



# 2019/20 Annual Report



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# A message from the Mayor and Chief Executive

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As we reflect on the last financial year, it's fair to say it hasn't gone as planned. Around the globe, we'll remember 2020 as the year that threw us all a major curveball as we dealt with the Covid-19 pandemic.

Like everyone else, we've had to adapt to a whole new way of working in the face of continuing uncertainty. Due to Covid-19, we didn't complete our full work programme as planned. You'll see as you read this report, there are a number of projects we just didn't get to. However, as we progress into the new financial year, we'll carry over some of those projects, and fast track others, which we hope will assist in rebooting our local economy.

We're aware the pandemic has greatly affected many of our businesses, workers and their families, and we're doing what we can to help during this challenging time. As well as fast-tracking some capital projects, we've agreed to use local trade contractors seeking work on a short term basis, for specific work programmes, such as the upcoming replacement of water meters. To help keep cash flowing into the community, invoices are being paid early if requested, rather than waiting until the 20th of the month, and some money from our operational budgets and special funds is being reallocated towards assisting our communities. We have no plans to increase Council fees and charges for the 2020/21 year, including elderly housing rent, hall fees, dog registration and other regulatory fees. Clubs and community organisations using Council facilities have been granted 12 month's free rent and we've provided various rates relief options for those struggling to make payments. We've also been working with Regional Economic Development Agency, Te Waka, and local town promotional organisations on marketing packages, such as "Love Hauraki" which encourages locals to support local businesses. More recently, a Council bid for \$250,000 to help drive local employment opportunities has been successful. The money will fund a community recovery programme developed by the Mayors Taskforce for Jobs in collaboration with the Ministry of Social Development.

On top of Covid-19, 2020 brought us one of the worst droughts ever in recorded history. The effects of the drought had been bubbling away in the shadow of Covid 19 for some time before our three local Mayors (Hauraki, Matamata-Piako and Thames Coromandel), local MP Scott Simpson and Hauraki Māori Trust Board Chairman David Taipiri, wrote a letter to Minister of Agriculture Damien O'Conner asking for help for local farmers. Soon after, the Government announced relief funding for drought stricken farmers in North Waikato and Northland to the tune of \$500,000, with \$250,000 of that tagged for farmers in the Thames Valley area. We added \$10,000 to the local fund, with Matamata-Piako and Thames-Coromandel District Councils also contributing.

In view of this and other pressures facing local farmers we've refreshed and rejuvenated a project aimed at tackling the tough questions and issues facing our farming communities. The Elephant in the Paddock began in 2017 when the Council teamed up with a number of rural support agencies to check in on the wellbeing of our rural communities. That project was so successful we're doing it all again. The revamp includes three new local champions who are sharing their stories, as well as a refreshed brochure with up-to-date information on how to recognise unhealthy stress or depression and where to find support services within the local community. Phase two of the project will include a series of wellbeing workshops run by rural support agencies, such as Waikato-Hauraki-Coromandel Rural Support Trust.

Our newly elected Council wanted to engage with our communities in a new and fresh way, so we attended local events during February and March 2020, to gather feedback about what matters the most to them. Issues like housing affordability and unemployment (just to name a few) came up as key concerns so the Council has agreed to focus on projects that will improve social and economic wellbeing where possible. To help achieve this, we've combined our economic development and social committees into one committee called Manaaki Toiora, which means to assist in the wellbeing of our communities or to lift ones mana in the sense of wellbeing.

Other future focus areas include working with our Wharekawa Coast communities on a community led plan to address the effects of climate change in that area. Also, as the Hauraki Treaty claims near completion and Iwi look to enter into a post Treaty environment, our engagement with Mana Whenua will significantly increase too.

In terms of our finances, we ended the year with a \$4.1 million deficit. This was \$3.4 million more than what we had anticipated. The main contributor to this was a loss on roading assets as Council needed to replace a significant portion of pavement and roading surfaces across the district due to the damage sustained in the drought this year.

This annual report also marks the end of John Tregidga's 15-year term as Mayor, and our new Mayor's first year in the hot seat.

We wish to thank John for his 36 years' service to local government; he leaves some big shoes to fill. We also have a number of new councillors on our team. We really appreciate them putting their hands up to represent our communities and look forward to achieving great things over the next three-year term.

We have some unique challenges ahead as we work our way through these uncertain times and adapt to a new normal. Whatever the future may bring, rest assured we'll continue to do our best to support our local communities and come out the other side a stronger place to be.

## **Hauraki District Council Statement of compliance and responsibility as at 30 June 2020**

### **Statement of Compliance**

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

### **Statement of Responsibility**

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

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

In the opinion of the Council and Management of Hauraki District Council, the Annual Report for the year ended 30 June 2020 fairly reflects the financial position and operations of Hauraki District Council.

Toby Adams  
Mayor

Langley Cavers  
Chief Executive

# Introduction and overview

## Your Elected Members 2019/20

The Hauraki District Council elected members include the Mayor and 13 Councillors - four elected from the Paeroa Ward, four from the Plains Ward and five from the Waihi Ward.

### Mayor



#### District Mayor

Mr Toby Adams

027 808 4217

[toby.adams@hauraki-dc.govt.nz](mailto:toby.adams@hauraki-dc.govt.nz)

*Portfolios: Policy, Finance, Transportation, Iwi, Community Growth, Emergency Management*

### Paeroa Ward



#### Councillor

Carole Daley  
(Paeroa Ward Chair)  
(07) 862 7253

[carole.daley@hauraki-dc.govt.nz](mailto:carole.daley@hauraki-dc.govt.nz)

*Portfolios: Finance, Property*



#### Councillor

Paul Milner  
(Deputy Mayor)  
021 051 5799

[paul.milner@hauraki-dc.govt.nz](mailto:paul.milner@hauraki-dc.govt.nz)

*Portfolios: RMA and Regulatory Policy, Community Facilities*



#### Councillor

Jo Tilsley  
027 330 3170

[jo.tilsley@hauraki-dc.govt.nz](mailto:jo.tilsley@hauraki-dc.govt.nz)

*Portfolio: Community Initiatives*



#### Councillor

Rino Wilkinson  
021 937 138

[rino.wilkinson@hauraki-dc.govt.nz](mailto:rino.wilkinson@hauraki-dc.govt.nz)

*Portfolio: Community Recreation (Sport)*

### Plains Ward



#### Councillor

Ross Harris  
(Plains Ward Chair)  
027 291 6469

[ross.harris@hauraki-dc.govt.nz](mailto:ross.harris@hauraki-dc.govt.nz)

*Portfolios: Water/Wastewater/Stormwater, Community Growth*



#### Councillor

Phillip Buckthought  
07 867 6708

[phillip.buckthought@hauraki-dc.govt.nz](mailto:phillip.buckthought@hauraki-dc.govt.nz)

*Portfolios: Water/Wastewater/Stormwater, Land Drainage and Flood Protection, Transportation, Emergency Management*



#### Councillor

Rodney Garrett  
07 867 6879

[rodney.garrett@hauraki-dc.govt.nz](mailto:rodney.garrett@hauraki-dc.govt.nz)

*Portfolios: Land Drainage and Flood Protection, Waste Management*



#### Councillor

Ray Broad  
07 867 8121

[raymond.broad@hauraki-dc.govt.nz](mailto:raymond.broad@hauraki-dc.govt.nz)

*Portfolio: Property*

### Waihi Ward



#### Councillor

Anne Marie Spicer  
(Waihi Ward Chair)  
021 0253 6559

[annemarie.spicer@hauraki-dc.govt.nz](mailto:annemarie.spicer@hauraki-dc.govt.nz)

*Portfolios: Community Facilities, Iwi, Community Initiatives*



#### Councillor

Paul Anderson  
07 863 9280

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#### Councillor

Duncan Smeaton  
(07) 863 7821

[duncan.smeaton@hauraki-dc.govt.nz](mailto:duncan.smeaton@hauraki-dc.govt.nz)

*Portfolio: Waste Management*



#### Councillor

Sara Howell  
07 863 7541

[sara.howell@hauraki-dc.govt.nz](mailto:sara.howell@hauraki-dc.govt.nz)

*Portfolio: Community Recreation (Sport)*

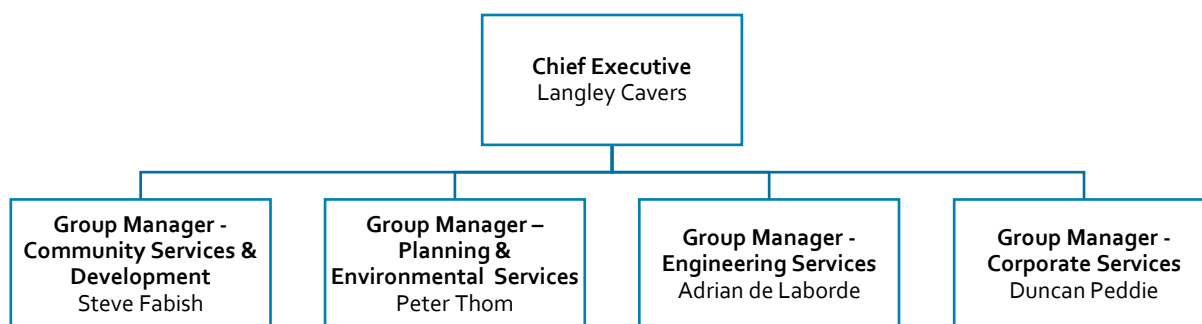
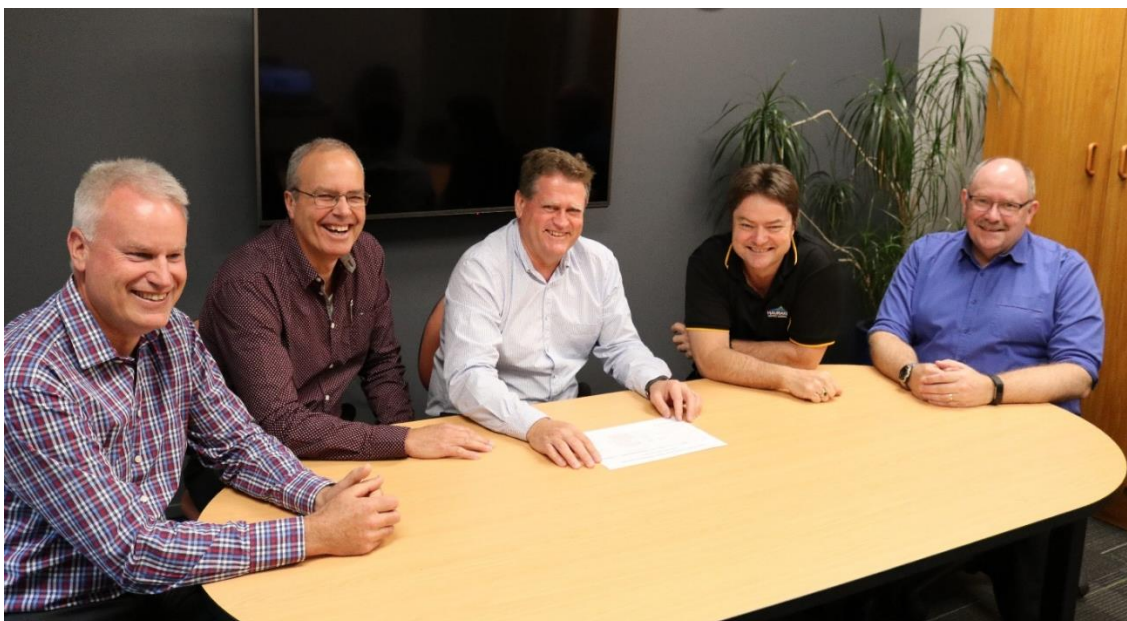


#### Councillor

Brian Gentil  
021 147 2583

[brian.gentil@hauraki-dc.govt.nz](mailto:brian.gentil@hauraki-dc.govt.nz)

## Hauraki District Council's Executive Leadership Team



## Mission Statement

### It is the Council's mission to:

- actively provide leadership to and advocate for, our communities
- provide good quality infrastructure, services and regulatory functions
- foster open-minded and two-way communication with our communities
- ensure the sustainable use and management of resources

...for the benefit of all who live in, work in and visit the Hauraki District.

## Customer Charter

### Your rights as a customer are:

- to be treated with respect
- to receive a timely and accurate response
- to have access to relevant information.

### Our commitment to you:

- We will respond to you promptly.
- Our staff will identify themselves.
- We will provide knowledgeable staff at first contact.
- We will fairly interpret and apply the laws, by-laws and regulations.
- Our services standards will be freely available.
- We will review feedback from our customers.

### Customer feedback:

- We welcome feedback about our service.
- The Council has formal feedback procedures. Ask for an information brochure, or check out the "Suggestions" section on the website - [www.hauraki-dc.govt.nz](http://www.hauraki-dc.govt.nz) - to submit your feedback.



## Community Outcomes

Community Outcomes are our expression of our goals and aspirations for now, and the future. We aim to achieve these goals in all aspects of our leadership, policy development and service delivery. As part of the planning for the Long Term Plan 2021-31, these Community Outcomes have been reviewed and the revised Community Outcomes will come into effect on 1 July 2021.



### Prepared Hauraki

We provide a range of services and facilities to meet our district's needs and expectations for a safe environment.

- We provide ongoing safe, well-managed and maintained core infrastructure.
- Our waste is collected, reduced, reused and recycled responsibly.
- We are organised and prepared to deal with natural hazards



### Interactive Hauraki

We are a proactive council that provides leadership and communicates effectively with all sectors of our district.

- We advocate for the benefit of our district.
- We keep our district well-informed and ensure information is available.
- We consider our district's views when making decisions.



### Kotahitanga Hauraki

We take a collaborative approach with both Mana Whenua and Tangata Whenua in our district.

- We advocate for forums which ensure involvement and consultation in decision-making processes.
- We ensure appropriate regard is made to taonga and culturally significant matters.
- We encourage the development of partnerships for the delivery of services and programmes.



### Progress Hauraki

We have a positive climate that encourages balanced and sustained economic growth throughout our district

- Our infrastructural services and facilities are planned and developed to meet future demand.
- We actively encourage new economic development opportunities while continuing to support existing ventures and service providers.
- We encourage further development of tourism opportunities and facilities focusing on our heritage and eco-tourism.



### Lifestyle Hauraki

We provide an environment that encourages vibrant communities and an enhanced quality of life.

- Our unique communities are protected while balancing the needs of alternative lifestyles.
- We are advocates for the provision of quality social, educational, health and training services.
- We encourage partnerships within the district for the delivery of services.



### Sustainable Hauraki

We plan for the wise use and management of all land and resources for the continued benefit of our district.

- Our natural and physical environments are sustainably managed.
- We have a shared respect for both economic growth and environmental protection.
- We support the protection of the district's significant natural habitats and ecosystems.

## Legislative framework

All local authorities are required to work within many statutory frameworks. The key empowering act for local authorities is the Local Government Act 2002.

### Purpose of local government

Section 10 of the Local Government Act 2002 defines the purpose of local authorities as being:

- to enable democratic local decision-making and action by, and on behalf of, communities
- to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

### Role of local government

Section 11 of the Local Government Act 2002 defines the role of local authorities as being to:

- give effect, in relation to its district or region, to the purpose of local government stated in section 10
- perform the duties, and exercise the rights, conferred on it by or under this Act and any other enactment.

These legislative requirements set the broad framework within which every local authority must work.

### Key principles

There is further direction for local authorities in relation to their status and powers, in particular the principles relating to local authorities, contained in sections 12-14 of the Local Government Act 2002. These can be viewed in full on the website [www.legislation.govt.nz](http://www.legislation.govt.nz). All of Council's policy and strategic frameworks are developed to be in compliance with these requirements.

