



# ANNUAL REPORT SUMMARY 2022/23



# 2022/23 Annual Report Summary

## Contents

A message from the Mayor and Chief Executive - He pito kōrero nā te Koromatua me te Tumu Whakarae.....	1
Community outcomes.....	3
Our services.....	4
Governance and Leadership.....	10
Infrastructure .....	12
Community Services   Ratonga Hapori .....	16
Manaaki Toiora .....	19
Regulatory Services Group.....	20
Support Services.....	22
Financial Information for the year ended 30 June 2023.....	23
Summary Financial Statements .....	27
Audit report.....	35

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## INFORMATION AND OVERVIEW

This is a summary of the 2022/23 Annual Report adopted by the Hauraki District Council on 31 October 2023.

This document is not a complete representation of the full Annual Report, but is a summary of our key financial and non-financial performance as measured against the targets, objectives and projects set out in our 2021-31 Long Term Plan for the 2022/23 year.

The full 2022/23 Annual Report document is available on our website [www.hauraki-dc.govt.nz](http://www.hauraki-dc.govt.nz) or you can request a copy by phoning 07 862 8609 or 800 734 834 (from within the District).

# A message from the Mayor and Chief Executive - He pito kōrero nā te Koromatua me te Tumu Whakarae

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*E ngā mana, e ngā iwi, e ngā karangatanga maha*  
*Greetings to everybody,*  
*Tēnā koutou katoa*

Reforms, economy and the climate have all been factors in another bumpy twelve months. Inflation and interest rates increases are being driven higher than forecasted by domestic and global factors. As a Council we have managed the volatile economic climate to ensure we are still delivering the services we said we would. These past twelve months we have tried to remain focused on business as usual in the continuing unpredictability, this has not been without its challenges, with a number of sectors still under pressure.

We were fortunate to escape the number of weather events that hit our region with minimal damage. Cyclone Gabrielle in February caused surface flooding, slips and road closures across the district. This required us to activate our Emergency Management Operations Centre. Our emergency management team worked hard to provide the support where it was needed. The frequency of these large-scale weather events highlights the importance of being ready in an emergency. Make sure your whānau and those close to you are prepared and know what to do in an emergency.

Central Government reforms continued and it required us to be agile to the ever changing legislation. The Water Services Reform (previously known as Three Waters Reform) has undergone some changes these past twelve months. The amendments have meant the four entities originally proposed will now multiply into ten and the establishment date of the entities has been extended. This means the entity will not take over July 2024 as first proposed. We are working with the Department of Internal Affairs and our Entity to work through the changes.

The Future for Local Government Panel released its final report. The report is the panel's final recommendations and findings about what is needed to ensure local government can best support local democracy, intergenerational wellbeing and Te tiriti partnership. This has given us some food for thought and we will be working through robust discussion of these recommendations and wait to see what comes from this review.

Resource management reform continues with the Natural and Built Environment and Spatial Planning bills passed in Parliament. This reform is intended to change the way the environment is managed. We are looking at significant changes to how we prepare and deliver plans. This reform is slow and steady with the transition advised it may take ten years.

We will continue to work through the proposed change, and advocate for the best results for our district.

## Some of what we achieved

Over the year we completed the following projects across a number of our activities.

**Water Supply**- As part of our ongoing project to install water meters in line with new technology, we installed 500 new water meters which will help us to better track our water demand.

Karangahake Reserve carpark - The development of overflow car parking at what is known as Cornes Paddock (Karangahake) was undertaken to provide more car parking for visitors to this area.

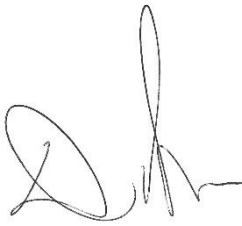
**Playgrounds** – Whiritoa Beach Reserve and Kaiaua were upgraded with playground swings sets.

**OnYa Awards** – We awarded thirteen OnYa awards in 2022/23. These awards celebrate those who are making a positive difference in their community.

**Gr8 Job Hauraki** - Continued its success with 60 placements in 2021/22. Putting local people into local jobs. This collaboration between Council, other government agencies, and local business continues to help strengthen our communities' resilience and improve the recovery and wellbeing of our community.

In terms of our financials, we ended the year with a \$9.2 million deficit. This was \$13 million more than what we had anticipated. Although revenue was slightly higher than anticipated, operational expenditure was significantly higher than projected. The weather events (previously mentioned) caused surface damage to a number of Council's roads, which required immediate repairs. In addition to this flooding, landslides and extreme wind, also caused an accumulation of silt, and debris throughout our water and wastewater network needing to be treated. The additional chemicals, energy and maintenance work required as part of this work programme was extensive and costly. Other costs also continued to increase with inflationary pressures across the board and Council is acutely aware of needing to mitigate these moving forward.

We have had nearly twelve months in our new triennium and our new Council has hit the ground running. I am proud of the Hauraki District and the continued resilience and willingness to move forward to make this place great for generations to come.



Toby Adams

**Mayor**




Langley Cavers

**Chief Executive**

# Community outcomes

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Our **community outcomes** express in more detail about what we'd like to see happen in our District. These outcomes continue to stay at the forefront of the decisions we make. During the development of the 2021-2031 Long Term Plan we asked our community what they love about our District, and what they want to see in the future, from there we developed these community outcomes.



**Healthy environment | Te Mauri o te Taiao**

- Ecosystems are protected, restored and respected.
- We minimise waste.
- Our rivers, streams and wetlands are healthy and we use water carefully.
- We reduce our carbon footprint to minimise climate change.

**Connected people | Tūhono**

- We look after each other.
- We are partners with iwi.
- We collaborate with other local authorities, and central government.
- Youth are engaged and supported.
- We're proud to live here.

**Vibrant and safe communities | Te Oranga pai o te Hapori**

- Public spaces are fun and inviting.
- Everyone has access to safe, healthy and affordable homes.
- Roads and bridges are safe and well-maintained.
- We have a reliable drinking water supply.
- We plan for and adapt to the effects of climate change.

**Strong economy | Oranga Ōhanga**

- Local business is supported – we can get what we need locally.
- There is opportunity for paid work and employment, and training.
- We are skilled and educated.

# Our services

## What do we do?

We are involved in delivering many activities across the District. You can expect us to deliver the following:

Land Transport 	Water supply 	Wastewater 	Stormwater 	Waste management 	Land Drainage 
Governance and Leadership 	Democracy 	Policy development 	Iwi Liaison 		
Community services 	Community recreation 	Community facilities 		Manaaki toiora 	Support services 
Regulatory 	Resource management implementation 	Building control 	Community protection 	Animal control 	

## Summary of our performance

Our 2022/23 Annual Report reports on the second year of our 2021-31 Long Term Plan. As part of the development of our Long Term Plan we set out levels of service for our groups of activities. These levels of service are our commitment to the community regarding what can be expected for the delivery of services, facilities, infrastructure and projects. A level of service can be anything from the frequency that our public toilets are cleaned, to the quality of our roading network.

We had 76 service targets listed in the 2021-31 Long Term Plan - here is a summary of the 2022/23 results:



### Service targets not achieved

Of the 76 service targets 45 percent were not achieved.

Our water and land transport activities continued to perform well despite the disruptions caused by the weather events. Of the eleven roading performance measures in the roading activity two were affected by the weather events.

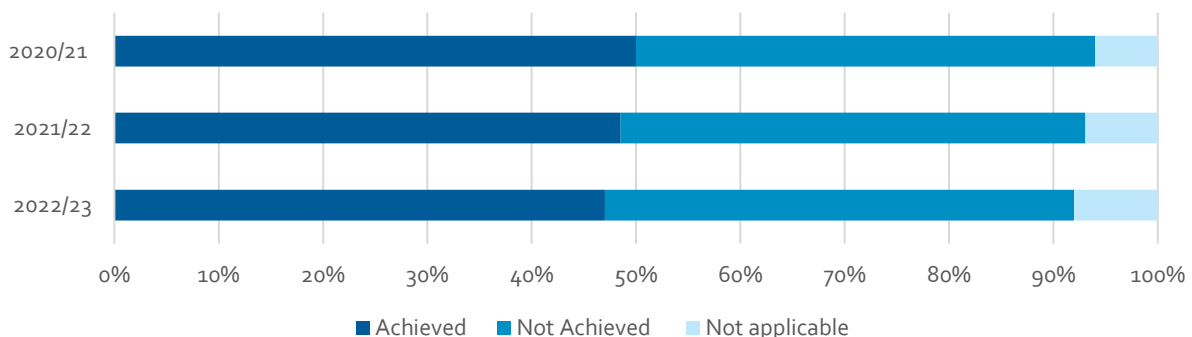
Of the 23 performance measures included for our three waters and land drainage activity four were affected by the severe weather events. There was an increase in complaints in regards to the stormwater system and some dry weather overflows were due to the storm events.

