



**The Ordinary Meeting of the
Kawerau District Council will be held
on Wednesday 29 March 2023
in the Council Chambers
commencing at 9.00am**

AGENDA

GUIDELINES FOR PUBLIC FORUM AT MEETINGS

1. A period of thirty minutes is set aside for a public forum at the start of each Ordinary Council or Standing Committee meeting, which is open to the public. This period may be extended on by a vote by members.
2. Speakers may address meetings on any subject. However, issues raised must not include those subject to legal consideration, or be issues, which are confidential, personal, or the subject of a formal hearing.
3. Each speaker during the public forum is permitted to speak for a maximum of three minutes. However, the Chairperson has the discretion to extend the speaking time.
4. Standing Orders are suspended for the duration of the public forum.
5. Council and Committees, at the conclusion of the public forum, may decide to take appropriate action on any of the issues raised.
6. With the permission of the Chairperson, members may ask questions of speakers during the period reserved for public forum. Questions by members are to be confined to obtaining information or clarification on matters raised by the speaker.

**The Ordinary Meeting of the Kawerau District Council
will be held on Wednesday 29 March 2023
in the Council Chambers commencing at 9.00am**

AGENDA

Apologies

Leave of Absence

Opening Prayer

Public Forum

Declarations of Conflict of Interest

1 CONFIRMATION OF COUNCIL MINUTES

1.1 Ordinary Council – 22 February 2023

Pgs. 1 - 6

Recommendation

That the minutes of the Ordinary Council Meeting held on 22 February 2023 be confirmed as a true and accurate record.

1.2 Extraordinary Council – 22 March 2023

Pgs. 7

Recommendation

That the minutes of the Extraordinary Council Meeting held on 22 March 2023 be confirmed as a true and accurate record.

2 RECEIPT OF COMMITTEE MINUTES

2.1 Regulatory and Services Committee – 15 March 2023

Pgs. 9 - 10

Recommendation

That the Minutes of the Regulatory and Services Committee meeting held on 15 March 2023 be confirmed as a true and accurate record.

3 Action Schedule (101120)

Pgs. 11 - 16

Recommendation

That the updated Action Schedule of resolutions/actions requested by Council be received.

4 Her Worship the Mayor's Report (101400)

Pg. 17 - 18

Recommendation

That Her Worship the Mayor's report for the period Wednesday 15 February to Wednesday 15 March 2023 is received.

5 Council Created Depreciation Reserve (Group Manager, Finance and Corporate Services) (201910)

Pgs. 19 - 22

Attached is a report on the Council Created Depreciation Reserve.

Recommendations

That the report "Council Created Depreciation Reserve" be received.

6 BOPLASS Limited – Draft Statement of Intent 2023 – 2026 and Half-Yearly Report to 31 December 2022 (Chief Executive Officer) (104023)

Pgs. 23 - 54

Attached for consideration is a report on BOPLASS Limited's Draft Statement of Intent 2023 – 2026 and the Half Yearly Report to 31 December 2022.

Recommendations

- 1. That the report "BOPLASS Limited – Draft Statement of Intent 2023 – 2026 and Half Yearly Report to 31 December 2022" be received.*
- 2. That Council approves the BOPLASS Limited Draft Statement of Intent for 2023 – 2026.*

7 Adoption of Porritt Glade Annual Report for the Year Ended 30 June 2022 (Financial Accountant) (201000)

Pgs. 55 - 70

Attached is a report on the adoption of Porritt Glade Annual Report for the year ended 30 June 2022.

Recommendations

- 1. That the report "Adoption of Porritt Glade Annual Report for the Year Ended 30 June 2022" be received.*
- 2. That Council adopts the Porritt Glade Annual Report for the year ended 30 June 2022.*
- 3. That the Mayor and Chief Executive Officer are delegated to sign the Porritt Glade Annual Report for the year ended 30 June 2022 following the adoption by Council.*

8 Eastern Bay of Plenty Spatial Plan Governance Proposal (Group Manager, Regulatory and Planning) (104025)

Pgs. 71 - 80

Attached is a report on the Eastern Bay of Plenty Spatial Plan Governance Proposal.

Recommendations

- 1. That the report "Eastern Bay of Plenty Spatial Plan Governance Proposal" be received.*

2. *That Council endorses the proposed project structure.*
3. *That Council appoints the Mayor as its representative to the Project Governance Group.*
4. *That Council appoints an alternative representative to the Project Governance Group, should the Mayor not be available.*
5. *That Council notes that the Project Governance Group Terms of Reference will be submitted to Council for approval once developed.*

9 **Adoption of Annual Report and Summary for Year Ended 30 June 2022 (Group Manager, Finance and Corporate Services) (201000)**

Pgs. 81 - 191

Attached is a report on the Adoption of Annual Report and Summary for Year Ended 30 June 2022.

Recommendations

1. *That the report "Adoption of Annual Report and Summary for year ended 30 June 2022" be received.*
2. *That Council adopt the Annual Report and Annual Report Summary for the year ended 30 June 2022.*
3. *That the Mayor and Chief Executive Officer are delegated to sign the Annual Report for the year ended 30 June 2022 following the adoption by Council.*

R B George
Chief Executive Officer

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**Minutes of the Ordinary Meeting of the Kawerau District Council
held on Wednesday 22 February 2023
in the Council Chamber commencing at 9.00am**

Present: Her Worship the Mayor F K N Tunui
Deputy Mayor A Rangihika
Councillor B J Julian
Councillor Godfery
Councillor C J Ion
Councillor J Ross
Councillor S Kingi
Councillor R Brooking

In Attendance: Chief Executive Officer (R George)
Group Manager, Operations and Services (H van der Merwe)
Group Manager, Regulatory and Planning (M Glaspey)
Group Manager, Finance & Corporate Services (L Butler)
Communications Manager (T Humberstone)
Administration Officer (T Bamett)

Apologies

Resolved **Her Worship the Mayor / Deputy Mayor Rangihika**

An apology from Councillor Savage was received.

Leave of Absence

Resolved **Councillor Ion / Deputy Mayor Rangihika**

A Leave of absence was received by Councillor Julian from 21 June 2023 until 2 August 2023.

Opening Prayer

Pastor Jenny Reynolds opened the meeting with a prayer.

Public Forum

Jenny Reynolds

Would like to see Council consult with the public on all matters regarding the community.

Declarations of Conflict of Interest

No declarations of conflict of interest were received.

1 CONFIRMATION OF COUNCIL MINUTES

1.1 Ordinary Council – 13 December 2022

Action Item:

Page 4 – Item 5.2 – ‘The Council increase the general refuse charge for commercial trucks only at \$260 per tonne up to 2 cubic meters and \$290 per tonne exceeding 2 cubic meters with a review at the Regulatory and Services meeting on 8 February 2023’ to be added to the Action Schedule

Resolved

Councillors Julian / Ross

That the minutes of the Ordinary Council Meeting held on 13 December 2022 be confirmed as a true and accurate record.

2 RECEIPT OF COMMITTEE MINUTES

2.1 Creative New Zealand Communities Grant Scheme – 9 December 2022

Resolved

Councillors Godfery / Brooking

That the Minutes of the Creative New Zealand Communities Grant Scheme Committee meeting held on 9 December 2022 be confirmed as a true and accurate record.

2.2 Regulatory and Services Committee – 13 December 2022

Resolved

Councillors Ion / Julian

That the Minutes of the Regulatory and Services Committee meeting held on 13 December 2022 be confirmed as a true and accurate record.

2.3 Regulatory and Services Committee – 8 February 2023

Resolved

Councillors Ion / Rangihika

That the Minutes of the Regulatory and Services Committee meeting held on 8 February 2023 be confirmed as a true and accurate record.

2.4 Audit and Risk Committee – 13 February 2023

Resolved

Councillor Ion / Her Worship the Mayor

That the Minutes of the Regulatory and Services Committee meeting held on 13 February 2023 be confirmed as a true and accurate record.

3 Action Schedule (101120)

Action Items:

Communications and engagement Manager to communicate to public regarding the relocation of the cemetery records.

Update to be given to Anne Kubler regarding the exit to the laundromat.

Resolved

Councillors Kingi / Julian

That the updated Action Schedule of resolutions/actions requested by Council is received.

4 Her Worship the Mayor's Report (101400)

Resolved

Councillor Kingi / Her Worship the Mayor

That Her Worship the Mayor's report for the period Monday 23 January 2023 to Tuesday 14 February 2023 is received.

5 Annual Plan Performance for the Six Months Ended 31 December 2022 (Chief Executive Officer) (110400)

Council discussed the report "Annual Plan Performance for the Six Months Ended 31 December 2022".

Resolved

Councillor Ion / Deputy Mayor Rangihika

That the report "Annual Plan Performance for the Six Months Ended 31 December 2022" is received.

6 Code of Conduct (Chief Executive Officer) (101300)

Council discussed the report "Code of Conduct" for adoption.

Resolved

Councillors Ion / Kingi

1. *That the report "Code of Conduct" is received.*
2. *Council deferred recommendation 2 until a list of investigators had been received and a budget has been formalised.*

7 Local Governance Statement (Group Manager, Finance and Corporate Services) (103000)

Council discussed the report "Local Governance Statement".

Action Item:

Item 7 – Page 102 – Councillors contact details. Corrections to be made to the contact details of the Councillors.

Resolved **Councillor Ion / Deputy Mayor Rangihika**

1. *That the report "Local Governance Statement" is received.*
2. *Council adopts the Local Governance Statement for the current triennium.*

8 Bay of Plenty Mayoral Forum Triennial Agreement (Chief Executive Officer) (104040)

Council considered the report "Bay of Plenty Mayoral Forum Triennial Agreement" for approval.

Resolved **Her Worship the Mayor / Councillor Julian**

1. *That the report "Bay of plenty Mayoral Forum Triennial Agreement" is received.*
2. *That Council notes that the Local Government Act 2002 requires no later than 1 March after each triennial general election of members, all local authorities within each region to enter into a triennial agreement covering the period until the next election.*
3. *That Council endorses the draft Bay of Plenty Mayoral Forum Triennial Agreement 2022 – 2025.*

9 Adoption of the Draft Eastern Bay of Plenty Local Alcohol Policy for Public Consultation (Group Manager, Regulatory and Planning) (110876)

Council discussed the report "Adoption of the Draft Eastern Bay of Plenty Local Alcohol Policy for Public Consultation.

Action Items:

Page 199 – Licensed Premises in Kawerau District as of July 2022 – Addresses to be added into the table.

Confirm if River Road Dairy and Galway Street Dairy are prohibited to sell alcohol.

Page 160 – Confirm that the Pinelands site still exists.

Confirm the number of off-licences at Tarawera Park are in the Kawerau District.

Resolved

Councillors Julian / Kingi

1. *That the report "Adoption of the Draft Eastern Bay of Plenty Local Alcohol Policy for Public Consultation" is received.*

Resolved

Councillor Ion / Deputy Mayor Rangihika

2. *That Council acknowledges that the Draft Eastern Bay of Plenty Local Alcohol Authority Policy will continue to be a joint policy between Whakatane District Council, Kawerau District Council and Opotiki District Council.*

Resolved

Councillors Julian / Ross

3. *That the Council adopts the Draft Eastern Bay of Plenty Local Alcohol Policy, Statement Proposal, and Research Report as per appendices 1 – 3 for consultation between 27 March 2023 – 28 April 2023.*

Resolved

Councillors Julian / Godfery

4. *That Council nominates her Worship the Mayor Faylene Tunui and Councillor Carolyn Ion to be representatives for the joint hearings and deliberations meeting following consultation taking place.*

10 Intention to Exchange Reserve Land to Enable the Stoneham Park Residential Development (Communications and Engagement Manager) (407900)

Council discussed the report "Intention to Exchange Reserve Land to Enable the Stoneham Park Residential Development"

Resolved

Councillors Julian / Godfery

1. *That the report "Intention to Exchange Reserve Land to Enable the Stoneham Park Residential Development" is received.*
2. *That Council resolve to pass a resolution of its intention to exchange Stoneham Park for the land on Fenton Mill Road currently used as a Stock Pound, which it owns in Private title.*
3. *That Council resolves to publically notify its intention to pass a resolution to exchange the status of Stoneham Park as a recreational reserve for the land on Fenton Mill Road, currently used as a Stock Pound, which it owns on private title. This land, the former Stock Pound would subsequently become a recreational reserve.*
4. *That Council resolve to continue consultation with Iwi and Tangata Whenua, stakeholders and the community regarding the intention to exchange reserve land to enable the Stoneham Park Residential Development.*

5. *That Council resolve that the consultation period of 1 month will commence on Friday 24 February 2023 from when the public notification is published in the Beacon Newspaper and submissions will close at 5pm on Friday 24 March 2023.*

11 Roy Stoneham Park Residential Development District Plan Change 4 Report.

Council discussed the report "Roy Stoneham Park Residential Development District Plan Change 4 Report.

Resolved

Councillors Ion / Ross

1. *That the report "Roy Stoneham Park Residential Development District Plan Change 4 Report" is received.*
2. *That Council confirms it is satisfied the requirements of Section 32 of the Resource Management Act 1991 have been met and adopts the Section 32 Report for Proposed Change 4 (Residential Development of Roy Stoneham Park to the Kawerau District Plan.*
3. *That the Council confirms it is satisfied the requirement of the Resource Management Act 1991, in particular sections 73, 74, 75 and 76 and Schedule 1, relating to the preparation of a change to the Kawerau District Plan up to public notification stage, have been met.*
4. *That Council approves Proposed Change 4 (Residential Development of Roy Stoneham Park) to the Kawerau District Plan pursuant to Clause 5 of Schedule 1 to the resource Management Act 1991, and makes the Section 32 Report publically.*
5. *That Council approves the public notification of the Proposed Change 4 (Residential Development of Roy Stoneham Park) to the Kawerau District Plan pursuant to the requirements of Clauses 5 and 7 of Schedule 1 to the Resource Management Act 1991.*
6. *That Council delegates authority to the Group Manager, Regulatory and Planning to make any minor amendments, including grammatical and formatting, to Proposed Change 4 (Residential Development of Roy Stoneham Park) to the Kawerau District Plan and the Section 32 Report prior to public notification.*
7. *That Council approves in principle that one independent Commissioner will be appointed to the Change 4 Hearing Panel.*
8. *That Council notes that the independent Commissioner will be appointed in due course in March/April or May 2023 subject to resolution of Council.*

Meeting closed 11.20am

F K N Tunui

Mayor

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**Minutes of the Extraordinary Meeting of the Kawerau District Council
held on Wednesday 22 March 2023
commencing at 9.00am**

Present: Her Worship the Mayor F K N Tunui
Deputy Mayor A Rangihika
Councillor W Godfery
Councillor C J Ion
Councillor B Julian
Councillor Kingi
Councillor J Ross
Councillor R G K Savage
Councillor R Brooking

In Attendance: Chief Executive Officer (R George)
Group Manager, Finance and Corporate Services (L Butler)
Group Manager, Regulatory and Planning (M Glaspey)
Group Manager, Operations and Services (H van der Merwe)
Communications Manager (T Humberstone)
Acting Economic and Community Development Manager (L Barton)
Administration Officer (T Barnett)

Apologies

No apologies were received.

Declarations of Conflict of Interest

No conflicts of interest were declared.

1 Hardie Avenue Dewatering Options (Group Manager, Operations and Services) (401520)

Council discussed the report on the Hardie Avenue Dewatering Options

Resolved **Deputy Mayor Rangihika / Councillor Savage**

1. *That the report "Hardie Avenue Dewatering Options" be received.*
2. *That Council allocates \$205,000 if depreciation reserves to fund this work.*
3. *That Council allow staff to apply for Waka Kotahi emergency funding to support the funding for this work.*
4. *That Council resolves to give appointment of the tender to Draintech 2018 Ltd.*

Meeting closed 9.25am

F K N Tunui

Mayor

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**Minutes of the Regulatory & Services Committee
held on Wednesday 15 March 2023
commencing at 9.00am**

Present: Councillor C J Ion (Chairperson)
Her Worship the Mayor F K N Tunui
Deputy Mayor A Rangihika
Councillor B Julian
Councillor S Kingi
Councillor W Godfery
Councillor R G K Savage
Councillor J Ross

In Attendance: Chief Executive Officer (R George)
Group Manager, Finance and Corporate Services (L Butler)
Group Manager, Regulatory and Planning (M Glaspey)
Group Manager, Operations and Services (H van der Merwe)
Communications Manager (T Humberstone)
Acting Economic and Community Development Manager (L Barton)
Administration Officer (T Barnett)

Apologies

Apologies from Councillor Brooking were received.

Resolved

Councillors Kingi / Julian

Declarations of Conflict of Interest

No conflict of interest was declared.

PART A – REGULATORY

1 Monthly Report - Regulatory and Planning Services (340000)

The Committee discussed a report covering Planning, Compliance and Capability activities for the month of February 2023.

Resolved

Her Worship the Mayor / Councillor Rangihika

That the report on Regulatory and Planning Services activities for the month of February 2023 is received.

PART B – NON REGULATORY

2 Monthly Report - Finance and Corporate Services (211000)

The Committee discussed a report from the Group Manager, Finance and Corporate Services covering activities for the month of February 2023.

Action Item

Item 3.1 – Community Grants – Clarity to be given to the Committee around the money funded from the Dog Control grant fund to K Town Community Animal Welfare

Resolved

Councillors Kingi / Godfery

That the report from the Group Manager, Finance and Corporate Services for the month of February 2023 is received.

3 Monthly Report - Operations and Services (440000)

The Committee discussed a report from the Group Manager, Operations and Services covering activities for the month of February 2023.

Action Item

Her Worship the Mayor would like the statistics for rainfall, sunshine hours and temperature recordings back in the Operations and Services report each month.

Communications and Engagement Manager to commence from 12 April 2023 with an independent report to be presented monthly to the Regulatory and Services Committee.

Resolved

Councillors Julian / Savage

That the report from the Group Manager, Operations and Services for the month of February 2023 is received.

4 Monthly Report - Economic and Community Development (Economic and Community Development Manager) (309005)

The Committee discussed a report from the Economic and Community Development Manager covering economic and community activities for the month of February 2023.

Resolved

Councillors Savage / Ross

That the report from the Economic and Community Development Manager for the month of February 2023 is received.

Meeting closed at 10.01am

C J Ion

Chairperson

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Action Schedule

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
A&R 04.02.20	Council's Risk Maturity - Improvement Programme Arrange KPMG to review Council's Risk Management Maturity profile once the tasks in progress / underway are completed.	GM F&CS	In Progress	Council has completed all areas recommended for improvement and will be engaging a consultant to further assess Council's risk maturity. Staff are currently investigating different providers of this service.	April 2023
Council 26.05.20	Results of 2020 NRB Survey (Community Satisfaction Survey) Elected Members agreed to review the way in which Council engages community satisfaction.	C&EM	Pending	After assessing providers, and discussion with Whakatāne and Ōpōtiki, SIL Research a New Zealand based (Hawkes Bay) registered market research company with 25-plus years' experience in local government will undertake this project. SIL Research has been the provider of resident surveys for both Whakatāne and Ōpōtiki for a number of years. Timing of the survey moved from January (the traditional timing for the survey) to April/May with the results available by the end of May/June 2023. Plan to use multiple methods for data collection including phone, mail, social media, and targeted approaches. Project Outline available. Opportunity to assess and develop the monthly customer satisfaction survey online with SIL Research.	Draft Questions March 2023 Survey completion April/May 2023 Final report May/June 2023

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
Council 28.06.22	His Worship the Mayor's Report Elected Members agreed to move the cemetery records from the toilet block area to another area of the cemetery. <u>22.02.23 Council</u> Staff to communicate to public regarding the relocation of the cemetery records.	GM O&S C&EM	In Progress In Progress	A solution has been developed. It is being costed and will be presented to Elected Members in a workshop. Part of the Mayor's Message in the December 2022 newsletter As new solution re-worked we will advise community	April 2023 Ongoing
R&S 12.07.22	Monthly Report - Regulatory and Planning Services Iwi consultation for the Spatial Plan.	GM R&P	In Progress	The Whakatane/Kawerau Spatial Plan is being developed in partnership with central government and Iwi from both Whakatane and Kawerau. Tuwharetoa Settlement Trust has been invited to join, but declined as they do not believe they speak for all the Iwi. Tuwharetoa Kaumatua, Te Haukaka (Boyce) Te Rire has agreed to sit at the Governance level (once established), and will liaise with Tuwharetoa Kaumatua on who may be the appropriate person to sit at the leadership level.	Ongoing
R&S 16.08.22	Monthly Report - Operations and Services Opus report to be made available to the Disability Group.	GM O&S	In Progress	Meeting between Disability Group and staff planned to discuss the results and options	April 2023

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
R&S 13.09.22	Monthly Report - Operations and Services Staff to present a report for CCTV footage to Council at the 20 September 2022 Workshop with the urgency for New Zealand Police to attend.	GM F&CS	Complete In Progress	A workshop was held on Tuesday 20 th September with Police attending. A further workshop will be held following meetings with stakeholders and adding additional cameras requested.	Complete March 2023
R&S 13.09.22	Monthly Report - Economic and Community Development Staff to: 1. provide Council with a date when the Bert Hamilton Hall repairs will commence. 2. communicate to regular hirers of the Bert Hamilton Hall about the maintenance on the Hall. 3. organise a letter of gratitude to be sent to the guest speakers of the Kawerau Young Achievers Awards.	ECDM	In Progress	1. Staff departure within Council has resulted in further delays in progress. Contractors will be engaged to determine works necessary and cost. 2. A letter was sent to regular users and initial comms placed in latest newsletter explaining next course of action. 3. Letter completed and circulated.	March 2023 Completed Completed
R&S 15.11.22	Monthly Report - Regulatory and Planning Services Staff to invite Commissioner Russell Orr and Inspector Jan Pryor to speak at the next Regulatory and Services Committee Meeting about unannounced inspections and the timing of visits. Staff to contact MSD directly regarding alternative housing for homelessness with the introduction of the new Self-Contained Motor Vehicles Legislation Bill.	GM R&P	Complete In Progress	Commissioner Russell Orr and Inspector Jan Pryor met with Council on 15 th March 2023. Engaging with local MSD Office regarding alternative housing options for homelessness.	Completed Week Starting 27 March 2023

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
R&S 13.12.22	Monthly Report – Economic & Community Development Staff to provide Elected Members with a breakdown of the funding from the Youth Fund Officials meeting with the Youth Council.	ECDM	In Progress	The Ministry of Youth Development (MYD) are yet to release details of the successful recipients.	Awaiting release from MYD
R&S 08.02.23	Monthly Report - Operations and Services Item 10: Vandalism – Staff to include in monthly reports, the location of the walls that have been vandalised. Staff to relay to residents the reason behind the discolouration of the water. In addition, include what zone we are up to with the pipe reticulation replacement project.	GM O&S C&EM	In Progress Ongoing	Locations will be included in the next R&S report Social media completed. Newsletter 22 March completed Will continue to promote	April 2023 Ongoing
Council 22.02.23	Council Minutes – 13.12.22 Council agreed to increase the general refuse charge for commercial trucks only at \$260 per tonne up to 2 cubic meters and \$290 per tonne exceeding 2 cubic meters. Council further agreed to review the charge at the February Regulatory and Services meeting.	GM O&S	Pending	Staff will do a full review for the 2023/2024 Financial Year.	June 2023

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OC: Ordinary Council EC: Extraordinary Council A&R: Audit & Risk Committee R&S: Regulatory & Services Committee
 GMF&CS: Group Manager, Finance & Corporate Services GMO&S: Group Manager, Operations & Services
 GMR&P: Group Manager, Regulatory & Planning C&EM: Communication & Engagement Manager
 ECDM: Economic & Community Development Manager

Completed Items

Meeting Date	Action	Comments
R&S 13.12.22	<p>Public Forum Staff to discuss with the owner of the laundromat about assisting with the repairs to carpark area.</p> <p>22/02/23 Staff to update Anne Kubler regarding the exit to the laundromat.</p>	<p>Staff discussed with the owner some options to limit thoroughfare and look at including the repair in the next parking area resurfacing.</p> <p>Staff updated Anne Kubler on the options being considered with the business owner to repair the area.</p>
R&S 08.02.23	<p>Monthly Report - Regulatory and Planning Services Item 2: Monitoring and Compliance - Staff to revise the chart to capture the number of events that have been attended.</p>	<p>Updated report with graphs to provide additional information.</p>
R&S 08.02.23	<p>Monthly Report - Finance and Corporate Services Item 2: Payments - Staff to alter narrative regarding the payment for Holmac Limited and Cooney Lees and Morgan progress payment.</p>	<p>Holmac Limited – approved pool expenditure total \$68,017.90 breakdown -</p> <ul style="list-style-type: none"> * Spa Pool & Learners Pool - \$24,306.40 * Spa Pool Bulkhead - \$10,062.50 * Main Pool Tiles - \$31,475.50 * Main Pool Bulkhead - \$2,173.50 <p>Cooney Lees & Morgan this is progress payments for Porritt Glade Lifestyle Village for units contraction. Progress payments are paid through to solicitors trust account</p>
Council 22.02.23	<p>Adoption of the Draft Eastern Bay of Plenty Local Alcohol Policy for Public Consultation</p> <p>Page 199: Licensed Premises in Kawerau District as of July 2022 – Staff to add addresses into the table.</p> <p>Staff to confirm if River Road Dairy and Galway Street Dairy are prohibited to sell alcohol.</p> <p>Page 160: - Staff to confirm that the Pinelands site still exists.</p> <p>Staff to confirm the number of off-licences at Tarawera Park are in the Kawerau District.</p>	<p>Updated report as requested with locations of venues.</p> <p>River Road Dairy and Galway Street Dairy are not openly selling alcohol.</p> <p>Updated report to remove Pinelands.</p> <p>Unable to change the information source but updated report to show what areas were covered under Tarawera Park, Monika Lanham</p>

Meeting Date	Action	Comments
Council 22.02.23	Local Governance Statement Item 7: Page 102 – Staff to correct Councillor's contact details.	Councillor's contact details have been corrected.

Meeting Council
Meeting Date: 29 March 2023
Subject: Her Worship the Mayor's Report
File No. 101400

1 **Purpose**

The purpose of this report is to outline meetings, functions and events that I have hosted, attended and/or participated in from the period Wednesday 15 February to Wednesday 15 March 2023.

February

- 15
 - Council Workshop Day
 - Civil Defence briefing update on State of National Emergency, via Teams
- 16
 - Retirement Morning Tea for Peter Christophers, GM Finance & Corporate Services
 - Meeting with Kristine Windle re: Stoneham Park/Stock Pound Proposed Land Status Swap
- 17
 - Karakia at Stoneham Park before geotech works commenced
 - BOP Regional Councillor Malcolm Campbell re: funding available through BOPRC
 - KFL Director and ISK Chair Jacob Kajavala re: Beacon article of WDC presentation
 - Cultural Advisor Te Haukakawa (Boycie) Te Rire re: upcoming Commissioner visit for proposed boundary change WDC to KDC
- 20
 - Civil Defence briefing update with Minister Kieran McAnulty, via Teams
 - Meeting with Kowhai Park Body Corp re: Stoneham Park Residential Development
- 21
 - Visit from Commissioners Bingham, Bidrose and Chair Duffy re: Council's application for a proposed boundary change WDC to KDC
- 22
 - Council Meeting Day
- 23
 - Attended with the CEO, the Funeral Service of Aporina Apiata (mother of staff member)
- 24
 - Attended with the CEO, the Funeral Service of Jim Savage (former Councillor and brother of current councillor)
- 27
 - Civil Defence briefing update with Minister Kieran McAnulty, via Teams
- 28
 - Tarawera Awa Restoration Strategy Group First Hui, BOPRC Whakatane
 - Fortnightly Catch-up with Mayors Taskforce Coordinator

March

- 1
 - Follow-up with Mayors Taskforce Coordinator
 - Travel to Wellington with Councillors R Brooking and J Ross for the LGNZ Rural & Provincial meeting
- 2
 - LGNZ Rural & Provincial Meeting in Wellington

- 3 • Catch-up with Scott Necklen from LGNZ re: Council Employee/Employment obligations.
- 6 • Meeting with prospective TUIA rangatahi and their whanau re: TUIA rangatahi kaupapa
- Civil Defence briefing update with Minister Kieran McNulty, via Teams
- 7 • Meeting with Director of BOP Emergency Management, Clinton Naude to discuss Disaster Relief Fund
- 8 • Media Training for Elected Members
- Informal Meet & Greet with Lyndon Settle, CE of Quayside Holdings
- TUIA Mentor Workshop in preparation for upcoming TUIA wānanga, via Teams
- Guest Speaker at the Chamber of Commerce Women In Leadership evening
- 9 • Regional Transport Committee Meeting, via Zoom
- Kawerau Youth Council Swearing In Ceremony
- 10-12 • Travel to TUIA Wananga, Mangatoatoa Marae, Tokanui
- 13 • Monthly Iwi Liaison Meeting with Te Haukakawa (Boycie) Te Rire
- Civil Defence briefing update with Minister Kieran McNulty, via Teams
- Public Meeting 1 re: Stoneham Park Residential Development
- 14 • Catch-up with Jo Seddon, Community Relations Manager for Chorus
- Agenda Briefing for upcoming Civil Defence Emergency Management Group Joint Committee Meeting, via Zoom
- Fortnightly Catch-up with Mayors Taskforce Coordinator
- 15 • Regulatory & Services Committee Meeting
- Hearings Committee Meeting
- Public Meeting 2 re: Stoneham Park Residential Development

2 **RECOMMENDATION**

That Her Worship the Mayor's report for the period Wednesday 15 February to Wednesday 15 March 2023 be received.



Faylene Tunui
Mayor

Meeting: Council
Meeting Date: 29 March 2023
Subject: Council Created Depreciation Reserve
File No.: 201910

1 **Purpose**

The purpose of this report is to outline a proposal for Council to consider combining the individual activity Council Created Depreciation Reserve accounts into one general Depreciation Reserve. The aim of this workshop is to allow discussion, questions, and feedback regarding this proposed change to Council's current treatment of Council Created Depreciation Reserves.

2 **Background**

The Local Government Act 2002 requires Council to ensure that each year's estimated operating revenues are set at a level sufficient to meet that year's estimated operating expenses unless Council resolves that it is financially prudent not to do so. The operating expenditure includes the funding of depreciation for all Council's assets. Depreciation is the allocation of the cost of an asset over the assets life. In simple terms, if a pipe costs \$1,000 and will last for 100 years, \$10 of that pipes cost will be expensed each year.

In 1998/1999, Council implemented and started phasing in the full funding of depreciation in order to comply with legislative requirements. At the time, guidelines issued by the Auditor-General indicated that it would be reasonable for councils not to fund depreciation on certain assets where they were non-strategic and there was no intention to replace them.

Council resolved at that time, and has since confirmed not to fund depreciation on non-strategic assets such as Council Buildings, some Council facilities as the assets may not be replaced in their current format in the future, and the burden to the community is too great. Council also does not fully fund depreciation on roads subject to Waka Kotahi/ New Zealand Transport Agency subsidies. Waka Kotahi currently funds 75% of the cost of some roading assets. The benefits of not funding the portion of depreciation for assets which Waka Kotahi provides subsidy funding, is that ratepayers are not funding depreciation, which it believes is unlikely to be needed.

For the assets that Council does fund depreciation, either fully or partially, these funds at present are allocated to individual Council Created Depreciation Reserve accounts. These reserves are then used to fund asset renewals. The preliminary¹ summary of Council's Depreciation Reserves by Council activity as at 30 June 2022, are as follows:

¹ Based on the Draft Annual Report as at 30 June 2022, subject to final Audit confirmation.

