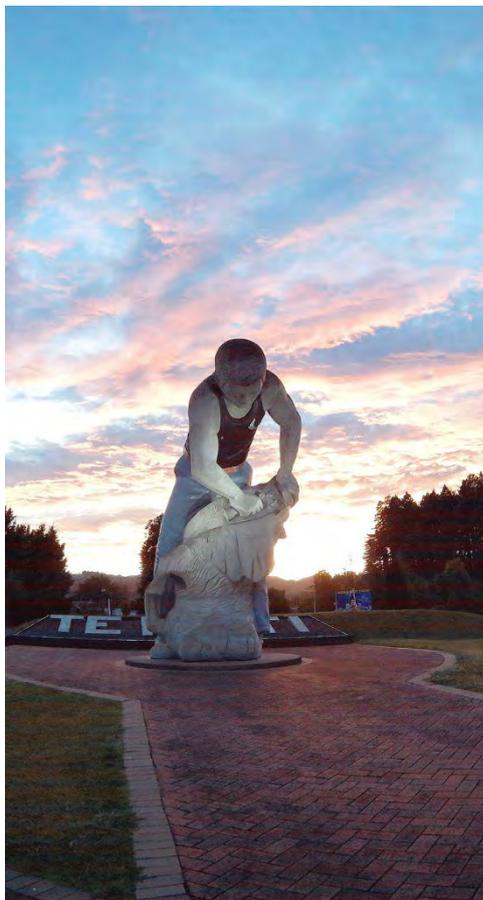
- The Group's after tax surplus of \$6.1 million.
- Current assets decrease of \$2.7 million arising from a decrease in cash and cash equivalents at balance date for the repayment of borrowings and was partly offset by an increase in receivables owing.
- Non current assets increase of \$111.2 million arising mostly from the revaluation of roads, solid waste, land and buildings, water, wastewater and stormwater assets.
- Non current liabilities decrease of \$6.5 million due mainly to a reduction in overall Council's borrowings and a reduction in the non current portion of derivative financial instruments.

OUR COMMUNITY OUTCOMES

Our Community Outcomes and Priority Areas describe what we aim to achieve for our community and what the community can expect us to work towards.

These outcomes and focus areas shaped the development of the 2021-31 10 Year Plan. All our activities contribute to the overall achievement of our community outcomes and our vision -

Waitomo – a vibrant district



Our outcomes are:



A Prosperous District

We will continue to enable a thriving and sustainable economy.



A District for People

We welcome all to a district that is accessible, safe, affordable, and inclusive. We promote health, wellbeing, and participation.



A District that cares for its Environment

We plan for the wise use and management of all land and resources, now and for future generations.



A District that works with You

*A place that provides safe, reliable and well managed
We work with you to collectively focus on the right things at the right time for the greater benefit of the District.*

OUR PRIORITY AREAS



Provide value for money

Residents and ratepayers get best value for money because we find efficient and effective ways to deliver fit-for-purpose infrastructure, assets and services that meet legislative requirements.

We will continue with our renewal and maintenance programmes for our core infrastructure to prevent major repairs or replacements thereby minimising the costs for our current and future generations.

We are developing a new cell to extend the landfill capacity and installation of gas collection that will reduce operational costs.

We are also refreshing our Town Concept Plans due to many changes we are impacted by. This will provide a clear pathway forward on where we should focus our future investments in each town.

Support our communities

We will continue to support a safe, vibrant community where people want to live and feel safe.

We have entered a community partnership project with the Ministry of Education and Te Kuiti High School Board of Trustees to construct and operate the King Country Indoor Sports and Recreation Centre.

We will distribute funding for community projects through our Community and Partnerships Fund. The grants provide community assistance for the 'not for profit' sector to meet local needs and create a strong social base within the community.

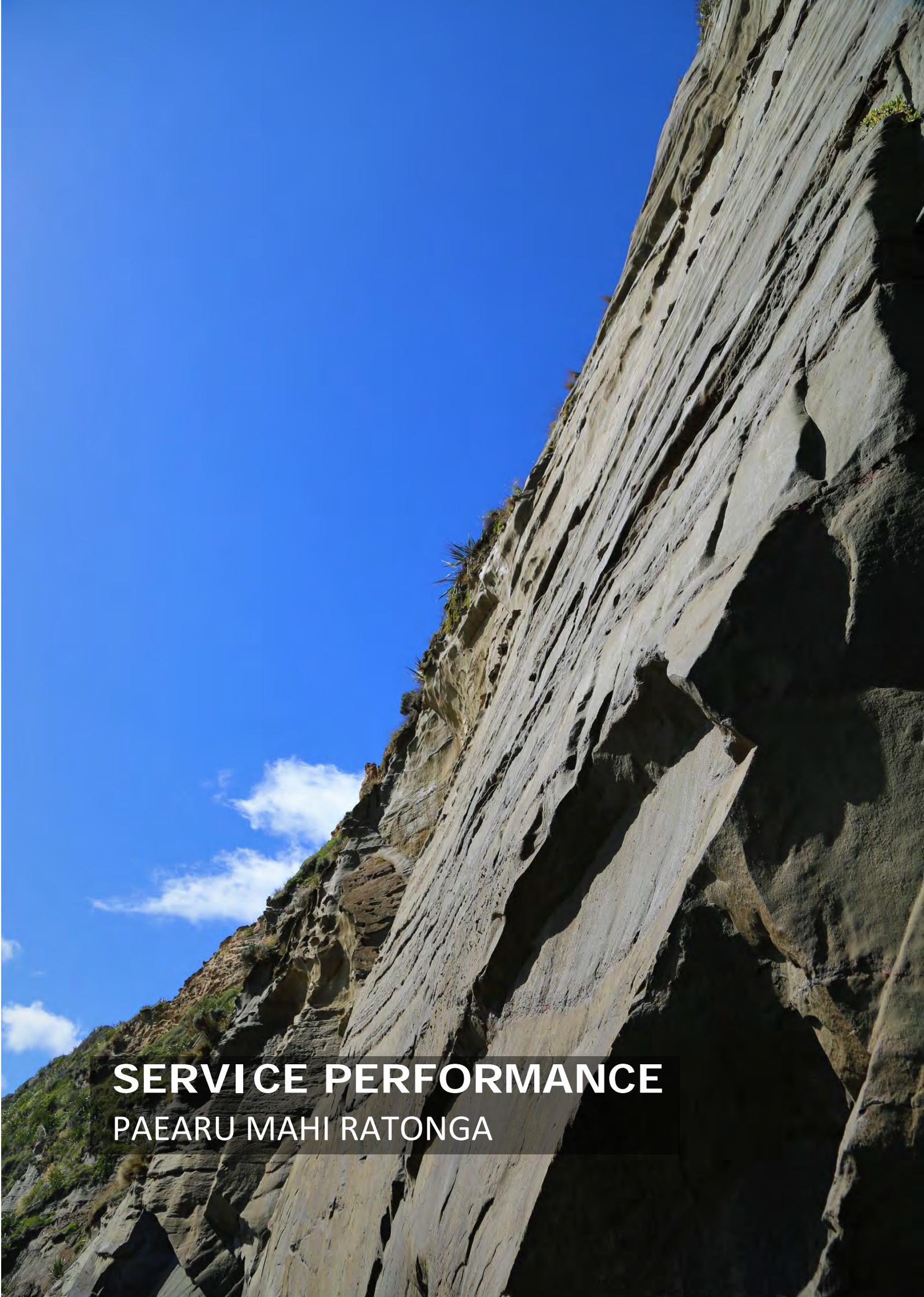
Our collaboration with community partners continues through the Vibrant Safe Waitomo framework. The activities, events, and community projects help in creating a caring, safe, and vibrant place to live.

Enable a thriving community

We will continue to enable the growth of our local economy by effectively promoting our District's local businesses and projects.

We will be working on a Development Plan for the Te Kuiti Aerodrome, which has potential as a strategic hub, development opportunities also exist for transport activities.

We will continue our involvement with Te Waka – The Waikato Regional Economic Development Agency. Key areas are Regional Business Support and Māori Economic Development this year focusing on Leadership, Housing, and Wellbeing.



SERVICE PERFORMANCE
PAEARU MAHI RATONGA

SUMMARY

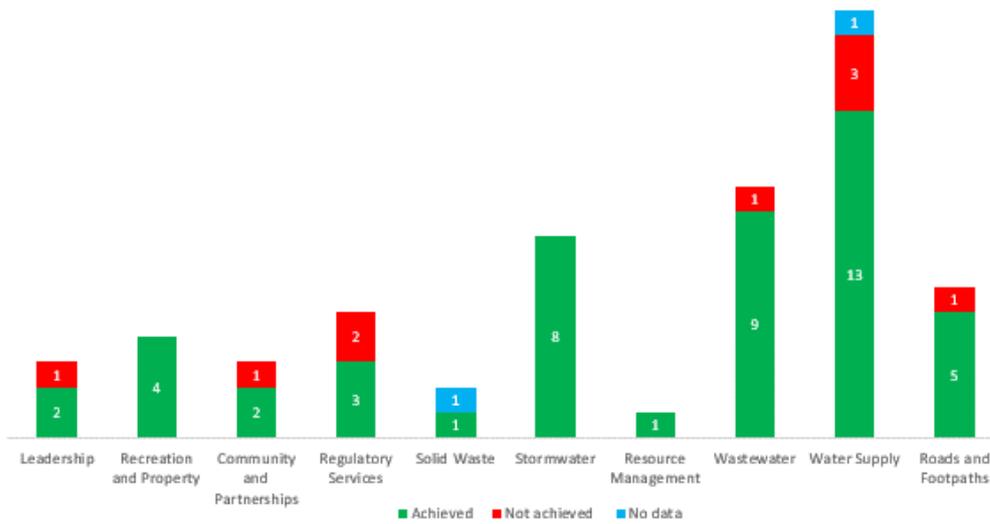
This part of the Annual Report covers the services we provide. Here you can read about how we performed against our service commitments for 2021/22.

Our 2021-31 10 Year Plan divided the business into 10 activity groups that contribute to the delivery of our community outcomes. Each group has performance measures that show how well we are delivering our services to the community.

Of the 59 measures that we use to track performance, the summary graph below shows that:

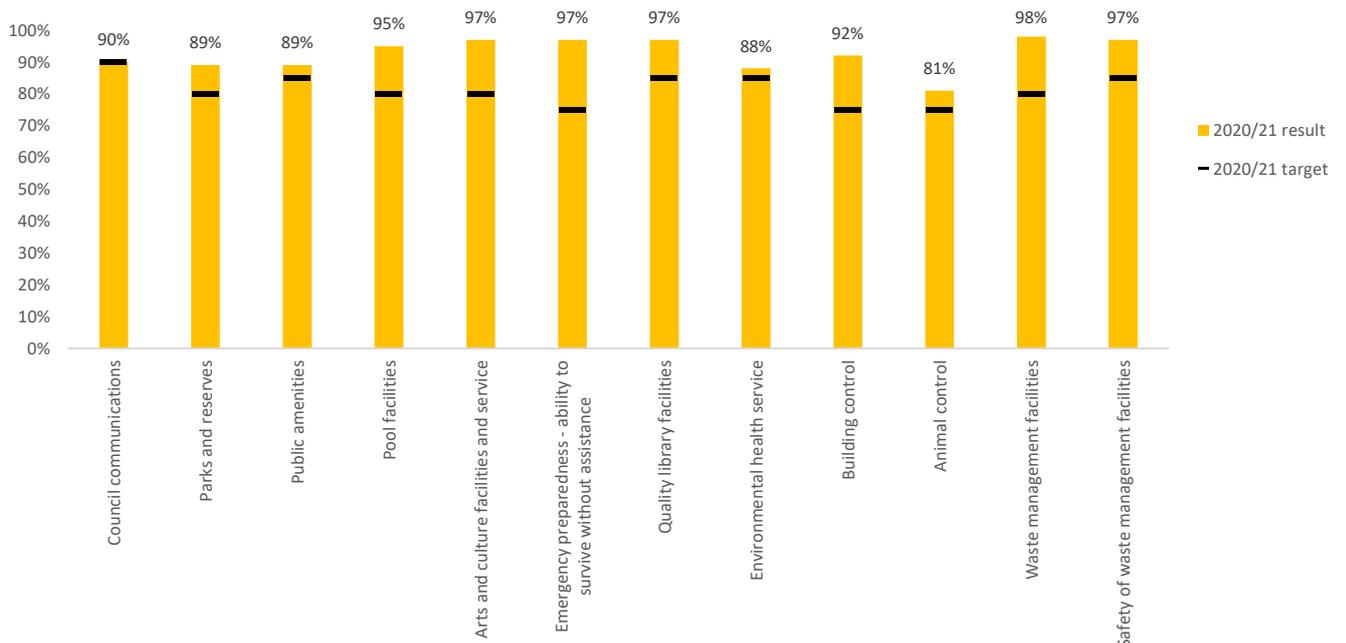
- We have met the target for 48 measures (81%)
- We have not met the targets for 9 measures (15%)
- We do not have data available for 2 measures (4%)

PERFORMANCE RESULTS SUMMARY BY GROUPS OF ACTIVITIES



Our Resident’s survey is now undertaken every two years, the last survey was in 2021. Below is a summary of these results. Overall, every activity has met or exceeded the satisfaction targets.

PERFORMANCE AGAINST RESIDENT SURVEY



COMMUNITY OUTCOMES

In the following section of the Annual Report we present the identified effects of our activities on our community outcomes. Some of our activities contribute to all community outcomes, while others may only touch on one.



A prosperous district



A district for people



A district that cares for its
environment



A district that works with
you

LEADERSHIP

WHAT WE DO

This group comprises Representation, Strategy and Engagement, Investments, and Emergency Management. Treasury Management and Organisational Overhead activities and service groups are also included in this group.

- **Representation** involves enabling, promoting, and supporting local democracy by providing governance advice and democratic services to elected members, the public and staff.
- **Strategy and Engagement** involves research and analysis to prepare strategies, policies, plans and bylaws. This activity also coordinates and undertakes community engagement and consultation.
- **Investments** include investment in Waikato Local Authority Shared Services (now trading as Co-Lab), Inframax Construction Ltd (ICL), Council owned quarries and investment in Civic Financial Services Ltd.
- **Emergency Management** involves the administration of the Civil Defence Emergency Management function of Council to coordinate a response to an emergency, and to manage recovery in the District.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

We successfully developed and adopted our Annual Plan for 2022/23 to deliver the levels of service agreed with our community for year 2 of our 2021-31 10 Year Plan. With careful planning and prioritising a lower than forecasted average rate increase was achieved for the District.

We have reviewed and updated some of our policies this year in consultation with our community. These were our Dangerous and Insanitary Building Policy, Local Easter Sunday Shop Trading Policy and Rates Remission Policy.

In February 2022 the District was hit by Cyclone Dovi which caused considerable flooding in the Waitomo District. Marokopa was completely isolated as all roads into the village suffered major slips both on top of the road, and under the road which resulted in roads being impassable.

WDC staff were in constant contact through the Community Response Plan process with residents of outlying farming areas, inside the village and neighbouring settlements to monitor the situation and keep abreast of the situation.

Staff have assisted in community meetings with affected farmers and with clean up days in conjunction with the Rural Support Trust.



Photo courtesy of The Lines Company



SERVICE PERFORMANCE MEASURES

Key:



All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
The percentage of Council agendas that are publicly available two working days or more before the meeting.	All agendas publicly available two working days or more.	Target: 100% Result: 91%	 One agenda was not made publicly available two working days or more for the financial year.
Effective communication with the community.	Percentage of residents satisfied with the effectiveness and usefulness of Council communications.	Target: 90% Result: 90%	 The result from the June 2021 Residents Satisfaction Survey was 90%. The next survey is due in 2023.
The evaluation of annual exercise as a measure of effectiveness of training.	Baseline assessment – new measure	Target: 1 Result: N/A	 The evaluation exercise was held on 27 May 2022 involving 35 individuals from the three Councils involved. An assessment of the exercise was undertaken by three CDEM professionals from the Group.

Our 2021 residents survey showed residents are satisfied with our performance. 15 of the 23 areas measured stayed the same or increased in satisfaction from the 2019/20 year. Of the 12 key performance indicators, all were met or exceeded targets.



PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Leadership (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,292	3,365	3,473
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	1
Fees and charges	26	76	104
Internal charges and overheads recovered	20,315	20,517	15,792
Local authorities fuel tax, fines, infringement fees and other receipts	415	9	33
Total operating funding (A)	23,048	23,967	19,403
Applications of operating funding			
Payments to staff and suppliers	9,079	10,325	9,242
Finance costs	2,640	1,103	966
Internal charges and overheads applied	10,430	12,012	8,305
Other operating funding applications	0	0	0
Total applications of operating funding (B)	22,149	23,440	18,513
Surplus (deficit) of operating funding (A-B)	899	527	890
Sources of capital funding			
Subsidies and grants for capital expenditure	42	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	(2,487)
Gross proceeds from sale of assets	0	0	30
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	42	0	(2,457)
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	9	28	6
Capital expenditure - to replace existing assets	683	588	105
Increase (decrease) in reserves	249	(89)	(1,678)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	941	527	(1,567)
Surplus (deficit) of capital funding (C-D)	(899)	(527)	(890)
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Total operating funding

- 1 Targeted rates revenue was above forecast as more rates penalties revenue were recognised for the year. Quarry royalties revenue was also more than forecast.
- 2 Internal charges and overheads recovered were below forecast due to lower finance costs and reduced organisational capacity due to staff vacancies. A change in the delivery of services meant the project management services for the Three Waters Reform Stimulus Programme, sludge disposal services and the management of the road network were completed by external contractors rather than internally resourced.

Applications of operating funding

- 3 Operational expenditure was below forecast for staff costs due to staff vacancies, elected members' remuneration for district plan hearings which were not undertaken this year, consultants' fees for long term planning, audit fees, information technology expenditure and debt collection costs.
- 4 Finance costs were less than forecast due to a lower level of borrowing than forecast.
- 5 Internal charges and overheads recovered were below forecast due to lower finance costs and reduced organisational capacity due to staff vacancies. A change in the delivery of services meant the project management services for the Three Waters Reform Stimulus Programme, sludge improvement services and the management of the road network were completed by external contractors rather than internally resourced.

Sources of capital funding

- 6 There was a decrease in debt due to the write off of the internal loan in the investments activity.

Applications of capital funding

- 7 Asset replacement expenditure was below forecast due to the impact of the pandemic on supply chains and reduced organisational capacity to complete the planned projects. The vehicle fleet renewals and information services system improvements and renewal projects have been deferred to the 2022/23 year.
- 8 There was an increase in reserves for the year. As the renewal expenditure budgets were not fully spent, depreciation reserve funding was not required.

COMMUNITY AND PARTNERSHIPS

WHAT WE DO

This group of activities represents a range of collaborative and partnership approaches and initiatives involving many agencies and organisations. These activities involve a common theme of promoting a better quality of life within the District.

- **Community Development** supports the wellbeing of our communities by enabling local organisations and private providers to deliver a variety of community-based services and activities to meet the needs of our community.
- **District Promotion** is delivered through a partnership between Central Government, Local Government, and the Tourism Industry.
- **Economic Development** involves the facilitation and support of initiatives that will enhance the District's economic sustainability.
- **Te Kuiti i-SITE** Visitor Information Centre provides a free, friendly, and objective information service to visitors and the local community.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

The Vibrant Safe Waitomo Action Plan 2021/2022 was implemented throughout the year. Some highlights for the year include development of a Transitional Housing Service in Te Kuiti to support whanau looking for sustainable housing and funding to support a bus service from the Waitomo District to transport students involved in Vocational Education and Training to and from Hamilton daily to undertake Tertiary programmes at Wintec.

The Mayor's Taskforce for Jobs (MTFJ) Community Recovery Programme was developed in collaboration with the Ministry of Social Development (MSD) as a response to the COVID-19 pandemic. The programme sees rural Councils assisting local businesses with recruitment, training, guidance and in some cases subsidies, to assist small businesses to take on young workers.

87 Sustainable Employment Outcomes have been achieved for the year and 72 of these remain in sustainable employment, this includes 11 apprenticeships Placements have been made in various sectors including retail, building and construction, administration, education, and the meat industry.

The Waitomo District Youth Council (WDYC) has not reconvened due to the disruption to schooling in the last 12 months. Planning is underway to resume in the coming year.

Waitomo District Council, via the Community and Partnership Fund Policy, has continued to support organisations and funding partners with projects, activities and services that benefit our community.

The Waitomo District Library continued to support online services alongside return of customers to the library with the lifting of restrictions.

The Great NZ Muster and the Waitomo District Christmas Parade were both cancelled due to uncertainties around COVID-19 restrictions.



SERVICE PERFORMANCE MEASURES

Key:



All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Contestable grant funding is disseminated through a robust process.	New measure: Percentage of grants funding available is disseminated	Target: 75% Compliance Result: Achieved	75.21% of grant funding has been disseminated through the contestable grant funds. A Total of 23 Grants and 1 Event Fund were approved by Council.
Council supports the delivery of youth related projects by the Youth Council.	Youth Council undertakes two youth related projects per year.	Target: 2 per annum Result: Not Achieved	Due to ongoing COVID restrictions and on-going disruption to schooling, the Youth Council was unable to support the delivery of youth related projects. Planning has begun on resuming the Youth Council.
Involvement in economic development initiatives and promotional opportunities.	New measure: ≥5 initiatives or promotional opportunities	Target: ≥5 per annum Result: 10	Council has entered a partnership arrangement for the construction of the King Country Indoor Sports and Recreation Centre. A 'Waitomo Wellbeing Package' was developed by Hamilton & Waikato Tourism to support tourism operators in the Waitomo Village. The Waitomo District was profiled through a range of key publications, campaigns, and initiatives.



PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Community and Partnerships (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,547	1,405	1,407
Targeted rates	350	312	312
Subsidies and grants for operating purposes	0	0	505
Fees and charges	43	4	4
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	0	0
Total operating funding (A)	1,942	1,721	2,228
Applications of operating funding			
Payments to staff and suppliers	1,039	953	1,049
Finance costs	0	0	0
Internal charges and overheads applied	857	716	562
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,896	1,669	1,611
Surplus (deficit) of operating funding (A-B)	46	52	617
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	(50)	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	(50)	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	5	0	0
Increase (decrease) in reserves	41	2	617
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	46	2	617
Surplus (deficit) of capital funding (C-D)	(46)	(52)	(617)
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Total operating funding

- 1 Grant revenue was recognised for Mayors Taskforce for Jobs Community Recovery Programme to fund initiatives to support young workers in the Waitomo District with sustainable employment opportunities. A funding contribution was also received from Accident Compensation Corporation in support of Vibrant Safe Waitomo.