Response times to complaints and service requests were affected as staff were deployed to other areas to help in the storm recovery.

Other factors that contributed to some measures not being achieved were due to staff resourcing and software errors. We are using these results to inform our service delivery in the future. As shown above, 45% of our non-financial performance measures were not achieved for various reasons. We're using these results to inform and improve our service delivery in the future. For further non-financial performance results see the *Meeting our Service Targets* tables below.

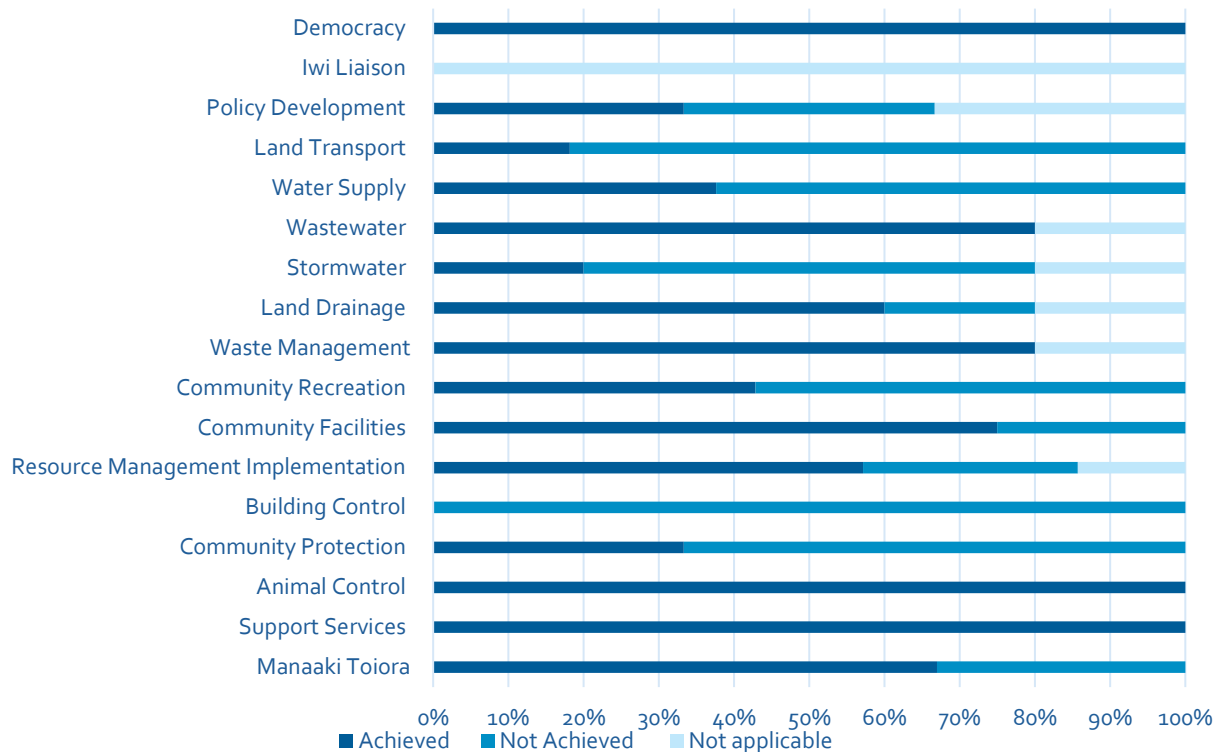
### Overall service performance by year

The following graphs summarise our overall performance by year and by activity. Further explanation is provided in the Groups of Activities section if the full annual report.









For more detail on each activity that we provide, refer to the 2021-31 Long Term Plan document available on our website [Hauraki District Council \(hauraki-dc.govt.nz\)](https://www.hauraki-dc.govt.nz)

## Overall service performance by activity



Group of Activity	Number of measures	Achieved	Not Achieved	Not applicable
Democracy	1	100%		
Iwi Liaison	1			100%
Policy Development	3	33%	33%	33%
Land Transport	11	18%	82%	
Water Supply	9	38%	63%	
Wastewater	5	80%		20%
Stormwater	5	20%	60%	20%
Land Drainage	5	60%	20%	20%
Waste Management	5	80%		20%
Community Recreation	7	43%	57%	
Community Facilities	4	75%	25%	
Resource Management Implementation	7	57%	29%	14%
Building Control	3		100%	
Community Protection	3	33%	67%	
Animal Control	3	100%		
Support Services	2	100%		
Manaaki Toiora	3	67%	33%	



<p><b>Community services   Raona Hapori</b></p>  <p>This group involves the provision of recreation services to enhance our communities' recreation and social needs. The Community Recreation activities achieved 3 out of the 7 (43%) performance measures across libraries, parks &amp; reserves and swimming pools. The Community Facilities activities achieved 3 out of the 4 (75%) of its performance measures across cemeteries, elderly persons housing, halls and public convenience. Unfavorable weather conditions have meant that a number of maintenance and renewal work has been delayed.</p>	<p><b>Governance and Leadership   Kāwanga me te rangatiratanga</b></p>  <p>This group includes democracy, policy development and Iwi liaison. This group has achieved 2 out of 5 (40%) of the performance measures with similar results to the previous year.</p>
<p><b>Water supply, wastewater, stormwater and land drainage</b></p>  <p>The three waters and land drainage activity includes water supply, wastewater stormwater overall these services have been preparing for the affordable waters reform. This activity achieved 10 out of 24 (37%) of its performance measures. Our land drainage systems experienced three weather events that were measured as 1 in 10 year events and there were no rural properties that had ponding occur for more than three days for those events. The water and wider service delivery team worked hard to ensure the impacts of the severe weather were minimal to our community as a result waste water services were marginally impacted. The significant weather events impacted attendance to overflows requests during this time.</p>	<p><b>Waste Management   Whakahaere ururua</b></p>  <p>This activity includes kerbside collection, waste minimisation promotion and refuse stations. The waste management activity contributes to the healthy environment community outcome. Planning and preparation for the new waste contract has been undertaken during 2022/23 also implementation of the waste management &amp; minimisation plan (WMMP) with zero waste campaigns targeting children and adults. This activity achieved 4 out of 5 (80%) of its performance measures.</p>
<p><b>Regulatory services</b></p>  <p>Regulatory services provide support for implementation and compliance across the resource management, building, animal control and community health and safety activities. Regulatory services aims to contribute to Hauraki's healthy environment and vibrant and safe communities. For the 2022/23 year the group had mixed results. This activity achieved 8 out of 16 (50%) of the performance measures. A number of factors affected performance such as: staff resourcing and severe weather events, which meant some requests for service could not be responded to in time.</p>	<p><b>Land Transport</b></p>  <p>Land transport activity includes the maintenance of our sealed and unsealed roads (excluding state highways), footpaths and road safety, it also includes the response to disruption caused by severe weather events such as slips and flooding. During 2022/23 the roading team responded to a number of weather related events which meant some measures were not achieved. This activity achieved 2 out of 11 (18%) of its performance measures. Most notably the roading team were committed to keeping our roads open during those weather events and impacted roads were all open within either 24 or 72 hours. \$3 million was spent on emergency work to repair roads that were damaged by storm events.</p>

# Governance and Leadership

The governance and leadership group includes the democracy, iwi liaison and policy development activities. Our governance and leadership group includes our local democratic system which represents the residents of our district, our relationships with Māori, and the development of policies – including those required by law and other voluntary local policies.

## Democracy



Local government in New Zealand receives its mandate from the government through legislation. Local democratic representation is currently considered to be the most appropriate way for our local communities' voices to be heard. The majority of our democracy services are set in law; the Local Government Act 2002 and the Local Electoral Act 2001 determine the processes that ensure each community is fairly represented.

## Iwi Liaison



Our iwi liaison function is provided to fulfil the responsibilities Council has to Hauraki Iwi and Māori. Including strengthening our capacity to respond and effectively engage with Hauraki iwi. We are working to strengthen the Te Ao Māori viewpoint across the organisation and develop partnerships with Iwi.


## Policy Development

Our policy development function involves establishing our strategic direction via policy, strategy, bylaw and planning. Whilst many of our policies are developed to address local issues or to achieve desired outcomes, we also have a legal responsibility to develop and review some policies, strategies and plans (and to report on these) under legislation.