Activity	Balance as at 30 June 2022
Democracy	\$115,633
Economic & Community Development	(\$2,169,204)
Environmental Services	(\$108,928)
Roading and Footpaths	\$1,402,007
Stormwater	\$474,219
Water Supply	\$2,544,861
Wastewater	\$3,590,418
Solid Waste	(\$187,339)
Leisure & Recreation	(\$443,352)
Overheads	\$292,987
Total	\$5,512,179

Appendix 1 has specific details on the 35 individual Depreciation Reserve accounts for each sub-activity as at 30 June 2022.

Each of these reserves is managed with all depreciation funding received increasing the specific reserve fund balance (deposits) and if any of the funds are used to pay for asset renewals the reserve fund balance is reduced (expenditure). Internal borrowing is used when there are insufficient reserve funds for an activity's renewal expenditure.

There are three types of Reserves that Council has which are included in Council's Annual Report:

Council Created Reserves - are established by Council with full discretion on the use and purpose of these reserves. The current Council Created Reserves are the Depreciation Reserve Accounts.

Restricted Reserves - are those reserves subject to specific legal obligations which restricts the use for which the funds can be used. Council currently does not hold any restricted reserves.

Property Revaluation Reserves - reflects the movement in asset values due to the tri-annual revaluation of Council's assets.

3 Proposed Policy Change

The proposed change is to have one general Council Created Depreciation Reserve account by combining all the current separate accounts for each activity.

The key underlying principle to the proposed change, is that the funding for all of Council's depreciation reserves is the General Rate. If depreciation was funded by different funding methods for activities, having separate Depreciation Reserve accounts would be appropriate. However, for the funding of Council's Depreciation Reserves the funds are all coming from the same source, the total general rate.

The benefits of having the one general Depreciation Reserve account is that it will provide Council with greater flexibility on the funds use, while also simplifying the accounting of the reserves.

These Reserves were established by Council and the use or criteria for these funds can be changed at Council's discretion. This change does not preclude Council from setting aside other Council Created Reserve Funds for purposes other than the Depreciation Reserves in the future.

4 Policy and Plan Considerations

Council's current policies specify Council will have and utilise Depreciation Reserves to fund capital expenditure for Council activities, for which depreciation is funded. Council will still have a general Depreciation Reserve and this will not change the funding of depreciation to meet the future asset renewals expenditure.

5 Significance and Engagement

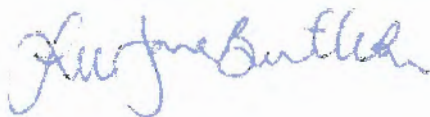
Council will continue to have a Depreciation Reserve, there is no significant change or impact with this proposal, therefore no need for community consultation.

6 Financial Considerations

There is no direct financial impact on the rates requirement should Council decide to have one general Depreciation Reserve. When funding asset renewals Council will still have the ability to decide if the renewals expenditure is funded by the Council Created Depreciation Reserve or by external loans.

7 RECOMMENDATIONS

1. That the report "Council Created Depreciation Reserve" be received.
2. That Council approve combining all the current separate activity depreciation reserve accounts into one "General Council Created Depreciation Reserve".



Lee-Anne Butler CA, BMS

Group Manager Finance and Corporate Services

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Appendix 1 - Council Created Depreciation Reserves

2020/21 \$	Council Created Depreciation Reserves	Deposits \$	Expenditure \$	2021/22 \$
	To set funds aside for the renewal of assets utilised by the following activities:			
115,152	Democracy	481	0	115,633
590	Building & Inspection	2	0	592
4,064	Environmental Health	6	0	4,070
(118,298)	Dog Control	25,686	(20,978)	(113,590)
1,371,833	Roading/Footpaths	258,166	(227,112)	1,402,887
418,168	Stormwater	61,301	(5,250)	474,219
3,327,834	Water Supply	548,472	(1,331,445)	2,544,861
4,014,056	Wastewater	507,161	(930,799)	3,590,418
(262,465)	Refuse Disposal	8,886	(33,705)	(287,284)
94,176	Zero Waste	5,769	0	99,945
(469,550)	Library	71,060	(72,808)	(471,297)
(130,108)	Museum	19,744	(13,431)	(123,796)
(555,508)	Swimming Pool	143,234	(871,012)	(1,283,285)
(179,258)	Rec Centre	70,540	(1,658)	(110,376)
329,527	Town Hall	47,973	0	377,499
20,907	Concert Chamber	18,532	(1,995)	37,445
(153,473)	Town Centre Toilets	6,342	0	(147,131)
1,178,328	Sportfields	110,822	(119,611)	1,169,539
(370,985)	Passive Reserves	66,898	(25,618)	(329,705)
222	Road Berms	0	0	222
21,152	Street Trees	1,932	0	23,084
1,253	Bedding Displays	3	0	1,256
326,499	Playgrounds	24,615	(4,077)	347,037
(131,243)	Pensioner Housing (Bert Hamilton Hall)	(807)	0	(132,049)
60,630	Cemetery	5,525	0	66,156
(819,202)	Residential Developments	17,565	(251,459)	(1,053,095)
(2,311,748)	Retirement Village	17,913	1,597,995	(695,841)
(201,221)	Firmin Lodge	36,570	(31,474)	(196,124)
(382,863)	District Office & Depot	96,009	(27,862)	(314,716)
464,758	Finance	52,887	(83,773)	433,872
5,692	Operations & Services	(8)	0	5,684
(107,464)	Information Centre	9,267	(2,012)	(100,209)
46,463	Plant	147,105	(25,421)	168,147
11,024	Development Feasibility Fund	96		11,120
(2,980)	Economic Development	(26)	0	(3,006)
5,615,962	Total	2,379,720	(2,483,503)	5,512,179

Meeting: Council

Meeting Date: 29 March 2023

Subject: **BOPLASS Limited - Draft Statement of Intent 2023-2026 and Half-Yearly Report to 31 December 2022**

File No.: 104023

1 Purpose

The purpose of this report is to:

1. Consider the BOPLASS Limited Draft Statement of Intent (SOI) for 2023-2026; and
2. Receive BOPLASS Limited's half-yearly report to shareholders, outlining its performance for the six months to 31 December 2022 against the 2022-25 Statement of Intent.

2 Background

In July 2007, Bay of Plenty Local Authority Shared Services (BOPLASS) was established as a Council Controlled Organisation for the future development of shared services in the region.

Statement of Intent

Schedule 8 of the Local Government Act 2002 requires Council Controlled Organisations to deliver to shareholders a draft Statement of Intent for the coming financial year, by 1 March in the preceding financial year. Shareholders then have up to two months to make comments on the draft. The CCO Board must consider these comments and deliver a final Statement of Intent to shareholders before the beginning of the financial year. The draft Statement of Intent is attached to this report.

The draft Statement of Intent includes:

- Objectives;
- Future developments;
- Performance targets, and
- Financial forecasts for 2023/24, 2024/25 and 2025/26.

The formal draft document has been approved by the BOPLASS Board for circulation to shareholders. Any submissions made by shareholders will be considered by the directors, with a final document being approved by 30 June 2023.

Six Monthly Report

In accordance with the Statement of Intent and the Local Government Act 2002 BOPLASS is required to report to Council on financial and non-financial performance six monthly and annually. Specifically the Statement of Intent requires that the six-monthly report includes:

- i. a statement of financial performance
- ii. a statement of movements in equity

3 Statement of Intent

The Draft Statement of Intent continues the primary focus on joint procurement initiatives that deliver financial savings or an enhanced service.

4 Six Monthly Report - Summary of Performance

Non-financial performance

The report states that all targets are being achieved or are on-track to be achieved. The report outlines a list of projects and initiatives that support this view (see pages 3-5 of the report).

Financial performance

Financial performance for the year shows that the organisation is operating within budget. Operating revenue is \$106,592 above budget, and operating expenditure is \$117,478 above budget, primarily due to delays in aerial photography in 2020, with the work being moved forward to 2021. Variations to the budget are noted by BOPLASS on Page 6 of the report.

5 Policy and Plan Considerations

The draft SOI is consistent with Council's Policies and Plans.

6 Consideration of Community Views

Community views have not been sought on this matter, nor is it recommended that they be sought. The consideration of the BOPLASS draft SOI is not significant in terms of Council's Significance and Engagement Policy.

7 Financial Considerations

Council's financial contribution to BOPLASS Limited is included in the Draft Long Term Plan Estimates.

8 Legal Considerations

Schedule 8 of the Local Government Act 2002 sets out the detailed requirements relating to Statements of Intent.

9 RECOMMENDATIONS

1. That the report "BOPLASS Limited - Draft Statement of Intent 2023-2026 and Half Yearly Report 31 December 2022" be received.
2. That Council approves the BOPLASS Limited Draft Statement of Intent for 2023-2026.

Russell George, CA, MBA

Chief Executive Officer

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BOPLASS Ltd

STATEMENT OF INTENT FOR 2023-2026



June 2023

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

1. Introduction

This Statement of Intent (SOI), developed under Schedule 8 of the Local Government Act 2002:

- Declares a public statement of the activities and intentions of BOPLASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of BOPLASS Ltd, and
- Provides a basis for the accountability of the Directors to the Shareholders for the performance of BOPLASS Ltd.
- Covers BOPLASS Ltd and any subsidiary company established in pursuance of the objectives herein.

2. Background and Benefits

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a Council Controlled Organisation (CCO) to investigate, develop and deliver Joint Procurement and Shared Services projects where delivery is more effective for any combination of some or all of the councils.

Since inception, estimated financial savings of over \$28 million have been achieved by the participating councils through undertaking joint initiatives. BOPLASS is forecast to return in excess of \$2.5 million in savings in the 2022-23 financial year.

Other benefits that have been achieved through collaboration are:

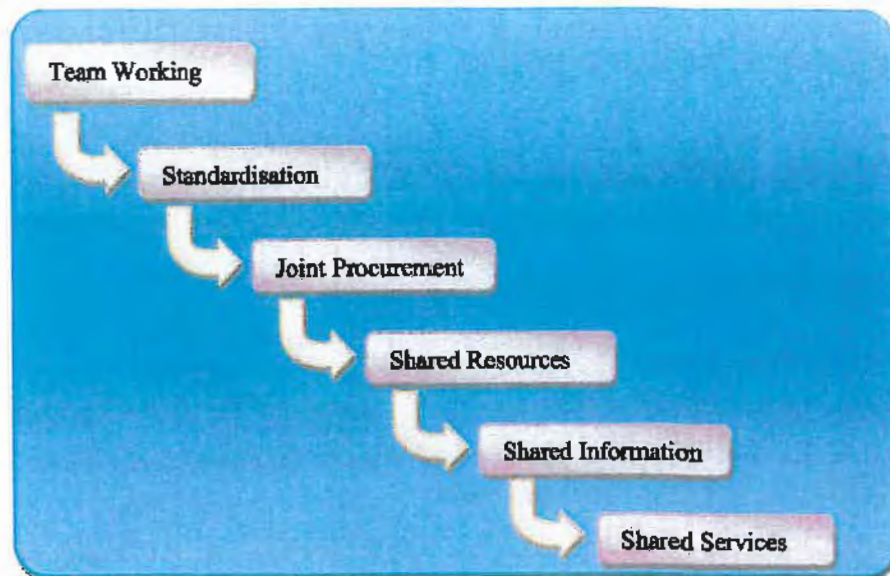
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all councils irrespective of location or size.

Business processes, information architectures and functional tools differ in each council to varying degrees. The BOPLASS strategies facilitate a journey of progressive development using the approach identified in the BOPLASS Strategy and Action Plan to:

- enhance the capability to collaborate;
- encourage the elimination of barriers to collaborative action; and
- identify services that deliver viable business cases.

A generic sequence or stages of collaboration between multiple councils is followed to develop Shared Services, as shown in Figure 1.



Many of the BOPLASS Joint Procurement projects have supported the development of standard products, services or solutions across the councils. These standards assist in creating a foundation for the delivery of collaboration within the councils.

Examples of Joint Procurement and Shared Services projects are:

- Infrastructure Insurance
- Collective Training
- Aerial Imagery and LiDAR
- Provincial Growth Fund Co-funding for LiDAR Capture
- Standardised Community Engagement App
- Lone Worker Field Solutions
- Robotic Process Automation
- Accounts Payable Automation Software
- Print Media Licencing
- Insurance Valuations
- Contractor Online Inductions
- Health and Safety Management Software
- Radio Telephony (RT) Strategy
- Solid Waste Management
- Health and Safety Inter-Council Audits
- Asbestos Protocols
- Sustainable Public Procurement
- Health and Safety Benchmarking
- Video Conferencing Services
- Council Library and Cloud Services
- Inter-Council Network (ICN) Review, Redesign and Renegotiation
- Debt Collections
- Collaboration Portal
- Capital Construction and Civil Works Projects
- Fortigate Firewall Services
- Wireless WAN
- Inter-LASS Collaboration
- Human Resources Information Systems

Full list of projects included as Appendix B.

3. Our Vision

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

4. Objectives of BOPLASS Ltd

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

5. Nature and Scope of Activities

The principle nature and scope of the activities of BOPLASS Ltd is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its Shareholders in matters with which it is associated.

6. Sustainable Future: Environmental, Social and Governance (ESG)

The board recognises the importance of ESG in BOPLASS' role and ensuring that integrated risk management and non-financial outcomes are considered in all BOPLASS joint procurement and shared services initiatives.

The company is committed to operating all aspects of its business with a focus on protecting and enhancing our communities today and in the future through sustainable environmentally responsible business practices, social contribution, and good governance.

The company has always had a stakeholder-centric approach, ensuring the company's objectives, goals and the undertaking of business are aligned with our constituent councils, our wider communities and supporting ESG outcomes that have wide-ranging benefits.

While achieving financial savings for member councils through BOPLASS joint procurement is a key objective, the company recognises the importance and responsibility of social procurement and will continue to consider the broader environmental, social and cultural outcomes as part of all BOPLASS procurement processes.

As examples, BOPLASS is working towards satisfying ESG criteria within social procurement by:

- Increasing access to BOPLASS procurement contracts for NZ businesses and local businesses, with particular focus on those groups that may have limited access to opportunities (such as Māori and Pacific Peoples' businesses).
- Giving consideration to organisations that provide employment opportunities to targeted groups and promote inclusion and diversity within their workforce.
- Recognising vendors that will help future-proof the ability of New Zealand businesses to trade.

With a focus on *Social Sustainability*, BOPLASS ensures a balanced approach is taken with the company's activities to create positive social and cultural outcomes for the local communities it serves while also maximising positive outcomes for Māori and the broader community.

Environmental Sustainability is a priority in all BOPLASS business activities – internal and external. Through collaboration and partnership with its constituent councils, BOPLASS will operate in an environmentally responsible way and will embed sustainability considerations (including ethical considerations) in a culture of excellence across its wider business and all joint procurement and shared service initiatives.

7. Governance Structure

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Company is governed by its Directors. To ensure total synergy between the Company's activities and its council shareholders' activities, nine Directors are also the current Chief Executives of their respective shareholding councils. The dual roles recognise the interdependence of BOPLASS and its councils in the undertaking of its activities.

The Board also includes an independent Chair, appointed with specific skills and knowledge to add incremental value. This appointment brings experience and specialist skills that are complementary to those held by the other Directors.

Shareholder	Appointed Director
Bay of Plenty Regional Council	Fiona McTavish
Gisborne District Council	Nedine Thatcher Swann
Kawerau District Council	Russell George
Opotiki District Council	Stace Lewer
Rotorua Lakes Council	Geoff Williams
Taupo District Council	Gareth Green
Tauranga City Council	Marty Grenfell
Western Bay of Plenty District Council	John Holyoake
Whakatane District Council	Stephanie O'Sullivan
Independent Director and Chair	Craig O'Connell

A sub-committee of council delegates has responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation.

Each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The Board retains the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one Board of Directors and that remains at the umbrella or holding company level.

The Board has established a principle that participation in each initiative is decided by individual councils on an 'opt in' basis.

Services delivered are subject to a formal service level agreement between BOPLASS Ltd and the participating councils, outlining the services and activities provided, where, when and how; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group or as approved by the Operations Committee. In considering

Joint Procurement initiatives, the Company will take into account the opportunities available through All of Government (AoG) purchasing arrangements and, where there is demonstrated benefit to the Company or its constituent councils, support such initiatives. In assessing the benefits of a Joint Procurement initiative, opportunities for integration shall be considered. The Board has recognised that the availability of All of Government Procurement options has the potential to impact on BOPLASS' ability to provide procurement options in some categories.

Subject to the approval of shareholders in accordance with the shareholder agreement the Directors may decide that a particular activity is best managed as a subsidiary company and proceed accordingly. Any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent shall not be required to have a separate Statement of Intent.

8. Future Developments

The company recognises the importance of remaining adaptive in what is a complex and changing working environment. BOPLASS continues to look at new opportunities or alternative approaches to progressing projects that benefit our shareholding councils.

The Board recognise that the drive for change and/or collaboration in some key areas of council business will often be led by other groups, e.g. three waters reform, RMA changes. Although BOPLASS may not be leading these specific projects, the organisation may be considered as one of the vehicles available to assist with managing collective regional outputs from these projects.

BOPLASS Joint Procurement opportunities will continue to be actively pursued to ensure maximum savings and benefits are delivered to the participating councils through existing and new contracts.

Joint Procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils, with councils participating on an opt-in basis.

BOPLASS will explore opportunities for councils to develop ICT solutions using middleware and cloud technologies that allow for future sharing and the development of Shared Services without the wholesale replacement of IT systems.

The Board will be looking for commitment from councils to participate in collaborative services and to provide a lead in the identification and management of opportunities and projects.

9. Inter-Regional Collaboration

The board recognise the benefits of BOPLASS proactively partnering with other local authorities and Shared Services organisations where they are either developing or considering developing cost effective services or Joint Procurement initiatives that are of value to the BOPLASS councils. The Board is looking to expand on this activity and

the range of opportunities for inter-regional partnering. BOPLASS will work towards providing improved visibility of projects being undertaken in other regions that may provide for multiple councils to participate in.

Where it is practicable, BOPLASS will work with other LASS or councils to leverage off, or participate in, services established by other collective local government groups.

The Collaboration Portal, established by BOPLASS for the sharing of information on Shared Services or Joint Procurement opportunities, has been made available to the wider local government community to provide better visibility of common projects and to encourage further cross-regional collaboration. BOPLASS will continue to market the benefits of inter-region collaboration and assist other councils through providing support and access to the Collaboration Portal.

BOPLASS has provided substantial savings to its shareholding councils through joint procurement and the Board has tasked BOPLASS with leading further inter-regional joint procurement initiatives that will provide benefit to all parties through an aggregated approach.

Significant benefits and savings have been achieved in the placement of councils' insurance through working in conjunction with other LASS. BOPLASS is considered a key contributor to the development of the interLASS insurance collective. Unfortunately, cost-effective placements and coverage are becoming more challenging to achieve as a result of the continued hardening of global insurance markets. Opportunities for the LASS groups to share resources to ensure we maintain our favourable position within the insurance industry will continue to be investigated.

10. Stakeholder Engagement

BOPLASS recognises the ambitious plans our constituent councils have for their communities and endeavours to support these aspirations through:

- Regular engagement at project, management and governance level;
- Including councils' short, medium and long-term goals within BOPLASS planning;
- Using quality information from councils to guide our decision-making;
- Identifying and developing services that directly benefit councils and/or their communities;
- Monitoring councils' future plans and remaining agile to change to include these aspirations in our own planning;
- Ensuring there are regular communications about individual council's LTP developments to assist BOPLASS with aligning with councils' strategic direction;
- Regularly communicating to ensure stakeholders are aware of what we are doing and why we are doing it;
- Involving councils in our decision-making and planning.

11. Performance Targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of active users to increase by 5% per year.
Communicate with each shareholding council at appropriate levels.	Meeting with members of Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

12. Balance Sheet Ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As at 30 June 2022 the consolidated Shareholder funds comprised \$52,070 and the total assets were \$1,222,864. The resulting ratio is 4.26%.

As asset owning Shared Services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each council's contribution.

13. Accounting Policies

13.1 Statement of Accounting Principles

The Company will adopt accounting practices that comply with NZ IFRS, the requirements of the LGA and the Financial Reporting Act 1993.

13.2 IPSAS Accounting Standards

As a Public Sector Public Benefit Entity (PS PBE), the Company has elected to report using International Public Sector Accounting Standards for Public Benefit Entities under Tier 3 PBE standards.

13.3 Measurement Basis

The Company will follow generally accepted international accounting principles for reporting of earnings and financial position.

13.4 Specific Accounting Principles

The following are principles which will have a significant effect on the measurement of financial position:

- Accounts Receivable are stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.
- Any liability for overseas funding of equipment, systems or services is based on the prevailing exchange rate as at balance date.
- Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but no greater than four years.
- All assets are depreciated over their expected useful lives. Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.

- It is not envisaged that the Company will hold inventories, other than those that might relate to providing information services to a number of parties. They will be valued at net realisable value.
- Taxation will be provided as required in line with relevant legislation.
- In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General will be responsible for the audit of the Company's financial statements.

14. Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds (after tax) remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

15. Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

- On a three-monthly basis the Financial Position and Cashflow.
- Within two months of the end of the first half of the financial year: Financial Performance and Financial Position.
- Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the Company has tracked against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Six monthly summaries of project activities included in Half Yearly and Annual Reports.

16. Procedures for the Purchase and Acquisition of Shares

The Board will give approval before BOPLASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

17. Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure Shared Services will be budgeted for in advance, subject to a business case and either funded by individual councils without BOPLASS Ltd involvement, or agreed by the Board to be funded by BOPLASS Ltd with consequent recovery from participating councils.

Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge, the Directors may take into account the cost of running the Company, its future operational requirements, the nature and cost of the service provided, benefits achieved and councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or invest in further developing of that or other services, as agreed by the Advisory Group and by the Board.

18. Value of Shareholder's Investment

The Directors estimate that, at this stage, BOPLASS Ltd has limited commercial value. As each shareholder's investment in BOPLASS Ltd is less than \$20,000, the Board believe that fairly represents the value of their investment. The Directors will reassess the value of this shareholding on or about the 1st of March each year.

19. Financial Forecasts

The Forecast Financial Statements for the years 2023-2026 are included (Appendix A).

The Aerial Photography revenue/expenses reflects the flying programme determined by the participating councils which includes interim flying programmes and extensive region-wide flying programmes over the next five years.

A continued increase in Recoveries has been forecast to reflect the direct recovery of purchases made on behalf of councils through Joint Procurement projects.

It is the company's intention to always fully recover costs incurred on behalf of participating councils.

Appendix A

SOI Forecast 2023/26	Budget 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025
REVENUE				
Revenue - Core	313,992	321,837	329,878	338,120
Bank Interest Received	200	200	200	200
Council Contribution	313,792	321,637	329,678	337,920
Revenue - Projects	1,301,600	1,219,000	1,329,000	1,279,000
Aerial Photography Income	400,000	300,000	400,000	350,000
Bank Interest Received	4,100	9,000	8,000	6,000
Collaboration Portal	50,000	45,000	50,000	52,000
Lease Income - ICN	130,000	130,000	125,000	125,000
Lease Income - Video Confer.	15,000	24,000	24,000	24,000
Rebates	2,500	1,000	2,000	2,000
Recoveries	700,000	710,000	720,000	720,000
Total Operating Revenue	1,615,592	1,540,837	1,658,878	1,617,120
EXPENSES				
Expenditure - Core	384,570	390,103	401,581	410,423
ACC	850	900	950	950
Accommodation & Travel	2,100	2,200	2,200	2,200
Accounting & Audit	21,300	22,000	24,000	24,000
Administration	17,500	18,000	18,500	19,000
Amortisation	7,700	2,000	1,500	1,500
Bank Fees	200	200	200	200
Conferences	2,100	2,200	2,200	2,200
Depreciation	650	5000	4500	4000
Directors costs	21,000	23,000	23,000	25,000
Fringe Benefit Tax	3,500	3,500	4,000	4,000
General & Catering	2,200	2,400	2,400	2,400
Health and Safety	1,000	1,000	1,000	1,000
Insurance	10,500	11,500	13,000	13,000
Interest Paid - TCC Loan	500	0	0	0
Legal	2,000	2,500	2,500	2,500
Salaries	282,170	286,403	292,131	297,973
Salaries - C'Portal Opex	-16,500	-19,000	-18,000	-17,000
Staff Support Costs	17,500	18,000	18,500	18,500
Staff Training Costs	2,000	2,000	2,500	2,500
Subscriptions	1,000	1,000	1,000	1,000
Tax Advice	5,300	5,300	5,500	5,500
Expenditure - Projects	1,231,022	1,150,734	1,257,297	1,206,697
Aerial Photography Expense	400,000	300,000	400,000	350,000
Collaboration Portal Opex	27,122	28,874	30,737	30,137
Lease Expense - ICN	124,800	124,800	120,000	120,000
Lease Expense - Video Confer.	14,100	22,560	22,560	22,560
Projects - Recoveries	665,000	674,500	684,000	684,000
Total Operating Expenditure	1,615,592	1,540,837	1,658,878	1,617,120
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Undertaken Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement:

- Accounts Payable automation software
- Advertising services
- Aerial imagery and LiDAR
- Air travel
- Antivirus software
- Archaeological services
- Asbestos protocols
- Banking
- Capital construction and civil works
- Cloud services
- Collective training services
- Community engagement app
- Courier services
- Cyber insurance
- Document management – EDRMS
- Document storage
- EFTPOS services
- Electricity
- Electronic purchasing
- EMA membership
- Firewall Services
- FME Server
- Fuel
- Geospatial training services
- GIS regional technical advisor
- GIS software
- GPS vehicle tracking
- Health & Safety benchmarking
- Health & Safety management software
- Health & Safety training services
- Health & Wellbeing online platform
- Historic imagery digitisation
- HR information systems
- Infrastructure as a Service
- Insurance brokerage services
- Insurance – General
- Insurance – Infrastructure
- Internet services
- IPWEA library
- Media monitoring
- N3/GSB membership
- Office supplies
- Postal services
- Print media copyright services
- Provincial Growth Fund co-funding
- Radio telephony
- Rapid antigen tests
- Reprographic – printers/copiers
- Risk management workshops
- Security services
- Telephony – voice, data, mobile
- Tender facilitation
- Transactional banking
- Travel and accommodation services
- Valuation services provider
- Video conferencing services
- Website analytics
- Wireless WAN

Identified Joint Procurement Projects

- Agenda management software
- Business continuity
- CD emergency notifications
- Chemicals
- Civil works contracts
- Civil works materials
- Community communication systems
- Contractor online inductions
- Digital signatures
- Document scanning
- Driver training
- Drug & Alcohol testing
- Engineering Codes of Practice
- Fleet purchasing and management
- Health insurance
- High volume print
- ICT security policies
- Infrastructure valuation services
- IT applications
- Lone worker field solutions
- Media distribution services
- PPE & Uniform
- Property valuation services
- Recruitment/Candidate management
- Risk profiling workshops
- Robotic Process Automation (RPA)
- Surveys and research

Shared Services

Managed by BOPLASS or by one or more constituent councils:

- After hours call management
- Archive service
- Contractor H&S prequalification
- Debt recovery services
- Employee benefit schemes
- FME licensing pool
- GIS imagery data storage
- GIS support (inter-council)
- GIS web services
- Health and safety auditing
- Historic aerial imagery digitisation
- Insurance COE
- Inter-council network
- Internal audit services
- MahiTahi LG Collaboration Portal
- Media monitoring
- Occupational health
- Radio telephony strategy
- Section 17a reviews
- Shared licence server
- Solid waste services
- Standards NZ
- Video conferencing hosting
- Waste Operator Licensing

Projects for Consideration

- Asset Management
- Building consents
- Business continuity planning
- Capital Expenditure projects
- CCTV monitoring
- Centralised insurance resource
- Civil Defence Emergency Management
- Civil works projects marketing
- Consents Processing
- Contractor online inductions
- Digital transformation
- Diversion of putrescible waste from landfill
- Document digitisation
- Driver training
- Electronic Document and Records Management System
- Geospatial services
- HR Information Systems
- Information Services
- Infrastructure development codes
- Insurance valuations
- IT hosting
- Joint software support
- Payroll
- Project management office
- Rates Collection
- Regional Civil Defence
- Risk and total assurance
- Shared datacentre
- Solid waste regional facilities strategy
- Smart cities
- Staff engagement survey systems
- Web services
- Windscreen replacement



BOPLASS Ltd

HALF YEARLY REPORT TO SHAREHOLDERS



Period ended 31 December 2022

"COUNCILS PARTNERING FOR VALUE AND SERVICE"



BOPLASS Chair's Report

It is with pleasure the Directors present their 2022/2023 Half Yearly Report to Shareholders demonstrating the considerable contribution the company makes to collaboration between councils.

In mid-2022 we were pleased to welcome Miles McConway, Ōpōtiki District Council acting CEO to the board in an interim role. Miles joined the board with prior experience with BOPLASS, and as one of the company initiators we valued his experience and his continued drive to deliver value for our councils through collaboration. As we welcomed Miles, we farewelled Aileen Lawrie. As one of the original BOPLASS directors Aileen has left a legacy of leading change across the region and proactively supporting inter-council collaboration. The Board thank Aileen for her significant contribution and wish her well for her future endeavours. With Stace Lewer's appointment as Ōpōtiki District Council CEO he joins the BOPLASS board, and we welcome his contribution.

The International insurance market remained under pressure in 2022, despite predictions that the peak may have been reached. The main drivers being inflation and the scale of ongoing losses from natural disaster events. During the renewal process BOPLASS leveraged new and existing relationships within international and local insurance markets to educate underwriters on BOPLASS councils' proactive management of risk and resiliency. Data from the BOPLASS LiDAR programme was utilised to demonstrate our councils understanding and management of natural catastrophe exposures. This three-dimensional presentation of the data was unique and was successful in capturing the attention of every syndicate, resulting in particularly good renewal outcomes. Full cover was maintained for all councils and secured with competitive terms and rates.

The MahiTahi LG Collaboration Portal has proven to be an essential tool in the identification and development of shared services opportunities and the sharing of information. In addition to new councils signing up to the portal, it is now being used by the Department of Internal Affairs for coordination and collaboration between local government staff in the Water-Reform Management Groups. Additionally, BOPLASS has supported the migration of the RSHL Te Uru Kahika Hub (regional and unitary councils) being hosted within the same environment. These are both very good examples of a BOPLASS initiative having wide-reaching benefits.

With effective management and renewal of established procurement contracts, BOPLASS has continued to ensure best value is delivered for our shareholding councils during the first six months of the year. In addition, BOPLASS is currently leading shared service and procurement projects that will deliver further value to our councils. Several of these new initiatives are being undertaken in conjunction with MW LASS and Waikato councils. It's pleasing to be developing inter-regional opportunities that provide value to each group while leveraging savings, benefits, and improved level of service across multiple councils.

Additional information about current projects is available in the attached report.

We thank staff from the participating councils and acknowledge the support we have received from them.

Yours faithfully

Craig O'Connell
Chair



BOPLASS Ltd

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

HALF YEARLY REPORT TO SHAREHOLDERS

20 FEBRUARY 2023

1 INTRODUCTION

The Local Government Act 2002 requires that the Directors deliver to the Shareholders a report within two months of the end of the first six months of the financial year. The report is required to provide information against the objectives set out in the Statement of Intent. The following report records the objectives of the company and reports on performance against a table of specific performance requirements set out in the Statement of Intent.