## About this Annual Report and our planning cycle

In our key strategic planning document, the 2018-28 Long Term Plan (LTP), we set out what we aim to achieve each year for the next ten year period, and use measures and targets as a way of monitoring whether we are meeting our goals. The LTP also details the projects we plan to undertake and when we expect those projects to be completed. We produce an annual report like this one every year, which we use to report back to the community the progress we've made towards achieving those targets. Our annual reports also outline many of the projects that we have completed during the year. Additionally, an annual plan is produced in years two and three of the LTP to update the projects and budgets for those years.

This annual report document presents our key achievements for the 2019/20 year (1 July 2019 to 30 June 2020).

## What you'll find in this document

- An introduction and overview of this document, including a message from the Mayor and Chief Executive, the wider context, your 2019/20 elected members, our community outcomes and more.
- Our progress against the goals we set in our Financial Strategy.
- For each of our activities, this annual report outlines:
  - What the activity cost and how it was funded
  - Our progress in 2019/20 against our intended level of service targets (including the results for the mandatory performance measures where applicable)
  - An outline of the projects that were completed in 2019/20
  - The projects that we planned to complete in 2019/20 but weren't able to
- Our financial statements for the 2019/20 year
- An overview of the achievements of our Council Controlled Organisations (CCOs) in the 2019/20 year.
- A list of all Council Committees and their members.
- A report from Audit New Zealand regarding this annual report

### Easy reference stamp

A lot more information can be found in our 2018-28 Long Term Plan (LTP).

This handy stamp placed throughout this annual report will let you know where you can find out more in our LTP.

Our LTP is available at each service centre, or you can download an electronic copy from our website [www.hauraki-dc.govt.nz](http://www.hauraki-dc.govt.nz)



Page #  
2018-28  
Long Term Plan

## Satisfaction Survey

Through Versus Research, Council independently surveys our customers' satisfaction with our services annually. For the 2020 survey, a sample of 550 was sought with 400 interviews being completed via phone calls and 150 online. This is the first year that mobile phones were called additional to landlines. 81% of interviews that took place were from landlines and 19% on mobiles.

Statistically, the sample was proportionate to each Ward to ensure the survey was representative of the Hauraki District overall. Age and gender weights were applied to the final dataset to ensure specific demographic groups were not under or over represented. The Margin of Error for the survey was +/-4.17% at the 95% confidence interval.

# Progress against our Financial Strategy

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Our financial strategy presented in our LTP consists of carefully reducing debt levels, minimising and smoothing rates increases and ensuring our business is well managed.

We have three caps set out in our financial strategy, one that limits the amount of debt we hold, and two that limit the rates we set. If we go over our limits (or caps), we need to provide good reason as to why it happened.

## Rates affordability benchmark

For this benchmark, the Council's quantified limits on rates as stated in the financial strategy included in the Council's long-term plan are quantified limits on rates increases, not rates income. The Council has not therefore reported on planned rates income.

Council has two quantified limits for rates increases for both its water and non-water rates:

### Non-water rates

- the Council's planned non-water rates increase for the year is compared with forecast Local Government Cost Index (LGCI) plus 5.5% on non-water rates increases for the year contained in the financial strategy included in the Council's long-term plan; and
- A rates cap of 2% on top of the forecasted rates requirement set out in the 2018-28 LTP for the year covered by the Annual Plan.

### Water rates

- The Council's planned water rates increase for the year is compared with forecast LGCI plus 4.0% on water rates increases for the year contained in the financial strategy included in the Council's long term plan; and
- A rates cap of 2% on top of the forecasted rates requirement set out in the 2018-28 LTP for the year covered by the Annual Plan.

The Council meets the rates affordability benchmark if it's planned rates increases for the year equal or are less than each quantified limit on rates increases.

## Progress against our rates affordability benchmarks

### Non-water rates

In measuring this prudence measure, Council specifically excludes rates remissions from this calculation.

In 2019/20, rate remissions (excluding water) were \$1.0 million. This abnormally high level reflected a charge of \$0.56 million remitted due to a rating charged assessed in error on one property. If rate remissions were excluded from the calculation, Council would have met both rate affordability benchmarks (income and increases) as actual rates income would have been \$24.0 million (and within the quantified limit of \$24.5 million) and the rate increase from the 2018/19 financial year to this financial year would have been 3.5% instead of 7.8% calculated.

### Water rates

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.

Water consumption in 2017/18 was significantly higher than in 2016/17. Where as in 2018/19 water consumption was slightly under budget. In 2019/20, the district experienced a record-breaking drought, which saw water consumption spike again. A number of breaks in pipes were also identified throughout the district. The dry ground conditions caused substantial movement (contraction) in the soil and caused damage to a number of

pipes and other water reticulation assets. Council is expecting a number of remissions to be processed in the 2020/21 financial year in relation to this.

### **Debt affordability benchmarks**

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

Council has four quantified limits on borrowing:

- external net debt per rating unit is equal to or less than \$8,000
- net interest expense is equal to or less than 10% of total revenue
- net interest expense is equal to or less than 15% of rates revenue
- net external debt is equal to or less than 175% of total revenue

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

### **Progress against our debt affordability benchmarks**

The Council set a variety of debt parameters around total debt limits and interest cost limits, which indirectly determines debt limits. The debt cap that the Council set is that its total debt should not exceed \$8,000 per property in any year. At 30 June 2020, total debt was \$3,206 per property.

In addition, the 2019/20 Annual Plan the debt forecast was \$53 million, with the debt cap being \$74.9 million, meaning that the Council's Annual Plan sat comfortably within its debt cap.

Council's debt at the end of June 2020 was \$44 million, which was \$9 million lower than forecast because of some delays in the capital work programme in both 2018/19 and 2019/20 financial years.

Due to the lower than anticipated borrowing levels, both net interest expense benchmarks are well within the limits set out in the long-term plan.

# Annual report disclosure statement for year ending 30 June 2020

## What is the purpose of this statement?

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

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

## Rates affordability benchmark

The Council meets the rates affordability benchmark if:

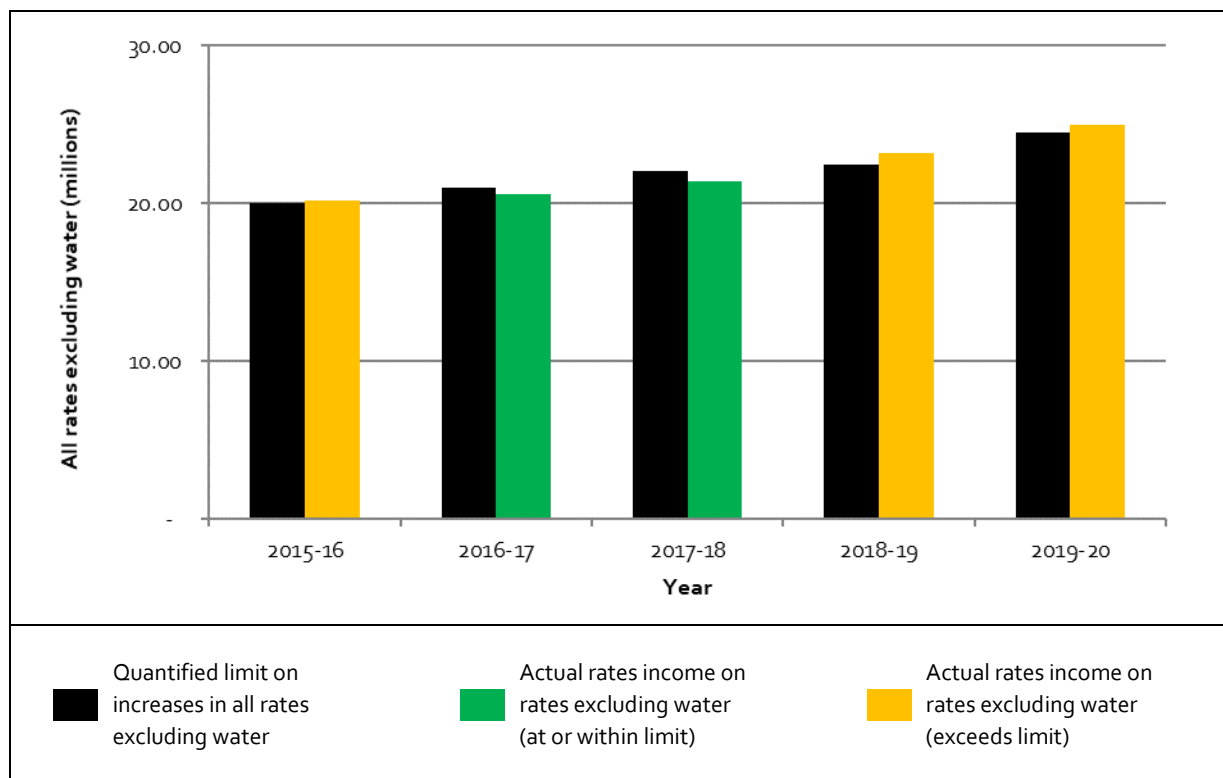
- its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

## Rates (income) affordability

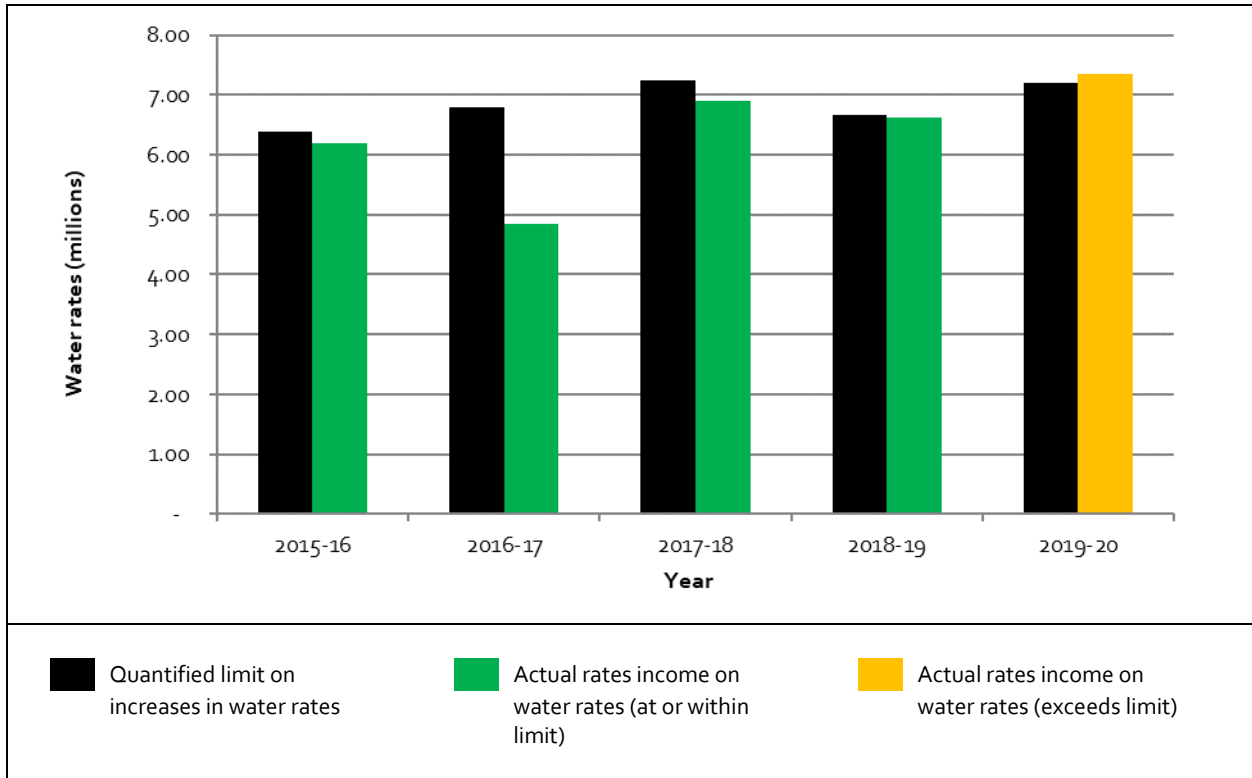
HDC's has two quantified limits on rates income as stated in the financial strategy included in the Council's long-term plan:

- the first quantified limit is for all rates excluding water rates.
- the second quantified limit is for water rates

The following graph compares the Council's actual rates income (excluding water rates) with a quantified limit on rates income (excluding water rates) included in financial strategy and in the Council's long-term plan. The quantified limit for 2020 was the rates income (excluding water rates) set out in the 2018/19 Annual Plan plus 7.5%. (2019: The quantified limit was the rates income cap (excluding water rates) set out in the 2017/18 Annual Plan plus 7.5%).



The following graph compares the Council's actual water rates income with a quantified limit on rates income included in financial strategy and in the council's long-term plan. The quantified limit for 2020 was the water rates income set out in the 2018/19 Annual Plan plus 8% (2018: The quantified limit was the rates income cap (excluding water rates) set out in the 2017/18 Annual Plan plus 8%)

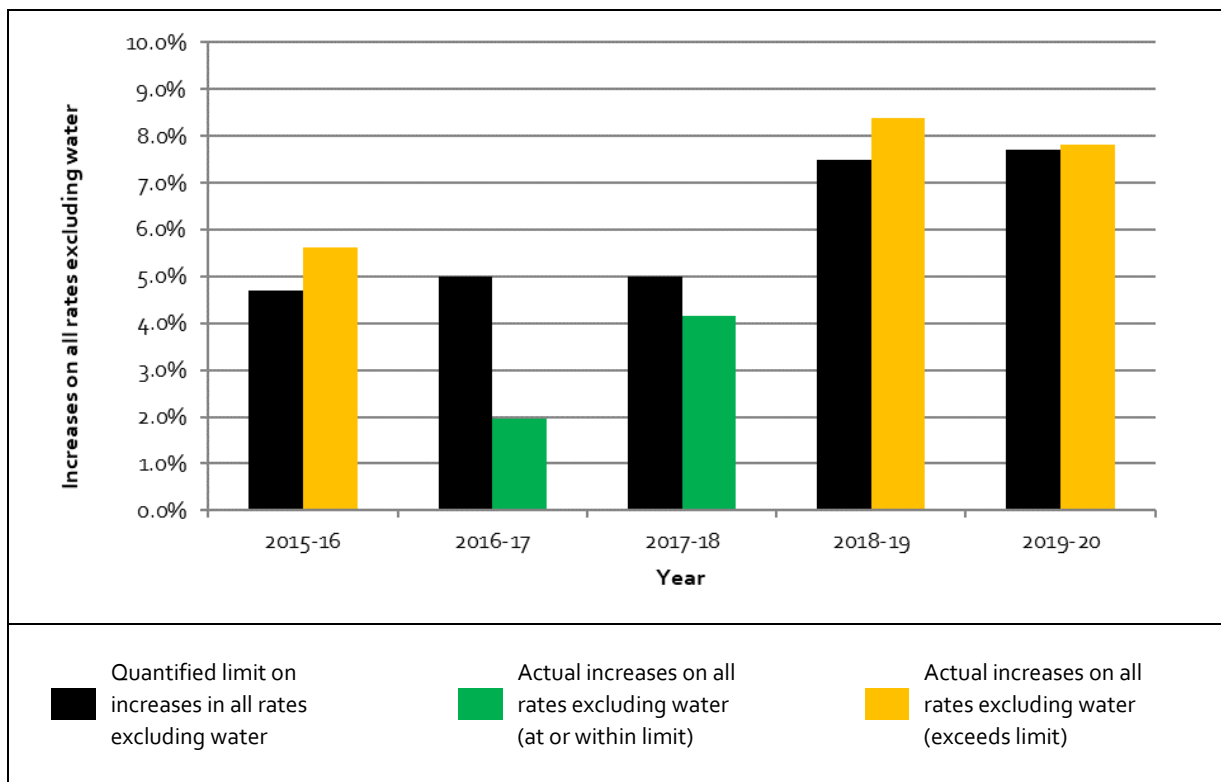


### Rates (increases) affordability

HDC has two quantified limits for rates increases:

- the first quantified limit is for all rates excluding water, and is expressed as the Local Government Cost Index (LGCI) plus 5.5%
- the second quantified limit is for water rates, and is expressed as the LGCI plus 6%

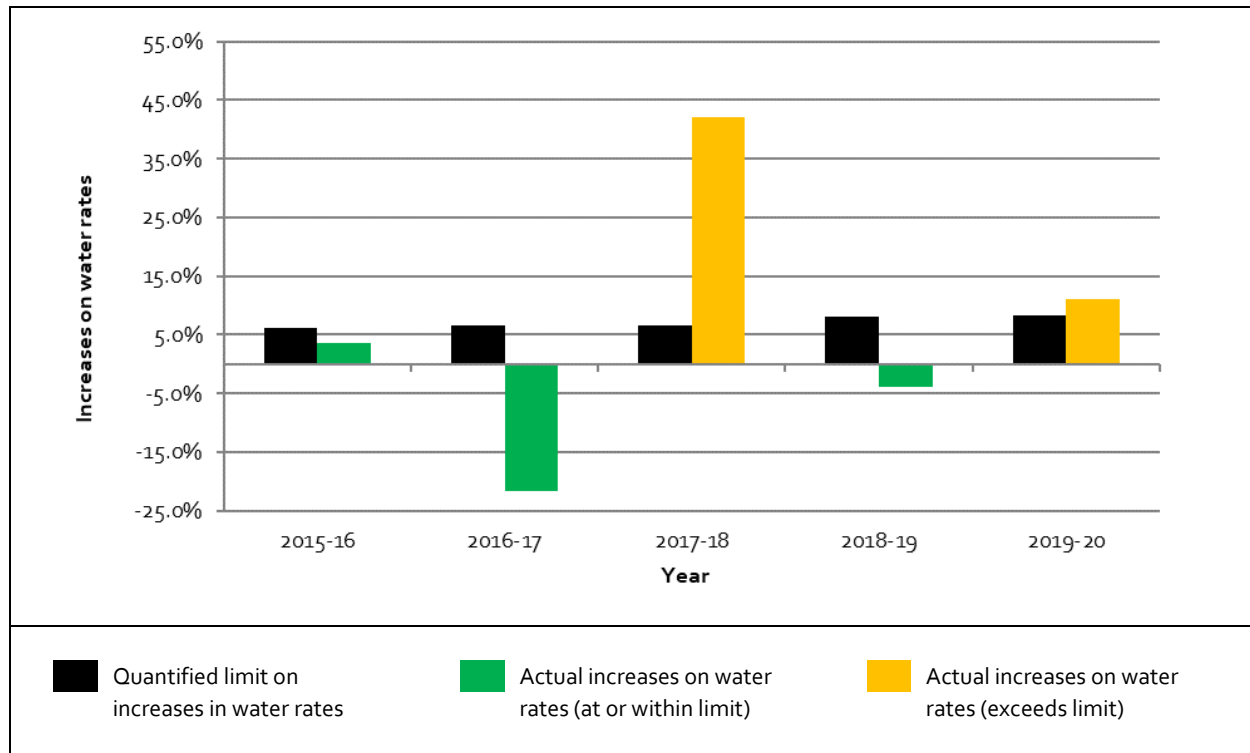
The following graph compares the Council's actual rates increases (excluding water rates) with a quantified limit on rates increases (excluding water rates) included in financial strategy included in the council's long-term plan. The quantified limit is that the percentage increase in rates (excluding water rates) will be no more than the LGCI plus 5.5%, for the first four years, and the LGCI plus 3.5% for the remaining years.





## Water rates

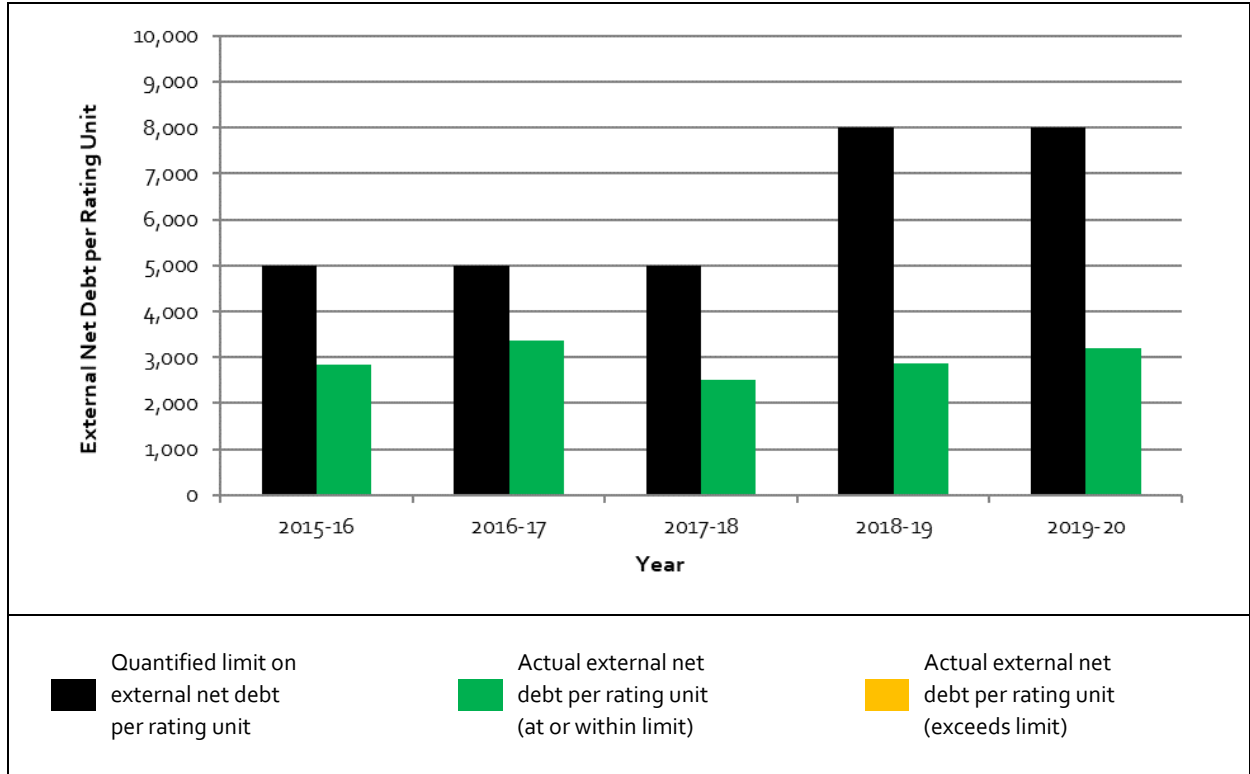
The following graph compares the Council's actual rates increases with a quantified limit on water rates increases included in financial strategy included in the council's long-term plan. The quantified limit is that the percentage increase in water rates will be no more than the LGCI plus 6%, for the first three years of the long term plan, and less than or equal to the forecast LGCI plus 1.5% in the remaining years of the long term plan.



## Debt affordability benchmarks

### Debt (external net debt per rating unit) affordability

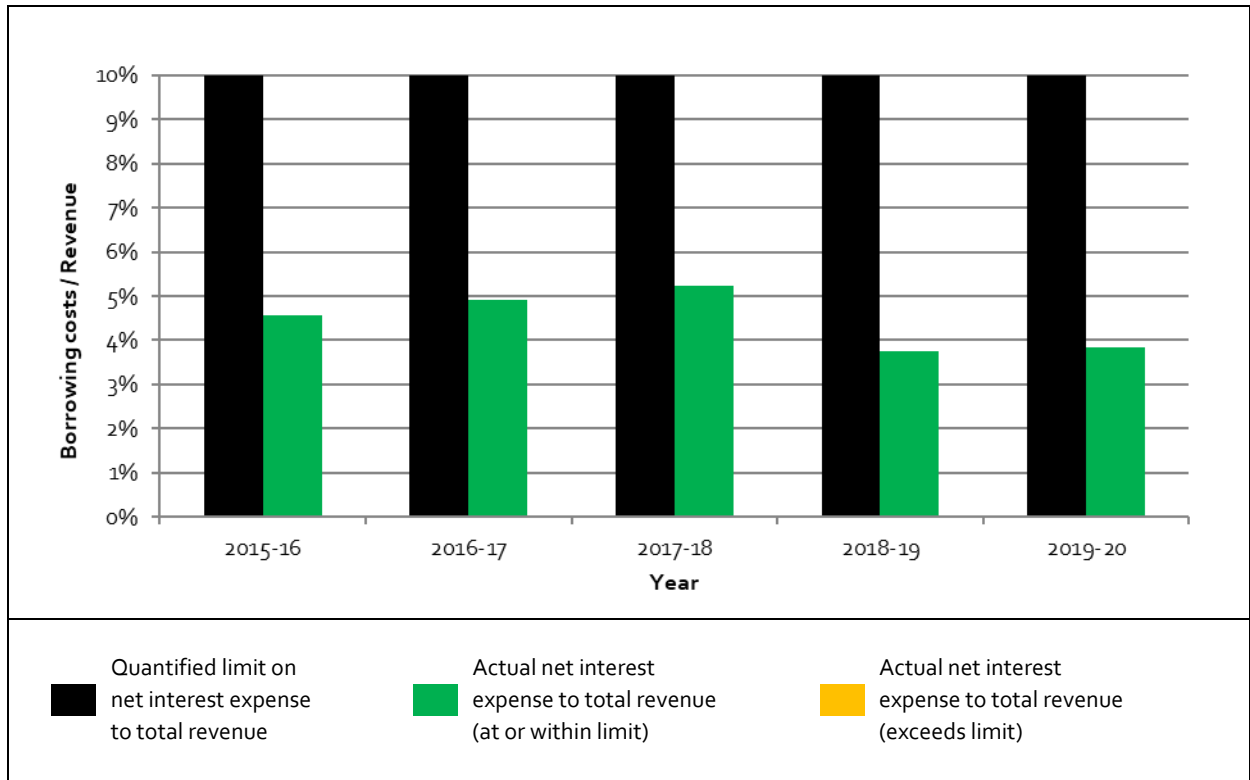
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that external net debt per rating unit is equal to or less than \$8,000.



In the 2018-28 Long Term Plan, the quantified limit for this measure changed from \$5,000 to \$8,000 per rating unit. The Council is comfortably within this borrowing limit.

### Debt (net interest expense to total revenue) affordability

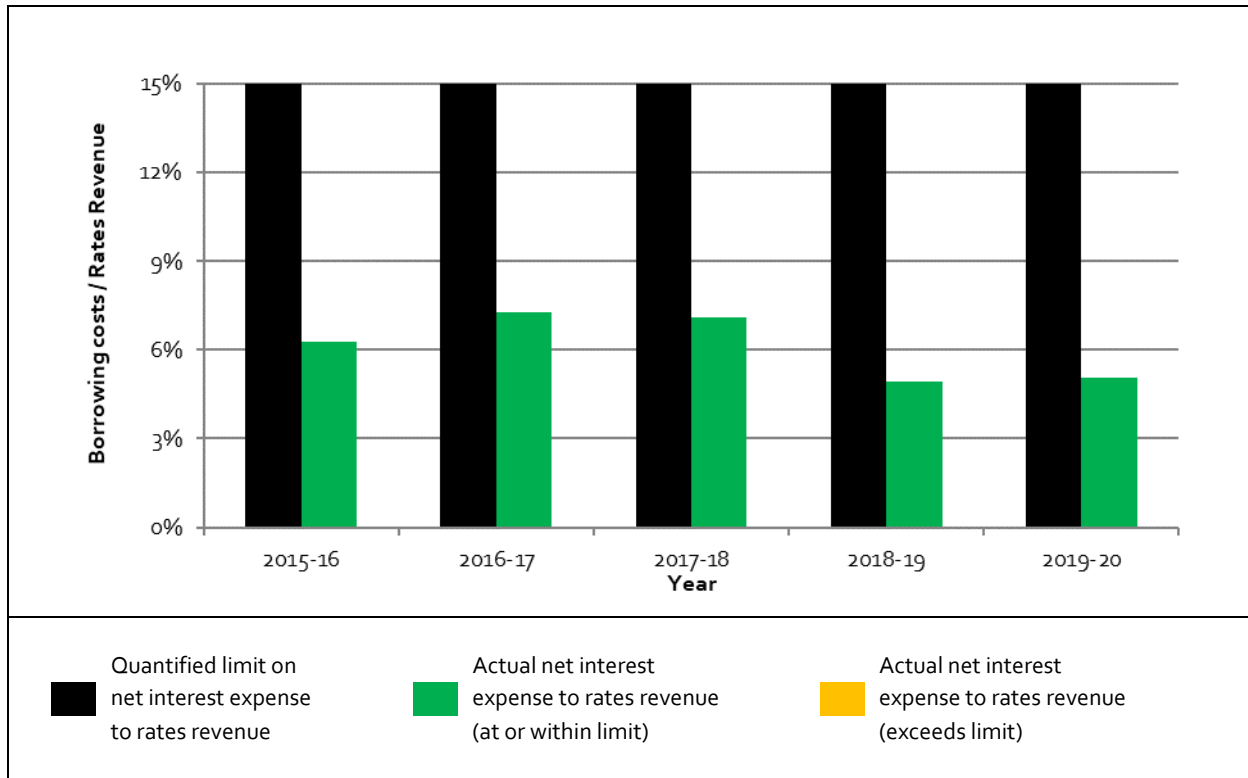
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that net interest expense is equal to or less than 10% of total revenue.



The Council is comfortably within this limit.

### Debt (net interest expense to rates revenue) affordability

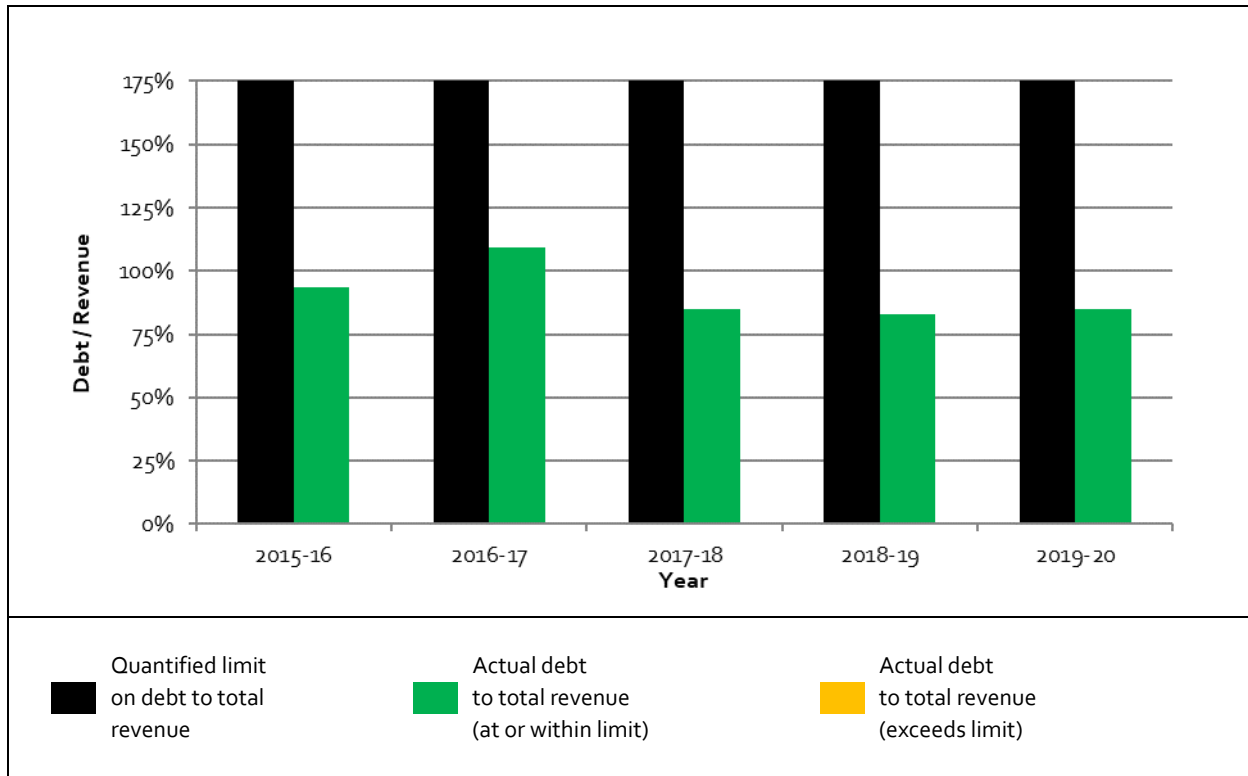
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that net interest expense is equal to or less than 15% of rates revenue.



