

# NGĀ RĀRANGI TAKE

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# SUMMARY OF OUR YEAR

This section details the Council's performance during the year. It presents Council-only results including financial highlights. For Group results please refer to the financial statements.

#### HE KARERE TAIHONOTANGA

#### JOINT STATEMENT

Tēnā tātau and welcome to the Wairoa District Council's 2021/2022 Annual Report.

The last year can be best described as a year of 'getting on with the business at hand' in an ever-changing legislative and Covid-19 environment. Central Government Reforms of Three Waters and the Resource Management Act, as well as the Future of Local Government Review, are front of mind.

Council has also been an active participant in the community led and iwi partnered Covid-19 response which remains a challenge for the community. Alongside this, cost escalations, supply chain issues and an impacted workforce due to Covid-19 has seen Council consider how it operates and delivers on projects in a timely and affordable way. Council needs to be flexible and agile to ensure that it delivers appropriate levels of service in a cost-effective way and at the same time supporting the community where appropriate in these uncertain times.

The CBD enhancement project has certainly been impacted by cost escalations and supply chain issues due to the Covid-19 environment. The project has been rescoped to keep within budget and timeframes extended to ensure that the project is delivered in a way that meets the expectations of the community.

The Three Waters Reforms programme has been challenging for Council, with requests for information and preparing to position Council and the various communities of Wairoa in the best possible way to respond proactively to whatever changes come.

The March and April weather events have had a significant impact on the community, with Council applying for a bespoke emergency works application to Waka Kotahi to pay for infrastructure that was impacted by the storms, particularly our roading network. Recovery efforts are ongoing with Council partnering with agencies to remediate, reinstate and repair damaged roads and bridges as well as supporting impacted communities to recover and become more resilient.

Despite these challenges, Council is pleased to note that it has completed the majority of its \$11M Three Waters Stimulus package. This was a significant capital works programme for Council and given that other Councils around the country sought an extension to the timeframes, Council is pleased that key projects were delivered on time and within budget, including;

- the Ōpoutama Wastewater Upgrade
- the Toby Replacement / Smart Meter Programme
- the Wairoa Wastewater System and Treatment Plant Upgrade
- · Achilles Street Water Main Replacement
- Māhanga Water Supply Improvements
- and a number of bespoke regional projects

The granting of the Wairoa wastewater resource consent was another significant milestone achieved after many years of work including, as the hearing panel commissioners stated, "that its overall impression is that Wairoa District Council has genuinely strived to engage with its broader community, including tangata whenua and mana whenua, over the course of preparation and presentation of this application." But Council understands that there is still a lot of work to be done, including revised conditions incorporating milestones for land irrigation and storage and better

integration of mātauranga Māori throughout consent implementation, monitoring and review.

The Health Reforms have also allowed Council to participate in areas that are somewhat more non-traditional for a Council but align to our legislative purpose, to take a 'broad role in promoting the social, economic, environmental, and cultural well-being of their communities.' Council was extremely pleased that Wairoa was selected as one of nine prototype localities from across the country as part of the national health reforms programme. Council, alongside local iwi, local providers and agencies were asked to form a working group to develop an application to be a prototype locality. Since being selected earlier this year, work has ramped up to begin to develop a localities framework that best supports Wairoa's aspirations under the new health reforms.

As well as the local response to the health reforms, Council is also involved in a number of other community-led and iwi partnered projects including, the Wairoa housing strategy, the Wairoa pandemic plan and the localised commissioning project. These projects have been commissioned by the Wairoa Community Partnerships Group which has members from local iwi, local agencies and government departments. The purpose of the group is to see a united view of Wairoa whānau thriving and the group is chaired by His Worship the Mayor. Given the Future of Local Government review, Council is well positioned to proactively and strategically position itself to respond to the findings of the review given Council's role as a Wairoa Community Partnerships member.

On behalf of Council and the management team, we wish to acknowledge the contribution of staff and contractors for the achievements outlined in this Annual Report. The Wairoa District Council continues to adapt its operations to be best placed for the uncertain social and economic environment ahead, as it works to maintain infrastructure, deliver core services and plan for Wairoa's future in an affordable and meaningful way.



Chittle

**Craig Little** 

Kahika Mayor X8Quro

Kitea Tipuna

Te Tumu Whakarae Chief Executive Officer

### Ā TĀTAU ARONGA

#### **OUR DIRECTION**

#### Who we are and where we're headed

Our **Strategic Direction** is about who we are and where we're heading. Our **mission**, **vision** and **community outcomes** set this direction and guide us to deliver sustainable **Levels of Service** to support the wellbeing of our people and district by delivering **Core Services** outlined on page 14. Together they explain what drives us to do the best we can for the people we serve.

We actively monitor our service performance measures which allows us to assess progress towards these long-term aspirations and respond to challenges. Council uses this strategic reference point to ensure that its ongoing approach to funding and financial management is prudent, and delivers infrastructure and services at desired levels to the community in a financially sustainable manner.

Our *mission* is our *main job*. Our *vision* is what we see as the best *future for our district*. Our *community outcomes* are the *big goals* that drive us to support the wellbeing of our people.

To support the Wairoa Community through decisionmaking that promotes the cultural, social, economic and environmental well-being of the district now and in the future. Desirable Lifestyles, Thriving Economy, Treasured **Environments, Connected Communities Cultural Wellbeing Social Wellbeing** COMMUNITY Valued and cherished Safe, supported and community well-led community **Economic Wellbeing Environmental Wellbeing** Strong and prosperous Protected and healthy economy environment

Our **four outcomes** are significant and yet simple. They emphasise Council's leadership role in supporting wellbeing and align to the wider community context and purpose of local government. Each of the outcomes aligns to a corresponding wellbeing, which provides a clearer strategic match between our community's interests and Council's wellbeing focus.

The outcomes are linked to all Council's activities and provide the high-level direction that guides the development and rollout of work plans and programmes. They are linked to Council's key activities, each of which has a management plan with a performance framework that defines Levels of Service.

ACTIVITY GROUPS	ECONOMIC WELLBEING	SOCIAL	ENVIRONENT WELL BEING	CULTURAL
WATER SUPPLY	<b>√</b>	<b>✓</b>	✓	✓
STORMWATER	✓	✓	✓	✓
WASTEWATER	✓	✓	✓	✓
WASTE MANAGEMENT	✓	✓	✓	✓
TRANSPORT	✓	✓	✓	✓
COMMUNITY FACILITIES	✓	✓	✓	✓
PLANNING & REGULATORY	✓	✓	✓	✓
LEADERSHIP & GOVERNANCE	✓	✓	✓	✓
CORPORATE FUNCTIONS	✓	✓	✓	✓

# NGĀ HIRAHIRA I TĀ TĀTAU TAU

# HIGHLIGHTS OF OUR YEAR



**300** rates rebate applications assisted with



**95**% of library users satisfied with the collection



18,089 phone calls answered by the customer service team



**126 TONNES** of waste diverted from landfill



**18 KM** sealed road resurfaced



**\$28.3 MILLION** value of building consents issued



50 LGOIMA requests received and responded to



**3 K M** wastewater pipes relined



13,885 M³ maintenance metal applied to roads



**91**% of users satisfied with the museum



**138** building consents issued



**459 TONNES** of recycling processed



**3,246** dogs registered



3 MILLION LITRES compliant drinking water produced per day

#### Ā MĀTAU PŪTEA

#### **OUR FINANCES**

The figures presented here are Council-only. For Group results please refer to the financial statements.

# \$32.5 MILLION

**COST OF SUPPORTING THE DISTRICT** 

Our total operating expenses for the year were \$32.5 million. This spend supports our district by providing the various infrastructural and community services outlined on page 14.

# \$10 MILLION

#### **BORROWING POSITION**

This is an increase of \$2 million from last year and equates to \$1,152 per person in the district. We use borrowing to spread the cost of new facilities or infrastructure over multiple generations that will benefit from the projects. We believe this is the fairest way to do things.

# \$18.3 MILLION

#### **CAPITAL SPEND**

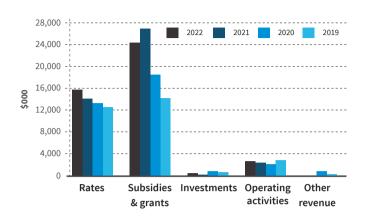
We spent \$18.3 million on new assets for the district. We completed a number of initiatives in our transport, Three Waters and leadership and governance activities, with total spend close to our planned \$20.6 million. External funding from Waka Kotahi, the Provincial Growth Fund (PGF) and the Department of Internal Affairs (DIA) contributed to a number of these projects.

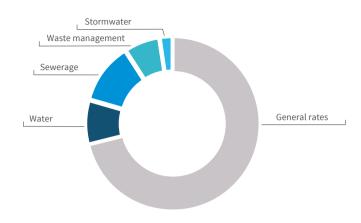
# \$316 MILLION

#### **OF ASSETS**

The Council provides services to the district through a range of infrastructure networks and facilities (Council assets). These have been built up over many generations and equate to around \$36,348 net worth of value for every person in the district.

#### WHERE OUR MONEY COMES FROM





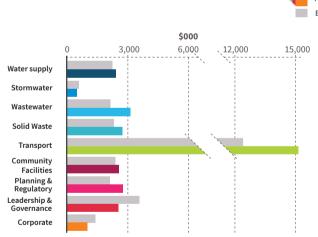
# Overall sources of revenue (\$000) for the past four years

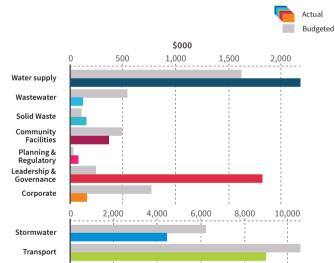
The above graph shows how our revenue sources have changed, with subsidies and grants now our main source of funding (57% in 2022 compared to 47% in 2019). This reduces the proportion of rates revenue (36% in 2022 compared to 41% in 2019) used to fund our projects. We also receive revenue from operating activities (including user fees) and investments.

#### Components of Council rates revenue for the year

The above graph shows the allocation of Council's rates revenue for the year (based on the Long Term Plan). During 2020/21 Council conducted a rating review seeking an approach that is simple, affordable and appropriate. The new rating system addresses the issues of consistencythat we saw in the previous system, but it's still about the distribution of rates, not the total amount.

# WHERE OUR MONEY GOES TO Actual Budgeted





# Difference between actual and budgeted operating expenditure (\$000)

The above graph summarises the difference between the actual and budgeted operating expenditure for each group of activities. It shows how the Council has prioritised its spending to support the operational and strategic direction that has been set during the Annual Plan process. Details of the financial performance against budget for each group of activities can be found in the Funding Impact Statements for each group (pages 99 - 111), and in the Financial Statements (pages 52 - 94).

# Difference between actual and budgeted capital expenditure (\$000)

The above graph shows capital expenditure by group of activities. We have a comprehensive renewal and upgrade programme for our assets and have completed \$18.3 million of capital expenditure during the 2021/22 year (refer to the Whole of Council Funding Impact Statement page 100).





\$48,500 median household income



17% of population over 65



3,250 households



2.67 persons per household (average)



**38.6** years median age (increasing over time)

#### WHERE WE LIVE



4,119KM2 area of district



130KM of coastline



871<sub>KM</sub>

**51**KM of roads of footpaths



**KEY INDUSTRIES** Agriculture and Forestry (GDP contribution)



**KEY INDUSTRIES Primary production** and public services (GDP contribution)

Note: Base information obtained from sources including Statistics New Zealand, Ministry of Business Innovation and Employment and Ministry of Primary Industries.

#### TO MATOU KAUNIHERA

#### **OUR COUNCIL**



The elected members set the direction and priorities for the district and provide oversight of the organisation. Wairoa District Council is made up of 6 Councillors and a Mayor. Along with all other local authorities in New Zealand, the Council is elected every three years.

The Mayor is elected "at large", meaning by all the district's residents. Three elected members are elected by voters from the Māori roll and three from the general roll. The next election is on 8 October 2022.

#### **Setting the direction**

Elected Members have the responsibility to set the direction and priorities for the district and provide oversight of the organisation. The Council appoints the Chief Executive Officer to deliver the services needed to fulfil its direction. Under the Local Government Act 2002, certain powers are reserved for the elected Council. They include setting bylaws and rates, setting the Council's budget through Long-Term and Annual Plans, making decisions about borrowing money and buying or selling assets, setting up and giving powers to Council committees, determining how Council meetings will be run, setting an Elected Member code of conduct, and adopting Annual Reports. Subject to these powers, day-to-day management of Council services and operations is delegated to the Chief Executive, with Councillors monitoring progress.

#### **Community advocates**

Elected Members are responsible for looking after those from the ward which elected them. This involves meeting people and organisations and advocating on their behalf or addressing any issues they may face. However, when Councillors come together to make decisions in the Council or a Council committee or subcommittee, they are required to put aside local interests and exercise their powers in the best interests of the district.

#### **Making the hard decisions**

Whatever decisions the Elected Members make, some people will like it better than others – that's the nature of democracy. Council decisions are made in a climate where public organisations are scrutinised more than ever before, and trust in public organisations is generally declining. Before Elected Members make any decision, they – with advice from Council staff – examine it from every angle. They think about the wellbeing and collective needs and aspirations of Wairoa District's people as well as legal requirements and contractual obligations, how it fits with the Council's strategic direction and policies, and whether it's a sensible use of ratepayer funding. Elected Members will often ask for information to be presented to them such as: How much will it cost? How can it be funded? Will someone else do the work if we don't? Will the benefits be significantly less or the costs significantly greater if we wait? And are there any risks involved?

Council also engages with our community on many decisions, ensuring people can have their say and contribute and influence how their district is shaped. Altogether, Council strive to ensure our decision-making processes are fair and robust.

#### **Standing committees and subcommittees**

The Council conducts its business at open and publicly advertised meetings. The Mayor (as required by section 41A of the Local Government Act 2002) put in place the current structure of committees and subcommittees following the 2019 election. The Council retains the power to revisit the structure. The Council's committee structure ensures that all decisions take account of the wider issues facing the district. All services are linked, so it makes good sense to consider them all together. Our decision-making structure ensures that all Elected Members are aware of the full range of issues facing the district. The beginning of each meeting is set aside for members of the public to have their say on any item within the agenda.

The structure adopted for the 2019-2022 triennium comprises several committees and panels as follows: Economic Development Committee; Finance, Audit and Risk Committee; Infrastructure Committee; Licencing Committee; Māori Standing Committee; Conduct Review Committee; Wairoa Youth Council and Chief Executive Review Panel. Council also has representatives on four joint committees with other Councils in the region. The Mayor is an ex-officio member of all Wairoa District Council committees.

#### **Elected Members meeting attendance**

The meeting attendance figures relate to Council and committee meetings (excluding pre-meeting briefing sessions) of which the Councillor is a member. The meeting attendance figures provided do not include Councillors' attendance at external meetings, including for boards of Council-controlled organisations, community boards, working parties, advisory groups and other external bodies. Such meetings can conflict with Council meeting times.

Current Council	Council and Committee meetings held (of which the councillor is a member)	Meetings attended	%
Craig Little Mayor	52	40	77%
<b>Hine Flood</b> <i>Deputy Mayor</i>	30	22	73%
<b>Denise Eaglesome-Karekare</b> <i>Councillor</i>	40	38	95%
<b>Danika Goldsack</b> Councillor	37	34	92%
<b>Jeremy Harker</b> Councillor	25	22	88%
<b>Melissa Kaimoana</b> <i>Councillor</i>	29	25	86%
Chaans Tumataroa-Clarke Councillor	28	21	75%

# DECLARATIONS OF INTEREST AND CODE OF CONDUCT

A copy of the Elected Members Code of Conduct was provided as part of the induction process at the beginning of the triennium and covered the following: roles, responsibilities, relationships, behaviours, compliance, and review. The Code of Conduct provides guidance on the standards of behaviour that are expected from the Mayor and Elected Members. Both these topics were covered extensively as part of the induction programme.

#### **Declarations of interest**

At the start of the triennium, all Elected Members declared their potential, perceived and actual interests, and follow-ups occur to ensure that Elected Members keep their register up to date and comply with the provisions of the Local Authorities (Members' Interest) Act 1968, which covers financial interests, and with other requirements relating to non-pecuniary conflicts of interest. At Committee meetings, members are asked to declare any interest in relation to any items or reports on the agenda. If an Elected Member declares an interest, they will not vote or speak to the item and may absent themselves from the discussions.

#### **Code of Conduct**

The Code of Conduct applies to Elected Members in their dealings with each other, the Chief Executive, all staff, the media, and the general public.

All complaints made under the code must be made in writing and forwarded to the Chief Executive. On receipt of a complaint the Chief Executive must forward the complaint to the Mayor/Chair or, where the Mayor/Chair is a party to the complaint, an independent investigator, drawn from a pool of names or agencies agreed in advance.

Any allegation is considered in a manner that is fair to all parties involved, including ensuring that due process is respected.

#### **ADVISORY GROUPS**

Forums and advisory groups help specific sectors of the community to have their say and guide us in our work. Our advisory groups consist of members from the community with specialist knowledge in a specific area of Council responsibility. Their role is to help their communities to understand Council processes and participate in the Council's decision-making processes, and to help the Council understand the needs of their communities and how those needs may be addressed. They are not seen as representing all views on their specialist areas or communities in Wairoa.

#### **Youth Council**

**Chair:** Trevor Waikawa **Deputy Chair:** Gabby Wilson

**Current Members:** Araley Rudd, Grace Kaihe-Tahuri, Jose Manuel, Lyric Wesche, Mohaka Hooper, Rongomaiwahine Te Rau o Patuwai, Te Huiariki Tuahine

**Council representatives:** Mayor Craig Little, Councillor Melissa Kaimoana, Councillor Dankia Goldsack

The Youth Council met seven times in the 2021/22 year. The selected members represent localities within the Wairoa District. Support was provided on several matters including COVID-19 vaccine drive support to Wairoa Taiwhenua and the Wairoa District Pandemic Plan; advocacy for Wairoa's lack of banking services.

#### **Māori Standing Committee**

Chair: Mr Henare Mita

**Current members:** Ms Theresa Thornton, Mrs Fiona Wairau, Mrs Hereturikōkā Nissen, Mrs Hinenui Tipoki-Lawton, Ms Liz Palmer, Mr Paora Puketapu, Ms Alex-Ann Edwards

**Council representatives:** Mayor Craig Little, Deputy Mayor Hine Flood, Councillor Chaans Tumataroa-Clarke

The Māori Standing Committee met seven times in the 2021/22 year. The representatives are selected from each takiwā and serve a term of three years. Feedback and advice were provided to Council on several matters including the Rates Remission Policy and the Regional Spatial Plan.

# TĀ MĀTAU RŌPU WHAKAHAERE

#### **OUR SENIOR LEADERSHIP TEAM**

The Mayor and Councillors employ and delegate the management and delivery of Council services to the Chief Executive.

The Mayor and Councillors employ and delegate the management and delivery of Council services to the Chief Executive. The Chief Executive is the sole employee of the elected Council and is the employer of all other staff.

The Chief Executive manages Wairoa District Council under approved Annual and Long Term Plans, legislation, policies and guidelines. The Chief Executive is responsible for the efficient and effective implementation of the Council's decisions within agreed parameters. The Chief Executive employs the Council's staff to help with these responsibilities.

The Senior Leadership Team (SLT) supports the Chief Executive to provide advice to the Council, manage the Council organisation

and implement Council decisions. The team is made up of four members, who lead functional Groups based on key areas of focus.

The Chief Executive also provides independent and impartial advice to the elected council before decisions are made. Advice is tested among council staff and reviewed by the Senior Leadership Team to ensure all realistic options have been considered and risks have been identified and assessed before the advice is presented to the Council for consideration and decision making.

The Chief Executive ensures the Council has effective systems to monitor financial and service level performance and recommend changes where appropriate. The Chief Executive's performance is regularly monitored by the Council's Chief Executive Review Panel.



## Ā MĀTAU KAIMAHI

#### **OUR STAFF**

We work to ensure that the Council is an attractive place to work, to attract and retain skilled and qualified people. During the 2022 financial year, a number of initiatives resulted in external funding for some positions, including a number of cadet and jobseeker training arrangements.

We are privileged to be training young local cadets in various areas - benefiting both the community and the Council organisation.

Women make up 60 percent of our total headcount, and 59 percent of our FTE.

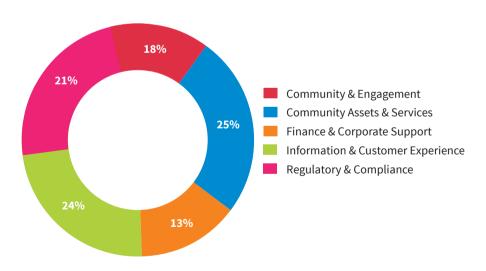
90 percent of our staff are permanent employees and 26 percent of our employees work on a part-time or casual basis.

The rich mix of people who work at the Council has a positive impact on our work culture and productivity. The graphs and tables in this section show which areas our staff work in, their gender, and type of employment as at 30 June 2022.

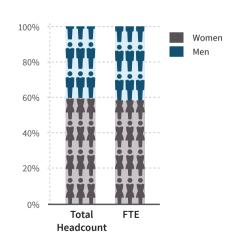
#### BREAKDOWN OF STAFF BY ACTIVITY AREA AND CONTRACT TYPE

	PERMANENT		FIXED TERM				
	Full-Time	Part-time	Full-time	Part-time	Casual	Head Count	FTE
Community & Engagement	11	3	0	0	0	14	13
Community Assets and Services	13	2	3	0	1	19	18
Finance & Corporate Support	9	1	0	0	1	10	9
Information and Customer Experience	11	8	0	0	1	20	17
Regulatory and Compliance	10	2	1	2	0	15	14
Total	54	16	4	2	2	78	70

#### FTE BY ACTIVITY



#### **GENDER BREAKDOWN**



Employee Type	Number	% of Total
Full-time	58	74%
Part-time	18	23%
Casual	2	3%
Total headcount*	78	100%

Employee Type	Number	% of Total
Permanent	70	90%
Fixed Term	6	8%
Casual	2	3%
Total headcount*	78	100%

\*excludes QRS

# HE WHAKARĀPOPOTOTANGA I TĀ MĀTAU MAHI

#### SUMMARY OF WHAT WE DO

We provide a wide range of services and activities for our community. Delivering these services and activities helps us look after the social, economic, environmental and cultural wellbeing of our people and district.



We produce 2.9 million litres of drinking water per day from our water supply systems in Wairoa, Frasertown, Tuai, Blue Bay (non-operational) and Māhanga. We maintain a compliant and efficient service that is safe for people and the environment, all day, every day.

We maintain networks of stormwater pipes, open drains and outlets in the Wairoa, Tuai and Māhia areas, ensuring a compliant and efficient system that is safe for people and the environment, all day, every day.



We operate and maintain wastewater systems in the Wairoa, Tuai, Māhia and Ōpoutama areas, aiming to ensure a compliant and efficient wastewater service that is safe for people and the environment, all day, every day.

We provide waste management facilities and ensure refuse and recycling can be disposed of in a controlled manner. We operate a large open landfill and recycling centre in Wairoa to the public for 4 days a week, 6 hours per day to take domestic and commercial refuse. We maintain five closed landfills, and manage litter and domestic refuse collection and kerbside recycling.



We provide nearly 900km of roads, 175 bridges, and over 340 retaining structures. We maintain more than 40kms of footpaths, nearly 24,000m<sup>2</sup> of carparks, 3,000 traffic signs and hundreds of streetlights. We manage the network in a sustainable and efficient manner that meets demand, all day, every day. We also fund and manage the airport activity to maintain an operational facility for light aircraft and charter operations which includes a 910m runway.



We provide community and social facilities throughout the district, which includes public cemeteries, the library, parks, playgrounds and reserves. We also house the Regional Digital Hub, which provides access to digital technology and programmes to help build and support the digital connectivity and capacity of our district. We partner in and support the provision of recreational, health, cultural and heritage activities. We support community events, initiatives and facilities including the Community Centre and Wairoa Museum.



We manage resource planning services to support the sustainable management of natural resources. We provide building control services to ensure that construction on new and existing buildings is compliant and controlled. We provide environmental health services to protect and improve public health with food premises, water quality, pollution, noise control, and fly dumping. We ensure community safety through the registration of food premises, hairdressers, funeral directors and camping grounds, and respond to complaints. We provide liquor control and licensing services, general bylaw enforcement and maintenance and respond to complaints over freedom camping, land transport, public safety, cemeteries and trade waste. We provide dog control services in response to complaints about dogs and manage the pound. We also provide livestock control services for wandering animals, ensuring community safety through the removal of nuisance stock.



We provide for district representation and governance, elections, community engagement, policies, annual reporting and planning, and long term planning. We support and encourage community participation in democracy. We develop relationships with Māori, and promote and facilitate Māori participation in decision-making through the Māori Standing Committee, and by promoting the use and implementation of te reo Māori. We provide district promotion, tourism services, and manage policy as it relates to our economy. We provide the Visitor Information Centre and implement the Economic Development Plan.



We provide corporate services which include customer services, finance, administration, information technology, business support, human resources, records, archives, project support, rates services, legal compliance, policy development, and official information. We provide property services for the camping ground, information centre, community halls, pensioner housing and commercial property, in an efficient and responsive manner that ensures our properties are safe and well-maintained. We hold investments that support the provision of sustainable infrastructure and services. This includes managing cash, debt, equity and property investments. We operate treasury services that provide low cost funding for projects, immediate funds for emergencies and day-to-day funding.



# TĀ TĀTĀU WHAKATUTUKITANGA Ā-TAIPITOPITO NEI

# OUR PERFORMANCE IN DETAIL

## TĀ TĀTĀU WHAKATUTUKITANGA Ā-TAIPITOPITO NEI

#### OUR PERFORMANCE IN DETAIL

Most of the work we do, our budgets and the services we provide are in the nine activity areas that represent how we work. Our key performance measures and their targets are how we track and assess the delivery of Council services.

These targets were set in our Long Term Plan 2021-31 and include both technical measures, such as our compliance with bacteriological standards for drinking water quality, and perception-based measures, such as residents satisfaction with various services.

Individual performance measures are recorded as either:

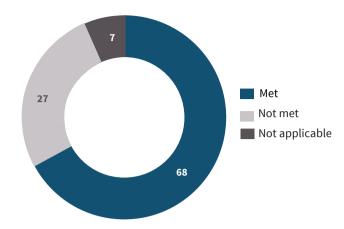
- Not met
- Not applicable

The designation "not applicable" is for those instances where we could not record the result eg. the stormwater activity includes a measure on response time for flooding that is a risk to life. We had no such flooding events this year so could not measure our response time.

The Long Term Plan 2021-31 set a number of new measures. As this year was our first time measuring our progress against these targets, we did not meet all of these. This demonstrates that Council is striving for excellence and gives us focus for areas of improvement in future years.

Of the 27 measures that were not met, 6 were new, a further 3 were due to COVID impacts (eg. decreased physical visitor numbers) and 1 was due to storm impacts from the recent weather events. A further 8 were within 10% of the target, so we would expect that these will see improvements in future years. There were an additional 2 one-off instances of noncompliance, and we have put in place mitigation to prevent these occurring again.

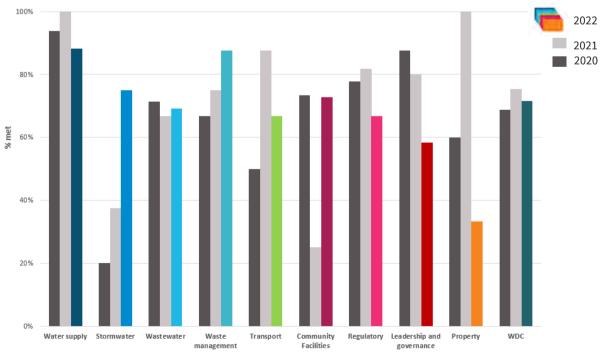
The below graph shows the percentage of measures met by activity over last 3 years and clear trends and outliers can be seen. There



2021/22 key performance measure results

is an improving trend for our stormwater, wastewater, waste management and community facilities activities. The property activity showed a steep decline as inspections could not be conducted on time due to tenants and employees having COVID. Regulatory had a number of new measures introduced in the 2022 year, and these were not met in the first year of measurement. Furthermore, staff attrition and an increase in the number and complexities of consents meant that consent targets were not met. Transport saw a decline in measures met due to storm events damaging parts of the network - therefore this decrease in targets met was out of Council's control. Water supply showed a decrease in responsiveness to urgent callouts resulting in targets not being met. Other water supply response times improved compared to previous years, but were met in all instances so do not impact this graph.

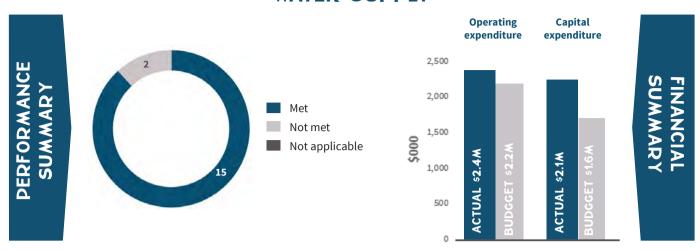
Further details of our performance measures and results are detailed for each activity area on pages 17-49.



% key performance measures met: 3 year trend

#### **PUNA WAI**

#### WATER SUPPLY





# 3 MILLION LITRES

OF COMPLIANT DRINKING WATER PRODUCED PER DAY

#### THREE WATERS INFRASTRUCTURE FUNDING

Projects that were funded from this include:

#### **Smart Meter Installation**

Water loss is the key driver for the installation of electronic smart water meters, as managing water loss will allow more capacity in the reservoirs in times of emergency. Other benefits include less water production costs, less energy costs and a lower impact on the wastewater system. Backflow preventers also add another layer of protection to water quality - a Ministry of Health expectation.

Toby replacements and backflow prevention device/smart meter installations are mostly complete, with the team completing approximately 1,850 replacements. The project scope was extended in June to include the replacement of existing metered connections, and these are ongoing. The team are working with the supplier to develop a method to start gathering readings from the electronic meters, and develop plans to remediate water loss in our district.

Historically leaking tobies have been the area with the highest number of complaints, this trend will hopefully stop now that the new backflow prevention devices have been installed across most of the district.

#### Māhanga Water Supply upgrade

Investigation and design work is complete, along with the installation of pipework and a new tank. The new pump shed was fabricated off site and installation commenced on 18th July 2022. The work being completed is relatively minor and will increase storage volumes and allow Council to monitor the supply remotely, improving reliability.

#### Achilles Street watermain replacement

The Achilles Street water main replacement was commissioned in June, with some minor reinstatementworks remaining which will be completed in drier weather. The project kicked off in October 2021 and was plagued with delays throughout. However, the water main is functioning well and is expected to save on maintenance costs and improve reliability of our water network.



#### **NEW CHALLENGES**

The Health (Fluoridation of Drinking Water) Amendment Bill is now in force. The new legislation amends the Health Act 1956 to give the Director-General of Health the power to issue a direction to local authority water suppliers (including bulk water suppliers) to fluoridate a public drinking water supply. Capital costs for this work are estimated at \$450k.

#### **Water Supply Bylaw development**

The Water Supply Bylaw has been adopted. Key changes in the bylaw include the provision for onsite water tanks in areas

that are serviced by a council supply. These tanks are not a potable supply and can be used for watering gardens, flushing toilets and laundry.

#### **BUDGET VS ACTUAL**

Operating expenditure was \$182K less than budgeted, with savings in plant operations more than offsetting the increased cost of chemicals. Capital expenditure was \$560K over budget due to some unbudgeted projects funded by the DIA, such as the Archillies Street water main, and Ferry Hotel water main resilience. These were partially offset by the deferral of some projects including pipeline and reservoir renewals.

#### WATER SUPPLY PERFORMANCE DATA

The following section outlines Council performance measures for our water supply activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-2031.