2 OBJECTIVES OF BOPLASS LTD

The company exists to provide councils in the Bay of Plenty and Gisborne regions with an umbrella vehicle to investigate, procure, develop and deliver shared services.

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

JOINT PROCUREMENT

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

SHARED SERVICES

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

3 GOVERNANCE

In the year to date the governance structure has remained stable with the only change being the appointment of Acting Ōpōtiki Chief Executive, Miles McConway, to the Board as Director and Shareholder Representative from June 2022 to December 2022, and subsequently, Stace Lewer, to the Board as Director and Shareholder Representative from December 2022.

4 NATURE AND SCOPE OF ACTIVITIES

The principle nature and scope of the activities of BOPLASS Ltd is to:

- *Use joint procurement to add value to goods and services sourced for its constituent councils.*
- *Facilitate shared services that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*
- *Pursue best practice in the management of all activities to obtain best value and minimise risk.*
- *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.*
- *Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

5 FUTURE DEVELOPMENTS

BOPLASS Ltd will continue to work on business cases for joint procurement and shared services that may be provided in the region or cross-regionally.

The Board has adjusted its strategy to ensure that BOPLASS is focused on continuing to deliver savings and value to councils through new and existing joint procurement initiatives while also identifying new shared services opportunities.

Current reviews for joint procurement and shared services cover but are not limited to:

- *Asset management*
- *Building consents*
- *Business continuity planning*
- *Capital Expenditure projects*
- *CCTV monitoring*
- *Centralised insurance resource*
- *Consents processing*
- *Contractor online inductions*
- *Document digitisation*
- *Driver training*
- *Geospatial services*
- *High volume print*
- *HR Information Systems*
- *Information services*
- *Infrastructure development codes*
- *Joint software support*
- *Payroll*
- *Project management office*
- *Rates collection*
- *Regional Civil Defence*
- *Solid waste regional facilities strategy*
- *Staff engagement survey systems*
- *Web services*

Other collaborative opportunities may be progressed after the Board has considered individual business cases and formally agreed to take on and deliver (or host/procure etc.) the project.

Joint procurement opportunities will continue to be identified and developed with individual councils engaging under the opt-in principle established by the Board. Joint procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils.

The Board supports BOPLASS continuing to develop collaboration opportunities outside of the regional boundaries. BOPLASS will continue to proactively explore opportunities to partner with other Local Authorities and shared services organisations within New Zealand where they are developing, or considering developing, cost effective shared services and products that are of value to the Bay of Plenty and Gisborne councils.

BOPLASS development of the Collaboration Portal for the sharing of information on joint procurement or shared services opportunities within the constituent councils has identified a number of duplicate projects across councils that present an opportunity for further collaboration. The BOPLASS Collaboration Portal is becoming widely used by other LASS, councils, and local government organisations and provides an opportunity to assist with the identification and management of inter-regional collaboration opportunities. BOPLASS will continue to develop the Collaboration Portal and make it available to the wider local government community.

6 PERFORMANCE TARGETS

To ensure the company continues to operate effectively in both governance and management terms over the next three years the current SOI targets are to:

- Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.
- Investigate new joint procurement initiatives for goods and services for BOPLASS councils.
- Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.
- Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.
- Communicate with each shareholding council at appropriate levels.
- Ensure current funding model is appropriate.

The Board believes that all targets are being achieved or are on-track to be achieved, as is demonstrated by the following list of current initiatives.

7 CURRENT INITIATIVES

The following initiatives have been under consideration or operating during the first part of the year:

HIGHLIGHTS

- **Insurance forum** – BOPLASS is hosting a Local Government Risk Forum for councils across the central and upper North Island, with key speakers covering risk and insurance topics specific to local government.
- **Insurance renewals** - Renewals have been completed for all councils under the BOPLASS collective programme with strong underwriter interest in the programme demonstrated from new and existing syndicates – resulting in improved pricing. With underwriters now very focussed on increasing climate change risks and the impact on councils’ risk profiles, it is anticipated that the recent significant NZ weather events will create challenges for the 2023 renewal.
- **Geotechnical Engineering Panel** – BOPLASS is investigating opportunities for establishing a preapproved panel for accredited geotechnical engineering consultants.
- **Waste Operator and Licensing Data System (WOLDS)** – BOPLASS is leading this project in conjunction with Waikato councils. A shared service is to be established providing a common waste operator licensing and management system across multiple councils.
- **Aerial Imagery** – A tender was awarded for aerial imagery and LiDAR services covering the Eastern Bay region including urban and Maketu/Putuaki areas with LiDAR captured with 8-Pulse specifications.
- **Contractor and Employee H&S inductions** – A project continues to be investigated to develop a common platform and standard for the development and management of H&S inductions – for both staff and contractor purposes.
- **GIS Software and Services** – A number of key contracts for councils’ geospatial software have been reviewed and renewed through collective BOPLASS agreements.
- **Driver Training** – BOPLASS continues to investigate options for appointing a preferred provider for driver training services.
- **MahiTahi Collaboration Portal** – Further growth has been achieved with the MahiTahi Collaboration Portal with additional councils joining and using it as a collaboration tool for sharing information across councils.
- **E-Plan Development** – BOPLASS councils are required to move current operative plans to an online environment. BOPLASS is working with current providers to explore collaborative options and opportunities to leverage a collective group rate.
- **Health insurance** – A project is underway to explore benefits of establishing a group scheme across the BOPLASS group.
- **Health & Safety training** – BOPLASS has renewed a collective agreement for councils’ H&S training services with a wider range of services now included.
- **Cyber Insurance** – Due to the increasing levels of claims in this category, the global cyber market has become extremely challenging with most insurers now very cautious about providing cyber cover – particularly in local government accounts. Working closely with councils’ cyber staff, BOPLASS has been able to renew the collective agreement with a further increase in cover limits.
- **Agenda management software** – A project is underway to investigate standardisation of software across the BOPLASS councils and the sharing of information and templates.

- Print Media Copyright Agency (PMCA) – A collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils’ print and media copyright services.
- Media Monitoring Service – BOPLASS has renewed the collective agreement for media monitoring service across the councils. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements.
- Institute of Public Works Engineering Australasia (IPWEA) – BOPLASS has renewed the single BOPLASS membership covering all councils and providing substantial savings.
- High volume print – Councils currently use a variety of solutions for their high-volume print runs including utilising large print equipment, outsourcing to external suppliers, or a mixture of both. BOPLASS is continuing to investigate alternative solutions with a focus on minimisation of resource and cost reduction.
- Lone worker field solutions – BOPLASS is investigating technologies and solutions to support council staff in lone worker situations.
- Multi-function Devices (Photocopiers and Printers) – A tender is underway for print and copy equipment across the BOPLASS councils. Significant financial and technology benefits have previously been achieved in this category through establishing a collective agreement. Given declining print volumes across councils, retaining flexibility with print fleet requirements will be imperative.
- Video Conference Services – BOPLASS has continued to develop Zoom and meeting room video conference services across the councils. Further work is being undertaken to ensure participating councils continue to have a reliable and secure service.
- Health and Safety Advisory Group – The BOPLASS and Waikato Health and Safety groups continue to collectively develop policies and protocols, significantly reducing the resources required by individual councils and helping ensure common standards and best practice are established across the greater region.
- Procurement Strategy Group – BOPLASS have established a strategy group consisting of the Procurement Leads within each council. The key purpose of the group is to collaborate and develop strategic objectives within councils’ procurement processes. The sharing of knowledge has already proven to be invaluable in councils’ development of broader outcomes within their procurement strategies, to encompass social, cultural, environmental and economic considerations.
- Inter-LASS collaboration – A number of procurement projects are underway covering multiple LASS and benefitting from the increased volumes. Collaboration across the regions is driving greater efficiencies within projects under consideration by more than one LASS and allows the projects to be better resourced.
- Communication – BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.
- Viability of Current Funding Model – The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.

8 FINANCIAL REPORTS

8.1 Financial Support and Accounting Services

Accountancy services and support continue to be provided by Tauranga City Council.

8.2 Accounting Policies

The company is compliant with the accounting policies stated in the Statement of Intent.

8.3 Tier 2 PBE Accounting Standards Applied

The financial accounts are prepared with application of Tier 2 accounting standards.

8.4 Financial Reports

Financial Reports for the period to 31 December 2022 are attached.

8.5 Variations

Aerial photography revenue and expenditure is slightly higher than budgeted due to delays in the initial flying of LiDAR capture in the previous year resulting in the work being moved into the current year. This has resulted in a small portion of older contracted work being completed in 2023, which has resulted in the increased figures we see for these activities.

The salaries account is displaying a variance due to the December end payroll accrual not being included in the budgeted figures, this accrual consists of \$10,042.99 for December end wages/PAYE with an additional \$10,533 being for employee leave entitlement which supports most of the difference identified when compared to budget.

Trade debtor's total \$484,227 of our current assets, this balance is made up of \$390,000 worth of invoices that were issued in December indicating no concern around the idea of bad debts or the need for write offs. Additionally, this large completion of invoices makes up most of the GST portion totalling \$50,738 of current liabilities.

Given the nature of BOPLASS, the entity is in a healthy position heading into the second half of the year knowing that several of the core one-off expenditures are behind us while still having council contributions to supplement operational needs.

9 STAFFING, ACCOMMODATION AND SUPPORT

Staff

Staffing levels are unchanged with a part-time administrator continuing to provide additional project support and management of existing activities.

Accommodation and Support

We continue to appreciate the office space provided to us by BOP Regional Council and the support that is offered for IT and Accounting services by Tauranga City Council.

BOP LASS LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE MONTH ENDED 31 DECEMBER 2022

	Actual YTD	Budget YTD	Total Budget	YTD Variance
REVENUE				
Revenue - Core	166,676	156,996	313,992	9,680
Bank Interest Received	2,423	100	200	2,323
Council Contribution	164,254	156,896	313,792	7,358
Revenue - Projects	1,072,711	975,800	1,301,600	101,911
Bank Interest Received	2,109	2,050	4,100	59
Aerial Photography Revenue	383,434	300,000	400,000	83,434
Collaboration Portal Revenue	31,200	30,000	50,000	1,200
Lease Revenue - ICN	55,995	65,000	130,000	(9,005)
Lease Revenue - Video Conference	22,472	7,500	15,000	14,972
Projects - Recoveries Revenue	576,880	570,000	700,000	6,880
Rebates	622	1,250	2,500	(628)
TOTAL OPERATING REVENUE	1,239,388	1,132,796	1,615,592	106,592
EXPENSES				
Expenditure - Core	210,050	194,935	384,570	15,115
ACC	0	425	850	(425)
Accommodation & Travel	2,437	1,050	2,100	1,387
Accounting & Audit	0	10,650	21,300	(10,650)
Administration	10,769	8,750	17,500	2,019
Amortisation	1,142	3,850	7,700	(2,708)
Bank Fees	66	100	200	(34)
Conferences	0	1,050	2,100	(1,050)
Depreciation	2,953	325	650	2,628
Directors Costs	9,657	10,500	21,000	(843)
Fringe Benefit Tax	1,756	1,750	3,500	6
General & Catering	376	1,100	2,200	(724)
Health & Safety	0	500	1,000	(500)
Insurance	10,950	5,250	10,500	5,700
Interest Paid - TCC Loan	0	250	500	(250)
Legal	0	1,000	2,000	(1,000)
Salaries	165,423	141,085	282,170	24,338
Salaries - Projects OpEx	(9,535)	(8,250)	(16,500)	(1,285)
Staff Support Costs	8,873	8,750	17,500	123
Staff Training Costs	483	1,000	2,000	(517)
Subscriptions	0	500	1,000	(500)
Tax Advice	4,700	5,300	5,300	(600)
Tax Expense - Prior Years	0	0	0	0
Expenditure - Projects	1,035,374	940,061	1,231,022	102,363
Aerial Photography Expense	383,434	300,000	400,000	83,434
Collaboration Portal OpEx	18,053	13,561	27,122	4,492
Lease Expense - ICN	55,430	62,400	124,800	(6,970)
Lease Expense - Video Conference	23,738	14,100	14,100	9,638
Projects - Recoveries Expenditure	554,719	550,000	665,000	4,719
TOTAL OPERATING EXPENDITURE	1,245,424	1,134,996	1,615,592	117,478
OPERATIONAL SURPLUS / (DEFICIT) BEFORE TAX	(6,036)	(2,200)	0	(3,836)

BOP LASS LTD	
STATEMENT OF FINANCIAL POSITION	
AS OF 31 DECEMBER 2022	
	Actual YTD
Bank	
Cheque Account	309,751
Trust A/c Aerial Photography	196,450
Term Deposit 182 days @ 1.20%. Maturing 11 April 2022	250,000
Total Bank	756,201
Current Assets	
Trade Debtors	484,227
Accrued Revenue	41,320
Tax Payable (Tax Receivable)	9,198
Prepayments	9,221
Total Current Assets	543,966
Non-current assets	
Intangible - Computer Software	79,175
Intangible - Amortisation	(70,977)
Computer Equipment at cost	4,516
Less Accumulated Depreciation on Computer Equipment	(3,922)
Inter Council Network	25,097
Accumulated Depreciation Inter Council Network	(5,882)
Total Non-current assets	28,006
TOTAL ASSETS	1,328,173
Current Liabilities	
Business Credit Card	732
Trade Creditors	101,958
Accrued Expenses	5,653
Accrued Salaries and Wages	7,560
Accrued Leave Entitlements	10,533
GST Collected, Paid, Payments (Refunds)	50,738
Retentions	22,023
Income in Advance	1,074,579
PAYE Accruals Payable	8,934
TCC Loan	0
Total Liabilities	1,282,710
NET ASSETS	45,463
Equity	
Current Year Earnings	(6,036)
Retained Earnings	(47,503)
Share capital	99,002
TOTAL EQUITY	45,463



BOPLASS Ltd "COUNCILS PARTNERING FOR VALUE AND SERVICE"



TOTAL SAVINGS TO DATE
\$786,954

Joint Procurement – Estimated Savings* for Kawerau District Council

	2021-2022	TOTAL SAVINGS
Insurance	\$21,747	\$311,033
Office Supplies	-	\$4,180
Unmarketed Electronic Purchasing	-	\$56,150
ES&S GIS Licensing	\$5,000	\$60,000
SOPTOS Antivirus	-	\$3,360
Internal Audit	\$3,000	\$21,000
Aerial Imagery	\$3,060	\$14,470
Print Advertising	-	\$10,800
File	-	\$1,825
NE Membership	-	\$150
Telephony	-	\$45,550
Geocortex Software	-	\$4,432

BENEFITS SUMMARY

Better insurance cover with updated contracts. Material Damage renewed on rolling subscription. Continued full coverage for all councils in all categories, incl Material Damage, Business Interruption and Motor covers, following major events and hardening markets. Increased loss limits and coverage.

Overall reduction cost of supplies plus initiation of better ordering process online with minimum order values reduces hidden invoicing and courier costs. 2015, councils encouraged to move to AoG contract after review completed by BOPLASS.

Electronic purchasing and invoicing; reduces handling costs, provides supplier management options and better control of goods and services receipting. It also provides a strong information base for joint procurement. Service cancelled 2013.

A single licence agreement for all Councils has provided quality software previously unaffordable to some councils, allowed for a combined training budget, and provided access to specialist modules where required. 2019 new 3-year enterprise agreement.

Established collective anti-virus software agreement providing financial savings to all councils. Now provided under ALGIM. 2010-2012, Use of a single consultant to do internal audits across councils with resultant learning circulated in form of summaries to councils. RFP and new agreement 2015. Savings in audit costs and annual insight meetings. Cost benefits limited to those who have so far undertaken audits.

Agreed programme achieving better quality, consistency and planned coverage bringing savings on cost, or extended coverage for same expenditure. LIDAR capture undertaken in conjunction with LINZ including PGF contribution.

Contract for print advertising cost reduction through procurement and some common processes. 3-year contract protects savings. Contract expired 2016.

Review of fuel pricing identified savings opportunities consistent with accessibility. GSB contract. 2015 BOPLASS facilitated participation in Defence Forces syndicated contract for some councils.

Group membership to GSB providing discounts above individual council membership rates and access to GSB contracts.

Significant savings achieved through joint procurement, free calling within councils, provision in contract for collaboration in services over time. 3-year contract locked in savings, final savings subject to calculation based on use. Renegotiated rates Feb 2013. BOPLASS recommendation for all councils to move to AoG 2015.

Significant reduction in Year 1 cost through combined approach to purchase. Additional ongoing licence and maintenance savings. IDC stopped using Geocortex products in 2021/22 with allocations for remaining councils increasing. Other councils indicated they would also be reviewing requirements during 2021/22.



BOPLASS Ltd "COUNCILS PARTNERING FOR VALUE AND SERVICE"



BENEFITS SUMMARY		2021-2022	TOTAL SAVINGS
NZAA	ArchSite NZ Archaeological Association membership. Single BOPLASS licence covering all councils. Discounted membership and full data access for all councils.	\$1,000	\$10,000
IMED Devices	Collaboration in purchasing provided discounts in TCO, print costs, equipment optimisation and integration with EDMS workflows. Common technology platform established for integration of future services. Year 1 includes calculation of equipment optimisation & Objective integration. RFP and new agreement Jan 2017. No lease costs - extremely beneficial during COVID lockdown and continuing periods of low print volumes.	\$6,000	\$95,412
Postal & Courier	Combined approach on behalf of BOPLASS, Waikato, and MWLASS councils resulted in significant reduction in courier costs, additional courier services, reduction in mail charges and introduction of business centric mail product. Contract locks in discounted fixed rates.	\$1,500	\$15,000
FME Software	Joint purchasing of GIS software resulted in reduction of number of licences required and reduced annual maintenance fees.	\$100	\$1000
Infrastructure Insurance	Underwritten by Lloyds of London syndicates. Improved levels of cover, significantly reduced premiums. 2020, 2021 - Able to secure full placements for all councils in a very hard market only because of existing relationships and dilution of risk through the collective scheme.	\$9,588	\$57,728
PWGA	Print and media copyright licences. Councils paying approximately 50% of their previous costs for individual licences while, in many cases, also receiving enhanced licences.	\$463	\$3,704
EFTPOS	Improved pricing through collective agreement. Account moved to key account with Eftpos NZ with councils now on premium customer tier including dedicated account management and improved service levels.	\$80	\$560
H&S Pre-Qual	Year 1 - reduced cost in design and development of the service through collaboration between BOPLASS and Waikato LASS. Annual resource savings for councils through standardisation and automation of the process.	\$5,000	\$40,600
Retrolens	Single storage repository and delivery process for large imagery datasets - developed in conjunction with other NZ councils. Significant savings in development and ongoing operation. Ensures readily accessible historic aerial imagery by public, councils and businesses.	\$5,000	\$30,000
TOTAL SAVINGS FOR KAWERAU DISTRICT COUNCIL		\$61,588	\$786,954

*Estimations based upon market rates or amounts paid/available to councils prior to joint procurement. Savings do not include or recognise:

- Significant financial and resource savings made by running a single procurement process across multiple councils.
- Long-term savings achieved through the central management of contracts.
- Ongoing savings achieved through the sharing of information or expertise across councils.

Meeting: Council

Meeting Date: 29 March 2023

Subject: Adoption of Porritt Glade Annual Report for year ended 30 June 2022

File No: 201000

1 Purpose

The purpose of this report is to adopt the Porritt Glade annual report for the year ended 30 June 2022 and provide an overview of the village's financial performance for the year.

2 Background

Council was initially asked by the Kawerau Social Services Trust to provide land to allow them to expand the Mountain View Rest Home and Retirement Village. However, following Council acquiring the land next door, the trust informed Council it was not in a position to expand the village. Therefore, Council decided it would develop a retirement village as there appeared to be a demand for this type of housing in the community.

Council resolved to set prices for the units that covered costs (not make a profit) as there would be additional rating income from these units and also 3 bedroom homes would then be available in the community for families.

As Porritt Glade is a retirement village, it has to comply with the requirements of the Retirement Villages Act 2003, which includes preparing a separate annual report, which records the financial performance for the village.

The retirement village is not a Council Controlled Organisation (CCO) which means Council does not have to undertake all the requirements of a CCO listed in the Local Government Act.

As at 30 June 2022, 18 units had been constructed and all are occupied. Council had constructed the village in 3 stages to date (6 units for each stage).

It was decided that the last 11 units would all be constructed during 2022-23, as there was a good uptake of units.

At the time of writing this report, Council's auditors had not fully completed their final check of the Porritt Glade Annual Report and some minor amendments may still be needed.

3 Performance for the year ended 30 June 2022

The Statement of Financial Performance showed there was a deficit of \$18,558 compared to a budgeted surplus of \$140,000.

The reasons for the deficit for the year are:

- Increased depreciation (\$81k) as the budget had anticipated that ownership of the units would transfer to the residents, however, they remain owned by Council
- Increased administration costs (\$20k) reflecting the staff time required for the village
- Repairs and Maintenance (\$27k) for additional painting and repairs to the gate
- Legal and Auditing costs (\$20k)

The Statement of Financial Position shows:

- Net Assets deficit of \$499.6k (this is expected to be close to \$0 when all the units are sold)
- Council has an advance to the village of \$1,151.7k which will also be close to \$0 when all the units are sold
- The "residents' liability" is the total amount (\$5,467.8k) that Council would need to refund to residents if the village ceased operation at 30 June 2022

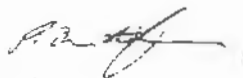
The Statement of Cash Flow shows that the village's cash position went from \$629,155 at the beginning of the year, to \$135,920 at the end of the year. There was a transfer of \$1.5 million from the village to Council for the year (Advance – KDC) which was from the surplus proceeds received from unit sales.

Overall, the Village's financial performance and position at 30 June 2022 is reasonably healthy as it is still being constructed.

It is anticipated that by the end of the 2022-23 financial year, the advance from Council will be fully repaid and there will no longer need to be a contribution from rates to the retirement village.

4 RECOMMENDATIONS

1. That the report "Adoption of Porritt Glade Annual Report for the year ended 30 June 2022" be received.
2. That Council adopts the Porritt Glade Annual Report for the year ended 30 June 2022.
3. That the Mayor and Chief Executive Officer are delegated to sign the Porritt Glade Annual Report for the year ended 30 June 2022 following the adoption by Council.



Peter Christophers, BBS, ACA
Financial Accountant

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Performance Report

Porritt Glade Lifestyle Village
For the year ended 30 June 2022

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- 4 Statement of Service Performance
- 5 Statement of Financial Performance
- 6 Statement of Financial Position
- 7 Statement of Cash Flows
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Entity Information

Porritt Glade Lifestyle Village For the year ended 30 June 2022

Entity Structure

Porritt Glade Lifestyle Village is a Department of Kawerau District Council. The Porritt Glade Lifestyle Village is managed by the Kawerau District Council.
The financial statements of the Porritt Glade Lifestyle Village for the year ended to 30 June 2022. The financial statement are authorised for issue by Council on 29 March 2023.

Entity's Purpose or Mission

To aim to provide secure and low cost accommodation for independent aged people.

Entity's Operational Structure

Porritt Glade Lifestyle Village is a registered Retirement Village. It is operated by the Kawerau District Council.

Main Sources of Entity's Cash and Resources

Maintenance and License Fees - The residents pay a fee that covers the cost of a proportion of the outgoings incurred in the operation of the village. The initial License fee gives the resident the right to occupy a site.

Main Methods Used by Entity to Raise Funds

Services and Rating charges.

Entity's Reliance on Volunteers and Donated Goods or Services

There is no reliance on volunteer services or goods or services in the operation of the village.

Physical Address

Porritt Drive, Kawerau

Solicitors

Holland Beckett
Tauranga

Auditor

Audit New Zealand
Wellington

Statement of Service Performance

Porritt Glade Lifestyle Village For the year ended 30 June 2022

Our Outcomes

To develop infrastructure and to build residential rental units as part of Kawerau District Council operations.

To build units that provide safe, secure and affordable accommodation and grounds for residents.

To allocate units to appropriate residents through License to Occupy Agreements.

Our Outputs

Output 1	2022 (actual)	2022 (budget)	2021 (actual)
<u>Dwelling Units Completed</u>			
To complete the construction of new units and infrastructure	18 units	18 units	12 units
<u>License to occupy Agreements</u>			
To sell License to Occupy Rights for completed units.	18 Licenses	18 Licenses	8 Licenses

Statement of Financial Performance

Porritt Glade Lifestyle Village For the year ended 30 June 2022

\$			\$	\$
2021		NOTES	BUDGET	2022
Revenue				
Revenue from providing goods or services				
Revenue				
29,333	Fees, charges from residents		96,000	89,113
54,890	Rates Revenue		33,623	33,746
46,807	Amortised Amenities Contribution		140,000	135,434
131,030	Total Revenue		269,623	258,293
131,030	Total Revenue from providing goods or services		269,623	258,293
155	Interest, dividends and other investment revenue	1	0	1,730
131,185	Total Revenue		269,623	260,023
Expenses				
80,680	Costs related to providing goods or service		99,830	170,014
31,089	Financing Costs		13,993	11,882
47,359	Depreciation		15,800	96,685
159,128	Total Expenses	2	129,623	278,581
(27,943)	Surplus/(Deficit) for the Year		140,000	(18,558)
Other Comprehensive Revenue and Expense				
0	Property, Plant and Equipment Revaluation		0	(358,737)
(27,943)	Total Comprehensive Revenue and Expense		140,000	(377, 295)

Statement of Financial Position

Porritt Glade Lifestyle Village
For the year ended 30 June 2022

\$		NOTES	\$
30 JUN 2021			30 JUN 2022
Assets			
Current Assets			
629,155	Bank accounts and cash	3	135,920
1,920	Prepayments		4,956
372,523	License to Occupy Deposits held at Covenant Trustees		0
0	Deposits for building construction		357,534
1,003,598	Total Current Assets		498,410
Non-Current Assets			
Property, Plant and Equipment			
1,505,733	Land and Improvements	4	1,156,799
3,057,128	Buildings	4	4,524,000
4,562,862	Total Property, Plant and Equipment		5,680,799
4,562,862	Total Non-Current Assets		5,680,799
5,566,460	Total Assets		6,179,209
Liabilities			
Current Liabilities			
205,846	Creditors and accrued expenses		59,354
2,672,233	Advance – Kawerau District Council	7	1,151,728
2,438,193	Net Residents Liabilities	8	5,467,759
372,523	Licence to Occupy Deposits Received		0
5,688,796	Total Current Liabilities		6,678,841
5,688,796	Total Liabilities		6,678,841
(122,337)	Net Assets		(499,632)
Accumulated Funds			
(122,337)	Accumulated surpluses or (deficits)	11	(499,632)
(122,337)	Total Accumulated Funds		(499,632)

Statement of Cash Flows

Porritt Glade Lifestyle Village
For the year ended 30 June 2022
Cash Basis

\$		\$
30 JUN 2021		NOTES 30 JUN 2022
Statement of Cash Flows		
Cash Flows from Operating Activities		
<u>Cash was received from</u>		
84,223	Receipts from providing goods or services	122,859
155	Interest, dividends and other investment receipts	1,730
2,485,000	Sales of Licenses to Occupy	3,165,000
<u>2,569,378</u>	Total Cash was received from	<u>3,289,589</u>
<u>Cash was applied to</u>		
(55,593)	Payments to suppliers and employees	(149,560)
(31,089)	Interest Payments	(11,882)
<u>(86,682)</u>	Total Cash was applied to	<u>(161,442)</u>
2,482,696	Total Cash Flows from Operating Activities	3,128,147
Cash Flows from Investing and Financing Activities		
<u>Cash was received from</u>		
206,247	Proceeds from/(to) loans borrowed from other parties	(1,520,505)
0	Other receipts	0
<u>206,247</u>	Total Cash was received from	<u>(1,520,505)</u>
<u>Cash was applied to</u>		
(2,059,788)	Payments to acquire property, plant and equipment	(2,100,877)
<u>(2,059,788)</u>	Total Cash was applied to	<u>(2,100,877)</u>
<u>(1,853,541)</u>	Total Cash Flows from Investing and Financing Activities	<u>(3,621,382)</u>
629,155	Net increase/(Decrease) in Cash	(493,235)
Opening Cash Balance		
0	Bank accounts and cash	629,155
0	Total Opening Cash Balance	629,155
629,155	Closing Cash Balance	135,920
Bank Accounts and Cash		
629,155	BNZ Bank – 001 Account	135,920
629,155	Total Bank Accounts and Cash	135,920

Statement of Accounting Policies

Porritt Glade Lifestyle Village For the year ended 30 June 2022

Statement of Compliance and Basis of Preparation

The Porritt Glade Lifestyle Village is a registered retirement under the Retirement Village Act 2002 and therefore is required to comply with the requirements of this legislation including financial reporting. The Porritt Glade Lifestyle Village is eligible to apply Tier3 PBE Accounting Standards: PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting-Accrual (Not For Profit), on the basis that it does not have public accountability and had total annual expenses of equal or less than \$2,000,000 in the two previous reporting periods.

The entity has elected to report in accordance with PBE SFR-A (NFP). All transactions in the Performance Report are reported using the accrual basis of accounting.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a going concern basis are followed by the entity, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest dollar.

The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future. The entities began its activities in July 2019.

During the year the Entity incurred a net loss of \$18,558 (2021: \$27,943), and as at 30 June 2022 had net liabilities of \$140,896 (2021: \$122,337). The Entity has obtained financial support from the Kawerau District Council for a period of at least 12 months from the approval of these financial statements.

On the basis of this pledge of financial support Council has agreed that it is appropriate for these financial statements to be prepared on the going concern basis.

Specific Accounting Policies

a) **Income Tax**

The reporting entity is a Department of the Kawerau District Council and is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

b) **Goods and Services Tax**

The entity is not registered for GST. Therefore all amounts are stated inclusive of GST (if any). Any GST transactions are processed within the Kawerau District Council, of which Porritt Lifestyle Village is a department.

GST on infrastructure costs is claimable by the Kawerau District Council and as such these costs are stated in the financial statements net of GST. Any GST that is claimable is claimed by the Kawerau District Council and accounted for by the council, and therefore there is no specific GST balance payable or receivable at year end, instead this balance is reflected in the net balance payable to the Kawerau District Council.

c) **Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used last year.

d) **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at fair value of the consideration received.

Fees

Fees and subscriptions from members are recorded evenly over the period the item is provided, or where the value varies recorded proportionally on the basis of value in relation to total estimated value.

Rates

Rates revenue is recorded as it is earned.

Amortised Amenities Contribution

Amortised Amenities Contribution revenue is recognised evenly over the period that the revenue is earned.

Interest

Interest income is recorded as it is earned.

Maintenance Fees

The residents pay a fee, which covers the cost of a proportion of the outgoings, which the Operator incurs in the operation of the village. The Maintenance Fees are recognised as revenue when they are earned.

Licence Fees

The licence fees are amortised over a 10 year period.

e) Occupation Right Agreements

Occupation Right Agreements (ORA) confer the right of occupancy of the retirement village unit to the resident.

The Liabilities to Residents in the Balance Sheet represent the amounts due to residents. This is based on the ingoing price of the ORA and adjusted for any ORA terminated during the year, and any recoverable Capital Sum.

The capital sum recoverable by the Operator is accrued at 0.25% per month (3% per annum) of the ingoing price, up to a total of 30% of the ingoing price.