Community outcomes	
	Connected People <b>Tūhono</b>
	Vibrant and Safe Communities <b>Te Oranga pai o te Hapori</b>

## Overview of our performance

	How we measure performance	2022/23 result
	<p><b>Measure:</b> We will work with Mana Whenua to grow the capacity and Mana Motuhake of Mana Whenua.</p> <p><b>Target:</b> Within three years of the signing of the treaty settlement, a Hauraki Iwi Forum will be established.</p>	<p>⊘ <b>Not applicable:</b> Not applicable. There have been no treaty settlements signed in 2022/23.</p>
	<p><b>Measure:</b> Agendas for meetings (other than extraordinary meetings) of the Council and its Committees are publicly available at least two clear working days prior to the meeting date, as measured by the Council secretary's checklist.</p> <p><b>Target:</b> 100% of agendas are available on the internet and in the Council offices and libraries two clear working days before each meeting.</p>	<p>☑ <b>Achieved:</b> 100% (59/59) agendas were publicly available at least two working days prior to the meeting.</p>
	<p><b>Measure:</b> All legislatively required policies, bylaws, plans and strategies are adopted within statutory timeframes, as recorded in the resolution database.</p>	<p>☑ <b>Achieved:</b> 100% (5/5) legislatively required documents adopted within statutory timeframes.</p>

	<p><b>Target:</b> 100% of all legislatively required documents are adopted within statutory timeframes.</p>	
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## Other key achievements

### Wharekawa Coast 2120

During 2022/23 and after receipt of the Community Panel’s Recommendations and the Companion Reports were finalised, the project team started working on a response in the form of a draft Wharekawa Coast 2120 Community Plan. The draft plan adopts the vision developed by the Community Panel and acknowledges the community’s values that make the Wharekawa Coast unique.

### Iwi Liaison

Our key focus has been on developing a Cultural Competency Framework that will better enable Council to engage more effectively with Hauraki iwi. This includes aligning with Te Tiriti o Waitangi and upholding the principles of Te Tiriti to create a clear and consistent legislative framework.

### 2023 Customer Satisfaction Survey

We conducted our annual customer satisfaction survey to find out users’ satisfaction with Council’s services and facilities

# Infrastructure

## Land Transport

Our land transport activity includes the maintenance of our sealed and unsealed roads, bridges, streetlights and road drainage. Our local transport network connects to the state highway network. We maintain a range of assets including 633 kilometres of roads (518 kilometres sealed and 115 kilometres unsealed), 112 kilometres of footpaths, 160 bridges, street lights and signs and stock underpasses. Waka Kotahi provide subsidies for a lot of our road works.

We promote road safety and having an increasing focus on improving how our residents with more limited transport options can get around, including children, the elderly and the mobility impaired. We have a small role in supporting public transport.

## Water Supply

The water supply activity involves collecting, treating, storing and distributing water to our communities and rural areas. We treat water before it is used to ensure it is safe to drink and we also store bulk raw water and treated water so we are able to provide a continuous service. Nearly 65% of our water is used for agriculture (but not irrigation).

## Wastewater

We collect the wastewater from homes and businesses and transport it via pipes and pumps to treatment plants. At our treatment plants the wastewater is treated before it is released – mostly to waterways. We also make sure that trade wastes are appropriately disposed of.

About 5,720 properties are connected to our wastewater systems.

## Stormwater

Stormwater is rainwater runoff that usually results from heavy or prolonged periods of rain. Runoff flows from surfaces on urban properties, footpaths and roads. We use a series of drainage systems to remove rainwater runoff from urban areas in Waihi, Waikino, Karangahake, Mackaytown, Paeroa, Ngātea, Kerepēhi, Turua, Kaiawa and Whiritoa. Redirecting stormwater so it doesn't pool and flood is important in protecting our residents' properties.




## Land Drainage

Our land drainage activity involves:






- draining excess surface water and managing ground water levels in five drainage districts,
- direct protection from river and tidal flooding in the area of Waitakaruru to Pūkorokoro / Miranda.




## Waste Management

The solid waste activity consists of the minimisation, collection and disposal of solid waste. These services involve kerbside collection of refuse and recyclables and the management of two refuse transfer stations located in Paeroa and Waihi.

Community outcomes	
	Vibrant and Safe Communities <b>Te Oranga pai o te Hapori</b>
	Healthy Environment <b>Te Mauri o te Taiao</b>
	Connected People <b>Tūhono</b>

## Overview of our performance

How we measure our performance		2022/23 result
	<p><b>Measure:</b> The percentage of the sealed local road network that is resurfaced.*</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> 6.2% (32.3 km) of the local road network was resealed in 2022/23.</p>
	<p><b>Target:</b> 7% of the local road network resealed per year</p>	
	<p><b>Measure:</b> Time for road access to be restored to communities following a 1 in 10 year climatic event.</p>	<p><input checked="" type="checkbox"/> <b>Achieved:</b> 100% (11/11) of arterial and collector roads were open within 24 hours and all other roads were open within 72 hours in 2022/23.</p>
	<p><b>Target:</b> 100% of Arterial and Collector roads open within 24 hours, all other roads within 72 hours.</p>	
	<p><b>Measure:</b> The percentage of real water loss from the Council's networked reticulation system*</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> The percentage of real water lost from Council's networked reticulation system was 39% in 2022/23.</p>
<p><b>Target:</b> 30%.</p>		
	<p><b>Measure:</b> The total number of complaints received by Council about any of the following:</p> <ul style="list-style-type: none"> <li>■ drinking water clarity;</li> <li>■ drinking water taste;</li> <li>■ drinking water odour;</li> <li>■ drinking water pressure or flow;</li> <li>■ continuity of supply;</li> </ul> <p>and the Council's response to any of these issues, expressed per 1000 connections to the Council's networked reticulation system.*</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> 45.4 complaints received per 1000 connections about drinking water clarity, taste, odour, pressure or flow, and continuity of supply in 2022/23.</p>
<p><b>Target:</b> ≤ 22 complaints per 1000 connections.</p>		
	<p><b>Measure:</b> The number of dry weather wastewater overflows from the Council's wastewater system, expressed per 1000 wastewater connections to that wastewater system*.</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> There were 2.39 dry weather overflows per 1000 wastewater connections in 2022/23. The overflows were due to a number of factors; storm events, pump failures and blockages.</p>
<p><b>Target:</b> &lt;2 per 1000 connections.</p>		

	<p><b>Measure:</b> The number of flooding events that occur in the Hauraki district. For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)*</p> <p><b>Target:</b> Number of habitable floors affected &lt;2 per 1000 connections.</p>	<p>⊗ <b>Not applicable:</b> Not applicable: There were no flooding events that affected habitable floors in the district in 2022/23.</p>
	<p><b>Measure:</b> The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents (such as this plan, annual works programme or long term plan).*</p> <p><b>Target:</b> 100%.</p>	<p>☑ <b>Achieved:</b> 100% of floodgates and pump stations were maintained, repaired and/or renewed to their full service potential in 2022/23</p>
	<p><b>Measure:</b> Number of justified<sup>1</sup> complaints that collection is not completed on the scheduled day, measured by the Council's service request system.</p> <p><b>Target:</b> ≤3 justified complaints (that collection was not completed) per 1000 customers per annum.</p>	<p>☑ <b>Achieved:</b> There were 2.44 justified complaints that kerbside collection was not completed on the scheduled day in 2022/23 (per 1000 customers per annum).</p>
<p>* Mandatory performance measure under section 261B of the Local Government Act 2002.</p>		

## Other key achievements

### Land Transport:

#### Sealed road resurfacing

32.3 km of roads have been resealed throughout the district at a total cost of \$1.9 million.

#### Unsealed road renewals

45.9 km of unsealed roads were re-metalled throughout the district at a total cost of \$400,900.

#### Emergency works

\$3 million was spent on repairs on roads that were damaged by storm events, including Cyclone Gabrielle.

### Water Supply:

#### Water meter replacements

As part of our ongoing project to install water meters in line with new technology, we spent \$245,000 in 2022/23 which includes 300 new meters and 200 "Smart"-meters which will allow us to better track demand

<sup>1</sup> Where there is a reasonable case for the complaint.

## **Upgrade of Kerepēhi raw water supply system**

We completed the design for the Raw Water line from the Waihou to Kerepēhi. We also went out on tender for the construction of new Raw Water Reservoirs at Kerepēhi.

These two projects will increase Council's resilience of supply to the largest treatment plant to the Plains to an estimated cost of \$5.8 million

## **Wastewater:**

### **Treatment plant upgrades**

\$380,000 was spent on the upgrade and automation of the Whiritoa wastewater treatment plant and replanting of Redwood Forest used for discharge.

\$28,000 was spent on the upgrade to the Waitakaruru wastewater treatment plant.

### **Reticulation upgrades**

\$1.5 million was spent on the relining and renewal of bulk sewer lines in Paeroa.

## **Stormwater:**

### **Stormwater consents**

Council submitted the application for a district-wide comprehensive stormwater discharge consent with the Waikato Regional Council at the end of January 2023. This application was developed at a cost of \$202,000

## **Land Drainage:**

### **Stopbank reconstruction**

The Karito-canal stopbank and the Hot Springs canal stopbank were reconstructed with works totalling \$1.53 million.