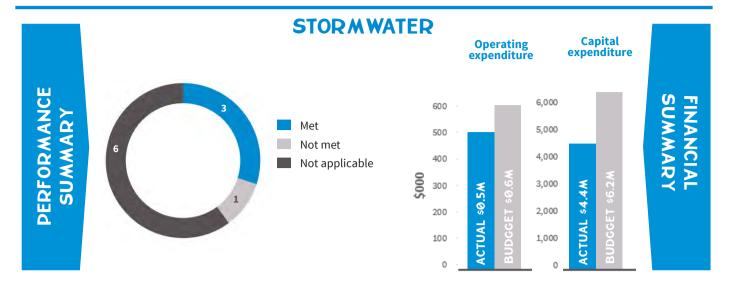
This also provides information on trends that may influence our performance, including those outside of our control. The two measures not met did not have a comparative last year and relate to slow response times. However other response time measures show improvements compared to previous years.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 101.

	1	2020	2021	2022	Target 2022		
	Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria):*						
Safe, high quality water	Wairoa/Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant		
supply is provided	Compliance with Drinking Water Standards for criteria):*	r NZ 2005 (revis	ed 2008) (Part 5	protozoal com	pliance		
	Wairoa / Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant		
To provide reliable water networks	Residents (%) satisfied with the water supply	88%	88%	83%	≥80%		
	Number of complaints about water supply per	r 1,000 connect	ions:*				
	Drinking water clarity	0	0	0	10		
	Drinking water taste	0	0	0.5	10		
Notes and floor	Drinking water odour	0	0	0	10		
appropriate for its intended	Drinking water pressure or flow	5	0	1.4	20		
use	Continuity of supply	3	0	9	20		
	Responsiveness to issues	0	0	0	10		
	Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliant criteria):*  Wairoa/Frasertown and Tuai Compliant Compliant Compliant Compliant criteria):*  Wairoa/Frasertown and Tuai Compliant Compliant Compliant Compliant Compliant criteria):*  Wairoa / Frasertown and Tuai Compliant Complian	35%					
Water supply assets are	Median response time for urgent callouts*	No urgent callouts	2 hours	0.8 hours	1 hour		
managed prudently to	Wairoa / Frasertown (attendance time)	0.2 hours	No urgent callouts	8.3 hours	2 hours		
sustainability for current	Other areas (attendance time)	No urgent callouts	3 hours	2.8 hours	4 hours		
and future generations	Wairoa / Frasertown (resolution time)	6 hours	No urgent callouts	8.3 hours	5 hours		
Water supply assets are	Median response time for non-urgent callouts	*	·				
ensure long term financial	(attendance time in days)	0.2 days	1.3 days	0.6 days	2 days		
sustainability for current and future generations	(resolution time in working days)		_	•	3 working days		
Water resources are used efficiently and sustainably		291 litres	345 litres	355 litres	530 litres		

<sup>\*</sup>This is a mandatory measure from DIA.

#### WAI ĀWHĀ





# DISCHARGE CONSENT

RECONSENTING AND DESIGN UNDERWAY

#### **ACTUAL VS BUDGET**

We carried out stormwater modelling of the Māhia Beach catchment, incorporating recent developments. Deferral of the pipeline renewals project at Māhia is related to both this updated modelling and the bad weather. This is the reason for the capital spend being under budget.

#### LITTA TRAPS

Catching litter before it gets out to sea is the key driver of a 'LittaTrap' trial being conducted by the Wairoa District Council. Stormwater that runs across the pavement can pick up all sorts of pollutants and rubbish which then flows into the nearest stormwater drain.

Two LittaTraps have been installed at busy sites within Council's stormwater network. The trial project is aimed at better understanding the volume of rubbish that is getting into Wairoa's

LittaTrap"

enviropod.com

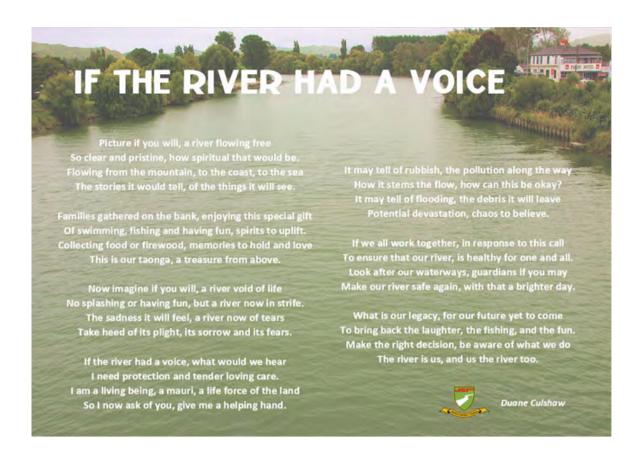
An installed LittaTrap

waterways from our stormwater runoff. LittaTraps are a simple, cost-effective net that fits within curbside stormwater drains, trapping plastic and other litter and pollutants that would otherwise be carried by stormwaterstraight into our awa and out to sea.

Maintenance is simple and LittaTraps can be easily cleaned out and the rubbish disposed of appropriately. Other organisations have had great results from LittaTraps and, if they prove as successful in Wairoa as they have elsewhere, we will install more traps within our stormwater system.

The LittaTraps will continue to be monitored over the next few months studying the volumes of rubbish caught and the main types of pollutants. This will help to build a better understanding of areas where we as a town can act to reduce pollutants getting into the waterways.





#### STORMWATER PERFORMANCE DATA

The following section outlines Council performance measures for our stormwater activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services services against targets as set out in the Long Term Plan 2021-2031. This also provides information on trends that may influence our performance, including those outside of our control.

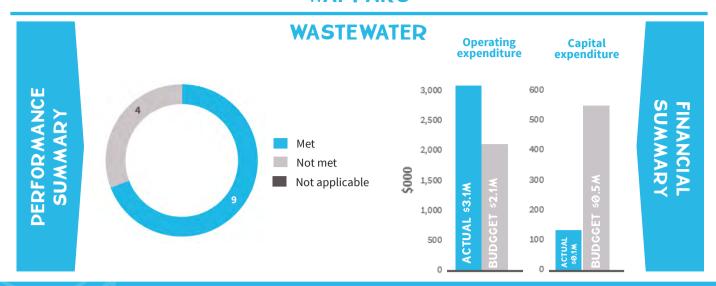
Although stormwaterhas improvements in a number of measures, resident satisfaction has decreased. The question in the resident's survey was designed to only capture satisfaction with reticulated network, however we know many residents are unhappy with open drains in the district which do not fall under this measure. We have reworded the question to be clearer in future surveys.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 102.

Levels of Service	Performance Measure	Actual 2020	Actual 2021	Actual 2022	Target 2022	
Addition of the Constitution	Number of flooding events in the district*	12	6	2	≤10	
Mitigate risk of flooding in urban areas	For each flooding event, number of habitable floors affected (per 1,000 properties)*	0	1	0	2022	
To provide reliable	Residents (%) satisfied with the stormwater system	88%	88%	47%	≥80%	
stormwater networks	Number of complaints about stormwater system performance (per 1,000 connections)*	the district*  12 6 2 ≤10  ber of habitable perties)*  ne stormwater  88%  88%  47%  ≥80%   Stormwater  00 connections)*  29 28 21 ≤50  ergency flooding events  ent flooding  2.6 hours  2 hours  No emergency flooding events  ent flooding  2.6 hours  No consent consent application currently  No consent application currently  The district*  12 6 2 ≤10  ✓  250  ✓  No estormwater  88%  88%  47%  ≥80%  No emergency flooding events  No emergency flooding events  No urgent flooding events  O  C  No consent consent application currently  O  E  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O  C  O				
Stormwater disruption	Median response time for emergency flooding event (attendance time)*				1 hour	
during natural disaster events are minimised	Median response time for urgent flooding event (attendance time)*	2.6 hours	2 hours	: 0 :	≤10 ≤50 ≥80% ≤50  1 hour  2 hours  0 0 0	
	Compliance with Council's resource consents for discharge from its stormwater system:*					
	Abatement notices	No consent -	No consent -	No consent -	0	
Effects on the natural environment are minimised	Infringement notices	consent	consent	consent	0	
	Enforcement orders	currently	currently	currently	0	
	Convictions	abitable	0			

<sup>\*</sup>This is a mandatory measure from DIA.

#### **WAI PARU**





# **3 KM**

#### WASTEWATER PIPES RELINED

#### **WEATHER EVENTS**

With the increasing nature and intensities of weather events, Council and Contractors have established a weather event protocol. This protocol outlines trigger points and steps to be undertaken when an event is forecast. By being proactive, our approach and responses are now more cohesive.

We experienced multiple weather event during the year. In March the heavy rain caused issues for the Wairoa and Ōpoutama wastewater schemes. As per previous events, requests for portaloos and sandbags came through. Unfortunately, during this time, a portaloo was stolen from Ōpoutama – a police report was filed, and the portaloo was later located and returned.

These weather events have been significant, but by being proactive with our pre-event protocols and our emergency comms strategy, the overall impact of these recent events has been minimal compared to previous years.

#### COMPLIANCE

The Tuai wastewater plant was non-compliant for pH on a few occasions - inorganic material from inflow and infiltration and the incorrect sand caused the sand beds to "clog" up, preventing any biological treatment. Remedial works have resulted in compliant sampling results.

The new Wairoa wastewater discharge consent was granted on the 1st November 2021. This is made up of ten separate consents ranging from discharge from the wastewater ponds, air discharges and pump station discharges. Staff have been working through each condition to ensure compliance is achieved within the required timeframes. Work that has already been carried to compliment consent conditions include a change in the wastewater bylaw, where mortuary waste has to be removed from the wastewater system.

The Ōpoutama scheme has historically been non-compliant on some discharge quality parameters. With the capital works complete, the plant discharge is compliant for all parameters.

Maintenance costs relating to this plant will increase as more manual intervention is required to treat the effluent.

With the borders now open, and more tourists expected in the area at peak times, the challenge will be maintaining and dosing the system during peak flows to maintain compliance. Further analysis of these flows will be required to understand these.

#### **AWARENESS AND ENGAGEMENT**

The awareness campaign is ongoing. This past year we have covered all 3 waters topics and targeted different age groups. Some tangible benefits have been realised with a dramatic decrease in pump blockages due to wet wipes.

#### **BYLAW DEVELOPMENT**

The Wastewater and Tradewaste bylaw has been adopted. Hearings took place in early May 2022. Key changes in the bylaw are forming a particular provision for mortuary waste, identifying private common drains, and allowing composting toilets in areas that are serviced by Council reticulation.

#### MAINS RELINING

Work to reline the above-ground section of the Māhia wastewater scheme rising main has been completed. Pipetech were engaged to complete this work, and utilised their mobile 'Quik-shot' system which allowed them to access the remote location. The rising main pipe had failed prematurely and had begun to leak.

#### **ACTUAL VS BUDGET**

Capital expenditure was below budget due to the catchment and outfall of stormwater consent being treated as operational expenditure. This also explains why operational expenditure is higher than budgeted. DIA-funded wastewater projects were the focus of the 2022 year and were predominantly completed at year and

#### THREE WATERS INFRASTRUCTURE FUNDING

Projects that were funded from this include:

#### **Ōpoutama wastewater upgrade**

The Blue Bay/Ōpoutama Wastewater Treatment Plant was historically non-compliant with some of the discharge quality parameters. The upgrade of the wastewater treatment plant addresses these issues.

A series of upgrades to the plant were completed, including expansion of the disposal field to properly disperse the treated discharge. The new plant was commissioned before Christmas 2021 and is now fully compliant. Some minor tweaks are being done intermittently to fine-tune the plant operation to achieve the best quality effluent possible before discharge. Some minor changes are still to be commissioned, including the new dosing system and electrical upgrade.

As part of dumpsite restoration linked to this project, a planting project is planned for the reserve adjacent to the site. A community hui was held in early March 2022 resulting in the formation of a working group to deliver the restoration project. Planting is well advanced, with a community planting day planned for September 2022 to plant the remaining plants.









#### Wairoa wastewater treatment plant upgrades

A series of upgrades to the Wairoa wastewater treatment plant are underway.

- A major electrical upgrade is in progress to cater to the new upgrades, including the new inlet screen, filtration/UV system, and irrigation pumps. The delivery of a new electrical transformer was delayed, however this arrived early July 2022 and is in the process of being commissioned.
- The new step screen filter works are ongoing. The screen itself has been secured in its final position and assembled, along with access platforms. There has been insufficient dry weather to cut in to the existing rising main pipe which is causing delays. Once this work is completed, the screen can be commissioned.
- There has been some progress made regarding scoping of the Filtration and UV system. The new wastewater consent requires UV treatment for the removal of pathogens and

filtration treatment to comply with new consent conditions. This will increase the treatment capacity from secondary to tertiary. filtration and UV system need to be implemented within two years from the date of the consent being granted, and 50Ha of irrigation within 5 years. Extra storage for treated wastewater, and a new outfall to the river are also required, however these have yet to be investigated.

#### The Scott Street sewer main installation

The wastewater main install is complete and provides wastewater service developments in the area along with future-proofing for ongoing development throughout the district.

#### **Browne Street sewer**

The construction of the sewer main extension along Browne Street is progressing well. This will service development in this area, and also enable connection by dwellings currently on septic tanks. Work is scheduled for completion in August.

# Pump station renewals and dedicated pump station generators

Pump station upgrades provide further resilience to our aging wastewater pump stations and modernise them. Designs for the generator stands at Alexandra Park, and Kopu Road are complete. Delays to this project mean that installation is now planned for August 2022.

To engage our tamariki, an art competition to paint the Alexander Park pump station was held in November and December 2022. We received 412 votes, with the winner "Sea Spray and Bush" receiving 250 votes. The artwork has now been installed at the Alexander Park Pump Station.

#### **Wastewater pipe relining and improvements**

Stormwater has major impacts on our wastewater network. This project was an acceleration of the ongoing Inflow and Infiltration project to remove stormwater inflow to the wastewater network. Five years' worth of business-as-usual pipe relining was completed in February 2022.



#### WASTEWATER PERFORMANCE DATA

The following section outlines Council performance measures for our wastewater activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services services against targets as set out in the Long Term Plan 2021-2031.

This also provides information on trends that may influence our performance, including those outside of our control. Wastewater has seen an improving trend on most measures, however some response times require attention.

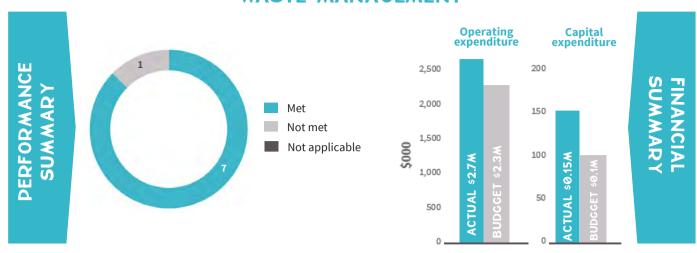
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 103.

Levels of Service		Actual 2020	Actual 2021	Actual 2022	Target 2022		
environmental and public	Dry weather wastewater overflows per 1,000 connections*	1	1	1.3	10		
	Number of complaints about wastewater per 1	,000 connectio	ns:*	•			
To provide safe and reliable	Sewage odour	0	1	2	15		
-	Sewerage system faults	0	3	20	15		
customers	Sewerage system blockages	7	7	4	15		
	Responses to issues with sewerage system	9	3	1	15		
	Compliance with resource consents for discharge from wastewater system measured by number of:*						
Protection is provided to	Abatement notices	0	2	0	0		
	Infringement notices	2	7	1	0		
environment	Enforcement orders	0	0	0	0		
Mitigate risk of environmental and public health impacts  To provide safe and reliable wastewater service to customers  Protection is provided to the community and the environment  Mitigate risk of environment environment environment  Dry weather wastewater overflows per 1,000 connections*  Number of complaints about wastewater per Sewage odour  Sewage odour  Sewerage system faults  Sewerage system blockages  Responses to issues with sewerage system  Compliance with resource consents for disch.  Abatement notices  Infringement notices  Enforcement orders  Convictions	0	0	0	0			
	Median response time for wastewater overflows:*						
	Wairoa / Frasertown (attendance time)	1.8 hours	3 hours	1.4 hours	1 hour		
ensure long term financial	Other areas (attendance time)	3 hours	4.5 hours	0.3 hours	2 hours		
	Wairoa / Frasertown (resolution time)	2.8 hours	3 hours	1.4 hours	4 hours		
and ruture generations	Other areas (resolution time)	3 hours	4.5 hours	28.3 hours	5 hours		

<sup>\*</sup>This is a mandatory measure from DIA.

#### WHAKAHAERE PARA

#### WASTE MANAGEMENT





# **126 TONNES**

OF WASTE DIVERTED FROM LANDFILL

#### LANDFILL IMPROVEMENTS

An extension on the weighbridge kiosk began in mid accommodate landfill 2021 to staff and ensure handling of efficient customers the over weighbridge. The improvements were mostly carried out by the contractor. Council continues make improvements to the weighbridge system to ensure standards are met. Our contractor has completed safety signage to ensure users are well notified and aware of safety when on site. They will continue improvements in the recycling area focusing on waste education to reduce contamination of recyclable products. The new financial year will put focus on continued waste education particularly around acceptable recyclables presented at the kerbside.

The contractor has identified a solution for green waste material which is currently being set aside to be mulched. Mulching has been programmed for every 6-7 weeks with some of the mulch to be used on closed cells. There are potential future plans to divert this material from landfill completely.

Issues were identified with the landfill leachate collection system in early 2022. Leachate is any contaminated liquid that has percolated through wastes placed in a landfill. Leachate control measures ensure leachate does not contaminate groundwater, surface waters and soil, potentially polluting the environment. Temporary control measures are in place whilst improvement work is being carried out. Some of the work involved includes ensuring stormwater is diverted away from the active landfill cell.

#### **ACTUAL VS BUDGET**

Capital expenditure was above budget due to funded Big Belly Bin installations, however planned road sealing and recycling centre upgrades were not completed. Operational expenditure was higher than budgeted due to the ETS and waste levy rates increasing.

#### LANDFILL COMPLIANCE

Remedial final cover work on the closed cell begun in mid 2021 and continued with very few suitable dry condition days available. We hope that we can utilize some of the slip material from recent storms. We will seek advice on the use of this material from the appropriate experts which may include having to test the material for compliance under condition 33, final cover, of the resource consent. Final cover work will continue into the new financial year.

#### **BIG BELLY BINS**

7 new Big Belly bins were installed around the district, funded by the Tourism Infrastructure Fund. These bins compact rubbish using solar-powered sensors, reducing the number of contractor visits to empty.

An application for a further 8 bins for the district was successful





#### MĀHIA HOLIDAY PERIOD

Council operated a daily recycling facility from the Kaiwaitau site during the peak period, similar to the previous year, making use of the council-owned recycling untis. The site was well utilized.

Council's lease for the Māhia recycling site expired in early 2022 with a permanent site yet to be secured. Council continues to provide the service at an alternative site. Staff are working on a proposal to use one of three identified locations. The proposed sites are subject to community engagement. This process could take a further 6-9 months, with completion expected before the Christmas 2023 period.



Waste deposited around M

#### **FLYDUMPING**

Fly dumping proved an issue, with large volumes of black sacks and other rubbish being deposited around council litter bins. Freedom camping sites were inundated with rubbish including black rubbish bags seen dropped off by locals and campervans. Waste generated from Mahia markets and food venues was also an issue, At times, the bins were full within 45 minutes of being emptied and complaints were regular.

An extra kerbside refuse collection for Māhia community was implemented during this period along with extra litter bins dispatched to key locations. Litterbin servicing increased to twice daily to cover the peak period.

From end of March 2022, due to the cooling weather and improved vigilance for reporting such incidents, Council has noticed a decrease in dumping around bins, especially in rural areas. However there are still occasions, particularly on long weekend or local events, where dumping increases.



#### WASTE MANAGEMENT PERFORMANCE DATA

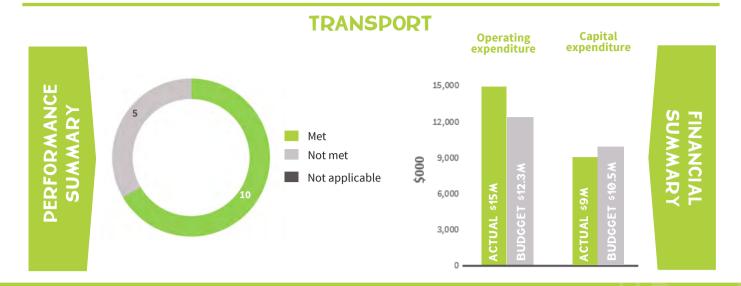
The following section outlines Council performance measures for our waste management activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-31. This also provides information on trends that may influence our performance, including those outside of our control.

A number of measures have seen improvements from previous years, especially material diverted from landfill. However a one-off non-compliance event means this activity has declined in the percentage of measures met since last period. This one-off event was identified and related to disposal of odorous trade waste. New protocols have been implemented to prevent this breach occurring in the future.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer page 104.

Levels of Service	Performance Measure	Actual 2020	Actual 2021	Actual 2022	Target 2022	
Provide safe and reliable refuse and recycling kerbside collection services	Number of times when minimum frequency of kerbside refuse and recycling service in Wairoa and Frasertown (fortnightly) is not met, per year	0	0	0	0	
	Number of times when minimum frequency of collection from specified drop-off points from Māhia, Nuhaka and Mohaka (twice a month) is not met, per year	1	0	0	0	
and rural waste services	Number of health and safety breaches by waste services contractors, per year	0	0	0	0	
	Percentage of missed household refuse service requests responded to by 12 pm the next day (on validation)	96%	92%	100%	100%	
Provide the Wairoa Landfill for safe waste disposal	Council will operate and maintain the Wairoa landfill for the disposal of domestic and commercial refuse, being open for the public at least 6 hours per day, 4 days per week	100%	100%	100%	100%	
Effects on the natural	Number of non-compliance events with the resource consent conditions for the Wairoa Landfill, per year	0	0	1	0	
environment are minimised	Number of non-compliance events with the resource consent conditions for the closed landfill sites, per year	0	0	0	0	
Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill	The amount of material diverted from landfill by the Wairoa community in tonnes (excludes green waste)	72	70	126	>75	

#### **RANGA**



A

**18KM** 

SEALED ROAD RESURFACED



13,885M<sup>3</sup>

MAINTENANCE METAL APPLIED TO ROADS

# Ranga Whenua | Land Transport

The transport sector of Wairoa District Council Community Assets and Services department is responsible for such assets as 875km of pavement (560km unsealed, 315km sealed, 346 retaining structures, 3,000 signs, over 30,000m2 of carparks, footpaths, kerb and channel, and a large amount of guardrails/sight rails. We maintain the drains and culverts, vegetation control including roadside spraying, and any emergency events such as tree fell and slips. We are also responsible for strategic planning and forward programming to ensure our Land Transport network is kept at an appropriate level of service.

#### **ACTUAL VS BUDGET**

Capital expenditure was below budget, with unplanned works in safety improvements, coastal erosion protection and LED street light conversion been offset by lower than planned expenditure in drainage renewals and resurfacing. Operational expenditure was \$2.7M higher than budgeted due to the March flood response cleanup. This additional expense is covered by Waka Kotahi funding.

#### STAFF AND TRAINING

The Land Transport staff consists of Transport Asset Manager, OperationsEngineer – Roads, two ContractEngineers and a shared role of Project Engineer. The team has a large array of responsibilities in order to keep the network in good shape. During the last year, some of the team undertook:

- Diploma in Civil Engineering (ongoing)
- Establishing inspection and maintenance needs
- Chainsawuse
- Drone Pilot licence

#### NATIONAL LAND TRANSPORT PLAN FUNDING

Mid 2021 saw the confirmation of funding for the 2021-2024 National Land Transport Plan. Although Council had indicative allocations for the maintenance, operations and renewals work categories, there were no indicative budgets released for the low-cost low risk/improvement categories. Verbal indications were that funding was going to be reduced in many areas.

Council secured very close to 100% of requested funding, which is what was affordable to the district.

#### **NETWORK MAINTENANCE**

Monthly programmes are received from our unsealed maintenance contractor, and our sealed maintenance contractor has one intervention delivered in September.

In 2022 our focus aimed to be continued routine/preventative maintenance on the network, and an eye to the future in terms of locking in forward works plans and programs early to gain efficiencies get ahead of the game. However, late March 2022 we experienced a couple of severe weather events which has put the roading network under strain.

The team responded well, the contractors stepped up in emergency response and the clean-up that followed. There are years of repairs that will need to be completed to restore an appropriate level of service to the network. The balance of emergency work and routine maintenance is starting to get back to normal at time of writing, and the focus is again on how we get back to the proactive rather than reactive space.









QRS and Fulton Hogan, our maintenance contractors, have continued with their respective programmes. These consist of:

- Grading
- Maintenance metalling
- Drainage (roadside drains) renewals
- Culvert renewals/extensions
- Traffic services (signs) maintenance and renewals.
- Vegetation control
- Sealed pavement repairs

#### **Bridges**

The percentage of the network restricted for Class 1 heavy vehicles was 0.3%, equating to 2.6km out of the total network of 865km (total network length includes SP Road 38). The percentage of network restricted for 50MAX is 2.14% which is 29.2km out of 865km.

The Te Reinga Bridge restrictionas a result of the March/Aprilweather events, has increased the number of bridges not meeting HCV Class 1 requirements.

Further bridge strengthening work is outlined in the Major Project update on the next page.

#### **Retaining walls**

A new inspection regime aimed at data improvement commenced in mid 2021, in order to gain more knowledge around these assets. 2 contracts were released for flood damage repairs which include retaining wall repairs. The 2022 weather event will see more retaining walls repairs required.

#### REACTIVE MAINTENANCE & EMERGENCY RESPONSE

There have been several minor events, predominantly trees down closing roads. 2 larger events took place in mid-September and November. A large amount of damage occurred, and \$1.8m of funding was secured from Waka Kotahi.

March/April 2022 saw a major weather event cause huge amounts of damage on the Land Transport network. There has been a significant amount of clean-up work performed to date, and further repair will be required in order to get the Land Transport network back to an appropriate level of service. Council staff were amazing throughout this event, carrying out duties over and above normal expectations.

Funding applications have been submitted to Waka Kotahi, and analysis/treatment/selection has been ongoing. Waka Kotahi have been extremely helpful in getting through this process – and the final figures/paper will be in front of the Waka Kotahi board in August/ September 2022. Interim funding has been received to allow a certain amount of work to continue until final funding is secured.

#### **NETWORK OPERATIONS**

In the 2022 year:

- 266 corridor access requests have been received. These allow organisations to carry out work in a road reserve.
- 473 high productivity motor vehicle (HPMV) permits have been issued. These allow HPMV vehicles to travel on our network. This is a significant increase from last year.
- 10 overweight permits issued, a sign of the improved processes we have implemented with the Waka Kotahi O-Permit system. This system allows hauliers to gain 2 year permits at a time, which saves Council and haulier time.
- 23 Health and Safety/Traffic management audits have been completed, focusing on contractors/organisations that are working on the roading network.
- Out programme to convert streetlights to LED is now 75% complete. This is having a huge impact on power savings for the district, reducing operational costs.

#### **ROAD SAFETY INITIATIVES**

Road to Zero is Waka Kotahi's plan to build the safest road system we can, and work towards zero deaths and serious injuries on Aotearoa New Zealand roads. Road to Zero is not about any single initiative but about how we develop a Safe System that includes safe vehicles, safe speeds, safe road users and safe roads. A safe system approach means looking at all aspects of the transport system and making evidence based interventions across a wide range of activities to make a difference.



Council's road safety (Road to zero) action group has been developed, working with Police, Road Safe HB, ACC, and schools to implement strategies and ideas to work together to achieve better safety outcomes in the district. The second meeting was held in mid 2021.

Work started in mid 2021 on the Speed Management Review and the Network Safety Audit. These are key pieces of work that will allow projects to be identified and flow on into future years with the target being to improve safety on our roads. In late 2021 draft reports were delivered for both of these items, and in 2022 these pieces of work will be progressed into reality.

The Speed Management Review will have a good communication plan around it so that the community can have their say.

A paper was taken to Council in early 2022 around speed management, with mixed reviews and thoughts. This has given the transport team an opportunity to spend more time engaging and consulting with the key parts of our community to ensure a true picture is developed of the needs in the community.

Mid 2022 the first engagement of key stakeholders started – with Police being approached first. Transport staff met with key local police officers to discuss what speed management and speed limit reviews meant for them, and what key issues they face, with formal feedback expected in the coming months.

Mid 2022 also saw the first 'engagement' with a school, namely Ruakituri School. The engagement focused on safety improvements and potential speed changes outside schools. Further requests for engagement have been sent to all schools within the district.

Work packages resulting from the Network Safety inspections carried out have been delivered and implemented. The work predominantly consisted of improved signage, markings and guardrails on key routes such as Tiniroto Road, Nūhaka-Ōpoutama Road, Māhia East Coast Road, and Kaiwaitau Road.

These roads have the largest safety issues in our district. The safety improvement program will carry on into the next financial year.



#### **MAJOR PROJECT UPDATES**

- Coastal erosion sites (2) on Māhia East Coast Road were completed in mid 2021.
- PGF Bridge Strengthening Packages 3&4 put on hold until the summer months. The majority of this work has been complete, with Mohaka Township Bridge final touches to be finished off (i.e., painting, kerb repair). A variation was secured through the PGF to assess extra bridges outside the original scope with any funding that remains to end of the financial year, in order to add to and keep building our bridge stock data and forward planning.
- Safety Improvements: installation of
  - o 133 new curve/warning signage
  - o 46.57 km worth of reflective raised pavement markings
  - o 6.5km worth of new pavement markings
  - o 1.2km worth of guardrail

#### Asset Management/Non-physical works: Key achievements:

- Data Management Plan how we manage the data going forward and tools to collect the appropriate data – completed
- Aggregate sustainability review the aggregate situation in Wairoa summarised and ways forward in managing this – completed
- Blowhole realignment design/Geotech investigation/land purchase etc – underway
- Emergency Management Plan managing emergencies up until the CD point including communication to elected members and community – underway
- Broader outcomes and emergency work procurement strategy

   underway
  - Engineering Code of Practice 2020 complete Council's Land Transport Activity Management Plan (AMP) 2021-2024 was ranked in the top five AMPs in the country.

# Papa Rererangi | Airport

General maintenance of the runway and lawned areas have been ongoing.

#### **BIRD STRIKES**

Reports of bird strike have increased. Birds are now very wary of vehicles approaching to shoot. A meeting was initiated with Air Napier Air Ambulance and the Civil Aviation Authority to discuss standards and options for potential bird control funding. A design assessment and report was completed by Bird Control NZ based in Christchurch. Options include using noise, specialist computer managed auto laser, visual scarers, and long-range shooting. During the assessments, we requested that systems should be compatible to link into the radio activated light system so planes can clear the runway during the period prior to approach and take off. This will minimise use and therefore reduce exposure of birds minimising the risk that they become less sensitive to the methods used, plus reduce impact on neighbours. Air Napier has submitted a proposal to install a webcam to view the approach and airstrip prior to flights to assess bird strike risk.

#### **USAGE**

Airport lounge booking requests for corporate functions saw a slight increase during COVID, as the size of the areas allows for gatherings, whilst still maintaining safe COVID protocols.

The airstrip has seen an increasing usage and was still utilised during COVID lockdown by businesses conducting essential services (eg. fertiliser spreading for farmers).

During the warmer months, recreational users utilizing the runway increase

#### TRANSPORT PERFORMANCE DATA

The following section outlines Council performance measures for transport activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-31. This also provides information on trends that may influence our performance, including those outside of our control.

Although a number of measures show an improving trend, the transportactivitysaw a decrease in the percentage of measures met. Some of this was due to new measures, such as the user satisfaction result, which indicates some room for improvement.

This result is likely also influenced by the recent storm event, which also is the reason that measures such as the percentage of network and number of bridges unavailable to class 1 are no longer met. These relate to storm damage and, following the planned repair work program, will be met once again.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 105.