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

f) Property, Plant and Equipment

Recognition and Measurement

Items of Property, Plant and Equipment are initially measured at cost, except those acquired through non exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of Property, Plant and Equipment are subsequently measured either under the:

Cost Model: (or fair value for items acquired through non exchange transactions) less accumulated depreciation and impairment.

Revaluation Model: fair value, less accumulated depreciation and accumulated impairment losses recognised after the date of the most recent revaluation. Any subsequent additions in year after the valuation are at cost.

Gains or losses arising from changes in the fair value of land and buildings are recognised in the Asset Revaluation Reserve in Equity. Where a loss exceeds the amount of revaluation gain recorded in the Asset Revaluation Reserve, then the Asset Revaluation Reserve is reduced to nil and the remaining loss is recorded in the Statement of Financial Performance.

All of the entities items of Property, Plant and Equipment are subsequently measured in accordance with the cost model, except for Land and Buildings which are subsequently measured in accordance with the revaluation model. The entity has elected to revalue on a cyclical basis.

Cost include expenditure that is directly attributable to the acquisition of the asset.

When an item of Property, Plant and Equipment is disposed of, any gain or loss is recognised in the income statement and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation

Depreciation is calculated on a either a straight line or diminishing value basis over the estimated useful life of the asset as indicated below, except for land. Land is not depreciated.

The following estimated depreciation rates have been used:

Land Improvements

Buildings 2% SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

g) Accounting Estimates and Judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In particular, information about areas of critical judgements in applying accounting policies that have the most significant impact on the amounts recognised in the Financial Statements are as follows:

- Revalued Land and Buildings - Property, Plant and Equipment (Note 4)

The effect of estimation in these financial statements is or will be greatest in any revaluation of the land and buildings. The Operators will be relying on the Kawerau District Rating Valuations for a degree of certainty.

h) Occupation Right Agreement Receivables

Occupation right agreement receivables are recognised once an occupation right agreement settles and the funds are held by the Statutory Supervisor. The receivable is recorded at its nominal value and collection terms are based on the specific terms of the individual occupation right agreements.

i) Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

j) Trade and Other Payables

Trade and other payables are recognised when the entity has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the company will be required to settle the obligation.

Provisions are measured initially at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in the Statement of Financial Performance.

k) Refundable Occupation Right Agreements

Occupation right agreements confer the right of occupancy of the unit or serviced apartment until such time as the occupancy rights are on-sold to another resident. Amounts payable under occupation right agreement repurchase arrangements, which are firm monetary obligations, are shown in the Statement of Financial Position.

Certain occupation right agreements include the right to a portion of the capital arising on resale. These capital liabilities are shown in the Statement of Financial Position as a liability owing to the resident at change of occupancy.

l) Loans

Loans are recorded when the amount borrowed has been received and measured at cost. Interest expense is recognised on an accruals basis.

m) Equity

Accumulated revenue and expense is the entities accumulated surplus or deficit since its formation.

Notes to the Performance Report

Porritt Glade Lifestyle Village For the year ended 30 June 2022

\$ 30 JUN 2021		\$ 30 JUN 2022
1. Revenue		
<u>Revenue from providing goods or services</u>		
29,333	Fees, Charges from Residents	89,113
54,890	Rates Revenue	33,746
46,807	Amortised Amenities Contribution	135,434
131,030	Total Revenue from providing goods or services	258,293
<u>Interest, dividends and other investment revenue</u>		
155	Interest Received	1,730
155	Total interest, dividends and other investment revenue	1,730
131,185	Total Revenue	260,023
2. Expenses		
<u>Costs related to providing goods or services</u>		
6,000	Accounting Fees	0
10,500	Administration Expenses	37,020
8,000	Audit Fees	16,213
6,555	Insurance	12,802
7,311	Legal Expenses	12,804
38,366	Total Costs related to providing goods or services	78,839
<u>Costs related to providing goods or services (residents)</u>		
14,080	Rates	32,131
16,770	Repairs and Maintenance	46,439
11,282	Statutory Supervision Expenses	11,745
181	Sundry Expenses	860
42,314	Total Costs related to providing goods or services (residents)	91,175
<u>Other Expenses</u>		
47,359	Depreciation	96,685
31,089	Interest Expense	11,882
78,488	Total Other Expenses	108,567
159,128	Total Expenses	278,581
3. Bank Accounts and Cash		
629,155	BNZ Bank – 001 Account	135,920
629,155	Total Bank Accounts and Cash	135,920
4. Property, Plant and Equipment		
<u>Cost or Valuation</u>		
<u>Land</u>		
829,531	As at 1 July	829,531
0	Additions	0

	,0	Disposals or Sales	0
	0	Revaluations	(439,531)
	829,531	Total Land	390,000
	\$		\$
	30 JUN 2021		30 JUN 2022
		<u>Land Improvements</u>	
	632,665	As at 1 July	702,100
	69,435	Additions	0
	0	Disposals or Sales	0
	0	Revaluations	79,952
	702,100	Total Land Improvements	782,052
		<u>Buildings</u>	
	-	As at 1 July	3,087,098
	3,087,098	Additions	1,573,358
	0	Disposals or Sales	0
	0	Revaluations	(136,456)
	3,087,098	Total Buildings	4,524,000
	4,618,729	Total Cost or Valuation	5,696,052
		<u>Accumulated Depreciation</u>	
		<u>Land Improvements</u>	
	8,508	As at 1 July	25,897
	17,389	Depreciation	19,273
	-	Disposals or Sales	-
		Revaluation	(29,916)
	25,897	Total Land Improvements	15,254
		<u>Buildings</u>	
	-	As at 1 July	29,970
	29,970	Depreciation	77,412
	-	Revaluation	(107,382)
	29,970	Total Buildings	0
	55,867	Total Accumulated Depreciation	15,254
		<u>Book Value at 30 June</u>	
	829,531	Land	390,000
	676,203	Land Improvements	766,799
	3,057,128	Buildings	4,524,000
	4,562,862	Total Book Value at 30 June	5,680,799

Land and Buildings are presented in the Statement of Financial Position initially at cost plus valuation. As at 30 June 2022 revaluation had been completed of the first 18 units.

5. Commitments

		<u>Commitment to purchase property, plant and equipment</u>	
	1,519,500	Current (less than twelve months)	2,923,805
	0	Non Current (later than twelve months)	0
	1,519,500	Total Commitment to purchase property, plant and equipment	2,923,805

Commitments of \$2,923,805 at 30 June 2022 relate to a signed construction agreement for 11 residential units (5 Duplex's & 1 single unit) with Generation Homes. The signed agreement is for 11 units costing (10 x \$301,000 and 1 x \$369,000) with the commitment

value being the construction cost less the deposits paid prior to 30 June 2022. The 11 units are expected to be completed by 30 June 2023.

Commitments at 30 June 2021 of \$1,519,500 relate to a signed construction agreement for 6 residential units. These were completed during the year ended 30 June 2022.

\$ 30 JUN 2021		\$ 30 JUN 2022
6. Related Parties		
Advances		
2,672,233	Advance from Kawerau District Council (The Porritt Glade Lifestyle Village is a department of the Kawerau District Council)	1,151,728
2,672,233	Total Advances	1,151,728

7. Advances & Loans

Advance from Kawerau District Council

The advance from Kawerau District Council of \$1,151,728 (2021: \$2,672,233) is unsecured and repayable on demand. It is an interdepartmental advance within the Kawerau District Council. Interest is charged at 0.9% per annum to the Department.

Resident Liabilities

Liabilities to Residents are recorded at the initial contract price paid by the occupiers of these units for the ORA less any unamortised capital deductions. The agreements are unsecured. No interest is payable on these liabilities to residents.

8. Residents Liabilities

1,739,500	Occupational Licence Deposits	3,955,000
698,693	Unamortised Amenities Contribution Fees	1,512,759
2,438,193	Total Residents Liabilities	5,467,759

9. Occupational Licences Issued

0	Balance at Beginning of Period	1,739,500
0	Less Amounts Repaid on Termination	0
1,739,500	Plus Amount Received on New Licences Issued	2,215,500
1,739,500	Total Occupational Licences Issued	3,955,000

Occupational licence deposits are current liabilities, for liquidity purposes, as the entity does not have an unconditional right to defer settlement. As at 30 June 2022, there were no unallotted licences. (2021: 4)

The entity is unable to estimate the value of total residents deposits expected to be repaid over the next 12 months. A terminating resident's occupational license deposit is usually repaid once the licence has been assigned to an incoming resident.

It is expected that the new residents deposits will generally exceed the repaid residents deposits and will represent a positive cash flow to the entity. There is no requirement for the entity to provide cash to repay deposits.

10. Unamortised Amenities Contribution fee

0	Balance at Beginning of Period	698,693
745,500	Amounts Received on Sale of Licences	949,500
(46,807)	Amortised Amenities Fees for the Year	(135,434)
0	Gain (Loss) from Sale of Occupancy Licences Terminated	-
698,693	Total Unamortised Amenities Contribution Fee	1,512,759

\$
30 JUN 2021

\$
30 JUN 2022

The Unamortised Amenities Contribution Fee is classified as a current liability, for liquidity purposes, as the entity does not have an unconditional right to defer settlement.

The entity is unable to estimate the value of total residents liabilities expected to be repaid over the next 12 months. If a resident terminates there is no amount payable to them for the contribution fee as the entity is contractually entitled to received it on signing the initial agreement.

11. Accumulated Funds

(94,393)	Opening Balance	(122,337)
(27,943)	Accumulated surpluses or (deficits)	(377,295)
(122,337)	Total Accumulated Funds	(499,632)
(122,337)	Total Accumulated Funds	(499,632)

12. Events after balance date

After 30 June 2022, Council's contractors commenced the construction of the final 11 units with completion expected by 28 February 2023. All but 3 units have been committed to.

Meeting: Council

Meeting Date: 29 March 2023

Subject: Eastern Bay of Plenty Spatial Plan Governance Proposal

File No.: 104025

1 **Purpose**

The purpose of this report is to provide an update on the Eastern Bay of Plenty Spatial Plan project, and to seek approval for the proposed governance arrangements, including Council's appointment to the project's Governance Group.

2 **Background**

2.1 **Eastern Bay of Plenty Spatial Plan**

Spatial plans are about the places we live in and how we want them to be for our future generations. When completed, they provide a roadmap for our future spaces and places.

The Eastern Bay of Plenty is experiencing consistent annual population and economic growth, which requires a spatial plan to support and guide integrated future planning and investment decisions. A spatial plan will help position the Eastern Bay of Plenty in the development of a Regional Spatial Strategy (RSS) and Infrastructure Strategies, and in the Three Waters Reform. A shared vision for development will also provide a guiding framework for our investment partners – both public, private and iwi - to enable the alignment of their forward investment priorities infrastructure planning, business cases and project funding applications to an agreed future direction.

Spatial Plans define an agreed strategic urban form, rural landscape, and infrastructure framework that meet partner agreed principles and deliver the best possible community outcomes, including alignment with government priorities and achieving value for money. The sub-region's challenging natural geography, increasing demand on housing and existing infrastructure, and further development of economically important industries, are all key challenges that require integrated management and aligned partner-led solutions.

The spatial plan will have two complementary focuses: growth management and broader outcomes. While addressing the infrastructure and land use requirements to manage growth the spatial plan will also identify appropriate wellbeing outcomes including where communities can live and access the lifestyle they desire including valuable employment, recreation, and cultural and social opportunities.

2.2 **Project Partnerships**

The Spatial Plan will impact a wide range of our communities in the short-term to long-term. These communities have differing needs and aspirations and it is important that the Spatial Plan is developed in an inclusive and collaborative manner.

Working in genuine partnership with Tangata Whenua is particularly important at all stages of the spatial planning process. Spatial planning is about developing a long-term vision for the way our rohe develops and recognising our iwi partners' enduring presence and long-standing history in the Eastern Bay it is critical that they are at the decision-making table at every step. This project is also a unique opportunity to give expression to iwi visions and strategies and to provision for them tangibly and appropriately. Recognising this, the project will need to work in innovative ways to weave the aspirations of iwi into the project and ensure all decision-making forums have iwi representation and active participation.

The Spatial Plan will also have implications for government agencies that deliver infrastructure, housing development and other critical services (such as health and education) that will be needed to meet the growth needs of the Whakatane, Opotiki and Kawerau areas and deliver on partner aspirations. To ensure that the project and funding implications arising from the Spatial Plan can be implemented, the Spatial Plan will be developed collaboratively with government including Waka Kotahi, the Ministry of Housing and Urban Development (MHUD), Kāinga Ora, and the Entity responsible for delivering three waters services in the future.

The following organisations and Iwi are currently partners of the Eastern Bay of Plenty Spatial Plan project.

- Bay of Plenty Regional Council
- Whakatāne District Council
- Kawerau District Council
- Ōpōtiki District Council (new)
- Waka Kotahi, NZ Transport Agency
- Ministry of Housing and Urban Development
- Ngāti Awa
- Ngāti Manawa
- Ngāti Whare
- Ngāti Rangitīhi
- Kāinga Ora
- Ministry of Education

Given the recent expansion of the project eastwards to include the Ōpōtiki District, the Iwi of this rohe are still being briefed, and their desire to be involved in this project ascertained. Ngāti Tūwharetoa Iwi's involvement is similarly being finalised.

Further organisations may join the project as it progresses, and the need for specific support and input is identified.

2.3 Project Progress

Over the last year Whakatāne District, Kawerau District and Bay of Plenty Regional Council have been collaborating to prepare a spatial plan for the Whakatāne and Kawerau Districts in partnership with Tangata Whenua central government agencies and for those districts. Due to changes to the scope of the project and delays to the work programme, a refreshed Project Plan is being developed. This also requires a change to the project structure to reflect its new partners.

2.3.1 Ōpōtiki District Council joins the Spatial Plan Project

The recent decision of Ōpōtiki District Council to join the project is welcomed. A truly Eastern Bay perspective will enable a clearer representation of the sub-region's needs to the government, and position more strongly in future Regional Spatial Strategy processes being implemented through the RMA Reforms.

The inclusion of Ōpōtiki also changes the scope of the Spatial Plan. The approved Project Plan had a focus on the northern part of the Whakatāne District, and Kawerau District. With the inclusion of Opotiki, the focus should rightfully extend to the entire Whakatāne, Kawerau and Ōpōtiki Districts. Given the level of engagement inherent in this broader scope, it is no longer possible to deliver a spatial plan in full by June 2023.

Partner staff are working now to consider the requirements of the expanded project and how the project's delivery should be adapted to include our new partners, recognising that some work already done will need to be updated for the increased scope while other work streams will need to be adjusted due to the increased complexity of the project. However, planning is well underway as to how to do this expeditiously and once completed, an update will be provided to Council.

2.3.2 Adjusting to address programme delays

The initial programme specified a preferred spatial plan scenario and detailed list of interventions necessary to achieve that scenario were to be completed by June 2023, including engagement with the public. Implementation planning for the preferred scenario were shown as concluding in August 2023 in time to inform the Long-Term Plans. Work to date has highlighted the complexity of delivering the sub-region’s first, fully integrated Spatial Plan, and additional time has proved necessary to set the foundations of the project in a way that enables ongoing success. Project progress has therefore been slower than anticipated, however proceeding from a place of common agreement is expected to unlock efficiencies going forward.

To ensure that the plan informs the 2024-34 Long Term Plans across the four Councils some matters must be completed by September. Other “broader outcomes” considerations such as climate change adaptation, blue green networks (waterways, green spaces) etc require a longer-term work programme to understand better the spatial responses to those topics. A “two-focus” approach will therefore be taken with an initial focus towards growth management to inform the upcoming planning processes such as Council LTPs & Regional Land Transport Plans, while actions to achieve broader outcomes - including wider iwi aspirations - become a growing focus in later parts of the project. The detail of this change will be presented to the Councils once further work has been completed.

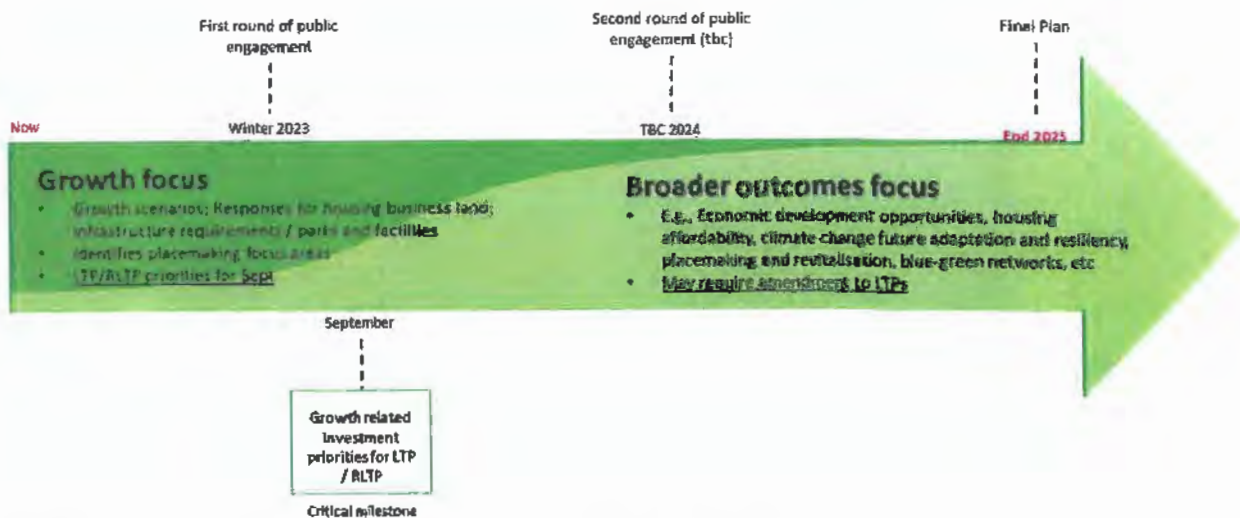


Figure 1 - Two focuses of the spatial plan change over the lifetime of the project

3 Subject

3.1 Proposed Project Governance Structure

New project decision-making structures will be required to support the expanded project partnerships and the two-focus approach being proposed for the project’s delivery. These governance arrangements need to support the ongoing, collaborative approach to sub-regional growth and wellbeing planning desired by the partners.

The project spans three local authorities, a regional authority, involves numerous iwi partners, and requires input (and implementation actions) from several Government agencies. The project structure must be efficient, ensure input and accountability at appropriate levels, allow partners to freely advocate for their communities, and maintain a sub-regional perspective.

Considering these complex requirements this paper proposes a structure to guide the project into the next areas of work and seeks Council’s endorsement of the proposal before it is submitted for ratification at the next suitable Project Leadership Group meeting.

3.2 Project Structure Principles

The following principles are proposed to inform the recommended project structure proposal.

- Give effect to the principles of the Te Tiriti/ Treaty of Waitangi and other relationship agreements with respective Iwi.
- Genuine cooperation between Central Government, Local Government and Iwi, acting in good faith to pursue the best outcomes for the Eastern Bay of Plenty.
- Multi-party collaborative decision-making.
- Timely and efficient decision-making supported by integrated and aligned advice.
- Reflect the iterative nature of the Spatial Plan’s development and is flexible and adaptable.
- Operational and governance decision-making is split, and reflects normal Council/Board delegations.

3.3 Proposed Project Structure

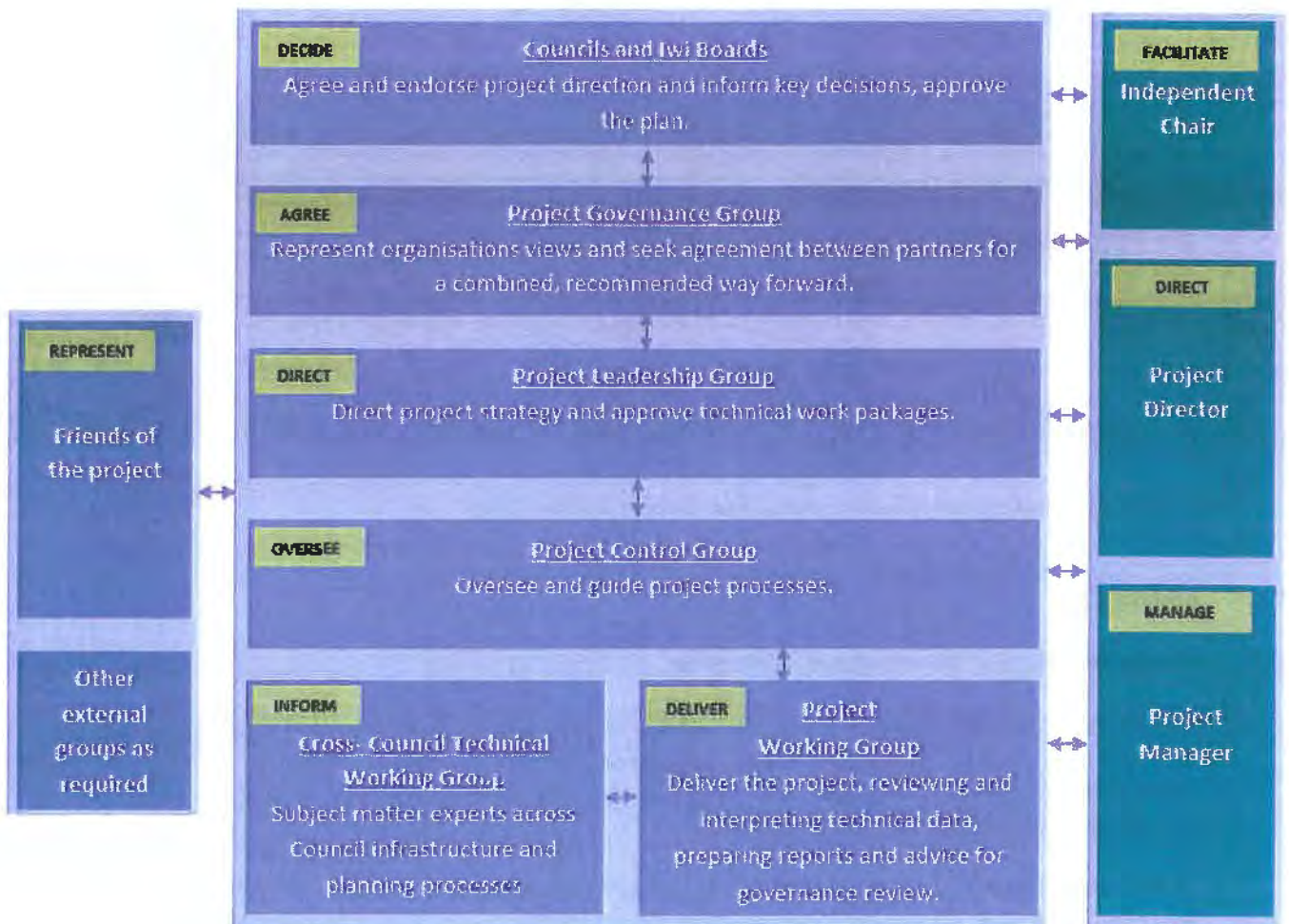


Figure 2 - Proposed Project Structure

3.4 Proposed Project Structure - Roles and Responsibilities

Forum/Role	Membership	Roles	Frequency	Status
Council and Iwi Boards	Elected Members, Iwi Chairs	<ul style="list-style-type: none"> Agree and endorse project direction and inform key decisions, approve the Spatial plan Review key materials and recommendations provided by PWG and PLG, and provide collective feedback and endorsements through to PGG via Mayors/Chairs 	Council meeting/ Iwi Board meetings as required	In establishment
Project Governance Group	Mayor/Chair of each partner Council Partner membership to be confirmed	<ul style="list-style-type: none"> Champions organisation's views on key decisions being sought Collaborates to find a common agreed position Presents recommended way forward back to each organisation 	Quarterly meetings, more frequently as required	To be established
Project Leadership Group	Chief Executives of each Council and Iwi Partner, Central Government partner officials	<ul style="list-style-type: none"> Oversees the development of project's overall scope and approach Approves the project plan and monitors the project's progress against it. Approves media and communications protocols and plans Ensures project risk frameworks are in place and key risks are being satisfactorily managed 	Monthly	Operating
Project Control Group	General Manager (Planning or equivalent) from each Council	<ul style="list-style-type: none"> Receives updates on project progress, tracking deliverables, budget and timeframes Acts as first escalation point for emerging project risks Mobilises required project resources and removes obstacles to progress Makes combined project procurement and budget decisions Oversees the delivery of the project in line with the parameters of the agreed project plan 	Fortnightly	In establishment
Project Working Group	Project staff seconded from each Council, external expertise	<ul style="list-style-type: none"> Responsible for undertaking the development of the project, including the review and interpretation of technical data, and preparation of reports and advice for governance review Delivers the project in line with the agreed project plan 	Weekly	Operating

Forum/Role	Membership	Roles	Frequency	Status
Cross Council Technical Working Group	Subject Matter Experts from each Council	<ul style="list-style-type: none"> • Inform cross-Council planning processes and infrastructure requirements – from three waters, transport, parks and reserves to LTP development. 	As required	In establishment
Friends of the Project	Representatives from aligned/interested organisations	<ul style="list-style-type: none"> • Represent their organization • Provide insights and advice • Act as project champions • Align and leverage related projects 	As required	In establishment
Project Manager	n/a	<ul style="list-style-type: none"> • Ensures the delivery of the project in line with the agreed project plan and ongoing direction from the Project Leadership and Reference Groups. • Coordinates project work streams toward the delivery of quality outputs for governance review. 		Appointed
Project Director	n/a	<ul style="list-style-type: none"> • Focuses on seeking leadership and elected officials' guidance/direction and ensuring this is reflected in the forward work programme. • Managing key relationships and monitoring key risks. • QA function to ensure quality, timely information for decision making. 		Appointed
Independent Chair	n/a	<ul style="list-style-type: none"> • Facilitates decision making at the governance level, providing collaborative leadership as well as advice and insights. 		To be appointed

3.5 Project Governance Group

3.5.1 Establishment of a Governance Group

To enable the project to continue delivering to key milestones whilst maintaining appropriate multi-partner governance oversight it is recommended that the Project Governance Group is established as soon as possible.

3.5.2 Composition of the Governance Group

Initially (at establishment) the Project Governance Group would comprise the Mayor (and alternate) of each partner Council. Recognising that some project partners are still being briefed and are working through their level of interest and involvement in the project it is recommended that the Project Governance Group undertakes to add new members as the involvement of partners are confirmed.

3.5.3 Independent Chairperson

To assist the Project Governance Group in reaching united recommendations for the project on behalf of the sub-region, it is recommended it is supported by an Independent Chairperson to be selected by the governance group. The Independent Chairperson is expected to chair governance meetings, attend Council / iwi board meetings when required, provide leadership and facilitation, and ensure voices of partners, the Crown and community are respectfully heard and responded to. This model is like the arrangements in place for Future Proof Partners, Smart Growth, and other sub-regional planning models. It is anticipated that this role would be appointed once a full complement of governance members is achieved.

3.5.4 Process from establishment to full membership

Partners would include those listed in item 2.2 Project Partnerships, and those additional interested partners would be added as soon as practical. Taking this approach means the project can continue to receive guidance and insights for the project to advance against tight timeframes, while moving the governance structure towards full establishment.

Among the first priorities of the Project Governance will be to confirm partner members, appoint an Independent Chairperson, finalise membership and develop a draft Terms of Reference to be finalised through Councils/iwi boards, and any Government departments.

The following diagram outlines the suggested sequence of activities to establish the Governance Group.



Figure 3 - Governance group process from Establishment to Full Membership

4 Options

4.1 **Option 1: Establish the Proposed Project Structure – preferred option**

This option is as described in sections 3.1, 3.2, 3.3, 3.4 & 3.5. It involves the creation of a multi-layered Proposed Project Structure, involving a new Project Governance Group.

An Eastern Bay of Plenty Spatial Plan requires representation across three local Councils, regional Council, local iwi, as well as the Crown. A new structure that allows a single discussion forum representing all these partners in the process is required to allow collaborative decision-making on behalf of communities of the Eastern Bay.

The model is based on similar models used in the existing central government/local government/iwi led Urban Growth partnerships such as Future Proof (Waikato), Smart Growth (Western Bay of Plenty), Grow Well (Queenstown), Greater Christchurch and the Wellington Regional Growth Framework. It is a known model that works effectively elsewhere.

4.1.1 Advantages

This option best meets the principles set out in 3.2 Project Structure Principles.

- It enables partnership-based decisions with Tangata Whenua in a multi-party collaborative setting by seeking a balanced representation between Council and iwi representatives.
- It promotes cooperation between Central Government, Local Government and iwi by enabling discussion and negotiation of positions and decisions at the Project Governance Group before final decisions are made.
- The delegation of operational matters to the Project Leadership Group and the Project Control Group will enable the project to advance to meet timelines and reflects standard board procedures.

- The Project Governance Group can set out its own Terms of Reference and add members, making for a flexible and adaptable process.

4.1.2 Disadvantages

- The Proposed Project Structure will require dedicated administrative resources and technical support.

4.2 **Option 2 – A single combined Project Governance Group and Project Leadership Group**

This option would entail adding the representatives from the Project Governance Group into the existing Project Leadership Group and expanding the mandate of the Project Leadership Group. This model has been used in AhuAke, the Waipa Community Spatial Plan – which is a District-Wide spatial plan for Waipa District.

4.2.1 Advantages

- Fewer decision-making layers in the project structure.
- Agreement on issues could be coupled with direction to the project from a single forum.

4.2.2 Disadvantages

- A larger committee would be unwieldy to manage and require additional administrative support compared to the preferred option.
- Frequency of meetings would be unlikely to keep pace with project requirements.

4.3 **Option 3 – Utilise individual Council forums instead of a combined Project Governance Group**

This option entails not establishing a Project Governance Group. Instead, the Project Leadership Group and Project Director would become responsible for achieving aligned multi-party decision making across the Councils in separate meeting forums.

4.3.1 Advantages

- Does not require the attendance of Mayors/Chairs to a separate forum.

4.3.2 Disadvantages

- Very time consuming to make decisions in separate forums, and the project may not be delivered in a timely manner.
- No ability to resolve disagreement or to collaborate and there would be a high likelihood of not agreeing a spatial plan across all of the decision-making bodies without a forum for collaboration and agreement.
- Does not enable iwi to become part of the process in a direct manner and likely requires multiple entry points by some iwi across different Councils.
- Crown agencies are highly unlikely to attend multiple meetings on similar topics at different Councils due to resource constraints.

5 Considerations

5.1 Financial/budget considerations

The governance structure proposed in this paper may have financial implications to the project. Partner members may request to be compensated for their involvement. This will be ascertained as part of the project partner briefings on this proposal, and any costs will be budgeted as part of the wider project forecast spend to be refreshed and submitted for review at the Project Leadership Group.

5.2 Strategic alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

5.3 Climate change assessment

Based on this climate change assessment, the decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

5.4 Risks

The following risks were considered during the development of the preferred option:

- Consensus decision making will be difficult at a sub-regional scale where there may be competing interests or priorities. The Project Governance Group is a means to mitigate this.
- During the establishment period, the Project Governance Group is expected to operate without a full complement of members. Part of the project and Independent Chair's role should be to seek finalisation of membership and partner input through the other layers of the project structure where they are represented - such as the Project Leadership Group and the Tangata Whenua engagement work stream.
- Conversely, waiting for all partners to be at the table creates risks to cost and programme. Setting up the Project Structure proposed will enable the project work to continue with guidance.
- Iwi engagement including their capacity and capability to actively engage. By creating a clearer governance structure for the project it is hoped that iwi will be able to more efficiently participate in the process and see an appropriate forum for their views to be shared at the governing level.
- Misalignment of partner expectations (Council, tangata whenua and central government) from the project. Creating a project governance structure focused on collaborative multi-party decision-making is a core mitigating factor to this, as is the leadership of an Independent Chair with the required mana in the Eastern Bay of Plenty.