### **Vegetation control & machine cleaning**

We sprayed 339km of drains to control vegetation in 2022/23 at a value of \$108,000. We also spent \$181,000 to machine-clean the 67km of drains.

## **Waste Management:**

### **Transfer stations – Waihi and Paeroa**

We spent \$352,000 on the Paeroa transfer station weigh bridge upgrade.

\$41,776 was spent on the installation of safety rails at the Paeroa and Waihi.

### **Enviroschools / Zero waste programmes**

We currently have 16 schools participating in the Enviroschools programme, and 25 schools participating in Zero waste.

# Community Services | Ratonga Hapori

Our community services group has the Community Recreation group which is the provision of recreation services such as libraries, parks, reserves, and the Community Facilities group which provides for facilities like public toilets, cemeteries, pensioner housing and the Waihi event centre.

We provide a number of services intended to enhance our communities' needs for recreation and enjoyment. We do this to help make our communities a vibrant place to live and visit.

## Community Recreation

The community recreation activity helps to meet our district's recreational, sporting and educational expectations. It includes providing:




- libraries
- swimming pools
- the Waihi events centre
- sports fields and recreational reserves
- a district sports coordinator.

## Community Facilities





Our community facilities activity provides a range of facilities to meet public health needs (public toilets, cemeteries), social and cultural needs (public halls, housing for the elderly) and amenity needs (non-recreation reserves).

Community outcomes	
	Vibrant and Safe Communities <b>Te Oranga pai o te Hapori</b>
	Connected People <b>Tūhono</b>

## Overview of our performance

	How we measure our performance	2022/23 result
	<p><b>Measure:</b> Percentage of library users satisfied with library services, as measured by annual resident satisfaction survey.</p> <p><b>Target:</b> ≥90% of customers satisfied</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> The 2023 customer satisfaction survey results showed that 85% of customers are satisfied with library services.</p>
	<p><b>Measure:</b> Percentage of pool users satisfied with the operation of Council swimming pools, as measured by customer satisfaction survey.</p> <p><b>Target:</b> ≥85% of customers satisfied.</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> The 2023 annual satisfaction survey showed 79% of users were satisfied with operation of Council swimming pools.</p>
	<p><b>Measure:</b> Playground facilities are regularly inspected to ensure they are safe, and compliant with national playground safety standards.</p> <p><b>Target:</b> 100% of playground inspections are completed as per scheduled frequency and identified safety issues are addressed.</p>	<p><input checked="" type="checkbox"/> <b>Achieved: 100%</b> (249/249) of playground inspections were completed in 2022/23.</p>



	<p><b>Measure:</b> Number of justified complaints from hall users regarding the cleanliness and maintenance standard of the halls, as measured by the service request database.</p> <p><b>Target:</b> ≤3 complaints per 100 bookings per year.</p>	<p><input checked="" type="checkbox"/> <b>Achieved:</b> There were 2.16 justified complaints per 100 bookings in 2022/23.</p>
	<p><b>Measure:</b> Percentage of tenants satisfied with the comfort and safety of the unit, as measured by the annual tenant satisfaction survey.</p> <p><b>Target:</b> ≥85% of tenants satisfied with the comfort and safety of the units.</p>	<p><input checked="" type="checkbox"/> <b>Achieved:</b> 92% of tenants satisfied with the comfort and safety of the units.</p>
	<p><b>Measure:</b> Number of justified complaints regarding whether public toilets are clean, maintained and sufficiently stocked with consumables, as measured by service request database.</p> <p><b>Target:</b> ≤50 complaints per year.</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> 59 justified complaints received regarding public conveniences in 2022/23.</p>
	<p><b>Measure:</b> Number of justified complaints regarding grounds maintenance at all Council cemeteries, as measured by the service request database.</p> <p><b>Target:</b> A total of ≤10 complaints regarding grounds maintenance across all Council cemeteries per year.</p>	<p><input checked="" type="checkbox"/> <b>Achieved:</b> Two justified complaints received regarding cemeteries in 2022/23.</p>

## Other key achievements

### Libraries

We spent \$119,764 in 2022/23 on renewing our library book collections at our district libraries.

### Swimming pools

\$15,405 was spent on the replacement of the pool cover at the Waihi pool.

### Hauraki Rail Trail

We spent \$563,000 on the Waihi extension.

\$114,990 was spent on emergency works due to the weather events that affected parts of the trail

### Elderly persons housing

\$84,431 was spent on renewals such as carpet and vinyl, stoves, tapware, new kitchen, shower upgrade and hot water cylinder replacements.

In 2022/23 \$34,000 was spent on heating, ventilation and kitchen extractors in the units across the district.

**Public toilets**

\$134,000 was spent on the Patetonga toilet. This project is ongoing. Currently it is at the resource and building consent stage, with the structure ready to be installed.

\$8,000 was spent on painting our facilities at Turua, Waitakaruru and Morgan Park. More facilities are planned to be painted in 2023/24.


To date \$3,500 was spent on the renovation to the Haszard Street toilets after it was vandalised in May 2023.

# Manaaki Toiora

Manaaki Toiora means 'to assist in wellbeing or to lift one's mana in the sense of wellbeing'. The Manaaki Toiora activity consists of economic and social project assistance, promotions, grants and building relationships. We provide these services to support and encourage local groups and initiatives that benefit the greater community and support increased economic growth.

Community outcomes	
	Connected People <b>Tūhono</b>
	Vibrant and Safe Communities <b>Te Oranga pai o te Hapori</b>
	Strong Economy <b>Oranga Ōhanga</b>

## Overview of our performance

	How we measure our performance	2022/23 result
	<p><b>Measure:</b> Support existing businesses through the growth of business promotional initiatives</p> <p><b>Target:</b> 8% increase in 'likes' on the LoveHauraki Facebook page to previous year</p>	<p><input checked="" type="checkbox"/> <b>Achieved:</b> 12% increase in LoveHauraki Facebook page likes.</p>

## Other key achievements

### OnYa Awards

In 2022/23 we awarded thirteen OnYa awards. These awards celebrate the incredible achievements of members of the community, and the positive difference they have made within their communities through their outstanding dedication and community spirit.

### Gr8 Job Hauraki

Council continued to provide the Community Recovery Programme funded through Mayors Taskforce for Jobs. This programme has continued to successfully place local people into local jobs, with a number of these being into apprenticeships.

# Regulatory Services Group

We are involved in a number of regulatory services from preparing regulations to promoting compliance. Our focus areas include supporting:

- appropriate land use management
- safe building development (including building consents)
- community health and safety (including food and alcohol safety, civil defence, animal control and animal welfare.)

## Resource Management Implementation

The resource management implementation service includes processing land use and subdivision applications that are subject to District Plan or other legislative requirements. We also monitor that customers are adhering to consent conditions, as well as providing technical advice on mining matters.

## Building Control

We implement building regulations to ensure our buildings are safe. This includes assessing building consent applications and monitoring compliance.

## Community Protection

We provide services to protect our communities from health and safety issues including preparing for and responding to civil defence emergencies. Additionally, we ensure adequate alcohol licensing controls are in place, control the density of gambling venues and legal high retailers, and ensure the safety of public places (including eating areas and pools). We support



Community outcomes	
	Healthy Environment <b>Te Mauri o te Taiao</b>
	Vibrant and Safe Communities <b>Te Oranga pai o te Hapori</b>



this role with our monitoring and enforcement functions in a number of areas.

## Animal Control

We play a role in protecting public safety from nuisance animal behaviours as well as promoting animal control. We register dogs, provide education about safety around dogs and control dangerous, nuisance and wandering dogs and stock.

## Overview of our performance

	How we measure our performance	2022/23 result
	<p><b>Measure:</b> Non-urgent LIMs issued within 10 working days (statutory), as measured by the applications database.</p> <p><b>Target:</b> 100% issued on time.</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> 98.7% (323/327) of non-urgent LIMs were issued within 10 working days.</p>
	<p><b>Measure:</b> Building consent applications are processed within 20 working days, as measured by the Building Consent Tracking Database.</p> <p><b>Target:</b> 100% are issued within 20 working days of receiving the application, providing the application is complete.</p>	<p><input checked="" type="checkbox"/> <b>Not achieved:</b> 95.5% (424/444) of building consent applications were processed within 20 working days.</p>

	<p><b>Measure:</b> All known food premises are monitored for compliance with relevant legislation as measured by the food premises database.</p> <p><b>Target:</b> 100% of all food premises are assessed annually.</p>	<p><input checked="" type="checkbox"/> <b>Achieved:</b> 100% (95/95) of food premises required to be monitored in 2022/23, were monitored.</p>
	<p><b>Measure:</b> Known dogs in the District are registered annually, as measured by registration records.</p> <p><b>Target:</b> ≥97% of known dogs are registered.</p>	<p><input checked="" type="checkbox"/> <b>Achieved:</b> 100% (4391/4391) of known dogs in the district are registered.</p>

## Other key achievements

### The Waikato Building Consent Group

We continue to work collaboratively as part of the Waikato Building Group (under Waikato Co-Lab) to provide consistency across Waikato councils for the processing of building consent applications


# Support Services

Our Support Services Group includes the sub-activities of property, forestry, subdivision, fleet management, overheads and project operations (previously encompassing all Council Business Units).