Levels of Service	Performance Measure	Actual 2020	Actual 2021	Actual 2022	Target 2022
The land transport network is designed and maintained to be safe	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**	-2	8	-8	Change is less than or equal to 0

<sup>\*</sup>This is a measure from the One Network Road Classification (ONRC)

<sup>\*\*</sup>This is a mandatory measure from DIA

<sup>\*\*\*</sup> National Association of Australian State Road Authorities

#### TRANSPORT PERFORMANCE DATA CONTINUED

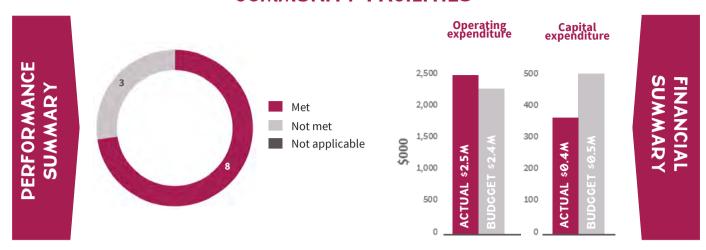
Levels of Service	Performance Measure	Actual 2020	Actual 2021	Actual 2022	Target 2022	
	Average Roughness – sealed roads which meet smooth road standards for 'fair' ride quality*	94	97	96	Average NAASRA of sealed road network < 110	<b>⊘</b>
experience a fair ride quality on a well-maintained and managed sealed road network asset	Condition of sealed road network:** The average quality of ride on a sealed local road network, measured by Smooth Travel Exposure.	new	new	93%	≥ 90% of sealed network smoother than specified threshold	<b>⊘</b>
	Condition of footpaths:* The percentage of footpaths in average condition or better (measured against WDC condition standards)	93%	93%	86%	≥ 95%	X
	Road users consider the land transport service to be "fairly good, very good or better"	new	new	34%	≥ 75%	×
The land transport network is	Percentage of network unavailable to Class 1 % of network unavailable to 50 Max	new new	new new	0.3% 2.1%	Class 1 < 0.1% 50Max < 15%	(X
managed in a manner that assists the economic development of the district	Number of bridges not meeting HCV Class 1 requirements	6	4	6	≤4	× ×
Road assets are managed prudently to ensure long term financial sustainability for current and future generations	Condition of sealed road network:** The percentage of the sealed local road network that is resurfaced annually (by area).	8%	8%	5%	5.7%	×
	Response to service requests:** Percentage of customer service requests responded to within 5 days	76%	92%	90.1%	≥ 90%	<b>⊘</b>
Council quickly restores access on	No. of journeys impacted by unplanned events*	new	new	24,281†	Baseline to be determined in first year of measurement	<b>⊘</b>
key routes after natural event	No. of instances where road access is lost*	new	new	14,926 <sup>-</sup>	Baseline to be determined in first year of measurement	Ø
Effects on the natural	CSR complaints related to dust	new	new	9+	Baseline to be determined in first year of measurement	<b>⊘</b>
environment are minimised	Percentage of programmed dust reduction initiatives completed annually	new	new	0	100% Y1 = 0 sites	<b>⊘</b>
Airport service supports health care by providing patient transport Airport service is available for industry use	Number of times when the airport is closed (not available to be used), per year	new	new	. 0	0	<u></u>

<sup>\*</sup>This is a measure from the One Network Road Classification (ONRC)

<sup>&</sup>lt;sup>+</sup>This measure had a baseline set in 2022 which will be used to determine future year targets.

## NGĀ TAPUTAPU HAPORI

#### **COMMUNITY FACILITIES**



95%

OF LIBRARY USERS SATISFIED WITH THE COLLECTION



91%

OF USERS
SATISFIED WITH
THE MUSEUM

#### **CEMETERIES**

Tree maintenance has been ongoing due to continued wet weather and winds. High wind events around the boundary of the cemetery reserves have resulted in damaged fences and trees on road reserves. Reserve areas surrounding the cemetery are planted with eucalypts, pines, and self-seeded wattles. The trees are at an advanced age and each species is in decline with weakened branches and roots resulting in progressive failure of the trees. Planning is underway to design a 5–10-year plan to remove these trees and replace with more aesthetic and appropriate lower growing shrubs and ground cover species. This activity planning will be done in line with the completion of the Cemetery Long Term Management Plan.

Work is progressing on the alignment of data which was long overdue. Property staff are working closely with Geographic Information System staff to address these issues. Completion of this project will see accurate management of burials.

#### **Bylaw development**

A review of the Cemetery Bylaw began in mid 2021 with the aim to introduce clearer guidelines and processes for the management of cemeteries. Council received a small number of official complaints of gang insignia on headstones. The review was presented to Council early 2022 and policy development is now underway working with stakeholders.

#### **PARKS AND RESERVES**

The town river reserve management plan and identification of long-term risks has been presented to Councillors. The intention is to inform on erosion risks to infrastructure along the river and both support and inform the town centre upgrade and Regional Park planning. An initial meeting was held with Hawke's Bay

Regional Council on erosion and future risks. Recent storm events and high volumes of debris and silt, plus accelerated erosion along the river reserves, has increased the desire for a crossorganisational group to focus on planning and provide long-term protection of community and environmental assets.

The Property team supported Wairoa Community Ngahere Nursery with advice on development of their site, new shelters, water supply, applying for a toilet consent, and reinstating power to the shed they lease.

Contact with schools has faltered with the exit of the Enviroschool Program Representative and many schools dropped the program. This impacted the funded Matariki Planting programs.

Reserve contractors have completed programmed work trimming large specimen trees within the reserves, to allow better access and provide better tree form and wind stability. It has taken 3.5 years to complete the initial sweep across all reserves.

The destination playground and other playground sites have had replacement wood chip play surface material put down. The old chip was found to be deeper than the design specifications resulting in a shortfall in achieving complete coverage.

#### Vandalism

Significant costs are being incurred to replace vandalised equipment and structures. Ongoing vandalism includes blocking toilets with excess paper or kicking the toilet flush buttons to break the linkage to toilet cistern. Clyde Court toilets have had the dispensers forced off the fittings, and the soap has been stolen. Māhia toilets continually have soap dispensers stolen, and some paper dispensers, Black's Beach has had solar lights stolen twice, with an attempted entry into the service door to take the

solar controller and battery. Although not successful, the door was damaged and required repair. Vandals also stole extraction fans at Black's Beach by cutting the pipework. We had a theft of the entire solar system at Whakamahi toilets, and the internal sensor lights have been stolen 3 times. Over 40 predator traps at Whakamahi Estuary were smashed, requiring replacement.

This vandalism has a financial cost to Council, for reinstatement, replacement and repair, but also a reputation cost due to customer complaints and inconvenience caused by closures.

#### **Playground vandalism**

Vandalism and graffiti have continued across all sites. This continues diverting very stretched resources away from planned beneficial activity.

The type and location of damage is repetitive in nature and gives a very bad impression to visitors. During this period, the Raupanga toilet and playground facilities have been significantly affected by:

- graffiti
- · toilets blocked
- doors damaged
- bollards stolen
- power supply cut (axe)
- power box damaged
- playground fences broken / stolen
- play surfacing wood chip stolen
- swing seats broken

A meeting was held with the local community and Council's Māori Relationships Manager in June 2022. The community has committed to ensuring those using the playground and toilets respect the assets provided.

Planning is underway to assess future funding applications to upgrade this play area with fall protection chip reinstatement a priority.

#### **Funding for improved facilities**

Tourism Infrastructure funded toilets for Māhanga and Te Reinga are in their final stages of fitout and due for delivery in mid 2022.

New funding applications were submitted in 2022, seeking funding for four projects to improve toilets and freedom camping facilities across the district. The funding application was successful and these four projects will provide a substantial improvement in facilities:

- The Campground ablution block will receive a full joinery upgrade, upgraded toilets, showers, laundry, and all weather courtyard area. All infrastructure to camp sites will be replaced. An additional two new camp site power/water access points will be installed, giving eight more available plug-in sites. Grounds lighting will be replaced.
- 2. A full upgrade of *Nuhaka toilets* including an upgraded septic disposal field upgrade, installation of a water tank, upgrade to the bore pump shed and new pumps/filters. The toilets will receive upgrades to exclude birds, improve lighting, new paint and new roofs. The grounds will be upgraded to provide a rest area style stop that will provide visitors an area to eat and relax.
- 3. Modernisation and refurbishment of *Oraka toilets and changing sheds* will better serve the needs of day picnicker's and freedom campers. The septic system will be refurbished, improved pipe system installed from toilets to tanks, new service tanks, new secure pump shed and a pump upgrade. The project will also install a cold shower and foot wash, kitchen sink and picnic tables. Access paths will be installed along with upgrades for bird exclusion and new toilet doors.
- 4. 8 more Big Belly Bins for placement throughout the district.



#### LIBRARY

#### The library app and ePukapuka

The Wairoa library app is proving popular. It provides our members with everything they need to make the most of our Library and is supported by the library's online eBook library called ePukapuka, which helps us deliver top-level services in the digital era.

As part of the library's drive to reach more readers in our District, the library team launched access to a new eBook library called ePukapuka. This provides our library members with easy access to over 33,000 online books at the click of a button, and supplements the various hardcopy books available. We are excited that our community has access to this platform.

We encourage everyone to download both the app and eBook library let us know what they think. Positive feedback has been received from patrons, including comments that it is an "excellent platform", which has a "broad selection of books" and is "easy to use."

#### Vaccine passes

In the lead up to the traffic light system, the Library team began supporting members of the community by running a programme to print vaccine passes. For several weeks, the Library team offered this service to support their patrons and many others in the district. More than 220 families received help.

Teams across Council also provided support to the Library team. Thank you to all elected members, management, and staff for their help with these arrangements.

In addition, signage for the front entrance was arranged. along with tablets that would confirm vaccine status. Security guards were arranged to provide cover for the entranceways at both the Library and Main Office. Having the guards helped mitigate risks during the onset of 'traffic light red' and ensured our frontline teams were kept safe.

#### **Library programmes and workshops**

The 2021 winter school holidays were busy with reading program report-ins (359 report ins), craft sessions, movie times and various educational games. In total 138 children attended the activities.

Due to the COVID lockdown, several programmes were postponed but staff continued to plan and prepare for upcoming events including the summer reading programme, adult events, tween initiatives, and term holiday programmes.

Our Library team delivered several programmes and workshops that helped keep our community groups busy and engaged. Some of the highlights were the embroidery workshops and adult classes for macramé and felting which provided an opportunity for those in our community to build and develop their crafts and skills.

STEAM classes continue to be a popular item during the week and challenge our children to develop their skills across the areas of science, technology, engineering, and mathematics. These classes are always in demand and there is a maximum number of eight children per class.

Coding classes which were held Monday and Friday were fully booked. Library staff received positive feedback from parents about the quality of this programme, and received comments about their children having made rapid progress because of attending these sessions.

#### **Summer reading programme**

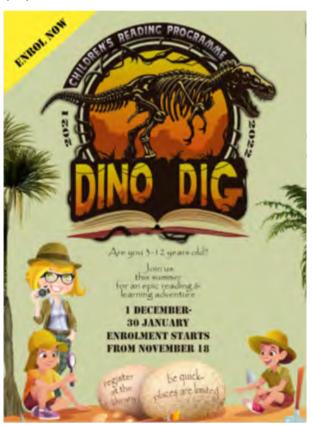
A much-anticipated event, this year's Dino Dig theme promised to be an epic reading and learning adventure for our children aged 3-13 years. The 80 available places were filled in only 3 days. A waiting list of 30 children was available in case any withdrew.

Due to COVID restrictions, this year it has been delivered in a new flexible way and offered an enormous range of contactless activities and prizes for tamariki. This was welcomed by parents who were understandably nervous about having their children in confined spaces. Thank you to the team for looking at innovative ways to accommodate our tamariki.

Through the Dino Dig programme, kids across the district had the chance to complete a series of fun tasks with specially designed kits provided by the Library, and then come in and receive their prizes.

Positive feedback was received from parents who appreciated the work done to hold the programme in a safe manner. Lots of positive feedback to the programme was received from whānau when receiving the prizes: "We all really enjoyed the programme, it was great to get active with the kids, they were so excited to look for fossil. Well done, please pass it on to the team."

The objective of our Library's reading programmes are to 'help kids learn to love reading' - which contributes to learning, development and the social, cultural, and economic wellbeing of our people and district.



#### New improved library décor

The library interior is undergoing improvements with new shelving, tables, chairs, and improved signage. Staff have been propagating their own plants to help keep costs down and this has provided an amazing environment for the public to be in. We have even had patrons request cuttings from our plants.

Funding has enabled the library to have shelving "fit for purpose" which has attracted positive feedback from the public.

#### **COMMUNITY FACILITIES PERFORMANCE DATA**

The following section outlines Council performance measures for our community facilities activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-203. This also provides information on trends that may influence our performance, including those outside of our control.

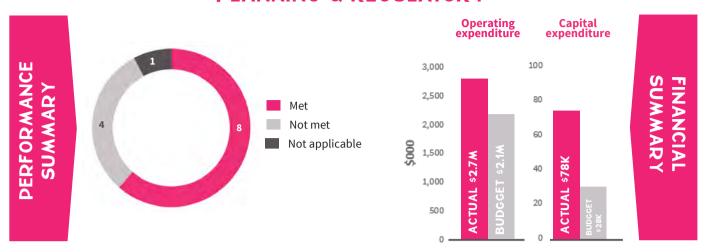
This activity saw a marked increase in the percentage of performance measures met. Two of the three measures not met relate to COVID restrictions, reducing physical visitor numbers. The libraryin particular put in place virtual options as a result of physical visit restrictions, however these are not captured in the below measures.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 106.

Levels of Service	Performance Measure	Actual 2020	Actual 2021	Actual 2022	Target 2022
Cemeteries	•				
Cemetery assets are well maintained	Percentage of residents' overall satisfaction with cemetery maintenance	99%	94%	97%	80%
Parks and Reserves					
Parks and reserve assets are well maintained	Percentage of residents' overall satisfaction with cemetery maintenance	96%	94%	83%	80%
Provide prompt responses for service	Percentage of open space requests responded to within 24 hours	96%	92%	80%	>85%
Library					
Library delivers positive and high quality experiences	User satisfaction (%) with library services	96%	98%	88%	≥80%
	User satisfaction (%) with library collection	new	new	95%	≥80%
Library is accessible and well utilised by community	Completion rate (%) of programme attendees	new	new	82%	≥80%
	Library physical visits	new	new	25,941	32,000
Community Facilities					
Community Centre is accessible and well utilised by community	Total visits to the Wairoa Community Centre	65,605	87,461	109,721	Visitor numbers ≥ previous year
	User satisfaction (%) Community Centre	93%	97%	89%	≥80%
Museum is accessible and well utilised by community	Total visits to the Wairoa Museum	3,593	3,888	2,031	Visitor numbers ≥ previous year
	User satisfaction (%) Wairoa Museum	98%	99%	91%	≥80%

#### MAHERE ME WAETURE

#### **PLANNING & REGULATORY**





\$28.3 MIL

VALUE OF BUILDING CONSENTS ISSUED



138

BUILDING CONSENTS ISSUED



Operational expenditure was \$657K higher than budgeted due to higher consultancy and accreditation audit costs, along with higher internal charge allocations (which net off across the total Council).

#### **RESOURCE PLANNING**

Wairoa is seeing high levels of development occurring throughout the District, with subdivision consents making up more than half of the total resource consent applications received in the year. Apart from the usual hive of activity at Māhia, subdivision applications also continue to come in from elsewhere around the District. Overall, in 2022 there was a 144% increase in subdivision consents received.

There has also been an increase in the number of planning inquiries (which are provided as a free service to the public as part of Council service to the community) compared to the same period in the previous year.

Planning staff are involved in vetting all building consents for planning compliance, and the growth in building consents means that the planning department has been busy assessing these applications for compliance with planning requirements.

There has also been an increase in complaints related to illegal earthworks being undertaken and an associated increase in abatement notices issued. This work then requires investigations by Council staff, which increases workloads and resource requirements.

The department has two full-time staff. As part of Council's internship programme to promote local talent, the department has a local student working and learning during summer and semester holidays. The student is providing valuable administrative and technical support for the department and at the same time gaining vital industry skills and work experience.

The team undertakes professional development as required by their New Zealand Planning Institute membership, and keep up to date on the Resource Management Act (RMA) reforms and other key legislative matters.

#### **BUILDING CONTROL**

#### **Building consents**

There were 174 building consent and exemption applications received during the year, with a total value of \$28.3 million. During this time the average number of days taken to process a building consent was 12.3, which is within the statutory 20 working days process application.

#### **Improvements**

Improving the consenting system is an on-going process which involves the continual changing of the quality management system to keep up to date with all relevant regulatory changes. This has involved considerable development of our business processes.

The online consenting platform has been further adapted by multiple councils as part of a wider initiative to simplify the delivery of Council services. This has allowed the Wairoa District Council's Building Consent Authority (BCA) to utilise other councils to process building consents on our behalf.

#### **Challenges**

The BCA continues to see a steady number of public enquiries regarding building consent applications, prelodgement meetings, property information, and general building queries. This has proved to be a challenge and an additional strain on BCA staff time. It is estimated that, some weeks, up to 60% of staff time is taken up by counter enquiries/ pre-lodgement meetings/ public calls and emails.

There has also been a noticable increase in the number of building works that have been completed during this time period which is reflected in the number of inspections undertaken.

During this time the Council's building department has also seen an increase in illegal building work around the district, in particular at beach locations. This work requires investigations by staff which adds additional workload.

Retaining skilled staff is essential for effective implementation of the consent processing system improvements, meeting consent processing performance targets, dealing with increased workload from regulation changes, and the increasing complexity of consents being lodged. Nationwide the competition for skilled workers has continued during this time period. Loss of staffduring the year caused disruptions to the Council's BCA and impacted its ability to function effectively. Fortunately, despite the nationwide Building Consent Officers (BCO) shortages and competition for BCA staff, the Council has recently successfuly recruited two Junior BCOS, who are currently undergoing training to meet the requirements of the Diploma in Building Control Surveying.

#### **International Accreditation New Zealand (IANZ)**

Only registered BCAs are permitted to perform building consenting and certifying functions in terms of the Building Act 2004. This means that the Council must apply for, and maintain, registration as a BCA.

Every two years a fill on-site reassessment is undertaken reverify ongoing compliance with accreditation criteria, using external technical experts along with an IANZ Lead Assessor. In 2022 an IANZ assessment was been completed ,and the Council's BCA is currently working through identified issues to ensure accreditation is maintained.

#### **Up-skilling staff**

All of our officers, and those requiring technical competencies, have been working on improving or maintaining their level of competency within the national BCA competency assessment system. The inspection team is embracing innovative technology and is now conducting selected inspections remotely which creates efficiencies and cost savings for clients and Council.

#### Inspections

366 inspections were completed this year, 85 of which were commercial inspections. This has been a significant increase in commercial inspections.

#### **Meeting our targets**

Most Councils around New Zealand are currently experiencing an increase of building consent applications leading to them exceeding their statutory processing timeframes and have long lead times for booking inspections. Utilising the resources of contractors has allowed the BCA to cope with the increased workloads. Our BCA works hard to issue building consents and certificates of acceptance within statutory timeframes.



#### **ENVIRONMENTAL HEALTH**

#### **Food control**

COVID19 restrictions and staff challenges throughout the year resulted in a backlog of verifications which required external contractors to complete 30 remote verifications. While contactors were clearing the backlog, an experienced Environmental Health Officer and former Wairoa local was employed. With the Environmental Health Team now fully staffed, and on top of the current workload, the team is currently moving towards paperless auditing for food verifications and fully digitising current food safety and registration records.

#### **Liquor control**

The local Licensed operators have been cooperative through the COVID restrictions. During these restrictions, the processing and issue of licenses and Managers Certificates has continued within statutory timeframes.

The Epidemic Preparedness (Sale and Supply of Alcohol Act 2012 —License Application Inquiries) Immediate Modification Order 2020 continues to remain in force: this gives Police and the Medical Officer of Health 30 working days from when the notice expires to report on premises new and renewal applications (Notice currently expires on 16 September 2022 unless renewed again). The Council is required to have regard to the Local Alcohol Policy in addition to the legislation pertaining to the sale and supply of alcohol when considering Alcohol License applications, almost all off licensed premises now have their hours in line with the Local Alcohol Policy requirements .

#### **Noise control**

Staff continue to attend to noise complaints during working hours if available and a contractor takes over after hours and attends during working hours when an Environmental Health Officer is not available. Generally, noise complaints are assessed by the officer without the use of a noise level meter. The number of noise complaints remains steady at an average of 3-4 per week mainly during weekends. During winter periods there tends to be a heavy drop in noise complaints. Staff issue abatement notices to repeat offenders with compulsory seizure of the offending equipment and the associated infringements.

#### **Nuisance control**

Nuisance in the community can take many forms, among them are, but not limited to, the following: asbestos disposal, litter, dust, odour, vermin, animal carcasses, feral cats, smoke, fly dumping, unsanitary buildings, and unsanitary septic discharges.

To manage these, staff work with the Regional Council's Pollution Response Team. We also have a programme of vermin control by using traps in strategic places.

Complaints regarding matters relating to Environmental Health are investigated by the Regulatory team, including Environmental Health Officers. These complaints can become very time consuming, particularly where Council staff are approached in situations where there are disagreements between neighbours. Council staff work with the Regional Councils Pollution Response Team in regard to environmental issues. Environmental Health Officers were unable to resolve the summer dust complaints, and these have been referred to the Regional Council Pollution Response Team.

The majority of nuisance complaints relate to neighbours complaining about properties with long grass, in most cases this is due to aesthetics rather than an actual pest/nuisance issue.

#### **Water testing**

Environmental Health Officers assist in routine water testing of locations in the Wairoa District including council water supplies, rural food premises, schools and private residences.

Environmental Health Officers provide advice to the community about water treatment and effective decontamination of contaminated private residential water supply.

Both Council bore water supplies at Māhanga are now chlorinated and sample results consistently demonstrate compliance with the NZ Drinking Water Standards for potable water.

#### TRADE WASTE

Wairoa District Council Trade Waste Officer is funded by the DIA stimulus funding and has worked to identify local businesses that require trade waste consent. A public information campaign was initiated and a 12-month amnesty was put in place to encourage participation from our businesses. This will ensure that any solid or liquid waste from Wairoa's businesses will not be dispersed via the wastewater system, leading to greater maintenance cost savings and positive environmental outcomes for our district. Overall local businesses have gotten on board with the trade waste campaign.

The trade waste campaign has achieved a lot less blockages in the sewer system, therefore less cost to the rate payers, and cleaner storm water going into our rivers and waterways.

Upgrading or installation of trade waste requires the services of plumbers to install grease traps etc. There have been additional delays due to shortages of plumbers in Wairoa, but all businesses are fully cooperative in making their businesses comply to protect our awa and wastewater system from trade waste. Amnesty has ended for trade waste applications all future applications be charged as per the fees and charges, however applicants waiting for tradesmen may still come under the amnesty due to lack of tradesmen this will be assessed on a case by case basis.

In addition to his core work on trade waste management, the Trade Waste Officer has been busy coordinating a campaign to crush and remove abandoned and old cars which resulted in nearly 800 car wrecks collected and removed from the district. We ended the campaign with some major and long-awaited clean ups at Māhia, Te Reinga and Tuai where there were graveyards of car wrecks accumulated over decades. This campaign has not only made the district look better and brought community awareness, but cleaning up car wrecks also reduces health, safety and fire risks. Leaching of car fluids can cause environmental impacts plus there are potential fire risks and general health and safety risks from rusty cars and broken glass.

The community has within itself carried on with cleaning up old cars around town, Tuai, Māhia, which is great for the environment.

The 'Toi te whenua, Manaaki ki te whenua' project, has been acknowledged nationally by winning the GHD Award for Environmental Leadership at the virtual Taituarā Excellence Awards







#### **BYLAW CONTROL**

#### Dog control

Over 97% of known dogs in the district were registered for the year. The team have identified 48 menacing dogs, and 2 dangerous dogs. Half of the dogs in these two categories have been desexed with the help of Fred Lewes Foundation funding, working in collaboration with Council and the local Vet. This proactive effort from the team to partner with the owners reduces the risk of dog attacks to the public.

The SPCA also has a comprehensively discounted price to have cats neutered within the district, to decrease unwanted breeding. The compliance team provides cat cages for trapping of stray cats to residents, working in conjunction with the local vets and SPCA.

The Compliance team continue to emphasise dog owner education in the district, with regular publications through media, in-person, and provision of information pamphlets. The Compliance page on the Council's website has been upgraded, making it easier for the public to fill in online applications and registration forms. The team will be adding extra tools to make it more user-friendly for the public.

#### **Livestock control**

Through proactive educational approach we have seen significant reduction from wandering stock as farmers maintain their perimeter fences in good condition. Council also works collaboratively with Police in educating people to keep stock off the road. This has shown a positive response from owners being more proactive with their stock control, resulting in a reduced number of callouts during the day and after hours.

People in the community are more mindful to contact us regarding stock out, if owners are known they will be contacted and, in each case, will be accessed for further action.

#### **General bylaw enforcement**

The Freedom Camping Ambassador local iwi organisations Rongomaiwahine Iwi Trust and Māhia Committee has been suspended over the Christmas period due to a lack of Government Funding. We hope that alternative funding will be found to allow this collaborative approach to Freedom Camping monitoring to continue. In the last two seasons Council saw the beneficial outcome of working alongside the Ambassadors, with a significant reduction in Freedom Camping breaches. This Christmas Māhia was at full capacity, with Freedom Camping areas overcrowed, Police worked alongside Council while attending non-compliant Freedom Camping sites.

#### **EMERGENCY MANAGEMENT**

Ten days of continuous wet weather saw Wairoa's farmland and roading network bear the brunt of the heavy rainfall event. Some northern Hawke's Bay areas received triple their rainfall, other areas double. Ruakituri was experiencing a 50-year rainfall event and Marumaru a 20- year rainfall event.

River levels around the Hawke's Bay region rose sharply, with some reaching the 5% Annual Exceedance Probability (AEP) (long term average of once every 20-year) and even 1% AEP (100-year) levels.

The weather bomb created widespread damage with flooding caused by high river levels, bank erosion in places, overtopping of some rural stop-banks, washouts, and damaged culverts. Rural land was damaged, and a great number of roads, peaking at 30, were either closed or had limited access, because of slips, washouts and rock falls.

#### **Roading**

At its peak, 30 roads were closed at one time in the Wairoa District. This included Council roads and State Highways. The Wairoa River came over the road at Turiroa Cutting closing State Highway 2 to Napier and State Highway 38 and the Tiniroto Road were also closed leaving only State Highway 2 to Gisborne and Māhia open. A number of key routes were blocked making roading network assessment difficult. Drones were used to gather information.

Contractors focused on punching open roads to one lane at least, to restore access. Continued steady rain made road access work challenging. The focus became getting access to people isolated through slips and damage particularly in the Papuni/Mangaroa and Mangapoike roads. Priorities were around Mangapoike Road and making it through to Tukemokihi and Te Puna Stations, Papuni Road, Mangaroa Road, Kotare Road, and Mohaka Coach Road. There were still 11 roads closed, and others restricted by single lane access or weight restrictions.

Te Reinga Bridge suffered structural damage which meant the bridge was closed for a number of weeks. A temporary solution was put in place, which allowed for 3 tonne restricted access. A final solution is being worked on.

#### **Drinking water**

Due to the river being very turbid and dirty, water production was stopped with reservoirs over 90% full. Multiple power faults caused IT hardware/software failure at the Water Treatment Plant, with staff making water and manually performing tasks, with high river turbidity a restriction.

Water conservation notices were sent out, and with Affco reservoirs at 50% full they were notified they may not have water.

By Friday, March 25, water was again being produced, the plant was making water and filling reservoirs to 100% (three days supply), but continued power outages caused software failures with new software difficult to source due to the closure of State Highway 2 to Napier.

#### Wastewater

Due to the significant rainfall, a limited number of weather-related Customer Service Requests relating to blockages and portaloos were lodged. Continued rain put the Wairoa wastewater system under pressure and high welling. 'Don't rush to flush' notices were issued to try and ease pressure on the wastewater and water supply systems.

In town, the sewage was backing up at the camping ground which had nine parties staying. By Friday, March 25, the pump stations were still overwhelmed but improving and the pond was discharging but at a manageable level. There were further requests for portaloos and health messaging continued.

Flooding around the Wairoa township, particularly around the North Clyde and Karaka Street, Robert Shortt areas, heightened the contamination risk with messaging increased. Requests for portaloos continued throughout the event and at the peak there were only five left available in the district. Six more were accessed from Gisborne. Overall, 11 portaloos were deployed and 47 water specific service requests were received over the peak rainfall period.

The heavy rain caused ponding in residential properties and the Ōpoutama Stream levels to rise. The call was made to disable the pump station once water rose to the same level as the emergency power outlet. Contractors were on site and advised residents to keep their water use to a minimum and had portaloos on standby. Sampling of the stream to test for *E.coli*, faecal coliforms and *Enterococcus* sp. were conducted. Communication and power outages in Ōpoutama caused some issues and contractors responded as needed with generators and frequent visual inspections.

#### **Property and Landfill**

At the Wairoa landfill, high rainfall caused leachate overflow. The Hawke's Bay Regional Council was notified, and inspections carried out. Stormwater channels on back track were corrected to ensure flow to stormwater catchment where possible. Fraser Road roadside drainage (ex-landfill) was cleared to ensure correct flow where possible. The Frasertown landfill was inspected and water levels had reached the old landfill and possibly "exposed" rubbish. This was reported to the Hawke's Bay Regional Council.

On the Kopu Road reserve, dead animals were washed up near the pump station. These were removed, and the walkway cleared of debris. High levels of silt and debris was deposited on River Reserve areas from the Ski Club. Noticeable erosion of banks was identified at critical sites at Riverside Camp, Skate Bowl, Cycleway east end of the town and opposite the newly opened river mouth. A meeting was initiated with the Hawke's Bay Regional Council to discuss the current state of reserves and potential restoration works. There are no funding solutions offered currently.

#### PLANNING & REGULATORY PERFORMANCE DATA

The following section outlines Council performance measures for our performance and regulatory activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-2031. This also provides information on trends that may influence our performance, including those outside of our control.

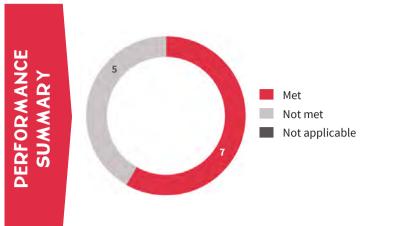
A number of new measures, including customer satisfaction results, were introduced for this activity for the 2022 year. The statutory deadline target for planning and building were not met. This was due to a combination of low staffing levels and an increase in the number and complexity of consents received. The time taken to process individual consents has increased and Council is working with cadets and trainees to increase capability.

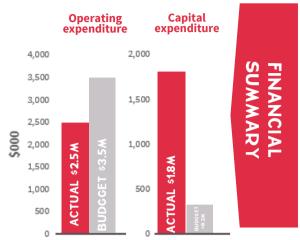
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 107.

Levels of Service	Performance Measure	Actual 2020	Actual 2021	Actual 2022	Target 2022
Resource Planning					
Provide an efficient, responsive and	All resource consent applications processed within statutory timeframe set under the Resource Management Act	93%	95%	96%	100%
compliant resource planning service	Users (%) who rate resource consent service as good or very good	new	new	60%	≥80%
Environmental Healt	h			-	
	Non-food premises registrations required under legislation completed (%)	100%	100%	100%	100%
Provide an efficient, responsive and compliant environmental health service	Noise control (unreasonable noise) complaints responded to in accordance with legislation, regulations and Council policy.	100%	100%	100%	90%
service	Verification reporting to be completed within 10 days of verification as per Quality Manual.	new	new	no result	90%
Building Control					
	Building consents (%) processed within statutory time frames	98%	97%	94%	90%
Provide an efficient, responsive and	Certificates of acceptance (%) processed within statutory time frames	100%	100%	100%	90%
compliant building control service	Users (%) who rate building control service as good or very good	new	new	60%	≥80%
	Building Consent Authority (BCA) accreditation retention	new	new	Retained	Retained
Liquor Control					
Provide an efficient, responsive and	Management licenses (%) processed within 30 days	100%	100%	100%	100%
compliant liquor control service	Renewal and new licences (%) processed within statutory time frames	100%	100%	100%	100%
Bylaw compliance	·				
Provide an efficient,	Known dogs (%) registered by 30 June each year	97%	98%	97%	≥75%
responsive and compliant dog and stock control service	Annual Report about the administration of Council's policy and dog control practices adopted by 30 August	Achieved	Achieved	Not achieved	Achieved

### MANA WHAKATIPU ME KĀWANATANGA

#### **LEADERSHIP & GOVERNANCE**







50

OFFICIAL INFORMATION REQUESTS RECEIVED AND RESPONDED TO

#### **BUDGET VS ACTUAL**

Capital expenditure was \$1.6M over budget the Te Wairoa e Whanake project not being budgeted in the LTP. A portion of this project's costs are funded by subsidy. Operational expenditure was \$1M lower than budgeted due to lower than budgeted staff costs and lower internal charge allocations (which net off across the total Council).