Applications of operating funding

- 2 Operating expenditure was above forecast due to the additional expenditure incurred for the Mayors Taskforce for Jobs Community Recovery Programme. This expenditure was fully funded by additional grant revenue. Offsetting this, was reduced expenditure for safe communities, community grants, district development and promotions and events expenditure.
- 3 Internal charges and overheads applied was less than forecast for finance costs and reduced organisational capacity costs due to staff vacancies.

Total capital funding

- 4 Due to the timing of the internal loan raised for the construction of the King Country Indoor Sports and Recreation Centre, no loan repayment was required in the 2021/22 year. This project was originally forecast in Community and Partnerships activity in 2020-21 year. Subsequent to the adoption of the 10YP 2021-31, Council assumed responsibility for the construction and future operation of the facility under a service concession arrangement with the Ministry of Education and Te Kuiti High School Board of Trustees. Revenue and expenditure for this project are now included in the Recreation and Property activity.

Applications of capital funding

- 5 The increase in reserves was above forecast as unspent rates funding was transferred to reserve. Operational work programmes were not completed due to the revised work programme, the impact of the pandemic on planned activities and reduced operational capacity due to staff vacancies.



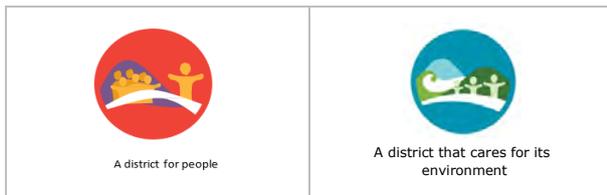
RECREATION AND PROPERTY

WHAT WE DO

This group comprises of parks and recreation, housing and property, community and public facilities.

- **Parks and Recreation** involves the provision of parks and reserves for recreation, green spaces and landscapes that are restful and enhance the visual amenity of our communities.
- **Housing and property** involves the provision of housing community facilities such as halls and housing.
- **Recreation and culture** involves the provision of recreation and cultural opportunities to support the health and well-being of the community.
- **Community Facilities** involves the provision of recreation and cultural opportunities to support the health and well-being of the community.
- **Public Facilities** involves the provision of cemeteries, public car parks, public toilets, street furniture and our CCTV system.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

Mokau beach access off Tokopapa street required significant work to repair the staircase down to the beach. This project has been completed with initial delays on materials and contractor availability.

A project to construct a new toilet block has commenced with the upgrading of the existing effluent disposal system completed and purchasing of land. Prefabrication is underway offsite for the toilet and associated wastewater system.

The King Country Indoor Sports and Recreation Centre build project began in February 2022 with completion of the final design and site preparations getting underway. The build is expected to be completed by December 2022, progress is tracking well with only minor material delays. Installation of the framework is well underway.



SERVICE PERFORMANCE MEASURES

Key:



All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET	HOW WE PERFORMED
We provide parks and open spaces across our district.	Percentage of residents satisfied with parks and open spaces.	Target: New measure Result: N/A	 The result from the June 2021 Residents Satisfaction Survey was 89%. The next survey is due in 2023.
We provide pools and community facilities that are compliant with legislative standards.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules.	Target: Achieve Result: N/A	 All BWOFF's have been received and are current.
We will provide a comprehensive library facility for our community.	Percentage of residents satisfied with the quality of the library facility and service	Target: ≥ 85% Result: N/A	 The result from the June 2021 Residents Satisfaction Survey was 97%. The next survey is due in 2023.
We provide public toilets for our community and visitors to the district.	Percentage of residents satisfied with the quality of public toilets	Target: ≥ 85% Result: N/A	 The result from the June 2021 Residents Satisfaction Survey was 89%. The next survey is due in 2023.



PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Recreation and Property (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,354	3,195	3,200
Targeted rates	277	269	267
Subsidies and grants for operating purposes	1	1	50
Fees and charges	548	504	4,958
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	3	1
Total operating funding (A)	4,180	3,972	8,476
Applications of operating funding			
Payments to staff and suppliers	1,605	1,312	5,626
Finance costs	0	0	0
Internal charges and overheads applied	1,983	1,784	1,659
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,588	3,096	7,285
Surplus (deficit) of operating funding (A-B)	592	876	1,191
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	2,217
Development and financial contributions	0	0	0
Increase (decrease) in debt	365	25	1,525
Gross proceeds from sale of assets	0	0	728
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	365	25	4,470
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	191	289	3,547
Capital expenditure - to replace existing assets	473	453	543
Increase (decrease) in reserves	293	159	1,571
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	957	901	5,661
Surplus (deficit) of capital funding (C-D)	(592)	(876)	(1,191)
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Total operating funding

- 1 Subsidy revenue was received for the NZ Libraries Partnership Programme to support the provision of library services community as part of the recovery from the impact of the pandemic. This revenue was not included in the forecast.
- 2 Operating revenue was above forecast due to the recognition of construction revenue for construction services to Ministry of Education and Te Kuiti High School Board of Trustees, for facilitating the construction of the King Country Indoor Sports and Recreation Centre. Construction services revenue of \$4.5 million was recognised as revenue, with an equivalent amount recognised as construction services expenditure.

Applications of operating funding

- 3 Operating expenditure was above forecast due to the recognition of construction expenditure of \$4.5 million for construction services to Ministry of Education and Te Kuiti High School Board of Trustees, for facilitating the construction of the King Country Indoor Sports and Recreation Centre. An equivalent amount is also recognised as construction revenue. Partly offsetting this increase, was a reduction in expenditures for property repairs and maintenance, track maintenance, and track strategy costs, due to a revision of the work programme which was impacted by reduced organisational capacity due to staff vacancies.
- 4 Internal charges and overheads applied was below forecast for finance costs and reduced organisational capacity costs due to staff vacancies.

Total capital funding

- 5 Subsidies and grants for capital expenditure were \$2.2 million above forecast for grant revenue received for the construction of the King Country Indoor Sports and Recreation Centre. Subsidy revenue was also received for the construction of the Mokau toilets.
- 6 The increase in debt was above forecast due to internal loans raised for the construction of King Country Indoor Sports and Recreation Centre, Mokau toilets construction (including the land purchase and effluent field) and the improvements made to the amenity areas adjacent to Te Ara Tika pedestrian overbridge. An internal loan forecast for Lawrence Street improvements was not required due to the sale of these sections to Kainga Ora for housing development.
- 7 Gross proceeds from the sale of assets were received for the sale of forestry assets and the Lawrence Street sections.

Applications of capital funding

- 8 Capital expenditure to improve the level of service was above forecast due to the recognition of a service concession asset for the future right of use of the stadium facility. Improvements made to the amenity areas adjacent to Te Ara Tika were also more than forecast as the budget for this expenditure was included in a prior year.
- 9 Capital expenditure to replace existing assets was above forecast due to the construction of the Mokau toilets, which includes the land purchase and effluent field improvements. The budget for this project was included in a prior year and is partly funded by subsidy revenue. Planned renewal projects for Les Munro Centre, cemetery accessways and parks renewals were not completed during the year.
- 10 The increase in reserves was above forecast as unspent rates funding was transferred to reserve. Operational expenditure was not fully spent during the year due to the revised work programme, the impact of the pandemic on planned activities and reduced operational capacity due to staff vacancies. The forecast depreciation reserve funding was also not required for renewal expenditure as a number of planned projects were not completed during the year.

REGULATORY SERVICES

WHAT WE DO

This group undertakes many activities that contribute to community wellbeing and help to make the Waitomo District a safe and vibrant place to be. These activities are governed and directed by national legislation, regional and local policies, and bylaws.

- **Building Services** responsible for processing and monitoring building consents and issuing Code of Compliance Certificates pursuant to the Building Act 2004. This activity also covers the monitoring and enforcement of earthquake-prone building requirements, and swimming pools.
- **Alcohol licensing** responsible for administering the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee on behalf of the Alcohol Regulatory and Licensing Authority, which encourages the responsible sale and use of alcohol through licensing, monitoring of premises and enforcement of the Sale and Supply of Alcohol Act 2012.
- **Environmental Health** provides a range of services to ensure food outlets maintain high food safety standards, and that nuisance complaints, hazardous substances and contaminated sites are all managed in accordance with various legislation and policies.
- **Bylaw administration** involves managing a range of bylaws to allow Council to manage issues associated with community nuisance, protect public health, and manage Council's assets.
- **Animal and Dog control** delivers animal control services in the areas of dog registration, complaint response, wandering stock, and general animal control, as required by the Dog Control Act 1996, Impounding Act 1955 and Council's Dog Control Policy and Bylaw. This is achieved through active enforcement of requirements and via the education of dog owners and the general public.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

Consents are closely monitored to ensure statutory timeframes are adhered to. Building Processes are monitored biannually with an audit undertaken by IANZ (International Accreditation New Zealand). The 2022 audit has been undertaken with accreditation to be issued once final processes are completed.

The Earthquake Prone Building (EPB) work programme is continuing. Owners of priority buildings have now provided engineering assessments in response to the letters issued in April 2021. These assessments have been reviewed and appropriate steps taken, which includes applying EPB notices and entering them on the national EPB register.



SERVICE PERFORMANCE MEASURES

Key:



Achieved

All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
We ensure the public sale and supply of alcohol is undertaken safely and responsibly.	All premises that sell alcohol are licensed.	Target: 100% Compliance Result: 100%	 100% compliance achieved.
Building consents are processed in a timely fashion.	Building consents are processed within 20 working days.	Target: 100% Result: 92.5%	 7.5% of the building consents processed during this financial year were over statutory processing day timeframes. This was due to a staff member being on a prolonged period of sick leave, and COVID-19 related interruption.
Council will process, inspect, and certify building work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements	Target: BCA Accreditation achieved Result: Achieved	 Accreditation achieved. The IANZ Audit has just been undertaken results of the audit are due in next Quarter.
We provide land information Services (LIMs) efficiently.	LIMs are processed within statutory timeframe.	Target: 100% Result: 98%	 LIM timeframes were met for the 98% of applications for the financial year. Only two applications were over the statutory timeframe in both in Q1.
Provision of an effective Animal Control Service.	Percentage of residents satisfied with the provision of the Animal Control Service.	Target: ≥ 75% Result: 81%	 81% of respondents were satisfied with animal control services in the 2021 Residents Survey. The next survey is due in 2023.

PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Regulatory Services (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	563	825	826
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	451	431	507
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	18	23	26
Total operating funding (A)	1,032	1,279	1,359
Applications of operating funding			
Payments to staff and suppliers	223	320	238
Finance costs	0	0	0
Internal charges and overheads applied	803	952	910
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,026	1,272	1,148
Surplus (deficit) of operating funding (A-B)	6	7	211
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	(1)	(1)
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	(1)	(1)
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	10	0
Increase (decrease) in reserves	6	(4)	210
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	6	6	210
Surplus (deficit) of capital funding (C-D)	(6)	(7)	(211)
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Total operating funding

- 1 Fees and charges revenue were above forecast for building services and health act licence fees.

Applications of operating funding

- 2 Operating expenditure was below forecast for animal control contractor costs, environmental health costs, noise control and legal costs for building services.

Applications of capital funding

- 3 The increase in reserves was above forecast as unspent rates funding and additional fees and charges revenue were transferred to reserve.



RESOURCE MANAGEMENT

WHAT WE DO

This group involves the administration and enforcement of the Operative Waitomo District Plan and District Planning.

- **District Plan Administration** covers the planning functions under the Resource Management Act 1991, including the processing, issuing and monitoring of resource consents, designations and other application types. It also includes monitoring compliance with the Operative Waitomo District Plan.
- **District Planning** involves setting the direction, form and shape of our urban and rural communities to ensure development is sustainably managed, while protecting our cultural and historic heritage, outstanding landscapes and significant natural features. District Plan reviews and structure planning are included in this activity.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

Work has continued to progress on the District Plan Review, in preparation for formal notification of a Proposed District Plan (PDP). The PDP has been pre-notified to Iwi Authorities in accordance with the requirements of the Resource Management Act 1991. A draft of the PDP was released for public consultation, the submissions are being reviewed and making the appropriate amendments to the PDP. Formal notification is scheduled for later in the calendar year.

SERVICE PERFORMANCE MEASURES

Key:



All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Resource consents are processed in accordance with legislation.	All non-notified resource consents are processed within statutory timeframes.	Target: 100% Result: 100%	 All consents were processed within 20 working days for the financial year.

PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Resource Management (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	384	397	398
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	89	180	207
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	473	577	605
Applications of operating funding			
Payments to staff and suppliers	772	1,052	209
Finance costs	0	0	0
Internal charges and overheads applied	713	664	623
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,485	1,716	832
Surplus (deficit) of operating funding (A-B)	(1,012)	(1,139)	(227)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,102	1,139	315
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)	1,102	1,139	315
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	90	0	88
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	90	0	88
Surplus (deficit) of capital funding (C-D)	1,012	1,139	227
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Applications of operating funding

- 1 Operating expenditure was below forecast as budgets for the district plan review were not fully spent. Due to the size and complexity of the project, the district plan review was budgeted to be completed over a number of years and will continue in the next financial year.

Total capital funding

- 2 As expenditure budgets were not fully spent, the internal loan for the district plan review was less than forecast.

Applications of capital funding

- 3 The increase in reserves was more than forecast as unspent rates funding and additional resource consent fees were transferred to reserve.



SOLID WASTE

WHAT WE DO

This group provides for the environmentally safe reduction, diversion, collection and disposal of the district's solid waste.

- **Waste minimisation** focuses on the reduction and diversion (reuse, recycling and recovery) of solid waste.
- **Kerbside recyclables and refuse collection** is provided for the residents of Te Kuiti, Piopio, Awakino, Mokau, Waitomo Village and some surrounding rural roads.
- **Waste transfer** stations are provided for the communities of Maniaiti/Benneydale, Piopio, Marokopa, Kinohaku and Awakino and a fully consented landfill is located at Te Kuiti.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

To maximise the capacity of the Te Kuiti Landfill staged lining of the high-wall is required over the next 20 years. An investigation has been completed to determine the method and costs involved to stabilise the highwall. That information has been fed into an updated economic analysis that has confirmed the relative economic viability of extending the life of the landfill over the alternative option of early closure, capping and aftercare of the landfill. This would require re-configuring the Te Kuiti waste transfer station to be suitable for long distance transport of waste to an alternative, out of district, regional scale landfill site.

Installation of a gas collection system will mitigate increasing Emissions Trading Scheme (ETS) charges and is key to extending the lifetime and viability of the landfill. Modelling of an appropriate gas collection system has commenced with design due to be completed by end of September 2022.

Transfer station improvements were undertaken with rainwater tanks being installed for cleaning purposes and sanitising stations put in at each site.



Artist's impression of capped landfill

SERVICE PERFORMANCE MEASURES

Key:



Achieved

All components of the performance measure have been met.



No data

Data not available at time of reporting

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
We provide safe solid waste facilities within District.	Percentage of users that are satisfied with the rural transfer service stations.	Target: New measure Result:N/A	Baseline to be established in 2021/22.
We will provide a reliable kerbside rubbish collection to stop rubbish becoming a health risk*.	There are no more than 10 justifiable complaints per week about uncollected rubbish.	Target: New measure <10 per week Result: 1.01	53 complaints received for the financial year.

* Services offered in Te Kuiti, Waitomo Village, Piopio and Mokau

PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Solid Waste (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	17	69	69
Targeted rates	1,160	1,075	1,081
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,135	1,677	1,498
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	38	35	61
Total operating funding (A)	2,350	2,856	2,709
Applications of operating funding			
Payments to staff and suppliers	1,525	2,158	2,134
Finance costs	25	15	13
Internal charges and overheads applied	659	602	615
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,209	2,775	2,762
Surplus (deficit) of operating funding (A-B)	141	81	(53)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	838	(207)	(281)
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)	838	(207)	(281)
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	52	0	0
Capital expenditure - to replace existing assets	1,159	704	1,260
Increase (decrease) in reserves	(232)	(830)	(1,594)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	979	(126)	(334)
Surplus (deficit) of capital funding (C-D)	(141)	(81)	53
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Total operating funding

- 1 Fees and charges revenue were below forecast due to a decrease in the volume of waste deposited at the landfill.

Applications of capital funding

- 2 Capital expenditure was above forecast due to the purchase of carbon credits required to meet the surrender obligations under the Emissions Trading Scheme. Due to the increasing costs of carbon credits, Council agreed to purchase more additional carbon credits than forecast.
- 3 The decrease in reserves was above forecast. Reserve funding was required to cover operational expenditure due to reduced fees and charges revenue and to fund the purchase of additional carbon credits.



STORMWATER

WHAT WE DO

The Stormwater Group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall. Surface water flooding can occur in the absence of an effective stormwater drainage system.

The main activities of this group are:

- Maintenance (Planned and Unplanned)
- Renewals
- New Works/Augmentation

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

No flooding events were recorded relating to stormwater entering a habitable floor. Monitoring of entry and exit points of the stormwater network were undertaken following storm events. Debris were removed and shear bolts replaced as required.

Work is underway for the development of stormwater catchment management plans. These will be used in the assessment of environmental effects which is required for the comprehensive stormwater discharge consent renewal application. An assessment of the hydraulic capacity has been completed and the results are now being reviewed. This will also ensure any upgrades and renewals are fit for purpose.



SERVICE PERFORMANCE MEASURES

Key:



All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT		HOW WE PERFORMED
We maintain and operate the stormwater network in a way that minimises the likelihood of stormwater entering habitable buildings.	The number of flooding events* that occur in the district in a financial year.	Target: 0 Result: 0		There have been no flooding events in this reporting year.
	For each flooding event* the number of habitable floors affected in a financial year.	Target: ≤ 1 per 1000 properties Result: 0		There have been no flooding events in this reporting year.
We comply with our resource consent conditions and minimise the impact of stormwater on the environment	Compliance with resource consents for discharge from its Stormwater system, measured by the number of the following (received by Council with a financial year):			
	abatement notices	Target: 0 Result: 0		There have been no notices received.
	infringement notices	Target: ≤ 2 Result: 0		There have been no notices received.
	enforcement orders	Target: 0 Result: 0		There have been no enforcement orders.
We will respond within a reasonable timeframe to flooding.	successful prosecutions	Target: 0 Result: 0		There have been no successful prosecutions.
	The median response time to attend a flooding event*, (measured from the time that the notification is received to the time that service personnel reach the site).	Target: ≤ 180 minutes (3hrs) Result: 0		There have been no flooding events in this reporting year.
	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.			
The Council provides a reliable stormwater collection service.	The number of complaints received about the performance of the Council's urban stormwater system per 1,000 properties connected.	Target: ≤ 4 complaints per 1,000 properties (2,056 connections) Result: 0		There have been no complaints relating to urban stormwater this financial year.

* A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. Habitable floor refers to the floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Stormwater (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	419	456	458
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	7
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	419	456	465
Applications of operating funding			
Payments to staff and suppliers	129	168	91
Finance costs	0	0	0
Internal charges and overheads applied	96	94	86
Other operating funding applications	0	0	0
Total applications of operating funding (B)	225	262	177
Surplus (deficit) of operating funding (A-B)	194	194	288
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	(24)	(24)
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	(24)	(24)
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	208	125	10
Increase (decrease) in reserves	(14)	45	254
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	194	170	264
Surplus (deficit) of capital funding (C-D)	(194)	(194)	(288)
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Applications of operating funding

- 1 Operational expenditure was less than forecast for catchment studies, stormwater operations and maintenance, inspection programme and sampling costs.

Applications of capital funding

- 2 Capital expenditure was less than forecast due to the re-prioritisation of the capital expenditure programme to ensure delivery of the Three Waters Reforms Stimulus Programme.
- 3 The increase in reserves was above forecast as unspent rates funding was transferred to reserve. Operational work programmes were not completed as planned due to the revised work programme and the impact of the pandemic on planned activities.



WASTEWATER

WHAT WE DO

This group provides for the environmentally safe collection, treatment and disposal of the District's wastewater in Te Kuiti, Te Waitere, Maniaiti/Benneydale and Piopio.

There are three key aspects to this activity, namely:

- Maintenance
- Renewals and replacements
- Improvements

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

Minor Plant and reticulation renewals have been completed during the year throughout the District.

An environmental impact report is required to progress the extension recommended for the Te Waitere wastewater soakage field. WDC are working closely with the landowner to ensure there will be no adverse environmental effects.

Riparian planting is a condition of the resource consent for wastewater discharge from Te Kuiti Wastewater Treatment Plant. Initial clearing of willow trees on stream bank completed, planting, and fencing to follow in subsequent financial years in conjunction with Waikato Regional Council.



SERVICE PERFORMANCE MEASURES

Key:



All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
We will attend and resolve issues with the wastewater system within a reasonable timeframe.	The median attendance time for call-outs, from the time that we received notification to the time that our service personnel reach the site.	Target: ≤180 minutes (3hrs) Result: 1 hr	All Service Requests related to sewage system overflows and blockages were attended to with a median response time of 1.1 hours.
	The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	Target: Piopio ≤660 minutes (11hrs) Result: 1hr 30mins	Achieved
		Target: Rest of District ≤540 minutes (9hrs) Result: 5hrs 51mins	Achieved
Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (received by Council in a financial year)	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.		
	abatement notices	Target: 0 Result: 0	Achieved.
	infringement notices	Target: 0 Result: 0	Achieved.
	enforcement orders	Target: 0 Result: 0	Achieved.
Our wastewater system is operated and maintained to minimise odour and blockages.	The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	Target: Piopio Total complaints per 1,000 connections ≤35 (Total number of connections 210) Result: 261.9	A total of 55 complaints were received for the financial year in Piopio majority relating to household septic tank alarms.
		Target: Rest of District complaints per 1,000 connections ≤35 (Total number of connections 1774) Result: 17.5	For Te Kuiti, Maniaiti/Benneydale and Mokau a total of 31 complaints were received for the financial year mostly relating to blockages.
Our wastewater system is optimised to reduce the risk of harm to the community and environment.	Number of dry weather overflows in a financial year	Target: Total complaints per 1,000 connections ≤10 (Total number of connections 1,984) Result: 0.0	No dry weather overflow complaints were received this quarter

PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Wastewater (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,596	2,176	2,183
Subsidies and grants for operating purposes	0	104	113
Fees and charges	875	821	844
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	3,471	3,101	3,140
Applications of operating funding			
Payments to staff and suppliers	1,372	1,292	1,274
Finance costs	0	0	0
Internal charges and overheads applied	1,216	1,005	896
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,588	2,297	2,170
Surplus (deficit) of operating funding (A-B)	883	804	970
Sources of capital funding			
Subsidies and grants for capital expenditure	0	480	457
Development and financial contributions	0	0	0
Increase (decrease) in debt	605	(232)	(615)
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)	605	248	(158)
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	480	347
Capital expenditure - to replace existing assets	675	403	228
Increase (decrease) in reserves	813	169	237
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,488	1,052	812
Surplus (deficit) of capital funding (C-D)	(883)	(804)	(970)
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Total operating funding

- 1 Subsidy revenue was received for the Three Water Reform Stimulus Programme. Connection fees revenue and insurance proceeds for a damaged gate at the treatment plant were recognised during the year, this was partly offset by trade waste revenue that was below forecast.