6 Significance and Engagement

6.1 Assessment of Significance

The decisions and matters of this specific report are assessed to be of low significance in accordance with the Council's Significance and Engagement Policy. However, this report is part of a broader process that is, or may be in future, assessed to be of moderate or high significance.

6.2 Engagement and community views

Engagement with the project partners including Eastern Bay of Plenty iwi is underway, and this process will ascertain iwi partner's level of interest and involvement in the Governance aspect of this project.

Wider community engagement in this project will be facilitated through the project's communications and engagement approach which is currently in development, and as part of this, the project is considering the way in which project decision-making made through this project structure should be shared with Eastern Bay of Plenty communities. An engagement plan is being developed to guide engagement across the three districts.

7 Next Steps

The project is now seeking endorsement from each partner Council on the formal governance proposal before seeking ratification from all partners at the next Project Leadership Group meeting.

- Kawerau District Council – 29th March
- Whakatāne District Council – 30th March
- Ōpōtiki District Council – 3rd April and/or 2nd May
- Bay of Plenty Regional Council – TBC
- Iwi and Central Government briefings to continue in parallel to gain support and solicit interest for involvement in the Project Governance Group
- Candidates to be identified for the Independent Chairperson role
- Governance proposal for Project Leadership Group Agreement – April/May 2023
- Establish Governance Advisory Group – April/May 2023

8 RECOMMENDATIONS

1. That the report "Eastern Bay of Plenty Spatial Plan Governance Proposal" be received;
2. That Council endorses the proposed project structure;
3. That Council appoints the Mayor as its representative to the Project Governance Group;
4. That Council appoints an alternate representative to the Project Governance Group, should the Mayor not be available;
5. That Council notes that the Project Governance Group Terms of Reference will be submitted to Council for approval once developed.



Michaela Glaspey

Group Manager Regulatory & Planning

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Meeting: Council

Meeting Date: 29 March 2023

Subject: Adoption of Annual Report and Summary for year ended 30 June 2022

File No: 201000

1 Purpose

The purpose of this report is to adopt the annual report and annual report summary for the year ended 30 June 2022 and provide a brief overview of Council's performance for the 2021/2022 year.

2 Background

The Local Government Act 2002 requires that councils produce each year an annual report as well as annual report summary and these documents are audited. The annual report must comply with generally accepted accounting practices which includes the public benefit entity accounting standards.

Council, as a tier 2 entity (total expenses are less than \$30 million), has adopted the reduced disclosures regime for the preparation of the annual report. The annual report and annual report summary must be adopted by Council, usually within 4 months of the end of the financial year and within a month of adoption the reports must be available to the public. However, legislation has been passed that extended the period councils must adopt their Annual Report and Summary due to a shortage of auditors.

At the time of writing this report, Council's auditors had not fully completed their final check of the annual report and summary and some minor amendments may still be needed.

3 Performance for the year ended 30 June 2022

Council achieved 40 out of 62 non-financial performance targets, 65% compared to 68% in 2020/21. The effects of Covid-19 continued to have an impact on achieving some of these targets, as well as resourcing shortages.

In the Statement of Comprehensive Revenue and Expense, there was a deficit of \$110,927 compared to a budgeted deficit of \$107,990, a small increase in the deficit of \$2,937. Council spent an additional \$745,612 more than budgeted on operations, but also received \$742,675 more revenue than budgeted, which was mainly grants income. The additional expenditure was mainly due to the cost of solid waste disposal and an increase in depreciation of \$279,900 compared to budget.

The Statement of Financial Position shows an increase in Council's Net Assets of \$18.7 million, a 21.7% increase compared to 30 June 2021 and a \$31.9 million (43.7%) increase on budget. This significant increase from 30 June 2021 is due to the triennial revaluation of Council's assets (including infrastructural assets) an increase of \$18.8 million.

The funding impact statement for the whole of council shows that Council had a surplus from operating of \$2,768,949, compared to the budget of \$2,173,700, this is mainly due to an increase in Subsidies and Grants funding for operating purposes. For the sources of capital funding, it was budgeted that there would be an increase in debt of \$2 million, however the debt was not raised during the financial year to 30 June 2022.

The financial prudence disclosure statements (pages 52 – 57) show that for 2021/22 Council achieved its targets for:

- Rates affordability (income affordability)
- Debt affordability benchmark
- Essential services benchmark
- Debt servicing benchmark
- Debt Control Benchmark

The financial prudence targets not achieved, were:


- Rates increases affordability – this graph compares council's actual rates increase with a quantified limited, being the underlying average rate of inflation plus 2%. For 2021/22 Council exceeded the limit due to some increased level of service and rising costs.
- Balanced budget benchmark – this displays Council's revenue as a proportion of operating expenses, which includes depreciation. As Council does not fund the depreciation on all its assets, it is unlikely that Council will achieve the balance budget benchmark, although Council came very close at 99%, compared to the target of 100%.
- Operations control benchmark – which shows council's actual net cash from operations as a proportion of its planned net cash flow from operations. For 2021/22, Council's actual net cash flow from operations was lower than budget due to the additional expenditure needed for solid waste operations.

The COVID-19 pandemic continued to impact on Council and the community during the year with projects, which were delayed in the previous year, having to be carried out during 2021/22. Also, some capital projects were unable to be completed during the year due to shortages in materials and labour.

Council is still in a healthy financial position and its infrastructure continues to function well for the community with minimal interruption.

4 **RECOMMENDATIONS**

1. That the report "Adoption of Annual Report and Summary for the year ended 30 June 2022" be received.
2. That Council adopts the Annual Report and Annual Report Summary for the year ended 30 June 2022.
3. That the Mayor and Chief Executive Officer are delegated to sign the Annual Report for the year ended 30 June 2022 following the adoption by Council.



Lee-Anne Butler, CA, BMS,
Group Manager, Finance & Corporate Services

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KAWERAU DISTRICT COUNCIL

Annual Report

For the Year Ended 30 June 2022



KAWERAU DISTRICT COUNCIL

ANNUAL REPORT FOR 2021/22

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MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE OFFICER

Kia ora and welcome to Council's annual report for the 12 months ended 30 June 2022. The Annual Report outlines how well Council has delivered on what was planned in the Long Term for 2021/22. It also determines the state of Council's finances at the end of the year.

The following is a brief summary of the financial results for 2021/22:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	14,973,190	15,715,865	742,675
Operating Expense	<u>15,081,180</u>	<u>15,826,792</u>	(745,612)
Operating Surplus/(Deficit)	(107,990)	(110,927)	(2,937)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	78,866,469	113,613,207	34,746,738
Liabilities	5,831,785	8,664,971	(2,833,186)
Ratepayers Equity	73,034,684	104,948,236	31,913,552

Overall the financial result was good, with Council continuing to maintain excellent services for residents while still being in a reasonably strong financial position.

During the year Council spent an additional \$745,612 more than budget on operations, but also received \$742,675 more revenue than budget. This additional revenue resulted from additional grants income received for: swimming pool renovations, 3 waters reforms and employment initiative funding. The additional expenditure mostly resulted from the increased cost of solid waste disposal (both increased volume and the cartage & disposal costs)

COVID-19 pandemic continued to impact on Council and the community during the year with projects which were delayed in the previous year having to be carried out during 2021/22. Also some capital projects were unable to be completed during the year due to shortages in materials and labour.

For the 2021/22 financial year Council spent \$6.0 million on capital projects compared to the budget of \$7.2 million. The reduced expenditure was mainly due to resourcing shortages and delays resulting backlogs from the previous year.

The major achievements during the 2021/22 financial year included:

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

The major projects undertaken during the year, included:

- On-going renewal of the town centre and improving the safety for residents
- Construction and sale of eight units in the Porritt Glade Lifestyle Village
- Renewal of 4.9 kms of watermains in the Plunket Street and Onslow Street areas
- Replacement of 2.5 kms of wastewater pipes in CBD and Plunkett Street
- Construction of new entranceway and staffroom at the Aquatic Centre
- Continued progress and renewal of damaged and dangerous footpaths as well as kerb and channels

There are going to be some significant changes for local government in the future, which includes:

3 waters reforms, reviewing the Resource Management Act and the Future of Local Government reform. The impact of these reforms is likely to be significant for both Council and the community, but we will endeavour to keep residents informed as soon as more information is available.

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

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

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

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

Faylene Tunui
MAYOR



Russell George, CA, MBA
CHIEF EXECUTIVE OFFICER



IWI AND TANGATA WHENUA RELATIONSHIPS AND CONTRIBUTION TO DECISION-MAKING

Kawerau District Council (Council) is committed to an open dialogue and working relationship with Māori, Tangata Whenua and Iwi, and has been working towards growing these relationships.

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

At a governance level, the Iwi Kaumātua role appointed for Council by Ngāti Tūwharetoa (Bay of Plenty) Settlement Trust in the previous term has provided Council with a Te Ao Māori lens within policy, decision-making and cultural areas through regular scheduled kōrero kanohi-te-kanohi.

During the 2021-2022 financial year, Council has continued to meet regularly with Iwi Kaumātua and acknowledges the support, knowledge and expertise of Tūwharetoa ki Kawerau Kaumātua Te Haukakawa (Boycie) Te Rire, Te Amorangi Graham Te Rire, Tohia o te Rangi Marae Chair Tomai Fox and Kaumātua and Rautahi Marae committee Te Waraki (Chic) Te Ruki.

In the latter half of the 2021-2022 year, this expanded Iwi Kaumātua forum provides for greater support and recognition of the entire hapori. Council acknowledges that an important facet of engagement is the timeliness of raising issues with Iwi Kaumātua. Council strives to ensure better planning to engage at the earliest stage.

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

Council acknowledges other Iwi based organisations in the rohe as consultation partners including Tūwharetoa ki Kawerau Hauora, Kaumātua forum, Pūtauaki Trust and Māori Investments Limited. In addition, Te Kaunihera a rohe o Kawerau acknowledges Te Rūnanga o Ngāti Awa and Ngāti Rangitīhi, both Eastern Bay Iwi with a historical connection and mana whenua of whenua and awa in and around the Kawerau rohe.

Of note, are a number of boundary changes been sought for Māori-owned land to be included in the Te Kaunihera a rohe o Kawerau. Totaling some 546 hectares, these requests are endorsed by Whakatāne District Council and Te Kaunihera a rohe o Kawerau and comprise:

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

The Local Government Commission is now completing a wider consultation phase regarding these boundary changes that closes on 23 March 2023.

SIGNIFICANT EVENTS DURING YEAR

COVID-19 PANDEMIC

The lockdown in the previous financial year and early in 2021/22, restricted some Council services and delayed some capital projects. Some of these projects and corresponding revenue were carried forward to 2021/22. However, the restrictions put in place by the Government continued to have an impact for Council during the 2021/22 financial year.

Assumption

There is the possibility that the COVID-19 pandemic could in future negatively impact the community and in turn this will affect Council's revenue, however, the risk is considered low. The district's industry continues to operate without reductions to their operations or workforce numbers. In addition, rate collection percentages are similar to previous years. Council continues to encourage ratepayers to communicate with them if they are having difficulties. Only a small percentage of Council's revenue is dependent on visitor numbers and while there may be temporary reduction in this revenue, it is minimal.

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

SIGNIFICANT RATEPAYER

During the previous year Norske Skog, which pays approximately 20% of Council's total rates, announced that it was ceasing operations and selling the site and assets. The last date of operation was 30 June 2021, however, the rates revenue for the 2021/22 financial was not impacted. Council considered various options during the year, which included looking at council's costs as well as the allocation of the shortfall in rates. Council decided to allocate the rating shortfall over all ratepayers. Council is confident that it remains a going concern and has prepared these accounts on that basis.

LEGISLATIVE REFORMS

The Government previously announced that it was reviewing three significant areas of local government. These included:

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

(i) Three Waters Reform

Government announced in 2020, it was undertaking a review of the 3 waters (water, wastewater and stormwater) which are mostly owned and managed by the 67 local authorities throughout the country. The proposal by Government is that local authorities would no longer be responsible for delivering these activities and the assets would transfer to 4 entities to deliver the services. The Government initially gave councils the option of opting in or out of these reforms and offered incentives for councils to opt in.

However, Government has since mandated the 3 water reforms. As at 30 June 2022 Kawerau District Council has joined the "Councils for local democracy" opposing the Government's 3 water reforms as it is believed these reforms will be detrimental to the Council and the community.

(ii) **RMA and Future of Local Government Reforms**

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

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

Assumptions

The 3 waters reforms will have a significant impact for local government and their respective communities. Also this will influence the future of Local Government review as councils will have reduced activities and revenue unless other functions are given to local government.

However, Council has prepared these accounts under a going concern assumption and at the time of preparing this report is planning to continue to deliver the services as provided in Council's 2021 – 31 Long Term Plan.

KAWERAU DISTRICT COUNCIL COUNCIL & STAFF INFORMATION

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

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

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

Chief Executive Officer and Heads of Departments:

Chief Executive Officer	R B (Russell) George, CA, MBA
Group Manager, Operations & Services	J J (Hanno) van der Merwe, MSc (Eng), PhD
Group Manager, Regulatory & Planning	M Glaspey (Michaela) LLB
Group Manager, Finance & Corporate Services	P J (Peter) Christophers, BBS, ACA
Economic & Community Development Manager	L (Lee) Barton
Communications & Engagement Manager	T (Tania) Humberstone



VISION

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

MISSION STATEMENT

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

STATEMENT OF PRINCIPLES

To achieve its Mission, Council will -

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

COMPLIANCE WITH COUNCIL POLICIES

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

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

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

REVENUE AND FINANCING POLICY

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

The overall funding mix achieved by Council for 2021/22 was consistent with its Revenue and Financing Policy.

INVESTMENT POLICY

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

There were no significant variations or material departures from Council's objectives for its investment activities as reported in the Investment Policy. Council's investments returned \$16,770 compared to the Annual Plan estimate for 2021/22 of \$16,990.

LIABILITY MANAGEMENT POLICY

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

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

FINANCIAL CONTRIBUTIONS POLICY

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

No financial contributions were received during the 2021/22 financial year.

RATES REMISSION AND POSTPONEMENT FOR MAORI FREEHOLD LAND POLICY

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

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

STATEMENT OF COMPLIANCE

COMPLIANCE AND RESPONSIBILITY

The Council and Management confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

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

The Council and Management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and non-financial reporting.

In the opinion of the Council and Management, the Annual Report for the year ended 30 June 2022 fairly reflects the financial position and operations of the Council.

F K N Tunui
Mayor

R B George, CA, MBA
Chief Executive Officer

Independent Auditor's Report

Independent Auditor's Report

Independent Auditor's Report

Independent Auditor's Report

Independent Auditor's Report

KAWERAU DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2022

\$ 2020/21		Note	\$ Budget	\$ 2021/22
	Revenue			
10,673,155	Rates revenue	3	11,244,050	11,295,785
3,178,444	Subsidies and grants	4	1,241,850	1,518,712
1,644,801	Fees and charges	5	1,800,300	2,235,266
17,574	Interest revenue	8	16,990	16,770
956,628	Other revenue	5	670,000	560,732
0	Vested assets		0	88,600
16,470,602	Total Revenue		14,973,190	15,715,865
	Expenses			
5,203,731	Personnel costs	6	5,868,230	5,703,185
3,375,028	Depreciation and amortisation expense	13-15	3,238,240	3,518,140
2,602	Finance costs	8	28,980	1,472
6,311,527	Other expenses	7	5,945,730	6,473,822
152,420	Loss on disposal of property, plant and equipment		0	130,173
15,045,308	Total Expenses		15,081,180	15,826,792
1,425,294	SURPLUS / (DEFICIT)		(107,990)	(110,927)
	Other comprehensive revenue and expense			
13,780,169	Property, plant and equipment revaluation		1,750,190	18,817,736
15,205,463	TOTAL COMPREHENSIVE REVENUE AND EXPENSE		1,642,200	18,706,809

Explanations of significant variances against budget are detailed in Note 32

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

KAWERAU DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

\$ 2020/21		Note	\$ Budget	\$ 2021/22
ASSETS				
Current assets				
4,616,631	Cash and cash equivalents	9	4,839,694	3,666,724
1,481,517	Receivables	10	1,736,730	1,333,372
0	Other financial assets	12	0	0
210,706	Prepayments		0	515,490
1,167,908	Inventory	11	778,550	1,305,973
<u>7,476,762</u>	Total current assets		<u>7,354,974</u>	<u>6,821,559</u>
Non-current assets				
36,252	Investment in CCOs	12	36,250	36,252
85,460,233	Property, plant and equipment	13	71,417,175	106,632,288
40,389	Intangible assets	14	58,070	123,108
<u>85,536,874</u>	Total non-current assets		<u>71,511,495</u>	<u>106,791,648</u>
<u>93,013,636</u>	TOTAL ASSETS		<u>78,866,469</u>	<u>113,613,207</u>
LIABILITIES				
Current liabilities				
3,433,278	Payables and deferred revenue	16	2,856,686	2,227,388
14,872	Borrowings and other financial liabilities	19	16,500	5,044
650,001	Employee entitlements	18	693,990	743,461
2,438,193	Retirement Village – Residents Liability	20	0	5,467,759
10,000	Provisions		10,000	10,000
<u>6,546,344</u>	Total current liabilities		<u>3,577,176</u>	<u>8,453,652</u>
Non-current liabilities				
148,571	Payables and deferred revenue	16	142,629	142,857
5,045	Borrowings and other financial liabilities	19	2,040,420	0
43,963	Employee entitlements	18	52,760	49,327
28,286	Provisions	17	18,800	19,135
<u>225,865</u>	Total non-current liabilities		<u>2,254,609</u>	<u>211,319</u>
<u>6,772,209</u>	TOTAL LIABILITIES		<u>5,831,785</u>	<u>8,664,971</u>
<u>86,241,427</u>	NET ASSETS		<u>73,034,684</u>	<u>104,948,236</u>
EQUITY				
37,211,385	Accumulated Funds	21	35,190,673	37,258,721
49,030,042	Reserves	21	37,844,011	67,689,515
<u>86,241,427</u>	TOTAL EQUITY		<u>73,034,684</u>	<u>104,948,236</u>

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

F K N Tunui
MAYOR

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

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

KAWERAU DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

<u>\$</u> <u>2020/21</u>	<u>Total Equity</u>	<u>Note</u>	<u>\$</u> <u>Budget</u>	<u>\$</u> <u>2021/22</u>
71,035,964	Balance at 1 July		71,392,484	86,241,427
<u>15,205,463</u>	Total comprehensive revenue and expense		<u>1,642,200</u>	<u>18,706,809</u>
<u>86,241,427</u>	Balance at 30 June		<u>73,034,684</u>	<u>104,948,236</u>

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

KAWERAU DISTRICT COUNCIL STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

\$ 2020/21	Note	\$ Budget	\$ 2021/22
CASH FLOWS FROM OPERATING ACTIVITIES			
10,737,571		11,250,300	11,288,041
929,089		0	1,019,082
3,235,834		1,241,850	1,562,212
1,262,498		1,800,300	2,636,145
19,634		16,990	15,360
908,987		664,057	426,093
(6,006,704)		(5,777,963)	(8,173,184)
(5,176,560)		(5,815,050)	(5,604,361)
(2,602)		(28,980)	(1,472)
224,160		0	(170,184)
(925,965)		0	(1,012,426)
<u>5,205,942</u>		<u>3,351,504</u>	<u>1,985,308</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
33,200		3,500,000	29,038
0		0	(103,784)
500,000		0	0
2,485,000			3,165,000
(6,880,999)		(6,991,450)	(6,010,592)
<u>(3,862,799)</u>		<u>(3,491,450)</u>	<u>(2,920,338)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
0		2,056,000	0
0		0	0
(20,053)		(19,000)	(14,875)
<u>(20,053)</u>		<u>2,037,000</u>	<u>(14,875)</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts			
<u>1,323,090</u>		<u>1,897,054</u>	<u>(949,907)</u>
<u>3,293,541</u>		<u>2,942,640</u>	<u>4,616,631</u>
<u>4,616,631</u>	9	<u>4,839,694</u>	<u>3,666,724</u>

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

Explanations of significant variances against budget are detailed in Note 32

KAWERAU DISTRICT COUNCIL FUNDING IMPACT STATEMENT

(Whole of Council)

For the year ended 30 June 2022

	2021		2022	
	\$ Annual Plan	\$ Actual	\$ Long Term Plan	\$ Actual
SOURCES OF OPERATING FUNDING				
General rates, UAGC and rate penalties	9,687,210	9,549,270	10,074,440	10,085,280
Targeted rates	1,064,010	1,123,885	1,169,580	1,210,505
Subsidies and grants for operating purposes	244,400	1,050,777	285,300	973,660
Fees and charges	1,684,700	1,644,801	1,800,300	2,235,266
Interest and dividends from investments	28,310	17,574	16,980	16,770
Local Authorities Fuel tax, fines, infringements and other receipts	1,169,000	909,821	670,000	425,298
TOTAL OPERATING FUNDING (A)	13,877,630	14,296,128	14,016,600	14,946,779
APPLICATIONS OF OPERATING FUNDING				
Payment to staff and suppliers	11,582,040	11,515,249	11,813,900	12,176,359
Finance costs	6,200	2,602	29,000	1,471
Other operating funding applications	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	11,588,240	11,517,851	11,842,900	12,177,830
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	2,289,390	2,778,277	2,173,700	2,768,949
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	1,149,420	2,127,667	956,550	545,052
Development and Financial contributions	0	0	0	0
Increase/(decrease) in debt	(20,030)	(20,053)	2,037,000	(14,873)
Gross proceeds from sale of assets	1,860,000	33,200	3,500,000	8,815
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	2,485,000	0	3,029,566
TOTAL SOURCES OF CAPITAL FUNDING (C)	2,989,390	4,625,814	6,493,550	3,568,560
APPLICATIONS OF CAPITAL FUNDS				
Capital expenditure:				
- to meet additional demand	1,503,000	2,342,880	1,820,000	1,579,187
- to improve the level of service	0	585,869	532,000	0
- to replace existing assets	4,847,250	4,267,274	4,639,450	4,437,877
Increase/(decrease) in reserves	(1,071,470)	208,070	1,675,800	320,445
Increase/(decrease) of investments	0	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	5,278,780	7,404,091	8,667,250	6,337,509
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(2,289,390)	(2,778,277)	(2,173,700)	(2,768,949)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0	0

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

KAWERAU DISTRICT COUNCIL

NOTES TO FINANCIAL STATEMENTS

1. Statement of Accounting Policies for the Year Ended 30 June 2022

REPORTING ENTITY

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

The financial statements of Kawerau District Council are for the year ended 30 June 2022. The financial statements are authorised for issue by Council on 29 March 2023.

BASIS OF PREPARATION

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

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

Rates revenue

The following policies for rates have been applied:

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

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

New Zealand Transport Agency Subsidies

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

Other grants received

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

Provision of services

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

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

Sales of goods

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

Vested assets

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

Interest and dividends

Interest revenue is recognised using the effective interest method.

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

Borrowing Costs

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

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

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

Leases

Finance leases

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

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

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

Operating leases

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

Receivables

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

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

Financial assets

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

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

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

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

The categories of financial assets are:

1. Loans and receivables

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

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

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

2. Fair value through other comprehensive revenue and expense

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

This category encompasses:

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

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

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

Impairment of financial assets

At each balance date, KDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables and held-to-maturity investments

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

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

Inventory

Council currently holds two categories of inventory. These are:

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

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

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

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

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

Property, plant and equipment

Property, plant and equipment consist of:

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

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

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

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

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

Revaluation

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

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

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

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

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

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

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

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

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

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

Additions

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

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

Disposals

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

Subsequent costs

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

Depreciation

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

	Estimated Useful Life	Depreciation Rate	Basis
Operational			
Buildings	5-50 years	2.0-20.0%	SL
Computer/Electronic Office Equipment	3-15 years	6.7-33.3%	SL
Fixtures, Fittings & Equipment	5-50 years	2.0-20.0%	DV
Plant (including vehicles)	5 years	20.0%	DV
Library Collections (excluding special collections)	7 years	15.0%	DV
Special Collections	Not depreciated		
Infrastructural			
Roading Network			
Street lighting	5-47 years	2.13-20.0%	SL
Kerb, channel & footpath	5-100 years	1.0-20.0%	SL

	Estimated Useful Life	Depreciation Rate	Basis
Infrastructural			
Pavement surface	3-19 years	5.26-33.3%	SL
Pavement structure	5-80 years	1.25-20.0%	SL
Stormwater	5-100 years	1.0-20.0%	SL
Water Systems:			
Collection & Storage	5-80 years	1.25-20.0%	SL
Local Distribution	5-80 years	1.25-20.0%	SL
Sewerage System:			
Reticulation system	5-80 years	1.25-20.0%	SL
Pumping & Treatment	5-80 years	1.25-20.0%	SL
Restricted			
Buildings & Other	6-25 years	4.0%-16.7%	SL

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

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

Intangible assets

Software acquisition and development

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

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

Amortisation

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

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

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

Impairment of property, plant and equipment and intangible assets

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

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

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

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Payables

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

Employee entitlements

Short-term employee benefits

Employee benefits that KDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

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

Long-term employee entitlements

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

The calculations are based on:

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

Superannuation schemes

Defined contribution schemes

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

Provisions

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

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

Landfill

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

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

Financial guarantee

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

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

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

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

Borrowings

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

Equity

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

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

Restricted and Council Created Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by KDC.

Restricted reserves are those subject to specific conditions accepted as binding by KDC and which may not be revised by KDC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

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

Property Revaluation Reserves

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

Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council for 2021/22 in the 2021 - 2031 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the financial statements.

Cost allocation

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

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

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

Critical accounting estimates and assumptions

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

Landfill aftercare provision

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

Infrastructural assets

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

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

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

Critical judgements in applying KDC's accounting policies

Management has exercised the following critical judgements in applying the KDC's accounting policies for the period ended 30 June 2022:

Classification of property

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

Changes in accounting policies

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE 34 – 38). These new standards replaced the previous standards for interests in other entities (PBE IPSAS 6 – 8). These new standards have been applied in preparing the 30 June 2022 financial statements but there has been no material impact.

Standards issued and not yet effective and not early adopted

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

PBE FRS 48 Services Performance Reporting

This standard is mandatory for annual report periods beginning on or after 1 January 2022. This standard replaces the service performance requirements of PBE PSAS 1 *Presentation of Financial Statements* and establishes new requirements for public benefit entities (PBEs) to select and present services performance information. Council has not yet determined how the application of PBE FRS 48 will affect its statement of service performance. Council has not adopted the standard for the 2021/22 financial year.

PBE IPSAS 41 Financial Instruments

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

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

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

The Council intends to adopt PBE IPSAS 41 for the 30 June 2023 financial year. The Council has not yet assessed in detail the impact of the new standard.

Breach of Statutory Deadline

Kawerau Council was required under section 98 (7) (a) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 31 December 2022. This time frame was not met because Audit New Zealand was unable to complete the audit due to auditor shortage and the consequential effects of Covid-19 including lockdowns.

2. Summary of Revenue and Expenditure for Groups of Activities

Revenue and expenditure for groups of activities

<u>2020/21</u>		<u>Budget</u>	<u>2021/22</u>
	Revenue		
976,436	Democracy	703,770	1,008,910
1,779,735	Economic Development	1,928,560	1,867,579
1,238,914	Environmental Services	1,264,180	1,312,917
2,308,831	Roading	2,177,120	1,991,253
232,609	Stormwater	313,480	116,982
1,254,093	Water	1,431,700	1,484,887
2,094,761	Wastewater	1,812,610	1,969,162
1,990,984	Solid Waste	1,935,030	2,053,524
5,226,349	Leisure and Community Services	4,188,660	4,360,737
17,102,712		15,755,110	16,165,951
(632,110)	Less internal revenue	(781,920)	(450,086)
16,470,602	Total revenue	14,973,190	15,715,865

<u>2020/21</u>		<u>Budget</u>	<u>2021/22</u>
	Expenditure		
993,279	Democracy	855,770	1,104,641
2,135,248	Economic Development	2,386,710	1,982,755
1,088,512	Environmental Services	1,179,700	1,078,517
2,115,777	Roading	1,896,080	1,956,727
311,494	Stormwater	253,950	257,484
1,552,022	Water	1,182,540	1,399,487
1,879,914	Wastewater	1,776,670	1,953,340
1,975,837	Solid Waste	1,826,130	2,418,873

<u>3,773,646</u>	Leisure and Community Services	<u>4,234,390</u>	<u>4,030,277</u>
15,825,729		15,592,140	16,182,301
<u>(780,421)</u>	Less internal expenditure	<u>(921,610)</u>	<u>(355,509)</u>
<u>15,045,308</u>	Total expenditure	<u>14,670,530</u>	<u>15,826,792</u>

3. Rates Revenue

<u>2020/21</u>		<u>2021/22</u>
9,499,229	General rate	10,027,049
	Targeted rates attributable to activities:	
273,788	Water Supply – including metered water	242,784
411,150	Wastewater	450,783
438,947	Refuse Collection	516,938
50,041	Rate penalties	58,231
<u>10,673,155</u>	Total revenue from rates	<u>11,295,785</u>

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

<u>2020/21</u>		<u>2021/22</u>
10,790,871	Total rates revenue	11,328,990
	Rates remissions	
<u>(117,716)</u>	Higher value properties/Farms	<u>(33,205)</u>
<u>10,673,155</u>	Rates revenue net of remissions	<u>11,295,785</u>

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens & reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of water, wastewater and refuse collection. Non-rateable land does not constitute a remission under KDC's remission policies.

4. Subsidies and Grants

<u>2020/21</u>		<u>2021/22</u>
1,149,605	Waka Kotahi – Roading Subsidies	674,232
162,389	Waka Kotahi – Subsidies for Stormwater	19,121
<u>1,866,450</u>	Grants for capital projects and events	<u>825,359</u>
<u>3,178,444</u>		<u>1,518,712</u>

There are no unfulfilled conditions or other contingencies attached to government grants received (2021 \$Nil).