#### COMMUNITY REPRESENTATION

#### **Elected members - Council**

Elected member focus has remained centered on representing the Wairoa community at a national level in the face of multiple central government reforms. Elected members reinforced their strong stance against the government's three waters reform plan in a submission to the DIA in September.

Elected members have been focused on the government reforms and the effects this could have on the Wairoa community; this focus has been supported by the Māori Standing Committee. This has seen a submission presented to central government based on community feedback.

Wairoa is working with other councils across the nation through a group called Communities 4 Local Democracy - He hapori mō te Manapori. This is a newly formed and growing group of 23 councils from around the country. The group was created in response to serious concerns about the Government's Three Waters reforms, and numbers are growing as local councils consider the implications of the proposed legislation – in particular losing control of approximately \$60 billion of community owned assets across the whole country.

Elected members will continue to advocate for Wairoa, while ensuring that Council is positioned as best as possible in the event the Government's proposal is implemented.

Council reviewed its Cemeteries, Stormwater, Trade Waste and Water Supply Bylaws. Bylaws are prospective in nature and are in place to ensure our district is a safe and healthy place.

Elected members have kept the future of Wairoa front of mind which has seen a resolution that a policy on development contributions be drafted, which will then come back to Council before going out for public consultation. The decision is in relation to developing a mechanism to equitably fund development-related infrastructure and has been prompted by the increased demand for housing developments in the district. This policy will be revisited in the next triennium.

Wairoa is one of eight of the 67 local authorities in New Zealand which doesn't have a Development or Financial Contributions Policy. At least four of these eight Councils are in the process of drafting development policies. Council is reviewing a number of bylaws that will also be going out for public consultation.

Council's Annual Plan was adopted on Thursday 30th June and the rates set for the year commencing July 1, 2022.

This year's local body elections will be held on Saturday, October 8, 2022. The Wairoa District Council is made up of a Mayor, who is elected at large, and six councillors. The councillor seats are split into three Māori Ward seats and three General Ward seats.

#### **Youth Council**

The Wairoa District Youth Council was established in 2021. This is a committee with a view to provide Council with an independent youth voice to support the decision-making process at the Local Government level. This allows rangatahi to let the Council hear their thoughts on the impacts of Councils decisions on their own generation as the future ratepayers of Wairoa.

The Wairoa Youth Council have been involved in being ambassadors for the COVID vaccine rollout, supporting the Wairoa Taiwhenua in engaging rangatahi.

#### **ECONOMIC DEVELOPMENT**

#### **Economic Growth**

A recent infometrics report commissioned by Hastings District Council shows that Hawkes Bay is leading economic outcomes compared to pre-pandemic. Annual economic activity growth estimates for the year to March 2022 vs March 2020 are 8.5%. Wairoa District is second in local growth in Hawkes Bay for annual economic activity estimates, March 22 vs March 2020 with 8.5% growth.

#### **Mayor's Taskforce for Jobs**

The Mayor's Taskforce for Jobs (MTFJ) recovery programme with Council continues to be delivered by the Wairoa Young Achievers Trust, with 58 rangatahi engaged in sustainable employment since June 21. Council have also engaged cadets through the MTFJ programme. This initiative demonstrates the strengths of central and local government working in partnership with community. Wairoa has been selected as a pilot council for a partnership with Outward Bound. MTFJ is working with Outward Bound to assist with their Impact Lab report looking into the benefits of Outward Bound into a young person's life and employment journey.

#### **Sustainable Food and Fibers**

This is a collaborative project across Hawkes Bay to investigate the feasibility for almonds as a form of land diversification. Central Hawkes Bay District Council submitted the application to the SFF Futures fund for the almond's feasibility study on behalf of key stakeholders including WDC. The application was successful and scoping work is currently underway.

#### **Regional Economic Development Agency**

The Regional Economic Development Agency (REDA) is a partnership between business, iwi/hapū and local government in Hawkes Bay. The Matariki Governance Group (who have oversight over the regional economic development strategy) will have responsibility for board appointments for the establishment group. This group adds co-governance to the REDA model. This is a transformational step forward and a first for local government REDAs. The Hawkes Bay Business Hub in Ahuriri remains operational while the process of establishing the REDA is undertaken.

#### Flood recovery

Flood Recovery has been the focus for the Economic Development team following the March/April floods. A recovery plan has been devised as a framework to base recovery efforts around. Work has been done collaboratively with Hawkes Bay Regional Council and Gisborne District Council to provide satellite imagery to identify more accurately the extent and distribution of the damage, particularly for the agriculture sector.

The Ministry of Social Development activated Enhanced Taskforce Green (ETFG) in response to flooding in the Tairāwhiti and Wairoa regions. Up to \$500,000 was made available to help with the clean-up. This funding means job seekers can be employed to help farmers clear debris and complete clean-up work on their properties, local job seekers will be used wherever possible. Note – ETFG does not extend to fencing, earthworks, machinery etc.

Ministry of Primary Industries has committed \$50,000 to Wairoa District Council. This has been communicated as initial funding – the primary use therefore is to undertake needs assessments of affected areas. This is being undertaken by undertaking a survey of affected rural communities and using GIS mapping. It is a key priority that we have as many affected parties partake in the

survey as possible. A \$100,000 Mayoral relief fund was announced by Minister Kiri Allan Thursday 14 April. Work has been undertaken with community groups to apply for DIA Lotteries Disaster Relief funding. Council has delegated distribution of funds for recovery efforts to the Mayor and the Chair of the Wairoa Taiwhenua.

The Federated Farmers have been contracted to conduct a recovery survey and provide a report outlining the impacts of the floods for the Wairoa and Gisborne Districts.

Recovery work will be ongoing as work is undertaken with communities, particularly with the Ruakituri Community to mitigate the impacts of the damage to the Te Reinga Bridge and the additional strain on the Ohuka-Erepeti Road.

#### Te Wairoa E Whanake

Te Wairoa E Whanake is a significant economic development initiative which is predominantly funded through a successful PGF Application. The project is aimed at revitalising Wairoa's town centre, and includes the redevelopment of a main street building site that was gutted by fire nine years ago. The site was purchased by the Wairoa District Council and its refit is a cornerstone of the project.

The development of Wairoa's community courtyard is well into the construction stage with underground work almost complete and ready for the above-ground building works to begin. The courtyard will house three businesses offering a mixture of retail and hospitality services. A new build at the rear of the courtyard will allow space for two of the businesses to operate, while a third, a hospitality pod, will be located at the entrance of the courtyard. The pod is set to be installed into the courtyard in September and the construction of the new build section will begin around October, followed by the internal fitouts and development of the courtyard space. The targeted completion date for the courtyard is May 2023.

Meanwhile, the Winter's building is in the early stages of design following a review of the available budget and gaining clarity around external funding opportunities. The Council's project team is currently requesting proposals from architects to establish a suitable design within the available budget. Once this stage has been completed and a design finalised, a construction timeframe and approximate completion date can be considered. These are both exciting developments for Wairoa's CBD and will provide spaces that foster community connectedness and wellbeing.

#### **TOURISM**

New local business Manawa hosted a winter Hawkes Bay Food and Wine Classic (FAWC) event at Eastend Cafe.

An event for summer FAWC is to be held at the end of the year.



#### COMMUNITY DEVELOPMENT AND SUPPORT

#### Career expo

The Community Development Team supported a careers expo that was held by Wairoa Young Achiever's Trust with Mayor's Taskforce for Jobs funding. This was also supported by EIT Hawkes Bay an held at Wairoa College. The expo featured many stalls from different work industries such a creative and primary industries, manufacturing and technology, construction and infrastructure, service industries and social community services. Wairoa District Council promoted the Wairoa I-SITE and engineering department.



#### **East Coast farm expo**

Support was given to the farm expo, with registrations on the day and vaccination passes. This was a momentous day, well supported by locals. Local Police and FENZ were also there.



#### **Creative Communities Scheme**

Three successful applications have been received to date. Workshops for the next funding drop will be held on August 16th and August 30th at the Wairoa I-SITE. The workshops will be for anyone that needs support in the process of undertaking an application. The next round of funding opens in September and closes in October.

Two nominations were received for the creative communities committee who are Valeta Mathias and Mary Sullivan, both ladies have a wealth of knowledge in the arts world.

Congratulations to the Wairoa pottery Group who successfully completed their Clay Techniques for beginners' workshop from the previous funding round. Wairoa pottery group are looking forward to their next workshop which will be Glaze technique.



#### Māori film festival

Wairoa District Council sponsored and supported this kaupapa on Queens Birthday weekend,. High Tea was beautiful at Kahunugnu Marae and Council had sponsored a table with His Worship the Mayor presenting the award.

Congratulations to Kararaina Rangihau for winning the Wairoa District Council Leadership Award for 2022.

#### **Community vaccination efforts**

Community support for vaccination efforts continued during the year, with the team supporting Kahunugnu Executive with Super Moko weekend, printing of vaccination passes and supporting Queen Street Practice with managing traffic control for Rapid Antigen Testing.

#### **Welfare support**

We have been supporting Te Whare Maire O Tapuwae with welfare packages and deliveries. Thank you to the team at Te Whare Maire O Tapuwae and all the volunteers that help with ensuring that whānau that are isolating are well looked after. This job is not small and their time and effort does not go unnoticed.

#### **Waitangi Day**

Locals at Wairoa and Nühaka defied the elements to enjoy a range of Waitangi weekend events. Wairoa Community Centre began the Waitangi weekend hosting a market day. Alongside the Riverside market stalls, local artists ensured there was something new to look at. Wairoa Lighthouse Lions had the steak sandwiches sizzling, waffles, and brownies were also available for those looking for extra calories. Meanwhile, bouncy castles had youngsters bouncing away excess energy. Wairoa Taiwhenua held a walkabout quiz about the Tiriti o Waitangi. Participants could visit stalls where there was information if needed to help answer the questions. Over 150 people had attended by noon.

Despite a rainy Sunday, Kahungunu Marae was filled with tamariki and pakeke. Over 30 tamariki were involved in games and activities, with all participants receiving a goody bag in the afternoon for their attendance. An amazing race had children exploring all over the marae searching for 10 hidden clues. Several games and activities followed including water pong, Oreo game, balloon game, name the streets of Nūhaka, and drawing art. Once the children were done with their activities, it was time for the pakeke to have their own fun. Festivities began with intense games of euchre between four groups of four players. Each pair would move up or done the table depending on if they won or loss. An afternoon tea of sandwiches, cakes, and tea made sure teams on the losing side had something to smile about.

#### Wairoa hangi relief fundraiser

Wairoa Taiwhenua, NKII in conjunction with Wairoa District Council and Tairawhiti REAP organised a hangi fundraiser to support our whānau affected by the recent weather events where the community participated and contributed in a small way. 200 hangi were cooked by Walter MacGregor 150 sold to the community at \$10 each and 50 hangi were given out to our kaumatua.

#### **Selfie with Elfie**

With social distancing requirements preventing traditional Christmas community celebrations in Wairoa, the alternative of grabbing a Selfie with Elfie was a huge hit with young shoppers on Saturday 23 December. The *tautoko Wairoa shop local* promotion had tamariki tearing around town in search of the elusive Elfie who kept popping up in the most obscure places.



#### LEADERSHIP & GOVERNANCE PERFORMANCE DATA

The following section outlines Council performance measures for our leadership and governance activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-2031. This also provides information on trends that may influence our performance, including those outside of our control.

The measures that were not met are determined by the results of our residents and ratepayers satisfaction survey. These relate to our planned levels of service in having elected members that are accessible and responsive to the community and the facilitation of democratic decision making and community engagement opportunities. These results show areas requiring improvement in including the provision of information and consultation.

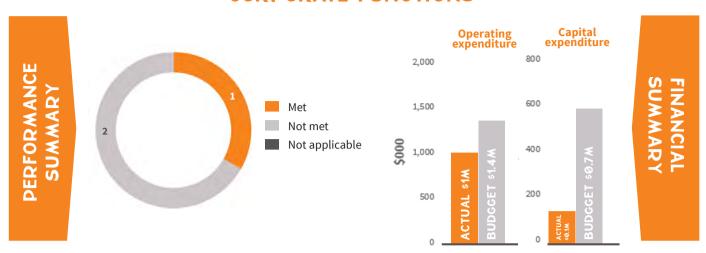
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 108.

Levels of Service	Performance Measure	Actual 2020	Actual 2021	Actual 2022	Target 2022
Community Representation					
Elected members are accessible and responsive to	Residents (%) who know how to make contact with elected members	90%	89%	74%	≥85%
community	Residents (%) satisfied with Mayor and Councillors	new	new	63%	≥85%
Council facilitates	Meeting and committee agendas (%) made available to the public within statutory time frames	100%	100%	100%	100%
democratic decision-making, and community engagement	Residents (%) who believe they have adequate opportunities to have their say in Council activities	new	new	70%	≥75%
opportunities	Residents (%) who state they are satisfied with how the Council makes decisions	new	new	59%	≥70%
Council information is	Residents (%) who agree that Council information is easy to access (via website, libraries, social media, newspapers etc)	new	new	69%	≥80%
accessible and service compliant	Official information requests (%) handled within legislative time frame	100%	100%	100%	100%
Māori Relationships			•		
Council supports and facilitates Māori	The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee	Achieved	Achieved	Achieved	Achieved
participation in decision-making	The Māori Standing Committee meetings are scheduled and attended no less than bi-monthly	Achieved	Achieved	Achieved	Achieved
Economic Development					
Council supports progressive and collaborative economic development for the district	Actions in the Economic Development Plan and Action Plan completed (% of actions completed)	75%	82%	88%	80%
i-Site is accessible, well utilised by visitors and delivers positive	Total visits to the i-Site	new	new	9,170+	Visitor numbers ≥ previous year
experiences	User satisfaction (%) with i-Site	new	new	94%	≥80%
		1	<u> </u>	1	

<sup>\*</sup>This measure had a baseline set in 2022 which will be used to determine future year targets.

### **RANGAPŪ**

#### CORPORATE FUNCTIONS





18,089

PHONE CALLS ANSWERED
BY THE CUSTOMER
SERVICE TEAM



300

RATES REBATE APPLICATIONS ASSISTED WITH

#### **PROPERTY**

The property team have been busy with lease reviews, property data management planning, contract management and day to day property management.

#### **Pensioner housing**

The Pensioner flats are being reviewed for compliance with Healthy Homes Standards. An external independent contractor is undertaking this work. The small size of the flats makes it difficult to assess all the elements and identify potential conflicts between fresh air ventilation and heating. We are researching cost effective, efficient systems that tenants will use.

#### **Building Assessments**

A project is underway with contractors undertaking building condition assessments on seven of our main buildings. The assessments will be undertaken in a system to capture data and plan maintenance and replacements for budget and resource scheduling.

Asbestos investigation and reports for all built structures that have been completed over the last 18 months, reports are now on title building document files. Mitigation is in its planning phase and currently action on buildings reference these reports.

#### **Tuai Craft Shop**

Roof leaks were repaired, with the roof assessed as being near the end of its life, and stormwater collection from the roof to soak pit reinstated. The rusted pan around the chimney was replaced, and exterior walls were repaired to ensure the building is waterproof. Windows were prepared and painted, with security latches installed to allow more fresh airflow.

#### **Archives**

Activity to improve the environment within the Old Fire Station has been underway during the year. Removal of flaking interior wall surfaces is completed, and wiring circuits have been replaced

to eliminate electrical faults and fire risk. Lighting has been improved and portable air conditioners installed upstairs. Initial assessment and repair of roof leaks has been undertaken including in the rear garages, to protect property stored in this area and halt deterioration due to water ingress. The current site is being scoped to improve heating and humidity, including re-roofing to retain building condition and value, rather than allow further deterioration.

#### CORPORATE AND FUNDS MANAGEMENT

#### **Investments**

As at 30 June 2022, Council held a bond portfolio with a market value of \$2.5 million. A number of investments matured during the year, and the cash that this released has been utilised support Council's capital works programme in preference to drawing down further debt.

#### **Borrowing**

Council's external borrowing stands at \$10 million, which is \$9.5 million lower than anticipated in the LTP. The timing of receipts of external funding for projects, along with some project delays due to COVID are the reason for this lower total.

Since joining LGFA in 2018, Council has been structuring its borrowings to align more closely with its liability management policy and its anticipated future cash flows. This work will continue, as terms beyond 5 years have only recently become available.

The table below illustrates the Council's current debt maturity compared to the policy thresholds:

OF GS		0 - 2 years	3 - 5 years	5 years plus
<u>⊁</u> ¥	Minimum	15%	15%	10%
TUR	Actual	50%	50%	0%
₩ BO	Maximum	60%	60%	40%

#### SUPPORT SERVICES

Support Services are the costs of operating the Council's administrative and support functions and other costs not directly attributable to any activity. These costs are allocated, except those that are attributed to a special reserve, via the overhead allocation process to the groups of activities, so that the net rated cost of support services is nil.

This group of activities includes finance, records and archives, administration and customer service, information services and GIS.

#### **Annual Plan 2022/2023**

Council has completed the process of developing its Annual Plan 2022/2023. The Annual Plan sets the budget and rates requirements for the coming financial year and is based on year two of Council's Long Term Plan 2021-2031.

Council adopted its Annual Plan by the statutory deadline of 30 June2022..



Council's Annual Plan tells a story about our annual goals for the community, what we do and how we do it, and what that costs and how it's funded.

It explains our challenges, and how we plan to respond to these, and how, through our levels of service we aim to provide for the wellbeing of our people and district.

The Annual Plan 2022/2023 has been developed in a way that ensures readability and appeal.

Changes to the design and layout have been made so that the document is easy to read and understand. Key content is designed to stand out and complex data is explained so that it makes sense to our community.

Council consulted with its community on the Annual Plan, providing an opportunity for the community to tell us what mattered and how the district should look over the next year. Using a hybrid approach involving a community meeting delivered in person and online, Council sought to engage meaningfully while keeping its community safe during COVID-19.

Through this process, the community had meaningful input to key issues while understanding what it costs to run the district, and how changing the dollars spent would affect the services funded. Council took a Costs of Service scenario-based approach, where people could choose whether to spend the same or more on a service, and see how that decision impacted on cost, rates, and levels of service.

Elected Members have played a key role in informing the nature and delivery of this Annual Plan, making its design and development a truly collaborative and Council-owned process.

All staff and elected members are thanked for their involvement.

#### **Finance**

#### **Performance reporting**

During the year we consistently delivered monthly financial reports to the Finance Audit and Risk Committee and quarterly full performance reports to Council. By improving efficiencies, we were able to continuously develop the insightfulness of the content and shorten reporting cycles, thereby allowing more time for internal review and thus the quality of the information.

Our discipline in regular reporting ensured we were well prepared for the 2020/21 audit, with all financial and supporting documentation ready, uploaded to the auditor's portal and peer reviewed where necessary. This assisted in achieving on time adoption of the 2020/2021 Annual Report.

#### **Partnering**

We have continued to partner with the various Council departments to offer expert advice, support and strategic inputs to reporting, projects and planning. We have also initiated process improvements with other departments, ensuring that we use our skillsets, especially in Excel and reporting, to assist in time saving processes and robust outputs.

Both the finance and rate team, and customer services officers, offer support to ratepayers applying for rates rebates. This service ifs offered free of charge and ensures those on fixed income in particular have access to the Government support available.

#### The Finance team

These achievements and much more were underpinned by a highly performing collaborative finance team. A focus of the finance team has been to build resilience, ensuring key process documentation, rotation and maintenance of best practice within our areas of responsibility. This has assisted us in meeting our internal and external targets and deadlines, and will continue to be a focus of the team going forward.

#### **Customer Services**

#### **Training**

Working in a front-line role can be challenging and our staff have a wide variety of situations to manage. Training our staff to deal with difficult customers helps support them to deliver the best customer experience in tough situations. To this end, members of our team have engaged in training that supports them to deal effectively with challenging customers.

The team have implemented new techniques and experienced positive results. Further technical training on the use of our Cloud Calling solution has enabled more advanced use of it, enabling the extraction of call logs for efficient monitoring of phone calls.

#### **Vaccine Passes**

In the leadup to COVID level Red, signage for the front entrances was arranged along with tablets from IT used to confirm vaccine status. Security guards were arranged to provide cover for the entranceway at both the Library and Main Office. Having the guards helped mitigate risks during the onset of 'traffic light red' and ensured our frontline teams were kept safe. As the vaccine passes were no longer enforced, scanning of vaccine passes and guards were no longer required.

#### **Field Days**

'Out in field' days were initiated to provide the team with a greater understanding of the work involved in servicing requests. The aim was to provide a 360-degree oversight of a job from start to finish and therefore a clearer idea of the types of information necessary for resolution.

Two members of the team have joined staff from the Property, Roading and Three-Waters teams on specific jobs and have gained a more holistic view of the entire process. This initiative was put on hold in December due to the team being short-staffed and it is anticipated that this will start again in the new financial year.

#### **Weather Events**

During March there were two extreme wet weather events one of which was ex-tropical cyclone Fili. There was a large increase of volume in phone calls during these wet weather evets. From the start of the extreme weather event to the end of the month (9 days), the customer services team received 1,745 phone calls. This equated to roughly 194 phone calls per day, however peaked at 400 phone calls on Wednesday 23 March. The team worked well with the Roading and Three Water's teams to coordinate contractors to promptly respond to the damage caused by the extreme weather events.

#### **Remote Call Management**

The team have a work-from-home roster in place following the success of a remote work setup during lockdown and during the Red Traffic Light Covid-19 Protection Framework.

The ability to work within a flexible environment has increased the wellbeing and productivity of our team members and is now a permanent fixture for the team – even during Orange Traffic Light settings. Business continuity planning (BCP) is the main driver to ensuring remote working conditions work effectively. BCPs are in place to support the team should a worse-case scenario of the entire team being sick occur.

#### **Records Management**

An ongoing programme of work involving maintenance to address historic mis-filing issues from previous years continue. Filing indices are up-to-date. There are multiple boxes of files to be listed and this can be achieved once we have a full team. The Compactus are being revamped and emptied of old files. A large clean-up of the Records area has been completed.

#### **Records and Archives**

#### **Arrangement and Description**

The priority this year has been to continue the processing of map series. This process has included both flattening and, when required, the repair of items. We have introduced a new storage system to house larger sized maps that are unable to be stored in a plan cabinet. Larger maps are now rolled on to acid-free cylinders that are then wrapped in protective acid-free paper and stored on open shelving. The purchase of a mitre saw, to cut cylinders at the various lengths, has been a very useful acquisition.

A guide to our considerable map and plan collection has been produced and currently lists over forty map and plan series. The guide is presently void of descriptive entries for many of the listed

map series. As map series are processed, and with a better understanding of their content, descriptions will be added to the guide.

Fulfilling reference requests has required the copying of a number maps. Prior to scanning, these maps have also required flattening, if not repair, before being place through the map scanner. Maps are also flattened in a press, for at least seven days, before scanning. Scanned maps are stored in our digital archives. It is hoped that more digitisation will be undertaken during the next twelve months.

#### **Accessions and Acquisitions**

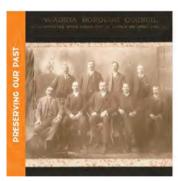
During the year archives has continued to process the material transferred from the Roger Main Building. The sorting of this accession has uncovered a number of series which will require a more detailed arrangement and listing in the future. Other accessions received during the year have been a new consignment of personnel files and a small collection of photographs showing various carnival parades along Marine Parade, from circa 1910 to circa 1940.

#### **George Burton**

During the year research has been undertaken on the life of George Burton, the first chairman of the Wairoa County Council. The original purpose of this project was to write a short biography on Burton. This biography is still underway and when completed will provide an insight into the life of one of the forgotten inhabitants of Wairoa. Due to a request to develop a new display, for the council's reception area, exhibiting recently discovered material on Burton seemed opportune. This display is currently on view in the council offices.

#### **Publicity**

A promotional card was produced to advertise the Wairoa District Council Archives and to launch the new archives enquiry email address. Seven versions of the card have so far been printed with differing historical images. The intention is to eventually produce twelve cards in the set.







The layout of new archives webpages have been completed, although still awaiting installation on to the council's website. These webpages will give a greater insight to our history and the Wairoa District Council significant archival collection.

#### Reference enquiries and visitors

During the year the archives has answered 41 internal enquiries and 37 external enquiries. As is usual, external enquiries tend to focus on property and family history issues whilst internal enquiries are varied. The search of a 1930 council agreement, with the Wairoa Tennis Club, was surprisingly located for the current club secretary. The archives has also received 10 internal visitors and 12 external visitors.

#### **Information Services and GIS**

#### Remote IT support

During the COVID lockdown periods, the IT team were able to provide support to staff via remote access. Since our main calling solution is now widely used by all staff, the team are reviewing its capabilities by using it for remote screen shadowing. This will provide additional cost savings for Council by cancelling the software licensing fees required for previous packages.

#### **Helpdesk Support**

The team utilise an asset management solution and continue to look at ways in which to more efficiently manage the event-based system to administer tasks. This setup continues to provide an invaluable programme of scheduling for the team. It continues to provide an efficient way of prioritising and resolving IT events.

#### Staff cybersecurity training

SafeStack NZ Ltd have been contracted on a subscription basis to run online security and privacy awareness training staff, elected members, and for members of the Māori Standing Committee, and Youth Council. This training is delivered on a monthly basis and covers a range of security themes. All modules are provided in English, Te Reo Māori plus closed captions by default.

#### **GIS CORE**

Council's GIS open-source project: Catalyst.Net Limited is currently developing a secure access solution for the GIS Platform. The integration of two factor authentication, will provide both Otorohanga and Wairoa District Councils with a more reliable, industry compliant solution, which can be used to support authentication more effectively.

#### **Wairoa Cemeteries**

Development work is being undertaken to automate and streamline the processes for adding and maintaining the data in the Wairoa cemeteries layers. This will provide Council's IT, GIS and Engineering staff with better data input tools to maintain, link and add new graves into the main corporate platform and GIS mapping screens.

#### **EDRMS**

For the past two years, Council has been immersed in a technical strategy that has moved the organisation to a cloud-based architecture. The final phase of this journey is to look at our document management systems and processes and move them to 'the cloud'. Council have engaged a team to help to deliver a recommendation on the best approach to achieve this ambition. Benefits include increased document security and control. More reliable backups is another benefit. The need for physical storage space for paper records is also significantly reduced or eliminated altogether.

#### **BUDGET VS ACTUAL**

Capital expenditure was \$600K under budget due to planned capital improvements at Council owned properties being deferred. Operational expenditure was \$490K higher than budgeted due to higher than budgeted IT consultancy, an unbudgeted Three Waters project contribution which was funded by the DIA. There is also a higher than budgeted doubtful debt provision (which is a non-cash expense).

#### CORPORATE FUNCTIONS DERFORMANCE DATA

The following section outlines Council performance measures for our corporate functions activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-2031. This also provides information on trends that may influence our performance, including those outside of our control.

Although resolution of defects has seen a significant increase, this is still below target. Supply chain delays have impacted the

timeliness of resolution in some instances, along with COVID impacts on availability of tradespeople and materials. COVID also impacted the inspections timeframe, with the inspections due when Wairoa was in the midst of a COVID outbreak. Both tenants and staff were unwell and these inspections were therefore deferred for a later date.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 109.

Levels of Service	Performance Measure	Actual 2020	Actual 2021	Actual 2022	Target 2022	
To provide Council buildings that are compliant with legislative requirements	All pensioner housing units are proactively inspected six monthly	100%	100%	0%	100%	(
Provide prompt responses for service	Percentage of requests responded to within 3 days (including safety defects)	Not measured	Not measured	92%	>80%	(
To provide Council buildings that are well maintained	Percentage of defects in pensioner housing resolved within 24 hours	50%	50%	91%	100%	(

#### TE WHAKAHAERE-Ā-KAUNIHERA

#### COUNCIL CONTROLLED ORGANISATION



EHARA TAKU TOA I TE TOA TAKITAHI. ENGARI HE TOA TAKITINI

Quality Roading and Services (Wairoa) Limited (QRS) is a Councilcontrolled organisation that is 100% owned by the Wairoa District Council.

#### **Council-controlled organisations**

Council-controlled organisations (CCOs) can be an effective, efficient and financially viable way for Council to deliver services and activities.

The Local Government Act 2002 defines CCOs as entities in which the Council has more than fifty per cent shareholding, or the ability to appoint more than fifty per cent of the directors.

#### **Reasons for owning a CCO**

Council believes it's important to maintain expertise in construction, roading and maintenance in the district, balanced with an intent to reduce ratepayer costs by providing effective competition. Providing community support is also a primary reason for Council owning QRS.

Not only is QRS one of the biggest employers in the district offering many employment opportunities, it also supports a number of community initiatives. QRS supports many sports and is a strategic sponsor of the Wairoa A&P Show. It also donates services in kind such as site preparation, mowing and earthworks around the district to ensure community events are a success.

Surplus profits generated by QRS are provided to Council (the shareholder) by way of dividends, subvention payments and community support.

#### Nature and scope of activities

QRS' specialities are roading maintenance, civil construction, and quarrying. It offers a full range of civil engineering skills, experience and equipment. Principal activities are:

- roading maintenance and associated construction
- · civil construction
- quarrying
- heavy transport
- · reserves maintenance
- waste management

More information is available at www.qrs.co.nz



#### **Accountability**

CCOs are accountable to the Council, which determines the objectives for each CCO and monitors its performance. The Council is accountable to its ratepayers and residents for the performance of the CCOs, to the extent that they deliver community outcomes in the most cost-efficient way.

#### **Objectives and key performance targets**

Council's objectives for QRS are:

- To ensure the company is profitable, and all financial targets are met.
- To ensure the company has a positive cash flow.
- To ensure the governance of the company is effective.

The following performance targets, as set out in the QRS's statement of Corporate Intent, are the measures by which the company's performance will be judged.

	30 June 2022	30 June 2021	30 June 2022
	Actual	Actual	Target
Net profit pre-tax as a percentage of opening shareholder funds	17.4%	18.9%	6%
Net profit after tax as a percentage of revenue	5.4%	new	3%
Distributions to shareholder (uninflated)	\$250,000	new	\$250,000
Ratio of shareholder funds to total assets	68.4%	65.1%	≥45%



# NGĀ TAUĀKĪ PŪTEA

# FINANCIAL STATEMENTS

### TE WHAKAMĀRAMATANGA O TĀ TE KAUNIHERA TAUĀKĪ PŪTEA

#### UNDERSTANDING COUNCIL'S FINANCIAL STATEMENTS

The following descriptions have been provided to help explain what Council's Financial Statements are about. Please read these alongside the relevant statements. For further information, please contact Council.

- **2** 06 838 7309
- ☑ info@wairoadc.govt.nz
- # www.wairoadc.govt.nz

#### STATEMENT OF FINANCIAL POSITION

This is Council's Balance Sheet and shows its financial position as at the end of the 2021/22 financial year. Council's financial position is determined by subtracting the value of all its liabilities, or what it owes, from all its assets, or what it owns. Council's assets include items such as cash and property, and its liabilities include items such as creditors and loans. The result is represented as equity and describes in financial terms what the Council is 'worth'. Due to the high investment in infrastructure, like roads and water networks, the value of Council's assets are significantly more than its liabilities and so its equity is substantial.

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

This is Council's Income Statement and shows how much total revenue or income Council received in the 2021/22 financial year versus how much it spent on running costs. Council's financial performance is determined by subtracting the value of its expenses or 'what it costs to run Council' from its total income. The result is represented as a net amount and in this case, a net surplus. However, this is because the revenue includes capital subsidies from Waka Kotahi, the DIA and the PGF. This money is spent on assets which are recorded in the balance sheet.

#### STATEMENT OF CHANGES IN EQUITY

This statement shows the changes to Council's equity or 'worth'. The change is represented by the difference in equity at the start of the 2021/22 financial year versus the end. The equity at the end of the 2021/22 year is determined by adding the net surplus from Council's Statement of Comprehensive Revenue and Expense to the value of Council's equity at the beginning of the 2021/22 financial year.