The Council is comfortably within this limit.

### Debt (debt to total revenue) affordability

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that debt is equal to or less than 175% of total revenue.

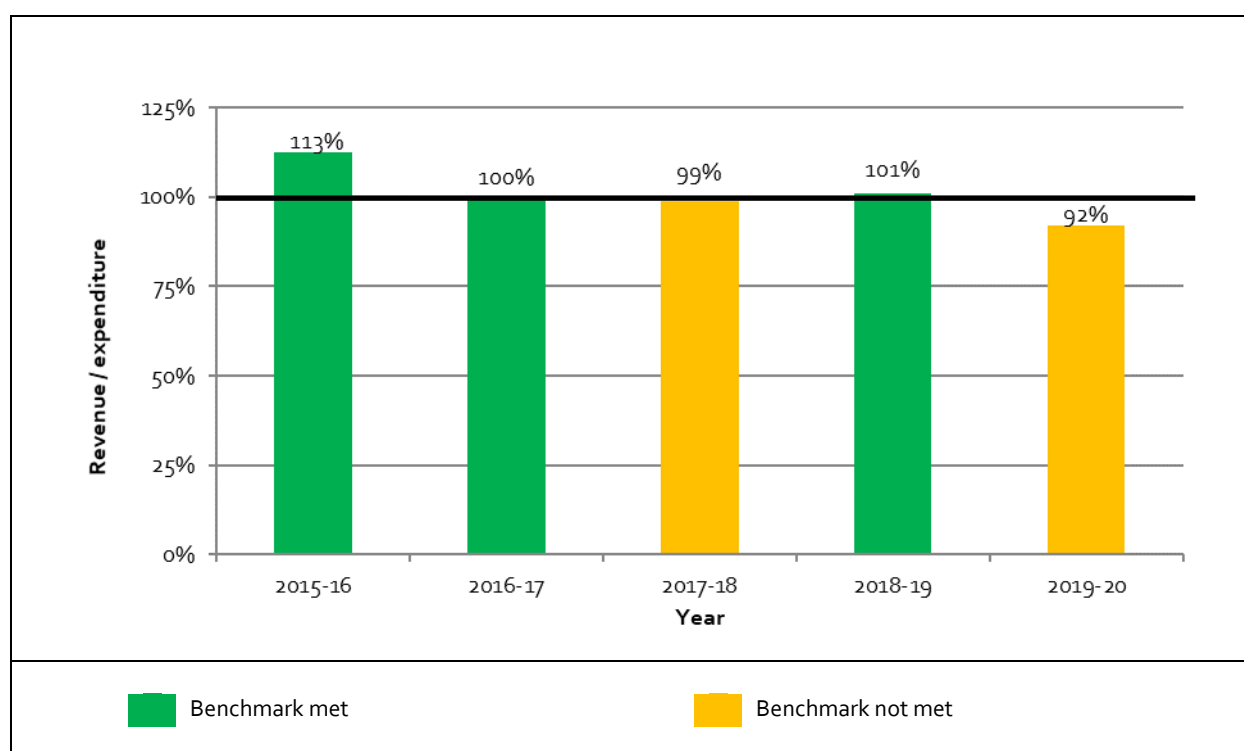


The Council is comfortably within this limit.

## Balanced budget benchmark

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

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



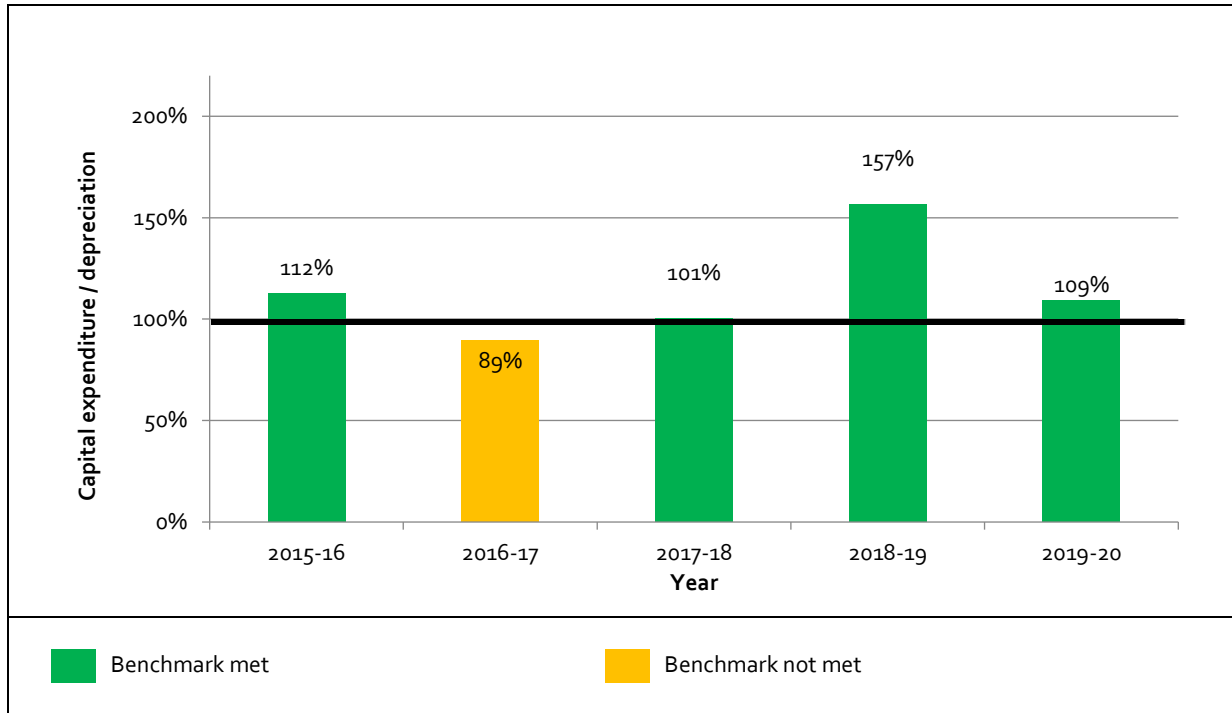
The Council aims to maximise the services it provides to the District, while minimising rates revenue increases. This is reflected in the 101% average proportion of revenue to operating expenditure over the five-year period from 2015/16 to 2019/20.

Over time, the Council expects that revenue and expenditure will average out to 100%.

## Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



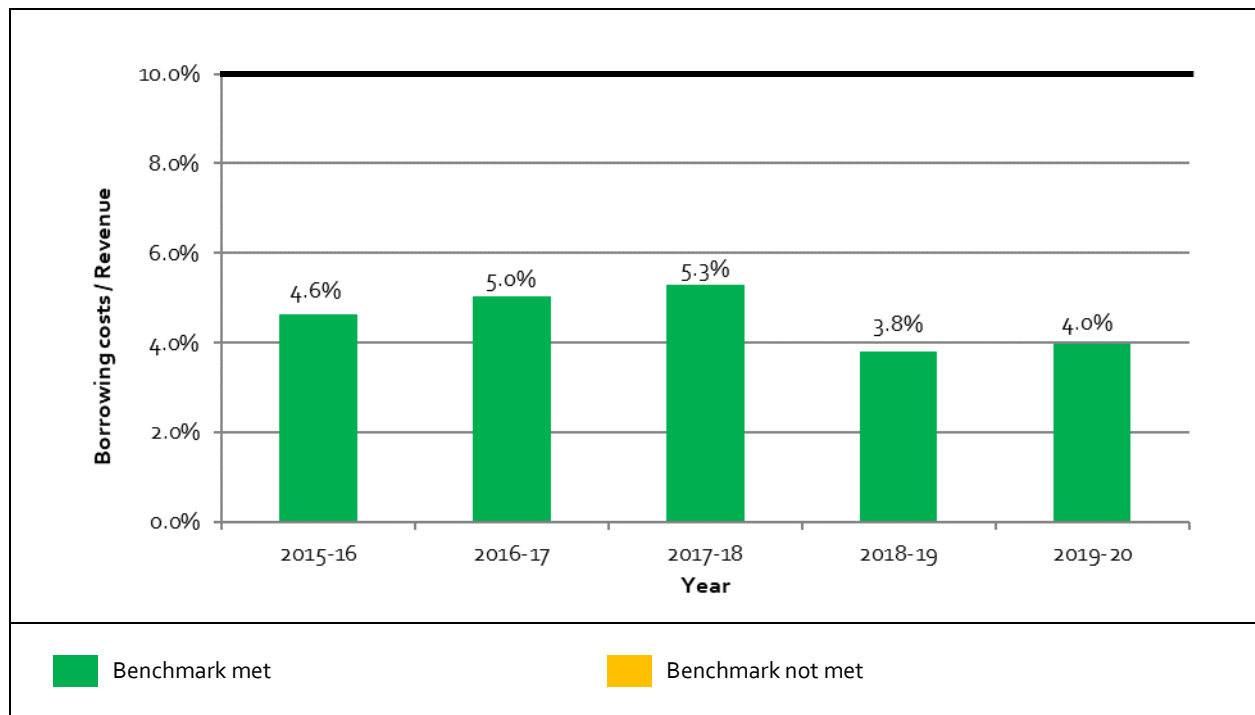
The Council's capital expenditure on network services is consistent with depreciation on network services. The average proportion of capital expenditure to depreciation expense is 105% over the five-year period from 2015/16 to 2019/20.

Capital expenditure was less than depreciation in 2016/17 as a number of capital projects were deferred until future income years.

## Debt servicing benchmark

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

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



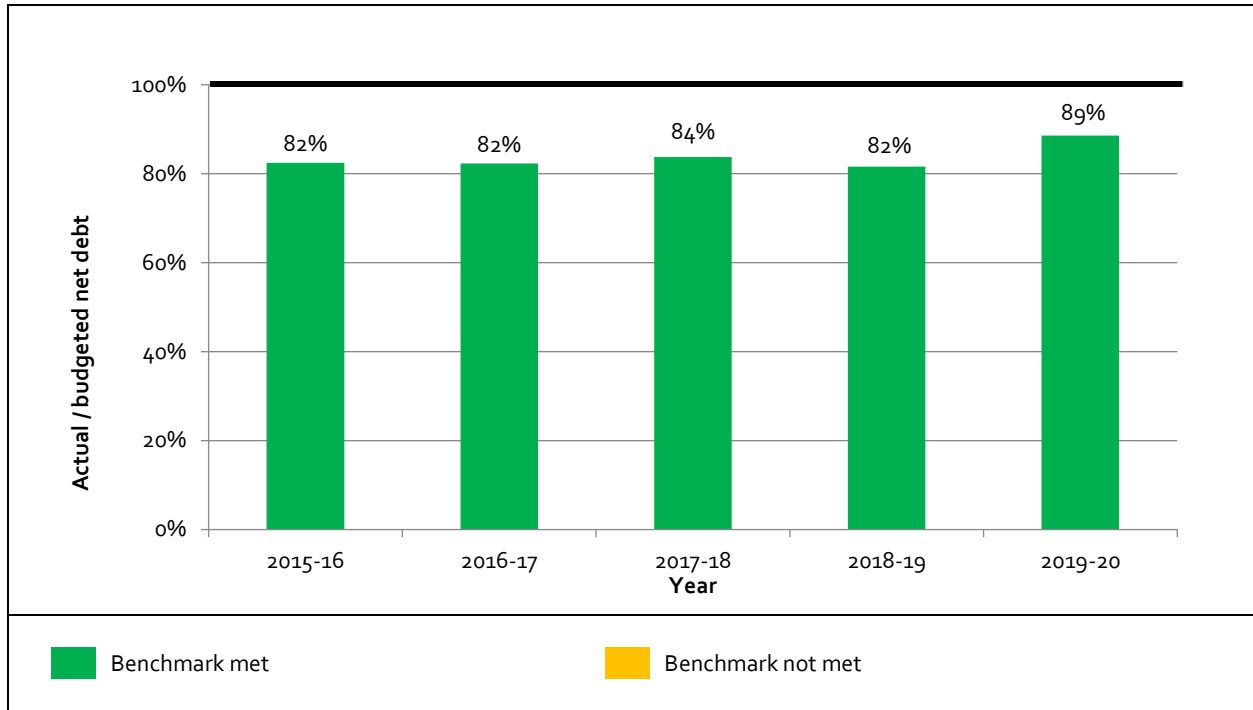
The Council maintains a significantly lower borrowing cost to revenue ratio than that required to meet the benchmark. The average proportion of borrowing costs to revenue over the five-year period from 2015/16 to 2019/20 was 5%.



## Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of its 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.

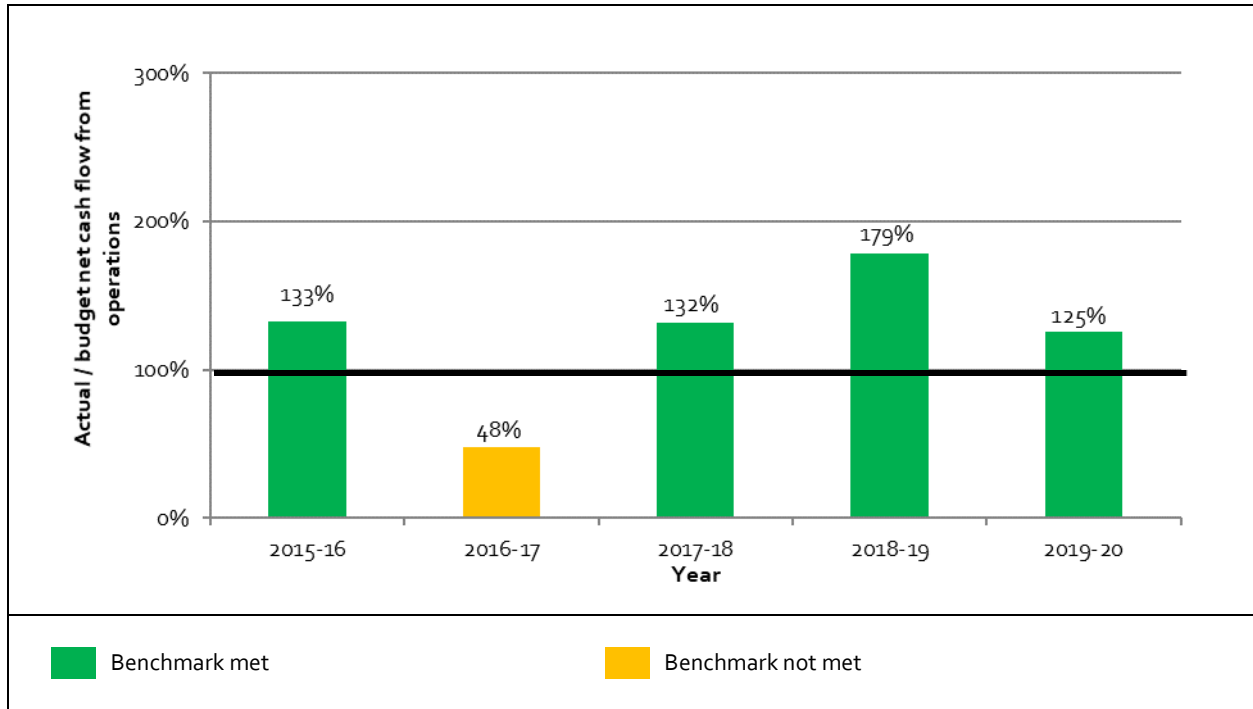


The Council has consistently maintained lower actual than planned net debt. The average proportion of actual to planned net debt was 81% over the five-year period from 2015/16 to 2019/20.