5. Fees and charges and other revenue

<u>2020/21</u>		<u>2021/22</u>
1,644,801	User fees and charges	2,235,266
66,128	Petrol Tax	61,120
0	Election recoveries	0
306,274	Profit on disposal of inventory	364,178
537,419	Recoveries – Netball Pavilion	0
<u>46,807</u>	Recognition of Retirement Village ORA	<u>135,434</u>

	<u>2,601,429</u>	Total fees and charges and other revenue	<u>2,795,998</u>
6. Personnel Costs			
	<u>2020/21</u>		<u>2021/22</u>
	5,041,564	Salaries & Wages	5,459,997
	5,154	Employer contributions to multi-employer defined benefit plans	7,213
	129,842	Employer contributions to Kiwisaver	137,151
	27,171	Increase/ (decrease) in employee benefit liabilities	98,824
	<u>5,203,731</u>	Total employee benefit expenses	<u>5,703,185</u>
7. Other expenses			
	<u>2020/21</u>		<u>2021/22</u>
	38,314	General grants	47,356
	1,615,096	Contractors	1,766,760
	211,407	Insurance premiums	276,958
	254,824	Consultants and legal fees	263,906
	3,691	Impairment of receivables (note 9)	1,016
	4,188,195	Other operating expenses	4,117,826
	<u>6,311,527</u>		<u>6,473,822</u>
8. Interest revenue and finance costs			
	<u>2020/21</u>		<u>2021/22</u>
		Interest revenue:	
	17,574	Term deposits	16,770
		Interest expense:	
	0	Interest - other	0
	2,602	Interest on finance leases	1,472
	<u>14,972</u>	Net interest revenue	<u>15,298</u>
9. Cash and cash equivalents			
	<u>2020/21</u>		<u>2021/22</u>
	3,816,631	Cash at bank and in hand	2,866,724
	800,000	Short term deposits with maturities of 3 months or less	800,000
	<u>4,616,631</u>	Total cash and cash equivalents	<u>3,666,724</u>
		The carrying value of short-term deposits with maturity dates of 3 months or less approximates to their fair value.	
10. Receivables			
	<u>2020/21</u>		<u>2021/22</u>
	264,443	Rates receivable	336,190
	336,726	Other receivables	✓ 248,115
	372,523	Licence to occupy deposits	0
	391,955	Sundry debtors	464,028
	124,168	GST receivable	294,352
	1,489,815		1,342,685
	<u>(8,298)</u>	Less provision for impairment of receivables	<u>(9,313)</u>
	<u>1,481,517</u>	Current portion	<u>1,333,372</u>

828,174	Receivables from non-exchange transactions	876,978
<u>653,343</u>	Receivables from exchange transactions	<u>456,394</u>
<u>1,481,517</u>		<u>1,333,372</u>

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

<u>2020/21</u>		<u>2021/22</u>
4,607	At 1 July	8,298
3,691	Additional provisions made during the year	1,015
<u>0</u>	Receivables written off during the period	<u>0</u>
<u>8,298</u>	At 30 June	<u>9,313</u>

11. Inventory

<u>2020/21</u>		<u>2021/22</u>
	Inventories held for distribution (Non-Commercial):	
157,924	Water & sewerage reticulation spare parts	158,915
<u>54,531</u>	Other	<u>75,968</u>
212,455	Total inventories held for distribution (Non-commercial)	234,883
	Inventory held for sale (Commercial):	
<u>955,453</u>	Residential Developments – Te Ariki Place & Central Cove	<u>1,071,090</u>
955,453	Total inventory held for sale (Commercial)	1,071,090
<u>1,167,908</u>	Total	<u>1,305,973</u>

There has been no write-down of inventory during the year (2020/21 – \$nil)
No inventories are pledged as securities for liabilities (2020/21 - \$nil)

12. Other Financial Assets/Investments in CCOs

<u>2020/21</u>		<u>2021/22</u>
	Current portion	
	<i>Loans and receivables</i>	
<u>0</u>	Short term deposits with maturities of 4 -12 months	<u>0</u>
<u>0</u>	Total loans and receivables	<u>0</u>
	Non-current portion	
	<i>Investments - at cost</i>	
31,161	Investment in Civic Financial Services Limited (other financial assets)	31,161
<u>5,091</u>	Investment in BOPLASS Ltd - CCO	<u>5,091</u>
<u>36,252</u>		<u>36,252</u>

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

Shares in Civic Financial Services Limited are held at cost. The asset backing for these shares at 31 Dec 2021 was \$0.99 (2020 - \$0.96).

Maturity analysis and effective interest rates

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

<u>2020/21</u>	Short Term Deposits	<u>2021/22</u>
<u>0</u>	Average investment	<u>0</u>
<u>0</u>		<u>0</u>

13. Property, plant and equipment 2022

	Cost/ revaluation 30-Jun-21	Accum Depn and Imp Chgs 30-Jun-21	Carrying Amount 30-Jun-21	WIP	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Valuation Adjustment	Cost/ revaluation 30-Jun-22	Accum Depn and Imp Chgs 30-Jun-22	Carrying Amount 30-Jun-22
Council operational assets												
Land	10,288,000	0	10,288,000	0	0	0	0	0	238,000	10,526,000	0	10,526,000
Buildings	11,993,561	(828,696)	11,064,865	0	1,684,936	0	0	538,978	4,614,577	16,825,400	0	16,825,400
Plant, machinery & vehicles	2,406,878	(1,320,392)	1,086,486	0	250,153	(113,748)	93,437	213,668	0	2,543,285	(1,440,623)	1,102,662
Fixtures, fittings and equipment	5,470,517	(3,240,070)	2,230,447	0	173,247	(5,929)	4,057	271,232	0	5,637,835	(3,507,245)	2,130,590
Library collections	1,780,201	(1,425,705)	354,496	0	62,892	0	0	57,891	0	1,843,092	(1,463,596)	359,496
Leased assets	90,259	(72,987)	17,272	0	0	0	0	12,521	0	90,259	(85,508)	4,750
Work in progress	0	0	0	0	850,335	0	0	0	0	850,335	0	850,335
Total operational assets	32,029,416	(6,967,850)	25,041,566	0	3,021,563	(119,677)	97,494	1,094,290	4,852,577	38,316,205	(6,516,873)	31,799,233
Roading network	18,313,595	(2,052,903)	17,260,692	93,280	631,414	(43,704)	0	855,125	7,367,641	24,624,320	(270,122)	24,354,198
Water - Other	8,470,026	(912,957)	7,557,069	1,216,459	1,294,136	(41,286)	0	467,245	2,470,717	12,029,850	0	12,029,850
Water - Treatment Plant	1,242,490	(153,430)	1,089,060	0	51,106	0	0	88,811	179,225	1,230,780	0	1,230,780
Sewerage - Other	8,420,135	(713,024)	7,707,111	0	920,369	(43,311)	0	365,572	1,486,983	9,705,560	0	9,705,560
Sewerage - Treatment Plant	3,839,325	(295,240)	3,544,085	0	62,280	0	0	159,276	612,601	4,059,700	0	4,059,700
Stormwater - Network	5,492,348	(485,156)	4,997,193	0	21,000	0	0	250,828	1,077,175	5,844,540	0	5,844,540
Work in Progress	1,309,739	0	1,309,739	(1,309,739)	0	0	0	0	0	0	0	0
Total Infrastructural assets	48,087,659	(4,622,710)	43,464,949	0	2,980,315	(128,301)	0	2,286,657	13,194,322	57,494,750	(270,122)	57,224,628
Council restricted assets												
Land	14,767,324	0	14,767,324	0	0	0	0	0	309,600	15,076,924	0	15,076,924
Buildings	2,326,199	(228,958)	2,098,241	0	0	0	0	113,479	461,238	2,447,000	0	2,447,000
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	0	12,300	0	12,300
Other	88,101	(13,248)	74,853	0	0	0	0	2,650	0	88,100	(15,897)	72,203
Total restricted assets	17,193,924	(240,206)	16,953,718	0	0	0	0	118,129	770,838	17,624,324	(15,897)	17,608,427
Total property, plant and equipment	97,310,999	(11,850,766)	85,460,233	0	6,001,878	(247,978)	97,494	3,497,077	18,817,737	113,435,279	(16,508,551)	106,632,288

Property, plant and equipment 2021

	Cost/ revaluation 30-Jun-20	Accum Depn and Imp Chgs 30-Jun-20	Carrying Amount 30-Jun-20	Cost/ revaluation 30-Jun-21	Accum Depn and Imp Chgs 30-Jun-21	Carrying Amount 30-Jun-21
Council operational assets						
Land	4,800,631	0	4,800,631	10,288,000	0	10,288,000
Buildings	8,592,308	(447,810)	8,144,498	11,993,561	-928,696	11,064,865
Plant, machinery and vehicles	2,020,197	(1,182,065)	838,132	2,406,878	-1,320,392	1,086,486
Fixtures, fittings and equipment	5,069,184	(2,977,671)	2,091,514	5,470,517	-3,240,070	2,230,447
Library collections	1,711,816	(1,369,181)	342,635	1,780,201	-1,425,705	354,496
Leased assets	\$90,259	(54,935)	35,323	90,259	-72,987	17,272
Work in progress	915,398		915,398			
Total operational assets	23,199,793	(6,031,662)	17,168,131	32,029,416	(6,987,850)	25,041,566
Roading network						
Water - Other	17,903,182	(1,131,225)	16,771,957	19,313,595	(2,052,903)	17,260,692
Water - Treatment Plant	8,486,304	(454,636)	8,031,668	8,470,026	(912,957)	7,557,069
Sewerage - Other	1,062,059	(71,154)	990,905	1,242,490	(153,430)	1,089,060
Sewerage - Treatment Plant	8,122,885	(361,882)	7,761,003	8,420,135	(713,024)	7,707,111
Stormwater - Network	5,345,916	(245,483)	5,100,433	5,492,349	(495,156)	4,997,193
Work in Progress	0		0	1,309,739	0	1,309,739
Total infrastructural assets	44,471,276	(2,410,629)	42,060,647	48,087,659	(4,622,710)	43,464,949
Council restricted assets						
Land	6,474,524	0	6,474,524	14,767,324	0	14,767,324
Buildings	2,326,199	(113,479)	2,212,720	2,326,199	(226,958)	2,099,241
Library - Special Collection	12,300	0	12,300	12,300	0	12,300
Other	88,101	(10,598)	77,503	88,101	(13,248)	74,853
Total restricted assets	8,901,124	(124,077)	8,777,047	17,193,924	(240,206)	16,953,718
Total property, plant and equipment	76,572,193	(8,566,368)	68,005,825	97,310,999	(11,850,766)	85,460,233

Core asset disclosures

Valuation

Land and Buildings

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

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

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

Infrastructural Assets

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

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

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

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

Disposals

The net loss on disposal of property, plant and equipment \$130,173 (2021 - \$301,186 gain) has been recognised in the statement of comprehensive revenue and expense.

Leases

The net carrying amount of plant and equipment held under finance leases is \$339 (2021 - \$424).

Impairment

There were no impairment losses incurred for the year to 30 June 2022 (2021 – nil).

Restrictions

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

Core infrastructure asset disclosure

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

2022	Closing book value	Additions (constructed)	Additions (transferred)	Most recent replacement cost estimate for revalued assets (30 June 2022)
Water Supply:				
-Treatment plant	1,230,780	51,106	0	2,173,980
-Other assets (reticulation)	10,547,150	173,266	0	33,305,430
Sewerage:				
-Treatment plant	4,059,700	62,290	0	7,223,090
-Other assets (reticulation)	9,616,960	831,769	0	30,176,110
Stormwater drainage	5,844,540	21,000	0	22,213,690
Roads and Footpaths	24,354,198	631,414	0	53,446,940
2021				
				Replacement cost:
(30 June 2021)				
Water Supply:				
-Treatment plant	1,089,060	180,431	0	1,771,780
-Other assets (reticulation)	7,557,069	33,692	0	27,320,510
Sewerage:				
-Treatment plant	3,544,085	296,615	0	6,369,160
-Other assets (reticulation)	7,707,111	350,351	0	25,338,620
Stormwater drainage	4,997,193	146,433	0	18,477,810
Roads and Footpaths	17,260,692	1,471,052	0	37,973,350

14. Intangible assets

2020/21		2021/22
	Acquired computer software	
	Balance at 1 July	
418,319	Cost	418,319
(362,393)	Accumulated amortisation and impairment	(377,930)
<u>55,926</u>	Opening carrying amount	<u>40,389</u>
0	Additions	103,784
(15,537)	Amortisation charge	(21,065)
<u>40,389</u>	Closing carrying amount	<u>123,108</u>
	Balance at 30 June	
418,319	Cost	522,103
(377,930)	Accumulated amortisation and impairment	(398,995)
<u>40,389</u>	Closing carrying amount	<u>123,108</u>

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

15. Depreciation and amortisation expense by group of activity

<u>2020/21</u> <u>Actual</u>	Depreciation and amortisation expense (for group of activity)	<u>2021/22</u> <u>Budget</u>	<u>2021/22</u> <u>Actual</u>
18,726	Democracy	16,980	18,540
237,421	Economic and community development	228,840	287,882
28,111	Environmental services	42,290	29,874
916,070	Roading	879,850	948,612
250,173	Stormwater	246,130	250,886
547,630	Water supply	556,330	562,615
533,331	Wastewater	521,900	545,217
33,068	Solid waste	31,620	36,986
642,703	Leisure and recreation	714,300	647,530
167,795	Other activities	0	189,998
<u>3,375,028</u>	Total	<u>3,238,240</u>	<u>3,518,140</u>

16. Payables and deferred revenue

<u>2020/21</u>	Current portion: Payables and deferred revenue under exchange transactions:	<u>2021/22</u>
1,636,410	Trade payables	557,051
371,176	Accrued expenses	438,087
5,714	Revenue in advance	5,714
<u>2,013,300</u>	Total	<u>1,000,852</u>
	Payables and deferred revenue under non-exchange transactions:	
858,453	Rates fees and grants received in advance	989,657
47,185	Rates due to BOP Regional Council	53,841
372,523	Licence to occupy deposits – Covent Trustees	0
141,817	Deposits and bonds	183,038
<u>1,419,978</u>	Total	<u>1,226,536</u>
<u>3,433,278</u>	Total payables and deferred revenue	<u>2,227,388</u>
	Non-current portion: Payables and deferred revenue under exchange transactions:	
<u>\$148,571</u>	Income in advance	<u>\$142,857</u>

17. Provisions

<u>2020/21</u>		<u>2021/22</u>
	Current provisions are represented by:	
10,000	Landfill aftercare provision	10,000
	Non-current provisions are represented by:	
28,286	Landfill aftercare provision	19,135

<u>2020/21</u>		<u>2021/22</u>
	Landfill aftercare provision	
46,086	Opening balance	38,286
(9,593)	Amount utilised	(24,813)
2,200	Discounting changes	849
(407)	Increase/(Decrease) in provision	14,813
<u>38,286</u>	Closing Balance	<u>29,135</u>

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

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

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

The provision, taking into account existing technologies and known legal requirements, is estimated at \$30,000 (2021 - \$40,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$29,135 (2021 - \$38,286) using a discount rate of 3.00% (2021 – 3.0%).

18. Employee Entitlements

<u>2020/21</u>		<u>2021/22</u>
489,461	Annual leave	581,602
43,963	Retirement gratuities	49,327
160,540	Accrued salaries	161,859
<u>693,964</u>	Total employee benefit liabilities	<u>792,788</u>
	Comprising:	
650,001	Current	743,461
43,963	Non-current	49,327
<u>693,964</u>	Total employee benefit liabilities	<u>792,788</u>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2021/22 did not exceed the sick leave entitlement for the year. The present value of retirement gratuities, depends on a number of factors and are determined on an actuarial basis. Two key assumptions are used in calculating this liability: the discount rate and the salary inflation factor. Any changes to these assumptions will affect the carrying amount of the liability. A weighted average discount rate of 3% (2021 3%) and an inflation factor of 2.0% (2021 2.0%) were used.

19. Borrowings and other financial liabilities

<u>2020/21</u>		<u>2021/22</u>
	Current	
14,872	Finance leases	5,044
<u>14,872</u>	Total current borrowings	<u>5,044</u>
	Non-current	
5,044	Finance leases	0
<u>5,044</u>	Total non-current borrowings	<u>0</u>

Security

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

KDC currently has no secured loans.

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

Internal borrowings

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

Analysis of finance lease liabilities

<u>2020/21</u>		<u>2021/22</u>
	Total minimum lease payments are payable	
16,276	Not later than one year	5,441
<u>5,441</u>	Later than one year and not later than five years	<u>0</u>
21,717	Total minimum lease payments	5,441
<u>(1,800)</u>	Future finance charges	<u>(397)</u>
<u>19,917</u>	Present value of minimum lease payments	<u>5,044</u>
	Present value of minimum lease payments are payable	
14,872	Not later than one year	5,044
<u>5,045</u>	Later than one year and not later than five years	<u>0</u>
<u>19,917</u>	Total	<u>5,044</u>

Description of material leasing arrangements

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

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

20. Retirement Village – Liability to residents

<u>2020/21</u>		<u>2021/22</u>
0	As at 1 July:	2,438,193
1,739,500	Occupation Rights - Deposits	2,215,500
745,500	Occupation Right – Amenity Fee Unamortised	949,500
<u>(46,807)</u>	Less Amortised Amenity Fee– 3% p.a	<u>(135,434)</u>
<u>2,438,193</u>	Liability – Residents (30 June)	<u>5,467,759</u>

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

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

21. Equity

<u>2020/21</u>		<u>2021/22</u>
	Accumulated Funds	
35,665,388	As at 1 July	37,211,385
	Transfers to:	
(2,185,034)	Council created reserves	(2,379,720)
	Transfers from:	
0	Restricted reserves	
2,305,737	Revaluation reserve - disposals	54,480
1,425,294	Council created reserves	2,483,503
<u>37,211,385</u>	Total Comprehensive Revenue and Expense	<u>(110,927)</u>
	As at 30 June	<u>37,258,721</u>
	Council created reserves	
5,736,665	As at 1 July	5,615,962
	Transfers to:	
(2,305,737)	Accumulated Funds	(2,483,503)
	Transfers from:	
2,185,034	Accumulated Funds	2,379,720
<u>5,615,962</u>	As at 30 June	<u>5,512,179</u>
	Property revaluation reserves	
29,633,911	As at 1 July	43,414,080
13,780,169	Total Comprehensive Revenue and Expense	18,817,736
0	Revaluation reserve - disposals	(54,480)
<u>43,414,080</u>	As at 30 June	<u>62,177,336</u>
<u>49,030,042</u>	TOTAL RESERVES	<u>67,689,515</u>
	Asset revaluation reserves consist of:	
	Operational Assets	
8,317,849	Land	8,555,849
74,548	Landscaping	74,548
2,649,065	Buildings	7,263,642
95,916	Other Equipment	95,916
<u>11,137,378</u>		<u>15,989,955</u>
	Infrastructural Assets	
8,573,165	Roading Network	15,921,404
4,779,878	Water System	7,409,501
4,178,323	Wastewater System	6,263,126
2,036,001	Stormwater Network	3,113,177
<u>19,567,367</u>		<u>32,707,208</u>
	Restricted Assets	
10794,650	Land	11,104,250
1,914,685	Buildings	2,375,923
<u>12,709,335</u>		<u>13,480,173</u>
<u>43,414,080</u>		<u>62,177,336</u>

22. Reserves

2020/21 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure \$	2021/22 \$
	Asset Renewal Reserve (All Activities)			
	To set funds aside for the renewal of assets utilised by the following activities:			
115,152	Democracy	481	0	115,633
590	Building & Inspection	2	0	592
4,064	Environmental Health	6	0	4,070
(118,298)	Dog Control	25,686	(20,978)	(113,590)
1,371,833	Roading/Footpaths	258,166	(227,112)	1,402,887
418,168	Stormwater	61,301	(5,250)	474,219
3,327,834	Water Supply	548,472	(1,331,445)	2,544,861
4,014,056	Wastewater	507,161	(930,799)	3,590,418
(262,465)	Refuse Disposal	8,886	(33,705)	(287,284)
94,176	Zero Waste	5,769	0	99,945
(469,550)	Library	71,060	(72,808)	(471,297)
(130,108)	Museum	19,744	(13,431)	(123,796)
(555,508)	Swimming Pool	143,234	(871,012)	(1,283,285)
(179,258)	Rec Centre	70,540	(1,658)	(110,376)
329,527	Town Hall	47,973	0	377,499
20,907	Concert Chamber	18,532	(1,995)	37,445
(153,473)	Town Centre Toilets	6,342	0	(147,131)
1,178,328	Sportfields	110,822	(119,611)	1,169,539
(370,985)	Passive Reserves	66,898	(25,618)	(329,705)
222	Road Berms	0	0	222
21,152	Street Trees	1,932	0	23,084
1,253	Bedding Displays	3	0	1,256
326,499	Playgrounds	24,615	(4,077)	347,037
(131,243)	Pensioner Housing (Bert Hamilton Hall)	(807)	0	(132,049)
60,630	Cemetery	5,525	0	66,156
(819,202)	Residential Developments	17,565	(251,459)	(1,053,095)
(2,311,748)	Retirement Village	17,913	1,597,995	(695,841)
(201,221)	Firmin Lodge	36,570	(31,474)	(196,124)
(382,863)	District Office & Depot	96,009	(27,862)	(314,716)
464,758	Finance	52,887	(83,773)	433,872
5,692	Operations & Services	(8)	0	5,684
(107,464)	Information Centre	9,267	(2,012)	(100,209)
46,463	Plant	147,105	(25,421)	168,147
11,024	Development Feasibility Fund	96		11,120
(2,980)	Economic Development	(26)	0	(3,006)
5,615,962	Total	2,379,720	(2,483,503)	5,512,179

Council created reserve funds are held to fund the required renewals for each activity and to ensure they are used for that purpose. Surpluses held in reserves are credited with interest. The Council created reserves are discretionary reserves which are funds set aside for the renewal of assets in

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

23. Internal Loans

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

2020/21			2021/22		
Interest \$	Loans \$	Internal Loans	Interest \$	Repayments \$	Loans \$
		Solid Waste:			
3,762	82,469	Transfer Station Loan	1,943	(19,254)	63,215
		Leisure and Recreation:			
2,469	56,663	Swimming Pool Loan	1,373	(7,050)	49,613
16,049	391,743	Changing rooms Loan	9,713	(13,101)	378,642
33,881	827,013	Firmin Lodge Loan	20,504	(27,658)	799,355
17,640	431,290	Archives/Museum Loan	10,699	(13,431)	417,859
73,801	1,789,178	Total	44,232	(80,494)	1,708,684

24. Capital commitments and operating leases

At the 30 June 2022 there was outstanding contracts for work still to be done totaling \$2,923,800 (2021 \$886,951).

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

<u>2020/21</u>		<u>2021/22</u>
	Total minimum lease payments	
3,562	Not later than one year	5,316
0	Later than one year and not later than five years	19,510
<u>3,562</u>	Total minimum lease payments	<u>24,826</u>

25. Contingencies

Council currently has no outstanding loan guarantees for community organisations (2021 - \$Nil).

26. Related Party Transactions

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

<u>2020/21</u>	Key management personnel compensation:	<u>2021/22</u>
	Councillors:	
321,172	Remuneration (including non-financial benefits)	325,468
9	Full-time equivalent members (NB number of elected members)	9

Senior management team including Chief Executive Officer

620,412	Remuneration (including non-financial benefits)	606,589
18,460	Employer contribution to Kiwi-saver scheme	18,055
4	Full-time equivalents	4
941,584	Total key management personnel remuneration	932,057
13	Total full-time equivalent personnel	13

27. Remuneration

<u>2020/21</u>		<u>2021/22</u>
222,370	Chief Executive Officer	222,370
6,671	Employer contribution to Kiwi-saver scheme	6,671
	The Chief Executive Officer also received additional benefits of \$600.00 (\$600.00 2021) for telephone rental	

<u>2020/21</u>	Elected Members	<u>2021/22</u>
----------------	-----------------	----------------

<u>Total</u>		<u>Communication Allowance</u>	<u>Salary</u>	<u>Total</u>
92,500	Mayor - M J Campbell JP	0	93,500*	93,500
33,030	Councillor - C J Ion	1,190	32,318	33,508
26,112	Councillor - B J Julian	640	25,854	26,494
26,072	Councillor - R G K Savage	600	25,854	26,454
26,662	Councillor - W Godfery	1,190	25,854	27,044
26,662	Councillor - A Rangihika	1,190	25,854	27,044
36,810	Councillor - F K N Tunui	1,150	36,195	37,345
26,662	Councillor - D Sparks	1,190	25,854	27,044
26,662	Councillor - S Kingi	1,190	25,854	27,044

*includes value of vehicle

28. Staffing Levels and Remuneration

As at 30 June 2022 there were 62 staff which received annual salaries of less than \$60,000 (2021 54 employees)

<u>2020/21</u>	Total annual remuneration (in bands)	<u>2021/22</u>
No of Staff	(Total remuneration includes non-financial benefits provided to employees)	No of Staff
54	Salary < \$60,000	62
15	Salary \$60,000 - \$79,999	14
7	Salary \$80,000 - \$99,999	6
5	Salary \$100,000 - \$139,999	5
1	Salary \$140,000 - \$229,999	3
82	Total	90

<u>2020/21</u>		<u>2021/22</u>
52	Number of staff which were full time employees (>40 hours per week)	62
18.7	Number of part time staff (ie < 40 hours per week) expressed as FTE	15

29. Severance Payments

During the year, there were no severance payments made to Council employees. (2021 \$0)

30. Events after balance date

In October 2021, the Government confirmed that it will introduce legislation to create four publicly owned water entities, and that the group's participation in the proposed reform will be mandatory.

These entities will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. The Department of Internal Affairs is tasked with the successful implementation of these reforms and will work with the local government sector, iwi water industry and other stakeholders to ensue a smooth transition to the new arrangements.

Subsequently, on 2 June 2022, the government introduced the Water Services Entities Bill in the House of Representatives.

On the 14th of December 2022, the Bill received its Royal Assent which will see the Water Services Entities Bill create four publicly owned water services entities that will take on responsibility for delivering water services from 1 July 2024. Two further bills, the Water Services Legislation Bill and The Water Services Economic Efficiency and Consumers Protection Bill were introduced into Parliament on 8 December 2022. These Bills set out the detailed functions and powers of the new entities and establishes the economic regulation and consumer protection regime, respectively.

High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with any certainty. As at 30 June 2022, the total stormwater infrastructure assets were \$5,844,540 (2021: \$4,997,173), total water infrastructure assets were \$13,260,630 (2021: \$8,646,129) and total wastewater infrastructure were \$13,765,260 (2021: \$11,251,196). Not all of these assets may transfer, particularly assets that are used by other parts of the Council. Other non-infrastructure assets may also transfer. The fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanisms for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment

The other event after balance date included the increase in the OCR (Official Cash Rate) to 4.25% (and predicted to be 5.5% in 2023) by the Reserve Bank Governor which will impact on Council's finance costs.

(2020/21: Government passed legislation during October 2021 to mandate the transfer the 3 waters assets to the four new entities by June 2024. While the impacts have not been quantified they are expected to be significant for Council and the community. The other event was the lockdown of the district (level 3) due to the COVID-19 outbreak. Council had to close a number of facilities and activities, apart from essential services during this period and staff were encouraged to work from home where possible)

31. Financial Instruments

Financial instrument categories

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

<u>2020/21</u>		<u>2021/22</u>
	Financial Assets	
	Loans and receivables	
4,616,631	Cash and cash equivalents	3,666,724
1,357,349	Debtors and other receivables	1,048,333
0	Held to maturity investments of 4-12 months	0
<u>5,973,980</u>	Total loans and receivables	<u>4,715,057</u>

	Fair value through other comprehensive revenue and expense	
<u>36,252</u>	Investments in unlisted shares	<u>36,252</u>
<u>36,252</u>	Total fair value through other comprehensive revenue and expense	<u>36,252</u>
<u>6,010,232</u>	Total financial assets	<u>4,751,308</u>
	Financial Liabilities	
	Financial liabilities at amortised cost	
2,569,111	Creditors and other payables	1,232,017
<u>14,872</u>	Borrowings	<u>5,044</u>
<u>2,583,983</u>	Total financial liabilities at amortised cost	<u>1,237,061</u>
	Non-current liabilities	
<u>5,045</u>	Borrowings	<u>0</u>
<u>5,045</u>	Total non-current liabilities	<u>0</u>
<u>2,589,028</u>	Total financial liabilities	<u>1,237,061</u>

32. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the Long Term Plan for 2021/22 are as follows:

Statement of comprehensive revenue and expense

The significant variances from the estimated figures include: additional income for subsidy and grants resulting from: "Pathways to Work" and "Mayor's Taskforce for Jobs" programmes and additional "other" revenue from disposal of sections at Central Cove.

There was additional expenditure for the employment schemes, waste disposal cost increases and removal of contaminated material from Central Cove.

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

Statement of financial position

Cash and cash equivalents and other financial assets overall, were lower than budget due to additional expenditure for waste disposal and removal of contaminated material.

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

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

Statement of cash flow

Subsidies and grants were higher than budget because additional grants received for employment programmes.

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

Payments to employees were lower than budget because there were some vacancies during the year.

There were 10 retirement units sold during the year, whereas the budget had anticipated 11 units being sold.