Equity is divided into 3 components:

- Ratepayer's Equity is the total of all operating surpluses and deficits since Council began
- Special Funds represent amounts accumulated and held for specific purposes, such as township development and asset renewals. When these funds are used or topped up there are transfers between Ratepayer Equity and Special Funds.
- 3. The Revaluation Reserve reflects changes in the value of infrastructure and the current cost of replacing assets that were built years ago. Council's roading and Three Waters assets are revalued every 3 years or more frequently if there is indication that a revaluation is required.

#### STATEMENT OF CASH FLOWS

This statement shows the flow of cash within Council's operating, investing and financing activities in the 2021/22 financial year. Council's cash at the end of the 2021/22 financial year is determined by subtracting the cash that flows out (is spent) from the cash that flows in (is received). Council's inflows of cash include rates and investment income, and its outflows of cash include payments to suppliers and loan repayments.

#### **BUDGET DATA**

The budget data used in the following financial statements is the first year of the Long Term Plan 2021-2031, which equates to the 2022 year (LTP 2022).

### HE TAUĀKĪ TŪTOHU ME TE TAKOHANGA

#### STATEMENT OF COMPLIANCE AND RESPONSIBILITY

#### REPORTING ENTITY

Wairoa District Council is a territorial local authority governed by the Local Government Act 2000.

The Council group consists of Wairoa District Council and its 100% owned subsidiary, Quality Roading and Services (Wairoa) Limited. The reporting date of the Council and its controlled entity is 30 June.

The group operates in one geographic segment (New Zealand) and in two industries, being that of local government and construction and maintenance activities (operated by the 100% owned subsidiary). Both entities included within the Group are domiciled in Wairoa, New Zealand.

The primary objective of the Council and Group is to provide goods or services for the community or social benefit rather than making a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

#### **COMPLIANCE**

The Council and management of Wairoa District Council confirm that all statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) have been complied with. The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity\* and were authorised for issue by the Council on 31 October 2022.

#### RESPONSIBILITY

The Council and management of Wairoa District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Council and management of Wairoa District Council, the Annual Report for the year ended 30 June 2022 fairly reflects the financial position, results of operations and service performance of the of Wairoa District Council and Group.

Chittle
Craig Little

.....

Kahika Mayor

31 October 2022

Kitea Tinuna

Te Tumu Whakarae Chief Executive Officer

31 October 2022

### HE TAUĀKĪ PŪTEA WHIWHI ME TE PŪTEA WHAKAHAERE

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2022

		COUN	ICIL		GROU	JP
	NOTE	Actual 2022 \$000	LTP 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Revenue						
Rates	2	15,649	15,459	14,069	15,649	14,069
Subsidies and grants	2	24,244	19,890	26,829	24,244	26,829
Petrol tax		80	85	84	80	84
Construction revenue		-	-	-	7,343	8,202
Fees and charges		2,495	2,357	2,228	2,463	2,086
Investment revenue	2	380	471	100	3	101
Miscellaneous revenue		21	-	15	21	15
Total revenue		42,869	38,262	43,325	49,803	51,386
Expense						
Water supply		2,404	2,222	3,021	2,404	3,021
Stormwater		474	572	552	474	552
Wastewater		3,111	2,116	2,648	3,111	2,648
Solid waste		2,719	2,206	1,898	2,719	1,898
Transport		15,003	12,291	14,968	15,003	14,968
Community facilities		2,537	2,372	2,557	2,537	2,557
Planning and regulatory		2,735	2,094	1,762	2,735	1,762
Leadership and governance		2,532	3,561	4,093	2,532	4,093
Corporate		1,007	1,383	1,958	1,007	1,958
QRS	3		-	-	6,772	7,265
Total expense		32,522	28,817	33,457	39,294	40,722
Net surplus / (deficit) before taxation		10,347	9,345	9,868	10,509	10,664
Subvention income	2	-	250	287	-	
Taxation	9	-	-	-	(388)	(380
Net surplus / (deficit) for the year		10,347	9,595	10,155	10,121	10,284
Other comprehensive revenue and expense <sup>1</sup>						
Fair value movement – property, plant and equipment	2	9,914	-	-	9,914	
Fair value movement in financial assets	2	-	-	-	-	
Total comprehensive revenue and expense for the year		20,261	9,595	10,155	20,035	10,284

<sup>&</sup>lt;sup>1</sup>Other/ comprehensive revenue or expense is non-cash in nature and only reflects changes in equity.

### HE TAUĀKĪ TŪ PŪTEA

### STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

		COUNCIL			GROUP		
	NOTE	Actual 2022 \$000	LTP 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000	
Current assets							
Cash and cash equivalents	6	4,309	1,270	4,324	5,742	6,031	
Inventories	7	74	78	70	777	966	
Trade and other receivables	5	4,152	3,902	5,942	6,027	6,411	
Other current assets		-	-	-	91	21	
Financial assets at fair value	8	1,715	1,831	1,029	1,715	1,029	
Total current assets		10,250	7,081	11,365	14,352	14,458	
Current liabilities							
Trade and other payables	10	6,938	6,016	10,550	8,874	11,062	
Borrowings	16	1,500	-	1,000	1,584	1,082	
Taxes payable		-	1,500	-	30	86	
Total current liabilities		8,438	7,516	11,550	10,488	12,230	
Working capital		1,812	(435)	(185)	3,864	2,228	
Non-current assets							
Property, plant and equipment	11	305,990	296,930	290,869	309,769	294,434	
Work in progress	11	9,514	20,574	3,243	9,514	3,243	
Assets held for sale	11	18	-	-	18		
Investment in subsidiary	14	1,250	1,250	1,250	-		
Investment property	15	369	-	375	369	375	
Biological asset - forestry	13	115	115	115	115	115	
Intangible assets	12	17	12	21	106	100	
Financial assets at fair value	8	1,063	1,184	2,897	1,063	2,897	
Deferred tax	9	-	-	-	553	719	
Total non-current assets		318,336	320,065	298,769	321,507	301,882	
Non-current liabilities							
Trade and other payables	10	49	66	61	105	115	
Landfill aftercare	17	1,121	1,281	1,306	1,121	1,306	
Quarry aftercare	17	_	-	-	172	168	
Borrowings	16	8,500	18,015	7,000	8,689	7,272	
Total non-current liabilities		9,670	19,362	8,367	10,087	8,86	
Net assets		310,478	300,268	290,217	315,284	295,249	
Represented by							

### HE TAUĀKĪ MANA TAURITE

### STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

		COUNCIL			GROUP		
	NOTE	Actual 2022 \$000	LTP 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000	
Total equity - opening balance		290,217	290,673	280,062	295,249	284,965	
Net surplus (deficit) for period		10,347	9,595	10,155	10,121	10,284	
Other comprehensive income		9,914	-	-	9,914	-	
Total comprehensive income		20,261	9,595	10,155	20,035	10,284	
Total equity - closing balance		310,478	300,268	290,217	315,284	295,249	
Components of equity							
Ratepayer's equity							
Ratepayer's equity - opening balance		156,124	160,909	143,500	160,165	147,412	
Net surplus/(deficit) for period		10,347	9,595	10,155	10,121	10,284	
Transfers to special reserves		(5,243)	(2,324)	(2,768)	(5,243)	(2,768)	
Transfers from special reserves		1,561	1,914	4,682	1,561	4,682	
Transfer from revaluation reserve		554	-	555	554	555	
Ratepayer's equity - closing balance		163,343	170,094	156,124	167,158	160,165	
Special reserves							
Special reserves - opening balance		18,842	13,958	21,256	18,842	21,256	
Transfer to ratepayer's equity		(1,561)	2,324	(4,682)	(1,561)	(4,682)	
Transfer from ratepayer's equity		5,243	(1,914)	2,268	5,243	2,268	
Special reserves - closing balance		22,524	14,368	18,842	22,524	18,842	
Revaluation reserves							
Revaluation reserves - opening balance		115,251	115,806	115,806	116,242	116,797	
Net transfer to ratepayer's equity		(554)	-	(555)	(554)	(555)	
Revaluation recognised in other comprehensive revenue and expense		9,914	-	-	9,914	-	
Revaluation reserves - closing balance		124,611	115,806	115,251	125,602	116,242	
Total equity - closing balance		310,478	300,268	290,217	315,284	295,249	

### HE TAUĀKĪ KAPEWHITI

### STATEMENT OF CASHFLOWS

for the year ended 30 June 2022

		COUN	CIL		GROUP		
	NOTE	Actual 2022 \$000	LTP 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000	
Cash flows from operating activities							
Rates received		15,896	18,596	13,873	15,896	13,873	
Other revenue		25,686	19,162	32,138	33,782	41,402	
Investment income		566	721	387	3	88	
Payments to suppliers and employees		(27,107)	(25,985)	(24,503)	(33,278)	(32,193)	
Taxation		_	-	-	(279)	(566)	
Interest paid		(259)	(368)	(223)	(274)	(276)	
Net cash flows from operating activities		14,782	12,126	21,672	15,850	22,328	
Cash flows from investing activities							
Sale of property, plant and equipment		554	61	15	739	662	
Sale of financial assets		1,026	1,026	2,108	1,026	2,108	
Purchase of financial assets		(75)	-	-	(75)		
Purchase of property, plant and equipment		(18,302)	(19,987)	(21,266)	(19,640)	(22,617)	
Purchase of intangibles		_	-	- 1	(26)	-	
Net cash flows used in investing activities		(16,797)	(18,900)	(19,143)	(17,976)	(19,847)	
Cash flows from financing activities							
Loans raised		3,000	4,949	-	3,465	490	
Borrowings repaid		(1,000)	-	(1,000)	(1,546)	(1,998)	
Lease repayments		-	-	-	(82)	(47)	
Net cash flows from/(used in) financing activities		2,000	4,949	(1,000)	1,837	(1,555)	
Net increase/(decrease) in cash and cash equivalents		(15)	(1,825)	1,529	(289)	926	
Cash and cash equivalents at beginning of year		4,324	3,095	2,795	6,031	5,105	
Cash and cash equivalents at end of year		4,309	1,270	4,324	5,742	6,031	
Made up of:							
Cash		12	11	4	1,445	1,711	
Short term deposits		4,297	1,259	4,320	4,297	4,320	
Cash and cash equivalents at end of year	6	4,309	1,270	4,324	5,742	6,031	

### HE TAUĀKĪ KAUPAPA HERE MŌ TE KAUTE ME NGĀ PITOPITO KŌRERO KI NGĀ TAUĀKĪ PŪTEA

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# 1. REPORTING ENTITY STATEMENT AND PREPARATION OF THE FINANCIAL STATEMENTS

#### **BASIS OF PREPARATION**

The financial statements of Wairoa District Council are for the year ended 30 June 2022. The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in the accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For non-current assets classified as held at fair value, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction. Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate (refer note 11).

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

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

#### **BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of Wairoa District Council (the Council) and its subsidiary QRS (collectively the Group) as at 30 June 2022.

Controlled entities are those entities over which the Council (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities. All significant inter-entity transactions, balances and unrealised gains are eliminated on consolidation. The Council has a 100% interest in QRS (2021: 100%), a company incorporated in New Zealand (refer note 14). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

#### **GOODS AND SERVICES TAX (GST)**

All amounts in the financial statements are exclusive of GST, with the exception of receivables and payables that are stated as GSTinclusive. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

#### **BUDGET FIGURES**

#### **Long Term Plan 2021-2030**

The Long Term Plan for 2021-2031 was adopted by Council on 30 June 2021. The reporting period ended 30 June 2022 is the first year of this plan. The budget figures were prepared in accordance with NZ PBE FRS-42, using accounting policies consistent with those adopted by Council for the preparation of the financial statements.

The Long Term Plan budget figures included in these financial statements are for the Council as a separate entity. The budget figures do not include budget information relating to the controlled entity.

These figures do not include any additional expenditure subsequently approved by the Council outside the Long Term Plan process. The Long Term Plan figures have been prepared in accordance with GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. Explanation of major variances between actual results and forecasted figures is provided in note 25.

#### **COMPARATIVES**

To ensure consistency with the current year, certain comparative information has been reclassified:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year;
- where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy (there has been no change in the 2021/22 year).

#### **OVERHEAD COST ALLOCATION**

The Council has derived the cost of service for each significant activity, as reported within the Statements of Service Performance, in the following way:

#### **Direct costs**

Direct costs, which can be traced directly to a specific significant activity, are expensed directly to the relevant activity.

#### **Indirect costs**

Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. Indirect costs are allocated as overheads across all activities. Indirect costs are charged to activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

#### CAPITAL MANAGEMENT

For the purpose of the Group's capital management, the Group's capital is its equity (or Ratepayer's Funds), including accumulated comprehensive revenue and expense and all equity reserves attributable to the Council. Equity is represented by net assets.

The Council manages its capital largely as a by-product of managing its revenue, expenses, assets, liabilities and general financial dealings. The Local Government Act 2002 requires the Council to manage its revenue, expenses, assets, liabilities and general financial dealings in a manner that promotes the current and future interests of the community. In addition, The Local Government (Financial Reporting and Prudence) Regulations 2014 set out a number of benchmarks for assessing whether the Council is managing its revenue, expenses, assets and liabilities prudently.

The primary objective of the Group's capital management is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by the Council.

Intergenerational equity requires the Council to spread the funding of the cost of its assets over the current and future generations of ratepayers, such that:

- Current ratepayers are required to meet the cost of using the assets, but not the full cost of long-term assets that will benefit ratepayers in future generations and
- Ratepayers in future generations are not required to meet the costs of deferred asset renewals and maintenance

In order to achieve this overall objective, the Council has in place asset management plans for major classes of assets, detailing renewals and programmed maintenance to ensure that future generations of ratepayers are not required to meet the costs of deferred renewals and maintenance.

An additional objective of capital management is to ensure that the expenditure needs identified in the Council's Long Term Plan and Annual Plan are met in the manner set out in these plans. The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan to meet the expenditure needs identified in those plans. The factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities are set out in the Local Government Act 2002. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan. The Council monitors actual expenditure incurred against the Long Term Plan and Annual Plan.

No changes were made in the objectives, policies or processes for managing capital during the year (2021: nil).

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgements, estimates and assumptions concerning the future that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

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 as follows.

#### 1. Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property. Refer note 11 and 15.

#### 2. Landfill aftercare provisions

Note 17 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

#### 3. Infrastructural asset valuation

The Council's infrastructural assets are revalued triennially by accredited independent valuers (refer note 11). In a nonrevaluation year, the Council assesses whether there has been a material movement in the fair value of infrastructural assets since the last valuation performed as at 30 June 2020. This assessment includes the application of relevant cost indices, assessing market information and obtaining advice from the Council's valuer who performed the most recent valuation.

The Council concluded that there had been a material movement in the fair value of land and buildings at 30 June 2022. A high level revaluation was performed, refer note 11.

#### 4. Classification of costs

Judgement is used over the classification of costs between capital and maintenance. Items are reviewed regularly to ensure the cost allocation is reasonable.

#### **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in the accounting policies of the Group in the year ended 30 June 2022, other than the adoption of new PBE Standards and amendments to PBE Standards as disclosed below.

Other than the changes disclosed below, all accounting policies and disclosures are consistent with those applied by the Group in the previous financial year.

#### New and amended standards and interpretations

#### 2018 Omnibus Amendments to PBE Standards

This amendment amended the following standard:

#### **PBE IPSAS 2 Cash Flow Statement**

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. No requirement exists to provide comparative information for preceding reporting periods for the first time adoption. Application of amendments resulted additional disclosures provided by the Group.

#### 2. REVENUE

Revenue comprises rates, revenue from operating activities, contracting services, investment revenue, subsidies, petrol tax and fees and charges and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions. Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

#### **EXCHANGE TRANSACTIONS**

Exchange transactions are transactions where the Group receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange. Exchange revenue received by Group can be summarised into the following areas:

#### Revenue from water by meter

Water billing revenue is recognised on an accrual basis. Unbilled usage as a result of unread meters at year end is accrued on an average usage basis.

#### 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.

#### Sale of goods

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

#### Construction contracts

Revenue on construction contracts is recognised progressively over the period of each contract. The amount included in the statement of comprehensive revenue and expense, and the value of the contract assets or liabilities are established by assessment of the individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. When the contract income cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

#### Interest revenue

Interest revenue is recognised on an accrual basis with movements in fair value profits and losses disclosed in the overall income statement as interest on investments.

#### Dividend revenue

Dividend revenue is recognised when the right to receive payment is established which is generally when QRS approves the dividend.

The below table shows revenue received from investments for the year:

	Cou	Council		oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Interest on financial assets at fair value through profit and loss	139	259	145	260
Gain / (loss) in market value and sales of bond portfolio	(176)	(184)	(176)	(184)
Cash dividends received	383	-	-	-
Rent received on other investments	32	20	32	20
Other income	2	5	2	5
Total investment revenue	380	100	3	101

#### NON-EXCHANGE TRANSACTIONS

Non-exchange transactions arise when the Group receives value from another entity without directly giving approximately equal value in exchange. Revenue received from a non-exchange transaction cannot be deferred unless there is both a performance obligation and a return obligation attached to it. For example, where grant or subsidy funding is received without performance obligation then revenue is recognised when receivable. Where a performance obligation exists, revenue is recognised upon satisfactory completion of the performance. Revenue from non-exchange transactions received by Group can be summarised as:

#### Vested assets

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

#### Provision of services

Non-exchange revenue from the rendering of services consists of services in activities where the Group subsidises the activity. Such revenue 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 service to be provided, only when there are conditions attached that require the funds to be returned if performance does not occur. Where no conditions are attached revenue is recognised when receivable.

#### · Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when receivable.

	Council		
	2022 \$000	2021 \$000	
General rates	11,270	3,649	
Water	1,327	1,325	
Sewerage	1,817	1,578	
Waste management	1,036	1,344	
Stormwater/drainage	374	387	
Services	-	1,751	
Roading	-	3,648	
Recreation	-	984	
Gross rates levied	15,824	14,666	
Penalties charged	323	321	
Less remissions	(199)	(339)	
Less WDC remissions*	(299)	(579)	
Rating revenue received	15,649 14,069		

<sup>\*</sup> This relates to remissions of rates, water and sewerage charges on properties owned by the Wairoa District Council.

#### Other income

The Council received a subvention payment in lieu of final dividend for the year ended 30 June 2021. The subvention payment involves the purchase of tax losses by QRS from the Council leading to a reduction in tax payable and therefore an ultimate greater cash benefit to the Wairoa District. No subvention was received in 2022. Refer to note 9.

#### Other comprehensive revenue

The below table shows other comprehensive revenue received for the year:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Fair value movement – property, plant and equipment	9,914	-	9,914	-
Total other comprehensive revenue	9,914	_	9,914	_

Infrastructure assets were revalued as at 30 June 2022, resulting in a revaluation gain recognised in other comprehensive revenue (refer to note 11).

#### **GOVERNMENT GRANTS AND SUBSIDIES**

Grants and subsidies received are recognised as revenue when the Council obtains control of the transferred asset (cash, goods, other assets or services) and the transfer is free from conditions that require the Council to refund or return the asset if the conditions relating to the asset are not fulfilled. When grants and subsidies include a condition, a liability is recognised until the Council has satisfied the conditions when revenue is recognised.

The Council receives the majority of grants and subsidies revenue from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The right to receive the funding from Waka Kotahi arises once the work is performed therefore

revenue is recognised when receivable as there are no further conditions attached to the funding.

The Government has invested in regional economic development through the PGF. As the underlying PGF contracts contain an obligation in substance to return the funds if conditions of the grant are not met, revenue from the PGF is initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

The Government has invested in Three Waters upgrades through funding from the DIA. As the underlying contract contains an obligation in substance to return the funds if conditions of the grant are not met, revenue from the DIA is initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

During any year other grants may be received towards the costs of constructing assets for the benefit of the community or for passing to the community for supporting cultural and sporting activities, from government and other agencies. 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 such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Subsidies and grants received and recognised as revenue for the year were:

	Cou	ıncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Waka Kotahi roading subsidies	15,027	15,033	15,027	15,033
PGF grants	1,476	7,276	1,476	7,276
Three Waters grant (DIA)	7,222	3,115	7,222	3,115
Other grants	519	1,405	519	1,405
Total subsidy and grant revenue	24,244	26,829	24,244	26,829

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised as revenue (2021: nil).

#### 3. EXPENDITURE

#### **LEASES**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rent received from an operating lease is recognised as income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

Investment property and property used for social housing are leased under operating leases. Both investment property and social housing leases are periodic agreements, with the tenant having a right to cancel with between one to two months' notice. Therefore, there are no non-cancellable leases held. No contingent rents have been collected during the year (2021: nil).

#### Group as a lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group. Assets held under a finance lease are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Group also recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in surplus or deficit. Contingent rents shall be charged as expenses in the period in which they are incurred.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### **INSURANCE OF ASSETS**

Council insures its buildings, contents and critical plant and equipment primarily on a reinstatement basis, with a total value insured of \$81.97 million in 2022 (2021: \$79.7 million). Motor vehicles are insured for market value.

In general, upon a major disaster the government will provide a 60% subsidy for infrastructure recovery costs. Council must demonstrate that it is able to meet the remaining 40% through insurance and other financial means. The Council is a member of the New Zealand Local Authority Protection Program Disaster Fund (LAPP Fund) established by the New Zealand Local Government Association Incorporated. The LAPP fund is a mutual pool, created by local authorities to cater for the replacement of infrastructure following catastrophic damage by natural disaster. The LAPP Fund is intended to provide coverage for the balance of the replacement cost that is not expected to be covered by the provisions of the Ministry of Civil Defence and Emergency Management (i.e. 40%) of underground infrastructure assets. Council has an asset value of \$67.2 million in declared coverage under the LAPP Fund (2021: \$51.2 million).

Council does not operate a formal self-insurance scheme or maintain a specific fund for that purpose. Various assets are however not covered by insurance. The bulk of this relates to the road network. Roads and associated assets are not covered by Council's insurance as in the event of a major disaster, support is anticipated to come from central government to reinstate the roading network.

Other assets including land, playgrounds and sports fields are also not covered by insurance or any risk sharing arrangements.

Funding of uninsured risks and amounts over and above any insurance recovery and government support would be provided from a combination of reserve funds, debt and the reprioritisation of Council's planned capital and operating expenditure.

#### **BORROWING COSTS**

Borrowing costs are recognised as an expense in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. The Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

#### Items included in the calculation of net surplus

The following expenditure items are included in the calculation of the net surplus:

	Cou	ıncil	Gro	up
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Depreciation - Infrastructural assets	5,056	4,436	5,056	4,436
Depreciation - Operational assets	1,213	1,222	2,287	2,371
Amortisation charge - Intangible assets	4	16	20	36
Fees to auditors:				
<ul> <li>EY fees for financial statements audit</li> </ul>	130	129	206	214
<ul> <li>EY fees for long term plan audit</li> </ul>	33	102	33	102
Fees to PWC for taxation advice	5	16	5	16
Interest paid - bank borrowings	259	223	274	276
Mayor and Councillor fees	344	324	344	324
Impairment of receivables (bad debts written off)	50	25	50	25
Impairment of receivables (provision for doubtful debts)	4,008	3,643	4,007	3,648
Impairment of property, plant and equipment	-	13	-	13
Operating lease expenses	34	39	34	39
Public ceremonies	4	10	4	10
Loss on disposal of assets	6	1,304	74	1,438
Directors' fees	-	-	129	140
Donations	-	-	119	40

### Items included in the calculation of total comprehensive revenue and expense for the year

The following items are included in the calculation of total comprehensive revenue and expense for the year:

	Cou	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
Impairment - Roading assets	24,843	-	24,843	-	

The impairment to the roading infrastructure assets is measured at the estimated cost of reinstatement of the damage to the roading network resulting from the March/April 2022 flooding event in the Wairoa District.

### 4. STAFF AND ELECTED MEMBERS' REMUNERATION

#### CHIEF EXECUTIVE OFFICER'S REMUNERATION

The Chief Executive Officer of the Council was appointed under section 42 of the Local Government Act 2002.

Under the terms of his agreement, the Chief Executive Officer of the Council chooses how he wishes to take his remuneration package (salary only or a combination of salary and benefits).

#### MAYORAL AND COUNCILLOR REMUNERATION

The following people held office as elected members of the Council's governing body, during the reporting period. The total remuneration attributed to the Mayor and Councillors during the year was \$344,210 (2021: \$324,340) and is broken down and classified as follows:

	2022 \$
Craig Little, <i>Mayor</i>	101,000
Hine Flood, <i>Deputy Mayor</i>	43,510
Denise Eaglesome-Karekare, Councillor	39,940
Danika Goldsack, Councillor	39,940
Jeremy Harker*, Councillor	39,940
Melissa Kaimoana, Councillor	39,940
Chaans Tumataroa-Clarke, Councillor	39,940
Total remuneration paid to council members	344,210

 $<sup>{}^*\</sup>textit{Councillor Harker is also the Chief Executive Officer of the Council subsidiary QRS.}$ 

#### KEY MANAGEMENT PERSONNEL REMUNERATION

	Cou	ncil
	2022 \$	2021 \$
Council members	·	
Total remuneration	344,210	324,340
CEO and senior leadership team		
Steven May (CEO 1/7/20-9/10/20)	-	134,111
Kitea Tipuna (Interim CEO 10/10/20-7/6/21)	-	172,080
Kitea Tipuna (CEO from 8/6/21)	211,812	13,553
Senior leader remuneration	627,484	626,954
Total remuneration paid to key	1,183,506	1,271,038

As at 30 June 2022, key management personnel comprised 11 individuals: 7 elected members (2021: 7) and 4 executive leaders, comprising the Chief Executive Officer and three senior management personnel (2021: 4 executive leaders).

#### **Severance payments**

In accordance with Schedule 10, section 33 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions or other contractual entitlement.

No severance payments were made in the 2022 year. In 2021, a severance payment of \$46,900 was made in respect to the vacation of the office as Chief Executive Officer of the council. One other severance payment of \$12,208 was made.

#### **Employee staffing levels and remuneration**

The following table identifies the number of full time employees as at the end of the reporting period and the full time equivalent (FTE) number of all other part-time, fixed term and casual employees. The table further identifies the breakdown of remuneration levels of those employees into various bands.

	Council	
	2022	2021
Full-time and full-time equivalent emplo	yee numbe	ers
Number of full time employees	58	59
Full time equivalent number of all other employees	12	9
Total full-time equivalent employees	70	68

#### **Remuneration bands**

The number of employees receiving total annual remuneration of less than \$60,000	31	32
Of the employees in this band 19 are part-time or casual (	2021 · 19)	

The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000

Total employees	78	80
\$120,000 - \$219,999*	7	5
\$100,000 - \$119,999*	6	8
\$80,000 - \$99,999	14	12
\$60,000 - \$79,999	20	23

<sup>\*</sup>If the number of employees for any band was 5 or less then we are legally required to combine it with the next highest band.

Total annual remuneration has been calculated to include any non-financial benefits and other payments such as the employer Kiwisaver contribution. Total annual remuneration is reported as the higher of base salary including employer superannuation contributions or total gross payments in the year.

	Cou	ncil	Gro	up
	2022 2021 \$000 \$000		2022 \$000	2021 \$000
Employment expenses		-		
Salaries and wages	5,371	5,629	12,313	12,115
Increase (decrease) in employee benefit liabilities	59	41	(10)	14
Total employee benefit expenses	5,430	5,670	12,303	12,129

#### 5. TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the original invoice amount as the effect of discounting is immaterial. Short-term receivables are recorded at the amount due, less any provision for un-collectability. The provision is calculated by applying an expected credit loss model. A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

The below table provides a summary of all receivables at year end:

	Cou	ıncil	Gro	up
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Rates receivable	4,995	4,876	4,995	4,876
Trade receivables	3,105	4,163	4,961	4,927
Prepayments	140	345	163	55
GST receivable (payable)	(80)	201	(80)	201
Total receivables - gross	8,160	9,585	10,039	10,059
Less provision for impairment of receivables	(4,008)	(3,643)	(4,012)	(3,648)
Total receivables - net	4,152	5,942	6,027	6,411

Current trade, rates and sundry receivables are non-interest bearing and receipt is generally on 30 day terms, therefore the carrying value approximates their fair value. There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

The Group provides for impairment provision on trade receivables and other debtors. The impairment provision has been calculated by applying an expected credit loss model based upon an analysis of the Group's losses in previous periods, and a review of specific debtors. The Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The provision is calculated by applying an expected credit loss model.

The Council provides for impairment on rates receivables, trade receivables and other debtors. The carrying amount is reduced directly when an asset is determined to be unrecoverable. An allowance for impairment is used when there is a reasonable likelihood that a debt may be impaired. A reversal to a write-down is made when an impaired debt is subsequently determined to be recoverable.

The impairment provision for rates has been calculated by applying an expected credit loss model based upon the percentage of rates debtors expected to be impaired. The impairment is collective, and reflects the actual impairment of rates debtors over the past three years. The Council has power under the Local Government (Rating) Act 2002 to recover outstanding debts. The Council can commence legal proceedings within 4 months after due date for payment. If payment has not been received within 3 months of the Court judgement, then the Council can apply to the Registrar of the High Court to have judgement enforced by sale or lease of the rating unit for land that is not Māori freehold land.

The ageing profile of trade receivables at year end is detailed below:

	2	2022 Coun	cil	2	021 Coun	cil
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	2,747	-	2,747	3,804	-	3,804
Past due 30 - 60 days	90	-	90	79	-	79
Past due 60 - 90 days	18	-	18	6	-	6
Past due >90 days	250	171	79	274	172	102
Total trade receivables	3,105	171	2,934	4,163	172	3,991

	2	2022 Group			2021 Group		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000	
Not past due	4,228	-	4,228	4,096	-	4,096	
Past due 30 - 60 days	220	-	220	512	-	512	
Past due 60 - 90 days	69	-	69	45	-	45	
Past due >90 days	444	171	273	274	167	107	
Total trade receivables	4,961	171	4,790	4,927	167	4,760	

The ageing profile of rates receivables as at 30 June is detailed below:

	2022 C	ouncil and	l Group	2021 Co	ouncil and	Group
	Gross \$000	Impairment provision \$000	Net \$000	Gross \$000	Impairment provision \$000	Net \$000
Not past due	74	74	-	631	202	429
Up to 2 years	2,250	1,292	958	1,853	1,079	774
2 to 5 years	1,195	1,030	165	1,124	960	164
Over 5 years	1,476	1,441	35	1,268	1,230	38
Total rates receivable	4,995	3,837	1,158	4,876	3,471	1,405

The movement in the provision for impairment of total receivables is analysed follows:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance	3,643	3,362	3,648	3,362
Addition to provision	411	372	410	377
Bad debts written off	(50)	(25)	(50)	(25)
Release of provision	4	(66)	4	(66)
Provision for impairment of total receivables – closing balance	4,008	3,643	4,012	3,648

#### 6. CASH AND CASH EQUIVALENTS

Cash or cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits, and other short-term highly liquid investments, with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank and in hand	12	4	1,445	1,711
Short term deposits	4,297	4,320	4,297	4,320
Total cash and cash equivalents	4,309	4,324	5,742	6,031

#### 7. INVENTORIES

Inventory is measured at cost upon initial recognition. Costs of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing each product to its present location and condition.

The Group's finished goods inventory includes items held for resale, such as Council rubbish bags and items sold at the Gaiety Theatre and i-SITE shop, as well as items held for distribution, such as recycle bins.

After initial recognition, inventories are valued at the lower of cost, determined on a first-in, first-out basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The carrying amount of inventories held for distribution as at 30 June is:

	Council		Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Metal stocks	-	-	600	819
Water treatment chemicals	58	54	58	54
Other supplies	16	16	119	93
Total inventories	74	70	777	966

The write-down of inventories held for distribution amounted to nil (2021: nil), while reversal of write downs amounted to nil (2021: nil.) The carrying amount of inventories pledged as security is nil (2021: nil) and for liabilities is nil (2021: nil).

#### 8. FINANCIAL ASSETS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at each reporting date.

All financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case the transaction costs are recognised in the statement of comprehensive revenue and expense.