## Operations control benchmark

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

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



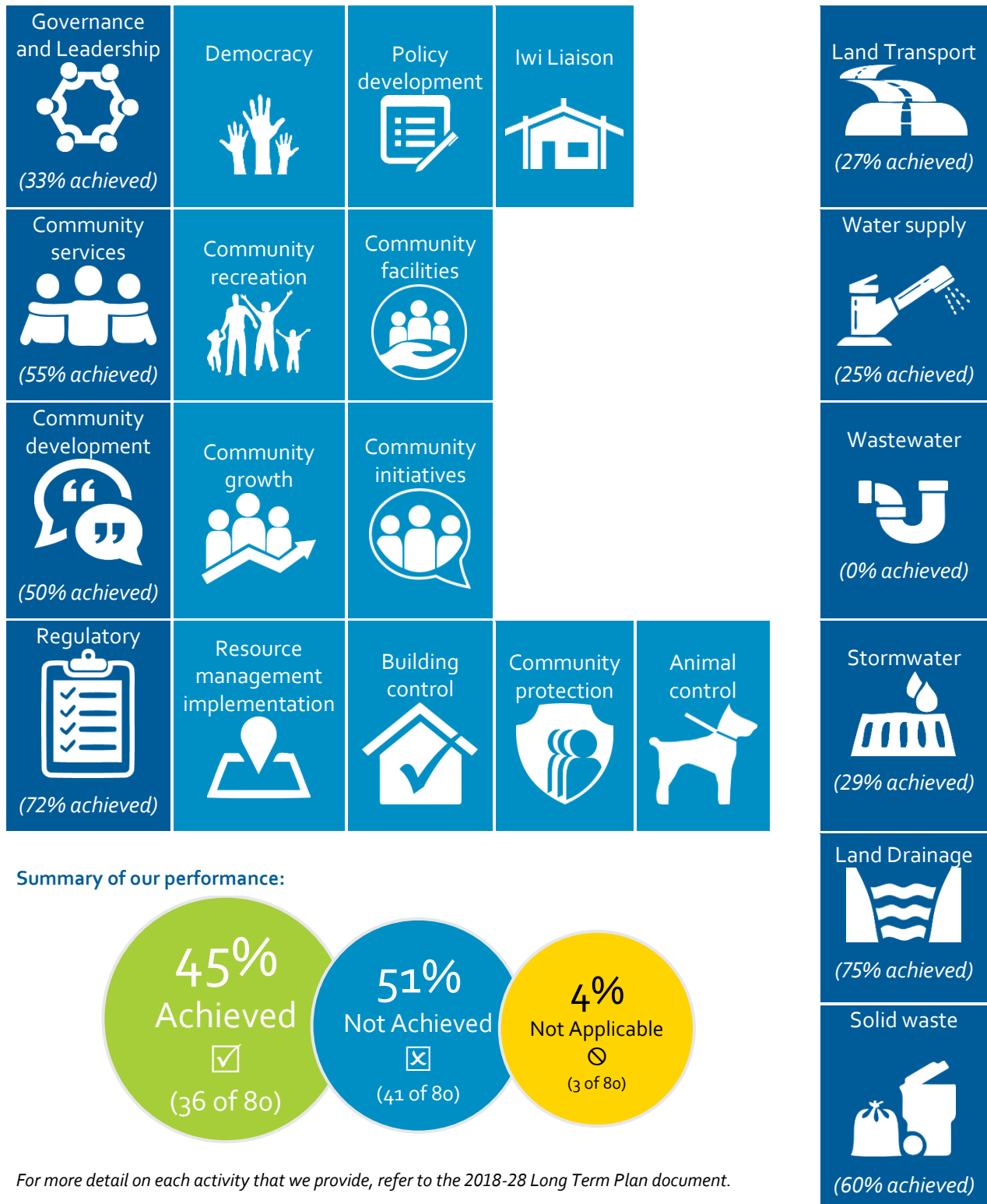
The average proportion of actual to planned net cash flow from operations was 120% over the five-year period from 2015/16 to 2019/20.

Variances from year to year are mainly driven by events largely beyond the Council's control relating to project timing. For instance, in the 2016/17, year key movements related to rates revenue and other revenue being both \$0.5 million down on budget, and payments to suppliers and employees \$3.7m higher than budgeted. The situation was reversed in the following years, where revenue was higher than budget.

# Our services

## What do we do?

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



For more detail on each activity that we provide, refer to the 2018-28 Long Term Plan document.

## Our performance framework - Progress since our last Annual Report

During the 2018/19 auditing process, Council became aware of issues with the underlying data for some of our performance measures. This predominantly revolved around incorrect classification of service request data, incomplete service request data, incomplete finalising and closure of service requests and a lack of verification of service request reporting. These issues resulted in Council receiving a qualified opinion from Audit NZ for the 2018/19 financial year.

At that time Council was already aware of a need to make improvements to the customer service request system and had developed and launched a new customer service request system on 30 April 2019. While this did address some of the issues, the annual audit process identified that some short comings remained in the new system.

As of October 2019, Council commissioned an independent review of the service request process which provides the underlying data for the affected performance measures. The outcome of that review was that the processes and systems supporting the identification of the performance measure data were to be amended to more accurately align with the requirements of the Department of Internal Affairs mandatory performance measures to ensure the data is robust and that it accurately reflects the Councils response to service requests.

While Council has worked through the known issues and improvements with urgency, the necessary changes to systems has taken time to implement and become fully effective.

In summary, the issue identification and resolution process as it affects the 2019/20 year is as follows:

- in quarter one of the 2019/20 year, the annual audit began where Audit NZ identified the issues with the underlying data for some of our mandatory measures. This is when we began to investigate the extent of the issues.
- in quarter two of the 2019/20 year, an independent review was undertaken and a project team was established to identify how the issues could be resolved.
- in quarters three and four, the necessary improvement actions were progressed and reliable data was then produced for those quarters.

For the above reasons, the data for the first two quarters of the 2019/20 has been deemed too unreliable to be included in the end of year results for the affected measures. As we moved into the second half of the financial year significant focus was placed on ensuring the accuracy of the underlying data, ensuring reliable data moving forward. That being the case, for the affected measures the end of year result only includes data from quarters three and four of the year as this is the only accurate underlying data available for the year. The affected measures are marked as such within the *Meeting Our Service Targets* sections of this report.

## The impacts of Covid-19

Communities globally, nationally and locally are feeling the significant effects of the Covid-19 pandemic. Internationally this virus has been devastating and many countries have been in lockdown to attempt to prevent further spread. The repercussions of the virus is also having a significant economic effect worldwide.

For Hauraki District Council, as with the rest of the world, there was considerable change to the way day to day operations were managed. Key Council emergency management staff were involved in the eight-week response to the COVID-19 pandemic by taking leading roles in a three Council emergency operating centre. The response was in support of the national declaration of emergency. For Hauraki, the response was centred on welfare support to those people who had difficulty accessing government agency support.

In terms of services generally, our core infrastructural services were not impacted by Covid-19. We continued to provide our water, wastewater, stormwater, refuse collection and land drainage services.

The following services and facilities were affected to varying degrees during the Covid-19 level 4 lockdown, which commenced 25 March 2020. New Zealand was under level 4 and level 3 restrictions until 13 May 2020.

- Council meetings were conducted via video conferencing technology.

- Resource and building consent processing continued where possible; site visits did not take place.
- Inspections of food premises were undertaken remotely in accordance with MPI requirements; site visits did not physically take place.
- For animal control, a reduced level of service was provided; only urgent or safety call outs were responded to.
- Our libraries were closed during lockdown. Some online programmes were provided. The loan period was extended and a series of fees were waived.
- The Hauraki Rail Trail (HRT) was closed during lockdown (however note that the HRT is operated by the Hauraki Rail Trail Charitable Trust, not Council).
- Our swimming pools were closed during lockdown; the swimming season was reduced by 13 days.
- Our playgrounds were closed during lockdown, and maintenance was not undertaken during this period.
- Some public toilets were also closed, but those that remained open were more frequently cleaned.
- Our halls and our events centre were closed during lockdown, however could have been used as testing centres if required (although this did not eventuate).
- Our refuse transfer stations were closed during lockdown. Our refuse collection services continued but were altered, i.e. both refuse and recycling were collected however recycling went to landfill. Some drop-off facilities were available.

Our ability to achieve our performance targets during the 2019/20 year was only minimally impacted by Covid-19. The results likely to have been impacted by Covid-19 are:

- tourism expenditure (within the Community Growth activity)
- land transport – customer service request response times
- building consents processed within 20 working days
- annual food premises inspections
- completion of playground inspections.

## Our activities in this report

For each group of activities within this annual report document you will find:

- a brief overview of the group (where applicable).
- an explanation of the identified effects that the provision of the group of activities has on the community.
- the *effects on the community* section includes how the group of activity effects the social, economic, environmental or cultural wellbeing of the community.
- a doughnut chart showing the percentage of performance targets that were achieved overall for that group of activities.
- the community outcomes that the group primarily contributes to.
- an overview of what the group of activities cost and how it was paid for.

For every activity the following further information is provided:

### <Activity name>

This section provides an overview of the activity where there is more than one activity within a group. It includes the purpose of the activity, the rationale for our involvement and what is involved in us delivering that activity.

### Meeting our service targets

The levels of service, measures and targets for groups of activities or activities, as detailed in the 2018-28 Long Term Plan for the 2019/20 year, are detailed in the 'meeting our service targets' table. The table for each group of activities or activity also includes progress indicator icons to show the achievement of each measure. The icons are as follows:

Achieved

Not Achieved

Not Applicable

Within this table, the previous two years' results are shown to provide a comparison between years. Additionally, the mandatory performance target results are also included for roads and footpaths, water supply, sewerage and the treatment and disposal of sewage (wastewater), stormwater, and flood protection and control works (land drainage) activities.

Note that the results of some measures are based an annual satisfaction survey. This was undertaken in July/August 2020, to record customers' satisfaction with our services and facilities in the 2019/20 year.

### What else happened in 2019/20?

This section details the projects that were completed in the 2019/20 year; this includes projects that were scheduled for 2019/20 in the Long Term Plan, or other projects that had been rescheduled to occur in 2019/20 from other years.

### What didn't happen and why

This section details the projects that were scheduled for 2019/20 that didn't occur, and the reasons why.

### What these activities cost and how they were paid for

This section includes the operating statement which shows how much it cost to operate the activity, and the funding impact statement for the group of activities. The funding impact statement also includes the budgeted capital expenditure for the activity and the actual amount spent, split into: what was spent on meeting additional demand, improved levels of service, or replacement of existing assets.

# Governance and leadership



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.

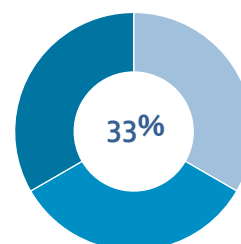
## Effects on the community

Our governance and leadership group of activities work towards achieving a consistent policy approach for the community through leadership, governance and advocacy.

The promotion of the district and advocacy roles that the Mayor and councillors undertake, including at a national and regional level, are often not evident as far as reporting goes, but it is fair to say that it is instrumental to their roles as elected members. This work ensures that the qualities the public agree are important for a person’s happiness, quality of life and welfare, are addressed. The advocacy and decision-making undertaken by elected members helps to promote the district, and to provide the infrastructure and services that support its service delivery and economic growth.



### Achieving our service targets



The governance and leadership group primarily contributes to the following community outcomes:

-  Interactive Hauraki
-  Kotahitanga Hauraki
-  Sustainable Hauraki

## What it cost and how it was paid for

### Cost of operating Governance and Leadership

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
<b>Democracy</b>			
Democracy	2,248	2,105	2,062
Interest	72	0	0
<b>Iwi liaison</b>			
Iwi liaison	152	124	70
<b>Policy development</b>			
Strategic planning	695	672	532
RMA policy	490	278	341
<b>Total expenditure</b>	<b>3,657</b>	<b>3,179</b>	<b>3,005</b>
<b>Revenue</b>			
Fees, charges and other revenue	0	3	2
External subsidies	0	0	0
Targeted rates	0	0	0
General rates	3,459	3,628	2,692
<b>Total revenue</b>	<b>3,459</b>	<b>3,631</b>	<b>2,694</b>
<b>Operating surplus / (deficit)</b>	<b>(198)</b>	<b>452</b>	<b>(311)</b>



**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Governance and Leadership**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	2,417	2,559	3,629
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	3
Internal charges and overheads recovered	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,417</b>	<b>2,559</b>	<b>3,632</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,135	1,268	1,155
Finance costs	12	171	0
Internal charges and overheads applied	2,094	2,037	2,025
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,241</b>	<b>3,476</b>	<b>3,180</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>(824)</b>	<b>(917)</b>	<b>452</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,638	1,664	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>1,638</b>	<b>1,664</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	814	747	452
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>814</b>	<b>747</b>	<b>452</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>824</b>	<b>917</b>	<b>(452)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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.



### Meeting our service targets

How we measure our performance		Result 2019/20 ▼
Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable		
<b>What we said we would do: The Council will conduct all its business in an open and transparent manner.</b>		
<b>Measure:</b> Agendas for meetings (other than extraordinary meetings) of 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.  <b>Target 2018-28:</b> 100% of agendas are available on the internet and in the Council offices and libraries two clear working days before each meeting.	2019/20:	<input checked="" type="checkbox"/> <b>Not achieved: 98% (50 of 51) of agendas were available two clear working days before each meeting. One agenda was made available online within two days, however the hard copy for the area offices and libraries was delayed by one day.</b>
	2018/19:	<input checked="" type="checkbox"/> 100% target met.
	2017/18:	<input checked="" type="checkbox"/> 100% target met

### What else happened in 2019/20?

#### Community Outcomes Review

During February and March 2020, we completed pre-engagement for our 2021-31 long term plan. That pre-engagement focussed on the review of our Community Outcomes. This review involved attending pre-established community events and was followed by a voting process to help establish the communities' priorities. The revised Community Outcomes are currently being used to prepare the foundation of the 2021-31 long term plan and will come into effect on 1 July 2021.

#### Pre Election Report

A Pre Election Report is an internally prepared document to promote discussion on the issues facing the local authority, and must be prepared by the Chief Executive in the lead up to each election. The 2019 Pre Election Report was made available for the 2019 Election on 9 July 2019.

#### Local Governance Statement

A local governance statement is a collection of information about the processes through which Council engages with its community, how the Council makes decisions and how citizens can influence those processes. A Local Governance Statement is required to be reviewed within six months of every triennial election. As the election took place in October 2019, a review was completed early 2020 with adoption on 24 March 2020.

## **2020 Triennial Satisfaction Survey**

Every three years we undertake a survey of our residents' perception of Council's services and facilities; last year that survey was carried out in July 2019. The results of that triennial survey provide the newly elected Council with an understanding of how the community feels about the services we provide, as well as their thoughts on other topical issues. Annually we undertake a satisfaction survey to seek an understanding of the community's satisfaction with our services and facilities over the past 12 months. The 2019/20 survey commenced in July 2020. Some of those results are included in this Annual Report under the *Meeting Our Service Targets* sections. The full results report is available on the Council's website.

## **What didn't happen in 2019/20?**

There were no planned projects that didn't happen in 2019/20.