Applications of operating funding

- 2 Internal charges and overheads applied were less as the forecast included organisational capacity costs for the sludge pond improvement project. Due to a change in the delivery of this project, these services were completed by external contractors and were not internally resourced.

Total capital funding

- 3 Due to the impact of the pandemic on availability of contractors and the supply chain and to ensure delivery of the Three Waters Reforms Stimulus Programme, the capital works programme forecast in the 10YP 2021-31 was re-prioritised. This resulted in less capital expenditure being completed than forecast and as a result, no new internal loan funding was required for Te Kuiti wastewater.

Applications of capital funding

- 4 Capital expenditure improvements were below forecast due to the impact of the pandemic on the availability of contractors and the supply chain. Additional monitoring capacity and acceleration of critical wastewater pump station renewals were forecast however were not fully spent and the budgets were re-deployed for the purchase of critical equipment spares for Te Kuiti and Piopio to improve resilience within these schemes.
- 5 Asset replacement expenditure was below forecast as reticulation renewals in Te Kuiti were not completed. These renewal projects will now be completed in the 2022/23 year.
- 6 The increase in reserves was more than forecast as unspent rates funding was transferred to reserve as chemicals and routine maintenance costs in Te Kuiti were below forecast.



WATER SUPPLY

WHAT WE DO

The Water Supply activity provides for the environmentally safe collection, treatment and reticulation of Council's public water supplies. Water supply schemes are provided by Council at Te Kuiti, Maniaiti/Benneydale, Piopio and Mokau.

There are three aspects of operations under this group:

- Maintenance
- Renewals and replacements
- Improvements

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

The programme to replace the backflow preventers throughout the district has been successful with 920 installations being completed, additional funding from Three Waters Reform Programme was used to accelerate this project.

The construction for the major upgrade of Mokau Water Treatment Plant has been completed, commissioning is now underway. Installation of an additional UV unit at Maniaiti/Benneydale Water Treatment Plant has been completed. These projects were co-funded from the Three Waters Reform Programme.

Reticulation renewals to replace old AC pipes has been completed in Te Kuiti and Piopio, along with the significant replacement works which were completed in Mokau. These works were undertaken using Three Waters Reform Programme funding.



SERVICE PERFORMANCE MEASURES

Key:



All components of the performance measure have been met.

No data, Data not available at time of reporting.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
We provide water that is safe to drink and hygienic to use which meets the drinking water standards.	The Drinking-water Standards for New Zealand 2005 (Revised 2018) (DWSNZ) are to be followed until the new standards developed by Taumata Arowai come into effect 14 November 2022.		
	Water quality complies with the drinking water standards for (a) bacteria	Target: Achieve Compliance Result: Not Achieved	WDC has been assessed as non-compliant against DWSNZ. WDC staff are reviewing the assessment.
	Water quality complies with the drinking water standards for (b) protozoa	Target: 100% Result: Not Achieved	Protozoal compliance is reported at the end of the fiscal year. As is the case each year any data loss of >1min will cause technical non-compliance.
We provide an efficient and effective water supply. We will achieve this by undertaking activities such as water leakage detection and maintaining the network of water pipes.	Percentage of real water loss from the Council's networked reticulation system in a financial year in: (‘Water Losses’ includes real losses through leaks in the network and apparent losses through metering inaccuracies or water theft. This does not include unauthorised consumption).		
	Te Kuiti	Target: ≤ 20% Result: 15.3%	Mokau has several significant and prolonged leaks due to aging AC pipe, a renewals programme is in progress to replace these.
	Mokau	Target: ≤ 5% Result: 20.7%	
	Piopio	Target: ≤ 5% Result: 0.3%	Faulty flowmeter readings caused an inaccurate result for Maniaiti/Benneydale.
	Maniaiti / Benneydale	Target: ≤ 10% Result: 17.3%	
We will respond within a reasonable timeframe to issues with the water supply.	<i>Resolution and attendance based on working days are defined as Monday – Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframes start from the next working day.</i>		
	The median attendance time for urgent call-outs, from the time that we received notification to the time that our service personnel reach the site. *	Target: ≤ 180 minutes (3hrs) Result: 1hr	Achieved.
	The median resolution time of urgent call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved. **	Target: ≤ 540 minutes (9 hrs) Result: 8hrs 45mins	Achieved.
	The median attendance time, in working days, for non-urgent call-outs, from the time that we received notification to the time that our service	Target: ≤ 660 minutes (11 hrs) Result: 5hrs 9mins	Achieved.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED	
	personnel reach the site. *			
	The median resolution time, in working days, of non-urgent call-outs, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved**.	Target: ≤ 96 hours (4 days) Result: 26hrs 24mins		Achieved.
<p>* measured from the time that the local authority received notification to the time that service personnel reach the site.</p> <p>** measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.</p>				
We provide water that is wholesome and is reliably supplied. The measure indicates customers and community satisfaction with the quality of the water.	The total number of complaints received by Council in a year for: (Total number of connections (2640))			
	Drinking water clarity	Target: ≤ 20 per 1000 connections Result: 3.79		Achieved.
	Drinking water taste	Target: ≤ 5 per 1000 connections Result: 0.38		Achieved.
	Drinking water odour	Target: ≤ 5 per 1000 connections Result: 0.38		Achieved.
	Drinking water pressure flow	Target: ≤ 20 per 1000 connections Result: 0.38		Achieved.
	Continuity of supply	Target: ≤20 per 1000 connections Result: 19.7		Achieved.
	Council's response to any of these issues.	Target: New measure ≤20 per 1000 connections Result: 2.35		Achieved.
We provide efficient management of demand for water for our community.	The average consumption of drinking water per Waitomo District resident, per day.	Target: ≤ 400 litres per person per day Result: 380 litres /day		Achieved.

PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Water Supply (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,982	2,711	2,642
Subsidies and grants for operating purposes	0	259	182
Fees and charges	0	0	26
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,982	2,970	2,850
Applications of operating funding			
Payments to staff and suppliers	1,147	1,312	1,489
Finance costs	0	0	0
Internal charges and overheads applied	1,356	1,138	1,028
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,503	2,450	2,517
Surplus (deficit) of operating funding (A-B)	479	520	333
Sources of capital funding			
Subsidies and grants for capital expenditure	0	1,076	2,396
Development and financial contributions	0	0	0
Increase (decrease) in debt	369	(43)	(190)
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)	369	1,033	2,206
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	87	1,115	1,836
Capital expenditure - to replace existing assets	354	494	1,043
Increase (decrease) in reserves	407	(56)	(340)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	848	1,553	2,539
Surplus (deficit) of capital funding (C-D)	(479)	(520)	(333)
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Total operating funding

- 1 Targeted rates revenue was below forecast as metered water consumption was less than expected. Subsidy revenue was received for the Three Water Reform Stimulus Programme. This was less than forecast for operations due to the re-alignment of the work programme which resulted in a shift from operational projects to capital expenditure projects. Fees and charges revenue was more than forecast for connection fees and sundry water charges.

Applications of operating funding

- 2 Operational expenditure was above forecast for contractor services for water operations and contract costs for the smart water programme.
- 3 Internal charges and overheads applied were less as the forecast included organisational capacity costs for project and contract management services. A change in the delivery meant these services were provided by external contractors rather than internally resourced.

Total capital funding

- 4 Due to the impact of the pandemic on availability of contractors and the supply chain and to ensure delivery of the Three Waters Reforms Stimulus Programme, the capital works programme forecast in the 10YP 2021-31 was re-prioritised. This resulted in more capital expenditure being completed than forecast within the Water Supply activity, of which \$2.4 million was funded by subsidy.
- 5 Internal loans were forecast to be raised for the alternative water source and reticulation renewals. The internal loan for the alternative water source was less than forecast as the budget was not fully spent. The reticulation renewals budget was also underspent and was funded from the depreciation reserve.

Applications of capital funding

- 6 Capital expenditure improvements were above forecast due to the re-prioritisation of the capital works programme due to the impact of the pandemic on the availability of contractors and the supply chain. Additional investment was made in backflow prevention, back up power supply equipment and the Mokau treatment plant upgrade and backwash treatment. Investment in additional monitoring capacity was also completed for Piopio and Benneydale. The alternative water source project was not fully spent and will now be reassessed to determine the next steps.
- 7 Asset replacement expenditure was also above forecast as additional investment was made in the reticulation renewals in Mokau and critical equipment spares for Te Kuiti. These projects were fully funded by subsidy revenue.
- 8 The increase in reserves was more than forecast as unspent rates funding was transferred to reserve as operational costs in Te Kuiti were below budget.

ROADS AND FOOTPATHS

WHAT WE DO

The Roads and Footpaths activity provides a safe and reliable transport infrastructure network to facilitate the movement of people and goods, which includes the provision of roads (excluding state highways), footpaths, bridges, traffic services, streetlights, carparks, and traffic safety programmes.

- **Road Network:** We manage and maintain a network of 459km of sealed roads and 547km of unsealed roads. This includes identifying the need for and undertaking maintenance and renewals of the road network, footpaths, and ancillary systems such as streetlights, signs, and road markings.
- **Subsidised roading:** New Zealand Transport Agency (Waka Kotahi - NZTA), provides a subsidy for works that meet their criteria via Waikato Regional Council's Land Transport Programme.
- **Unsubsidised roading:** These activities are carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience, but are not subsidised by Waka Kotahi.

COMMUNITY OUTCOMES



DELIVERING ON OUR 10 YEAR PLAN

On the 11th and 12th of February 2022, the Waitomo District Council roading network was struck by Cyclone Dovi. The cyclone left an aggressive path of destruction around the network, resulting in many roads being damaged, significant flooding and trees being blown over. Further damage was caused by heavy rainfall event in June 2022 that pushed back progress on the repair works.

The effects from the severe weather events have resulted in the zonal maintenance falling behind schedule as all efforts were placed on restoring the network to the desired levels of service. Concerted efforts have been placed on catching up with the scheduled work to complete or nearly complete most programmes of work.

Waimiha Road pavement rehabilitation was completed and works commenced on Seddon Road and Lawrence Street in Te Kuiti.

The annual sealing programme of approximately 25km (5.4% of sealed network) commenced in November 2021. This work was completed by the end of March 2022.

Footpath renewals have been completed this year with a total of 1311m of new footpaths being constructed. Work has been undertaken in Waitomo Village, Mokau, Piopio and Te Kuiti.

The programme of work for unsealed road metalling was completed with under 23.5% of unsealed roads re-metalled during the year.

Te Ara Tika project replacing the rail overbridge in Te Kuiti was completed. The physical works commenced in January 2021 with the bridge re-opening in November 2021. Further amenity works were undertaken including carparking, footpaths and ramps, picnic areas, and some play equipment.

SERVICE PERFORMANCE MEASURES

Key:



All components of the performance measure have been met.



No data, Data not available at time of reporting.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
We are working towards a safe network with a vision of a decreasing trend of deaths and serious injuries on Waitomo District roads within ten years. We aim to achieve this by delivering projects that are focused on maintaining, upgrading, or changing the conditions of the roading environment to keep our community safe.	The change from the previous financial year in the number of fatalities and serious injury crashes on Waitomo District's local road network.	Target: 1 (or maintain at 0) Result: Serious Injury crashes YTD: 1 Fatal crashes YTD: 1 Change in serious injury: -1 Change in fatality: 0	 <p>During Q4 there has been 1 fatality and 4 minor injuries. Crash investigation and reporting was undertaken for the fatal. Comparing 2021/22 to the prior 2020/21 there has been an improvement in the number of crashes. There are several contributing factors therefore no trends can be drawn from the accidents as causes are very different.</p>
We aim for a smooth road that provides comfort for road users and improves the safety of the roads. <i>* NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort.</i>	The average smooth travel exposure rating across the sealed road network. <i>(Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.)</i>	Target: 90% (of total network) Result: 90%	 <p>Achieved at 90% below 150 NAASRA count.</p>
We will maintain the overall condition of the unsealed roads to a specified adequate standard.	Percentage of unsealed road metaled each year.	Target: 10% (of total network) Result: 23.5%	 <p>As of the end of Q4 2021/22, 23.5% of the network has received maintenance aggregates for structural improvements.</p>
We will maintain the road network by resealing it as needed. Resurfacing is only undertaken as required depending on the condition of the surface in that financial year.	The percentage of Waitomo District's sealed local road network that is resurfaced each year.	Target: 7% (of total network) Result: 6%	 <p>The length of resurfacing this year was 27.1km which equates to 6% of the network. This meets network need and budget for the financial year. Due to the above average road width this is slightly below the 7% target.</p>
We will provide footpaths that are well maintained. The measure is the percentage of footpaths that meet the service level	The percentage of footpath network that falls within a condition rating of 3.	Target: 90% Result: 94%	 <p>94% of the footpath network is rated 3 or better, reported June 2022.</p>
We will investigate and respond to the customer about their request for service relating to road and footpath issues.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days.	Target: 80% Result: 89%	 <p>533 service requests were received during the financial year. 486 were responded to within the 10-day period. 47 were not responded to within the 10-day period. Resulting in a compliance rate of 89% for the financial year.</p>

PROSPECTIVE FUNDING IMPACT STATEMENT

Waitomo District Council: Funding impact statement for 2020 to 2022 for Roads and Footpaths (\$000's)	LTP 2018-28 2021	LTP 2021-31 2022	ACTUAL 2021/22
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	95	0	0
Targeted rates	5,529	4,346	4,349
Subsidies and grants for operating purposes	4,823	5,116	5,570
Fees and charges	109	125	154
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	136	100	133
Total operating funding (A)	10,692	9,687	10,206
Applications of operating funding			
Payments to staff and suppliers	5,306	5,922	6,743
Finance costs	0	0	0
Internal charges and overheads applied	2,139	1,552	1,104
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,445	7,474	7,847
Surplus (deficit) of operating funding (A-B)	3,247	2,213	2,359
Sources of capital funding			
Subsidies and grants for capital expenditure	5,193	4,118	3,119
Development and financial contributions	0	0	0
Increase (decrease) in debt	452	(703)	(590)
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)	5,645	3,415	2,529
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	232	299	381
Capital expenditure - to replace existing assets	7,074	5,362	3,958
Increase (decrease) in reserves	1,586	(33)	549
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	8,892	5,628	4,888
Surplus (deficit) of capital funding (C-D)	(3,247)	(2,213)	(2,359)
Funding Balance ((A-B) + (C-D))	0	0	0

WHAT'S BEHIND THE VARIATIONS

VARIANCE FROM YEAR 1 OF THE 2021-31 10YP

Total operating funding

- 1 Subsidy revenue was above forecast due to the additional subsidy received to part fund the first response emergency expenditure for damage to the road network from ex-Cyclone Dovi in February 2022.

Applications of operating funding

- 2 Operational expenditure was above forecast due to the first response emergency expenditure for damage to the road network from ex-Cyclone Dovi and professional fees for management of the road network.
- 3 Internal charges and overheads applied were below forecast. Due to a change in the delivery of management of the roading network, these services were provided by external contractors rather than internally resourced.

Total capital funding

- 4 Due to the significant damage to the road network from ex-Cyclone Dovi, a number of capital expenditure projects were delayed as all efforts were deployed on first response in making the damaged roads safe and assessing the damage to the network after the storm event.
- 5 Internal loans were raised for the local share of the completion of Te Ara Tika pedestrian overbridge and the footpath improvement programme. The budgets for these projects were in the previous year.

Applications of capital funding

- 6 Capital expenditure improvements were above forecast for footpath improvements. The budget for this project was included in the previous year.
- 7 Asset replacement expenditure was below forecast due to the impact of the significant storm damage to the road network which resulted in resources being deployed to first response emergency expenditure and assessments of the storm damage. Sealed road pavement rehabilitation on Seddon and Lawrence Streets in Te Kuiti have been deferred to the 2022/23 year as well as bridge and structural renewals. Minor improvement projects for Te Waitere and Taharoa are currently under investigation or in the design phase. Oparure Road drainage improvements will be undertaken once favourable weather conditions permit.
- 8 There was an increase in reserves for the year. As the renewal expenditure budgets were not fully spent, depreciation reserve funding was not required to fund the local share as forecast.





**FINANCES
PŪTEA**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2022

These financial statements should be read in conjunction with the notes to the financial statements on pages 65 to 115.

(\$000's)	COUNCIL			GROUP		
	NOTE	2022 BUDGET	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Revenue						
Rates revenue	1	19,651	19,783	20,018	19,770	20,007
Metered water rates	2	950	882	888	882	888
Subsidies and grants	3	11,154	14,610	11,151	14,936	11,813
Interest revenue		9	34	12	34	12
Fees, charges and income from construction	4	3,826	8,288	4,065	34,170	27,368
Other revenue including gains/(losses)	5	153	627	1,714	787	1,814
Total Revenue and Gains/(Losses)		35,743	44,224	37,848	70,579	61,902
Expenses						
Employee benefit expenses	6	6,367	5,805	5,598	17,125	15,713
Depreciation and amortisation expense	7,21,22	6,878	7,075	6,513	8,314	7,711
Finance costs	8	1,118	978	1,198	1,104	1,306
Other expenses	9	18,449	23,006	16,410	38,221	29,033
Total Expenses		32,812	36,864	29,719	64,764	53,763
Surplus/(Deficit) Before Tax		2,931	7,360	8,129	5,815	8,139
Income tax expense/(revenue)	10	0	0	0	(319)	187
Surplus/(Deficit)		2,931	7,360	8,129	6,134	7,952
Other Comprehensive Revenue and Expense						
Revaluation of property, plant and equipment and quarry assets	11	0	105,326	14,513	106,959	15,094
Gains/(losses) from cash flow hedges		0	1,706	1,403	1,706	1,403
Revaluation of available for sale assets	11,13	0	(2,413)	0	0	0
Income tax relating to components of other comprehensive revenue and expense	10	0	0	0	(124)	(142)
Total Other Comprehensive Revenue and Expense		0	104,619	15,916	108,541	16,355
Total Comprehensive Revenue and Expense		2,931	111,979	24,045	114,675	24,307

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

These financial statements should be read in conjunction with the notes to the financial statements on pages 65 to 115.

(\$000's)	COUNCIL		GROUP		
	NOTE	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Total Equity					
Balance at 1 July		359,556	335,511	362,028	337,721
Total Comprehensive Revenue and Expense for the year		111,979	24,045	114,675	24,307
Balance at 30 June		471,535	359,556	476,703	362,028

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

These financial statements should be read in conjunction with the notes to the financial statements on pages 65 to 115.

(\$000's)	COUNCIL			GROUP		
	NOTE	2022 BUDGET	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Equity						
Accumulated Funds	11	225,513	228,510	222,187	232,715	227,618
Other Reserves	11	26,114	30,850	29,888	24,438	21,063
Revaluation Reserve	11	90,743	212,175	107,481	219,550	113,347
Total Equity		342,370	471,535	359,556	476,703	362,028
Current Assets						
Cash and Cash Equivalents	12	4,243	2,352	6,379	2,899	6,525
Other Financial Assets	13	87	169	189	169	189
Inventory	14	75	120	51	1,524	1,845
Receivables under Exchange Transactions	15	279	274	282	3,053	3,175
Receivables under Non Exchange Transactions	15	3,983	5,871	4,466	5,870	4,448
Assets Held for Sale	24	0	0	60	0	60
Total Current Assets		8,667	8,786	11,427	13,515	16,242
Current Liabilities						
Bank Overdraft (Secured)	18	0	0	0	0	3
Payables and Deferred Revenue under Exchange Transactions	17	2,907	4,196	3,589	5,859	4,989
Payables and Deferred Revenue under Non Exchange Transactions	17	664	2,032	2,141	2,188	2,650
Current Portion of Borrowings	18	19,545	14,171	15,153	16,186	16,167
Provisions	19	3	4	3	451	396
Employee Entitlements	20	816	817	815	1,996	1,614
Derivative Financial Instruments	16	895	31	572	31	572
Total Current Liabilities		24,830	21,251	22,273	26,711	26,391
Net Working Capital		(16,163)	(12,465)	(10,846)	(13,196)	(10,149)
Non Current Assets						
Property, Plant and Equipment	21	370,477	485,232	379,030	497,435	390,173
Intangible Assets	22	375	4,196	354	4,388	662
Investment Property	23	1,014	2,167	1,836	2,167	1,836
Forestry Assets	25	0	0	527	0	527
Capitalised Quarry Development Asset	26	0	0	0	872	832
Receivables under Exchange Transactions	15	0	0	0	266	249
Other Financial Assets	13	415	323	362	323	362
Investment in CCO and Civic Financial Services Ltd	13	8,845	6,432	8,845	20	20
Derivative Financial Instruments	16	0	198	0	198	0
Deferred Tax Asset	10	0	0	0	918	723
Total Non Current Assets		381,126	498,548	390,954	506,587	395,384
Non Current Liabilities						
Borrowings	18	20,000	14,023	19,038	16,163	21,693
Provisions	19	547	525	547	525	547
Derivative Financial Instruments	16	2,046	0	967	0	967
Total Non Current Liabilities		22,593	14,548	20,552	16,688	23,207
Net Assets		342,370	471,535	359,556	476,703	362,028

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

These financial statements should be read in conjunction with the notes to the financial statements on pages 65 to 115.