Purchases and sales of financial assets are recognised on tradedate, the date on which the Council 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 Council has transferred substantially the risks and rewards of ownership. The fair value of financial instruments traded in active markets is based on the quoted market prices at the balance sheet date. The quoted price used is the current bid price.

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

	Cou	Council		oup		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000		
Financial assets at fair value through profit and loss - upon initial recognition						
Shares and debentures	2,561	3,771	2,561	3,771		
Financial assets at fair value through OCI						
LGFA borrower notes	194	134	194	134		
Civic Financial Services Limited	23	21	23	21		
Loans and receivables						
Cash and cash equivalents	4309	4,324	5,742	6,031		
Trade and other receivables (excl. GST)	4,232	5,741	6,107	6,210		
Total financial assets	11,319	13,991	14,627	16,167		

### 8.A. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

This category has two sub categories: financial assets held for trading and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Included in this category are short-term investments, which are valued at fair value.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive revenue and expense.

	Cou	Council		oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Shares and debentures	2,561	3,771	2,561	3,771
Total financial assets at fair value through surplus or deficit	2,561	3,771	2,561	3,771
Current	1,715	1,029	1,715	1,029
Non-current	846	2,742	846	2,742
Total financial assets at fair value through surplus or deficit	2,561	3,771	2,561	3,771

Council has classified its investments as financial assets at fair value through surplus or deficit. The portfolio includes investments in local authority and Government stock, registered bank bills and bonds, and corporate stocks and bonds. The reason for the classification is that the investments were acquired for the purpose of selling and trading in the near term and they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a pattern of short-term profittaking. In addition, there is a quoted market price in an active market where fair value can be reliably measured.

Financial assets at fair value through surplus or deficit are designated as such upon initial recognition because they are managed and their performance is evaluated on a fair value basis, in accordance with the Council's investment policy. Information is provided quarterly to Council on the performance of these financial assets.

The fair value of financial assets at fair value through surplus or deficit has been determined by reference to published price quotations in an active market. The maturity dates for financial assets through surplus or deficit are detailed in the following table:

	Cou	ıncil	Gro	oup		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000		
One year or less	1,715	1,029	1,715	1,029		
Weighted average interest rate	4.46%	4.47%	4.46%	4.47%		
Between one and five years	602	2,464	602	2,464		
Weighted average interest rate	4.58%	4.49%	4.58%	4.49%		
	•	-	•	•		
Over five years	244	278	244	278		
Weighted average interest rate	3.40%	3.94%	3.40%	3.94%		
Total financial assets at fair value through surplus or deficit	2,561	3,771	2,561	3,771		

The stocks and debentures are local authority stocks and commercial bonds that are actively traded. The coupon rates vary from 3.90% to 4.88% (2021: 3.94% to 5.00%) with yields from 3.47 to 4.77% (2021: 0.45% to 1.93%). Purchases and sales are accounted for at settlement date. These assets are exposed to cash flow interest rate risk.

### 8.B. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

Equity investments in non-listed companies (previously classified as AFS financial assets or held to maturity investments) are now classified and measured as Equity instruments designated at fair value through OCI. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future.

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
LGFA borrower notes	194	134	194	134
Civic Financial Services Limited	23	21	23	21
Total financial assets at fair value through OCI	217	155	217	155

Civic Financial Services Limited (formerly Civic Assurance) is the trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 0.20% (2021: 0.20%) shareholding in this entity and has no present intention to sell. Due to the immaterial size and nature of the Council's investment in Civic Financial Services Limited, the Council has estimated the fair value of this investment based on net asset backing as at 30 June 2022.

#### **DERECOGNITION**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Group's statement of financial position) primarily when:

- The rights to receive cash flows from the asset have expired or
- The group has transferred its rights to receive cash flows from
  the asset or has assumed an obligation to pay the received
  cash flows in full without material delay to a third party under
  a 'pass-through' arrangement; and either (a) the Group has
  transferred substantially all the risks and rewards of the
  asset, or (b) the Group has neither transferred nor retained
  substantially all the risks and rewards of the asset by has
  transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### IMPAIRMENT OF FINANCIAL ASSETS

At each balance date the Group 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 statement of comprehensive revenue and expense. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### 9. INCOME TAX

#### **CURRENT INCOME TAX**

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by balance date.

#### **DEFERRED INCOME TAX**

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arose from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

At 30 June 2022, there was no recognised deferred tax liability (2021: nil) for taxes that would be payable on the unremitted earnings of the Group's controlled entity. The Group has determined that undistributed profits of its controlled entity will not be distributed in the foreseeable future. The parent does not foresee such a consent being given at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

Current and deferred tax is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is charged or credited directly to equity.

#### BREAKDOWN OF TAXES AND FURTHER INFORMATION

The major components of taxation expense are:

	Council		Group		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
Current tax expense					
Current year income tax charge	-	-	224	516	

	Cou	ıncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Adjustments to current tax in prior years	-	-	-	-
Total current tax expense	-	-	224	516
Deferred tax expense	<u> </u>	-		
Origination and reversal of temporary differences	_	-	164	(136)
Recognition of previously unrecognised tax losses	-	-	-	-
Total deferred tax expense	-	-	164	(136)
Income tax expense reported in the statement of financial	-	-	388	380

Reconciliation of tax on the surplus / (deficit) and tax expense:

	Cou	ncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Surplus / (deficit) for the period before taxation	10,347	9,868	10,509	10,664
Less: non assessable surplus / (non qualifying deficit)	(10,347)	(9,868)	(9,125)	(9,335)
Assessable profits	-	-	1,384	1,329
Income tax based on domestic tax rate – 28% (2021: 28%)	-	-	388	372
Plus taxation effect of permanent differences	-	-	-	-
Effect of non-deductible expenses	-	-	-	8
Income tax expense reported in the statement of financial performance	-	-	388	380

Movement in deferred tax asset:

performance

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance	-	-	719	583
Current year charge	-	-	(164)	136
Use of prior year recognised loss and other movement not recognised	-	-	-	-
Closing balance	-	-	555	719

The Council has taxable income from commercial operations at the Wairoa airport and the landfill (prior to Smart Environmental Limited providing Solid Waste management services for the Council). The imputation credits attached to dividends received from QRS offset the tax payable which results in a nil tax bill. These tax losses are not carried on the balance sheet as the Council does not expect to make taxable profits in the future against which these carry forward losses could be utilised.

The Council holds \$541,558 in tax losses which had accumulated over a number of years. These losses were primarily due to the "grossing-up" of excess imputation credits attached to dividends received from QRS. In 2021, \$286,000 of these losses were purchased by QRS by way of subvention payment in lieu of dividend. No subvention purchase was made in the 2022 year. The balance of losses held by Council at 30 June 2022 is \$541,558 (2021: nil).

Deferred income tax as at 30 June relates to the following:

	Council			Group				
	Statement of financial position		Statement of financial performance		Statement of financial position		Statement of financial performance	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Deferred tax liabilities								
Contract retentions	-	-	-	-	71	127	57	2
Future amortisation	-	-	-	-	16	19	3	3
Right of use assets	-	-	-	-	6	3	-	-
Gross deferred tax liabilities	-	-	-	-	93	149	60	5
Deferred tax assets								
Doubtful debts	-	_	-	_	_		-	
Subcontractor retentions	-		_	_	2	24	(22)	(61)
Provisions					2	27	(22)	(01)
Annual leave	-	_	_	_	98	85	13	(6)
Staff gratuities	_	_	_	_	7	14	(7)	-
Sick leave	_	_	_	_	9	6	2	(3)
Time in lieu	_	_	_	_	35	29	6	9
Long service leave	-	_	_	_	16	15	-	6
Aftercare	-	_	-	-	48	47	1	(3)
Lease asset depreciation	-	_	-	_	-		10	13
Operating lease payments	-	_	-	-	-	_	(10)	(14)
Lease interest	-	_	-	-	-	_	-	1
ACC premiums	-	_	-	_	-	_	_	(5)
Maintenance accruals	-	_	-	-	-	3	(3)	3
Construction accruals	-	_	-	-	-	-	-	
Corporate accruals	-	_	_	_	2	155	(152)	125
Contract liabilities	-	_	-	-	146	227	(81)	147
Future depreciation	-	-	-	-	278	260	19	(79)
Lease liability	-	_	-	-	6	4	-	-
Deferred tax assets	-	-	-	-	646	869	(224)	133
Not deferred toy coots					FF2	710		
Net deferred tax assets	-	-			553	719		
Deferred tax income (expense)			-	-			(164)	138

#### 10. TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables as at 30 June are:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current				
Trade payable - exchange transactions	4,921	6,375	5,999	6,076
Taxes payable	9	5	167	176
Employee benefits	832	761	1,532	1,401
Trust funds and deposits	81	84	81	84
Revenue in advance	1,095	3,325	1,095	3,325
Total current	6,938	10,550	8,874	11,062

#### Non-current

Total trade and other payables	6,987	10,611	8,979	11,117
Total non-current	49	61	105	115
Trade payable - exchange transactions	-	-	-	-
Employee benefits	49	61	105	115

### EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and are normally settled on terms varying between seven days and the 20th of the month following the invoice date, therefore the carrying value approximates their fair value. Most of Council's payables are exchange transactions as they are directly with another party on an arm's length basis. Non-exchange payables are classified as either taxes (e.g. PAYE and GST) or transfers payable (e.g. Council grants).

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Exchange transactions				
Trade payables and accruals	4,921	6,375	5,999	6,076
Total trade payable - exchange transactions	4,921	6,375	5,999	6,076

	Council		Group			
	2022 \$000	2021 \$000	2022 \$000	2021 \$000		
Taxes payable						
GST	-	-	158	171		
PAYE	9	5	9	5		
Total taxes payable	9	5	167	176		

#### **PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax 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. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive revenue and expense net of any reimbursement. Refer to Note 17 for further information about the recorded landfill and quarry aftercare provision.

#### **EMPLOYEE BENEFITS**

#### **Short-term employee entitlements**

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

A provision for employee benefit liabilities is recognised as a liability when benefits are earned but not paid. This provision includes salaries and wages accrued up to balance date, holiday leave earned, but not yet taken at balance date, retirement and long service leave entitlements expected to be settled within 12 months)

Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

#### Long-term employee entitlements

#### **Retirement gratuities**

The Council's retirement gratuities provision is a contractual entitlement for a reducing number of employees who, having qualified with 10 years' continuous service will, on retirement, be entitled to a payment based on years of service (up to a maximum) and current salary. This entitlement has not been offered to Council employees since 1990. Based on the age of remaining participants the provision may not be extinguished until 2030, assuming retirement at age 65.

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlement information.

The gross retirement gratuities provision as at 30 June 2022, after discounting is \$49,388 (2021: \$61,109). This figure is inflation adjusted using the Treasury-defined long-term salary discount factor of 3.01% (2021: 3.08%).

#### Superannuation

Defined contribution pension plan obligations are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

	Cou	ncil	Group		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
Current	·				
Short-term benefits					
Payroll accruals	55	-	327	249	
Holiday leave	777	761	1,205	1,152	
Total current employee benefits	832	761	1,532	1,401	

#### Non-current

#### Long-term benefits

8	_			_
Retirement gratuities provision	49	61	49	61
Long service leave	-	-	56	54
Total non-current employee benefits	49	61	105	115
Total employee benefit liabilities and provisions	881	822	1,637	1,516

#### TRUST FUNDS AND DEPOSITS

The trust funds are restricted cash with their purpose limited to use by the group "Safer Community Committee".

	Cou	ncil	Group			
	2022 \$000	2021 \$000	2022 \$000	2021 \$000		
Deposits	77	80	77	80		
Trust funds	4	4	4	4		
Total trust fund and deposits	81	84	81	84		

#### **REVENUE IN ADVANCE**

Any exchange or non-exchange trade receivable where an overpayment of the account has been recorded is reclassified as a trade payable. The carrying amount is the actual amount of overpayment and is considered to be the fair value.

Subsidy and grants: Council and the Group have received non-exchange transfer monies for specific purposes, which apply to periods beyond the current year, with conditions that would require the return of the monies if they are not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditions are fulfilled over time.

	Cou	ıncil	Gro	oup	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
<b>Exchange transactions</b>					
Other income in advance	151	348	151	348	
Taxes	CEZ	F10	657	F10	
Rates	657	519	657	519	
Transfers					
Subsidies and grants	287	2,458	287	2,458	
Total revenue in advance	1,095	3,325	1,095	3,325	

#### 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

- Operational assets these include land, buildings, library books, furniture, office equipment and motor vehicles
- Restricted assets restricted assets are parks and reserves owned by the Council that 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 roads, bridges and fixed utility systems owned by the Council. 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 is shown at cost or valuation, less accumulated depreciation and impairment losses.

### INITIAL RECOGNITIONS AND SUBSEQUENT EXPENDITURE

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Group, and if the item's cost or fair value can be measured reliably.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Note 17 for further information about the recorded landfill and quarry aftercare provision. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

## MEASUREMENT SUBSEQUENT TO INITIAL RECOGNITION

Subsequent to initial recognition, property, plant and equipment are measured using either the cost model or the revaluation model. Roads and Three Waters assets are carried at fair value, less impairment losses and accumulated depreciation recognised after the date of the revaluation. All other asset classes are carried at depreciated historical cost.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The valuation cycle for revalued asset classes is normally three years. Revaluation is performed on a class-by-class basis. If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued.

Increases in assets carrying amounts, due to revaluation, are recorded as a revaluation surplus in other comprehensive revenue and credited to the asset revaluation reserves in equity. Decreases in asset carrying amounts decrease revaluation reserves in equity only to the extent that the class of asset has sufficient reserves to absorb the reduction. All other decreases are charged to the statement of comprehensive revenue and expense. If a revaluation increase reverses a decrease previously recognised in the statement of comprehensive revenue and expense, the increase is recognised first in the statement of comprehensive revenue and expense to reverse any previous reduction.

*Operational land and buildings* were valued at fair value effective from 30 June 2005. The Council has elected to use the fair value of operational land and buildings as at 30 June 2005 as deemed cost. Operational land and buildings are no longer revalued.

**Restricted land and buildings** were valued at fair value effective from 30 June 2005. The Council has elected to use the fair value of restricted land and buildings as at 30 June 2005 as deemed cost. Restricted land and buildings are no longer revalued.

Infrastructure assets (roads, water treatment and reticulation, sewerage treatment and reticulation and stormwater systems) are carried at fair value on a depreciated replacement cost (DRC) basis as assessed by an independent valuer. At balance date the Council assesses the carrying values of its infrastructure assets to ensure that they do not differ materially from the assets' fair value. If there is a material difference, then the off-cycle asset classes are revalued. Any additions since valuation are carried at depreciated cost.

Land under roads was valued on the basis of fair value of adjacent land as at 30 June 2005. The Council has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost.

**Plant and equipment** (including leased equipment under finance leases) are measured at cost, net of accumulated depreciation and impairment losses, if any.

#### **DEPRECIATION**

Depreciation is provided on a straight-line basis on all property, plant and equipment for the Council other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

QRS uses the diminishing value basis for depreciating plant, equipment and motor vehicles, office equipment and furniture, and computer hardware.

Category	Estimated Life (Years)
Quarries	30-40
Buildings	30–40
Other improvements	10–50
Plant, equipment and vehicles	4–10
Library collection	2–10
Office equipment, furniture & fittings	5–10
Computer equipment	4–5

Category	Estimated Life (Years)
Sewerage	
Structures	50
Oxidation ponds	40
Pipes	80-120
Manholes	80
Pumps	10-35
Plant	10-35
Resource consents	25
Stormwater	
Reticulation piping	50-100
Culverts	50-120
Manholes/sumps	50-100
Open drains	Not depreciated
Water Supply	
Structures	50
Pumps	15-35
Reticulation piping	60-120
Meters	20
Hydrants	40
Resource consents	20-25
Reservoirs	80-100
Roads	
Top surface (seal)	14
Basecourse	100-120
Formation	Not depreciated
Bridges	20-80

Application of the estimated useful economic lives of assets is subject to change depending on the individual circumstances of the asset, particularly when assets are revalued and the valuers provide an annual depreciation figure.

15-40

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The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. For revalued assets, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

#### **ASSETS HELD FOR SALE**

**Footpaths** 

Streetlights (poles)

Kerbs

As at 30 June 2022, two properties held by the Group were classified as held for sale. Prior to reclassification, the properties were recognised within the Group's property, plant and equipment as part of operational land and buildings classes. The carrying value of the properties as at 30 June 2022 was \$18,025. As the fair value of the equipment less the cost to sell is not materially different to the carrying value, no impairment loss was

recognised upon the reclassification of the equipment as held for sale. The sale of the equipment is expected to be completed by December 2022. The Group did not have any non-current assets held for sale in 2021.

#### **POLICY ON REPLACEMENT OF ASSETS**

The following policy was consulted on in 1999 and reconfirmed on 30th August 2006 with regards to depreciation. The Council has reviewed its assets and advises that the following assets will be depreciated but not rated for replacement.

- 1. Community halls
- 2. Housing
- 3. Camping ground
- 4. Roading (Waka Kotahi subsidised portion of roading)
- 5. Community Centre
- 6. Loan-funded assets including the Māhia and Ōpoutama wastewater systems.

The above assets will be maintained on an ongoing basis at a level that meets the needs of the community. Where appropriate Council will cover each asset with insurance cover for fire, earthquake and natural catastrophe. The effects of this decision are that:

- 1. The existing assets will be available for many years to come.
- 2. Once an asset or part thereof reaches the point where it is considered unsafe to use then that asset will be removed, and replaced if the Council's Long Term Plan provides for this.
- 3. Should any asset under this policy be the subject of an insurance claim then, prior to reinstatement, Council will decide whether reinstatement of the asset should proceed or whether the service should be discontinued at the time of loss.
- 4. By not rating loss of service potential (depreciation) there is a reduction in rates payable by the present ratepayers.

#### 2022 depreciation not rated (Council only)

	20	22
	Budget \$	Actual \$
Community halls	7	7
Housing	4	4
Camping ground	7	7
Roading (Waka Kotahi subsidised portion of roading)	2,588	2,682
Community Centre	242	242
Loan-funded assets including the Māhia and Ōpoutama wastewater systems	214	301
Other assets	-	331
Total depreciation not funded	3,062	3,574

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

#### Impairment of cash generating assets

For non-financial cash-generating assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Recoverable amount is determined

for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive revenue and expense.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

The following assets have specific characteristics for impairment testing:

#### Intangible assets with indefinite useful life

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### Impairment of non-cash generating assets

For non-financial non-cash-generating assets, the Group assesses at each reporting date whether there is an indication that the carrying amount may not be recoverable. If any indication exists, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

In assessing value in use, the Group has adopted the depreciated replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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 surplus or deficit.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable service amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The reversalof an impairmentloss 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 the 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, the reversal of an impairment loss is recognised in the surplus or deficit.

#### **DERECOGNITION**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to accumulated comprehensive revenue and expense.

						Cour	ncil					
	:	30 June 202	1			Currer		30 June 2022				
	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated deprecia- tion on disposals \$000	Additions \$000	Impairment charges \$000	Depreciation charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000
Land	4,708	(2)	4,706	-	(3)	-	13	-	(1)	4,715	4,718	(3)
Buildings	14,634	(3,971)	10,663	-	(29)	14	23	-	(415)	10,256	14,628	(4,372)
Other Improvements	5,891	(2,832)	3,059	-	(612)	372	174	-	(379)	2,774	5,453	(2,839)
Vehicles	894	(517)	377	-	(49)	49	76	-	(150)	303	921	(618)
Furniture and office equipment	4,594	(3,358)	1,236	-	-	-	190	-	(256)	1,170	4,784	(3,614
Library collections	654	(551)	103	-	-	-	32	-	(12)	123	686	(563)
Total non- infrastructural assets	31,375	(11,231)	20,144	-	(693)	435	508	-	(1,213)	19,181	31,190	(12,009)
Roading	201,860	(8,661)	193,199	30,990	(391)	95	4,647	(24,843)	(2,742)	200,955	237,106	(36,151)
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	30,204	(3,205)	26,999	-	=	-	560	-	(989)	26,545	30,764	(4,219)
Water supply - treatment plant & facilities	6,263	(684)	5,579	364	- - -	-	10	-	(177)	5,776	6,637	(861)
Water supply - other assets	16,139	(1,539)	14,600	1,363	-	-	2,752	-	(433)	18,282	20,254	(1,972)
Sewerage - treatment plant & facilities	10,529	(889)	9,640	1,540	-	-	3,554	-	(435)	14,299	15,623	(1,324)
Sewerage - other assets	8,259	-	8,259	-	-	-	-	-	-	8,259	8,259	-
Stormwater	7,598	(745)	6,853	500	-	-	-	-	(255)	7,098	8,098	(1,000)
Parking	315	(64)	251	-	-	-	-	-	-	251	315	(64)
Total infrastructural assets	286,511	(15,787)	270,724	34,757	(391)	95	11,523	(24,843)	(5,056)	286,809	332,400	(45,591)
Total assets	317,886	(27,018)	290,869	34,757	(1,084)	530	12,031	(24,843)	(6,269)	305,990	363,590	(57,600)
Capital work in progress	3,243	-	3,243	-	-	-	6,271	-	-	9,514	9,514	-
Total assets including work in progress	321,129	(27,018)	294,111	34,757	(1,084)	530	18,302	(24,843)	(6,269)	315,504	373,104	(57,600)

						Gre	oup					
	3	30 June 202	21			Curre	nt year			30 June 2022		
	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated deprecia- tion on disposals \$000	Additions \$000	Impairment charges \$000	Depreciation charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000
Land	5,131	(394)	4,737	-	(3)	-	13	_	(1)	4,746	5,141	(395)
Buildings	15,548	(4,439)	11,109	-	(29)	14	873	-	(448)	11,519	16,392	(4,873)
Other Improvements	5,892	(2,832)	3,060	-	(612)	372	174	-	(379)	2,615	5,454	(2,839)
Vehicles	14,193	(9,676)	4,817	-	(1,275)	1,120	1,082	-	(1,067)	4,677	14,300	(9,623)
Furniture and office equipment	5,029	(3,651)	1,378	_	-	-	209	-	(297)	1,290	5,238	(3,948)
Library collections	654	(550)	104	-	-	-	32	-	(12)	124	686	(562)
Total non- infrastructural assets	46,747	(21,542)	25,205	-	(1,919)	1,506	2,383	-	(2,204)	24,971	47,211	(22,240)
									<u> </u>			
Roading	200,365	(8,662)	191,703	30,990	(391)	95	4,132	(24,843)	(2,742)	198,944	235,096	(36,152)
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	30,204	(3,205)	26,999	-	-	-	560	-	(1,014)	26,545	30,764	(4,219)
Water supply - treatment plant & facilities	6,263	(684)	5,579	364	-	-	10	-	(177)	5,776	6,637	(861)
Water supply - other assets	16,139	(1,539)	14,600	1,363	-	-	2,752	-	(433)	18,282	20,254	(1,972)
Sewerage - treatment plant & facilities	10,529	(889)	9,640	1,540	-	-	3,554	-	(435)	14,299	15,623	(1,324)
Sewerage - other assets	8,259	-	8,259	-	-	-	-	-		8,259	8,259	-
Stormwater	7,598	(745)	6,853	500	-	-	-	-	(255)	7,098	8,098	(1,000)
Parking	315	(64)	251	-	-	<u> </u>		-	-	251	315	(64)
Total infrastructural assets	285,016	(15,788)	269,228	34,757	(391)	95	11,008	(24,843)	(5,056)	284,798	330,390	(45,592)
Total assets	331,763	(37,330)	294,433	34,757	(2,310)	1,601	13,391	(24,843)	(7,260)	309,769	377,601	(67,832)
Capital work in progress	3,243	-	3,243	-	-	-	6,271	-	-	9,514	9,514	-
Total assets including work in progress	335,006	(37,330)	297,676	34,757	(2,310)	1,601	19,662	(24,843)	(7,260)	319,283	387,115	(67,832)

						Coun	ıcil					
	3	0 June 2020	)			Prior y		3	0 June 202	1		
	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated deprecia- tion on disposals \$000	Additions \$000	Transfers \$000	Depreciation & impair- ment charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000
Land	4,662	(1)	4,661	-	-	-	46	-	(1)	4,706	4,708	(2)
Buildings	13,934	(3,614)	10,320	-	(143)	64	843	-	(421)	10,663	14,634	(3,971)
Other Improvements	5,504	(2,574)	2,930	-	(1)	1	388	-	(259)	3,059	5,891	(2,832)
Vehicles	876	(398)	478	-	(28)	28	46	-	(147)	377	894	(517)
Furniture and office equipment	3,750	(2,966)	784	-	(2)	2	846	-	(394)	1,236	4,594	(3,358)
Library collections	616	(551)	65	-	-	-	38	-	-	103	654	(551)
Total non- infrastructural assets	29,342	(10,104)	19,238	-	(174)	95	2,207	-	(1,222)	20,144	31,375	(11,231)
Roading	184,279	(6,083)	178,196	-	(120)	5	17,701	-	(2,583)	193,199	201,860	(8,661)
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	28,617	(2,215)	26,402	-	(378)	13	1,965	-	(1,003)	26,999	30,204	(3,205)
Water supply - treatment plant & facilities	6,790	(508)	6,282	-	(527)	15	-	-	(191)	5,579	6,263	(684)
Water supply - other assets	16,080	(1,116)	14,964	-	(213)	6	272	-	(429)	14,600	16,139	(1,539)
Sewerage - treatment plant & facilities	9,545	(824)	8,721	-	-	-	984	-	(65)	9,640	10,529	(889)
Sewerage - other assets	8,704	-	8,704	-	(445)	-	-	-	-	8,259	8,259	-
Stormwater	7,453	(580)	6,873	-	-	-	145	-	(165)	6,853	7,598	(745)
Parking	315	(64)	251	-	-	-	-	-	-	251	315	(64)
Total infrastructural assets	267,127	(11,390)	255,737	-	(1,683)	39	21,067	-	(4,436)	270,724	286,511	(15,787)
Total assets	296,469	(21,494)	274,975	-	(1,857)	134	23,274	-	(5,658)	290,869	317,886	(27,018)
Capital work in progress	5,252	-	5,252	-	-	-	21,489	(23,498)	-	3,243	3,243	-
Total assets including work in progress	301,721	(21,494)	280,227	-	(1,857)	134	44,763	(23,498)	(5,658)	294,111	321,129	(27,018)

						Gro	oup					
	3	0 June 202	0			Prior y		3	0 June 202	21		
	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated deprecia- tion on disposals \$000	Additions \$000	Transfers \$000	Depreciation & impair- ment charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000
Land	5,085	(393)	4,692	_	_	-	46	_	(1)	4,737	5,131	(394)
Buildings	14,669	(4,045)	10,629	_	(143)	64	1,022	-	(458)	11,109	15,548	(4,439)
Other Improvements	5,505	(2,574)	2,931	-	(1)	1	388	-	(259)	3,060	5,892	(2,832)
Vehicles	14,912	(10,207)	4,705	-	(1,830)	1,658	1,411	-	(1,127)	4,817	14,193	(9,676)
Furniture and office equipment	4,634	(3,499)	1,135	-	(470)	326	865	-	(478)	1,378	5,029	(3,651)
Library collections	616	(550)	66	-	-	-	38	-	-	104	654	(550)
Total non- infrastructural assets	45,421	(21,268)	24,153	-	(2,444)	2,049	3,770	-	(2,323)	25,205	46,747	(21,542)
- I	102 702	(0.002)	177 700		(400)	_	46.600		(0.504)	404 700	200 205	(0.660)
Roading Land under roads	183,792 5,344	(6,083)	177,709 5,344	-	(120)	5	16,693	-	(2,584)	191,703	200,365	(8,662)
Bridges	28,617	(2,215)	26,402	-	(378)	- 13	1,965	-	(1,003)	5,344 26,999	5,344 30,204	(3,205)
Water supply - treatment plant & facilities	6,790	(508)	6,282	-	(527)	15	-	_	(191)	5,579	6,263	(684)
Water supply - other assets	16,080	(1,116)	14,964	-	(213)	6	272	-	(429)	14,600	16,139	(1,539)
Sewerage - treatment plant & facilities	9,545	(824)	8,721	-	-	-	984	-	(65)	9,640	10,529	(889)
Sewerage - other assets	8,704	-	8,704	-	(445)	-	-	-	-	8,259	8,259	-
Stormwater	7,453	(580)	6,873	-	-	-	145	-	(165)	6,853	7,598	(745)
Parking	315	(64)	251	-	-	-	_	-	-	251	315	(64)
Total infrastructural assets	266,640	(11,390)	255,250	-	(1,683)	39	20,059	-	(4,437)	269,228	285,016	(15,788)
Total assets	312,061	(32,658)	279,403	-	(4,127)	2,088	23,829	-	(6,760)	294,433	331,763	(37,330)
Capital work in progress	5,252	-	5,252	-	-	-	21,489	(23,498)	-	3,243	3,243	-
Total assets including work in progress	317,313	(32,658)	284,655	-	(4,127)	2,088	45,318	(23,498)	(6,760)	297,676	335,006	(37,330)

### VALUATION: ROADING, BRIDGES AND PARKING INFRASTRUCTURAL ASSETS

Roading, bridges, and parking infrastructural assets are valued on a depreciated replacement cost basis. Replacement cost is the cost of building the existing infrastructure using present day technology but maintaining the originally designed level of service and performance. Replacement cost was calculated by multiplying asset quantities by unit cost rates factored to allow for other direct costs such as professional fees.

The following significant assumptions are used in determining the replacement cost of these assets:

- · Estimating the replacement cost of the asset.
- Estimates of the useful lives for the purpose of calculating depreciation.
- Estimating any diminishment in the capacity of assets that would be required if the assets were replaced.

The revaluation for roading, bridges and parking was performed by independent valuer Alex Yuen and reviewed by Kerry Mayes, both of WSP, as at 30 June 2022. The carrying value of assets are the assessed fair value of the assets as per the conclusions of the revaluation reports. This reflects the fair value as at 30th June 2022. The revaluation includes impairments to the roading infrastructure assets totalling \$24,842,975 resulting from the March/April 2022 flooding events in the Wairoa District. There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the 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.
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset then the Council 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 the Council'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 Council's asset management activities, which give the Council further assurance over its useful life estimates.

## VALUATION: WATER NETWORKS, TREATMENT PLANTS AND WASTEWATER PUMP STATIONS

Water Networks, Treatment Plants, and Wastewater Pump Stations are valued using the optimised depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the optimised depreciated replacement cost method.

These include:

- Estimating the replacement cost of the asset.
- Estimates of the remaining useful life over which the asset will be depreciated.

Useful lives were determined with reference to the NZ Infrastructure Asset Valuation and Depreciation Guidelines 2006 as well as local conditions and knowledge.

The revaluation for Water Networks, Treatment Plants, and Wastewater Pump Stations was performed by independent valuer Alex Yuen and reviewed by Kerry Mayes, both of WSP, as at 30 June 2022. The carrying value of assets are the assessed fair value of the assets as per the conclusions of the revaluation reports. This reflects the fair value as at 30th June 2022.

#### 12. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit when the asset is derecognised.

#### SOFTWARE ACQUISITION AND DEVELOPMENT

The Group holds several computer software packages for internal use, including purchased software and software developed in-house by the Group. Staff training costs and costs associated with maintaining computer software are recognised as expenses in surplus or deficit when incurred.

Costs incurred to configure or customise software in a cloud computing arrangement, are recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

#### **TRADEMARKS**

A trademark is an exclusive right to use a phrase or term that has been approved on application by the New Zealand Intellectual Property Office. The Council owns three phrases: "Space Coast Aotearoa," "Space Coast New Zealand" and "Earth Base One." Acquired trademarks are capitalised on the basis of the costs incurred to acquire the specific trademark, which is considered to reflect the fair market value of the assets.

#### **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 the statement of comprehensive revenue and expense. A summary of the policies applied to the Group's major classes of intangible assets is, as follows:

	Software	Trademarks
Useful life	Finite: 3 years	Indefinite
Amortisation method	Straight line basis	Not amortised
Internally-generated or acquired	Some acquired and some internally- generated	Acquired

## IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINATE USEFUL LIFE

#### **Trademarks**

The trademarks held by the group have been registered with New Zealand Intellectual Property Office with the option to renew at the end of the period at little cost to the Group, which has allowed the Group to determine that these assets have indefinite useful lives. As trademarks are a non-cash-generating intangible asset, they were not allocated to a cash generating unit for the purpose of impairment testing.