Our property function includes managing a range of corporate buildings such as Council libraries, area offices, depots, dog pounds and property that supports a range of our activities.

Community outcomes	
	Healthy Environment <b>Te Mauri o te Taiao</b>
	Vibrant and Safe Communities <b>Te Oranga pai o te Hapori</b>

## Overview of performance

	How we measure our performance	2022/23 Result
	<p><b>Measure:</b> Debt complies with the limits set in the council's financial strategy (Affordability benchmark/debt benchmark) as measured by external debt as a proportion of total revenue.</p> <p><b>Target:</b> Total net external debt will not exceed 175% of total revenue in any year.</p>	<p><input checked="" type="checkbox"/> <b>Achieved:</b> At the end of 2022/23, total net external debt was 98% of budgeted total revenue for the year.</p>

## Other key achievements

\$1,212,138 was spent on construction of the Ngātea North subdivision stage 4.





\$252,078 was spent on the Waihi Museum Earthquake Strengthening.

# Financial Information for the year ended 30 June 2023

## Progress against our financial strategy

In our 2021-2031 LTP, we signalled that we wanted to ensure that our communities could afford to use our services and pay their rates bill, but we also needed to be in a good financial position to cope with the likely changes ahead. The amount that we spend and borrow in the short to medium term will shape how much flexibility we have to respond to these new challenges ahead.

As such, our financial strategy sets out some self-imposed quantified limits on rates, rates increases and external debt levels. These are detailed below.

Rates (income) affordability benchmarks		
<p><b>Cap 1:</b> Council's actual rates income would not exceed the quantified limit included in the financial strategy of Council's Long Term Plan (LTP). The quantified limit for 2023 was \$27.8 million, being the forecasted rates (excluding water) for 2021/22 year in the long-term plan plus 7.4%. (2022: \$26.7 million being the forecasted rates (excluding water) for 2020/21 year in the long-term plan plus 8.2%).</p>	<p><b>Exceeds limit</b> </p>	<p><b>Result</b> Council's actual rates income (excluding water rates) was \$610,000 above the quantified limit<sup>1</sup>.</p>
<p><b>Cap 2:</b> Council's actual water rates income would not exceed the quantified limit included in the financial strategy of Council's LTP. The quantified limit for 2023 was \$8.25 million, being the forecasted income from water rates in the 2021/22 year plus 10.4%. (2022: \$7.8 million, being the forecasted income from water rates in the 2020/21 year plus 11.2%).</p>	<p><b>Exceeds limit</b> </p>	<p><b>Result</b> Council's actual income on water rates was \$8.26 million. This was \$10,000 more than the quantified limit<sup>2</sup>.</p>
Rates (increase) affordability benchmark		
<p><b>Cap 1:</b> Council's actual rate increase (excluding water rates) would be within the limit quantified in the financial strategy included Council's LTP. That quantified limit was the percentage increase in rates (excluding water) would be no more than the LGCI plus 4.5% for the 2021/22 financial year (i.e. 7.4% in total)</p>	<p><b>Within limit</b> </p>	<p><b>Result</b> Council's 2022/23 actual rates increased by 2.8%. This was 4.6% lower than the cap.</p>
<p><b>Cap 2:</b> Council's actual water rate increase would be no more than that quantified in the financial strategy included in Council's LTP. The quantified limit was that the percentage increase in water rates will be no more than the LGCI plus 7.5%, for the first three years of the long term plan, and less than or equal to the forecast LGCI plus 3.0% in the remaining years of the long term plan. (i.e. 10.4%)</p>	<p><b>Within limit</b> </p>	<p><b>Result</b> Council's actual water rates income decreased by 2.6%. This was 13% lower than the cap<sup>1</sup>.</p>

Debt affordability benchmark		
<p><b>Cap 1:</b></p> <p>Council's actual borrowing per rating unit is required to be equal to, or less than, the quantified limit stated in the financial strategy included in Council's LTP. The quantified limit for the 2022/23 financial year is \$8,000 per rating unit.</p>	<p><b>Within limit</b></p> <p>✓</p>	<p><b>Result</b></p> <p>Total debt per rating unit was \$4,533. This was within Council's limit by \$3,467.</p>
<p><b>Cap 2:</b></p> <p>Council's net interest expense is required to be equal or less than the quantified limit stated in the financial strategy included in Council's LTP. The quantified limit for the 2022/23 financial year is that net interest expense is equal to or less than 10% of total revenue.</p>	<p><b>Within limit</b></p> <p>✓</p>	<p><b>Result</b></p> <p>Net interest expense as a proportion of total revenue was 3.8%. This was 6.2% less than the limit required.</p>
<p><b>Cap 3:</b></p> <p>Council's net interest expense is required to be equal or less than the quantified limit stated in the financial strategy included in Council's LTP. The quantified limit for the 2022/23 financial year is that net interest expense is equal to or less than 15% of rates revenue.</p>	<p><b>Within limit</b></p> <p>✓</p>	<p><b>Result</b></p> <p>Net interest expense as a proportion of total rates revenue was 5.8%. This was 9.2% less than the limit required.</p>
<p><b>Cap 4:</b></p> <p>Council's actual borrowing is required to be equal to or less than the quantified limit stated in the financial strategy included in Council's LTP. The quantified limit for the 2022/23 financial year is that debt is equal to or less than 175% of total revenue.</p>	<p><b>Within limit</b></p> <p>✓</p>	<p><b>Result</b></p> <p>Debt as a proportion of total revenue was 93%. This was 82% less than the limit required.</p>
Balanced budget benchmark		
<p><b>Cap 1:</b></p> <p>Council meets this benchmark if its revenue equals or is greater than its operating expenses. For the purposes of this benchmark, "revenue" excludes development and financial contributions, vested assets, any gains on derivative financial instruments and property, plant and equipment. "Operating expenses" excludes losses on derivative financial instruments and any revaluation losses on property, plant and equipment.</p>	<p><b>Benchmark not met</b></p> <p>✗</p>	<p><b>Result</b></p> <p>Total adjusted revenue as a proportion of adjusted operating expenditure was 82%. Council did not meet this benchmark by 18%<sup>3</sup>.</p>



Essential services benchmark		
<p><b>Cap 1:</b></p> <p>Council's capital expenditure on network services is required to be equal or greater than depreciation on network services.</p>	<p><b>Benchmark met</b></p> <p>✓</p>	<p><b>Result</b></p> <p>Total depreciation on network services was \$12.0 million. Capital expenditure on network services was \$16.4 million. Council met this benchmark by \$4.4 million.</p>
Debt servicing benchmark		
<p><b>Cap 1:</b></p> <p>Council is required to have borrowing costs equal to or less than 10% of its revenue. For the purposes of this benchmark, "revenue" excludes development and financial contributions, vested assets, any gains on derivative financial instruments and property, plant and equipment.</p>	<p><b>Benchmark met</b></p> <p>✓</p>	<p><b>Result</b></p> <p>Council's total borrowing costs as a proportion of its adjusted revenue was 3.9%. Council met this benchmark by 6.1%.</p>
Debt control benchmark		
<p><b>Cap 1:</b></p> <p>Council's net debt is required to be less than its planned net debt. Net debt means financial liabilities less financial assets (excluding trade and other receivables)</p>	<p><b>Benchmark met</b></p> <p>✓</p>	<p><b>Result</b></p> <p>Council's budgeted net debt was \$76 million. Actual net debt was \$58.9 million. Council met this benchmark by \$17.1 million.</p>
Operations control benchmark		
<p><b>Cap 1:</b></p> <p>Council's actual net cash flow from operations is required to equal or be greater than is planned net cash flow from operations.</p>	<p><b>Benchmark met</b></p> <p>✗</p>	<p><b>Result</b></p> <p>Council's budgeted cashflows from operations were \$10.6 million. Council's actual cash flow from operations was \$5.9 million. Council did not meet this benchmark by \$4.8 million<sup>4</sup>.</p>