(\$000's)	COUNCIL			GROUP		
	NOTE	2022 BUDGET	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Cash flows from Operating Activities						
Cash was provided from:						
Rates Revenue (including penalties)		20,476	20,453	20,977	20,440	20,966
Subsidies and Grants		11,154	14,430	12,344	14,805	13,006
Property Rentals		535	398	411	420	436
Petroleum Tax		100	113	159	113	159
Interest Revenue		9	39	11	39	11
Investment Income		0	0	0	0	0
Receipts from Other Revenue and Construction Contracts		3,344	3,695	3,364	29,735	25,581
		35,618	39,128	37,266	65,552	60,159
Cash was applied to:						
Payments to Suppliers and Employees		23,614	26,320	20,944	51,523	43,721
Elected Members		471	329	321	444	441
Interest Paid on Borrowings		1,118	950	1,243	1,076	1,351
		25,203	27,599	22,508	53,043	45,513
Net Cash Inflow from Operating Activities	29	10,415	11,529	14,758	12,509	14,646
Cash flows from Investing Activities						
Cash was provided from:						
Proceeds from Sale of Property, Plant and Equipment		0	213	270	502	559
Proceeds from Sale of Forestry Assets		0	545	0	545	0
Proceeds from Surrender of Financial Assets		0	51	0	51	0
Repayment from Advance to Community Groups		4	4	3	4	3
		4	813	273	1,102	562
Cash was applied to:						
Purchase and Development of Property, plant and equipment and Quarry Development Costs		9,621	9,048	9,821	10,370	10,724
Purchase of Intangible Assets		729	1,309	16	1,337	31
Renewals of Investment Properties		0	0	1	0	1
Purchase of Financial Assets		0	0	45	0	45
		10,350	10,357	9,883	11,707	10,801
Net Cash flows from Investing Activities		(10,346)	(9,544)	(9,610)	(10,605)	(10,239)
Cash flows from Financing Activities						
Cash was provided from:						
Cash was provided from Borrowings		24,931	7,000	10,000	8,000	10,500
		24,931	7,000	10,000	8,000	10,500
Cash was applied to:						
Repayment of Borrowings		25,000	13,000	13,000	13,500	13,375
Repayment of Lease Liabilities		0	12	12	27	25
		25,000	13,012	13,012	13,527	13,400
Net Cash Inflow/(outflow) from Financing Activities		(69)	(6,012)	(3,012)	(5,527)	(2,900)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		0	(4,027)	2,136	(3,623)	1,507
Cash, cash equivalents and bank overdrafts at the beginning of the year		4,243	6,379	4,243	6,522	5,015
Cash, cash equivalents and bank overdrafts at the end of the year		4,243	2,352	6,379	2,899	6,522
Balance at end of year represented by:						
Cash at Bank and In Hand		4,243	2,352	6,379	2,899	6,522
		4,243	2,352	6,379	2,899	6,522

Funding Impact Statements

(Local Government (Financial Reporting) Regulations 2011)

The following information is presented in compliance with the Local Government (Financial Reporting) Regulations 2011 and should not be relied on for any other purpose than compliance with those regulations. The purpose of the statements is to present information about sources and applications of funding. This information is derived from accrual accounting records, prepared under GAAP, however transactions with no funding impact, such as depreciation and asset revaluations have been eliminated.

Waitomo District Council: Funding Impact Statement for 2020 to 2022 for Whole of Council (\$000's)	EAP 2020/21	Actual 2020/21	AP 2021/22	Actual 2021/22
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	9,288	9,267	9,256	9,373
Targeted rates	12,016	12,018	11,345	11,292
Subsidies and grants for operating purposes	4,784	5,532	5,480	6,421
Fees and charges	3,717	4,068	3,818	8,309
Interest and Dividends from Investments	15	11	9	34
Local authorities fuel tax, fines, infringement fees and other receipts	193	205	161	220
Total operating funding (A)	30,013	31,101	30,069	35,649
Applications of operating funding				
Payments to staff and suppliers	24,584	22,091	24,814	28,095
Finance costs	1,426	1,198	1,118	978
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	26,010	23,289	25,932	29,073
Surplus (deficit) of operating funding (A-B)	4,003	7,812	4,137	6,576
Sources of capital funding				
Subsidies and grants for capital expenditure	4,965	5,619	5,674	8,189
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	5,074	(827)	(96)	(2,347)
Gross proceeds from sale of assets	0	158	0	758
Lump sum contributions	42	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	10,081	4,950	5,578	6,600
Applications of capital funding				
Capital expenditure - to meet additional demand	0	0	0	0
Capital expenditure - to improve the level of service	860	985	2,211	6,117
Capital expenditure - to replace existing assets	10,356	9,246	8,139	7,147
Increase (decrease) in reserves	2,868	2,531	(635)	(88)
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	14,084	12,762	9,715	13,176
Surplus (deficit) of capital funding (C-D)	(4,003)	(7,812)	(4,137)	(6,576)
Funding Balance ((A-B) + (C-D))	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies for the year ended 30 June 2022

Reporting Entity

Waitomo District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's activities is the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Waitomo District Council (the Council), and its subsidiary, Inframax Construction Limited (100% owned). Council's subsidiary is incorporated and domiciled in New Zealand.

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The financial statements of the Council and the Group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 29 November 2022.

Basis of Preparation

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

Going Concern

The financial statements of the Group have been prepared on a going concern basis.

Statement of Compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

Presentation Currency and Rounding

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

Measurement Basis

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments, investment property and forestry assets. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. For investment property, the fair value is determined by reference to market value.

The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Standards issued and not yet effective and not early adopted

At the date of authorisation of the financial report the following standards, amendments or interpretations were on issue and not yet effective.

Standards, Amendments or Interpretations	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
PBE FRS 48 Service Performance Reporting	1 January 2022	30 June 2023
PBE IPSAS 41 Financial Instruments	1 January 2022	30 June 2023
PBE IFRS 17 Insurance Contracts	1 January 2023	30 June 2024
Amendments to PBE IFRS 17 (NFP entities only)	1 January 2023	30 June 2024
2022 Omnibus Amendments to PBE Standards	1 January 2023	30 June 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The Group's financial statements incorporate the financial statements of the Council and the entities controlled by the Council (its subsidiaries). Control is achieved where the Council has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expense of the entities within the Group on a line by line basis. All intra-group transactions, balances, revenue and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Council. Investment in the subsidiary is recorded at fair value in the Council's financial statements.

Revenue

Revenue comprises rates, revenue from operating activities, grant revenue, interest revenue and other revenue and is measured at fair value of the consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue may be derived from either exchange or non-exchange transactions. These are defined as:

- Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

- Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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

Rates revenue

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised as revenue when rates are levied. Rates arising from late payment penalties are recognised as revenue when

rates become overdue. Rates revenue is classified as non-exchange revenue.

Waka Kotahi roading subsidies

Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. Waka Kotahi subsidies are classified as non-exchange revenue.

Other Subsidies and Grants received

Other subsidies and 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 such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied. Subsidies and other grants received are classified as non-exchange revenue.

Fees, Levies & Charges

Other fees, levies and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence. Fees, levies and charges are classified as non-exchange revenue with the exception of on-charging of consultants' fees for resource consents.

Interest Revenue

Revenue is recognised using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument. Interest revenue is classified as exchange revenue.

Sale of goods

The sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer. This revenue is classified as exchange.

Property Rental Revenue

Rental revenue arising on property owned by the Group is accounted for on a straight-line basis over the lease term. Property rental revenue is generally classified as non-exchange.

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised when the control of the asset is transferred to Council. The fair value of this asset is recognised as revenue, unless there is a use or return condition attached to the asset and is classified as non-exchange revenue.

Rendering of Services and Construction Contracts

Revenue from construction contracting services includes revenue from building and civil contracting services. Revenue and profit are recognised on the basis of value of work completed. Percentage of completion is measured by reference to the value of work performed which is independently certified each month by the customer's engineer to the contract. Expected losses are recognised in full as soon as they become apparent.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

Rendering of services is classified as exchange revenue.

Expenditure

Expenditure is recognised when the Group has been supplied with the service or has control of the goods supplied.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Group has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Group's decision.

Borrowing Costs

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

Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. The measurement of deferred tax reflects the tax consequences that would follow from

the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly into equity.

Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank over drafts.

Inventory

Inventory held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write down from the loss of service potential or from cost to net realisable value is recognised in surplus or deficit in the period of the write-down.

Inventories held by Inframax Construction Limited are valued on the basis of lower of cost, determined on a weighted average cost basis, and net realisable value. Aggregate stocks are valued using a standard cost, this standard cost is based on the average cost of production.

Financial Assets

In 2018/19 Council's subsidiary Inframax Construction Limited changed its accounting policy for accounting for financial instruments in accordance with IFRS 9. This standard is part of the suite of standards applicable to profit oriented entities. Council and the Group report under the Public Sector standards including PBE IPSAS 29 and 30 for accounting for financial instruments. The change in policy by the subsidiary has no material impact on the classification and measurement of financial instruments held by the Group.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit 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 Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks or rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- financial assets at fair value through surplus or deficit,
- loans and receivables, and
- available for sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The three categories of financial assets are:

Financial Assets at Fair Value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date. After initial recognition they are measured at their fair values with gains or losses on re- measurement recognised in the surplus or deficit.

Derivative financial instrument assets are included in this class.

Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified as Receivables in the Statement of Financial Position.

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

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial asset. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

A provision for impairment of receivables is established when there is objective evidence that the Group 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.

Available for Sale

Available for sale financial assets are those that are designated into the category at initial inception or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and Group includes in this category:

- Investments that the Group intends to hold long-term but which may be realised before maturity; and
- Shareholdings that the Group holds for strategic purposes. The Group's investment in Inframax Construction Limited is included in this category.

After initial recognition these investments are measured at their fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, which are recognised directly in surplus or deficit.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to surplus or deficit (as a reclassification adjustment).

Impairment of Financial Assets

Financial assets are assessed for any evidence of impairment at each balance date. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence that the Council and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying value and the present value of

estimated future cash flows, discounted using the original effective interest rate.

Available for sale

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 available for sale assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset already recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit. The Council and Group designate certain derivatives as either:

- hedges of highly probable forecast transactions (cash flow hedge); or
- derivatives that do not qualify for hedge accounting.

The Council and Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Council and Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in fair values or cash flows of hedges items.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedges items is less than 12 months.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in surplus or deficit.

Payables

Payables and other payables are recognised at their face value when the Group becomes obligated to make future payments resulting from the purchase of goods or services.

Payables may be derived from either exchange or non-exchange transactions. These are defined as:

- Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Payables from exchange transactions include payables to suppliers, retention monies and payables for elected members' and directors' fees.

- Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non exchange payables include payables for GST, deposits and bonds held and deferred grant revenue.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs.

After initial recognition, all borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowings are classified as current liabilities unless Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

Where the Council and Group are not in possession of or issued a valid tax invoice at balance date, the GST portion is not accounted for in either Receivables or Payables.

Commitments and contingencies are disclosed exclusive of GST.

Provisions

A provision is recognised 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 an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments 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 Post Closure Costs

The Group has a legal obligation under the resource consents for open and closed landfills to provide ongoing maintenance and monitoring services at the sites after closure. A provision for post closure costs is

recognised as a liability when the obligation for post closure arises.

The provision is a measure based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

Employee Entitlements

Short-Term Employee Entitlements

Employee benefits expected to be settled within 12 months after the end of the period which the employee renders the related service are measured 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 entitlements expected to be settled within 12 months, and sick leave.

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 the Group anticipates it will be used by staff to cover those future absences.

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, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

A 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 the Group 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.

Property, Plant & Equipment

Property, plant and equipment consists of:

Operational Assets

Operational assets are tangible assets, able to be dealt with as part of the operating strategy and include land, buildings, plant and equipment, motor vehicles, furniture and fittings, computer hardware, library books, and finance leases for office equipment.

Restricted Assets

Restricted assets cannot be disposed of because of legal and other restrictions but provide a benefit or service to the community. These are mainly assets associated with reserves vested under the Reserves Act, endowments and other property held in Trust for specific purposes.

Infrastructural Assets

Infrastructural assets are the fixed utility systems providing an ongoing service to the community but are not generally regarded as tradable. They include infrastructural land, roads, water reticulation systems, sewerage reticulation systems, storm water systems, refuse systems and land under roads.

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

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 the Council and the Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a 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 the property revaluation reserves in respect of those assets are transferred to accumulated funds.

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 the Group and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, land under roads, work in progress and those assets in the tables below that are not depreciated, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Operational Assets

Operational assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Operational Buildings	15-100 years
Plant and Equipment	4-13 years
Motor vehicles	5-7 years
Furniture and Fittings	5-30 years
Computers	4-5 years
Library Books	7 years
Archive Books	Not depreciated

Restricted Assets

Restricted assets are depreciated on a straight line basis as follows:

Restricted Buildings	15 – 100 years
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Infrastructural Assets

Infrastructural assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Roads and Footpaths

Pavement Formation	Not depreciated
Pavement Subbase	120 - 160 years or not depreciated
Pavement Base	60 – 120 years or not depreciated
Sealed Surface	12 – 22 years
Metal Surface	Not depreciated
Bridges and Major Culverts	60-100 years
Retaining Walls and Other Structures	20 – 100 years
Footpaths and Footpath Crossings	19 – 80 years
Drainage and Culverts	70 – 80 years
Kerb and Channel, Stormwater Channels	K & C 80 years, SWC not depreciated
Guard Rails	50 years
Streetlights and Poles	Lanterns 20 -25 years, poles and brackets 15 – 60 years
Road Signs	Signs 15 – 20 years, Signposts 30 years
Resource Consents	3 – 24 years

Water Supply Assets

Pipes	50 – 120 years
Fire Hydrant Valves	75 years
Meters	30 years
Tobies	60 years
Pump Stations	20 – 100 years
Dam Structures	100 years
Reservoir Structures	80 – 100 years
Treatment Plants	5 – 100 years
Resource Consents	11 – 34 years or not depreciated
Valves	75 – 100 years

Wastewater Assets

Pipes	50 - 120 years
Manholes	100 years
Separator Tanks	50 years
Pump Stations	15 – 100 years
Treatment Plants	10 – 100 years
Resource Consents	5 – 100 years

Stormwater Assets

Pipes	60 – 120 years
Manholes and Cesspits	100 – 120 years
Resource Consents	20 years

Solidwaste Assets

Landfill Cells and Earthworks	Not depreciated
Building and Shelters	20 – 60 years
Oxidation Ponds	80 years
Roading and Driveways	12 – 80 years
Weighbridges and Automatic Gates	15 – 50 years
Bins and Containers	15 – 80 years
Retaining Walls	25 – 100 years
Fencing and Other Assets	15 – 35 years
Resource Consents	30 – 34 years

The depreciation rates are applied at a component level and are dependent on the remaining useful life for each component. The residual value and useful life on an asset is reviewed and adjusted where applicable at each balance date.

Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except for land under roads) are revalued with sufficient regularity to ensure that their carrying value does not materially differ from fair value and at least every three years. The carrying values of revalued items are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off cycle asset class is 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 a property 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 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 the other comprehensive revenue and expense.

Revaluation of Restricted Assets

Land and buildings in restricted assets are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared 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).

Intangible Assets

Computer Software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense as incurred. The costs associated with the development and maintenance of the Group's website are recognised as an expense as incurred. Staff training costs are recognised in the surplus or deficit when incurred.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are de-recognised when they are used to satisfy carbon emission obligations.

Service Concession Asset

A Service Concession Asset is an intangible asset that confers a right on Council access and the right to use an asset to provide services to the community for community benefit. The right has been gained through entering a Service Concession Arrangement with the Ministry of Education and the Te Kuiti High School of Trustees to construct a two-basketball court stadium, gymnasium and other facilities on the school grounds. Under the arrangement and following construction the right to use has been granted at specified times to provide stadium and gymnasium services to the community for community wellbeing. The stadium building and equipment is not included as a physical asset as part of Council's property, plant and equipment, due to Council's limited control over the stadium complex.

Construction of the facility is underway with expected completion date of December 2022. The intangible asset recognised at cost as an intangible work in progress asset. Once the facility is operational the intangible asset will be amortised over the length of the service concession period, which is 35 years following construction.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life for software. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates for software have been estimated as follows:

Computer software	2 – 5 years
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Forestry Assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. The calculation is based on assessment of growth, timber

prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Non-current Assets Held For Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value less costs to sell are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Investment in Unlisted Shares

Council has an interest (1.6%) in a Council Controlled Organisation (CCO), Waikato Local Authority Shared Services Limited. Council has no significant influence on operational or financial policies.

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

Council has an interest (0.04%) in New Zealand National Mutual Riskpool. Council has no significant influence on operational or financial policies.

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

Investment Property

Investment property consists of miscellaneous housing properties. Investment property is held primarily for capital growth, rental or similar revenue. Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Group measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Capitalised Quarry Development Costs

The costs of stripping activity which provides a benefit in the form of improved access to rock is recognised as a 'stripping activity asset' where it is probable that the future economic benefit associated with the stripping activity will flow to the Group, the Group can identify the component of the rock for which access has been improved and the costs relating to the stripping activity associated with that component can be measured reliably. A stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the rock that becomes more accessible as a result of the stripping activity using the units of production method.

Cost Allocation

The Council has derived the cost of service for each significant activity. Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These costs are allocated to Council activities using appropriate cost drivers such as resource use, staff numbers and floor area. All overhead costs have been allocated to significant activities.

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. Property, plant and equipment and intangible assets that have a finite useful life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Value in use is 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 entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount the asset is regarded as 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.

Value in use for non-cash generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

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

Equity

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

- Accumulated Funds,
- Other reserves, and
- Property revaluation reserves.

Other Reserves

Restricted 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 the Group. Restricted reserves are those subject to specific conditions accepted as binding by the Group and which may not be revised by the Group 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 Group decision. Transfers to and from these reserves are at the discretion of the Group.

Council created reserves are a combination of depreciation reserves and transfers of surplus or deficit from operations. The purpose of the reserves is to maintain balances of funded depreciation for future renewal of assets and to hold revenue streams in separate balances as required by Council. Available for sale reserves consists of valuation gains associated with Council's investments, classified as Available for Sale.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Property Revaluation Reserves

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

Emissions Trading Scheme (ETS)

The regulations for landfill methane emissions under the New Zealand Emissions Trading Scheme (NZ ETS) require waste disposal facility operators to surrender New Zealand Units (NZU's) by 31 May of each year to match the remission from 1 January to 31 December of the preceding calendar year. The cost of meeting ETS obligations is mandatory and Council is required to surrender NZU's for the landfill methane emissions associated with Rangitoto Landfill. NZU's that are purchased to meet these liabilities are recognised at cost and subsequently recognised at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required.

Budget Figures

The budget figures are those approved by the Council in Year 1 of the LTP 2021-31. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Critical Accounting Estimates and Judgements

In preparing these financial statements the Group 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 or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill Aftercare Provision

Note 19 discloses an analysis of the exposure of the Group in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Group 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 storm water, wastewater and water supply pipes situated underground. This risk is minimised by the Group 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 the Group could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk the Group'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 Group's asset management planning activities, which gives the Group further assurance over its useful life estimates.

Experienced independent valuers perform the Group's infrastructural asset revaluations. The carrying value of infrastructure assets is disclosed in Note 21.

Property, plant and equipment useful lives and residual values

At each balance date the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Group has not made significant changes, apart from those noted above, to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in Note 21.

Three Waters Service Delivery Reforms

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2022 in accordance the accounting policies set out on pages 71 to 72. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may

require adjustments to Council's three water assets either in respect of disclosure or measurement.

Estimating Construction Contract Revenue

Assessment of projects on a percentage of completion basis, in particular with regard to accounting for variations, the timing of surplus recognition and the amount of surplus recognised. The amount recognised in revenue is disclosed in Note 4, the receivable in Note 15 and the payable in Note 17.

Valuation of Investment in Inframax Construction Ltd

The investment in Inframax Construction Limited was revalued as at 30 June 2022 and resulted in a valuation range of \$5,062,000 to \$7,762,000 with a mid-point of \$6,412,000 for the investment. After consideration of the subsidiary's financial statements and forecasts, Council adopted the mid-point valuation of \$6,412,000 to be fair value at 30 June 2022.

Adoption of this value resulted in a loss on valuation of \$2,413,000, which is included in Other Comprehensive Revenue and Expense.

Experienced independent valuers performed the valuation of the investment in Inframax Construction Limited at 30 June 2022. The valuers used the capitalisation of earnings approach, consistent with the previous valuation, using a number of estimates and assumptions to establish a suitable level of earnings and a market derived multiple, all based on historical and forecast financial performance information.

In deriving the valuation, a number of developments were noted by the valuers. These included the subsidiary not achieving budgeted gross margin and earnings before interest, taxation and depreciation and amortisation, with several older contracts, being fixed price, but with underlying costs increasing. There was a flooding event in February 2022, which caused damage to some quarry equipment, to which insurance claims were unsuccessful and there is reliance on aging plant and equipment which impacts productivity, utilisation, and the reliance on hired vehicles. However, a significant capital expenditure program is planned for 2023 to replace aging plant and to service the newly acquired Ruapehu District Council contract. In addition to this investment has been made to ensure compliance with Waka Kotahi's code of practice and establishment of a traffic management unit.

Deferred Tax Asset Recognition and recoverability

Determining whether or not to recognise a deferred tax asset requires estimation of future cash flows. Any significant deviation from the assumptions used in forecasting future cash flows may affect the carrying value of the asset.

The Group has recognised through surplus or deficit a deferred tax asset for the full utilisation of tax losses brought forward by its subsidiary Inframax Construction Ltd. This recognition is based on budgeted taxable profit for 2022/23 and the expectation of continued profitability for future years.

Changes in accounting policies

There have been no changes in accounting policies during the year.

Note 1: Rates Revenue (excluding Metered Water Rates)

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
General Rate	5,625	5,289	5,622	5,286
Uniform Annual General Charge	3,552	3,560	3,550	3,558
Targeted Rates - Wastewater	2,245	2,169	2,244	2,168
Targeted Rates - Water	1,808	1,882	1,806	1,882
Targeted Rates - Solid Waste	1,101	862	1,100	861
Targeted Rates - Roads and Footpaths	4,415	5,127	4,413	5,124
Targeted Rates - Other	1,064	1,091	1,062	1,090
Rates Penalties	345	417	345	417
Sub Total	20,155	20,397	20,142	20,386
Less Rates paid on Council properties	(372)	(379)	(372)	(379)
Total Rates Revenue	19,783	20,018	19,770	20,007
Rates Revenue from non exchange transactions	19,783	20,018	19,770	20,007

Note 2: Metered Water Rates

Targeted Water Supply Rates under section 19 of the Local Government (Rating) Act 2002

The Local Government (Financial Reporting) Regulations 2011 introduced further disclosure requirements for the Financial Statements. One of the changes is to disclose separately, in the Statement of Comprehensive Revenue and Expense, the amount of revenue received from targeted rates for water supply set under section 19 of the Local Government (Rating) Act 2002. The section allows local authorities to charge for water by meter. The revenue related to water by meter has been disclosed under metered water rates in the Statement of Comprehensive Revenue and Expense and has been excluded from the Rates Revenue note.

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Metered Water Rates	882	888	882	888

Note 3: Subsidies and Grants

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Waka Kotahi Roding Subsidy	8,688	10,037	8,688	10,037
Department of Internal Affairs - Three Water Reform Programme	3,150	350	3,150	350
Mayors Taskforce for Jobs	500	500	500	500
Grants received for King Country Indoor Sports and Recreation Centre	2,161	0	2,161	0
Other Grants	111	264	437	926
Total Subsidies and Grants	14,610	11,151	14,936	11,813
Subsidies and grants revenue from non exchange transactions	14,610	11,151	14,936	11,813

Three Waters Reform Programme

In September 2020 Council entered into an agreement with the Department of Internal Affairs to provide funding for investment in water service delivery that improves the quality and safety of drinking water, improves the environmental performance of drinking water and wastewater systems and supports New Zealand's economic recovery from the COVID-19 pandemic.