## Iwi liaison

Our iwi liaison function is provided to facilitate input from Māori and iwi into democratic and community decision making processes. We recognise Māori and iwi as an important group within the community and we also have some responsibilities clarified in law regarding our relationships with Māori and iwi. This includes providing opportunities for Māori to be involved in decision making processes. We acknowledge the cultural and spiritual relationships that Māori and iwi have with ancestral lands and taonga.



## Meeting our service targets

How we measure our performance		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
<b>What we said we would do: the Council will establish formal relationships with Iwi holding mana whenua status in the district following the signing of Treaty Settlements</b>		
<b>Measure:</b> We will work with each Iwi with mana whenua status in the district to establish Memoranda of Partnerships as individual Iwi Treaty Settlements are signed.  <b>Target:</b> Memoranda of Partnerships agreed and documented within 15 months of each signed Settlement	2019/20: <input type="checkbox"/>	<b>Not applicable: Delayed due to Covid 19. Iwi are still awaiting Treaty Settlements to occur of which are also delayed.</b>
	2018/19: <input type="checkbox"/>	<i>Not applicable: The Council must wait for the outcome of urgent hearings and each individual Iwi to sign Treaty Settlements. The results from urgent hearings are expected late 2019.</i>
	2017/18 <input type="checkbox"/>	<i>Negotiations suspended while Hauraki Treaty claims were being negotiated.</i>
<b>Measure:</b> We will work with the Hauraki Collective post-Settlement governance entity to establish a Forum following the signing the Hauraki Collective Treaty Settlement.  <b>Target:</b> Forum established within 18 months of the Collective Treaty Settlement being signed.	2019/20: <input type="checkbox"/>	<b>Not applicable: Treaty settlements are still ongoing.</b>
	2018/19: <input type="checkbox"/>	<i>Not applicable: The Collective Treaty Settlement is reliant on all Iwi signing their individual Deeds and the Collective Deed; most Iwi have now signed. Awaiting the outcome of urgent hearings before Treaty Claims can proceed.</i>
	2017/18 <input type="checkbox"/>	<i>New measure in 2018/19.</i>

## Opportunities for Maori to contribute to decision making processes

Hauraki District Council recognises the special position of Tangata Whenua in our district and the important role Maori play in Council's decision making processes.

Our current Significance and Engagement Policy sets out what Maori and the community can expect from Council in terms of the likely impact on present and future interests of the community, recognising Maori culture values and their relationship with land and water.

As Treaty claims near completion and Iwi look to enter into a post Treaty environment, our engagement with Mana Whenua will significantly increase. Council commissioned a report on its readiness for the post Treaty environment which included an independent benchmark survey to assess organisational readiness and looked at areas of improvement to assist Council with ensuring effective relationships are developed, with the view to broadening the role of Iwi as partners in future policy development and decision making.

## What else happened in 2019/20?

### Resourcing

Council increased its resourcing in the iwi liaison arena in preparation for the Te Tiriti o Waitangi (the Treaty of Waitangi) settlements to ensure we are in a position to monitor and implement individual settlements and co-governance arrangements in relation to the Waihou/Piako river catchments. During the year we have established in house training to increase staff understanding and cultural responsiveness to Tangata Whenua.

## What didn't happen in 2019/20?

### Mana Whenua Forum

By agreement between the Council and Iwi members of the Forum no meetings of the Mana Whenua Forum were held as a result of the priority Iwi had on progressing their Treaty settlement negotiations.

### Memoranda of understanding

No new memoranda of understanding were developed during 2019/20 as we await the completion of the Treaty process where new entities will be established.

## 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.



## Meeting our service targets

How we measure our performance ▼		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
<b>What we said we would do: the Council to plan its policy development in accordance with relevant legislative requirements</b>		
<b>Measure:</b> All legislatively required policies, plans and strategies are adopted within statutory timeframes, as recorded by the resolution database.  <b>Target:</b> 100% of all legislatively required documents are adopted within statutory timeframes	2019/20 <input checked="" type="checkbox"/>	<b>Achieved: 100% (3/3) of legislatively required documents were adopted within the statutory timeframes.</b>
	2018/19 <input checked="" type="checkbox"/>	<i>All documents were adopted within statutory timeframes.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>All documents were adopted within legislative timeframes.</i>
<b>What we said we would do: the Council to make decisions a transparent and democratically accountable way</b>		
<b>Measure:</b> Percentage of customers satisfied with the consultation and engagement of Council's major policies and strategies, as measured by the annual customer satisfaction survey.  <b>Target:</b> ≥75% of customers satisfied	2019/20: <input checked="" type="checkbox"/>	<b>Not achieved: The 2020 satisfaction survey showed that 58% of residents were satisfied with the Council's consultation and engagement.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>2019 survey: 50% satisfied.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>2018 survey: 58% satisfied. Note: the target in 2018 was 70%.</i>
<b>What we said we would do: the Council would meet its statutory requirements under the Resource Management Act 1991</b>		
<b>Measure:</b> All Changes and Variations to the District Plan are processed within statutory requirements, as measured by Council records.  <b>Target:</b> There are no successful appeals or judicial reviews on any Change or Variation to the District Plan as a result of administrative or process matters.	2019/20: <input checked="" type="checkbox"/>	<b>Achieved: There were no successful appeals or judicial reviews on any Change or Variation to the District Plan.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>No appeals or judicial reviews as a result of administrative or process matters.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>No appeals or judicial reviews as a result of administrative or process matters.</i>

## What else happened in 2019/20?

### Long term plan development

A long term plan sets out our priorities over the medium to longer term. The long term plan must be produced once every three years, covering a period of at least ten years. Considerable work has taken place in the 2019/20 year for the preparation of the 2021-31 Long Term Plan. We expect to undertake consultation with the community on the plan in early 2021.

### 2020/21 Annual Plan

The Annual Plan for 2020/21 details our activities, work programmes and services, and financial and funding statements, for the period 1 July 2020 to 30 June 2021. It is closely linked to the 2018-28 Long Term Plan and essentially updates what was detailed in that Plan for 2020/21.

### Bylaw amendments

During the year a number of bylaws were both reviewed and amended. These included the Land Drainage, Solid Waste, and Water Supply bylaws.

### Wharekawa Coast 2120

Originally called the Kaiaua Community Plan, the Wharekawa Coast 2120 project is a jointly developed and community led plan with the purpose of collaboratively working together to address expected issues over the coming 100 years in the Wharekawa Coast area. The project consists of a joint working party governance group, a panel of community representatives and is assisted by technical advisors. We spent \$120,000 on the project in 2019/20 plus an additional \$20,000 reallocated from other internal budgets as the Joint Working Panel have begun the process of looking at the natural hazards facing this area.

### Development Contributions Policy

Development contributions help to pay for growth-related infrastructure. We reviewed our policy in early 2020 and as of 1 July 2020, we have a policy in place. When someone applies for consents or connections for development (such as subdividing land or undertaking building work) they will need to pay money towards funding growth related infrastructure. The Development Contribution's Policy outlines which community infrastructure we will charge development contributions for and how much we will charge, depending on where the development is taking place.

### Director of Council Organisation Policy

This policy outlines the identification and consideration of the skills, knowledge and experience required of directors of a council organisation, the appointment of directors to a council organisation, and the remuneration of directors of a council organisation. The policy was last reviewed in 2015 and has been reviewed in 2020 as part of the scheduled five yearly review.

### Smokefree and vapefree policy

In July 2019 we adopted an educational policy to encourage people to refrain from smoking and vaping by promoting smokefree and vapefree public outdoor areas and public events. The aim of the policy is to help to achieve our long term goal of creating a smokefree Hauraki District.

### Local Approved Products Policy

A local approved products policy restricts the location where people can sell psychoactive products in our district. The Psychoactive Substances Regulatory Authority must consider our policy when making decisions on licence applications to sell these products. Our policy was last reviewed in 2014 and is required to be reviewed every six years. It was approved by Council in February 2020.

## **2018/19 Annual Report**

The 2018/19 Annual Report was prepared, audited and adopted in the period July 2019 to October 2019.

## **What didn't happen in 2019/20?**

### **Significance and Engagement Policy**

The Significance and Engagement Policy lets the public know what decisions or matters the Council and its communities consider to be particularly important, and how the importance of those matters will be assessed. The policy was last adopted in 2017 and was due for review this calendar year. The consultation process was delayed from March 2020 to July 2020 because of covid-19 uncertainties. The consultation process closed in August 2020 and the policy was approved by council to come into effect on 1 October 2020.

### **Gambling Policy**

Our Gambling Policy outlines whether or not new class 4 gambling venues (pokies) may be established in the district, and if so, where they may be located. It also outlines our policy on the relocation of venues. This policy must be considered before consent can be issued to operate these venues. The policy was last reviewed in 2017 and was programmed to be reviewed in 2020. The consultation on this policy was also slightly delayed due to Covid-19, however the policy has been adopted to come into effect on 1 October 2020.

### **Dangerous and Insanitary Buildings Policy**

The Dangerous and Insanitary Buildings Policy work was programmed to be completed in 2020, however there was a delay with the programmed consultation with Covid-19. The preparation work was completed for the review in 2019/20, and the policy has been adopted to come into effect on 1 October 2020.

### **Bylaw amendments**

Due to Covid-19 the finalisation of some of the amendments to the Freedom Camping Bylaw and Nuisance Bylaws were delayed outside of the financial year to September 2020, however all have been reviewed within legislative timeframes.

### **Earthquake-Prone Policy**

The Earthquake-Prone Policy has been postponed to be completed in 2021 and will be reviewed within legislative timeframes.



# Land transport



Our land transport activity is one of our biggest spend areas. Our local transport network connects to the national state highways 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. The New Zealand Transport Agency provides subsidies for a lot of our road works.

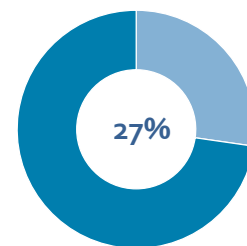
We promote road safety and having an increasing focus on improving how our residents with more limited transport options can get around, including children, the elderly and the mobility impaired. We have a small role in supporting public transport.

## Effects on the community

The land transport group focuses primarily on the provision of safe and reliable local roading networks for district communities, ensuring people (and those with limited transport options) are able to move freely around the district in an efficient manner and have appropriate links with national state highways. This in turn contributes to economic viability and social wellbeing for all people.



Achieving our service targets



Land transport primarily contributes to the following community outcome:



Prepared Hauraki



Lifestyle Hauraki

## Meeting our service targets

### How we measure our performance ▼

		Result 2019/20 ▼
Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable		
<b>What we said we would do: provide a safe transport network for users and the community.</b>		
<p><b>Measure:</b> 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.*</p> <p><b>Target:</b> Reduce fatalities and serious injury crashes to 0.</p>	2019/20: <input checked="" type="checkbox"/>	<p><b>Not achieved:</b>                      2019/20: 0 fatal/8 serious                      2018/19: 3 fatal/2 serious                      Change from previous year:                      Fatalities: -3                      Serious injuries: +6</p>
	2018/19: <input checked="" type="checkbox"/>	<p><i>Not achieved: 3 fatal/2 serious                      Three-year average 2016/17 to 2018/19: 1.33 fatal/3.33 serious</i></p>
	2017/18: <input checked="" type="checkbox"/>	<p><i>2017/18: 0 fatal/3 serious                      Three-year average 2015/16 to 2017/18:                      0.3 fatal/4.7 serious</i></p>
<b>What we said we would do: footpath assets to be fit for purpose.</b>		
<p><b>Measure:</b> Percentage of residents satisfied with the quality of footpaths, as measured by the annual customer satisfaction survey.</p> <p><b>Target:</b> ≥ 75%</p>	2019/20: <input checked="" type="checkbox"/>	<p><b>Not achieved: The 2020 satisfaction survey showed that 53% of residents were satisfied with the quality of footpaths.</b></p>
	2018/19: <input checked="" type="checkbox"/>	<p><i>Not achieved: 2019 survey: 55% satisfied.</i></p>
	2017/18	<p><i>New measure in 2018/19.</i></p>
<p><b>Measure:</b> The percentage of footpaths within the district that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's relevant documents (e.g. the annual plan, asset management plan, annual works program or long term plan).*</p> <p><b>Target:</b> 95% footpaths with defect rating &gt;5 are isolated for safety and remedied within 7 days.</p>	2019/20: <input checked="" type="checkbox"/>	<p><b>Not achieved: 89% (69/78) of reported footpaths with a defect rating of greater than 5 were isolated for safety and remedied within 7 days in 2019/20. Improvements are currently being implemented to ensure the timely resolution of footpath safety issues.</b></p>
	2018/19: <input checked="" type="checkbox"/>	<p><i>Not achieved: 86% (49/57) of reported footpaths with a defect rating of greater than 5 were isolated for safety and remedied within 7 days.</i></p>
	2017/18: <input checked="" type="checkbox"/>	<p><i>Achieved: 75 metres of footpaths were rated with a defect rating greater than 5 in the year. All defects were identified and marked out, and sites made safe within the required timeframes in the year to date.</i></p>
<b>What we said we would do: provide a roading network that addresses safety and amenity issues</b>		
<p><b>Measure:</b> Damaged, missing or leaning signs are remedied on District roads within specified timeframes.</p> <p><b>Target:</b> 100%</p> <ul style="list-style-type: none"> <li>■ regulatory/ permanent/ warning signs within 7 days</li> <li>■ safety connected signs within 2 days.</li> </ul>	2019/20: <input checked="" type="checkbox"/>	<p><b>Not achieved:</b></p> <ul style="list-style-type: none"> <li>■ 88% (28/32) of regulatory/warning sign issues were resolved within 7 days.</li> <li>■ 100% (7/7) of safety sign issues were resolved within 2 days.</li> <li>■ For all other signs 92% (94/102) were resolved within 6 weeks.</li> </ul>

## How we measure our performance ▼

		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
All other signs within 6 weeks		<b>The transport team and contractor staff will work to address the compliance issues experienced during the year.</b>
	2018/19: <input type="checkbox"/>	<p><i>Not achieved:</i></p> <ul style="list-style-type: none"> <li>■ 100% (49/49) of regulatory/permanent/warning signs were remedied within 7 days.</li> <li>■ 89% (8/9) of safety connected signs were remedied within 2 days (one sign was replaced in three days). 98% (90/92) of all other signs were remedied within 6 weeks. (One sign needed to be specially ordered, which takes longer than six weeks and one sign required wording clarification).</li> </ul>
	2017/18: <input type="checkbox"/>	<p><i>Not achieved:</i></p> <ul style="list-style-type: none"> <li>■ 94% (44/47) of regulatory/permanent/warning signs were remedied within 7 days.</li> <li>■ 93% (13/14) of safety connected signs were remedied within 2 days.</li> <li>■ 100% (91/91) of all other signs were remedied within 6 weeks. (One sign was not installed in time because it was not in stock and needed to be made which took longer than the target. In the other instances the contractor did not replace the signs within the timeframes. This is outside of the contract response times for sign maintenance.</li> </ul>
<p><b>Measure:</b> All reported potholes on District roads are repaired within specified timeframes.</p> <p><b>Target:</b> 85% within 5 days for &gt;100 vehicle per day (vpd) roads and within 14 days for &lt;100 vpd roads.</p>	2019/20: <input type="checkbox"/>	<p><b>Not achieved:</b></p> <p><b>78% (35/45) potholes on &gt;100 vpd roads were repaired within five days. 71% (29/41) potholes on &lt;100 vpd roads were repaired within 14 days.</b></p> <p><b>Some improvement has been made toward the latter part of the year; however, the issue is still being worked through with the contractor.</b></p>
	2018/19: <input checked="" type="checkbox"/>	<p><i>Achieved: 88% (53/60) potholes on &gt;100 vpd roads have been repaired within five days. 96% (53/55) potholes on &lt;100 vpd roads have been repaired within 14 days</i></p>
	2017/18: <input checked="" type="checkbox"/>	<p><i>Achieved: 97% (34/35) potholes on &gt;100 vpd roads have been repaired within five days and 95% (37/39) potholes on &lt;100 vpd roads have been repaired within 14 days in the year to date.</i></p>