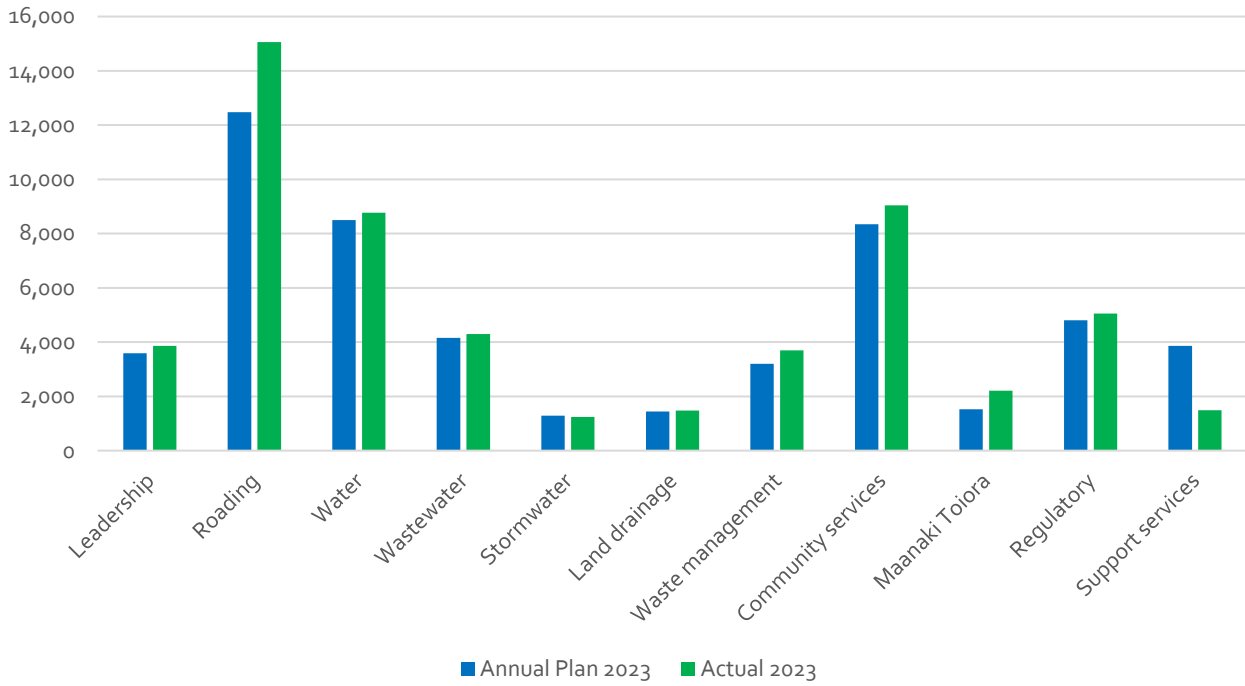
1. This is principally due to upward changes to the rating database. The rates were set based on the previous year's rates in the dollar and the rates database was revalued as at 30 June 2022.
2. Water rates are based on consumption. Water consumption will vary year by year based on external factors to the Council, such as changes in weather, which can drive demand. Because of this variability and uncertainty, the Council acknowledges that the water rates cap may be breached in some years depending on external factors.
3. The Council aims to maximise the services it provides to the District, while minimising rates revenue increases. This is reflected in the 93% average proportion of revenue to operating expenditure over the five-year period from 2018/19 to 2022/23. Over time, the Council expects that revenue and expenditure will average out to 100%.

However, this year operating expenditure was \$16.1m higher than budget as Council dealt with a number of unbudgeted costs increases. These unbudgeted costs are expanded on further in the 2022/23 Annual Report under our financial statements section, note 26 – explanations to budget.

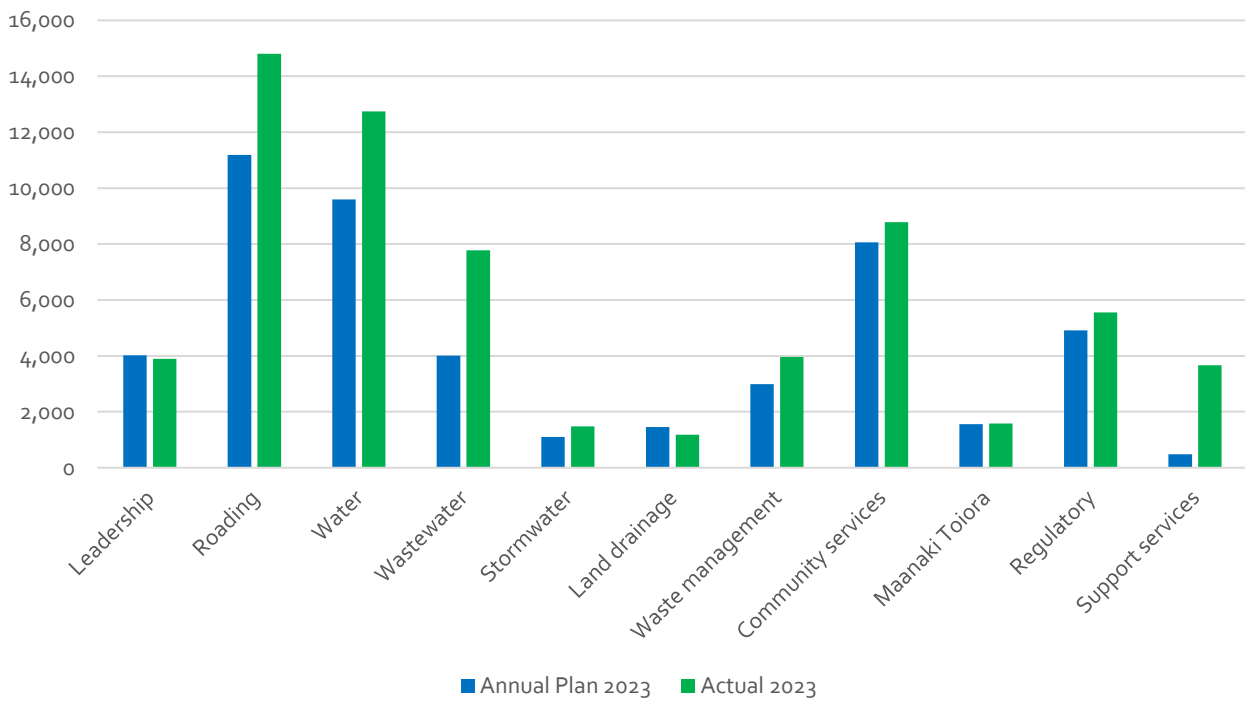
4. The average proportion of actual to planned net cash flow from operations was 115% over the five-year period from 2018/19 to 2022/23.

Council did not meet this benchmark as operating expenditure was significantly higher than that budgeted mainly due to inflationary cost pressures and payments to staff being higher than anticipated.

## Revenue by group of activity compared to budget



## Expenditure by group of activity compared to budget



# Summary Financial Statements

## Hauraki District Council Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023

	2023 Budget \$000's	2023 Actual \$000's	2022 Actual \$000's
<b>Revenue</b>			
Rates revenue	35,621	36,253	35,526
Fees and charges	5,104	6,078	6,329
Other revenue	12,450	13,876	13,503
<b>Total revenue</b>	<b>53,175</b>	<b>56,207</b>	<b>55,358</b>
<b>Expenses</b>			
Personnel costs	18,694	19,082	17,162
Depreciation and amortisation expense	11,275	14,642	11,032
Finance costs	1,260	2,121	1,496
Other expenses	18,131	29,578	25,456
<b>Total expenses</b>	<b>49,360</b>	<b>65,423</b>	<b>55,147</b>
Share of associates surplus/(deficit)	0	0	0
Share of joint venture surplus/(deficit)	0	0	0
<b>Surplus/(deficit) before tax</b>	<b>3,815</b>	<b>(9,217)</b>	<b>213</b>
Income tax expense	0	0	0
<b>Surplus/(deficit) after tax</b>	<b>3,815</b>	<b>(9,217)</b>	<b>213</b>
<b>Other comprehensive revenue and expense</b>			
Gain on property, plant and equipment revaluations	18,375	10,710	169,390
Gain/(loss) on financial assets revaluations	0	(6)	12
<b>Total other comprehensive revenue and expense</b>	<b>18,375</b>	<b>10,704</b>	<b>169,402</b>
<b>Total comprehensive revenue and expense</b>	<b>22,191</b>	<b>1,487</b>	<b>169,614</b>