The Group performed its annual impairment test for these trademarks in June 2022. No impairment loss has been recognised in relation to the trademarks (2021: nil).

	Council		Group		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
Software					
Cost as at 1 July	795	795	1,089	1,089	
Additions	-	-	26	-	
Disposals	-	-	(12)	-	
Total cost as at 30 June	795	795	1,103	1,089	

	Cou	ıncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Accumulated amortisation and impairment 1 July	786	770	1,001	963
Current year amortisation charge	4	16	20	38
Disposals	-	-	(12)	-
Total accumulated amortisation and impairment at 30 June	790	786	1,009	1,001
Software carrying value 30 June	5	9	94	88
Trademarks				
Cost as at 1 July	12	12	12	12
Additions	-	-	-	-
Disposals	-	-	-	-
Total cost as at 30 June	12	12	12	12
Accumulated amortisation and impairment 1 July	-	_	-	-
Current year amortisation charge	-	-	-	-
Disposals	-	-	-	-
Total accumulated amortisation and impairment at 30 June	-	-	-	-
Trademarks carrying value 30 June	12	12	12	12
Net carrying value of intangible assets 1 July	21	37	100	138
Net carrying value of intangible assets 30 June	17	21	106	100

#### 13. BIOLOGICAL ASSETS - FORESTRY

The Group's biological assets consist of forestry. Forestry assets are independently valued triennially at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and taking into consideration environmental, operational and market restrictions

Gains or losses arising on the initial recognition of biological assets at fair value less estimated sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of comprehensive revenue and expense. The costs to maintain forestry assets are included in the statement of comprehensive revenue and expense.

	Cou	ncil	Group		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
Balance at 1 July	115	115	115	115	
Increases due to purchase	-	-	-	-	
Gains / (losses) arising from changes in fair value	-	-	-	-	
Balance at 30 June	115	115	115	115	

The Council owns 29.3 hectares (2021: 29.3 hectares) of forest, mostly *Pinus radiata*, which are at varying stages of maturity. No trees have been harvested during the year (2021: nil).

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

#### Valuation assumptions

Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Future costs and revenue are discounted from the year in which they occur to the date of the valuation by applying an appropriate discount rate. The appropriate discount rate is determined by considering the implied discount rate based on recent sales of forests.

Council's forestry holdings were valued as at 30th June 2020 by registered valuer Trevor Kitchin of Telfer Young Limited (Hawkes Bay). This reflects the fair value as at 30th June 2020. Council considers that there have been no events that would give rise to a material change in this valuation during the year.

Significant assumptions applied in this determination of fair value are:

- A pre-tax discount rate of 8.00% has been used in discounting the present value of expected cash;
- Growing and harvesting costs and revenues are based on current and actual industry based costs and revenues experienced by similar forests in the wider district;
- The valuations involve the tree crop only and not the land under the trees;
- The valuation excludes any liabilities or credits associated with NZ units under the Emissions Trading Scheme.

#### Financial risk management strategies

The valuer identified that the forests owned by Council are sensitive to financial risks arising from changes in timber prices. The Council is a long-term forestry investor, and does not expect timber prices to decline significantly in the foreseeable future, therefore has not taken any measures to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

#### 14. INVESTMENTS IN SUBSIDIARY

The Council's investment in its subsidiary is carried at cost less any impairment charges in the Council's own "parent entity" financial statements. There are no significant restrictions on the ability of the controlled entity to transfer funds to the Council in the form of cash distributions or to repay loans or advances.

In accordance with the company's Statement of Intent, an independent valuation was conducted by Price Waterhouse Coopers in May 2019. The 'fair market value' was assessed as

being between \$7.1 million and \$8.8 million. Council carries this investment at cost in its balance sheet.

Information on inter-company transactions is included in Note 20.

	Cou	ncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Quality Roading and Services (Wairoa) Limited	1,250	1,250	-	-
Total investment in subsidiary	1,250	1,250	-	-

#### 15. INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day maintenance of an investment property.

After initial recognition, the Council measures all investment property at cost less accumulated depreciation. Depreciation is provided on a straight-line basis on all investment property for the Council other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The fair value was not determined for the year ended 30 June 2022 as no market valuation was undertaken.

Category	Estimated Life (Years)
Buildings	30–40
Furniture and Fittings	5–20

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in the statement of comprehensive revenue and expense in the year of derecognition.

	Council		Council Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cost as at 1 July	401	401	401	401
Disposals	-	-	-	-
Transferred from land and building assets	-	-	-	-
Total cost at 30 June	401	401	401	401
Accumulated depreciation as at 1 July	(26)	(18)	(26)	(18)
Current year depreciation charge	(6)	(8)	(6)	(8)
Total accumulated depreciation as at 30 June	(32)	(26)	(32)	(26)

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Net carrying value of investment properties 1 July	375	383	375	383
Net carrying value of investment properties 30 June	369	375	369	375

	Council and Grou	
	2022 \$	2021 \$
Rental revenue	32	20
Direct operating expenses from investment property generating revenue	1	6

#### 16. BORROWINGS

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current				
Secured loans	1,500	1,000	1,584	1,082
Total current	1,500	1,000	1,584	1,082
Secured Loans	8,500	7,000	8,688	7,272
Total non-current	8,500	7,000	8,688	7,272
Total borrowings	10,000	8,000	10,272	8,354

## MATURITY ANALYSIS AND EFFECTIVE INTEREST RATES

The following is a maturity analysis of the Group's borrowings. There are no early repayment options.

	Council		Group		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
Less than one year	1,500	1,000	1,584	1,082	
Weighted average effective interest rate	3.04%	2.86%	3.01%	2.83%	
Later than one year but less than two years	3,500	1,500	3,688	1,772	
Weighted average effective interest rate	2.19%	3.04%	2.49%	2.49%	
Later than two years but less than five years	5,000	5,500	5,000	5,500	
Weighted average effective interest rate	2.03%	1.74%	3.45%	2.21%	
Later than five years	-	-	-	-	
Weighted average effective interest rate	-	-	-	-	
Total borrowings	10,000	8,000	10,272	8,354	

#### FAIR VALUE OF BORROWINGS

The fair values are based on cash flows discounted using a rate based on the weighted average borrowing rate of 2.95% Council (2021: 2.45%) and 2.94% Group (2021: 2.70%). The carrying amounts of borrowings repayable within one year approximate their fair value. The Council and the Group do not have any floating rate debt.

	Council		Gro	oup
	2022 2021 \$000 \$000		2022 \$000	2021 \$000
Carrying amounts	10,000	8,000	10,272	8,354
Fair values	10,058	7,980	10,330	8,630

#### **SECURITY**

The Council's loans are secured over either separate or general rates of the district.

QRS has term loan facilities secured over the carrying value of the companies assets. At 30 June 2022, QRS has a loan from CAT Finance who hold a specific security interest over a 2020 Caterpillar Motor Grader.

#### INTERNAL BORROWING

The Council manages its borrowings in accordance with its funding and financial policies which includes an Investment and Liability Management Policy.

The Council holds internal borrowings for the following groups of activities:

	01 July Opening balance \$000	Borrowed (repaid) in year \$000	30 June Closing balance \$000
Water supply	2,197	(747)	1,450
Stormwater and drainage	1,590	180	1,770
Wastewater	5,350	(3,088)	2,262
Waste management	1,216	153	1,369
Transport	4,784	(3,021)	1,763
Community facilities	2,925	(2,536)	389
Leadership and governance	(368)	478	110
Planning and regulatory	(135)	(15)	(150)
Support services	1,066	1,839	2,905
Total internal borrowings	18,625	(6,757)	11,868

The Council uses an assumed internal interest rate of 2.95% (2021: 5%), consistent with its weighted average external borrowing rate, in relation to internal borrowing amounts. Interest charges for the year are:

	Interest	charged
	2022 \$	2021 \$
Water supply	60	44
Stormwater and drainage	47	35
Wastewater	69	96
Waste management	23	27
Transport	152	1
Community facilities	42	57
Leadership and governance	(21)	3
Planning and regulatory	(7)	6
Support services	91	-
Total internal interest charged	456	269

## 17. LANDFILL AND QUARRY AFTERCARE PROVISION

#### LANDFILL AFTERCARE PROVISION

Council has a resource consent issued by the Hawke's Bay Regional Council to operate the Wairoa landfill. Under this resource consent the Council has a legal obligation to provide ongoing maintenance and monitoring of the Wairoa landfill site until 2060. The Council has provided for aftercare of the Wairoa landfill where such liability exists.

The management of the landfill will influence the timing of recognition of some liabilities. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The cash outflows for landfill post-closure are expected to occur within the next 8 years. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas. Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

This note discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision. The Council has assumed that the aftercare provision for Wairoa Landfill is operative until 2060, based upon the resource consent issued by the Hawke's Bay Regional Council which will need to be extended in 2031. There is capacity available for this extension. The Council has a responsibility under the resource consent to provide for ongoing maintenance and monitoring of the landfill site.

The following key assumptions have been used in calculating the landfill rehabilitation provision:

- Estimated year of closure: 2025 (2021: 2029)
- Length of post-closure monitoring period: 35 years (2021: 35 years)
- Total expected cash outflow undiscounted: \$1.327m (2021: \$1.205m)
- Discount rate: 3.77% (2021: 2.60%)

There are closure and post-closure responsibilities such as the following:

#### Closure responsibilities

- · Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- · Completing facilities for monitoring and recovery of gas

#### Post-closure responsibilities

- Treatment and monitoring of leachate
- · Ground water and surface monitoring
- · Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control systems
- Ongoing site maintenance for drainage systems, final cover and vegetation

#### **Landfill post closure costs**

The Māhia landfill was closed and capped in 2004 and aftercare of the landfill finished in 2014. There is however ongoing monitoring of the bores with an estimated annual cost (at today's dollar values) of \$3,000 per annum.

	Council		Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance	1,306	1,197	1,306	1,197
Movement in provision	(185)	109	(185)	109
Amount utilised	-	-	-	-
Landfill post closure costs – closing balance	1,121	1,306	1,121	1,306
Current	-	-	-	-
Non-current	1,121	1,306	1,121	1,306
Landfill post closure costs - closing balance	1,121	1,306	1,121	1,306

#### **QUARRY AFTERCARE PROVISION**

QRS operates quarry sites for the extraction of roading metal. A provision is recognised for the present value of anticipated costs of future restoration of quarry sites based on past experience of the level of metal extraction. The calculation of this provision requires assumptions such as the application of environmental legislation and life of metal extraction from each quarry site. Uncertainties inherent in these assumptions may result in future actual expenditure differing from the amounts currently provided. The provision for each site is periodically reviewed and updated based on the facts and circumstances available at the time. An inflationary factor equivalent to the annual CPI is included in this provision.

Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

It is expected that most of these costs will not be incurred in the next financial year, but 30% will be incurred within 2 years of the balance sheet date.

	Council		Gro	ир
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Quarry post closure costs				
Opening balance	-	-	168	179
Movement in provision	-	_	4	-
Amount utilised	-	-	-	(11)
Quarry post closure costs – closing balance	-	-	172	168
G				
Current	-	-	-	-
Non-current	-	-	172	168
Quarry post closure costs – closing balance	-	-	172	168

#### 18. EQUITY

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into a number of components to enable clearer identification of the specified uses of equity within the Council and the Group.

The components of equity are accumulated funds and retained earnings, revaluation reserves which include a fair value through other comprehensive revenue and expense reserve and restricted funds which comprise special fund reserves.

Special reserves are restricted by Council decision and subject to specific conditions of use. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met. The Council may alter them without references to any third party or the Courts. Transfers to or from these reserves are at the discretion of the Council.

Wairoa District Council has the following Council created special reserves:

- A disaster recovery reserve is held to fund Council's share of any costs relating to a natural disaster or unforeseen event.
- Reserves held for future asset purchases include proceeds from the sale of Council-owned infrastructure, land and buildings. These are held in the District development reserve and may be used towards the cost of purchasing or constructing new assets.
- A number of depreciation reserves are held to fund the renewal of infrastructure and other assets.
- Reserves held to meet future operational costs include administration reserves – funds carried over from one financial year to the next to match related expenditure, and retirement and restructuring reserves – to fund future retirement, redundancy, long service gratuities and costs associated with Council reorganisations.
- Reserves held for the repayment of debt as it matures.

	Cou	ıncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Special reserves	22,524	18,842	22,524	18,842
Revaluation reserves	124,611	115,251	125,602	116,242
Ratepayer's equity	163,343	156,124	167,158	160,165
Total equity	310,478	290,217	315,284	295,249

#### **EQUITY MANAGEMENT**

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

The Act requires the Council to make adequate and effective provision in its Long Term Plan and its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan. The Council monitors actual expenditure incurred against the Long Term Plan and Annual Plan. No changes were made in the equity management objectives, policies or processes for the year ended 30 June 2022.

#### **REVALUATION RESERVES**

The revaluation reserves are used to record accumulated increases and decreases in the fair value of certain asset classes. Revaluation movements are non-cash in nature and represent the restating of the Council's assets, subject to revaluation, into current dollar values after taking into account the condition and remaining lives of the assets.

The result of any revaluation of the Group's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is transferred to the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, and with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment. Any impairment in a revalued class of asset is recognised within other comprehensive revenue and expense and the portion relating to previouslrevaluation gains is taken to the asset revaluation reserve.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount. While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

	Cou	ncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Revaluation reserves - opening balance	115,251	115,806	116,242	116,797
Net transfer from asset revaluation reserve on disposal	(554)	(555)	(554)	(555)
Revaluation recognised in other comprehensive revenue and expense	9,914	-	9,914	_
Revaluation reserves - closing balance	124,611	115,251	125,602	116,242

#### RATEPAYERS EQUITY (RETAINED EARNINGS)

Retained earnings are accumulated surpluses and deficits from operations not transferred to special or restricted reserves over the life of the council.

	Cou	ncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Ratepayer's equity - opening balance	156,124	143,500	160,165	147,412
Surplus (deficit) for year	10,347	10,155	10,121	10,284
Transfers to special reserves	(5,243)	(2,768)	(5,243)	(2,768)
Transfers from special reserves	1,561	4,682	1,561	4,682
Transfers from revaluation reserves	554	555	554	555
Ratepayer's equity - closing balance	163,343	156,124	167,158	160,165

### SPECIAL RESERVES

	01 July 2021 Opening balance \$000	Transfer to \$000	Transfer from \$000	30 June 2022 Closing balance \$000
Reserves held for emergency purposes				
Disaster recovery reserve	800	16	-	816
Total reserves held for emergency purposes	800	16	-	816
Reserves held for future asset purchases				
District development fund	265	5	-	270
Asset and vehicle depreciation reserve	1,399	325	(243)	1,481
Information systems renewal reserve	533	116	(75)	574
Water production depreciation reserve	820	241	(52)	1,009
Water reticulation depreciation reserve - Wairoa	2,659	494	(106)	3,047
Water reticulation depreciation reserve - peri urban	133	3	-	136
Water reticulation depreciation reserve - Tuai	59	1	-	60
Water reticulation depreciation reserve - Frasertown	51	1	-	52
Water reticulation depreciation reserve - Māhanga	15	-	-	15
Sewerage system depreciation reserve - Wairoa	1,570	435	(35)	1,970
Sewerage system depreciation reserve - Tuai	329	7	-	336
Stormwater reticulation depreciation reserve - Wairoa	2,463	304	(4)	2,763
Stormwater reticulation depreciation reserve - Māhia	13	-	-	13
Parking area depreciation reserve	114	2	-	116
Bridges depreciation reserve	-	-	-	-
Landfill/RTS depreciation reserve	576	347	-	923
Airport runway depreciation reserve	-	-	-	-
Roading depreciation reserve	-	2,474	(857)	1,617
Footpaths depreciation reserve	1,135	145	-	1,280
Library book stocks depreciation reserve	209	16	(16)	209
Pensioner housing depreciation reserve	158	41	-	199
Parks and reserves depreciation reserve	333	165	(173)	325
Total reserves held for future asset purchases	12,834	5,122	(1,561)	16,395
Reserves held for future operational costs				
General purpose fund	583	12	-	595
Wairoa urban fund	286	6	-	292
Retirement and restructuring reserve	106	2	-	108
Tuai village reserve	140	3	-	143
Total reserves held for future operational costs	1,115	23	-	1,138
·	i ·	<u> </u>		
Reserves held for repayment of maturing debt				:
Loan repayment reserve - external	2,461	49	-	2,510
Loan repayment reserve - internal	1,632	33	-	1,665
Total reserves held for repayment of maturing debt	4,093	82	-	4,175
	18,842	5,243	(1,561)	22,524

# 19. RECONCILIATION OF OPERATING SURPLUS WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	Council		Council		Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000		
Net surplus/(deficit) for the period	20,261	10,155	20,035	10,285		

#### Add/(deduct) non-cash items:

Total non-cash items	17,044	16,848	27,963	17,685
Loss / (gain) revaluation	(9,914)	-	-	-
Increase in quarry aftercare provision	-	-	4	(12)
(Decrease) in landfill aftercare provision	(185)	109	(185)	109
Unrealised loss (gain) on investments	197	99	197	99
Net (decrease) in bad debts provision	365	(281)	365	(281)
Increase (decrease) in employee benefit provision	59	(41)	62	(24)
Decrease (increase) in deferred taxation	-	-	164	(136)
Amortisation	4	16	20	36
Gain on sale of assets	(19)	(15)	(117)	(480)
Loss on disposal of assets	6	1,304	74	1,438
Depreciation	6,270	5,502	7,344	6,651
/(/	,	·	,	

#### Add/(deduct) movement in working capital1:

Net cashflows from operating activities	14,782	21,672	25,764	22,328
Total movement in working capital	(2,262)	4,824	(2,199)	7,537
(Increase) / decrease inventories	(4)	8	188	-
Increase (decrease) in taxation payable	-	-	(56)	-
(Increase) decrease in GST receivable	281	60	281	60
Increase (decrease) in loans and other receivables	-	-	-	-
Increase (decrease) in trade and other payables	(3,683)	2,598	(963)	5,659
(Increase) decrease in trade and other receivables	1,263	1,620	(1,530)	1,280
(Increase) decrease in rates receivable	(119)	538	(119)	538

<sup>&</sup>lt;sup>1</sup> Excluding non-cash items

#### 20. TRANSACTIONS WITH RELATED PARTIES

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (Council and controlled entities) and key management personnel. Key management personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive and all members of the senior leadership team, being key advisors to the Council and Chief Executive.

There were close family members of key management personnel employed by the Council and Group. The terms and conditions of those arrangements are no more favourable than the Council and Group would have adopted if there was no relationship to the key management Pprsonnel.

## Material related party transactions - key management personnel of Council

During the year, key management personnel, as part of normal local authority relationships, were involved in transactions with the Council such as payment of rates and purchases of rubbish bags or other Council services. These transactions were on normal commercial terms. Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillor's disclose their personal interests in a register available on the Council website.

There are no commitments from Council to key management personnel.

#### Material related party transactions - ORS

Council's purchase of services and sales income from QRS for the year were as follows:

	2022 \$000	2021 \$000
Revenue received by Council for services provided to QRS	32	142
Expenditure payments made by Council for services provided by QRS	12,028	15,314
Dividend received from QRS	383	0
Subvention payment from QRS	0	287
Current receivables and recoverables owing to the Council from QRS	1	5
Current payables owed by the Council to QRS	1,457	2,578

The receivable and payable balances are non-interest bearing and are to be settled on normal trading terms and conditions, except for \$237,298 (2021: \$428,872) of contract retentions which are payable at closure of defects liability period.

No related party transactions were forgiven or written off during the period (2021: nil).

## 21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's and Council's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Group			
Carrying	amount	Fair	/alue
2022 \$000	2021 \$000	2022 \$000	2021 \$000

#### **Financial assets**

Other financial assets:

<ul> <li>At fair value</li> </ul>	217	155	217	155
through OCI	211	155	211	133

#### **Financial liabilities**

Interest-bearing loans and borrowings:

borrowings 10,273 8,354 10,330 8,630	•	Fixed rate borrowings	10,273	8,354	10,330	8,630
--------------------------------------	---	-----------------------	--------	-------	--------	-------

Council				
Carrying amount		Fair	/alue	
2022 \$000	2021 \$000	2022 \$000	2021 \$000	

#### **Financial assets**

Other financial assets:

•	At fair value	217	155	217	155
	through OCI	211	133	211	133

#### **Financial liabilities**

Interest-bearing loans and borrowings:

<ul> <li>Fixed rate</li> </ul>	10.000	8.000	10.058	7.980
borrowings	10,000	0,000	10,036	1,300

Management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate borrowings are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the counterparty and the risk characteristics of the financed project.
- Fair value of the quoted shares and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- Fair value of the remaining AFS financial assets is derived from quoted market prices in active markets.
   Due to the immaterial size and nature of the Council's investment in Civic Financial Services Limited, the Council has estimated the fair value of this investment based on net asset backing as at 30 June 2022.
- Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The carrying amounts of borrowings repayable within one year approximate their fair value.

#### **FAIR VALUE HIERACHY**

For those financial instruments recognised at fair value in the Statement of Financial Position, the fair values are determined according to the following hierarchy:

#### Level 1 - Quoted market price

Financial instruments with quoted prices for identical instruments in active markets.

#### Level 2 - Valuation techniques using observable inputs

Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

#### Level 3 - Valuation techniques with significant nonobservable inputs

Financial instruments valued using models where one or more significant inputs are not observable.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as at 30 June:

		2022			2021	
	Level 1 \$000	Level 2 \$000	\$000	Level 1 \$000	Level 2 \$000	\$000
Financial assets ca	rried at	fair va	lue			
Financial assets at fair value through other comprehensive	2,561	-	-	3,771	-	-

through other comprehensive revenue and expense	2,561	-	-	3,771	-	-
Financial assets at fair value through OCI	-	217	-	-	155	-

#### Financial liabilities measured at amortised cost

Fixed rate	10 272	8 354		
borrowings	10,273	 6,334	-	-

The level 2 equity investments comprise the Group's LGFA borrower notes and investment in Civil Financial Services. There have been no transfers between Level 1 and Level 2 during the year.

#### 22. FINANCIAL INSTRUMENT RISK

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As part of its normal operations, the Group is exposed to a number of risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Council's senior management oversees the management of these risks. The Council's senior management is supported by a FAR Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The FAR Committee provides assurance to the Council that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

The Group's exposure to identified credit, liquidity and market risks and the action that the Group has taken to minimise the impact of these risks is outlined below.

#### **MARKET RISK**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and AFS investments.

The sensitivity analyses in the following sections relate to the position as at 30 June 2022. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt are all constant at 30 June 2022.

The analyses exclude the impact of movements in market variables on provisions and the non-financial assets and liabilities. The following assumptions have been made in calculating the sensitivity analyses:

 The sensitivity of the relevant statement of comprehensive revenue and expense item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2022.

#### Interest rate risk

The interest rates on the Council's investments are disclosed in note 8 and on the Council's borrowings in note 16. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group can manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings, and a spread of maturities over several years. The Council's Investment and Liability Policy outlines the level of borrowing that is secured using fixed rate instruments. The Group's policy is to have no less than 50% of its borrowings at fixed rates of interest.

At 30 June 2022, 100% of the Group's borrowings are at a fixed rate of interest (2021: 100%). For the Council, 100% of all borrowings as at 30 June 2022 are at a fixed rate of interest (2021: 100%).

#### **Interest rate sensitivity**

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

At 30 June 2022 the Council and Group have no floating rate debt. Therefore a movement in interest rates has no effect on the Council or Group's interest expense.

#### **Commodity price risk**

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of materials for road maintenance and therefore requires a continuous supply of roading metal. This risk is mitigated by the fact that QRS mines its own metal. The risk is further mitigated by Government subsidies relating to roading which offset the costs to Council. If there is an increase in the volatility of the price of the raw materials, the Group will consider entering into various forward commodity purchase contracts in the future.

#### **Equity price risk**

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages equity price risk through diversification of the investment portfolio in accordance with the limits set out in the Council's Investment policy. Reports on the equity portfolio are reviewed on a regular basis.

At the reporting date, the listed equity securities at fair value was \$2,542,100 (2021: \$3,770,945). A decrease of 10% on the NZX market index could have an impact of approximately \$254,210 (2021: \$374,414) on the surplus or equity/net assets attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity/net assets, and would not have an effect on surplus.

#### LIQUIDITY RISK

Liquidity risk is the risk that the Group may encounter difficulties in meeting financial liabilities as they fall due. The Group monitors and manages this risk in accordance with the Council's Investment and Liability Policy. The Group maintains sufficient funds to cover all obligations as they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and facilities, debentures, finance leases and hire purchase contracts. The Group mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within policy limits.

The Group's policy is that not more than 50% of borrowings should mature in the next 12-month period. Approximately 15% of the Group's debt will mature in less than one year at 30 June 2022 based on the carrying value of borrowings reflected in the financial statements (2021: 13%). Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Council		Group			
	2022 \$000	2021 \$000	2022 \$000	2021 \$000		
Contractual cashflows of financial liabilities						
0-12 months	8,686	11,740	10,709	12,336		
1-2 years	3,657	1,658	3,854	1,943		
2-5 years	5,092	5,641	5,092	5,641		
More than 5 years	49	61	105	115		
Contractual cashflows of financial liabilities	17,484	19,100	19,760	20,035		

#### Represented by

Carrying amount as per the Statement of Financial Position	16,987	18,611	19,251	19,531
Future interest payable	497	489	509	505
Contractual cashflows of financial liabilities	17,484	19,100	19,760	20,036

#### **CREDIT RISK**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's maximum credit risk exposure for each class of financial instruments is as follows:

	Council		Group		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
Cash and cash equivalents	4,309	4,324	5,742	6,031	
Trade and other receivables	4,232	5,741	6,107	6,210	
Total financial instruments with credit risk	8,540	10,065	11,849	12,241	

#### Trade receivables from exchange transactions

Customer credit risk in relation to trade receivables from exchange transactions is managed by the Council and the Council-controlled organisation subject to the Group's established policy, procedures and control relating to customer credit risk management.

The Group evaluates the concentration of risk with respect to trade receivables as low, the majority of the Group's receivables from non-exchange transactions arise from the Council's statutory functions. There are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Group does not hold collateral as security. The Group is not exposed to a material concentration of credit risk around rates and other receivables from non-exchange transactions as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group policy. Investments of surplus funds are made in accordance with the Council's Investment Policy. The Council's FAR Committee reviews investments as required. The Group aims to minimise the concentration of risks and therefore mitigate financial loss resulting from potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2022 is the carrying amounts as illustrated above.

#### 23. CONTINGENCIES

Contingent liabilities and contingent assets are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Contingent assets are disclosed if it is probable the benefits will be realised.

#### **CONTINGENT ASSETS**

A contingent asset is a future expected cashflow arriving out of council operations that has an inherent factor of uncertainty.

The Council entered into a 30 year targeted capital rating repayment plan for the connections of private individual's properties to a centralised wastewater network owned by the Council in the Māhia and Ōpoutama catchment areas. In terms of repayment of that cost, ratepayers were eligible to select an upfront payment, or to nominate between 3 and 30 years to repay the cost, plus interest through rates. The ordinary recovery of capital under a capital rating scheme is an instalment charged as a targeted rate, set with each year's rating resolution. In addition, an early repayment policy was adopted in 2016/17 for ratepayers to clear the remaining cost, exclusive of any future interest charges. The costs for the work commissioned by the Council on behalf of the ratepayers for these schemes were capitalised in the 2014/15 financial year.

The calculated value represents the amount owed and repayable under the scheme as at 30 June:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Balance at 1 July	1,041	1,150	1,041	1,150
Less: Charged through rates this financial year	(113)	(113)	(113)	(113)
Add back: Interest charged in rates	34	36	34	36
Less: Early repayment policy payments	(106)	(33)	(106)	(33)
Balance at 30 June	856	1,040	856	1,040

#### **CONTINGENT LIABILITIES**

A contingent liability is a debt that may be incurred in the future, but for which there is no current actual liability owing or an event giving rise to an obligation.

There were no contingent liabilities at 30 June 2022.

#### 24. COMMITMENTS

#### **FUTURE CONTRACTUAL COMMITMENTS**

	Council		Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Capital commitments	3			
Infrastructural assets - Water system	5,905	452	5,905	452
Infrastructural assets - Roading network	32,036	3,933	10,655	2,045
Other	-	-	764	607
Total capital commitments	37,941	4,385	17,324	3,104
Operational commitn	nents			
Maintenance and service contracts	6,059	5,349	6,059	5,349
Total operational commitments	6,059	5,349	6,059	5,349
Total contractual commitments	44,000	9,734	23,383	8,453

At balance date, QRS had a capital commitment of \$665,093 for a concrete batching plant and bitumen distributor (2021: \$607,076 for a Hino truck and bitumen distributor) along with commitments of \$3,077,845 (2021: nil) relating to the construction of the QRS Operations Hub. Subsequent to year end, the contract was amended, leading to an increased commitment of \$3,851,852.

The capital commitments above represent signed contracts in place at the end of the reporting period. The contracts will often span more than one financial year and may include capital expenditure carried forward from previous years.

### NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Council leases photocopy machines and a building in the ordinary course of its business. New leases for each were negotiated in the current year for a 5 year term. Leases are generally renewable at the end of the lease period at market rates.

The leases have the following characteristics:

- The lease does not transfer substantially all the risks and rewards incidental to ownership;
- The lease does not transfer ownership to the Council or Group at the end of the lease term;
- The leased asset is not of a specialised nature that only the lessee can use without modifications;
- The lessee cannot cancel the lease unilaterally unless the lessor is in material breach of contract, and gains and losses in the value of the equipment remain the risk of the lessor.

The amount of minimum payments for non-cancellable operating leases is recognised as an expense in Note 3. The future expenditure committed by these leases is analysed in the following table:

	Cou	ıncil	Gro	oup
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Office equipment and	l vehicles			
Up to one year	34	34	41	43
Later than one year and not later than five years	59	93	60	98
Later than five years	-	-	-	-
Buildings		<b></b>		
Up to one year	32	32	32	32
Later than one year and not later than five years	53	85	53	85
Later than five years	-	-	-	-
Total non- cancellable operating lease commitments as	178	244	186	258

lessee

#### 25. VARIANCES FROM THE ANNUAL PLAN

Explanations for major variances from the Council's estimated figures in the 2021/22 budget (Long Term Plan year 1) are as follows:

	Annual Plan
	\$000
Statement of comprehensive revenue and expense	
2022 plan net surplus	9,595
Higher (lower) funding and grants received	4,471
(Higher) lower operational expenditure relating to flooding events, solid waste levies and sewerage resource consent	(5,415)
(Higher) lower operational expenditure on salaries and wages and roading consultancy	1,057
Higher (lower) income from investments	133
Higher (lower) interest on loans	109
Higher (lower) income from fees and charges (property leases and rentals, subdivision consent fees, other volumetric regulatory fees)	138
Higher (lower) income from rates	190
Other	69
2022 actual net surplus	10,347
Capital expenditure	
2022 planned expenditure	20,574
Projects deferred or cancelled	(8,819)
Additional projects during the year	6,547
Actual expenditure 2022	18,302

#### 26. SIGNIFICANT EVENTS

#### LOCAL GOVERNMENT REFORM

In the past financial year, central government has announced three tranches of local government reform. These reforms may have impacts on the Wairoa District Council responsibilities, operations and financial statements in future periods.

#### **Three Waters Reform**

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and as such, the impacts of the proposed reforms are currently unclear. Additional legislation is expected later in 2022 that will provide detail on the transfer of assets and liabilities to the water service entities.

As at 30 June 2022, the carrying value of Council's Three Waters assets was \$48.7 million. Three Waters asset capital additions during the year were \$6.2 million and annual operating expenditure in relation to Three Waters assets was \$5.3 million.

For more information on the Three Waters Reform, please visit www.dia.govt.nz/three-waters-reform-programme

#### **Resource Management Reform**

The resource management reform looks to unlock better infrastructure outcomes across all sectors, through an overhaul of the Resource Management Act and proposal of a national planning instrument that would streamline consenting for nationally significant infrastructure. At this stage the outcome is uncertain and the annual report has been prepared on the basis that the delivery model will not change in the foreseeable future.