Also Council did not raise any loan funds as they were not needed during 2021/22

33. Rating Base

<u>30 June 2021</u>		<u>30 June 2022</u>
2,983	Number of rating units	2,987
\$963,609,400	Capital value of rating units	\$1,366,179,500
\$353,242,000	Land value of rating units	\$515,146,000

34. Insurance Disclosure

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

<u>30 June 2021</u>		<u>30 June 2022</u>
60,399,256	Total value of all Council assets covered by insurance contracts	81,153,471
136,419,764	Maximum amount to which insured assets are insured	136,419,764
0	Total value of all Council assets covered by financial risk sharing arrangements (Council withdrew from this arrangement on 1 June 2014)	0
0	Maximum amounts available to Council under financial risk sharing arrangements. Council does not have any assets that are self-insured (2020 Nil)	0

KAWERAU DISTRICT COUNCIL DISCLOSURE STATEMENTS FOR YEAR ENDING 30 JUNE 2022

PURPOSE OF THIS STATEMENT

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

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

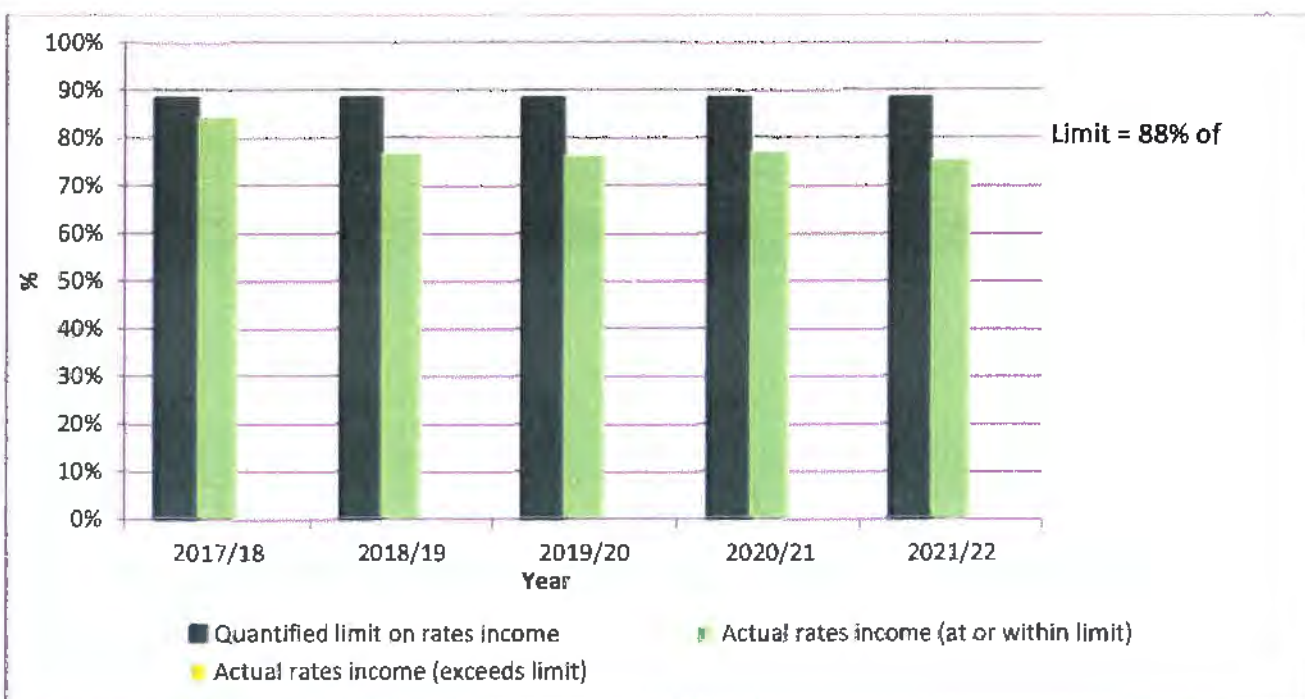
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

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

Rates (income) affordability

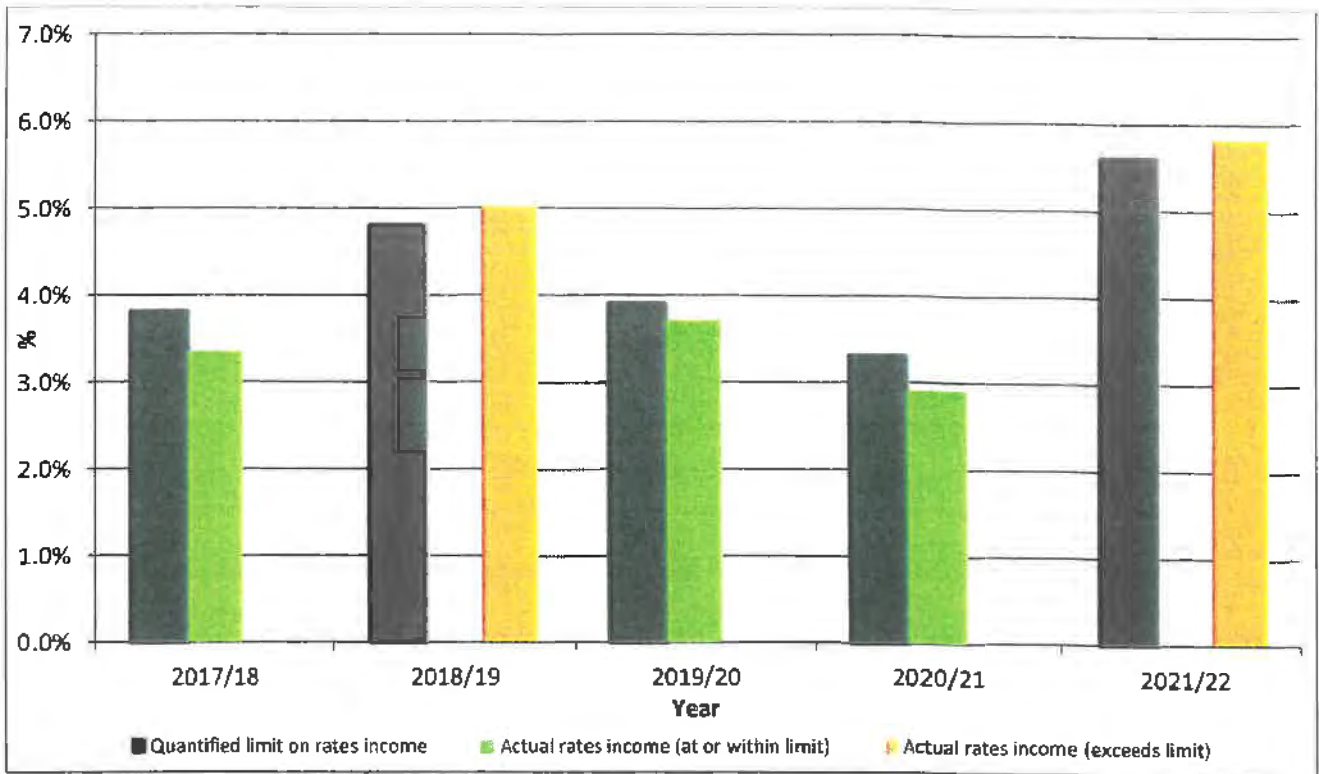
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



Rates (increases) affordability

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

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



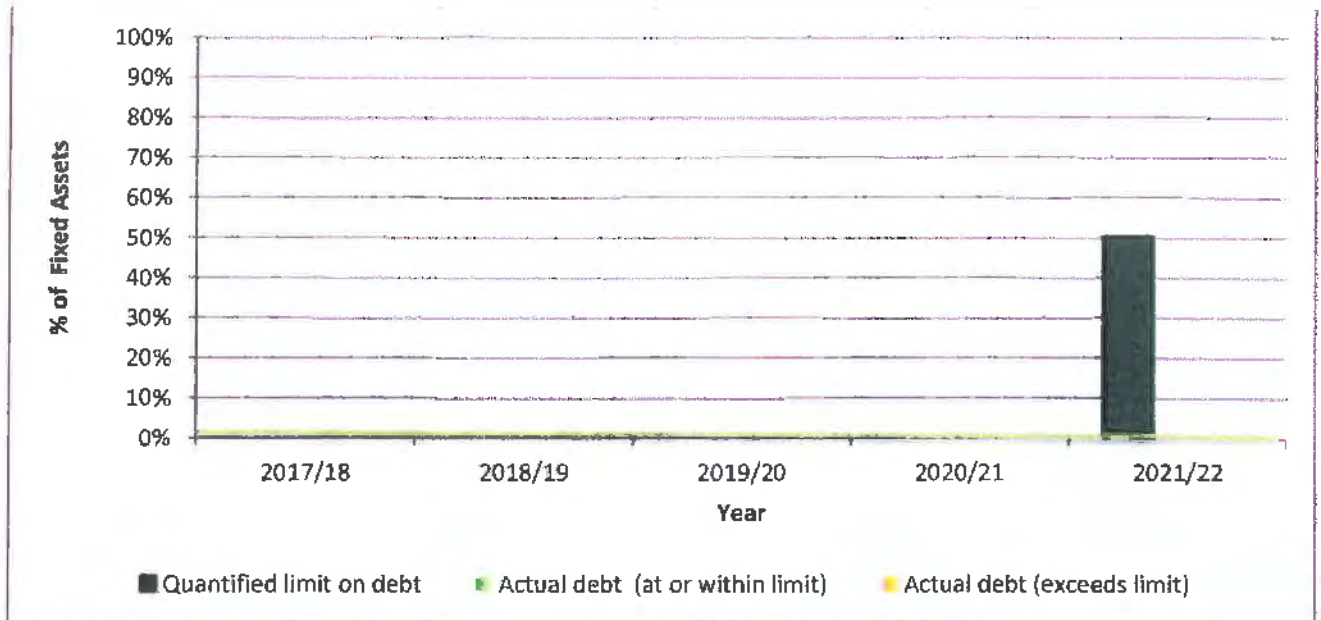
Comment:

Prior to adopting the 2018 – 2028 Long Term Plans, Council reviewed the levels of service for all its activities. Following this review it was determined that there needed to be an improved level of service for some of the Council activities, and approved additional resourcing to improve the level of service. This resulted in the overall rate increase for 2018/19 exceeding the qualified limit as set in the financial strategy. Also, for 2021/22 Council exceeded the limit due to some increased level of service and rising costs.

DEBT AFFORDABILITY BENCHMARK

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit for the years to 2020/21 was \$0 (excluding finance leases). The quantified limit on debt for 2021/22 is 50% of fixed assets (\$53.3 million).

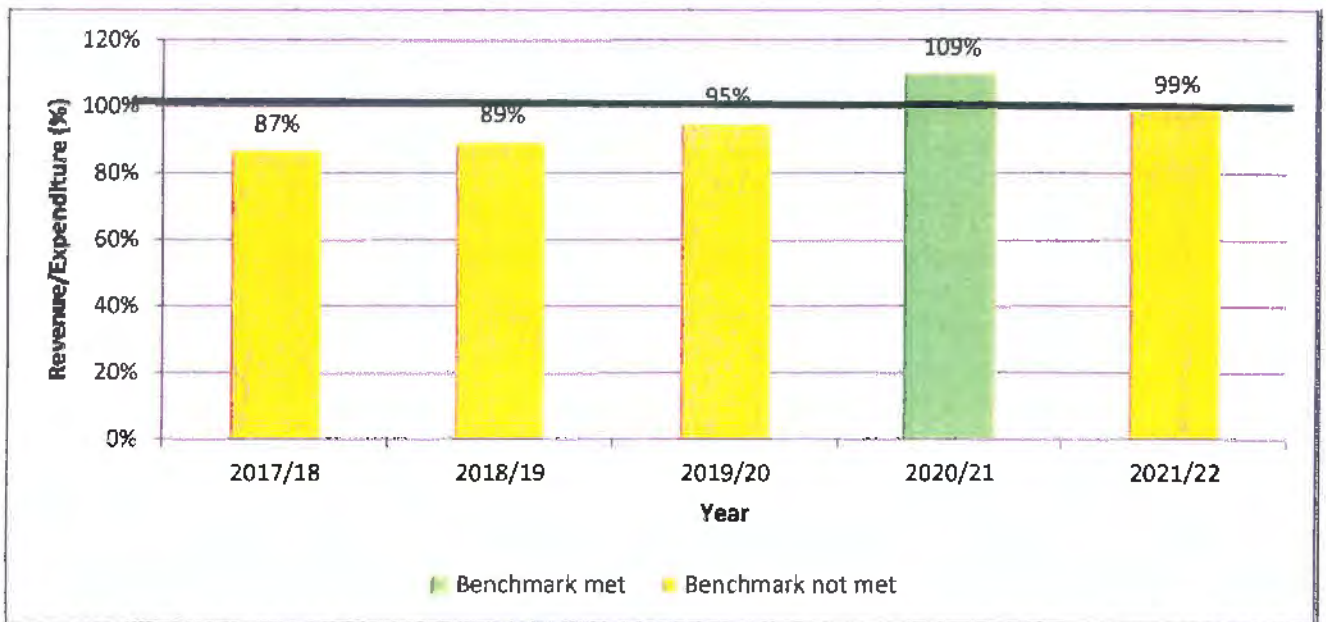


Comment:

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

BALANCED BUDGET BENCHMARK

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



Comment:

Council does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rate of 75%. The benefit of not funding the portion

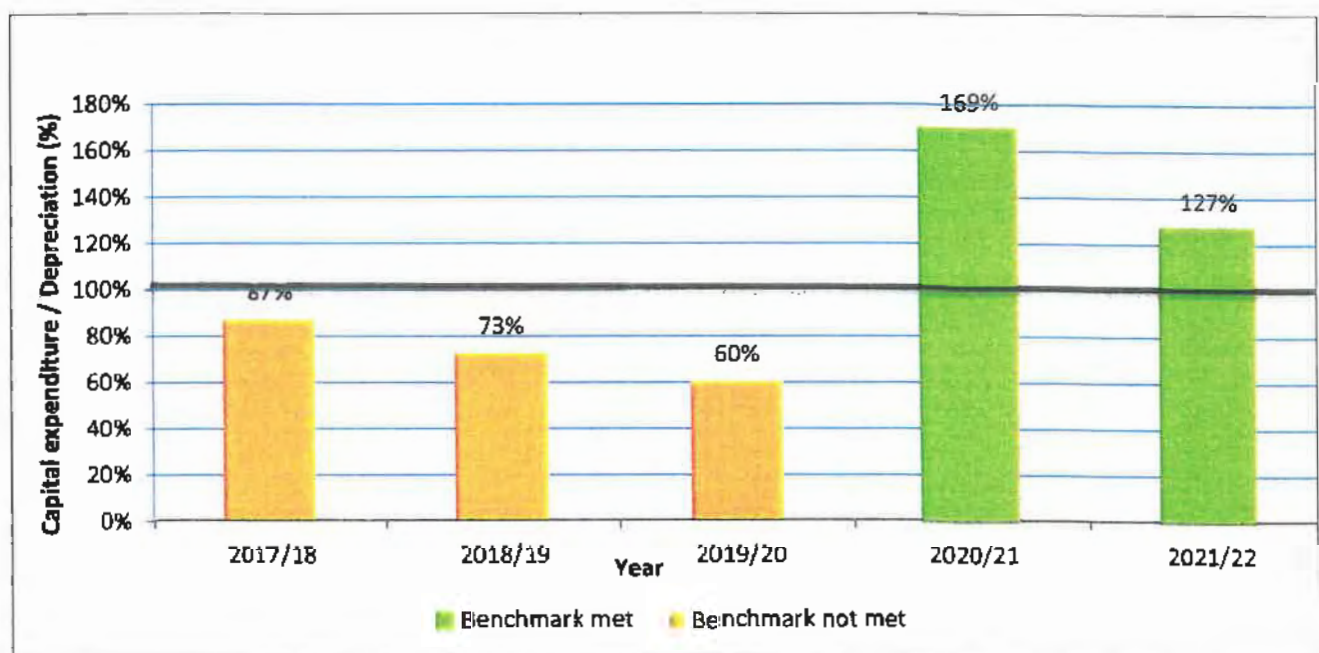
of depreciation where Council expects NZTA subsidies on asset renewals is that ratepayers are not funding depreciation that it believes is unlikely to be required in the future.

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

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

ESSENTIAL SERVICES BENCHMARK

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



Comment:

The Kawerau town was built over a period of about 30 years from 1955 to 1987. With asset lives of up to 80 years, the majority of planned renewals will start occurring during the next 15 - 20 years. Council resolved to replace its AC and steel water pipes over a period of 6 years and commenced this programme in 2020/21 which is why network capital expenditure is higher for that and the following year when compared to previous years.

The following table broadly illustrates the age of Councils infrastructure.

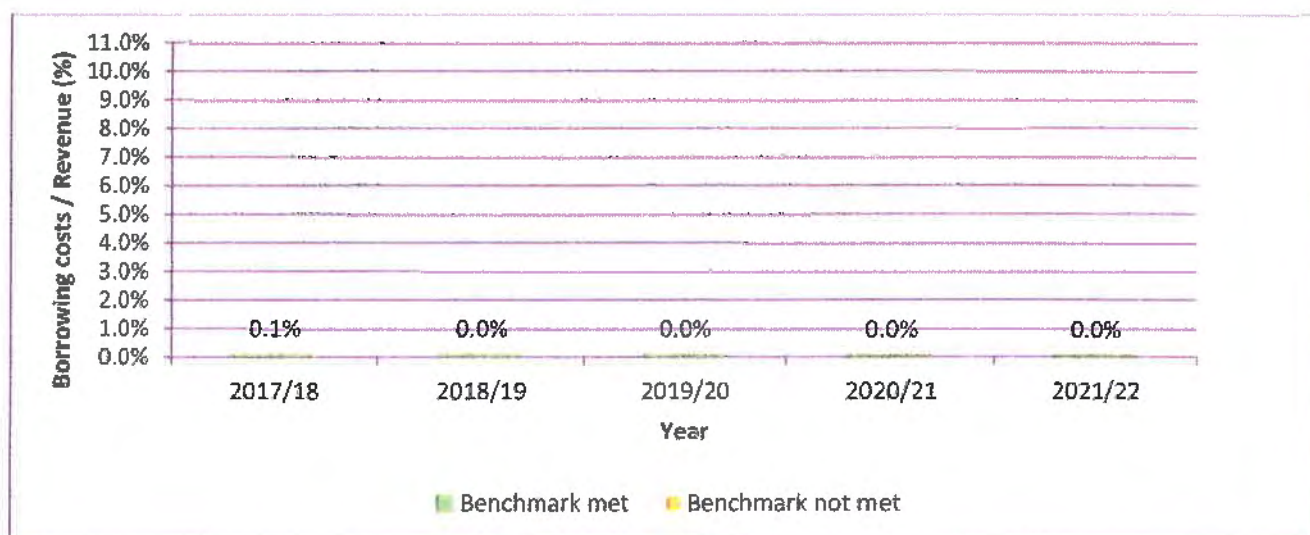
Zone	Area	Built (Approx.)	Age (Approx.)
1	Area bounded by State Highway 34 and River Road up to overflow stream and the swimming pool complex and including Ward Street and northern half of Bell, Massey Street area.	1955-58	64 years
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	54 years

3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	47 years
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	42 years
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	35 years
6	Geothermal area (Rec. Centre, Pool, Bowling Club, TAB carpark).	1962	59 years

DEBT SERVICING BENCHMARK

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

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

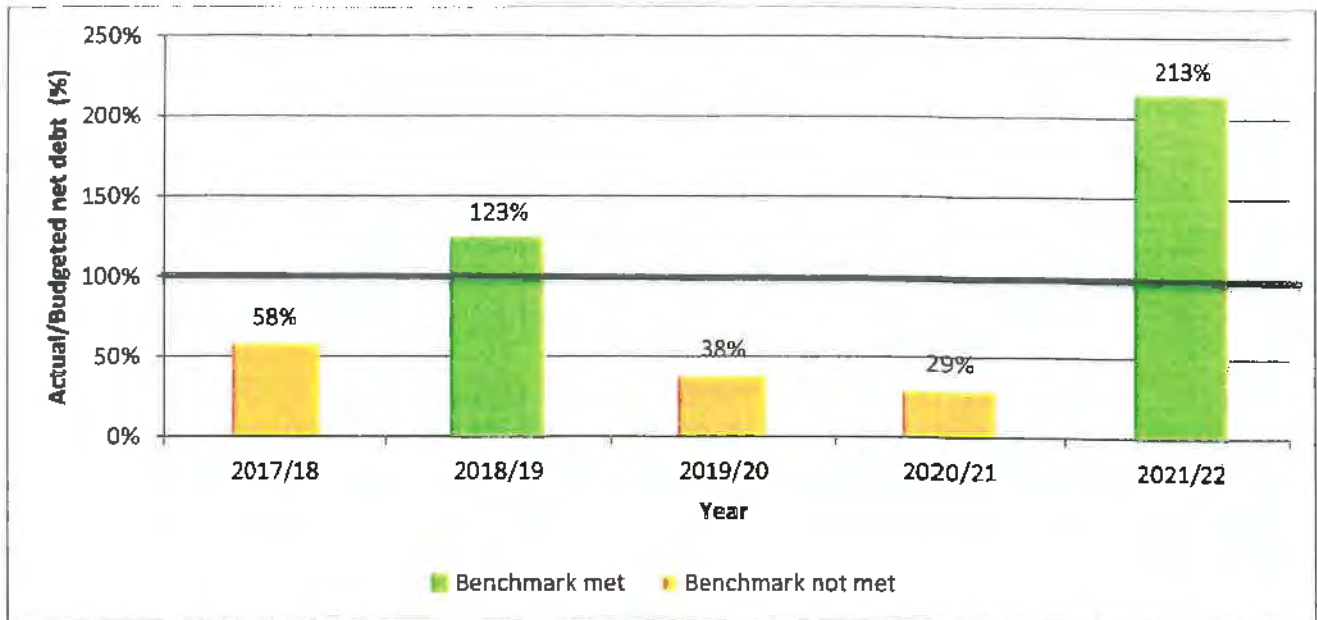


Comment:

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

DEBT CONTROL BENCHMARK

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

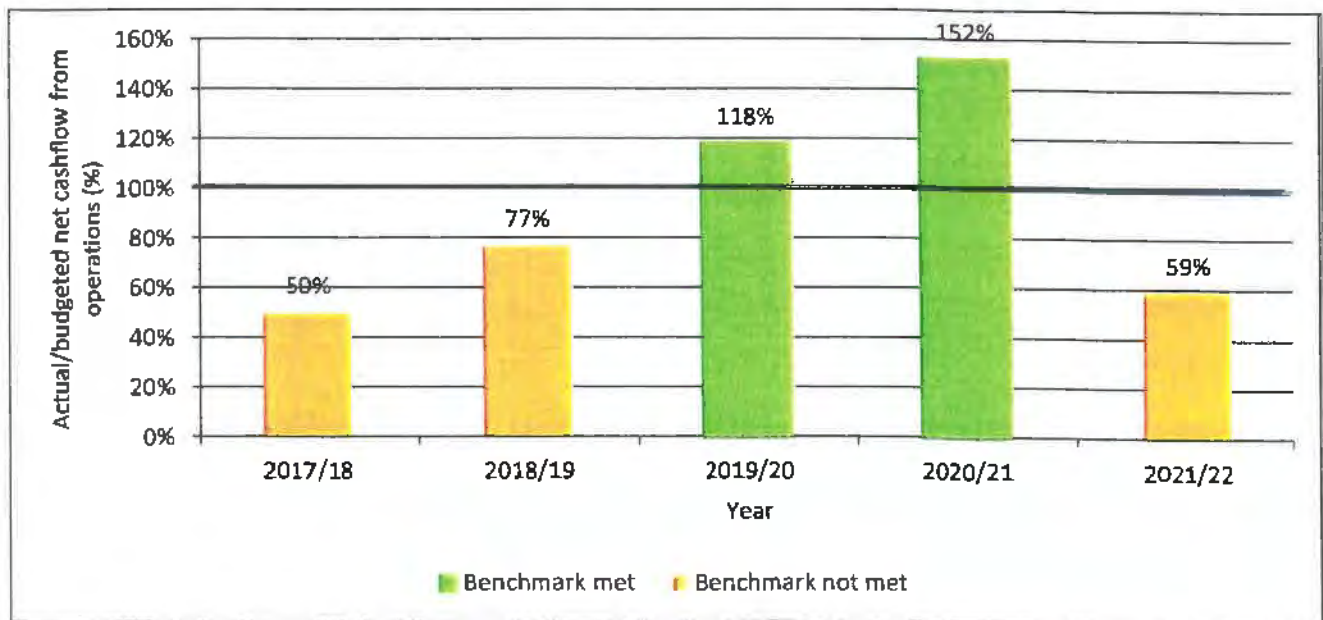


Comment:

Kawerau District Council's financial assets exceed its financial liabilities at 30 June 2022 whereas the planned net debt in the Long Term Plan was expected to be lower.

OPERATIONS CONTROL BENCHMARK

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.



Comment:

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. For 2021/22, Council's actual net cash flow from operations was lower than budget due to additional expenditure needed for solid waste operations.

Groups of Activities

STATEMENTS OF SERVICE PERFORMANCE & FUNDING IMPACT STATEMENTS

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

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

Council has a total 62 performance targets for all groups for the 2021/22 year (excluding those which were not applicable) and managed to achieve 40 (64.5%) of them (2020/21 67.9%).

This section of the Annual Report details:

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

QUALITY

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

Specifically:

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

SUMMARY OF PERFORMANCE FOR YEAR

During the 2021/22 year, Council achieved 40 (65%) of the non-financial performance targets.

Activity	2021/22			2020/21
	No. of targets	End of Year Result		Achievement Rate
Democracy	3	1	33%	80%
Economic & Community Development	5	4	80%	86%
Environmental Services	11	7	64%	56%
Roading	7	4	57%	50%
Stormwater	3	3	100%	100%
Water Supply	12	10	83%	75%
Wastewater	7	3	43%	57%
Solid Waste Management	2	1	50%	100%
Leisure and Recreation	12	7	58%	63%
TOTAL*	62	40	65%	68%

*excludes the N/A targets

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

Democracy

50% (target >90%) of the annual works programme was completed for the year to 30 June 2022. The reason the target was not achieved was due to the disruptions caused by the COVID-19 pandemic, and the resulting backlog of projects as well as shortage of materials faced by contractors. Also public forums were not held for the year due to the COVID restrictions.

Economic and Community Development

Covid-19 impacted on the delivery of events during December 2021 otherwise all targets would have achieved.

Environmental Services

There were four targets that were not achieved:

- response times for dog complaints
- response times to noise complaints
- satisfaction with building consent process
- response times to other environmental health complaints

The reason that most of these targets were not achieved was due resourcing shortages. Some of these shortages will be addressed for the 2022/23 year, so it is anticipated there will be less targets not achieved for the next financial year.

Roading

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

Also Council resurfaced 1.2% of its sealed roads during the year (Target: 5.0% - 6.5%) and the road roughness score was 93% (Target: >95%).

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

Water Supply

Council received 2.9 complaints per 1,000 connections about water pressure during the year (target < 2 per 1,000). Staff are working with consultants to increase the water pressure for specific properties. Also there was 2 technical breaches for protozoal compliance, which will be remedied for the future.

Wastewater

Council received thirteen infringement notices and consequently did not comply with the resource consent for wastewater due to material and volumes that were received from the dairy factory. Council has since entered to an agreement with the dairy factory to ensure that the resource consent is complied with and no further infringements are received, otherwise Council will stop any further trade waste being sent to the waste water treatment plant.

Also Council had 4 dry weather during the year (Target: 0) due a sewer line collapse. Council has replaced the sewer line and is carrying an assessment programme to determine the remaining life of its pipes. Finally, Council took longer than 8 hours to resolve a sewer overflow due to the deterioration of the pipe, which was subsequently was renewed.

Leisure and Recreation

Council achieved 58% of its targets for leisure and recreation during the year.

The ongoing COVID-19 restrictions resulted in some targets not being achieved. Also resourcing shortages and repairs needed for the pool contributed to other targets not being achieved.

DEMOCRACY

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELL-BEINGS

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

The Council

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

Regulatory and Services Committee

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

Audit & Risk Committee

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

Kawerau Youth Council

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

Community Engagement

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

Local Elections

Council is responsible for holding the elections for District Council representatives every three years, concurrent with Regional Council and District Health Board elections.

Impact on Community Well-beings

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

THE YEAR IN SUMMARY

Highlights for the Democracy group of activities in 2021/22 were:

- Preparation, consultation and adoption of the 2022/23 Annual Plan
- The adoption of the 2020/21 Annual Report
- Holding citizenship ceremonies and welcoming new residents to the community
- Adoption of a number of policies and strategies throughout the year for the betterment of the town and residents

In 2021/22, Council used the special consultative procedure and/or community consultation process when adopting the following:

- 2022/23 Annual Plan
- Dog Control – Policies and Practices

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

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



KAWERAU COMMUNITY AWARD CEREMONY

DEMOCRACY

PERFORMANCE

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

Levels of Service	Measures	Target 2021/22	Results 2020/21	Results 2021/22	Comment
The community has confidence in the quality of democracy and representation provided by elected members	Community satisfaction with the Mayor and councillors	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
Council informs the community about key issues and activities.	Number of newsletters	At least 20 publications for year	Achieved (22 published)	Achieved	22 newsletters published
Council encourages the community to contribute to Council decision-making	Provision of a public forum at council and committee meetings.	Public forum available at every meeting	Not achieved (COVID restrictions)	Not achieved	Public forums have not been available to the public due to COVID restrictions
Financial management is prudent, effective and efficient	Community satisfaction with way rates are spent	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
	Percentage completion of the annual work programme	>90%	Not achieved (86%)	Not achieved	17 out of 34 projects (50%) of the annual work programme were completed for 2021/22

**KAWERAU DISTRICT COUNCIL
DEMOCRACY**

**Funding Impact Statement
for the year ended 30 June 2022**

	2021	2022	
	Long Term Plan	Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	555,300	702,610	708,386
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	299,527
Fees and charges	0	0	0
Internal charges and overheads recovered	3,610	1,160	997
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	558,910	703,770	1,008,910
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	358,770	439,870	771,793
Finance costs	1,470	420	758
Internal charges and overheads applied	182,680	246,500	313,750
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	542,920	686,790	1,086,301
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	15,990	16,980	(77,391)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	15,990	16,980	(77,391)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	15,990	16,980	(77,391)
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(15,990)	(16,980)	77,391
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

ECONOMIC AND COMMUNITY DEVELOPMENT

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

Economic Development

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

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

Events Management

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

Grants and Funding

Council administers various grants which help to:

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

Information Centre

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

Youth Development

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

Impact on Community Well-beings

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

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

THE YEAR IN SUMMARY

Major highlights for the Economic and Community Development group of activities in 2021/22 were:

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

Other achievements included:

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



KAWERAU YOUTH COUNCIL SWEARING IN CEREMONY

ECONOMIC AND COMMUNITY DEVELOPMENT

PERFORMANCE

Levels of Service	Measures	Target 2021/22	Results 2020/21	Results 2021/22	Comment
Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at trustee meetings	90% of trustee meetings	Achieved	Achieved	CEO attended all trust meetings (6/6) during the year
Council encourages positive perceptions of Kawerau by supporting local events.	Frequency of events from February to December	At least 1 per month	Not achieved	Not achieved	There were no events held in December due to COVID restrictions.
Council provides an information centre which suits the community's need	Community satisfaction with the information centre	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Council provides a local information centre which is accessible to visitors and the local community	Number of days open each year	At least 360 days	Achieved	Achieved	The information centre was open 364/365 days for the year
Council supports young people to develop skills and attitudes needed to take a positive part in society	Youth council in place	Annual appointments made	Achieved	Achieved	New Youth Council appointed in April 2022 for the year.
	Satisfaction with youth council collaboration from collaborating groups	>90% satisfaction	Achieved 90%	Achieved	Survey undertaken of collaborating groups which reported 96.3% satisfaction with Youth Council collaboration.

KAWERAU DISTRICT COUNCIL
ECONOMIC AND COMMUNITY DEVELOPMENT

Funding Impact Statement
for the year ended 30 June 2022

	2021	2022	
	Long Term Plan	Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	1,116,480	774,560	774,840
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	362,022
Fees and charges	490,060	554,000	231,105
Internal charges and overheads recovered	8,500	0	0
Local authorities fuel tax, fines, infringements and other receipts	805,000	600,000	364,178
TOTAL OPERATING FUNDING (A)	2,420,040	1,928,560	1,732,145
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,560,250	1,354,670	1,237,123
Finance costs	48,830	33,790	43,125
Internal charges and overheads applied	379,920	492,760	414,625
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,989,000	1,881,220	1,694,873
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	431,040	47,340	37,272
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	1,560,000	3,500,000	3,029,566
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	1,560,000	3,500,000	3,029,566
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	1,200,000	1,820,000	1,579,187
- to improve level of service	0	0	0
- to replace existing assets	20,770	11,400	0
Increase/(decrease) in reserves	770,270	1,715,940	1,487,651
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,991,040	3,547,340	3,066,838
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(431,040)	(47,340)	(37,272)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2020/21</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2021/22</u>
97,070	Fence – Pensioner Housing	0	0
<u>2,245,810</u>	Land, Infrastructure and Buildings (Additional demand)	<u>1,820,000</u>	<u>1,579,187</u>
<u>2,342,880</u>		<u>1,820,000</u>	<u>1,579,187</u>
FUNDED BY:			
2,485,000	Unit sales – (Occupation Right Agreements)	1,820,000	3,029,566
<u>(142,120)</u>	Depreciation Reserve Funding	0	<u>(1,450,379)</u>
<u>2,342,880</u>		<u>1,820,000</u>	<u>1,579,187</u>

During the year a further six retirement units were constructed. The site allows for 29 units and 18 have been completed to 30 June 2022. All 18 units have sold and are occupied to date. Council will construct the remaining 11 units during 2022/23 and it is anticipated the village will be fully occupied by 30 June 2023.



SOME OF THE UNITS COMPLETED DOWN PIRIPIRI CRES

ENVIRONMENTAL SERVICES

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

The activities in the Environmental Services group are:

Resource Management Planning

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

Resource Consents

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

Building Control

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

Environmental Health Services

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

Dog Registration and Control

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

Civil Defence

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

Impact on Community Well-beings

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

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

THE YEAR IN SUMMARY

Major highlights for the Environmental Services group of activities in 2021/22 were:

- Ongoing **accreditation of Council's building consent activity by the Building Consent Authority.**
- Continued provision of good quality regulatory services to meet legislative requirements and also the needs of the community

Other achievements included:

- Carrying out, on average, more than one patrol each day to identify illegally dumped litter, abandoned vehicles, fire hazards and health nuisances
- Impounding 210 dogs during the year for various statutory breaches
- Responding to and investigating 413 noise complaints in accordance with statutory requirements and practice guidelines
- Participating in a shared service arrangement to deliver civil defence management capability across the Eastern Bay of Plenty.