## Hauraki District Council Summary Statement of Financial Position for the year ended 30 June 2023

	2023 Budget \$000's	2023 Actual \$000's	2022 Actual \$000's
Total current assets	11,339	19,470	17,822
Total non-current assets	679,628	826,784	804,085
<b>Total assets</b>	<b>690,967</b>	<b>846,255</b>	<b>822,907</b>
Total current liabilities	18,436	26,465	18,569
Total non-current liabilities	48,408	50,156	37,058
<b>Total liabilities</b>	<b>66,844</b>	<b>76,621</b>	<b>55,628</b>
<b>Net assets (assets minus liabilities)</b>	<b>624,123</b>	<b>769,633</b>	<b>767,279</b>
Accumulated funds	421,664	410,234	417,914
Reserves	202,459	359,399	349,365
<b>Total equity</b>	<b>624,123</b>	<b>769,633</b>	<b>767,279</b>

## Hauraki District Council Summary Statement of Changes in Equity for the year ended 30 June 2023

	2023 Budget \$000's	2023 Actual \$000's	2022 Actual \$000's
<b>Balance at 1 July</b>	<b>601,932</b>	<b>767,279</b>	<b>597,666</b>
ECL adjustment due to adoption of PBE IPSAS 41	0	867	0
Total comprehensive revenue and expense for the year	22,191	1,487	169,614
<b>Total equity</b>	<b>624,123</b>	<b>769,633</b>	<b>767,279</b>
<b>Equity represented by:</b>			
Accumulated funds	421,664	410,234	417,914
Reserves	202,459	359,399	349,365
<b>Balance at 30 June</b>	<b>624,123</b>	<b>769,633</b>	<b>767,279</b>

## Hauraki District Council Summary Statement of Cashflows for the year ended 30 June 2023

	2023 Budget \$000's	2023 Actual \$000's	2022 Actual \$000's
Net cash flow from operating activities	10,622	5,870	9,973
Net cash flow from investing activities	(28,533)	(22,069)	(14,796)
Net cash flow from financing activities	14,000	18,985	(925)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,911)</b>	<b>2,786</b>	<b>(5,748)</b>
Cash and cash equivalents at the start of the year	6,115	7,096	12,844
<b>Cash and cash equivalents at the end of the year</b>	<b>2,203</b>	<b>9,882</b>	<b>7,096</b>

## Whole of Council Funding Impact Statement for the year ended 30 June 2023

	Annual Plan 2022 \$000	Actual 2022 \$000	Annual Plan 2023 \$000	Actual 2023 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rate penalties	11,962	20,205	12,454	21,335
Targeted rates	21,357	15,322	23,167	14,919
Subsidies and grants for operating purposes	3,253	5,107	3,660	7,180
Fees and charges	4,188	6,330	5,125	6,078
Interest and dividends from investments	0	305	0	375
Local Authorities fuel tax, fines, infringement fees, and other receipts	168	230	4,348	324
<b>Total operating funding (A)</b>	<b>40,928</b>	<b>47,499</b>	<b>48,753</b>	<b>50,211</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	33,012	41,224	36,825	47,598
Finance costs	1,475	1,496	1,260	2,123
Other operating funding applications		0		0
<b>Total applications of operating funding (B)</b>	<b>34,487</b>	<b>42,720</b>	<b>38,085</b>	<b>49,721</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>6,441</b>	<b>4,779</b>	<b>10,669</b>	<b>490</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	3,784	3,378	3,182	3,568
Development and financial contributions	1,027	610	949	441
Increase (decrease) in debt	12,779	(1,001)	17,549	18,986
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>17,590</b>	<b>2,987</b>	<b>21,680</b>	<b>22,995</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	10,622	8,191	12,052	8,087
- to replace existing assets	12,350	7,152	16,481	13,670
Increase (decrease) in reserves	1,059	(7,577)	3,815	1,728
Increase (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>24,031</b>	<b>7,766</b>	<b>32,349</b>	<b>23,485</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(6,441)</b>	<b>(4,779)</b>	<b>(10,669)</b>	<b>(490)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Disclosures

### Reporting Entity

Hauraki District Council (HDC) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

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

The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Council's summary annual report is in compliance with Public Benefit Entity Financial Reporting Standard 43 (PBE FRS 43) Summary Financial Statements. The Council's financial statements in the Annual Report comply with PBE standards.

The financial statements of the Council are for the year ended 30 June 2023 and were authorised for issue by Council on 31 October 2023.

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

The functional currency of HDC is New Zealand dollars.

#### Changes in accounting policies

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

### Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with NZ GAAP.

The financial statements have been prepared and comply with PBE Accounting Standards.

The Summary financial statements and associated disclosures have been extracted from the full annual report. The Summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

An unmodified audit opinion was issued on the full financial statements. The 2022/23 Annual Report and Annual Report Summary were authorised for issue by Council on 31 October 2023. The Annual report and

Summary can be found on the Hauraki District Council website, at the service centres and libraries.

### Explanation of key variances

#### Statement of Comprehensive Revenue and Expense

##### Other fees and charges

Other fees and charges are higher than that budgeted by \$0.98m.

Council also received unbudgeted income of \$0.5m for maintenance work undertaken by Council on behalf of the Hauraki Rail Trail which was then on-invoiced to an external party. Additional work was required due to two severe weather events.

Private works for services were undertaken by the construction and maintenance teams on behalf of Council, this resulted in an additional \$0.1m of unbudgeted income.

Building consent and inspection income was also \$0.2m higher than that budgeted. Council had to clear a backlog of consents and consent numbers remained steady throughout the year.

##### Development and financial contributions

Development and financial contribution income is lower than that budgeted by \$0.5m.

Throughout the year, inflation was at rates not seen for over a decade and interest rates increased dramatically. Lending to developments slowed, and the number of development projects within the district decreased.

##### Subsidies and grants

Revenue is higher than that budgeted by \$3.9m.

Subsidy income from NZTA was higher than anticipated by \$2.1m due to higher subsidy rates being applied to some of the land transport work programme than that budgeted and additional emergency work being funded that wasn't anticipated when preparing the annual plan.

Council received \$0.3 m of unbudgeted capital grants from the Ministry of Business, Innovation and Employment for the Three Waters transition programme. Other miscellaneous unbudgeted grants of \$1.5m were also received and related to the following work programmes:

- Hauraki Cycleway - \$0.2m
- Creative New Zealand funding for Council grants - \$0.1m
- Better off funding - \$0.07m
- Refuse collection and recycling - \$0.25m
- Mayoral taskforce for jobs - \$0.6m
- Other miscellaneous grants totalling \$0.3m

## Other revenue

Other revenue is lower than that budgeted by (\$2.2m).

This is mainly due to a delay in selling land (classified as inventory). Council had budgeted \$4.08m for the sale of this asset.

This unbudgeted loss was offset (in part) by a higher than anticipated gain on changes in the fair value of Council's derivative financial instruments of \$700k; and higher than anticipated vested asset revenue (against that budgeted) of \$1.0m.

## Depreciation costs

Depreciation costs were higher than that budgeted by (\$3.3m). This was due to a higher than anticipated out-of-cycle revaluation movement in the prior year for land transport and three water assets. There was a significant movement upward since the previous revaluation, which in turn resulted in a higher depreciation charge for these asset types in the current financial year.

## Finance costs

Finance costs were higher than that budgeted by (\$0.9m). These costs increased as borrowings were higher than that budgeted.

## Other expenses

Other expenses are higher than that budgeted by (\$11.4m). This is due to the following reasons:

- Unbudgeted losses on disposals of (\$0.7m) Council property, plant and equipment.
- Emergency works on roading assets due to the Auckland Anniversary weather event and Cyclone Gabrielle have resulted in emergency works of approximately (\$3.0m). Council receives a NZTA subsidy on this expenditure. Other roading works that were previously unbudgeted for, but incurred in this year, amounted to (\$0.4m).
- Kerbside recycling costs are higher than that budgeted for by (\$0.3m). The consumer price index inflation adjustment to the contract in place was higher than forecast, this can be attributed to inflationary pressures felt around both fuel and wage increases.
- Three water costs have increased the board. This is mainly due the two weather events that occurred in the second half of the financial year. The cyclones resulted in a significant amount of dirty water that needed to be cleaned. The dirty water originated from floods and slips within the catchment, which then travelled through the reticulation network and to the treatment plants. Repairs (both routine and reactive), chemical

costs, and energy costs were substantially higher due to both the volume and quantum of "dirty" water being processed within the network. The unbudgeted cost to Council for this work is as follows:

- Energy costs (\$0.6m)
- Chemicals (\$0.5m); and
- Routine and reactive repairs (\$1.6m)
- Desludging of wastewater treatment plants has resulted in unbudgeted expenditure of (\$1.0 m). This work was deferred from the previous financial year.
- Three water transition costs are also being incurred by Council. These are unbudgeted costs and to 30 June amount to (\$0.2m)
- Insurance costs are higher budget by (\$0.3m). Insurance costs have increased due to the number of extreme weather events occurring across the country. The costs of reinsurance is for insurance companies has increased and these in turn have resulted in higher premiums for Council.
- Regulatory costs are higher than that budgeted by (\$0.2m). These are due to an increase in the complexity of consents requiring technical services, planning and other professional consultants in order to be processed, along with the quantum of consents received. These costs are passed on to the applicant.
- Mowing costs have increased by (\$0.3m). This is driven by an increase in the cost of petrol.
- Legal fees have increased by (\$0.2m), and are mainly due to complexities around consent appeals and surveying costs.
- Landfill aftercare liability expenditure increased by (\$0.4m) as monitoring costs have been higher than expected and the provision for this work needed to increase in order to cover the costs associated with this work.
- The design, projects and works teams have a collective unbudgeted loss of (\$1.1m). This is due to under recoveries on work completed up to 30 June 2023.