The total approved subsidy available was \$3.5 million. Subsidy revenue of \$350,000 was recognised in the 2020/21 year. The balance of funding of \$3.15 million has been recognised in the 2021/22 year. The funding was subject to commencing the agreed expenditure programme by 31 March 2021, receipt of satisfactory quarterly reports and the completion of the delivery plan by 31 March 2022. During the year the completion

date was extended to 30 June 2022, and in June 2022 further extended to 31 December 2022. Council has met the conditions of the subsidy and completed all eligible projects by 30 June 2022.

Mayor's Taskforce for Jobs Community Recovery Programme

During the year Council entered into an agreement with Local Government New Zealand for the Mayors Taskforce for Jobs Community Recovery Programme funded by Ministry of Social Development. The Programme provided funding to support initiatives to secure sustainable employment outcomes (SEOs) 30+ hours per week, for young people and those displaced from employment as a result of Covid-19.

The total funding available was \$500,000 which was provided in two equal tranches. The funding was subject to a minimum of 50 SEOs by 30 June 2022. Council successfully met all the conditions of the agreement with 72 SEOs reported as a result of the programme delivered by 30 June 2022.

King Country Indoor Sports and Recreation Centre

Total subsidy and grant funding of \$2,161,000 was received from a number of contributing parties. Grants and subsidies are recognised to the extent Council has met the conditions under the grant agreements. Grant revenue has been received from Lotteries Major Projects, Trust Waikato, Crown Infrastructure and Grassroots Trust totaling \$3,362,000, however the amount recognised is based on the proportion the project completed and as such \$2,161,000 has been recognised as revenue and \$1,201,000 is included as deferred revenue.

Group

Due to the ongoing impacts of the pandemic on operations, the subsidiary was eligible for the Ministry of Social Development employer wage subsidy and received a grant of \$326,000 (2021: \$662,000).

Note 4: Fees, Charges and Income from Construction

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Revenue from exchange transactions				
Income from Construction Contracts	4,542	0	29,131	22,060
Resource Consent Revenue	12	45	12	45
Property Rentals	0	0	22	25
Sale of Goods	157	186	1,535	1,541
Total	4,711	231	30,700	23,671
Revenue from non exchange transactions				
Regulatory Services Revenue	508	551	506	551
Property Rentals	367	387	367	387
Rental Revenue from Investment Property	31	23	31	23
Trade Waste Charges	773	901	773	901
Solid Waste Disposal Charges	1,352	1,377	1,343	1,373
Aquatic Centre Revenue	23	40	23	40
Resource Consent Revenue	166	103	166	103
Quarry Royalties	90	132	0	0
Other Fees and Charges	267	320	261	319
Total	3,577	3,834	3,470	3,697
Total Fees, Charges and Income from Construction	8,288	4,065	34,170	27,368

Council has entered into a Service Concession Arrangement with the Ministry of Education and Te Kuiti High School Board of Trustees as a operator to the arrangement. Under the arrangement Council is to construct a two basketball court, gymnasium stadium building on Te High School grounds. The construction revenue

recognised is for construction services provided by Council as the operator under the service concession arrangement and is equal to the construction costs Council has incurred for construction of the stadium.

Note 5: Other Revenue Including Gains and Losses

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Other Revenue	108	60	108	60
Petrol Tax Proceeds	133	148	133	148
Total Other Revenue from non exchange transactions	241	208	241	208
Gain/(Loss) in Change in Fair Value of Investment Property	331	821	331	821
Gain/(Loss) in Change in Fair Value of Forestry Assets	0	527	0	527
Gain/(Loss) on Sale of Forestry Assets	18	0	18	0
Gain/(Loss) on Sale of Property, Plant and Equipment	37	158	197	258
Total Other Gains/(Losses)	386	1,506	546	1,606
Total Other Revenue including Gains/(Losses)	627	1,714	787	1,814

Note 6: Employee Benefit Expenses

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Salaries and Wages	5,704	5,476	16,448	15,352
Defined Contribution Plan Employer Contributions	99	98	295	327
Increase/(Decrease) in Employee Benefit Liabilities	2	24	382	34
Total Employee Benefit Expenses	5,805	5,598	17,125	15,713

Note 7: Depreciation and Amortisation Expense

(\$000's)	COUNCIL			GROUP	
	2022 BUDGET	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Leadership	626	536	477	536	477
Recreation and Property	987	1,065	952	1,065	952
Community and Partnerships	2	2	13	2	13
Regulatory Services	7	7	7	7	7
Solid Waste	68	95	94	95	94
Stormwater	195	219	194	219	194
Wastewater	855	913	818	913	818
Water Supply	693	759	631	759	631
Roads and Footpaths	3,445	3,479	3,327	3,479	3,327
Other Activities	0	0	0	1,239	1,198
Total Depreciation and Amortisation Expense	6,878	7,075	6,513	8,314	7,711

The majority of council's assets have been revalued in 2020 /21 to current replacement costs which have significantly increased the carrying value. This revaluation has resulted in a material change for depreciation costs.

Note 8: Finance Costs

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Interest on Bank Borrowings	963	1,182	1,088	1,289
Interest on Finance Leases	3	4	4	5
Discount Unwinding on Provision (refer note 19)	12	12	12	12
Interest derivatives (presented net):				
Ineffectiveness on cash flow hedges	0	0	0	0
Total Finance Costs	978	1,198	1,104	1,306

Note 9: Other Expenses

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Audit Fees for Financial Statement Audit	161	157	247	241
Audit Fees for Long Term Plan and Consultation Document	0	95	0	95
Audit Fees for Assurance Related Services	6	5	6	5
Bad Debts Written Off	424	1,382	428	1,386
Directors Fees	0	0	115	120
Grants Expenditure	243	105	243	105
Insurance Premiums	346	312	602	563
Inventory Consumption	0	0	3,726	2,406
Impairment of Property, Plant and Equipment	0	0	204	0
Loss on Disposal of Property, Plant and Equipment	723	358	869	361
Operating Lease Expenses	12	12	623	161
Impairment of Receivables	(197)	(942)	(197)	(942)
Remuneration of Elected Members	334	335	334	335
Subscriptions	100	105	130	151
Road Maintenance Expenditure	6,729	5,438	6,729	5,438
Other Maintenance Expenditure	6,102	5,577	8,675	7,651
Direct Contract Expenses	4,542	0	11,603	5,498
Other Expenditure	3,297	3,147	3,700	5,135
Investment Property Expenditure	0	4	0	4
Rates and Penalties Remissions	184	320	184	320
Total Other Expenditure	23,006	16,410	38,221	29,033

Council

The Operating lease expense relates to various items of office equipment. The lease can be renewed at the Council and Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. The Group does not have option to purchase the asset at the end of the lease term for leases held by the subsidiary. There are no restrictions placed on Council or Group by any of the finance leasing arrangements.

Note 10: Tax

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Income tax recognised in Profit or Loss				
Current tax	0	0	0	0
Deferred tax on temporary differences	0	0	(319)	187
	0	0	(319)	187
Reconciliation of Accounting Profit/(Loss) before tax and income tax expense				
Surplus before Taxation	7,360	8,129	6,134	8,139
Prima facie taxation at 28% (2021: 28%)	2,061	2,276	1,717	2,279
Taxation effect of non-taxable expenditure	(2,069)	(2,262)	(2,043)	(1,895)
Non-taxable income	0	0	0	(184)
Non-recognition of benefit of Tax Losses	8	(14)	8	(14)
Under/(Over) provided in prior periods	0	0	(1)	1
Taxation Expense	0	0	(319)	187

(\$000's)	Depreciation and Amortisation	Employee Entitlements	Other	Tax Losses Carried Forward	Total Deferred Tax Asset/ (Liability)
Deferred tax balances					
Council					
Council has not recognised any deferred tax assets or liabilities.					
Group 2021					
Opening Balance	(623)	138	(81)	1,618	1,052
(Charged)/credited to Profit or Loss	(208)	24	27	(30)	(187)
(Charged)/credited to Equity	(141)	0	0	0	(141)
Under/(over) provided in prior periods	(8)	(29)	0	36	(1)
Closing Balance	(980)	133	(54)	1,624	723
Group 2022					
(Charged)/credited to Profit or Loss	(77)	49	(7)	354	319
Under/(over) provided in prior periods	0	(7)	0	7	0
(Charged)/Credited to Equity	(124)	0	0	0	(124)
Closing Balance	(1,181)	175	(61)	1,985	918

Council

Council has accumulated tax losses of \$2,773,000 (2021: \$2,713,000) to 30 June 2022. Accumulated tax losses are available to offset future taxable income, thereby reducing income tax liability. Council has not recognised a tax loss as no taxable income is expected from ICL.

Group

The Group has accumulated tax losses of \$9,860,000 (2021: \$8,514,000) to 30 June 2022. The group has recognised a deferred tax asset for all remaining accumulated tax losses held by the subsidiary in the 2021/22 financial year.

Imputation Credit Account

(\$000's)	COUNCIL	GROUP
	2022 ACTUAL	2021 ACTUAL
Balance 1 July	3,416	3,416
Closing Balance 30 June	3,416	3,416

Note 11: Equity

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Accumulated Funds				
Balance at 1 July	222,187	216,303	227,618	221,911
Surplus/(Deficit) for the year	7,360	8,129	6,134	7,952
Transfer from Revaluation Reserve on Asset Disposal	632	204	632	204
Transfer to Council Created Reserves	(1,669)	(2,449)	(1,669)	(2,449)
Balance at 30 June	228,510	222,187	232,715	227,618
Other Reserves				
Council Created Reserves				
Balance at 1 July	22,419	19,970	22,419	19,970
Transfers from Retained Earnings	1,669	2,449	1,669	2,449
Balance at 30 June	24,088	22,419	24,088	22,419
Available for Sale Reserves				
Balance at 1 July	8,829	8,829	4	4
Valuation Gains/(Losses)	(2,413)	0	0	0
Balance at 30 June	6,416	8,829	4	4
Hedging Reserve				
Balance at 1 July	(1,360)	(2,763)	(1,360)	(2,763)
Gains/(Losses) from Cash Flow Hedges	1,706	1,403	1,706	1,403
Balance at 30 June	346	(1,360)	346	(1,360)
Total Other Reserves at 30 June	30,850	29,888	24,438	21,063
Revaluation Reserves				
Balance at 1 July	107,481	93,172	113,347	98,599
Revaluation Gains/(Losses)	105,326	14,513	106,959	15,094
Income tax expense relating to other comprehensive income	0	0	(124)	(142)
Transfer from Retained Earnings on Asset Disposal	(632)	(204)	(632)	(204)
Balance at 30 June	212,175	107,481	219,550	113,347
This is made up of:				
Operational Land	8,241	6,877	9,119	7,624
Operational Buildings	9,951	7,736	10,979	8,455
Library Books	3	3	3	3
Restricted Land	10,783	7,629	10,783	7,629
Restricted Buildings	3,601	2,690	3,601	2,690
Infrastructural Land	1,719	1,107	1,719	1,107
Roading Assets	142,968	54,880	147,909	58,763
Water Reticulation Assets	10,063	6,808	10,063	6,808
Wastewater Reticulation Assets	13,423	10,418	13,423	10,418
Stormwater Reticulation Assets	9,614	8,051	9,614	8,051
Solidwaste System Assets	1,809	1,282	1,809	1,282
Quarry Plant Assets	0	0	528	517
Total Revaluation Reserves	212,175	107,481	219,550	113,347
Total Equity	471,535	359,556	476,703	362,028

Information about reserve funds held for a specific purpose is provided below:

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2021	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2022
Operational Reserves				
Leadership				
Representation, Strategy and Engagement	436	264	(79)	621
Investments	1,140	134	(73)	1,201
Emergency Management (previously Safety) *	468	22	0	490
	2,044	420	(152)	2,312
Recreation and Property				
Parks and Reserves	887	231	0	1,118
Housing and Other Property	870	15	(6)	879
Library	(78)	118	0	40
Aquatic Centre	(34)	5	0	(29)
Les Munro Centre	266	9	0	275
Aerodrome	128	17	0	145
King Country Indoor Sports and Recreation Centre	0	75	0	75
Public Facilities	775	50	(39)	786
	2,814	520	(45)	3,289
Community and Partnerships	889	515	0	1,404
Regulatory Services	448	202	0	650
Solid Waste				
Kerbside Collection	174	67	0	241
Waste Disposal	52	0	(244)	(192)
Waste Minimisation	(42)	41	(29)	(30)
	184	108	(273)	19
Stormwater				
Te Kuiti Stormwater	(44)	90	0	46
Rural Stormwater	189	3	0	192
	145	93	0	238
Resource Management	293	88	0	381
Wastewater	4,919	392	(801)	4,510
Water Supply	(2,281)	274	(443)	(2,450)
Roads and Footpaths				
Subsidised Roads	(791)	342	0	(449)
Unsubsidised Roads	664	0	0	664
	(127)	342	0	215
Business Support				
Gratuities	71	0	(71)	0
Long Service Leave	25	0	(25)	0
Natural Disaster	426	0	0	426
	522	0	(96)	426
Total Operational Reserves	9,850	2,954	(1,810)	10,994
* The Emergency Management Operational Reserve was transferred from Recreation and Property (previously Community Service) to Leadership at 1 July 2022 to align to the 2021-31 Long term Plan.				

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2021	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2022
Depreciation Reserves				
Leadership	(1)	1	0	0
Recreation and Property				
Parks and Reserves	(36)	81	(16)	29
Housing	215	5	(9)	211
Community Halls	811	0	0	811
Land and Buildings	143	152	(115)	180
Library	589	89	(44)	634
Aquatic Centre	(23)	43	(12)	8
Les Munro Centre	404	201	(9)	596
Aerodrome	33	28	(11)	50
Public Facilities	244	172	(87)	329
	2,380	771	(303)	2,848
Community and Partnerships	54	2	0	56
Regulatory Services	(38)	7	0	(31)
Solid Waste	(93)	68	(305)	(330)
Stormwater				
Te Kuiti Stormwater	951	186	(32)	1,105
Rural Stormwater	45	9	(1)	53
	996	195	(33)	1,158
Wastewater	588	822	(683)	727
Water Supply	633	523	(658)	498
Roads and Footpaths				
Subsidised Roads	7,336	2,196	(1,971)	7,561
Unsubsidised Roads	214	13	(33)	194
	7,550	2,209	(2,004)	7,755
Business Support				
Business Support	406	433	(112)	727
Plant	(15)	192	0	177
	391	625	(112)	904
Total Depreciation Reserves	12,460	5,223	(4,098)	13,585
Investment Revaluation Reserves				
Available for Sale Reserves				
Shares in Other Companies	4	0	0	4
Shares in Subsidiary	8,825	0	(2,413)	6,412
	8,829	0	(2,413)	6,416
Total Investment Revaluation Reserves	8,829	0	(2,413)	6,416
Special Purpose Reserves				
Community and Partnerships				
District Development	16	0	0	16
	16	0	0	16

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2021	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2022
Cashflow Hedging Reserve	(1,360)	1,706	0	346
Solid Waste				
Carbon Credits Reserve	38	589	(1,236)	(609)
Waste Minimisation Levy Reserve	55	60	(13)	102
	93	649	(1,249)	(507)
Total Special Purpose Reserves	(1,251)	2,355	(1,249)	(145)
Total Other Reserves	29,888	10,532	(9,570)	30,850

The Council maintains reserves as a sub-set of its equity. There are four categories of reserves held.

Operational Reserves

Operational reserves are created to hold short-term funding surpluses/(deficits) arising from the various activities of Council. A deficit may occur when operating expenditure exceeds budget, operating revenue is less than budget or a combination of both.

A balance in the operational reserve forms part of the Council's funding considerations for a particular activity in the subsequent years budget. Council ensures that rates collected for a particular activity from an identified group of ratepayers are used only for that activity and for the benefit of that identified ratepayer.

Depreciation Reserves

The Council sets aside accumulated funds from rates in specific Depreciation Reserves to fund repayments on loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives. Council ensures that funds accumulated for a particular activity from an identified group of ratepayers can only be used for that activity and for the benefit of that identified group. The purpose of the Depreciation Reserves is to ensure that Council's ability to provide services to the District's communities is maintained.

Investment Revaluation Reserves

Council investment activities include its subsidiary company. Council is obliged to periodically review the value its investment in its subsidiary. Investment revaluation reserves are therefore created when the value of Council's investment either increases or decreases as a result of that revaluation.

Special Purpose Reserves

Council maintains special purpose reserves to hold specific funds in relation to an activity. There are currently four special purposes reserves held as follows:

- District Development Reserve - funds were received from Development King Country Trust in April 2012 with the intention to set up a Waitomo District Development Board.
- Cashflow Hedging Reserve - comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.
- Carbon credits reserve is used to record the funding and expenditures in relation to Council's responsibilities for the Emissions Trading Scheme.
- Waste Minimisation Reserve - The waste minimisation reserve is used to record the funding and expenditure in relation to the Council's share of the waste disposal levy received from Central Government under the Waste Minimisation Act 2008. The funds received are required to be expended on initiatives and projects to promote or achieve waste minimisation in accordance with the Council's Waste Management and Minimisation Plan.

Note 12: Cash and Cash Equivalents

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Cash and Cash Equivalents				
Cash at Bank and In Hand	1,882	2,909	2,429	3,055
Term deposits with maturities of less than 3 months	470	3,470	470	3,470
Total Cash and Cash Equivalents	2,352	6,379	2,899	6,525

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value. The Council holds unspent funds, included in cash at bank and term deposits of \$1,968,410 (2021: \$1,824,353) that are subject to restrictions. These unspent funds relate to Waste Minimisation Reserve (refer note 11), subsidy and grants received with restrictions and retention monies held. These restrictions generally specify how the funds are required to be spent.

Cash and bank overdrafts include the following for the purposes of the statement of cash flows.

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Cash and Cash Equivalents				
Cash at Bank and In Hand	1,882	2,909	2,429	3,055
Term deposits with maturities of less than 3 months	470	3,470	470	3,470
Bank overdraft (note 18)	0	0	0	(3)
Total	2,352	6,379	2,899	6,522

Note 13: Other Financial Assets

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Current				
Loans and Advances	0	4	0	4
NZLGFA Borrower Notes	169	185	169	185
Total	169	189	169	189
Non Current				
NZLGFA Borrower Notes	323	362	323	362
Total	323	362	323	362
Total Other Financial Assets	492	551	492	551

NZLGFA Borrower Notes

NZLGFA Borrower Notes are a debt the NZ Local Government Funding Agency issues to its Council borrowers. The amount borrowed by the agency is at a rate 2.5% for new or 1.6% for existing borrowings of the amount a council borrows in long term (greater than one year) debt from the NZLGFA. The purpose of the arrangement is to provide liquidity to the Agency.

Investment in CCO and Civic Financial Services Ltd

Council has 100% shareholding in Inframax Construction Ltd (2021:100%). The principal activity of the subsidiary is roading. The balance date of the subsidiary is 30 June.

As 30 June 2022 Council revalued its investment in Inframax Construction Ltd which resulted in a fair value of \$6,412,000. The valuation was undertaken by Nick McVerry from PricewaterhouseCoopers (PWC).

Shares in Companies

Council is a shareholder in Waikato Local Authority Shared Services Ltd (trading as Co-Lab). Co-Lab is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. Council also holds 16,940 shares in Civic Financial Services Ltd (2021: 16,940). The investment is recorded at cost because fair value cannot be measured reliably.

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Shares in Subsidiary	6,412	8,825	0	0
Shares in Companies	20	20	20	20
Total Investments in CCO and Civic Financial Services Ltd	6,432	8,845	20	20

Note 14: Inventory

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Metal Stockpiles and Landfill Stock	4	3	1,168	1,615
Fuels, Spares and Consumables	116	48	356	230
Total Inventory	120	51	1,524	1,845

Note 15: Receivables

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Receivables under Exchange Transactions				
Related Party Receivables	0	0	0	0
General Debtors	89	98	601	539
Amounts due from Customers for Contract Work	0	0	1,461	1,649
Retentions Receivable	0	0	961	873
Prepayments	221	224	332	407
Receivables prior to Impairment	310	322	3,355	3,468
Less Provision for Doubtful Debts	(36)	(40)	(36)	(44)
Total Receivables under Exchange Transactions	274	282	3,319	3,424
Receivables under Non Exchange Transactions				
Rates Receivables *	2,621	2,802	2,621	2,802
Related Party Receivables	1	18	0	0
General Debtors	4,013	2,603	4,013	2,603
Receivables prior to Impairment	6,635	5,423	6,634	5,405
Less Provision for Doubtful Debts	(764)	(957)	(764)	(957)
Total Receivables Under Non Exchange Transactions	5,871	4,466	5,870	4,448
Total Receivables	6,145	4,748	9,189	7,872

* Included in the Rates Receivable figure is an amount of \$977,876 (2021: \$985,136) relating to rate penalties.

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Current				
Receivables under Exchange Transactions	274	282	3,053	3,175
Receivables under Non Exchange Transactions	5,871	4,466	5,870	4,448
Total Current Receivables	6,145	4,748	8,923	7,623
Non Current				
Receivables under Exchange Transactions	0	0	266	249
Total Non Current Receivables	0	0	266	249

Aging and Impairment of Receivables

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2022 ACTUAL
Gross Receivables				
Not past due	4,829	3,575	7,682	6,440
Past due 1-30 days	34	4	34	4
Past due 31-60 days	4	5	34	35
Past due 61-90 days	41	2	54	15
Past due > 90 days	1,816	1,935	1,853	1,972
Total Gross Receivables	6,724	5,521	9,657	8,466

Aging and Impairment of Receivables (\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2022 ACTUAL
Impairment of Receivables				
Not past due	(184)	(299)	(184)	(299)
Past due 1-30 days	(6)	(3)	(6)	(3)
Past due 31-60 days	0	0	0	0
Past due 61-90 days	0	(1)	0	(1)
Past due > 90 days	(610)	(694)	(610)	(698)
Total Impairment of Receivables	(800)	(997)	(800)	(1,001)
Net Receivables				
Current	4,645	3,276	7,498	6,141
Past due 1-30 days	28	1	28	1
Past due 31-60 days	4	5	34	35
Past due 61-90 days	41	1	54	14
Past due > 90 days	1,206	1,241	1,243	1,274
Total Net Receivables	5,924	4,524	8,857	7,465
Plus Prepayments	221	224	332	407
Total Receivables	6,145	4,748	9,189	7,872
Individual Impairment	799	997	800	1,001
Collective Impairment	0	0	0	0
Total Provision for Impairment	799	997	800	1,001
Current	183	299	184	299
Past due 1-30 days	6	3	6	3
Past due 31-60 days	0	0	0	0
Past due 61-90 days	0	1	0	1
Past due > 90 days	610	694	610	698
Total Individual Impairment	799	997	800	1,001
Balance at 1 July	(997)	(1,939)	(1,001)	(1,939)
Additional provisions made during the year	(118)	(440)	(118)	(444)
Receivables written off during the period	315	1,382	319	1382
Balance at 30 June	(800)	(997)	(800)	(1,001)

The Chief Executive approved the write off rates receivable during the year under the Local Government (Rating) Act 2002 as follows:

- Section 90A \$254,890 (2021: \$1,086,297)
- Section 90B \$nil (2021: \$nil)

Note 16: Derivative Financial Instruments

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Non Current Asset Portion				
Interest rate swaps - cash flow hedges	198	0	198	0
Total Derivative Financial Instrument Assets	198	0	198	0
Current Liability Portion				
Interest rate swaps - cash flow hedges	31	572	31	572
Non Current Liability Portion				
Interest rate swaps - cash flow hedges	0	967	0	967
Total Derivative Financial Instrument Liability	31	1,539	31	1,539

Interest Rate Swaps

The fair value of interest rate swaps held by Council

has been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value. The inputs

into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Gains and Losses for swap contracts qualifying as being effective as cash flow hedges under hedge accounting are recognised in the hedging reserve in equity on interest rate swap contracts and will be released to the surplus or deficit as interest is paid on the underlying debt. Gains and losses for swap contracts that do not qualify as being effective under

hedge accounting are recognised in surplus or deficit.