ENVIRONMENTAL SERVICES

PERFORMANCE

Building Control

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comments
Council provides in-house building consent, inspection and approval services.	Bi-annual Building Consent Authority accreditation re-assessment	Accreditation and registration retained	Achieved	Achieved	BCA accreditation and registration retained.
Service users consider Council's building control activity to be effective	Satisfaction* of service users – Building Inspection Processes	90% satisfaction	Achieved 6/6 (100%)	Achieved 10/10 (100%)	There was a total of 37 survey forms sent out and 10 responded scoring the service as being predominantly good or excellent.
	Satisfaction* of service users – Building Consents Processes	90% satisfaction	Not achieved 7/8 (87.5%)	Not achieved 1/2 (50%)	There were a total of 20 survey forms sent out and 2 responded.
Kawerau buildings requiring Building Warrant of Fitness (WOF) are compliant	Number of buildings audited for Building WOF requirements	35% audited	Achieved	Achieved	29/76 (38%)

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

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

Environmental Health

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comments
Premises licensed under the Sale and Supply of Alcohol Act 2012 comply with license conditions	Inspection of licensed premises for compliance	100% annually	Not Achieved 9/15 (60%)	Achieved	14/14 (100%).
Registered premises comply with statutory requirements	Inspection of registered premises for compliance with the relevant standards	100% annually	Achieved (4/4 100%)	Achieved	6/6 (100%) Hairdressers premises
	Audit of food premises operating Food Control Plans	100% annually	Achieved (31/31 100%)	Achieved	29/29 (100%)
Council responds to complaints and service requests for environmental health conditions (noise complaints, nuisance conditions and health risks)	Response to noise complaints	80% within 20 minutes and 98% within 30 minutes	Not Achieved (92.6% within 30 Minutes)	Not achieved	84.7% within 20 minutes and 92.0% within 30 minutes
	Response to other Environmental Health service requests/ complaints	100% within 1 working day	Not achieved (61/69 88.4%)	Not achieved	1 responses (July) exceeded 1 working day

Dog Control and Registration

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comments
Council maintain community satisfaction levels for the dog control service	Community satisfaction with dog control services	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Service requests about uncontrolled dogs are actioned	Adherence to complaint response process to respond, investigate and record the complaint and advise the complainant of progress or outcome within 24 hours	80% within 20 minutes and 98% within 30 minutes	Not achieved (73.4% within 20 minutes and 93.4% within 30 minutes)	Not achieved	84.9% responded to within 20 minutes, 94.4% responded to within 30 minutes

Civil Defence

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comments
Council provides community education initiatives to increase public awareness and readiness for local and regional hazards	% of residents that have an understanding of what the consequences would be if a disaster struck their area	N/A	New Measure	N/A	Survey to be undertaken 2022/23
	% of residents that have taken any action to prepare for an emergency	N/A	New Measure	N/A	Survey to be undertaken 2022/23
Council will maintain capability to effectively respond to an emergency	Council is prepared for and can respond to an emergency	>60%	New Measure	Achieved	At 1 July 2021, 80% staff identified and trained

KAWERAU DISTRICT COUNCIL ENVIRONMENTAL SERVICES

**Funding Impact Statement
for the year ended 30 June 2022**

	2021 Long Term Plan	2022 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	1,065,100	1,080,130	1,080,130
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	198,520	184,000	232,747
Internal charges and overheads recovered	35,290	50	40
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,298,910	1,264,180	1,312,917
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	826,290	811,360	669,535
Finance costs	25,360	8,020	1,892
Internal charges and overheads applied	408,080	402,480	377,216
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,259,730	1,221,860	1,048,643
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	39,180	42,320	264,274
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:	0	0	0
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	20,977
Increase/(decrease) in reserves	39,180	42,320	243,297
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	39,180	42,320	264,274
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(39,180)	(42,320)	(264,274)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

ROADING

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

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

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

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

Impact on Community Well-beings

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

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

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

STRATEGY

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

NATURE AND SCOPE

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

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

GOALS

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

THE YEAR IN SUMMARY

Achievements for the Roding group of activities in 2021/22 were:

- Ongoing asset renewals including pavement reseals, carparks, kerbs and channels, and street lights.
- Accelerated renewal of footpaths to improve the safety for residents



RENAMING OF MAWAKE RD TO MAWAKE TAUPO RD

ROADING

PERFORMANCE

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comments
Council maintains community satisfaction for the roading activity	Community satisfaction with roading assets	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Council provides a network of roads which facilitates the safe movement of people and vehicles around the district	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Increase of zero or less	Not Achieved (1 fatality)	Not Achieved	There was 1 crash resulting in serious injury on the roads controlled by Council (There was 1 fatality in 2020/21)
Road quality	The average quality of ride on a sealed local road network, measure by smooth travel exposure	No less than 95%	Not Achieved (90%)	Not achieved	93% STE – Road Roughness Survey undertaken in June 2022
Road maintenance	The percentage of the sealed local road network that is resurfaced.	Between 5 and 6.5% per annum	Not achieved (3.75%)	Not achieved	Resealing undertaken in March 2022 1.15% of the network
Response to service requests	The percentage of customer service requests relating to roads to which Council responds within the time frame specified	Potholes: 90% within 14 days and 100% within 28 days	N/A	Achieved	1 pothole reported, responded to in 7 days
		Streetlights: 90% within 14 days and 100% within 28 days	Not achieved	Not achieved	55 streetlight outages reported, 33 responded within 14 days (60.0%), 10 responded within 28 days (78.2%) - 12 exceeded 28 days Contractor delays
Response to service requests	The percentage of customer service requests relating to footpaths to which Council responds within the time frame specified.	Footpaths 100% within 14 days	Achieved (100%)	Achieved	7 service requests were received and all were attended to within 14 days.
Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
Footpath condition	Percentage of footpaths that fall within the level of service for the condition of footpaths set out in the Long Term Plan*	95%	Achieved (100%)	Achieved	100%. All footpaths inspected and those outside the service standard were repaired during year

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

KAWERAU DISTRICT COUNCIL ROADING

Funding Impact Statement for the year ended 30 June 2022

	2021 Long Term Plan	2022 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	971,380	988,490	988,491
Targeted rates	0	0	0
Subsidies and grants for operating purposes	204,590	234,900	184,930
Fees and charges	17,000	75,000	255,265
Internal charges and overheads recovered	60,300	18,230	12,145
Local authorities fuel tax, fines, infringements and other receipts	68,410	70,000	61,120
TOTAL OPERATING FUNDING (A)	1,321,680	1,386,620	1,501,951
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	455,680	515,000	428,405
Finance costs	0	0	460
Internal charges and overheads applied	528,200	595,520	535,547
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	983,880	1,110,520	964,412
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	337,800	276,100	537,539
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	411,030	790,500	489,302
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	411,030	790,500	489,302
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	532,000	0
- to replace existing assets	599,530	563,960	652,402
Increase/(decrease) in reserves	149,300	(29,360)	374,439
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	748,830	1,066,600	1,026,841
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(337,800)	(276,100)	(537,539)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2020/21</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2021/22</u>
72,418	Streetlights renewals and upgrade	62,000	76,429
350,811	Kerbs & Footpaths renewals	235,000	226,099
148,021	Reseals	130,000	130,000
989,346	Other renewals	668,960	219,874
1,560,596	Total Infrastructural	1,095,960	652,402

FUNDED BY:

652,754	Depreciation Reserve Funding	305,460	163,100
907,842	Subsidies and grants for capital purposes	790,500	489,302
1,560,596		1,095,960	652,402

The road realignment along with drainage and hardstand work for the town centre were delayed which resulted in reduced capital subsidy. These projects will be undertaken in 2022/23. Also there was lower maintenance costs which meant reduced overheads and operating subsidy.



RENAMING OF TE ARIKI PLACE TO HINE TE ARIKI PLACE

STORMWATER

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELL-BEINGS

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

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

Impact on Community Well-beings

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

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

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

STRATEGY

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

NATURE AND SCOPE

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

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

GOALS

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

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

THE YEAR IN SUMMARY

Some stormwater pipes in the outer area of the town centre were replaced during the year.

STORMWATER

PERFORMANCE

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (System adequacy)	The number of flood events that occur in the district.	No more than 10	Achieved	Achieved	There were no flooding events where habitable dwellings were flooded
	For each flood event, the number of habitable floors affected.	N/A	N/A	N/A	Kawerau properties are not connected to Council's stormwater system
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (Customer satisfaction)	The number of complaints received by Council about the performance of its stormwater system.	N/A	N/A	N/A	Kawerau properties are not connected to Council's stormwater system
Response Times	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Less than one hour	Achieved	Achieved	There were no flooding events during the year
Discharge compliance	Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> • abatement notices • Infringement notices • Enforcement orders, and • Convictions received by Council in relation to those resource consents 	No notices, orders or convictions	Achieved	Achieved	Council complied with the all conditions of its resource consent. Council did not receive any notices, orders or convictions.

KAWERAU DISTRICT COUNCIL STORMWATER

Funding Impact Statement for the year ended 30 June 2022

	2021 Long Term Plan	2022 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	45,770	93,990	93,992
Targeted rates	0	0	0
Subsidies and grants for operating purposes	25,130	49,500	3,371
Fees and charges	0	0	0
Internal charges and overheads recovered	14,710	3,940	3,869
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	85,610	147,430	101,232
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	33,510	66,000	4,926
Finance costs	0	0	0
Internal charges and overheads applied	10,330	19,430	1,670
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	43,840	85,430	6,596
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	41,770	62,000	94,636
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	166,050	15,750
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	166,050	15,750
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	221,400	21,000
Increase/(decrease) in reserves	41,770	6,650	89,386
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	41,770	228,050	110,386
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(41,770)	(62,000)	(94,636)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2020/21</u>	CAPTIAL RENEWALS	<u>Budget (LTP)</u>	<u>2021/22</u>
<u>146,433</u>	Pipework renewals/Cesspits	221,400	21,000
<u>146,433</u>	Total Infrastructural	<u>221,400</u>	<u>21,000</u>
FUNDED BY:			
36,608	Depreciation Reserve Funding	6,650	5,250
<u>109,825</u>	Subsidies and grants for capital purposes	<u>166,050</u>	<u>15,750</u>
<u>146,433</u>		<u>221,400</u>	<u>21,000</u>



PIPEWORK RENEWAL ALONG PLUNKET STREET

WATER SUPPLY

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

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

Impact on Community Well-beings

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

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

NATURE AND SCOPE

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

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

The Water Supply activity also involves:

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

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

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

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

THE YEAR IN SUMMARY

Achievements for the Water Supply group of activities in 2021/22 were:

- Continuation (year 2) of 6 year programme to replace AC and steel pipes in town – 3.4 km
- Ongoing flushing of lines when "dirty" water is reported - significant reduction in "dirty" water reported
- Continuing programme of valve and toby replacement

WATER SUPPLY

PERFORMANCE

Levels of Service	Measures	Target 2021/22	Results 2020/21	Results 2021/22	Comments
Provision of a quality water supply	Community satisfaction with water supply	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Customer satisfaction	The total number of complaints received about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) Council's response to any of these issues expressed per 1,000 connections to the networked reticulation system.	a) No more than 4 per 1,000 connections b) No more than 2 per 1,000 connections c) No more than 1 per 1,000 connections d) No more than 2 per 1,000 connections e) No more than 2 per 1,000 connections f) 0 per 1,000 connections Overall the target is no more than 11 complaints per 1,000 connections.	Not achieved	Not achieved	Council has 2,880 connections a) 5 complaints about dirty water (1.8 per 1,000 connections) b) 3 complaints about taste (1 per 1,000 connections) c) No odour complaints d) 8 complaints about water pressure (2.9 per 1,000 connections) e) No complaints concerning continuity of supply f) No complaints about responses to above issues
Safety of drinking water	The extent to which Council's drinking water supply complies with: a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria)	a) no more than 1 instance of bacteria criteria non-compliance, and b) no instance of protozoal criteria non-compliance	Not achieved. (While there was no bacteria non-compliance, there was protozoal non-compliance)	Not achieved	There was no instance of bacteria non-compliance but there were 2 technical breaches for protozoal non-compliances

Levels of Service	Measures	Target 2021/22	Results 2020/21	Results 2021/22	Comments
Maintenance of the reticulation network	The percentage of real water loss from the Council's networked reticulation system, measure using the minimum night flow (MNF) analysis method contained in the DIA Guidelines	<200 litres per connection per day	Achieved (154 litres per connection per day)	Achieved	The analysis undertaken (May 2022) found the average leakage was approximately 160 litres per connection per day

Levels of Service	Measures	Target 2021/22	Results 2020/21	Results 2021/22	Comments
Demand management	The average consumption of drinking water per day per resident within the district.	<0.6 m ³	Achieved (0.52m ³)	Achieved	The average consumption was 0.53 m ³ per person per day.
Fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are:				
	a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 2 hours	Achieved (4 callouts and the median response time was 0.15 hours)	Achieved	There were 0 urgent call outs during the year
	b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Less than 8 hours	Achieved (Median resolution time was 2.68 hours)	Achieved	N/A
	c) Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	24 hours	Achieved (68 callouts and the median response time was 0.37 hours)	Achieved	There were 88 non-urgent call-outs during the year and the median attendance time was 0.57 hours
	d) Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	48 hours	Achieved (Median resolution time was 1.85 hours)	Achieved	The median resolution time for non-urgent call-outs was 2.23 hours*
Water is sourced with minimal environmental effects	Compliance with BOP Regional Council water supply resource consents as reported in annual "consents and compliance field sheet"	Compliance	Achieved	Achieved	Complying with old consent and still seeking a new consent
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Not achieved (16 shutdowns)	Achieved	There were 2 unplanned shutdowns during the year
	Number of unplanned shutdowns – pump stations	None	Achieved (None)	Achieved	There were no unplanned shutdowns of pump stations during the year
	Number of water main breaks	No more than 8	Achieved (7 breaks)	Achieved	There was 1 water main breaks during the year

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

KAWERAU DISTRICT COUNCIL
WATER SUPPLY
Funding Impact Statement
for the year ended 30 June 2022

	2021 Long Term Plan	2022 Long Term Plan	Actual
General rates, UAGC and rate penalties	745,370	1,173,550	1,173,554
Targeted rates	184,280	208,070	242,784
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	23,020
Internal charges and overheads recovered	126,600	50,080	25,529
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,056,250	1,431,700	1,464,887
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	320,000	466,600	435,948
Finance costs	0	25,000	210
Internal charges and overheads applied	312,210	383,770	358,824
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	632,210	875,370	794,982
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	424,040	556,330	669,905
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	20,000
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	2,000,000	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	2,000,000	20,000
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	974,110	2,213,000	1,345,242
Increase/(decrease) in reserves	(550,070)	343,330	(655,337)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	424,040	2,556,330	689,905
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(424,040)	(556,330)	(669,905)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Capital expenditure for this activity during the year included:

<u>2020/21</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2021/22</u>
16,956	UV Tube Replacement	13,000	3,816
1,216,459	Pipework renewals	1,810,000	1,232,000
27,984	Toby renewals	150,000	48,186
157,196	Other renewals	240,000	61,240
<u>1,418,595</u>	Total Infrastructural	<u>2,213,000</u>	<u>1,345,242</u>
FUNDED BY:			
40,000	Subsidies and grants for capital purposes	0	20,000
0	Loan	2,000,000	0
1,378,595	Depreciation Reserve Funding	213,000	1,325,242
<u>1,418,595</u>		<u>2,213,000</u>	<u>1,345,242</u>

There was not as much pipework replaced due to contractor delays and also a pump renewal along with toby replacement were not completed. Council did not need to raise a loan during this period as it had sufficient funds throughout the year.



TWO WATER TANKS ON MONIKA LANHAM RESERVE

WASTEWATER

ACTIVITIES IN THE GROUP AND IMPACTS ON COMMUNITY WELLBEINGS

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

The wastewater activities are:

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

Impact on Community Well-beings

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

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

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

THE YEAR IN SUMMARY

Achievements in the Wastewater group of activities in 2021/22 were:

- Continuous provision of service to high standard
- Renewal of pumps at pumping station
- Upgrades to treatment plant
- Renewal of 2.5 km of wastewater pipe for the year

WASTEWATER

PERFORMANCE

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Customer satisfaction	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, expressed per 1000 connections to the sewerage system.	a) No more than 1 per 1,000 connections b) No more than 15 per 1,000 connections c) No more than 15 per 1,000 connections d) 0 per 1,000 connections	Achieved a) 0 per 1,000 b) 0 per 1,000 c) 2.7 per 1,000 d) 0 per 1,000	Achieved	Council has 2,880 connections a) No odour issues (0 per 1,000) b) 5 faults reported (1.7 per 1000) c) There were 8 blockages (2.8 per 1000) d) There were no complaints about responses (0 per 1,000)
System Adequacy	The number of dry weather sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system.	0 per 1,000 connections to the sewerage system	Not Achieved (1 overflow)	Not achieved	There were 4 dry weather overflows during the year.
Fault response times	Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:				
	a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 1 hour.	Achieved (1 overflow attended in 0.17 hours)	Achieved	There were 5 sewerage overflows which were all attended to within 1 hour.
	b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	Less than 8 hours.	Not achieved (1 overflow resolved after 2 weeks due to sewer line collapse)	Not achieved	4 sewerage overflows were resolved within 8 hours, however 1 exceeded 8 hours.
Council provides a reliable domestic wastewater collection and disposal service	Number of disruptions to wastewater collection service	No more than 50.	Achieved (1)	Achieved	There was 1 disruption to wastewater collection service during the year.

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
Discharge compliance	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received in relation those resource consents.	No notices, orders or convictions.	Achieved a) 0 b) 0 c) 0 d) 0	Not achieved	Council did not receive any abatement notices, enforcement orders nor convictions during the year. However, Council did receive 14 infringement notices during the year.
The wastewater treatment plant operates effectively	Compliance with wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Compliance. ¹	Not achieved (Excessive volumes from dairy factory)	Not achieved	Council did not comply with conditions of the resource consent during the year due to the volumes received from the dairy factory.

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

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

**KAWERAU DISTRICT COUNCIL
WASTEWATER
Funding Impact Statement
for the year ended 30 June 2022**

	2021 Long Term Plan	2022 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	874,070	1,277,630	1,277,631
Targeted rates	368,350	446,910	450,783
Subsidies and grants for operating purposes	0	0	0
Fees and charges	78,950	50,000	96,911
Internal charges and overheads recovered	154,250	38,070	35,237
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,475,620	1,812,610	1,860,562
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	565,720	731,790	757,663
Finance costs	0	0	380
Internal charges and overheads applied	480,230	558,910	606,769
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,045,950	1,290,700	1,364,812
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	429,670	521,910	495,750
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	20,000
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	20,000
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	175,510	985,000	950,799
Increase/(decrease) in reserves	254,160	(463,090)	(435,049)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	429,670	521,910	515,750
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(429,670)	(521,910)	(495,750)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

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

<u>2020/21</u>	CAPITAL RENEWALS	Budget (LTP)	2021/22
72,927	Wastewater Pipework	700,000	742,056
583,026	Other renewals	285,000	208,743
<u>655,953</u>	Total Infrastructural	<u>985,000</u>	<u>950,799</u>
FUNDED BY:			
310,953	Depreciation Reserve Funding	985,000	930,799
345,000	Subsidies and grants for capital purposes	0	20,000
<u>655,953</u>		<u>985,000</u>	<u>950,799</u>

SOLID WASTE

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

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

The solid waste activities are:

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

Impact on Community Well-beings

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

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

NATURE AND SCOPE

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

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

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The potential negative effects for this group of activities are:

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

THE YEAR IN SUMMARY

Achievements in the Solid Waste group of activities in 2021/22 were:

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

SOLID WASTE

PERFORMANCE

Refuse Collection and Disposal

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
Provision of cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020
	Community satisfaction with refuse disposal	N/A	N/A	N/A	
Council's refuse collection and disposal services meet the needs of the Kawerau community and help maintain public health and a clean environment.	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual consents and compliance field sheets	Compliance	Achieved	Achieved	No notices, abatement notices, enforcement orders or convictions.

Recycling (Zero Waste)

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
Material that would otherwise go to the landfill as household refuse is collected by the recycling collection service.	Average amount of recyclable material collected from each household	No less than 178 kg per annum	Achieved	Not achieved	2,880 households and 72.3 kg per household on average
Council's refuse collection and disposal services meets the needs of the Kawerau community and helps maintain public health and a clean environment	Community satisfaction with recycling services	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.

**KAWERAU DISTRICT COUNCIL
SOLID WASTE**

**Funding Impact Statement
for the year ended 30 June 2022**

	2021 Long Term Plan	2022 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	907,230	771,460	771,463
Targeted rates	433,270	514,600	516,938
Subsidies and grants for operating purposes	0	0	0
Fees and charges	363,880	601,100	764,285
Internal charges and overheads recovered	15,810	47,870	838
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,719,990	1,935,030	2,053,524
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,164,320	1,329,690	1,541,194
Finance costs	11,940	4,500	5,339
Internal charges and overheads applied	513,580	569,230	835,354
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,689,840	1,903,420	2,381,887
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	30,150	31,610	(328,363)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	3,000	14,450
Increase/(decrease) in reserves	30,150	28,610	(342,813)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	30,150	31,610	(328,363)
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(30,150)	(31,610)	328,363
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

More fees were received for waste disposal, but there was an increase in costs because of higher volumes and increased disposal costs. During the COVID-19 lockdown, Council ceased the recycle collection.

LEISURE & RECREATION

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

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

Community Halls and Public Facilities

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

District Library and Museum

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

Parks and Reserves

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

Swimming Pools Complex

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

IMPACT ON COMMUNITY WELLBEING

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

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

NATURE AND SCOPE

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

CONTRIBUTION TO COMMUNITY OUTCOMES

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

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

IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

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

THE YEAR IN SUMMARY

Major highlights for the Leisure and Recreation group of activities in 2021/22 were:

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



SPLASH PAD UPGRADE COURTESY OF TRUST HORIZON

LEISURE & RECREATION

PERFORMANCE

Public Library

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
The library is accessible to the public	Percentage of the population who are active members of the library	>25%	Not achieved (24.1%)	Not achieved	At the end of June 2022, there were 1,459 active users of the library (19.5%)
	New items per 1,000 population added to the collection each year	500	Not achieved (498 new items per 1,000)	Not achieved	There were 403 new items (per 1,000 of population) added to the collection.
Council provides public library services and resources which suit community needs	Community satisfaction with the public library	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.

Museum

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
Council provides a museum service which reflects community needs	Community satisfaction with the museum	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Number of exhibitions held	6 exhibitions held for year	Achieved (7 exhibitions)	Achieved	There were 7 exhibitions held during the year
	Number of objects accessioned to the museum collection per annum	200	Not achieved (65 objects)	Achieved	There were 224 objects accessioned into the museum collection

Swimming Pools

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Council provides a swimming pool complex which is accessible to the Community	Weeks open per year	Open at least 48 weeks	Achieved (48/52)	Not achieved	Pool was open 20/52 weeks for the year due to maintenance and resourcing.
Swimming pool water meets water quality standards	Level of compliance with standards	Full compliance in 95% of tests	Achieved (97%)	Achieved	There was at least 97% compliance for tests

Public Halls and Facilities

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
Council provides public halls and facilities which reflects community needs	Community satisfaction with public halls	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	User satisfaction with the public halls	N/A	N/A	N/A	
	Community satisfaction with public toilets	N/A	N/A	N/A	
	User satisfaction with the public toilets	N/A	N/A	N/A	
Four Community halls available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall	Number of weeks public halls available for hire	Each hall is available for 50 weeks	Achieved (50/52 weeks)	Not achieved	All halls were closed for 5 weeks due to COVID lockdown.
Clean public toilets are provided in the central business district	Town centre public toilets are open for at least 360 days	Open at least 360 days	Achieved (365/365)	Achieved	The town centre public toilets were open 365/365 days

Parks and Reserves

Levels of Service	Measures	Target 2021/22	Result 2020/21	Result 2021/22	Comment
Council provides parks and reserves which meets community needs	Community satisfaction with parks and reserves	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
Sport field playing surfaces meet the requirements of codes for which they are used	Implementation of recommendations of NZ Sports Turf Institute advisory reports.	100%	Achieved	Achieved	Sports fields inspected August 2021 and recommendations implemented
Bedding displays are attractive and updated to suit the season	Number of bedding displays	2 (1 summer and 1 winter)	Achieved	Achieved	Summer and winter displays were planted
Playground equipment is safe for children to use	Monthly inspections of all playground equipment	12 inspections conducted	Not achieved	Not achieved	Only ten inspections were carried out due to staff shortages
The Kawerau Cemetery meets community interment needs in the present and the medium term	Community satisfaction with the cemetery	N/A	N/A	N/A	The community satisfaction survey is done every 3 years and was last carried out in Jan/Feb 2020.
	Number of burial plots available	At least enough available for the next 5 years	Achieved	Achieved	There are currently enough plots available for approximately a further 10 years

KAWERAU DISTRICT COUNCIL
Leisure and Recreation
Funding Impact Statement
for the year ended 30 June 2022

	2021	2022	
	Long Term	Long Term	Actual
	Plan	Plan	
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	4,161,720	3,979,910	3,979,910
Targeted rates	0	0	0
Subsidies and grants for operating purposes	940	900	892
Fees and charges	68,230	193,000	362,645
Internal charges and overheads recovered	40,650	14,850	17,290
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	4,271,540	4,188,660	4,360,737
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	2,155,550	2,289,640	2,098,242
Finance costs	102,650	43,240	41,406
Internal charges and overheads applied	1,300,650	1,236,660	1,241,227
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,558,850	3,569,540	3,380,875
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	712,690	619,120	979,862
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:	0	0	0
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	251,080	371,340	1,144,556
Increase/(decrease) in reserves	461,610	247,780	(164,694)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	712,690	619,120	979,862
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(712,690)	(619,120)	(979,862)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2020/21</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2021/22</u>
68,385	Library Stock Renewals	72,940	62,891
62,548	Other Library/Museum	53,300	6,250
214,885	Swimming Pool Upgrades / Clubrooms	6,500	941,059
7,455	Recreation Centre Upgrades	71,600	1,658
5,579	Town Hall Upgrades	2,700	0
22,916	Concert Chamber Upgrade	14,600	1,995
0	Public Toilets	70,000	0
24,511	Sports-fields Improvements	22,000	101,007
45,895	Passive Reserves Improvements	53,800	25,619
34,556	Playground Renewals	3,900	4,077
4,250	Cemetery	0	0
490,980	Total Operational	371,340	1,144,556
FUNDED BY:			
500,000	Grants for capital renewals	0	0
(9,020)	Depreciation Reserve Funding	371,340	1,144,556
490,980		371,340	1,144,556

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

- Swimming Clubrooms fit-out and construction of new pool entrance/office
- Installation of irrigation system at Tarawera Park



PLANTING AT KAWERAU CEMETERY AS PART OF MATARIKI CELEBRATION

COUNCIL CONTROLLED ORGANISATIONS

BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES

Background

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

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

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2022		
	Parent 2020/21 \$000's	Parent 2021/22 \$000's
Revenue	1,563	1,998
Expense	(1,539)	(1,986)
Net (Deficit)/Surplus Year	24	12
Less Tax Expenses	8	6
Net Surplus/(Deficit) after Tax	16	6

Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and had the Statement of Intent for 2021/22 and associated budget formally adopted by the directors at the meeting held 30 June 2021.

The following is a report of performance against targets set in the Statement of Intent for 2021/22.

Performance Targets for 2021/22		
Targets	Measure	Progress as at 30 June 2022
Investigate new joint procurement initiatives for goods and services for BOPLASS councils. Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	Minimum of 4 new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved services levels to participating councils.	Achieved. Joint procurement initiatives which were investigated for the year, included: <ul style="list-style-type: none"> • Postal Services • Courier Services • Infrastructure Insurance • GIS Training • Everyday wellbeing • Rapid Antigen Testing (RATs) • High Volume Print • Aerial Imagery • Cyber Insurance

Targets	Measure	Progress as at 30 June 2022
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	<p>Achieved.</p> <p>BOPLASS has collaborated with other LASSs on the following services:</p> <ul style="list-style-type: none"> • Debt Recovery Services • Insurance Renewal Standardisation • RAT Purchasing • Staff Well-being Portal • Regional Contractor Database • Waste Operator Licensing Data System • Courier Services • Mail Services • H&S Management System • H&S Training Providers • Risk Management Practices • Collaborative Policy Development • Occupational Health Services
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils	<p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved.</p> <p>Contracts negotiated and/or renewed for:</p> <ul style="list-style-type: none"> • Zoom Video conferencing services • GIS software and services • Print Media Copyright Agency (PMCA) • Health & Safety Mangt Software • ESRI Licence Agreement • Aerial Imagery • N3 (GSB) Membership • Vertical Horizonz (H & S trainer contract) • Media Monitoring Services • Inter-Council Network (ICN) • Standards NZ • MFD (Printer/copiers) extended • IPWEA Membership

Targets	Measure	Progress as at 30 June 2022
Communicate with each shareholding council at appropriate levels.	Meeting with each executive leadership team. (At least once per year)	Not achieved. Formal meetings with all council executive teams were unable to be completed this year. Staff absences, travel BOPPLASS Limited Annual Report for the Year Ended 30 June 2022 13 restrictions and increased workloads meant not all councils could attend.
Further develop and extend the collaboration portal for access to and sharing of, project information and opportunities from other councils and the greater local government community to increase the breadth of BOPPLASS collaboration. Increase the use of the collaboration portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 20% per year. Number of active users to increase by 20% per year.	Achieved. This target was achieved by: <ul style="list-style-type: none"> • Continued promotion of the “Mahi Tahi” collaboration portal, increased the number of users by a further 10.5% • On-boarding and training material has been helpful in creating a smooth transition for any new members. • Working with the DIA, the MahiTahi Collaboration Portal now includes secure areas to support Local Transition Groups working collectively on the Three Waters project. • Regional Software Holdings Limited are migrating the regional sector Special Interest Groups to be hosted in a similar collaborative environment as the MahiTahi Collaboration Portal. Technical aspects of the migration are being supported by BOPPLASS.
Ensure current funding model is appropriate.	Review BOPPLASS expenditure and revenue as well as review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved. The sources of BOPPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPPLASS Board, which includes: <ul style="list-style-type: none"> • Council contributions levied. • Contributions received from activities producing savings. • Vendor rebates collected. • Monthly and quarterly performance reviewed. • Financial statements reported and reviewed at Board meetings. Financial position year end 30 June 2022: \$6,244 surplus.

Toi-EDA (Economic Development Agency)

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

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

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

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

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



MONITORING OF PROGRESS TOWARDS ACHIEVING COMMUNITY OUTCOMES

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

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

Council also undertook monthly surveys of users of its services throughout the 2021/22 year. There continued to be a high level of user satisfaction with all Council services. The Summary of these survey results is as follows:

ALL SERVICES

2020/21	Customer Service Satisfaction Survey (CSSS)	2021/22
638	CSSS forms posted out	477
120	CSSS forms returned	107
18.8%	Response rate	22.4%
Feedback received from Customers		
82	Predominantly Excellent	68
25	Predominantly Good	19
8	Predominantly Only Fair	7
8	Predominantly Poor	5
0	Not applicable	3
5	No boxes ticked	5
Conclusion		
87.0%	% customers satisfied (Excellent/Good)*	87.9%
13.0%	% customers unsatisfied (Fair/Poor)*	12.1%

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