## Gain on property, plant and equipment revaluations

Although a gain on the revaluation of property, plant and equipment was budgeted, the actual asset revaluation movement was lower than budgeted by (\$7.6m). This mainly attributable to Council only completing an indexed valuation of roading assets this financial year. A full revaluation was completed in the prior year for this asset class, along with the three waters and land drainage assets. So another full revaluation for these asset types was not required.

## Statement of Financial Position

### Cash and cash equivalents

Cash and cash equivalents are higher than that budgeted by \$7.7m. The majority of this movement relates to funds borrowed on the expectation that the capital work programme, identified by Council last year would be completed as per the forecast provided. Due to a number of issues, including weather events outside of Council control, a large amount of this work was unable to be completed.

### Derivative financial instruments

Due to the inherent difficulties in predicting valuation derivatives, Council does not budget for the movement in derivative financial instruments. As such, the fair value of these are \$4.0m over that stated in the annual plan.

### Inventory

Council had originally budgeted for the value of the Ngātea North and South subdivision to be included within property, plant and equipment. However, this was required to be transferred for inventory for financial reporting purposes. This resulted in a positive variance of \$2.6m.

### Financial assets – borrower notes

Borrower Notes are subordinated convertible debt instruments which each council that borrows from LGFA must subscribe for (in an amount equal to 2.5% of the total borrowing from LGFA by that council). As borrowing from LGFA increased in the 2022/2023FY, subsequently so did the subscribed borrower notes. Borrower Notes are redeemed when the Council's related borrowings are repaid or no longer owed to LGFA.

### Intangible assets

Intangible assets increased by \$1.3m compared to that budgeted. These costs relate to wastewater and stormwater consents that Council are currently processing.

### Property, plant and equipment

Property, plant and equipment is \$142m higher than that budgeted. The majority of this movement upwards can be attributed to the out-of-cycle revaluation that took place for Council land transport, three waters and land drainage assets in the previous financial year. The budget is based on the closing book value as at 30 June 2021 and adjusted for budgeted additions and disposals, and revaluation gains of approximately \$3m. As such, the budget would not have taken into consideration the actual gain of \$166m. The reason Council decided to undertake these revaluations was due to an internal fair value assessment showing evidence of a significant

movement upward since its previous revaluation in July 2019 (land transport) and July 2020 (three waters and land drainage).

### Payables and deferred revenue

Payables and deferred revenue are (\$6.2m) higher than budgeted. This is mainly attributable to revenue received in advance being (\$3.6m) higher than that budgeted. A large rent prepayment has been made and amounts to (\$1.6m) of the overall balance of revenue in advance. More and more ratepayers are also now electing to pay their water and rates on monthly/fortnightly direct debits, therefore resulting in a higher in revenue in advance balance as at 30 June (\$1.7m).

Government grants of (\$0.3m) were also received as income in advance. In addition to this, overall operational expenditure was higher than that budgeted and this will correlate with a higher payables balance at year-end.

### Borrowings

Borrowings are higher than that budgeted by \$6.0m. This can mainly attributed to Council not completing its re-forecasted capital works programme in the 2022/23 financial year. Borrowings are based not only the forecasted annual plan capex programme, but on capex budget variations indicated to Council. These were indicated at the start of the financial year to be \$42m. Council only ended up spending approximately half of that amount, but Council had borrowed based on the signalled funding requirements at the start of the financial year. After taking into consideration Council's starting cash position, and any grants and/or contributions, and operational funding surpluses that could contribute to Council's capital and operational funding requirements, Council ended up borrowing \$6m more than what it had originally anticipated.

## Contingent Liabilities

### Land acquisition compensation claim

There is a request for compensation in relation to the historic acquisition of a small parcel of land under the Public Works Act. No final settlement has been reached.

### Hauraki Rail Trail

The Council, along with Thames-Coromandel District Council (TCDC) and Matamata-Piako District Council (MPDC) are party to a trust deed which has formed the Hauraki Rail Trail Charitable Trust (the Trust). The deed, signed on 2 March 2012, allows the Trust to own, operate, maintain, repair, develop and facilitate the use and enjoyment of a rail trail within the region.



Upon formation of the Trust, it also entered into a "Management Agreement" to manage the rail trail. As part of that agreement, the Trust is required to obtain revenue from the rail trail to provide funding for its 'management obligations'. If the Trust is unable to obtain sufficient revenue from the rail trail to meet its management obligations, the Council, TCDC and MPDC have agreed to contribute additional funding to the Trust (as set out in the management agreement).

If Council is notified that the trust cannot generate sufficient funds to cover its operating costs, each of the settlor Councils shall contribute to the shortfall in funding on the following basis:

- Strategic and overhead costs are to be apportioned equally between the settlor Councils; and
- Proportionate costs are to be apportioned pro rata by each settlor Council based on the length of the Hauraki Rail Trail within each settlor Council's district.

Proportionate costs are costs incurred by the Trust which are set out in schedule of the agreement, they are however, essentially costs that are easily distinguishable by each district Council boundary.

### **New Zealand Local Government Funding Agency**

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA and a foreign currency rating of AA+ as at 30 June 2023.

As at 30 June 2023, Council is one of 30 local authority shareholders and 70 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. The LGFA has \$20m of uncalled capital from its council shareholders that is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors; Council is a guarantor of all of LGFA's borrowings.

At 30 June 2023, LGFA had borrowings totalling \$17,683 billion (2022: \$15,789b).

The LGFA's borrowing of \$17,683 billion is made up of the following (\$000's):

- \$16,678,000 face value of bonds on issue
- \$83,656 accrued interest on bonds on issue
- \$792,000 bills on issue
- \$130,043 treasury stock lent to counterparts under bond repurchase agreements

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a

sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of NZLGFA defaulting on repayments of interest or capital to be very low on the basis that:

- Council is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### **Riskpool**

Hauraki District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool').

The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire.

However, as a result of the Supreme Court decision on 1 August 2023 in *Napier City Council v Local Government Mutual Funds Trustee Limited*, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects).

Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

### **Other claims**

Other outstanding legal claims as at 30 June 2023 cannot yet be quantified (2022: nil).

### **Contingent assets**

There are no contingent assets as at 30 June 2023.

### **Capital Commitments**

Capital expenditure contracted for at balance date but not incurred was \$5,298,000 (2022: \$1,143,000).

### **Remuneration and Severance Disclosure**

The total cost to Council of the remuneration for the 14 council members and the four senior managers was \$1,569,000 (2022: \$1,493,000). For the year ended 30 June 2023, no severance payments were made to any employee (2022: \$7,500)

### **Events after balance date**

#### **Water services reform programme**

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and

affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand.

The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

Council will be impacted by the transfer of the assets (and some associated functions) to the new entity. The exact assets and functions that will be transferred are still unclear.

The National Transition Unit within the Department of Internal Affairs issued draft transfer principles and associated guidance in December 2022. However, these principles may be amended with the passing of the three acts mentioned above.

Due to the timing of these legislative changes, the lack of clarity of which assets and functions will transfer and a range of decisions still to be made under the new legislation the financial impact of the transfers cannot be determined with certainty.

### **COVID-19**

Council continues to be impacted to varying degrees both financially and non-financially due to increased costs and labour shortages.

## Independent Auditor's Report

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

The summary of the annual report was derived from the annual report of the Hauraki District Council (the District Council) for the year ended 30 June 2023.

The summary of the annual report comprises the following information on pages 5 to 22 and pages 27 to 34:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of service performance.

#### Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

#### Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

#### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 31 October 2023.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the following disclosure:

## **Uncertainty over the water services reform programme**

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in note 24 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved. This matter is disclosed in the events after balance date section on pages 33 to 34 of the summary financial statements.

## **Council's responsibility for the summary of the annual report**

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

## **Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, and assurance engagements related to the joint procurement of waste services across the Eastern Waikato, the procurement of a landfill disposal contract, the procurement of road maintenance contract and the tender process for the procurement of Paeroa wastewater treatment plant upgrade which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.



Carl Wessels  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
31 October 2023

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For more information:

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