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$18,000,000 (2021: \$18,000,000) of which all were effective at balance date and no swaps had a forward start date. At 30 June 2022 the fixed interest rates applicable the swap contracts ranged from 2.89% to 3.95% (2021: 2.89% to 3.95%).

The Council and Group have no fair value hedges.

Note 17: Payables and Deferred Revenue

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Payables and Deferred Revenue under Exchange Transactions				
Trade Payables and Accrued Expenses	2,073	2,343	4,728	4,851
Related Party Payables	995	1,120	0	0
Retention Monies	258	112	258	112
Amounts due to Customers for Contract Work	858	0	858	0
Elected Members and Directors Fees Payable	12	14	15	26
Total	4,196	3,589	5,859	4,989
Payables and Deferred Revenue under Non Exchange Transactions				
GST Payable	0	0	156	509
Deposits and Bonds	153	161	153	161
Deferred Revenue	1,879	1,980	1,879	1,980
Total	2,032	2,141	2,188	2,650
Total Payables and Deferred Revenue	6,228	5,730	8,047	7,639

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

Note 18: Borrowings

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Bank Overdraft	0	0	0	3
Current				
Secured Loans	14,158	15,142	16,158	16,142
Lease Liabilities	13	11	28	25
Total Current	14,171	15,153	16,186	16,167
Non Current				
Secured Loans	14,000	19,000	16,125	21,625
Lease liabilities	23	38	38	68
Total Non Current	14,023	19,038	16,163	21,693
Total Borrowings	28,194	34,191	32,349	37,860

Council

Councils borrowings consisted of \$23,000,000 (2021: \$29,000,000 Floating Rate Notes with a range of applicable interest rates of 2.415% to 3.26% (2021:

0.905% to 1.01%), a Fixed Rate Bond of \$1,000,000 (2021: \$1,000,000) with applicable interest rate of 3.68% (2021: \$3.68%), Commercial Paper of \$4,000,000 (2021: \$4,000,000) with applicable

interest rate of 2.90% (2021: 0.63%). The Westpac Call Advance was not drawn at 30 June 2022 (2021: Nil) with applicable interest rate of 1.95% (2021: 1.45%) when drawn.

All interest rates quoted above, except for the fixed rate bond are based floating rates with 90 day resets and include the interbank market interest rate (BKBM) or the Westpac prime interest rate plus credit margin. Interest rate exposure is hedged through executing Receive-Floating-Pay-Fixed interest rate swaps which effectively converts floating rate debt into a fixed rate. The effective weighted average interest rate for all floating rate notes, interest rates, commercial paper, fixed rate bonds and credit facility fees is 3.95% (2021: 2.84%).

The maturity date for the Westpac Call Advances facility is 1 July 2023 (2021: 1 July 2022) and a range of maturity dates apply for the Floating Rate Notes of August 2022 to April 2025 (2021: November 2021 to September 2024). The Commercial Paper (CP) has maturity date of November 2022 (2021: November 2021). It is anticipated the maturing CP in November 2022 will be funded through the issue of new CP. The maturity date for the Fixed Rate Bond is April 2025.

Council has a Wholesale Advance credit facility from

(\$000's)	COUNCIL	
	2022 ACTUAL	2021 ACTUAL
Debenture Stock	28,058	34,012
Security Stock	45,000	45,000
Total Stock Issued	73,058	79,012

Security Stock issued is a general security instrument issued to Westpac Banking Corporation Limited for security of the Call Advance facility and Interest Rate Swap contracts. No principal money was owing under the Security Stock (2021: Nil).

Security Stock (Floating Nominal Amount)

Security Stock for a floating nominal amount has been issued to TEL Security Trustee (LGFA) Limited for the guarantee and indemnity of the New Zealand Local Government Funding Agency Limited of which Council is one of 68 (2021: 72) local authority guarantors of thereof. Additional disclosure of this guarantee and indemnity is provided in Note 27: Contingencies.

Security Stock for a floating nominal amount has been issued to the New Zealand Local Government Funding Agency Limited for accession to the Multi-Issuer Deed, the Equity Commitment Deed and in respect to debt securities issued to the LGFA since 19 June 2017.

Westpac Banking Corporation Limited with a limit of \$10,000,000 (2021: \$10,000,000) of which \$10,000,000 (2021: \$10,000,000) was available as at 30 June 2022.

Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$1,000,000 (2021: \$1,000,000) of which \$1,000,000 (2021: \$997,000) was undrawn, a Revolving Credit Facility of \$2,800,000 (2021: \$2,800,000) of which \$1,500,000 (2021: \$2,300,000) was undrawn, Term Loan of \$4,000,000 (2021: \$4,000,000) of which \$1,375,000 (2021: \$875,000) was undrawn and a Standby Letter of Credit of \$500,000 (2021: \$500,000). It also has Performance Guarantees of \$628,000 (2021: \$628,000).

Inframax undertook to achieve specified gearing, debt servicing and equity ratios each quarter. In June 2022 the debt servicing covenants were not met (2021: Not met). ASB Bank has provided waivers for this period (2021: waivers were provided).

Stock Issued under Debenture Trust Deed

At 30 June 2022 the total amount of Stock issued and outstanding under the Debenture Trust Deed was:

Security

Council

Council borrowings are secured over annual rates on every rateable property within the Waitomo District. On the 6 August 2010 a Debenture Trust Deed was executed, whereby security in the form of a charge over rates revenue is held by a trustee for the benefit of Council's lenders.

The Debenture Trust Deed was amended on the 10 April 2017 and additional deeds were acceded to join as guarantor and borrower from the LGFA.

Group

In addition to security issued by Council, security in the form of a General Security Deed over all present and after acquired property of Inframax Construction Ltd dated 27 February 2019 and a Senior Facility Agreement is held by the ASB Bank Limited dated 27 February 2019.

Finance Leases

Finance lease liabilities are effectively secured as the right to the leased asset reverts to the lessor in the event of default.

Analysis of Finance Lease Liabilities (\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Total Minimum Lease Payments Payable				
Not later than one year	13	11	28	25
Later than one year and not later than five years	23	38	38	68
Present Value of Minimum Lease Payments	36	49	66	93

The finance leases is for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant, and equipment as disclosed in note 21. The finance lease can be renewed at the Group's option. There is an option to purchase the assets at the end of the lease term and there are no restrictions placed on Group by any of the finance leasing arrangements.

Internal Loans

Internal borrowings are eliminated on consolidation of activities of Council's financial statements. The following table summarises the internal loans held for each group of activities.

(\$000's)	OPENING BALANCE 1 JULY 2021	INTERNAL LOAN WRITTEN OFF	LOAN REPAYMENTS	LOANS RAISED	CLOSING BALANCE 30 JUNE 2022	INTERNAL INTEREST PAID
Activity Loans						
Leadership	2,487	(2,487)	0	0	0	0
Recreation and Property	4,509	0	(200)	1,724	6,033	76
Community and Partnerships	1	0	(1)	0	0	0
Regulatory Services	8	0	(1)	0	7	0
Solid Waste	5,737	0	(307)	24	5,454	97
Stormwater	393	0	(23)	0	370	7
Resource Management	1,804	0	(105)	421	2,120	31
Wastewater	11,267	0	(624)	8	10,651	191
Water Supply	14,033	0	(465)	276	13,844	238
Roads and Footpaths	17,845	0	(1,021)	434	17,258	302
Total	58,084	(2,487)	(2,747)	2,887	55,737	942

Note 19: Provisions

Provision for Landfill Aftercare

Council owns the Waitomo District Landfill as well as a number of closed landfill sites. The closed landfill sites are located at Te Kuiti, Mokau, Piopio, Aria and Maniaiti/Benneydale. Council has closure and post closure responsibilities for these landfills imposed under the resource consents issued and non-compliance may lead to prosecution under the Resource Management Act. It became apparent that leachates discharging into the ground water and surface water from closed landfills at Mokau, Piopio, Aria and Maniaiti/Benneydale has become inert and Council has been released from ongoing leachate monitoring of these sites. The provision was reduced reflecting the reduction in cost for this obligation and further reduced for annual resource consent fees not being payable in two years' time.

For the operational landfill, located at William Street, Te Kuiti, closure responsibilities include final cover application and vegetation, completing facilities for leachate collection, ground water quality and gas monitoring ongoing site maintenance, including weed and pest control and remedial measures if required.

Council gained a resource consent for additional capacity for the Waitomo District Landfill and this forms the basis for the provision assumptions. The new consent provides consented capacity of 467,000 m3, whereas the old consent was

for 268,000 m3 and a revised estimated remaining life of 27 years (2021: 28 years) based on current fill volumes. The increase in estimated remaining life is due an estimated reduced fill rate. Final capping costs is assumed to be carried out in 2050 for an estimated \$637,000, followed by 50 years of monitoring costs of \$11,000 per year (both costs expressed on non-inflated or discounted basis). The discount rates used range from 3.34% to 4.47% (2021: 0.38% to 4.30%) and inflation rates range from 1.76% to 3.87% (2021: 1.88% to 2.00%). These are the key assumptions around the calculation of the provision, however due to the long term nature of the liability, it means that there are inherent uncertainties in estimating costs that will be incurred.

Group

In addition to Council's provision the following provision is applicable to the Group.

Provision for an Enforceable Undertaking

An Enforceable Undertaking has been finalised with Worksafe in relation to a workplace accident that occurred in October 2019. A provision has been included to provide for total expenditure of \$1,105,000 for the benefit to family, workers, industry and the community.

(2021: An Enforceable Undertaking was being negotiated with Worksafe in relation to a workplace accident that occurred in October 2019. The settlement had not been finalised at the date of reporting. A provision has been made based on the details included in the most recent proposed undertaking which includes total expenditure of \$1,100,000 including benefits to the family, workers, industry and community).

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Provision for Landfill Aftercare				
Balance at 1 July	550	534	550	534
Unused Provision Reversed	(30)	7	(30)	7
Amounts used during the year	(3)	(3)	(3)	(3)
Discount unwinding	12	12	12	12
Balance at 30 June	529	550	529	550
Provision for Enforceable Undertaking				
Balance at 1 July	0	0	393	0
Additional provisions made during the year	0	0	0	1,105
Recoverable from third party	0	0	338	(336)
Amounts used during the year	0	0	(284)	(376)
Balance at 30 June	0	0	447	393
Total Provisions	529	550	976	943
This is made up of:				
Current	4	3	451	396
Non Current	525	547	525	547
Total Provisions	529	550	976	943

Note 20: Employee Entitlements

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Accrued Pay	198	182	662	455
Annual, Long Service and Sick Leave	619	633	1,334	1,159
Total Employee Entitlements	817	815	1,996	1,614
This is made up of:				
Current entitlements	817	815	1,996	1,614
Total Employee Entitlements	817	815	1,996	1,614

Note 21: Property, Plant and Equipment

Council 2022 \$000's	Cost/ Revaluation 30.06.21	Acc Depn & Impairment Charges 30.06.21	Carrying Value 30.06.21	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.22	Acc Depn & Impairment Charges 30.06.22	Carrying Value 30.06.22
Operational Assets											
Land	7,917	0	7,917	119	147	(69)	0	1,504	9,324	0	9,324
Buildings	9,825	0	9,825	396	49	(4)	745	2,210	11,633	0	11,633
Plant and equipment	701	408	293	0	0	0	44	0	701	452	249
Motor Vehicles	2,760	2,039	721	0	29	0	152	0	2,731	2,191	540
Furniture and fittings	1,647	1,321	326	0	0	0	41	0	1,647	1,362	285
Computers	2,372	2,007	365	58	2	0	119	0	2,428	2,126	302
Library Books	1,286	1,123	163	43	1	0	47	0	1,328	1,170	158
Finance leases – office equipment	66	19	47	0	0	0	13	0	66	32	34
Total Operational Assets	26,574	6,917	19,657	616	228	(73)	1,161	3,714	29,858	7,333	22,525
Restricted Assets											
Land	8,713	0	8,713	0	0	0	0	3,155	11,868	0	11,868
Buildings	7,192	0	7,192	94	23	0	366	946	7,843	0	7,843
Total Restricted Assets	15,905	0	15,905	94	23	0	366	4,101	19,711	0	19,711
Infrastructural Assets											
Land	2,322	0	2,322	0	0	60	0	613	2,995	0	2,995
Roads	259,187	3,327	255,860	6,804	298	0	3,479	88,345	347,232	0	347,232
Water Reticulation	24,634	0	24,634	1,552	176	0	759	3,350	28,601	0	28,601
Sewerage Reticulation	31,067	0	31,067	278	169	0	913	3,111	33,374	0	33,374
Stormwater Systems	10,878	0	10,878	5	0	0	219	1,563	12,227	0	12,227
Refuse Systems	4,951	0	4,951	24	43	0	92	529	5,369	0	5,369
Land under Roads	9,883	0	9,883	0	0	73	0	0	9,956	0	9,956
Total Infrastructural Assets	342,922	3,327	339,595	8,663	686	133	5,462	97,511	439,754	0	439,754
Contract Work in Progress	3,873	0	3,873	2,425	3,056	0	0	0	3,242	0	3,242
Total Council Assets	389,274	10,244	379,030	11,798	3,993	60	6,989	105,326	492,565	7,333	485,232

Council 2021 \$000's	Cost/ Revaluation 30.06.20	Acc Depn & Impairment Charges 30.06.20	Carrying Value 30.06.20	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.21	Acc Depn & Impairment Charges 30.06.21	Carrying Value 30.06.21
Operational Assets											
Land	5,911	103	5,808	0	31	0	0	2,140	7,917	0	7,917
Buildings	9,242	1,263	7,979	128	17	0	630	2,365	9,825	0	9,825
Plant and equipment	683	365	318	18	0	0	43	0	701	408	293
Motor Vehicles	2,492	1,892	600	277	9	0	147	0	2,760	2,039	721
Furniture and fittings	1,622	1,278	344	25	0	0	43	0	1,647	1,321	326
Computers	2,119	1,921	198	253	0	0	86	0	2,372	2,007	365
Library Books	1,242	1,076	166	47	3	0	47	0	1,286	1,123	163
Finance leases – office equipment	66	6	60	0	0	0	13	0	66	19	47
Total Operational Assets	23,377	7,904	15,473	748	60	0	1,009	4,505	26,574	6,917	19,657
Restricted Assets											
Land	6,508	2	6,506	61	104	0	0	2,250	8,713	0	8,713
Buildings	7,610	673	6,937	313	49	0	359	350	7,192	0	7,192
Total Restricted Assets	14,118	675	13,443	374	153	0	359	2,600	15,905	0	15,905
Infrastructure Assets											
Land	1,344	0	1,344	0	0	0	0	978	2,322	0	2,322
Roads	253,911	0	253,911	5,276	0	0	3,327	0	259,187	3,327	255,860
Water Reticulation	23,840	1,067	22,773	460	232	0	631	2,264	24,634	0	24,634
Sewerage Reticulation	30,582	1,634	28,948	186	17	0	818	2,768	31,067	0	31,067
Stormwater Systems	10,164	381	9,783	65	8	0	194	1,232	10,878	0	10,878
Refuse Systems	4,873	0	4,873	4	0	0	92	166	4,951	0	4,951
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	334,597	3,082	331,515	5,991	257	0	5,062	7,408	342,922	3,327	339,595
Contract Work in Progress	771	0	771	3,304	202	0	0	0	3,873	0	3,873
Total Council Assets	372,863	11,661	361,202	10,417	672	0	6,430	14,513	389,274	10,244	379,030

Group 2022 \$000's	Cost/ Revaluation 30.06.21	Acc Depn & Impairment Charges 30.06.21	Carrying Value 30.06.21	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.22	Acc Depn & Impairment Charges 30.06.22	Carrying Value 30.06.22
Operational Assets											
Land	8,781	0	8,781	119	147	(69)	0	1,635	10,319	0	10,319
Buildings	12,924	578	12,346	396	49	(4)	825	2,639	15,161	658	14,503
Plant and equipment	701	408	293	0	0	0	44	0	701	452	249
Motor Vehicles	20,858	12,813	8,045	1,746	426	0	1,010	0	21,158	12,803	8,355
Quarry Production Equipment	615	217	398	163	139	0	69	14	640	273	367
Furniture and fittings	2,794	2,300	494	12	0	0	118	0	2,806	2,418	388
Computers	2,372	2,007	365	58	2	0	119	0	2,428	2,126	302
Library Books	1,286	1,123	163	43	1	0	47	0	1,328	1,170	158
Finance leases - office equipment	137	47	90	0	0	0	14	0	137	61	76
Total Operational Assets	50,468	19,493	30,975	2,537	764	(73)	2,246	4,288	54,678	19,961	34,717
Restricted Assets											
Land	8,713	0	8,713	0	0	0	0	3,155	11,868	0	11,868
Buildings	7,192	0	7,192	94	23	0	366	946	7,843	0	7,843
Total Restricted Assets	15,905	0	15,905	94	23	0	366	4,101	19,711	0	19,711
Infrastructural Assets											
Land	2,322	0	2,322	0	0	60	0	613	2,995	0	2,995
Roads	258,525	3,327	255,198	7,442	298	0	3,479	88,345	347,208	0	347,208
Water Reticulation	24,634	0	24,634	1,552	176	0	759	3,350	28,601	0	28,601
Sewerage Reticulation	31,067	0	31,067	278	169	0	913	3,111	33,374	0	33,374
Stormwater Systems	10,878	0	10,878	5	0	0	219	1,563	12,227	0	12,227
Refuse Systems	4,951	0	4,951	24	43	0	92	529	5,369	0	5,369
Land under Roads	9,883	0	9,883	0	0	73	0	0	9,956	0	9,956
Total Infrastructural Assets	342,260	3,327	338,933	9,301	686	133	5,462	97,511	439,730	0	439,730
Contract Work in Progress	4,360	0	4,360	2,425	3,508	0	0	0	3,277	0	3,277
Total Council Assets	412,993	22,820	390,173	14,357	4,981	60	8,074	105,900	517,396	19,961	497,435

Group 2021 \$000's	Cost/ Revaluation 30.06.20	Acc Depn & Impairment Charges 30.06.20	Carrying Value 30.06.20	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.21	Acc Depn & Impairment Charges 30.06.21	Carrying Value 30.06.21
Operational Assets											
Land	6,701	103	6,598	0	31	0	0	2,214	8,781	0	8,781
Buildings	11,811	1,769	10,042	151	17	0	702	2,872	12,924	578	12,346
Plant and equipment	683	365	318	18	0	0	43	0	701	408	293
Motor Vehicles	21,329	12,903	8,426	718	146	0	953	0	20,858	12,813	8,045
Quarry Production Equipment	525	253	272	206	9	0	71	0	615	217	398
Furniture and fittings	2,745	2,185	560	69	3	0	132	0	2,794	2,300	494
Computers	2,119	1,921	198	253	0	0	86	0	2,372	2,007	365
Library Books	1,242	1,076	166	47	3	0	47	0	1,286	1,123	163
Finance leases - office equipment	137	20	117	0	0	0	27	0	137	47	90
Total Operational Assets	47,292	20,595	26,697	1,462	209	0	2,061	5,086	50,468	19,493	30,975
Restricted Assets											
Land	6,508	2	6,506	61	104	0	0	2,250	8,713	0	8,713
Buildings	7,610	673	6,937	313	49	0	359	350	7,192	0	7,192
Total Restricted Assets	14,118	675	13,443	374	153	0	359	2,600	15,905	0	15,905
Infrastructure Assets											
Land	1,344	0	1,344	0	0	0	0	978	2,322	0	2,322
Roads	253,900	0	253,900	4,625	0	0	3,327	0	258,525	3,327	255,198
Water Reticulation	23,840	1,067	22,773	460	232	0	631	2,264	24,634	0	24,634
Sewerage Reticulation	30,582	1,634	28,948	186	17	0	818	2,768	31,067	0	31,067
Stormwater Systems	10,164	381	9,783	65	8	0	194	1,232	10,878	0	10,878
Refuse Systems	4,873	0	4,873	4	0	0	92	166	4,951	0	4,951
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	334,586	3,082	331,504	5,340	257	0	5,062	7,408	342,260	3,327	338,933
Contract Work in Progress	771	0	771	3,791	202	0	0	0	4,360	0	4,360
Total Council Assets	396,767	24,352	372,415	10,967	821	0	7,482	15,094	412,993	22,820	390,173

Valuation

Land (operational, restricted, and infrastructural)

The valuations were performed by an independent registered valuers Ashley Pont, Mairi MacDonald and Maria McHugh from Quotable Value Limited performed Council's valuation and an independent valuer performed Inframax Construction Limited valuation. The valuation is effective as at 30 June 2022.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Asset Class	Valuation Date	Total Value
Council: Operational, Restricted and Infrastructural Land	30 June 2022	\$23,613,000
Inframax Construction Limited: Operational Land	30 June 2022	\$995,000

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions 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.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

Asset Class	Valuation Date	Total Value
Council: Operational and Restricted Buildings	30 June 2022	\$20,049,000
Inframax Construction Limited: Operational Buildings	30 June 2022	\$2,866,000

Infrastructural asset classes: water utilities infrastructure, refuse systems and roads.