What we said we would do: preserve the pavement life of sealed roads.		
<p><b>Measure:</b> The average quality of ride on a sealed local road network, measured by smooth travel exposure.*</p> <p><b>Target:</b> Smooth Travel Exposure is 96% or higher</p>	2019/20: <input type="checkbox"/>	<b>Not achieved: The smooth travel exposure, expressed as percentage vehicle kilometres travelled on smooth roads, is 95%.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: The smooth travel exposure for the year was 96%. The three-year average 96.3%</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Achieved: The annual smooth travel exposure is 96%.</i>
<p><b>Measure:</b> The percentage of the sealed local road network that is resurfaced.*</p> <p><b>Target:</b> 8% of the local road network resealed per year</p>	2019/20: <input checked="" type="checkbox"/>	<b>Achieved: 9.1% (47.4 km of 518.5 km total length) of the sealed local road network was resurfaced in 2019/20.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: A programmed total of 40.128 km (8%) was resurfaced in 2018/19.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>A programmed total of 34kms (6.6%) was resurfaced in 2017/18.</i>
<p><b>Measure:</b> Percentage of customers satisfied with the quality of roads in the District (excluding state highways), as measured by the annual customer satisfaction survey.</p> <p><b>Target:</b> ≥73% of customers satisfied</p>	2019/20: <input type="checkbox"/>	<b>Not achieved: The 2020 satisfaction survey showed that 49% of residents were satisfied with the quality of roads (excluding state highways).</b>
	2018/19: <input type="checkbox"/>	<i>Not achieved: 2019 survey: 49% satisfied.</i>
	2017/18: <input type="checkbox"/>	<i>Not achieved: 2018 survey: 45% satisfied. Note that in the 2015 LTP the target for this measure was ≥70%.</i>
What we said we would do: customer service requests will be dealt with promptly and appropriately.		
<p><b>Measure:</b> The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.*</p> <p><b>Target:</b> 100% of requests are responded to within 10 working days</p>	2019/20: <input type="checkbox"/>	<b>Not achieved: 89% (1,242/1,401) of the customer service requests were responded to within 10 working days. Up to the end of March 2020 88% of responses were responded to within timeframes. Taking into account Covid-19, we responded to 79.5% in April, 94% in May and 97% in June within timeframes.</b>
	2018/19: <input type="checkbox"/>	<i>Not achieved: 95% of service requests were responded to within 10 working days.</i>
	2017/18: <input type="checkbox"/>	<i>Not achieved: 99% of service requests were responded to within 10 working days.</i>
<p><b>Measure:</b> Issues reported to the Council regarding state highways are forwarded to the New Zealand Transport Agency.*</p> <p><b>Target:</b> 95% of all reported issues are forwarded within one working day.</p>	2019/20: <input checked="" type="checkbox"/>	<b>Achieved: 98% (173/176) of all reported issues regarding state highways were forwarded to the NZ Transport Agency within one working day.</b>
	2018/19: <input type="checkbox"/>	<i>Not achieved: 94% of state highway issues in the year were forwarded within one working day.</i>
	2017/18: <input type="checkbox"/>	<i>Not achieved: 94% of state highway issues in the year were forwarded within one working day.</i>

What we said we would do: access to be provided to the network of local roads .		
<b>Measure:</b> Time for road access to be restored to communities following a 1 in 10 year climatic event.  <b>Target:</b> 100% of Arterial and Collector roads open within 24 hours, all other roads within 72 hours.	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved:</b> There were no arterial and collector road closures in 2019/20. <b>100% (2/2) of all other roads were open within 72 hours.</b>
	<b>2018/19:</b> <input checked="" type="checkbox"/>	<b>Achieved:</b> There were no unplanned road closures during the year, therefore 100% of arterial and collector roads were open.
	<b>2017/18:</b> <input checked="" type="checkbox"/>	<b>Achieved:</b> 100% of arterial and collector roads providing access to communities were open within 24 hours following 1 in 10 year climatic events.
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

## What else happened in 2019/20?

### Sealed road resurfacing

44 km of road have been resurfaced throughout the district at a total cost of \$1.2million.

### Unsealed road renewals

7.7 km of unsealed roads were re-metalled throughout the district at a total cost of \$155,000.

### Pavement rehabilitation (rebuilding the road)

3.15 km of pavement was rehabilitated across the district at a total cost of \$636,000.

### Drainage renewals

81m of culverts were replaced and 845m of kerb and channel were replaced across the district at a total cost of \$105,000.

### Traffic Management Controller

A new role within the Transport Team to administer the Corridor Access Request System has been approved, to be responsible for approving and monitoring Temporary Traffic Management Plans. These functions help to achieve our regulatory compliance.

### Minor improvements

Improvements in 2019/20 included safety improvements, maintenance works, as well as some remedial work on slips. In particular, the following projects were carried out during the year:

- Ohinewai Road, Kaihere slips – maintenance works and assessments
- Kaiaua Road safety improvements
- District wide safety improvements from crash analysis
- Whiritoa streetlighting improvements
- Safety signs at kindy`s and playcentres
- Signs to indicate end of maintained road network
- Hauraki/Huirau intersection widening
- District wide management of slips on unsealed roads
- Ensuring consistency of edges and centrelines for roads of the same type across the District (ongoing project)
- Waitawheta Road - retaining treatment for underslip (ongoing project)
- Piako River bridge traffic lights – major maintenance works

- Shaw Avenue, Paeroa - Street flooding investigation

### **Access and Mobility**

The following access and mobility projects were completed during the year:

- Paeroa kindy drop-off zone
- Miller Avenue School - drop-off zone
- Waitete Road footpath - Kimberley to Rata Streets in Waihi
- Station Road/SH26 Paeroa - pedestrian crossing
- District wide walking and cycling improvements

### **New road extensions**

The extension of Bradford Street, Waihi is ongoing (\$28,000 spent in 2019/20). We also extended the footpath in Ainslie Road, Paeroa and widened the road (71m). \$32,000 was spent in total.

### **Kerb and channel**

- The kerb and channel in Raroa Road, Paeroa was extended by 118m (\$16,000).
- The budget for kerb and channel in the Plains Ward was reallocated to the Ngatea main street streetscape project.
- New kerb and channel in Waihi is on hold due to stormwater resource consent discharge issues.

### **Public transport**

We continued to support to the Waikato public transport system to enable the link from Paeroa to Te Aroha. We contributed \$24,000 in 2019/20.

### **Structures component replacement**

Replacement of deck panels on Kaihere Road bridge and minor structural repairs on other bridges (\$63,000 spent in 2019/20).

### **Traffic services renewal**

Various signs were replaced throughout District, as well as a major RRPM and EMP replacement project (\$26,000).

### **Footpaths**

- New footpaths were installed in Raroa Road (104m) and Thames Road (62m) in Paeroa. \$44,000 was spent in total.
- Work commenced in Thorn Road, Waihi in 2019/20 however, this project is ongoing in 2020/21. \$2,700 was spent in 2019/20.
- The footpath in Queen Street, Paeroa, was renewed; additionally, a small extension was completed and some stormwater improvements. \$61,000 was spent in total.
- The footpath in Kerepehi Town Road, Kerepehi, was renewed (268m). \$48,000 was spent.
- A 21m section of Paul Drive in Ngatea was renewed (\$3,000).
- Various footpaths were renewed in Whiritoa. \$89,000 was spent in total.

### **What didn't happen in 2019/20?**

There were no planned projects that didn't happen in 2019/20.

## What it cost and how it was paid for

### Operating statement for Land Transport

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
Pavement Maintenance	1,275	1,620	1,262
Amenity Maintenance	460	461	470
Professional Services	827	906	774
Other Subsidised	1,713	1,661	1,413
Administration	477	481	469
Non-Subsidised Works	357	211	331
Public Transport	20	23	21
Depreciation/Assets written off	3,129	6,856	3,106
Interest	643	516	493
<b>Total expenditure</b>	<b>8,901</b>	<b>12,735</b>	<b>8,339</b>
<b>Revenue</b>			
Fees, charges and other revenue	0	60	63
External subsidies	4,215	4,799	4,047
Targeted rates	5,048	5,426	4,781
General rates	0	0	0
<b>Total revenue</b>	<b>9,263</b>	<b>10,285</b>	<b>8,891</b>
<b>Operating surplus / (deficit)</b>	<b>362</b>	<b>(2,450)</b>	<b>552</b>

**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Land Transport**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	0	0	0
Targeted rates	4,593	4,997	5,426
Subsidies and grants for operating purposes	2,320	2,366	3,035
Fees and charges	0	0	14
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>6,913</b>	<b>7,363</b>	<b>8,475</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,208	4,294	4,823
Finance costs	473	433	516
Internal charges and overheads applied	648	738	540
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,329</b>	<b>5,465</b>	<b>5,879</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>1,584</b>	<b>1,898</b>	<b>2,596</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	1,599	1,651	1,764
Development and financial contributions	0	0	46
Increase (decrease) in debt	838	581	(1,057)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>2,437</b>	<b>2,232</b>	<b>753</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	150	153	0
- to improve the level of service	728	804	535
- to replace existing assets	2,829	2,889	2,472
Increase (decrease) in reserves	314	284	342
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>4,021</b>	<b>4,130</b>	<b>3,349</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(1,584)</b>	<b>(1,898)</b>	<b>(2,596)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



# 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 80% of our water is used for agriculture (but not irrigation).

Investment in the improvement of drinking water quality and increased water storage has been a major focus for us.

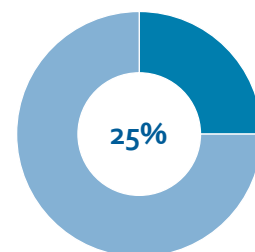
## Effects on the community

The water supply group provides for the sustainable supply of safe, clean water as needed by the community to support a good quality of life and physical and mental wellbeing. The provision of a reliable water supply also supports local businesses to enable them to continue their operation - knowing water is available to them as they require it.

The Council's three main water treatment plants of Waihi, Paeroa and Kerepehi had full compliance with the drinking water standards.



Achieving our service targets



The water supply group primarily contributes to the following community outcomes:



Lifestyle Hauraki



Prepared Hauraki



Sustainable Hauraki

## Meeting our service targets

### How we measure our performance ▼

#### Result 2019/20 ▼

Key:  Achieved  Not Achieved  Not Applicable

#### What we said we would do: provide water that is safe to drink .

**Measure:** The extent to which Council's drinking water supply complies with:

- a) part 4: bacteria compliance criteria, and
- b) part 5: protozoal compliance criteria\*.

**Target:** 100% compliance for:

- a) Bacteria
  - b) Protozoa
- at all water plants

2019/20:

**Not achieved:**

Supply:	Bacteria:	Protozoa:
Kerepehi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Waitakaruru	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Paeroa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Waihi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Kaimanawa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

An audit of the system has identified anomalies that means that some of the plants were technically non compliant for the year. The water was still safe to drink. Compliance for Kaimanawa has not been achieved. This supply is under a permanent boil water notice.

2018/19:

**Not achieved:**

Supply:	Bacteria:	Protozoa:
Kerepehi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Waitakaruru	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Paeroa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Waihi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Kaimanawa	<input checked="" type="checkbox"/>	Not Applicable
Mackaytown		Not in use
Karangahake		Not in use
Waikino		Not in use
Ohinemuri		Not in use
Huirau		Not in use

2017/18:

**Not achieved overall:**

Supply:	Bacteria:	Protozoa:
Kerepehi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Waitakaruru	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Paeroa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Waihi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Kaimanawa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mackaytown		Not in use
Karangahake		Not in use
Waikino		Not in use
Ohinemuri		Not in use
Huirau		Not in use

#### What we said we would do: losses from the water supply network to be minimised

**Measure:** The percentage of real water loss from the Council's networked reticulation system\*

**Target:** 31%.

2019/20:

**Not achieved: The percentage of real water loss from the Council's networked reticulation system was 32% for the year.**

2018/19:

The District wide percentage of real water lost was 34%.

## How we measure our performance ▼

		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
	2017/18:	<input checked="" type="checkbox"/> <i>The District wide percentage of real water lost was 31%.</i>
<b>What we said we would do: provide a reliable water supply</b>		
<p><b>Measure:</b> The number of unplanned interruptions to the water supply system per 1000 properties per year.</p> <p><b>Target:</b> &lt;10</p>	2019/20:	<input checked="" type="checkbox"/> <i>Overall, we have not achieved this measure. A lack of supporting information in the first half of the year has meant the first six months of results are not based on reliable data. Therefore, although the results have been stated below, Councils confidence in the accuracy of these first two quarters is low. Significant emphasis has been on improving the data and underlying processes for the second half of the financial year and considerable improvements have been made. Council has confidence in the combined results presented for the second half of the year.</i> <i>First quarter results: There were 3.34 unplanned interruptions to the water supply system per 1000 properties.</i> <i>Second quarter results: There were 10.14 unplanned interruptions to the water supply system per 1000 properties.</i> <b>Not achieved (for the third and fourth quarters combined): There were 14.39 unplanned interruptions to the water supply system per 1000 properties.</b> <i>Refer to the section Our performance framework - Progress since our last Annual Report on page 25 for further information on this result.</i>
	2018/19:	<input checked="" type="checkbox"/> <i>Achieved: 9.11 unplanned interruptions per 1000 properties.</i>
	2017/18	<i>New measure in 2018/19.</i>
<p><b>Measure:</b> The average consumption of drinking water per day per resident within the Hauraki District.*</p> <p><b>Target:</b> &lt;250 litres per resident per day (measured annually).</p>	2019/20:	<input checked="" type="checkbox"/> <b>Achieved: The average consumption of drinking water was 178.75L per person per day.</b>
	2018/19:	<input checked="" type="checkbox"/> <i>Achieved: The average consumption of drinking water per day per resident was 142 litres per person per day</i>
	2017/18:	<input checked="" type="checkbox"/> <i>Urban: 208 L/person/day Rural: 896 L/Ha/day</i>
<b>What we said we would do: customer service requests will be dealt with promptly and appropriately</b>		
<p><b>Measure:</b> Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:</p>	2019/20:	<input checked="" type="checkbox"/> <i>Overall, we have not achieved this measure. A lack of supporting information in the first half of the year has meant the first six months of results</i>

## How we measure our performance ▼

### Result 2019/20 ▼

Key:  Achieved  Not Achieved  Not Applicable

#### Urgent call-outs target:

- Attendance – percentage attendance less than 2 hours – 95%
- Resolution – Percentage resolution less than 8 hrs<sup>1</sup> – 95%

#### Non-urgent call-outs target:

- Percentage attendance less than 4 hours – 95%
- Percentage resolution less than 3 days<sup>2</sup> – 95%

*are not based on reliable data. Therefore although the results have been stated below, Councils confidence in the accuracy of these first two quarters is low. Significant emphasis has been on improving the data and underlying processes for the second half of the financial year and considerable improvements have been made. Council has confidence in the combined results presented for the second half of the year.*

#### First quarter results:

##### Urgent:

- 71% (20/28) attended in less than 2 hours
- 82% (23/28) resolved in less than 8 hours

##### Non-Urgent:

- 88% (74/84) attended in less than 4 hours
- 88% (74/84) resolved in less than 3 days

##### Urgent:

- Median attendance = 39 minutes
- Median resolution = 89 minutes

##### Non-Urgent:

- Median attendance = 30.5 minutes
- Median resolution = 108 minutes

#### Second quarter results:

##### Urgent:

- 80% (68/85) attended in less than 2 hours
- 81% (69/85) resolved in less than 8 hours

##### Non-Urgent:

- 75% (85/113) attended in less than 4 hours
- 85% (97/113) resolved in less than 3 days

##### Urgent:

- Median attendance = 39 minutes
- Median resolution = 99 minutes

##### Non-Urgent:

- Median attendance = 30.5 minutes

<sup>1</sup> Excluding billing enquiries and new connections.