For more information on the Resource Management Reform, please visit https://environment.govt.nz/what-government-is-doing/key-initiatives/resource-management-system-reform/overview/

#### **Local Government Reform**

Central Government has indicated a need to rethink the form, function and funding of local government in New Zealand. This is as a result of the impact of the Resource Management and Three Waters Reforms on local government responsibilities, combined with the need for a cohesive long term response to COVID-19, climate change and the opportunities that technological change present. It has been indicated that this reform will aim to incentivise and empower local government to work in partnership with central government to drive regional development, improve environmental outcomes and deliver on the wellbeing needs of communities.

This may result in new services, activities or responsibilities for Council. At this stage the outcome is uncertain and the annual report has been prepared on the basis that the delivery model will not change in the foreseeable future.

For more information on the Local Government Reform, please visit https://www.dia.govt.nz/Future-for-Local-Government-Review

## 27. EVENTS SUBSEQUENT TO BALANCE DATE

On 22 September 2022, the Directors of QRS approved the payment of a dividend of \$200,000 to Council. The distribution was paid on 30 September 2022.

## 28. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

#### **PBE FRS 48 Service Performance Reporting**

This Standard was issued in November 2017 and establishes requirements for PBEs to select and present service performance information.

PBEs within the scope of this Standard will need to provide users with:

- Sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this and
- Information about what the entity has done during the reporting period in working towards its broader aims and objectives

#### This Standard applies to:

- a. All not-for-profit public benefit entities and
- Public sector public benefit entities required by legislation to provide information in respect of service performance in accordance with generally accepted accounting practice (GAAP). If an entity is required by legislation to report service performance information on only some of its activities, this Standard applies only to those activities.

The standard is effective for annual periods beginning on or after 1 January 2022. Early application of the standard is permitted. Application of amendments will result in additional disclosures provided by the Group.

#### 29. ADOPTION OF THE ANNUAL REPORT

Council adopted the Annual Report on 31 October 2022.

The statutory deadline to adopt the Annual Report for the year ended 30 June 2022 was extended to 31 December 2022. Council elected not to utilise the extension.

### MATAPAE PŪTEA

### FINANCIAL PRUDENCE BENCHMARKS

The government has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations) which has a series of measures and benchmarks, disclosed in the following pages.

Readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wairoa District Councils' results with other councils due to their size, location and provision of services.

## Annual Report disclosure statement for year ending 30 June 2022 - What is the purpose of this statement?

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

The Council is required to include this statement in its annual report in accordance with the regulations. Refer to the regulations for more information, including definitions of some of the terms used in this statement. Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2021-2031 Long Term Plan.

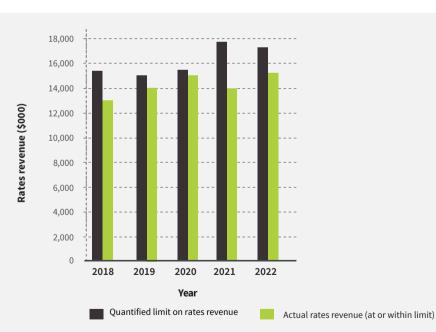
#### RATES AFFORDABILITY BENCHMARK

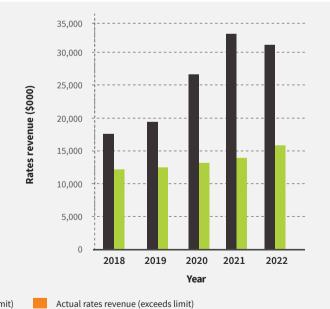
The council meets the rates affordability benchmark if:

- 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 graphs 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 Council has two measures for rates (income) affordability and these are set out below.



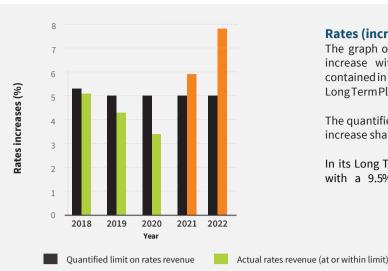


#### Total rates as a percentage of operating costs

The quantified limit is that total rates (excluding capital contribution rates) will not exceed 60% of operating costs.

#### Total rates as a percentage of cash revenue

The quantified limit is that total rates (including capital contribution rates) shall not exceed 70% of total cash revenue.



#### Rates (increases) affordability

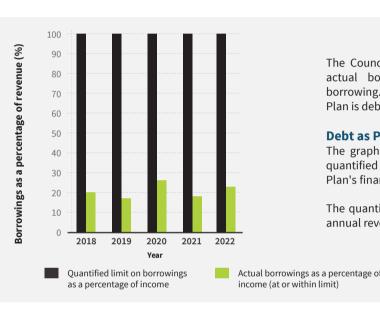
The graph on the left compares the Council's actual rates increase with a quantifiable limit on rates increases contained in the financial strategy included in the Council's Long Term Plan.

The quantifiedlimit is that the maximum annual total rates increase shall not exceed 5%.

In its Long Term Plan 2021-2031 Council adopted a budget with a 9.5% net rates increase for the 2022 year.

Actual rates revenue (exceeds limit)

#### DEBT AFFORDABILITY BENCHMARK



The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit described in the Long Term Plan is debt as a percentage of income.

#### **Debt as Percentage of Income**

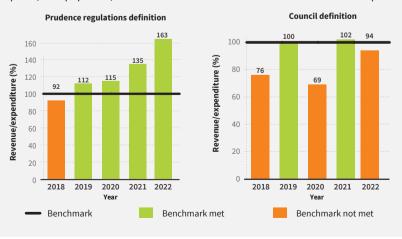
The graph on the left compares the Council's debt with a quantified limit contained in the relevant Long Term Plan's financial strategy.

The quantified limit is that total borrowings will not exceed annual revenue.

Actual borrowings as a percentage of income (exceeds limit)

#### BALANCED BUDGET BENCHMARK

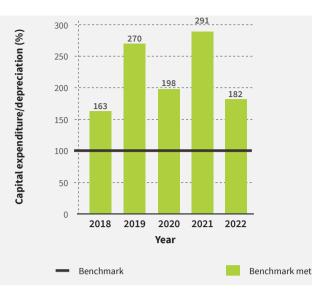
The LGA section 100(1) requires Council to have a balanced budget. This is defined in the regulations as Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion 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.



The LGA does allow the Council to budget for a deficit, if it resolves that it is financially prudent to do so. The Council acknowledges that it runs deficits from a balanced budget perspective because it does not fully rate fund depreciation. For this reason, the Council has defined its balanced budget target as the above definition modified to exclude costs and gains from asset sales and the Waka Kotahi capital subsidies (from 2021, this has been refined to capital subsidies related to renewals) from the calculation of revenue, offset by the depreciation not funded.

The "Council definition" graph shows this adjusted balanced budget calculation and demonstrates the effect of Council not rating for all depreciation charges.

#### **ESSENTIAL SERVICES BENCHMARK**



The graph on the left displays the Council's capital expenditure on network services as a proportion of expected depreciation on network services.

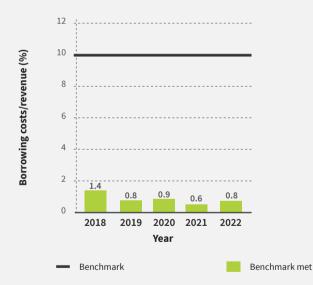
The council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

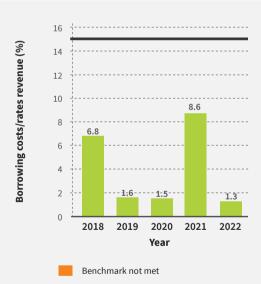
Benchmark not met

#### 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). The Council has two measures for debt servicing and these are set out below.





#### Borrowing costs as a percentage of revenue

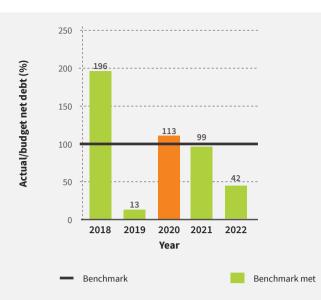
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.

#### Debt servicing as a percentage of rates revenue

The above graph displays the Council's debt servicing costs as a proportion of rates revenue with a quantified limit on debt servicing as a proportion of rates revenue contained in the financial strategy included in the Council's Long-Term Plan.

The quantified limit is that annual interest costs and loan repayments (debt servicing) shall not exceed 15% of rates revenue.

#### **DEBT CONTROL BENCHMARK**



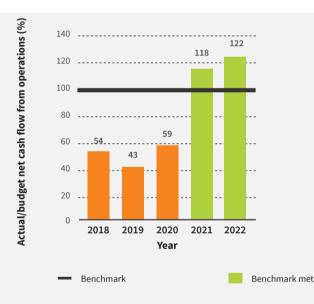
The graph on the left displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

Note: In 2017/18 and 2018/19 the council expected to have net debt – that is, its financial liabilities were planned to exceed its financial assets. As at 30 June 2018 Council's financial assets exceeded it financial liabilities. Due to this juxtaposition the pure calculation would show that Council was adverse to plan, which is not the case. Therefore the measure for 2017/18 expresses the calculation without +/- signs and the results shown in the graph above are a fair representation of Council's position. The graph shows "benchmark met" whenever the council is better off (either less indebted or with greater net assets) than planned. Conversely it shows "benchmark not met" whenever the council is either more indebted or has less net assets than planned.

Benchmark not met

#### **OPERATIONS CONTROL BENCHMARK**



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

Benchmark not met

### HE TAUĀKĪ WHAKAAWEAWE PŪTEA

#### **FUNDING IMPACT STATEMENTS**

## Annual report disclosure statement for year ending 30 June 2022

#### What is the purpose of these statements?

An annual report must include an audited funding impact statement for the financial year to which the report relates. The purpose of the Funding impact statements is to disclose the amount of funds produced from each source of funding, identify how the funds were applied and compare this information against the information included in the Long Term Plan.

One statement is prepared for the whole of Council's activities and individual statements are prepared for each strategic activity.

#### **Understanding Funding Impact Statements**

These statements set out Council's sources of operating and capital funding for the financial year, and how this funding is applied.

Council's sources of operating funding include items such as fees and charges, and its applications of operating funding includes items such as payments to staff and suppliers.

Council's sources of capital funding include items such as subsidies and grants for capital expenditure, and its applications of capital funding include capital expenditure to improve levels of service or replace existing assets.

The difference between the value of total capital funding and application of this funding is the amount that Council needs to fund from rating for depreciation, both in the current year and from reserves which have built up over several years. These statements do not include depreciation. This is because it is a non-cash item.

The Whole of Council Funding Impact Statement provides combined totals of all Council's sources of operating and capital sources of funding and application, and activity-level funding impact statements which separates this information into Council's key activity groups such as water supply and waste management.

The application of capital funding is summarised in an additional table on page 110 and 111.

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 WHOLE OF COUNCIL

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,523	3,528	10,951	11,086
Targeted rates (other than a targeted rate for water supply)	10,464	10,444	4,508	4,563
Subsidies and grants for operating purposes	8,041	8,972	6,241	9,789
Fees and charges	2,273	2,228	2,436	2,495
Interest and dividends from investments	761	387	758	380
Local authorities fuel tax, fines, infringement fees, and other receipts	89	84	85	80
Total operating funding (A)	25,151	25,643	24,979	28,393
Applications of operating funding				
Payments to staff and suppliers	23,213	25,435	22,132	22,900
Finance costs	202	581	1,046	658
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	23,415	26,016	23,178	23,558
Surplus (deficit) of operating funding (A - B)	1,736	(373)	1,801	4,835
Sources of capital funding		``````````````````````````````````````		
Subsidies and grants for capital expenditure	12,168	17,857	13,649	14,455
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	2,702	5,197	3,149	(3,562)
Gross proceeds from sale of assets	17	15	61	19
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	98	-	-
Total sources of capital funding (C)	14,887	23,167	16,859	10,912
Application of capital funding				
Capital expenditure				
to meet additional demand	-	-	715	113
to improve the level of service	9,364	15,555	6,175	7,812
to replace existing assets	11,239	10,963	13,684	10,377
Increase (decrease) in reserves	(3,980)	(3,724)	(1,914)	(2,555)
Increase (decrease) of investments			-	
Total applications of capital funding (D)	16,623	22,794	18,660	15,747
Surplus (deficit) of capital funding (C-D)	(1,736)	373	(1,801)	(4,835)
Funding balance ((A-B) + (C-D))	_	-		-

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 WATER SUPPLY

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	155	157
Targeted rates (other than a targeted rate for water supply)	1,295	1,293	1,397	1,414
Subsidies and grants for operating purposes	-	-	-	332
Fees and charges	307	306	465	318
Internal charges and overheads recovered	436	-	-	-
Internal interest income	124	-	122	-
Interest and dividends from investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	2,162	1,599	2,139	2,221
Applications of operating funding				
Payments to staff and suppliers	782	1,288	1,202	1,358
Finance costs	-	-	54	-
Internal charges and overheads applied	827	315	328	320
Internal interest charged	83	44	-	60
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,692	1,647	1,584	1,738
Surplus (deficit) of operating funding (A - B)	470	(48)	555	483
Sources of capital funding			•	
Subsidies and grants for capital expenditure	_	930	1,425	2,129
Development and financial contributions		-		-,
Increase (decrease) in debt	140	48	(525)	(579)
Gross proceeds from sale of assets	110	-	(323)	-
Lump sum contributions	_	-	_	-
Other dedicated capital funding		-	_	-
Total sources of capital funding (C)	140	978	900	1,550
Application of capital funding				
Capital expenditure				
to meet additional demand	-	-	30	1
to improve the level of service	20	966	1,410	1,128
to replace existing assets	1,155	587	188	1,062
Increase (decrease) in reserves	(565)	(623)	(173)	(158)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	610	930	1,455	2,033
Surplus (deficit) of capital funding (C-D)	(470)	48	(555)	(483)
	, /		,/	
Funding balance ((A-B) + (C-D))				1

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 STORMWATER

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	40	41
Targeted rates (other than a targeted rate for water supply)	373	379	364	369
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	40	-	4
Internal charges and overheads recovered	-	-	-	-
Internal interest income	95	-	66	-
Interest and dividends from investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	468	419	470	414
Applications of operating funding				
Payments to staff and suppliers	117	150	136	118
Finance costs	-	-	50	-
Internal charges and overheads applied	153	115	133	54
Internal interest charged	106	35	-	47
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	376	300	319	219
Surplus (deficit) of operating funding (A - B)	92	119	151	195
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	42	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	8	(119)	349	(83)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	_
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	8	(119)	391	(83)
Application of capital funding				
Capital expenditure				
to meet additional demand	-	-	500	112
to improve the level of service	100	106	42	-
to replace existing assets	-	40	-	4
Increase (decrease) in reserves	-	(146)	-	(4)
Increase (decrease) of investments	-	-	-	-
	100	-	542	112
Total applications of capital funding (D)				

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 WASTEWATER

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	194	197
Targeted rates (other than a targeted rate for water supply)	1,513	1,442	1,748	1,769
Subsidies and grants for operating purposes	-	-	-	431
Fees and charges	105	56	-	156
Internal charges and overheads recovered	-	-	-	-
Internal interest income	68	-	26	-
Interest and dividends from investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	1,686	1,498	1,968	2,553
Applications of operating funding				
Payments to staff and suppliers	999	1,937	1,293	2,069
Finance costs	-	-	154	-
Internal charges and overheads applied	295	172	242	518
Internal interest charged	179	96	-	69
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,473	2,205	1,689	2,656
Surplus (deficit) of operating funding (A - B)	213	(707)	279	(103)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	1,707	3,630	4,330
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,545	609	2,199	174
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	98	-	-
Total sources of capital funding (C)	1,545	2,414	5,829	4,504
Application of capital funding				
Capital expenditure				
to meet additional demand	-	-	100	-
to improve the level of service	-	556	1,410	1,881
to replace existing assets	2,691	1,566	4,703	2,562
Increase (decrease) in reserves	(933)	(415)	(105)	(42)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	1,758	1,707	6,108	4,401
Surplus (deficit) of capital funding (C-D)	(213)	707	(279)	103
Funding balance ((A-B) + (C-D))		[	1	

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 WASTE MANAGEMENT

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	111	112
Targeted rates (other than a targeted rate for water supply)	1,260	1,288	999	1,011
Subsidies and grants for operating purposes	-	40	-	-
Fees and charges	635	681	673	730
Internal charges and overheads recovered	-	-	-	_
Internal interest income	-	-	18	-
Interest and dividends from investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	1,895	2,009	1,801	1,853
Applications of operating funding				
Payments to staff and suppliers	1,512	1,497	1,578	2,238
Finance costs	_	-	57	_
Internal charges and overheads applied	216	205	179	150
Internal interest charged	60	58	-	72
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,788	1,760	1,814	2,460
Surplus (deficit) of operating funding (A - B)	107	249	(13)	(607)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	265	-	11
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(107)	(70)	28	605
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(107)	195	28	616
Application of capital funding				
Capital expenditure				
to meet additional demand	-	-	-	-
to improve the level of service	-	539	15	87
to replace existing assets	-	89	90	64
Increase (decrease) in reserves	-	(184)	(90)	(142)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	-	444	15	9
Surplus (deficit) of capital funding (C-D)	(107)	(249)	13	607
Funding balance ((A-B) + (C-D))	-	-	-	-

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 TRANSPORT

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	101	102	3,774	3,821
Targeted rates (other than a targeted rate for water supply)	3,594	3,649	-	-
Subsidies and grants for operating purposes	7,887	7,069	5,719	8,194
Fees and charges	53	53	42	51
Internal charges and overheads recovered	-	-	-	-
Internal interest income	-	-	32	-
Interest and dividends from investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	11,635	10,873	9,567	12,066
Applications of operating funding				
Payments to staff and suppliers	8,526	9,364	7,387	6,890
Finance costs	-	-	18	-
Internal charges and overheads applied	1,562	1,465	1,243	1,352
Internal interest charged	39	1	-	152
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	10,127	10,830	8,648	8,394
Surplus (deficit) of operating funding (A - B)	1,508	43	919	3,672
Sources of capital funding				
Subsidies and grants for capital expenditure	11,568	13,497	8,524	6,833
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(1,508)	4,812	309	(3,385)
Gross proceeds from sale of assets	-	-	9	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	10,060	18,309	8,842	3,448
Application of capital funding				
Capital expenditure				
to meet additional demand	-	-	-	-
to improve the level of service	6,362	11,986	2,960	2,546
to replace existing assets	7,120	8,222	7,595	6,425
Increase (decrease) in reserves	(1,914)	(1,856)	(794)	(1,851)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	11,568	18,352	9,761	7,120
Surplus (deficit) of capital funding (C-D)	(1,508)	(43)	(919)	(3,672)

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 COMMUNITY FACILITIES

Targeted rates (other than a targeted rate for water supply)  Subsidies and grants for operating purposes  Fees and charges  Internal charges and overheads recovered  Internal interest income  Interest and dividends from investments  Local authorities fuel tax, fines, infringement fees, and other receipts  Total operating funding (A)  Applications of operating funding  Payments to staff and suppliers  Finance costs  Internal charges and overheads applied  Internal interest charged  Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding  Subsidies and grants for capital expenditure  Development and financial contributions	786 1,256 39 70 2,151  1,908 - 290 69 - 2,267 (116)	804 1,282 221 87 2,394  1,927 - 275 57 - 2,259	3,031 - 73 70 - 12 - 3,186  2,599 41 297 - 2,937	3,068 157 81 3,306  1,986 295 35 2,316
Local authorities fuel tax, fines, infringement fees, and other receipts  Total operating funding (A)  Applications of operating funding  Payments to staff and suppliers	1,256 39 70 2,151  1,908 - 290 69 - 2,267	1,282 221 87 2,394  1,927 - 275 57 - 2,259	73 70 - 12 - 3,186  2,599 41 297 2,937	- 157 81 - - - 3,306 1,986 - 295 35
Subsidies and grants for operating purposes Fees and charges Internal charges and overheads recovered Internal interest income Interest and dividends from investments Local authorities fuel tax, fines, infringement fees, and other receipts Total operating funding (A)  Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	39 70 2,151  1,908 - 290 69 - 2,267	221 87 - - - 2,394 1,927 - 275 57 - 2,259	70 - 12 - 3,186  2,599 41 297 - 2,937	81 - - - 3,306 1,986 - 295 35
Fees and charges Internal charges and overheads recovered Internal interest income Interest and dividends from investments Local authorities fuel tax, fines, infringement fees, and other receipts Total operating funding (A)  Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	70 - - - 2,151 1,908 - 290 69 - 2,267	87 2,394  1,927 - 275 57 - 2,259	70 - 12 - 3,186  2,599 41 297 - 2,937	81 - - - 3,306 1,986 - 295 35
Internal charges and overheads recovered Internal interest income Interest and dividends from investments Local authorities fuel tax, fines, infringement fees, and other receipts  Total operating funding (A)  Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	- - - 2,151 1,908 - 290 69 - 2,267	- - - 2,394 1,927 - 275 57 - 2,259	- 12 - - 3,186 2,599 41 297 - - - 2,937	1,986 - 295 35
Internal interest income Interest and dividends from investments Local authorities fuel tax, fines, infringement fees, and other receipts  Total operating funding (A)  Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	- 2,151 1,908 - 290 69 - 2,267	1,927 - 275 57 - 2,259	2,599 41 297 - - 2,937	1,986 - 295 35
Interest and dividends from investments Local authorities fuel tax, fines, infringement fees, and other receipts  Total operating funding (A)  Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	1,908 - 290 69 - 2,267	1,927 - 275 57 - 2,259	2,599 41 297 - - 2,937	1,986 - 295 35
Local authorities fuel tax, fines, infringement fees, and other receipts  Total operating funding (A)  Applications of operating funding Payments to staff and suppliers  Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	1,908 - 290 69 - 2,267	1,927 - 275 57 - 2,259	2,599 41 297 - - 2,937	1,986 - 295 35
Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	1,908 - 290 69 - 2,267	1,927 - 275 57 - 2,259	2,599 41 297 - - 2,937	1,986 - 295 35
Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	1,908 - 290 69 - 2,267	1,927 - 275 57 - 2,259	2,599 41 297 - - 2,937	1,986 - 295 35
Payments to staff and suppliers  Finance costs  Internal charges and overheads applied  Internal interest charged  Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding  Subsidies and grants for capital expenditure  Development and financial contributions	290 69 - 2,267	- 275 57 - 2,259	41 297 - - 2,937	295 35
Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	290 69 - 2,267	- 275 57 - 2,259	41 297 - - 2,937	295 35
Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	69 - <b>2,267</b>	57 - <b>2,259</b>	297 - - - <b>2,937</b>	295 35
Internal interest charged Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	69 - <b>2,267</b>	57 - <b>2,259</b>	- - 2,937	35
Other operating funding applications  Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding  Subsidies and grants for capital expenditure  Development and financial contributions	- 2,267	2,259		-
Total applications of operating funding (B)  Surplus (deficit) of operating funding (A - B)  Sources of capital funding  Subsidies and grants for capital expenditure  Development and financial contributions				2,316
Surplus (deficit) of operating funding (A - B)  Sources of capital funding  Subsidies and grants for capital expenditure  Development and financial contributions				2,316
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions	(116)		242	
Sources of capital funding Subsidies and grants for capital expenditure Development and financial contributions		135	249	990
Subsidies and grants for capital expenditure  Development and financial contributions		i i	i	
Development and financial contributions	600	379		236
	000	313	-	230
ilicrease (decrease) ili debt	627	- (125)	35	/1 020
Gross proceeds from sale of assets	021	(135)	33	(1,029)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	1,227	244	35	(793)
Application of capital funding				
Capital expenditure				
to meet additional demand		_	85	
to improve the level of service	1,546	407	60	302
to improve the level of service     to replace existing assets	78	86	346	68
Increase (decrease) in reserves	(513)	(114)	(207)	(173)
Increase (decrease) of investments	(313)	(++-7)	(201)	(113)
Total applications of capital funding (D)	1,111	379	284	197
Surplus (deficit) of capital funding (C-D)	116	(135)	(249)	(990)

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 PLANNING & REGULATORY

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	193	154	1,015	1,028
Targeted rates (other than a targeted rate for water supply)	1,219	1,287	-	_
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	631	691	754	800
Internal charges and overheads recovered	-	-	-	-
Internal interest income	-	-	-	-
Interest and dividends from investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	2,043	2,132	1,769	1,828
Applications of operating funding				
Payments to staff and suppliers	2,015	1,110	1,428	1,248
Finance costs	-	22	12	32
Internal charges and overheads applied	598	563	639	1,393
Internal interest charged	7	6	-	(22)
Other operating funding applications	-	-	-	_
Total applications of operating funding (B)	2,620	1,701	2,079	2,651
Surplus (deficit) of operating funding (A - B)	(577)	431	(310)	(823)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	_	-	
Development and financial contributions	-	-	-	
Increase (decrease) in debt	650	(431)	309	821
Gross proceeds from sale of assets	-	-	53	12
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	650	(431)	362	833
Application of capital funding				
Capital expenditure				
to meet additional demand	-	-	-	-
to improve the level of service	-	-	-	_
to replace existing assets	-	37	243	74
Increase (decrease) in reserves	73	(37)	(191)	(64)
Increase (decrease) of investments			-	
Total applications of capital funding (D)	73	-	52	10

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 LEADERSHIP & GOVERNANCE

2,670 639 1,164 114 - - - - 4,587	2,613 - 53 261 - -	2,645 - 627 128 -
639 1,164 114 - - -	- 53	- 627
1,164 114 - - -		
	261	128
-		-
-		-
-	-	
- <b>4,587</b>	_	-
4,587		-
	2,927	3,400
2,287	1,173	1,910
1	12	-
1,718	1,667	695
4	-	(15)
-	-	-
4,010	2,852	2,590
577	75	810
1,079	28	916
-	-	-
(732)	-	102
-	(75)	-
-	-	-
-	-	-
347	(47)	1,018
	_	
	-	-
-	28	1,828
916	-	4
916 11	-	(4)
	-	-
11	28	1,828
11		(810)
(3)	(75)	
	924	

# FUNDING IMPACT STATEMENT FOR 1 JULY 2021 - 30 JUNE 2022 CORPORATE FUNCTIONS

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	(160)	(202)	17	17
Targeted rates (other than a targeted rate for water supply)	(586)	(815)	-	-
Subsidies and grants for operating purposes	-	478	397	48
Fees and charges	171	200	170	227
Internal charges and overheads recovered	5,314	5,214	4,971	5,039
Internal interest income	1,295	269	96	455
Interest and dividends from investments	761	387	758	380
Local authorities fuel tax, fines, infringement fees, and other receipts	88	84	85	80
Total operating funding (A)	6,883	5,615	6,494	6,246
Applications of operating funding				
Payments to staff and suppliers	5,385	5,875	5,335	5,083
Finance costs	201	558	648	626
Internal charges and overheads applied	165	354	243	229
Internal interest charged	1,006	-	371	90
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	6,757	6,787	6,597	6,028
Surplus (deficit) of operating funding (A - B)	126	(1,172)	(103)	218
Sources of capital funding				_
Subsidies and grants for capital expenditure		_		_
Development and financial contributions		_	_	_
Increase (decrease) in debt	1,262	1,215	518	(188
Gross proceeds from sale of assets	16	15	_	7
Lump sum contributions	-	-	_	-
Other dedicated capital funding	_	_	-	_
Total sources of capital funding (C)	1,278	1,230	518	(181
Application of capital funding				
Capital expenditure				
to meet additional demand	-	-	-	-
to improve the level of service	1,336	79	250	40
to replace existing assets	195	325	520	114
Increase (decrease) in reserves	(127)	(346)	(355)	(117)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	1,404	58	415	37
Surplus (deficit) of capital funding (C-D)	(126)	1,172	103	(218)
· · · · · · · · · · · · · · · · · · ·		•	•	
Funding balance ((A-B) + (C-D))	-	-	_	-

### CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Water Supply				
Capital expenditure				
to meet additional demand	-	-	30	1
to improve the level of service	20	966	1,410	1,128
to replace existing assets	1,155	587	188	1,062
Total water supply	1,175	1,553	1,628	2,191
Stormwater				
Capital expenditure				
to meet additional demand	-	-	100	-
to improve the level of service	100	106	1,410	1,881
to replace existing assets	-	40	4,703	2,562
Total stormwater	100	146	6,213	4,443
Wastewater				
Capital expenditure				
to meet additional demand	-	-	500	112
to improve the level of service	-	556	42	-
to replace existing assets	2,691	1,566	-	4
Total wastewater	2,691	2,122	542	116
Waste management				
Capital expenditure				
to meet additional demand	-	-	-	-
to improve the level of service	-	539	15	87
to replace existing assets	-	89	90	64
Total waste management	-	628	105	151
Transport				
Capital expenditure				
to meet additional demand	-	-	-	-
to improve the level of service	6,362	11,986	2,960	2,546
to replace existing assets	7,120	8,222	7,595	6,425
Total transport	13,482	20,208	10,555	8,971
Community facilities				
Capital expenditure				
to meet additional demand	-	-	85	-
to improve the level of service	1,546	407	60	302
to replace existing assets	78	86	346	68
Total community facilities	1,624	493	491	370

	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
Planning and regulatory				
Capital expenditure			•	
to meet additional demand	-	-	-	-
to improve the level of service	-	-	28	74
to replace existing assets	-	37	-	4
Total planning and regulatory	-	37	28	78
Leadership and Governance Capital expenditure				
to meet additional demand	-	-	-	-
to improve the level of service	-	916	-	-
to replace existing assets	-	11	243	1,828
Total leadership and governance	-	927	243	1,828
Corporate Functions			_	
Capital expenditure				
to meet additional demand	-	-	-	-
to improve the level of service	1,336	79	250	40
to replace existing assets	195	325	520	114
Total corporate functions	1,531	404	770	154



#### INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF WAIROA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Wairoa District Council (the District Council) and its subsidiary (the Group). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 31 October 2022. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 54 to 94:
  - present fairly, in all material respects:
    - the District Council's and Group's financial position as at 30 June 2022;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 100, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan and Long term plan;
- the statement of service provision (referred to as "Our Performance in Detail") on pages 16 to 49:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 110 to 111, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan and Long term plan; and



- the funding impact statement for each group of activities on pages 101 to 109, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

#### Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 95 to 98, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's Long-term plan and annual plans.

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

Without modifying our opinion, we draw attention to note 26 on page 93, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and as such, the impacts of the proposed reforms are currently unclear. Additional legislation is expected later in 2022 that will provide detail on the transfer of assets and liabilities to the water service entities.

#### Basis for our opinion on the audited information

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

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

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

#### Responsibilities of the Council for the audited information

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

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

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

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

#### Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists.



Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan or Long term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that
  are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness
  of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision (referred to as "Our Performance in Detail"), as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

#### Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 15, 50 to 54, 99 and 116 but does not include the audited information and the disclosure requirements and our auditor's report thereon.

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

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work,



or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Independence

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

In addition to our audit and our report on the disclosure requirements, we have carried out an assurance engagement in relation to the District Council's debenture trust deed reporting, which is compatible with independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its controlled entity.

David Borrie

Ernst & Young Chartered Accountants On behalf of the Auditor-General

Wellington, New Zealand

### **GLOSSARY OF ABBREVIATIONS USED**

DIA	Department of Internal Affairs
FAR	Finance Audit and Risk (Committee)
LGFA	NZ Local Government Funding Agency Limited
PGF	Provincial Growth Fund
QRS	Quality Roading and Services (Wairoa) Limited
The Council	Wairoa District Council
The Group	The consolidated entity comprising Wairoa District Council and Quality Roading and Services (Wairoa) Limited
The Act	The Local Government Act 2002
The regulations	The Local Government (Financial Reporting and Prudence) Regulations 2014

### **GET IN TOUCH!**

Your feedback plays a big role in making our district a better place to live, work and play. We are keen to hear from you, and welcome your ideas and comments.



**Online** www.wairoadc.govt.nz



Facebook search for 'Wairoa District Council'



**E-mail** <u>info@wa</u>iroadc.govt.nz



**Call us** (06) 838 7309



**Visit our office** 97-103 Queen Street, Wairoa 4108



**Post**Wairoa District Council,
P.O. Box 54, Wairoa
4160