The valuation of water utilities infrastructure; sewerage reticulation, water reticulation, and storm water systems refuse systems and roads was performed by an independent registered valuer, Miles Wyatt, Mark Gordon (for roading) an independent valuers from AECOM New Zealand Limited. The valuation is effective as at 30 June 2022.

The valuation method use for all these asset classes was the depreciated replacement cost method. There are a number of estimates and assumptions used in this valuation method. These 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. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue or expense. To minimise this risk, 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 asset management planning activities, which provides further assurance over useful life estimates.

Set out below is the summary of current valuations for infrastructural asset classes.

Asset Class	Valuation Date	Total Value <i>(Optimised Depreciated Replacement Cost)</i>
Roads	30 June 2022	\$347,232,000
Refuse Systems	30 June 2022	\$5,369,000
Storm water systems	30 June 2022	\$12,227,000
Wastewater Reticulation	30 June 2022	\$33,374,000
Water Supply Reticulation	30 June 2022	\$28,601,000

Land under roads

Land under roads was valued based on fair value of adjacent land determined by Adrian Doyle of Doyle Valuations Limited, effective 1 July 2001. On transition to NZ IFRS, the Council elected to use the fair value of land under roads as at 1 July 2001 as deemed cost and land under roads is no longer revalued.

Quarry Production Equipment

The valuation of heavy quarry production equipment held by Inframax Construction Limited was performed by an independent registered valuer. The valuation is effective as at 26 July 2022. All quarry production equipment is used or held for operational requirements and as such is valued under the requirements of NZ IAS 16 using a market comparison approach taking into consideration recent sales of similar assets.

An impairment test is performed each year to ensure that the valuations do not materially differ from that which would be determined using fair value at the end of the reporting period.

Asset Class	Valuation Date	Total Value
Inframax Construction Limited: Quarry Production Equipment	26 July 2022	\$367,000

Library collections

The library collection was valued by North Langley & Associates as at 1 July 2004. The value of the collection at that date was \$493,000. Subsequent carrying values have been determined through subsequent additions, less accumulated depreciation and disposals. On transition to NZ IFRS the Council elected to use the fair value of library books as at 1 July 2004 as deemed cost and library books are no longer revalued.

Disposals

During the year significant damage occurred to parts of the roading network, particularly in coastal areas and certain parts of road components were disposed of where they were damaged.

A number of wastewater reticulation and treatment plant projects were undertaken during the year as such replaced asset components were disposed of.

Land located in Lawrence Street, Te Kuiti were sold to Housing New Zealand with part being transferred to Road Reserve to enable access to some land locked properties.

(2021: During the year Council disposed through a sale of land adjacent to the Te Kuiti Cemetery on Mangarino Road. Through a process of installing water supply backflow preventers and property connection points and significant number of tobies were disposed of. During the year the old reservoir at Piopio was also disposed of through being replaced).

Work in progress

The total amount of property, plant, and equipment in the course of construction is \$3,242,000 (2021: \$3,873,000).

Leasing

The net carrying amount of plant and equipment held by Council under finance leases is \$34,000 (2021: \$47,000) and \$76,000 (2021: \$90,000) for the Group.

Reconciliation of Additions to Property, plant and equipment and Intangible Assets to Capital Expenditure in Note 30

The following assets were added to Property, plant and equipment and Intangible Assets which were included in the capital expenditure from Council significant activities.

Asset Class	Total Value
Capital Expenditure for the year included as Property, plant and equipment (Note 30)	\$13,264,000
Total Additions to Property, Plant and Equipment (Note 21)	\$11,798,000
Less Prior Years Work in Progress added (Note 21)	(\$3,053,000)
Plus Additions to Intangible Assets (Note 22)	\$4,519,000
Total Asset Additions	\$13,264,000

Note 22: Intangible Assets

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Software				
Cost				
Balance at 1 July	1,344	1,328	2,006	1,991
Additions	73	16	100	72
Disposals	0	0	0	(57)
Balance at 30 June	1,417	1,344	2,106	2006
Accumulated Amortisation				
Balance at 1 July	1,097	1,014	1,451	1,239
Amortisation expense for the year	86	83	227	229
Impairment	0	0	2	0
Disposals	0	0	0	(17)
Balance at 30 June	1,183	1,097	1,680	1,451
Net Book Value at 30 June	234	247	426	555
Emission Trading Units				
Balance at 1 July	107	107	107	107
Additions	1,236	0	1,236	0
Amounts surrendered during the year	(591)	0	(591)	0
Balance at 30 June	752	107	752	107
Service Concession Asset				
Balance at 1 July	0	0	0	0
Additions	3,210	0	3,210	0
Balance at 30 June	3,210	0	3,210	0
Net Book Value at 30 June	4,196	354	4,388	662

Council has entered into a Service Concession Arrangement with the Ministry of Education and Te Kuiti High School Board of Trustees as an Operator to the arrangement. Under the arrangement Council is to construct a two basketball court, gymnasium stadium building on the Te High School grounds. Following construction Council is operate the facility to provide recreational services to the community. The arrangement is in place for 35 years following completion of construction which is expected by December 2022.

The value of the intangible asset is measured at cost and is equal to the total cost of construction of the facility and installation of equipment less contributions from the Ministry of Education and the Board of Trustees, who are Granter parties to the Service Concession Arrangement.

At balance date the stadium is still under construction, thus the intangible asset is work in progress and is not amortised. Amortisation will commence once construction is completed and the facility is in use to provide services to the community.

Note 23: Investment Property

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Balance at 1 July	1,836	1,014	1,836	1,014
Additions	0	1	0	1
Gains/(Losses) due to change in Fair Value	331	821	331	821
Balance at 30 June	2,167	1,836	2,167	1,836

The valuation of investment property was performed by Ashley Pont, Mairi MacDonald and Maria McHugh, independent valuers from Quotable Value Limited. They are experienced valuers with extensive market knowledge in the types and location of the investment properties owned by Council.

The fair value of investment property has been determined using either the Direct Sales Approach or the Income Approach. The Direct Sales Approach was used as an estimate of value based on a comparison of the asset to similar assets that have recently sold, with adjustments made for the assets physical features and condition. Where the Income Approach was used, it reflects what a prudent investor would pay for an asset given an expected return with consideration of the risks involved in the investment and two approaches were used; capitalisation of income and discounted cash flow.

The valuation was effective as at 30 June 2022.

Note 24: Assets held for Sale

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Balance at 1 July	60	100	60	100
Disposals	0	(40)	0	(40)
Transfer to Property, Plant and Equipment	(60)	0	(60)	0
Balance at 30 June	0	60	0	60
This is made up of:				
Current	0	60	0	60
	0	60	0	60

The vacant section in Mokau that was to be used a site for a water supply reservoir was found to be surplus to requirements remains available for sale, but still remains unsold at balance date, but no active sales strategy is in place and the asset has been transferred back to property, plant and equipment.

Note 25: Forestry Assets

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Balance at 1 July	527	0	527	0
Disposals	(545)	0	(545)	0
Gains/(Losses) on Disposal	18	0	18	0
Gains/(Losses) due to change in Fair Value	0	527	0	527
Balance at 30 June	0	527	0	527
This is made up of:				
Non-current	0	527	0	527
	0	527	0	527

The entire forest was harvested during February to May 2022 and yielded 10,284 tonnes or 639 tonnes per hectare.

(2021: Council owns approximately 16.1 hectares of Pinus Radiata forest located around the Landfill site, 43 William Street, Te Kuiti. The forest was planted in 1994, as a consumable biological asset, giving a current age of 27 years. An independent valuation was carried out by Bill Davies (MNZIF) of Forme Consultancy Group Limited, who is an independent forestry consultant).

Note 26: Capitalised Quarry Development Costs

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Balance at 1 July	0	0	832	758
Stripping costs capitalised during the year	0	0	154	308
Bunding	0	0	103	0
Stripping costs amortised during the year	0	0	(217)	(234)
Balance at 30 June	0	0	872	832
This is made up of:				
Non Current	0	0	872	832
Total Capitalised Quarry Development Costs	0	0	872	832

Note 27: Capital Commitments and Operating Leases

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Commitments for capital contracted but not provided for:				
Water supply assets	651	1,377	651	1,377
Wastewater assets	0	0	0	0
Road assets	2,533	1,299	2,533	1,299
Plant and Equipment	0	0	333	541
Restricted buildings	0	0	0	0
Operational buildings	12	0	12	0
Computers	0	0	0	0
Total Capital Commitments	3,196	2,676	3,529	3,217
Non Cancellable Operating Leases as Lessee				
Not later than one year	0	0	0	0
Later than one year but not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total Non Cancellable Operating Leases	0	0	0	0
Operational Commitments				
Not later than one year	10,123	4,662	10,174	4,748
Later than one year but not later than five years	7,239	2,943	7,312	3,068
Later than five years	0	0	0	0
Total Operational Commitments	17,362	7,605	17,486	7,816
Total Commitments	20,558	10,281	21,015	11,033

The operating lease is for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant and equipment is disclosed in note 21. The finance lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

Note 28: Contingencies

Council

Mining Licence

In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of \$10,700 (2021: \$10,700), in lieu of a cash deposit.

Co-Lab

Council is a shareholder in Waikato Local Authority Shared Services Ltd (trading as Co-Lab). Co-Lab is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. There is uncalled capital of \$34,221 (2021: \$34,221) that Council may be required to pay if called. Council considers it unlikely that it will be called upon for the capital and therefore have not provided for this claim.

New Zealand Local Government Funding Agency Limited

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has an S&P Global Rating of AAA and Fitch rating of AA+ for domestic long term and a foreign currency long term rating of AA+ by S&P Global Ratings and AA by Fitch Ratings.

Council is one of 68 (2021: 63) local authority guarantors of the LGFA and along with other shareholding local authorities and guaranteeing local authorities is a guarantor of all LGFA's borrowings. At 30 June 2022, the LGFA floating nominal amount for security stock certificates on issue totalled to \$16,770 million (2021: \$14,420 million), while the total borrowings from investors was \$15,789 million (2021: \$13,610 million).

Financial reporting standards require Council to recognise the guarantee liability at fair value if it can be reliably measured. Council has been unable to reliably measure the fair value of the guarantee and has not recognised a liability. Council considers the risk of LGFA of defaulting on repayment of interest or capital to be extremely low on the basis that Council is unaware of

any debt default events by any local authority or the LGFA itself. Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

New Zealand Mutual Liability Riskpool

Waitomo District Council is a member of New Zealand Mutual Liability Riskpool which provided public liability and professional indemnity cover until 30 June 2017. Riskpool is now in runoff, which is expected to take a further three to ten years.

Members have been notified that there will be no calls on members before 30 June 2022 when the final call is expected on final windup.

Group

Contingent Liability for Unfulfilled Contractual Obligations and Quarry Rehabilitation and Maintenance Obligations.

In addition to the above, the group has a contingent liability of \$628,000 exists at 30 June 2022 (2021: \$628,000) being performance bonds guaranteed by ASB Bank Limited and will be payable if the Group cannot fulfil its contractual obligations to local authorities.

Also contingent liability in relation to rehabilitation and maintenance obligations at the expiry of grant of quarry rights agreement. Post balance date the Group has arranged with the ASB Limited for a bank guarantee of \$173,000 in favour of Wallace Johnstone Limited related to this agreement.

The Group knows of no reason why these performance related bonds or guarantee would be called upon by external parties and therefore have not recognised them in the balance sheet.

Contingent Asset for Insurance Claim for Flood Damage

The Group has a contingent asset at balance date for an insurance claim for flood damage at a quarry in February 2022. The claim is yet to be settled for damaged assets to be either repaired or replaced.

Note 29: Operating Cashflow Reconciliation

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Net Surplus/(Deficit) After Tax	7,360	8,129	6,134	7,952
Add/(Less) Non Cash Items				
Depreciation and Amortisation	7,075	6,513	8,314	7,711
Surrender of Carbon Credits	592	0	592	0
Construction Services Revenue under a Service Concession Arrangement	(3,210)	0	(3,210)	0
(Gain)/Loss in change of fair value of Investment Property	(331)	(821)	(331)	(821)
(Gain)/Loss in change of disposal or fair value of Forestry Assets	(18)	(527)	(18)	(527)
Loss/(Gain) on Disposal of Assets or Impairment of Assets	686	200	792	103
Unused Provision Amounts Reversed	(2)	(3)	(2)	(3)
Change in Deferred Taxation Asset/Liability	0	0	(319)	187
Add/(Less) Movements in Working Capital Items				
Increase/(Decrease) in Trade and Other Payables	525	863	506	155
(Increase)/Decrease in Trade and Other Receivables	(1,428)	797	(1,263)	(327)
(Increase)/Decrease in Inventories	(69)	22	321	(14)
Increase/(Decrease) in Employee Entitlements	11	17	382	33
Increase/(Decrease) in Provisions	(21)	16	33	408
Add/(Less) Classified as Investing or Financing Activities	359	(448)	578	(211)
Net Cash Flows from Operating Activities	11,529	14,758	12,509	14,646

The Operating Cash Flow Reconciliation provides a link between Surplus/(Deficit) amounts in the Statement of Comprehensive Revenue and Expense and Net Cash Inflows from Operating Activities in the Cashflow Statement.

Note 30: Capital Expenditure

(\$000's)	COUNCIL			
	NOTE	2022 BUDGET	2022 ACTUAL	2021 ACTUAL
Capital by Significant Activity				
Leadership		616	111	661
Recreation and Property		742	4,090	617
Community and Partnerships		0	0	0
Regulatory Services		10	0	0
Solid Waste		704	1,260	44
Stormwater		125	10	66
Wastewater		883	575	299
Water Supply		1,609	2,879	959
Roads and Footpaths		5,661	4,339	7,585
Total Capital Expenditure		10,350	13,264	10,231
Shown as Additions to				
Property, plant and equipment	21	9,761	8,745	10,214
Intangible assets	22	589	4,519	16
Investment Property		0	0	1
Total Capital Expenditure		10,350	13,264	10,231
Funded by				
Internal Loans		1,572	2,465	2,036
Subsidy Revenue and Contributions to Capital Expenditure		5,675	8,189	5,361
Rates Funding and Other Revenue		0	88	0
Reserve Funding		3,103	2,522	2,834
Total		10,350	13,264	10,231

Summary of Significant Capital Additions and Replacements

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
Leadership (Total spend \$111)	Office furniture and equipment, computer hardware and licences, vehicles and plant equipment required to meet organisational needs	616	0	6	59
	Building strengthening of the WDC administration building for earthquake resistance	0	0	0	46
Recreation and Property (Total spend \$4,090)	Playground and park renewals	20	0	0	0
	Air conditioning renewals at the Les Munro Centre to enhance the facility for users	180	0	0	0
	Installation of steps at Tokopapa Street Mokau and other accessway renewals at Mokau	20	0	0	39
	Library book stock renewal to maintain the standard of books available, library technology and building renewals	57	0	2	43
	Aerodrome gate renewals	25	0	0	11
	Construction of Mokau toilet including land purchase and effluent field renewal	0	0	0	360
	Recognition of the service concession asset for the right of use of King Country Indoor Sports and Recreation Centre	0	0	3,210	0
	Purchase of FlagTrax system for main street flag displays in Te Kuiti	0	0	25	0
	Landscaping and beautification improvements to the amenity areas adjacent to Te Ara Tika	0	0	274	0
	Miscellaneous renewals and improvements for parks and reserves, elderly persons housing, halls, public toilets, cemetery and amenity areas	440	0	36	90
Regulatory Services (Total spend \$0)	Animal and dog pound renewals	10	0	0	0
Solid Waste (Total spend \$1,260)	Landfill cell development	100	0	0	0
	Transfer station improvements, including replacement sliding gate and installation of landfill leachate pump and drainage lines	15	0	0	24
	Purchase of carbon credit (NZU's) for surrender to meet the Emissions Trading Scheme (ETS) obligations as part of the operation of the landfill	589	0	0	1,236
Stormwater (Total spend \$10)	Stormwater Rehabilitation and other minor renewals	125	0	0	10
Wastewater (Total spend \$575)	Upgrades and renewal of existing plant to improve the plant performance.	236	0	0	54
	Ongoing renewals of Council wastewater infrastructure assets, including pipes, pump stations and treatment plants	92	0	0	54
	Te Waitere wastewater system improvements and renewal and extension of soakage field	75	0	2	7
	Three Water Reforms projects including power supply back-ups, acceleration of critical wastewater pump station renewals and reticulation renewals, sludge equipment improvements and critical equipment spares to improve resilience. These projects are fully funded by central government subsidy.	480	0	345	113
Water Supply (Total spend \$2,879)	Installation of backflow preventers, reticulation renewals, SCADA and monitoring equipment improvements and plant renewals in Te Kuiti	283	0	0	148
	Investigation of alternative water source and installation of a bore in Te Kuiti	150	0	80	0
	Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply	12	0	24	114
	Reticulation and plant renewals for Piopio	68	0	5	101
	Installation of UV panels and purchase of UVT portable meter in Maniaiti/ Benneydale	20	0	10	1
	Three Water Reforms projects including installation of backflow preventers, critical equipment spares to improve resilience, design and installation of backwash treatment and	1,076	0	1,717	679

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
	treatment plant improvements and reticulation renewals in Mokau and additional monitoring equipment at Piopio and Benneydale. These projects are fully funded by central government subsidy.				
Roads (Total spend \$4,339)	Sealed road surfacing - 40kms of reseal across the District to improve the smoothness of the road surface where the existing surface has deteriorated beyond normal capacity.	1,300	0	0	1,046
	Pavement rehabilitation carried out to reduce future road maintenance costs.	1,100	0	0	682
	Unsealed road metalling to renew structural support of unsealed roads district-wide	600	0	0	589
	Emergency reinstatement work to repair damage to roads as a result of bad weather events including damage in February 2022 from ex-Cyclone Dovi	703	0	0	191
	Drainage renewals to renew culverts in roading network	200	0	0	115
	Structures components replacement, including bridge and abutment maintenance throughout the District	430	0	0	78
	Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights	65	0	0	126
	Minor safety improvements, including guard rails and re-alignment of roads to improve road safety	595	0	0	242
	Construction of Te Ara Tika pedestrian overbridge in Te Kuiti	0	0	0	636
	Footpath renewals and improvements	498	0	265	231
	Completion of Marokopa seawall and installation of the new carpark adjacent to Te Ara Tika pedestrian overbridge. This projects are not eligible for Waka Kotahi subsidy	170	0	116	22
(Total spend \$13,264)		10,350	0	6,117	7,147

Note 31: Financial Instruments

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Financial Instrument Categories				
Loans and Receivables				
Cash and Cash Equivalents	2,352	6,379	2,899	6,525
Receivables Under Exchange and Non Exchange Transactions	6,724	5,521	9,657	8,466
Loans and Advances - Current	169	189	169	189
Loans and Advance - Non Current	323	362	323	362
Total Loans and Receivables	9,568	12,451	13,048	15,542
Fair Value through Profit and Loss - held for trading				
Derivative Financial Instrument Assets	198	0	198	0
Available for Sale				
Shares in Companies	20	20	20	20
Shares in Subsidiaries	6,412	8,825	0	0
Total Available for Sale	6,432	8,845	20	20
Financial Liabilities				
Fair Value through Profit and Loss - held for trading				
Derivative Financial Instrument Liabilities	31	1,539	31	1,539
Financial Liabilities at Amortised Cost				
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	4,196	5,569	6,015	7,478

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Secured Loans - Current	14,158	15,142	16,158	15,642
Secured Loans - Non Current	14,000	19,000	16,125	21,625
Lease Liabilities - Current	13	11	28	25
Lease Liabilities – Non Current	23	38	38	68
Total Financial Liabilities at Amortised Cost	32,390	39,760	38,364	44,838

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. Due to the timing of its cash inflows and outflows, the Group invests surplus cash into term deposits, which gives rise to credit risk.

The Group also minimises credit risk by limiting investments to registered banks, local government stock and other entities with a S&P Global Ratings credit rating no less than AA-.

The Group has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Guarantor of LGFA's borrowings

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 28. Council considers this risk to be extremely low.

Maximum Exposure to Credit Risk

Council's maximum credit exposure for each class of financial instrument is as follows:

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Cash and Cash Equivalents	2,352	6,379	2,899	6,525
Receivables Under Exchange and Non Exchange Transactions	6,305	5,521	9237	8,466
Loans and Advances	492	551	492	551
Total Credit Risk	9,149	12,451	12,628	15,542

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to S&P Global Ratings credit rating (if available) or to historical information about counter-party default rates:

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Counter-parties with Credit Ratings:				
Cash and Cash Equivalents				
AA- Long Term Rating	2,352	6,379	2,899	6,525
Derivative Financial Instrument Assets				
AA-	198	0	198	0
Other Financial Assets - Loans and Advances				
AAA Domestic Long Term	474	525	474	525
Counter-parties without Credit Ratings:				
Other Financial Assets - Loans and Advances				
Existing counter-party with no defaults in the past	0	3	0	3

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

The Group has no significant concentrations of credit risk in relation to debtors and other receivables, as it

has a large number of credit customers, mainly ratepayers, and the Council has a range of powers under the Local Government (Rating) Act 2002 to recover outstanding debts from the ratepayers, the property mortgagee and/or through property sales.

Liquidity Risk
Management of Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group manages its borrowings in accordance with its funding

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual un-discounted cash flows:

(\$000's)	Effective Interest Rates %	Carrying Amount \$000's	Total Contractual Cashflows \$000's	Less than One Year \$000's	1-2 Years \$000's	2-5 Years \$000's	More than Five Years \$000's
Council 2022							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	4,196	4,196	4,196	0	0	0
Finance Leases	7.50%	36	41	16	16	9	0
Secured Loans - Current	3.51%	14,158	14,158	14,158	0	0	0
Secured Loans – Non-current	2.84%	14,000	14,940	398	3,382	11,160	0
Derivative Financial Instruments	0.00%	31	95	94	1	0	0
Total		32,421	33,430	18,862	3,399	11,169	0
Council 2021							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	3,750	3,750	3,750	0	0	0
Finance Leases	7.50%	49	57	16	16	25	0
Secured Loans - Current	0.84%	15,142	15,142	15,142	0	0	0
Secured Loans – Non-Current	1.12%	19,000	19,528	212	10,165	9,151	0
Derivative Financial Instruments	0.00%	1,539	1,559	573	475	502	9
Total		39,480	40,036	19,693	10,656	9,678	9
Group 2022							
Trade and other payables (Current)	0.00%	6,015	6,015	6,015	0	0	0
Lease Liabilities	3.67%	66	73	32	32	9	0
Secured Loans - Current	3.55%	16,158	14,220	14,220	0	0	0
Secured Loans - Non-current	3.13%	16,125	17,751	1,018	5,573	11,160	0
Derivative Financial Instruments	0.00%	31	95	94	1	0	0
Total		38,395	38,154	21,379	5,606	11,169	0
Group 2021							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	7,478	7,478	7,478	0	0	0

and financial policies, which include the Treasury Policy (incorporating Council's investment and liability management policies)

Guarantor of LGFA borrowings

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes collectable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 28. Council considers this risk to be extremely low.

Lease Liabilities	3.69%	93	268	102	67	84	15
Secured Loans - Current	0.93%	16,142	16,142	16,142	0	0	0
Secured Loans - Non-current	1.33%	21,625	22,843	795	10,734	11,314	0
Derivative Financial Instruments	0.00%	1,539	1,559	573	475	502	9
Total		46,877	48,290	25,090	11,276	11,900	24

Sensitivity Analysis

The table below illustrates, the potential impact on surplus/ (deficit) for reasonably possible market movements, with all other variables held constant, based on Group's financial instrument exposures at balance date. The impact on Equity is the same as, the surplus/ (deficit) impact below except for cashflow hedges which only have an impact on equity. A movement of 50bps (basis points), which is 0.50% and represents managements' assessment of the reasonably possible change in interest rates:

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Interest Rate Risk				
Market Interest Rates increase by 50bps	(45)	(75)	(66)	(84)
Market Interest Rates decrease by 50bps	45	75	66	84

The sensitivity analysis is prepared assuming the amount of liability outstanding at balance date was outstanding for the whole year.

Explanation of Sensitivity Analysis - Council

Council has floating rate debt with a principal amount totalling \$9,000,000 (2021: \$15,000,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$45,000 (2021: \$75,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Explanation of Sensitivity Analysis - Group

Group has floating rate debt with a principal amount totalling \$13,128,000 (2021: \$16,862,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$66,000 (2021: \$84,000). A movement in market interest rates on fixed debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Fair Value

The carrying value of cash and cash equivalents, debtors and other receivables, loans, advances, current borrowings, bank overdraft and creditors and other payables approximates their fair value. The fair value of non-current portion of borrowings of Council is \$14,213,000 (2021: \$19,375,000) and for the Group \$16,338,000 (2021: \$22,000,000).

Council holds a small shareholding interest in NZ Local Government Insurance Corporation Limited and Waikato Local Authority Shared Services Limited, of which it has no intention of disposing of. The fair value of these unlisted companies cannot be reliably measured, due to a lack of an active market and lack of appropriate projected cash flow and revenue stream information for these securities.

Fair Value Measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(\$000's)	Level 1	Level 2	Level 3	Total
Council 2022				
Available-for-sale financial assets				
Shares in Subsidiaries	0	0	6,412	6,412
Shares in Companies	0	0	20	20
	0	0	6,432	6,432
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	198	0	198
	0	198	0	198
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	31	0	31
	0	31	0	31
Group 2022				
Available-for-sale financial assets				
Shares in Companies	0	0	20	20
	0	0	20	20
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	198	0	198
	0	198	0	198
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	31	0	31
	0	31	0	31
Council 2021				
Available-for-sale financial assets				
Shares in Subsidiaries	0	0	8,825	8,825
Shares in Companies	0	0	20	20
	0	0	8,845	8,845
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	1,539	0	1,539
	0	1,539	0	1,539
Group 2021				
Available-for-sale financial assets				
Shares in Companies	0	0	20	20
	0	0	20	20
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	1,539	0	1,539
	0	1,539	0	1,539

Recognition of Level 3 fair value measurements of financial assets

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Balance at 1 July	8,845	11,455	20	20
Gain/(Loss) on revaluation recognised in Other Comprehensive Income	(2,413)	(2,610)	0	0
Balance at 30 June	6,432	8,845	20	20

Note 32: Related Party Transactions

The Council is the ultimate parent of the Group. Related parties include its subsidiary Inframax Construction Ltd, the Council's investment in Waikato Local Authority Shared Services Ltd and Civic Financial Services Ltd.

Council

Council has a 100% shareholding in Inframax Construction Ltd. The following related party transactions are included in Council's financial statements.

(\$000's)	COUNCIL	
	2022 ACTUAL	2021 ACTUAL
Transactions with Inframax Construction Ltd		
Road construction and maintenance expenditure	8,528	8,854
Other expenditure	13	11
Fees and charges and Income from Construction	107	137
Balances Outstanding with Inframax Construction Ltd		
Payables	995	1,120
Receivables	1	18

Inframax Construction Limited

There were no other transactions with related parties during the 2021/22 year (2021: \$73,908). There was nil owing at year end (2021: \$nil).

Remuneration of the Chief Executive (Council)

During the year ended 30 June 2022 two different appointees held the position of Chief Executive of the Waitomo District Council.

In the 2021/22 financial year the total remuneration paid to the Council's former Chief Executive was \$278,384 (2021: \$271,864). The total remuneration paid to the successor Chief Executive was \$100,036.

Elected Representatives and Directors (\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Mayor John Robertson	101	99	101	99
Deputy Mayor Whitaker	52	50	52	50
Councillor Goddard	38	38	38	38
Councillor Brodie	38	41	38	41
Councillor Smith	35	41	35	41
Councillor New	35	34	35	34
Councillor Marshall	35	32	35	32
Directors Fees	0	0	115	120
Total Elected Members Remuneration and Directors Fees	334	335	449	455

Key Management Personnel

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Elected Members and Directors				
Remuneration	334	335	449	455
Number of elected members and directors	7	7	13	10
Key Management Personnel				
Remuneration excluding contribution to a defined contribution plan	1,022	922	1,541	1,306
Contributions to defined contribution plan	26	26	26	35
Total Remuneration	1,048	948	1,567	1,341
Full time equivalent members	8	5	13	9

Council's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel. The Group's key management personnel include the Mayor, Councillors, Chief Executive and other senior

management personnel and the Directors and executive staff of Inframax Construction Ltd. Due to the difficulty in determining the full time equivalent for elected members and directors, the number of elected members and directors has been reported instead of the full time equivalent.

Council Employees

(\$000's)

	COUNCIL
	2022 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	34
\$60,000 - \$79,999	17
\$80,000 - \$119,999	20
\$120,000 - \$279,999	8
Total Employees	79

Council Employees

(\$000's)

	COUNCIL
	2021 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	38
\$60,000 - \$79,999	16
\$80,000 - \$119,999	16
\$120,000 - \$279,999	10
Total Employees	80

The number of full time equivalent employees at 30 June 2022 was 69 (2021: 72).

Note 33: Severance payments

Council

There were no severance payments made during the year (2021: nil).

Group

There were three severance payments made during the year totalling \$46,500 (2021: \$59,789).

Note 34: Events after balance date

On 12 September 2022, the NZ Government removed the Covid-19 Protection Framework. This included the removal the 'traffic light system', vaccine mandates and all mask wearing requirements except in healthcare or aged residential care facilities.

On 6 October 2022, Council approved the decision to proceed with the Te Kuiti Water Supply Resilience Improvements project which includes the construction of a new reservoir at the Hetet Reservoir in Te Kuiti and a new rising main. The estimated cost of the project is \$8.85 million which will be loan funded. The contract is expected to be let in the 2023 calendar year.

The Select Committee's report on the Water Services Entities Bill has been released, this is the first step in a suite of legislation to enact the three waters reforms. This bill establishes four publicly owned water services entities that will come into effect from 1 July 2024.

Note 35: Explanations of Variances to Budget (Council)

Statement of Comprehensive Revenue and Expense

Revenue was \$8.5 million above forecast due to:

- A higher level of rates penalties revenue than was anticipated in the forecast.
- Subsidies and grants were \$3.5 million above forecast as additional funding was received for the construction of King Country Indoor Sports and Recreation Centre, additional subsidy was also received to fully fund the Three Waters Reform Stimulus Programme and the Mayors Taskforce for Job funding to support sustainable employment outcomes.
- Fees and charges and income from construction services was above budget as \$4.5 million was recognised as construction revenue for construction services for the King Country Indoor Sports and Recreation Centre. This revenue was partly offset by other fees and charges for the Aquatic Centre, Les Munro Centre and property leases which were less than forecast.
- Other revenue including gains/(losses) was \$0.5 million more than forecast for the gain on valuation of investment property and the gain on sale of forestry assets and the Lawrence Street sections.

Expenditure was \$4.0 million above forecast due to:

- Employee benefit expenses were \$0.6 million below forecast for organisational capacity and resourcing requirements due to a number of staff vacancies across the organisation.
- Depreciation expense was more than budget due to the revaluation of building assets, water, wastewater, and stormwater assets at 30 June 2021 which increased the value of these assets and the corresponding depreciation expense.
- Finance costs were below budget due to a lower level of borrowings than forecast.
- Other expenses were above budget as \$4.5 million was recognised as construction expenditure for construction services for the King Country Indoor Sports and Recreation Centre.

Statement of Financial Position

Total equity was \$129.2 million more than forecast due to:

- The surplus was \$4.4 million more than forecast.
- Other reserves were \$4.7 million more than forecast. Council created reserves were \$4.0 million more than expected as depreciation reserves and activity surpluses were more than forecast. The asset replacement programme and organisational work programmes were delayed due to the impacts on the pandemic on availability of contractors and the supply chain and organisational capacity and resourcing due to a number of staff vacancies. The capital expenditure programme was re-prioritised during

the year to ensure delivery of the Three Waters Reform Stimulus Programme by 30 June 2022. Planned roading programmes were also disrupted due to the significant damage to the road network from the storm event in February 2022. Available for sale reserve were \$2.4 million less than forecast due to the revaluation of the investment in the subsidiary at 30 June 2022. The cash flow hedging reserve was \$3.1 million more than forecast due to a gain on valuation recognised after the budgets were finalised and a further \$1.7 million gain in the 2021/22 year.

- The revaluation reserve was \$121.4 million more than forecast as land and buildings, roads, solid waste, water supply, wastewater and stormwater assets were revalued at 30 June 2022. No asset revaluations were forecast for these asset classes for the 2021/22 year.
- Current assets were \$0.1 million more than budget. Receivables were more than forecast as a receivable of \$1.3 million was recognised from Ministry of Education and Te Kuiti High School Board of Trustees for the construction of the King Country Indoor Sports and Recreation Centre. A receivable of \$0.3 million was also recognised for the Three Waters Reform Stimulus Programme. The increased receivables were partly offset by a reduction in cash and cash equivalents which was utilised for repayment of borrowings during the year.
- Current liabilities were \$3.6 million below forecast due mainly to a reduction in borrowings. As the capital expenditure programme and district plan review were delayed, the overall level of borrowings was lower than forecast. The reduced level of borrowings was partly offset by increased payables at year end. There were additional payables recognised for the construction services for the King Country Indoor Sports and Recreation Centre and for expenditure related to the Three Waters Reform Stimulus Programme. Deferred revenue of \$1.2 million was also recognised for other grants received to part fund the construction of the King Country Indoor Sports and Recreation Centre.
- Non current assets were \$117.4 million more than forecast. This was due to the uplift in asset values for land and buildings, roads, solid waste, water supply, wastewater and stormwater assets which were revalued at 30 June 2022. Intangible assets were also more than forecast due the recognition of the service concession asset for the right of use of the facility and additional carbon credits purchased to meet the obligations under the Emissions Trading Scheme. Other Financial Assets decreased by \$2.4 million due to the revaluation in the investment in the subsidiary at 30 June 2022.
- Non current liabilities were \$8.0 million less than forecast as overall borrowings were lower than anticipated. The derivative financial instruments liability was also less than forecast.

Note 36: Local Government Act Disclosures

Under the LGA, the Council is required to disclose the following rating base information for the end of the preceding financial year.

Rating base information

	COUNCIL
	2021 ACTUAL
Number of rating units	5,875
Total Capital value of rating units	3,650,373,780
Total Land value of rating units	2,284,124,980

Insurance (\$000's)	Carrying Value 30 June 2022	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Wastewater and Water Supply	74,202	112,576	5,000	426
Operational and Restricted Buildings and Contents	21,118	64,975	0	0
Motor Vehicles	540	18,823	0	0
Total	95,860	196,374	5,000	426

Additional natural disaster cover is acquired for the first \$10 million in place of Central Government's share for a moderate disaster event should Central Government decline to provide cover. One half of this cover is provided through the Local Government Protection Programme (LAPP).

Network Assets (\$000's)	Estimate of Replacement Cost 30 June 2021	Estimate of Replacement Cost 30 June 2022	Carrying Value 30 June 2022	Assets Constructed during 2021/22
Roads	340,681	462,513	347,232	6,804
Stormwater Drainage	19,694	22,591	12,227	5
Wastewater - Other Assets	26,281	26,249	14,611	37
Wastewater - Treatment Plants and Facilities	20,521	25,793	18,763	241
Water Supply - Other Assets	23,136	22,199	14,154	1210
Water Supply - Treatment Plants and Facilities	15,088	22,291	14,447	342
Total	445,401	581,636	421,434	8,639

(No network assets were transferred to Council during the 2021/22 year)

Note 37: Capital Management

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

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Councils' assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (10 Year Plan) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Revenue and Financing policies in the Council's 10 Year Plan.

Council has the following council created reserves:

- Operational reserves are held for short term funding surpluses (or deficits) that arise from the various activities of Council.

- Depreciation reserves are held from accumulated funds from rates to fund repayments of loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives.
- Investment revaluation reserves are held from the periodical review of the value of its investment in its subsidiary. These valuation movements do not form part of the revaluation reserve shown in the equity section of the Statement of Financial Position.
- Special purpose reserves are held when Council has received funds that are restricted for particular purposes.

Note 38: Exchange and non-exchange revenue

(\$000's)	COUNCIL		GROUP	
	2022 ACTUAL	2021 ACTUAL	2022 ACTUAL	2021 ACTUAL
Revenue from exchange transactions				
Interest revenue	34	12	34	12
Fees and charges and income from construction	4,711	231	30,700	23,671
Total Revenue from exchange transactions	4,745	243	30,734	23,683
Revenue from non-exchange transactions				
Rates revenue	19,783	20,018	19,770	20,007
Metered water rates	882	888	882	888
Subsidies and grants	14,610	11,151	14,936	11,813
Fees and charges and income from construction	3,577	3,834	3,470	3,697
Other revenue from non exchange transactions	241	208	241	208
Total Revenue from non exchange transactions	39,093	36,099	39,299	36,613
Other gains/(losses)	386	1,506	546	1,606
Total Revenue	44,224	37,848	70,579	61,902

Note 39: Impact of COVID-19 on our operations

In response to the global COVID-19 Pandemic, the New Zealand Government implemented a COVID-19 Alert System, which specifies the public health and social measures to be taken in the fight against COVID-19.

Waitomo District Council put protocols in place for all Alert levels. At level 2 this involved staff working remotely to reduce contact and using PPE when physical distancing was not practicable. Additional cleaning and sanitising measures were also put in place. QR codes and contact tracing was implemented at all worksites as instructed by the Government.

While overall the organisation functioned relatively well, there was disruption to usual work practices, and disruption to the progression of a range of planned projects due to pressures on the supply chain, availability of contractors and staff vacancies.

Whilst the impact of the COVID-19 pandemic containment measures were widely felt across the organisation, the overall financial performance of the council was not materially impacted despite disruption to some activities and extended timeframes on capital works.

Revenue and Expenditure

Overall revenue and operational expenditure was not significantly impacted as a result of the pandemic response.

Financial Position

Overall council's financial position was not significantly impacted as a result of the pandemic response at 30 June 2022.

Some of the capital expenditure programme was delayed due in part to the impact of the COVID-19 pandemic on availability of contractors and supplies. The remaining physical works expenditure has been deferred to the next financial year. Overall borrowings were less than forecast and this was impacted in part by the delayed capital works programme.

Group

The Group consists of the Council and its 100% owned subsidiary, Inframax Construction Ltd. The Group's overall performance for the year was an **after tax surplus of \$6.1 million.**

Inframax Construction Ltd reported a net loss after tax of \$0.8 million for the year ended 30 June 2022. This was a positive result given a challenging year for the subsidiary which continues to be impacted by the effect of the COVID-19 pandemic on revenue and business operations.

Despite the challenging environment, revenue was above budget for the year. Equity reduced to \$11.6 million at 30 June 2022. The subsidiary was eligible and received the employers wages subsidy of \$326,000 which supported the subsidiary operations during ongoing uncertainty in the contracting environment.

COUNCIL CONTROLLED ORGANISATIONS

Council controlled organisations (CCOs) are essentially any company with a majority Council shareholding, or a trust or similar organisation with a majority of Council-controlled votes or Council-appointed trustees.

Council is involved in two CCOs:

- Inframax Construction Limited (a wholly owned subsidiary of the Council); and
- Waikato Local Authority Shared Services (WLASS) Limited.

INFRAMAX CONSTRUCTION LIMITED

Background

Inframax Construction Limited (ICL) is a roading construction and maintenance company with its head office situated in Te Kuiti.

Shareholders

ICL is a wholly owned subsidiary of Waitomo District Council.

Company Objectives

The principle objective of Inframax Construction Limited is to operate as a successful business and to contribute to the well-being of the communities in which it operates.

In pursuing the principle objective the Company and Directors shall:

- Maximise the long term viability and profitability consistent with the Shareholder's objectives for ownership and value creation.
- Seek and develop profitable business opportunities that make best use of the people, technical and financial resources of the Company.
- Continue to review the available options for the share ownership of the Company, so as to be able to provide informed advice to the Shareholder, as to the most efficient arrangements to enhance both profitability and or Shareholder value.
- Ensure assets and liabilities are prudently managed consistent with the nature of a contracting business.

Performance Results

Statement of Performance Measures: Year ended 30 June 2022

The results achieved compared with the performance criteria contained in the Statement of Corporate Intent as follows:

Financial Performance	Statement of Corporate Intent	Actual Achievement
Equity ratio	62%	57%
Current Ratio	Positive	Negative
EBITDA (\$000's)	\$2.2 million	\$0.3 million
Revenue (\$000's)	\$35 million	\$34 million
Banking covenants	Unconditionally met	Satisfied

The Equity ratio is the ratio of average shareholder's funds expressed as a percentage of average total assets.

- Ensure transparent and informed relationships are maintained with the Shareholder within the spirit of 'no surprises'.
- Act as a good employer by:
 - ◊ Providing a work environment that recruits, fosters and maintains safe, competent, motivated, committed and productive employees
 - ◊ Recognising and rewarding excellent performance of any staff.
- Act in an environmentally and socially responsible manner and implement sustainable business practices.

Nature and Scope of Operations

The core business of the Company is roading maintenance and construction, quarrying and crushing of aggregates and maintenance and construction of utilities and infrastructure assets.

The Company competes for infrastructure contracts in the central western North Island Districts and in other areas where it is identified that such contracts will yield an appropriate rate of return or where the Company believes that there are sound commercial reasons for doing so.

The Company may expand into other ventures and/or activities that are consistent with the Company's objectives and the provisions of the Local Government Act 2002.

Average assets and average shareholder's funds are based on 30 June 2022 and 30 June 2021 figures.

Non-Financial Performance	Statement of Corporate Intent	Actual Achievement
Notifiable injuries	Zero	Zero

Non-Financial Performance	Statement of Corporate Intent	Actual Achievement
Accident weekly compensation days	985	50
Achievement of ISO9001 accreditation	Standard achieved	Standard achieved
Assessed compliance level of environmental consents by Waikato Regional Council		
Non-compliant		0
Partially compliant		3
Highly compliant		5
Fully compliant	All	0
Not assessed		1
Number of local events within operational areas where the company provided complimentary goods, services or financial support.	15	17

Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2022

(\$000's)	2022 ACTUAL	2021 ACTUAL
Total Revenue	34,842	32,956
Total Expenditure (including Depreciation and Interest)	35,981	32,295
Net Profit/(Loss) Before Tax	(1,139)	661
Company Tax/(Credit)	(319)	187
Net Profit / (Loss) After Tax	(820)	474

CO-LAB

Background

Waikato local authorities have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained both in terms of outcomes achieved and reduction in costs to the community. The local authorities believe that the company will generate savings through economies of scale and through additional purchasing power and the ability to recover costs.

There are a number of services provided by local authorities, particularly in respect of information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of the infrastructure for the service, and ongoing operation of it.

Co-Lab is the current trading name for Waikato Local Authority Shared Services (WLASS) Limited, formally known as LASS (Local Authority Shared Services) up until 4 April 2016.

Shareholders

Co-Lab is a Council Controlled Organisation (CCO) owned equally by 12 local authorities in the Waikato Region, being Waikato Regional Council, Hamilton City Council, Hauraki, Matamata-Piako, Otorohanga, Rotorua, South Waikato, Taupo, Thames- Coromandel, Waikato, Waipa, and Waitomo District Councils. The company was incorporated in December 2005.

Company Objectives

The objective of Co-Lab is to act as an 'umbrella' organisation providing Waikato local authorities with a corporate structure under which they can develop and promote shared services to other local authorities.

The constitution of Co-Lab sets out principles according to which the company will be operated and governed. This includes shareholders' rights and the appointment of directors. The company's Annual Statement of Intent identifies its activities, intentions for the year and the objectives to which those activities will contribute.

Nature and Scope of Activities

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

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

In terms of the Local Government Act 2002, Council's involvement in Co-Lab is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in Co-Lab was confirmed, following public consultation through its Annual Plan 2005-06. Council at present has no formal objectives other than to maintain its current shareholding.

PRIORITY	PERFORMANCE MEASURE	TARGET	OUTCOME
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	Business cases will include measurable benefits linked to one or more of the outcomes sought Opportunity assessments are supported by councils (evidenced by Board minutes)	Projected savings to councils of \$300k+ 75% of councils	Not measured Achieved
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines Opportunities / projects are developed / delivered, within approved budget	80% 90%	Not Achieved Not Achieved
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	Six-monthly For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months 90% of projected quantifiable benefits are realised	Achieved Achieved Not measured
Ensure existing services are meeting the needs of councils	The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): <ul style="list-style-type: none"> • RATA – roading & waters • Waikato Building Cluster • Regional Infrastructure Technical Specifications • Energy & Carbon Management • Professional Services Panel • Health & Safety pre-qualification 	80% of councils	Achieved
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum	Achieved



AUDIT

STATEMENT OF COMPLIANCE

COMPLIANCE

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

RESPONSIBILITY

Council and the Management of Waitomo District Council accept the responsibility for the preparation of the annual financial statements and statements and the judgement used in them.

Council and the Management of Waitomo District Council accept the responsibility for establishing and maintaining the internal controls designed to provide reasonable assurance as to the integrity and reliability of Financial Reporting.

In the opinion of Council and the Management of Waitomo District Council, the annual Financial Statements for the year ended 30 June 2022 fairly reflect the financial position and operations of Waitomo District Council.

John Robertson
MAYOR

Ben Smit
CHIEF EXECUTIVE

AUDITORS REPORT

AUDITORS REPORT

AUDITORS REPORT

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