<sup>2</sup> Excluding billing enquiries and new connections.

## How we measure our performance ▼

### Result 2019/20 ▼

Key:  Achieved  Not Achieved  Not Applicable

	<ul style="list-style-type: none"> <li>▪ Median resolution = 108 minutes</li> </ul> <p><b>Not achieved (for the third and fourth quarters combined):</b></p> <p><b>Urgent:</b></p> <ul style="list-style-type: none"> <li>▪ 84.91% (90/106) attended in less than 2 hours</li> <li>▪ 91.51% (97/106) resolved in less than 8 hours</li> </ul> <p><b>Non-Urgent:</b></p> <ul style="list-style-type: none"> <li>▪ 70.29% (317/451) attended in less than 4 hours</li> <li>▪ 88.69% (400/451) resolved in less than 3 days</li> </ul> <p><b>Urgent:</b></p> <ul style="list-style-type: none"> <li>▪ Median attendance = 9 minutes</li> <li>▪ Median resolution = 131 minutes</li> </ul> <p><b>Non-Urgent:</b></p> <ul style="list-style-type: none"> <li>▪ Median attendance = 79 minutes</li> <li>▪ Median resolution = 282 minutes</li> </ul> <p>Refer to the section <i>Our performance framework - Progress since our last Annual Report on page 25</i> for further information on this result.</p>
2018/19:	<p><input checked="" type="checkbox"/> <i>Not achieved:</i></p> <p><i>Urgent call outs:</i>  <i>Median attendance time: 29 minutes.</i>  <i>88% of faults were attended in 2 hours.</i>  <i>Median resolution time: 1 hour, 50 minutes.</i>  <i>75% of faults were resolved in 8 hours.</i></p> <p><i>Non-urgent call outs:</i>  <i>Median attendance time: 39 minutes.</i>  <i>82% of faults were attended in 4 hours.</i>  <i>Median resolution time: 3hours, 30 minutes.</i>  <i>83% of faults were resolved in 3 days.</i></p>
2017/18	<p><input checked="" type="checkbox"/> <i>Urgent call outs:</i>  <i>Median attendance time: 0 hours, 27.5 minutes</i>  <i>Median resolution time: 2 hours, 05 minutes.</i>  <i>82% of faults were resolved in 8 hours.</i></p> <p><i>Non-urgent call outs:</i>  <i>Median attendance time: 1 hour, 05 minutes</i></p>

## How we measure our performance ▼

		Result 2019/20 ▼
		<p><b>Key:</b> <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable</p> <p><i>Median resolution time: 5 hours, 42 minutes. 53% of faults were resolved in 8 hours.</i></p>
<b>What we said we would do: potable water will be supplied to consumers</b>		
<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> </ul> <p>continuity of supply; and the Council's response to any of these issues, expressed per 1000 connections to the Council's networked reticulation system.*</p> <p><b>Target:</b> Water quality: ≤ 12/1000 complaints Service quality: ≤ 8/1000 complaints Water pressure / flow issues: ≤ 1/1000 complaints</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p>	<p><i>Overall, we have not achieved this measure. A lack of supporting information in the first half of the year has meant the first six months of results are not based on reliable data. Therefore although the results have been stated below, Councils confidence in the accuracy of these first two quarters is low. Significant emphasis has been on improving the data and underlying processes for the second half of the financial year and considerable improvements have been made. Council has confidence in the combined results presented for the second half of the year.</i></p> <p><i>First quarter results:</i></p> <ul style="list-style-type: none"> <li>- Water quality: 1.31 per 1000 connections</li> <li>- Service quality: 3.82 per 1000 connections</li> <li>- Water pressure/flow issues: 0.72 per 1000 connections.</li> </ul> <p><i>Second quarter results:</i></p> <ul style="list-style-type: none"> <li>- Water quality: 2.86 per 1000 connections</li> <li>- Service quality: 10.74 per 1000 connections</li> <li>- Water pressure/flow issues: 1.79 per 1000 connections.</li> </ul> <p><b>Not achieved (for the third and fourth quarters combined):</b></p> <ul style="list-style-type: none"> <li>- <b>Water quality: 4.07 per 1000 connections</b></li> <li>- <b>Service quality: 14.39 per 1000 connections</b></li> <li>- <b>Water pressure/flow issues: 5.43 per 1000 connections.</b></li> </ul> <p><i>Refer to the section <b>Our performance framework - Progress since our last Annual Report</b> on page 25 for further information on this result.</i></p>
	<p><b>2018/19:</b> <input checked="" type="checkbox"/></p>	<p><i>Not achieved:</i></p> <ul style="list-style-type: none"> <li>■ <i>Water quality: 0.95 per 1000 connections</i></li> </ul>

## How we measure our performance ▼

Result 2019/20 ▼		
Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable		
		<ul style="list-style-type: none"> <li>▪ Service quality: 10.268 per 1000 connections</li> <li>▪ Water pressure/flow issues: 1.55 per 1000 connections.</li> </ul> <p>Total for the year 12.77 complaints per 1000.</p>
2017/18:	<input checked="" type="checkbox"/>	<p>Achieved:</p> <ul style="list-style-type: none"> <li>▪ Water and service quality issues: 6.15 per 1000 connections</li> <li>▪ Water pressure/flow issues: 0.14 complaints per 1000</li> </ul> <p>Total for the year 4.3 complaints per 1000.</p>
<b>What we said we would do: the Council will provide its water supply services at agreed levels of service</b>		
<p><b>Measure:</b> Customers are satisfied with the water quality supplied by the Council, as measured by the annual customer satisfaction survey.</p> <p><b>Target:</b> ≥80%</p>	2019/20:	<input checked="" type="checkbox"/> <b>Not achieved: The 2020 satisfaction survey showed that 75% of residents were satisfied with the quality of water supply.</b>
	2018/19:	<input checked="" type="checkbox"/> <i>Not achieved: 2019 survey 72% satisfied</i>
	2017/18:	<input checked="" type="checkbox"/> <i>Not achieved: 2018 survey 74% satisfied</i>
<b>What we said we would do: water supplies to be operated in compliance with regulatory requirements</b>		
<p><b>Measure:</b> Achieve a high level of compliance at all water treatment plants, as measured by the number of:</p> <ul style="list-style-type: none"> <li>▪ abatement notices; and</li> <li>▪ infringement notices; and</li> <li>▪ enforcement orders; and prosecutions received by Council in relation those resource consents.</li> </ul> <p><b>Target:</b> 0</p>	2019/20:	<input checked="" type="checkbox"/> <b>Achieved: There were 0 abatement notices, 0 infringement notices, and 0 enforcement orders and prosecutions received.</b>
	2018/19:	<input checked="" type="checkbox"/> <i>Achieved: There have been no notices or orders received in relation to water treatment plant consents.</i>
	2017/18:	<input checked="" type="checkbox"/> <i>Achieved: No abatement or enforcement notices received.</i>
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

## What else happened in 2019/20?

### Paeroa, Waihi, Waitakaruru fencing

We spent \$120,000 in 2019/20 on the fencing of the Paeroa, Waihi and Waitakaruru treatment plants.

### Connect Kaimanawa water supply with Plains or Paeroa

The Kaimanawa area is on permanent boil water notice as the water does not comply with current drinking water standards. This project will connect the supply to a compliant source. In 2018/19 the rural section of the connection was installed, with the urban section and reservoir progressed in 2019/20. We spent \$2.18 million in 2019/20.

### **Plains riparian planting**

We spent \$6,000 on riparian planting at Waitakaruru in 2019/20.

### **Water meter renewals**

We spent \$90,000 in 2019/20 on the renewal of water meters that were not working across the district. This is an ongoing project.

### **Mains renewals district wide**

We spent \$620,000 on the renewal of 4,126 meters of mains (various sizes) across the district. We additionally purchased the raw water mains pipe materials for Waihi to allow for the replacement of this critical asset in 2020.

### **District cast iron pipe renewal**

We replaced the cast iron and galvanised pipes in Kennedy Street and Larson Road in Waikino (we spent \$100,000 in 2019/20).

### **SCADA upgrade**

We spent \$123,000 in 2019/20 on upgrades and replacement of SCADA equipment across the District.

### **Plains reticulation treated water storage project**

We spent \$129,000 in 2019/20 on the finalisation of two new reservoirs in Kerepehi that will supply the plains water reticulation network.

## **What didn't happen in 2019/20?**

The prioritisation of other projects meant that there were not enough resources available to progress some water projects in 2019/20. Covid-19 also affected our ability to progress some work in the summer months which is a critical time for construction. These included:

- District water demand management
- Waihi zone metering
- Paeroa UV Lamps replacement
- Waitakaruru caustic dose pump renewal
- Kerepehi Tanners pond desludging
- Plains zone metering
- District wide water bulk water take points (design work only completed in 2019/20)
- Renewals of the Plains reticulation booster and transfer pumps



## What it cost and how it was paid for

### Operating statement for Water Supply

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
Treatment	1,688	1,440	1,384
Reticulation	680	1,542	1,066
Intakes and Headworks	767	365	371
Fixed Costs	206	166	202
Overheads	902	902	886
Pumpstations	48	28	30
Major Maintenance	39	28	27
Other	401	382	242
Depreciation/Assets written off	1,813	1,636	1,674
Interest	1,002	785	550
<b>Total expenditure</b>	<b>7,546</b>	<b>7,274</b>	<b>6,432</b>
<b>Revenue</b>			
Fees, charges and other revenue	55	109	127
External subsidies	0	0	0
Targeted rates	6,929	7,271	6,515
General rates	0	0	0
<b>Total revenue</b>	<b>6,984</b>	<b>7,380</b>	<b>6,642</b>
<b>Operating surplus / (deficit)</b>	<b>(562)</b>	<b>106</b>	<b>210</b>

**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Water Supply**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	0	0	0
Targeted rates	6,537	6,929	7,271
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	15
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>6,537</b>	<b>6,929</b>	<b>7,286</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,528	3,831	3,930
Finance costs	852	898	785
Internal charges and overheads applied	886	902	923
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,266</b>	<b>5,631</b>	<b>5,638</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>1,271</b>	<b>1,298</b>	<b>1,648</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	926	(173)	1,775
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>926</b>	<b>(173)</b>	<b>1,775</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,188	92	515
- to replace existing assets	1,009	1,033	3,097
Increase (decrease) in reserves	0	0	(189)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,197</b>	<b>1,125</b>	<b>3,423</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(1,271)</b>	<b>(1,298)</b>	<b>(1,648)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# 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.

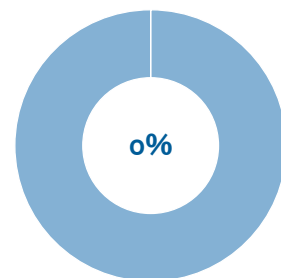
About 5,500 properties are connected to our wastewater systems.

## Effects on the community

The wastewater group ensures the collection, treatment and disposal of wastewater is done in a way that ensure a safe standard of living for our district residents. Our communities are kept healthy and free from disease and our environment is protected (especially our waterways) from pollution.



**Achieving our service targets**



The wastewater group primarily contributes to the following community outcomes:



**Sustainable Hauraki**



**Prepared Hauraki**

## Meeting our service targets

### How we measure our performance ▼

#### Result 2019/20 ▼

Key:  Achieved  Not Achieved  Not Applicable

What we said we would do: provide wastewater services that meet regulatory requirements	
<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><b>Target:</b> &lt;3 per 1000 connections.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/> <i>Overall, we have achieved this measure, but only for the second half of the year. A lack of supporting information in the first half of the year has meant the first six months of results are not based on reliable data. Therefore although the results have been stated below, Councils confidence in the accuracy of these first two quarters is low. Significant emphasis has been on improving the data and underlying processes for the second half of the financial year and considerable improvements have been made. Council has confidence in the combined results presented for the second half of the year.</i></p> <p><i>First quarter results: There were 5 dry water overflows which equates to 0.89 dry weather overflows per 1000 wastewater connections.</i></p> <p><i>Second quarter results: There were 4 dry water overflows which equates to 0.71 dry weather overflows per 1000 wastewater connections.</i></p> <p><b>Achieved (for the third and fourth quarters combined): There were 7 dry water overflows which equates to 1.24 dry weather overflows per 1000 wastewater connections.</b></p> <p>Refer to the section <i>Our performance framework - Progress since our last Annual Report</i> on page 25 for further information on this result.</p>
	<p><b>2018/19:</b> <input checked="" type="checkbox"/> <i>Achieved: 11 complaints equalling 1.82 dry weather overflows per 1000 connections.</i></p>
	<p><b>2017/18:</b> <input checked="" type="checkbox"/> <i>Achieved: 23 complaints equalling 4.2 dry weather overflows per 1000 connections.</i></p>
What we said we would do: the risk of environmental and public health impacts will be mitigated.	
<p><b>Measure:</b> The frequency of dry weather overflows from pump stations will be minimised.</p> <p><b>Target:</b> &lt;1 pump-station overflow per 20 pump stations per year.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/> <i>Overall, we have not achieved this measure. A lack of supporting information in the first half of the year has meant the first six months of results are not based on reliable data. Therefore although the results have been stated below, Councils confidence in the</i></p>

## How we measure our performance ▼

		Result 2019/20 ▼	
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable	
		<p><i>accuracy of these first two quarters is low. Significant emphasis has been on improving the data and underlying processes for the second half of the financial year and considerable improvements have been made. Council has confidence in the combined results presented for the second half of the year.</i></p> <p><i>First quarter results: There have been 0.41 pump station overflows per 20 pump stations.</i></p> <p><i>Second quarter results: There have been 0.83 pump station overflows per 20 pump stations.</i></p> <p><b>Not achieved (for the third and fourth quarters): There have been 3.56 pump station overflows per 20 pump stations.</b></p> <p><i>Refer to the section <i>Our performance framework - Progress since our last Annual Report</i> on page 25 for further information on this result.</i></p>	
	2018/19:	<input checked="" type="checkbox"/> <i>Not achieved: 2.55 pump station overflows per 20 pump stations.</i>	
	2017/18:	<input checked="" type="checkbox"/> <i>Achieved: 0.04 pump station overflows per 20 pump stations.</i>	
What we said we would do: the community and the environment will be provided with protection.			
<p><b>Measure:</b> Compliance with the Council's resource consents for discharge from its wastewater system, as measured by the number of:</p> <ul style="list-style-type: none"> <li>■ abatement notices; and</li> <li>■ infringement notices; and</li> <li>■ enforcement orders; and</li> <li>■ prosecutions received by Council in relation to those resource consents.*</li> </ul> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>■ 0 abatement notices</li> <li>■ 0 infringement notices</li> <li>■ 0 enforcement orders, and</li> <li>■ 0 prosecutions.</li> </ul>	2019/20:	<input checked="" type="checkbox"/> <b>Not achieved:</b>	
		2018/19:	<input checked="" type="checkbox"/> <i>Achieved: There have been no notices or orders received in relation to wastewater discharge resource consents.</i>
		2017/18:	<input checked="" type="checkbox"/> <i>Achieved: No abatement, infringement, enforcement notices or convictions were received in the year.</i>
		<ul style="list-style-type: none"> <li>• 2 abatement notices</li> <li>• 0 infringement notices;</li> <li>• 0 enforcement orders;</li> <li>• 0 prosecutions</li> </ul> <p><b>received by the Council in 2019/20.</b></p>	

**What we said we would do: customer service requests to be dealt with promptly and appropriately.**

**Measure:** Where the Council attends to wastewater overflows resulting from a blockage or other fault in the Council's wastewater system, the following median response times measured:

- Attendance
- Resolution\*

**Target:**

- Attendance – 95% within 2 hours
- Resolution – 95% within 8 hours

**2019/20:**



*Overall, we have not achieved this measure. A lack of supporting information in the first half of the year has meant the first six months of results are not based on reliable data. Therefore although the results have been stated below, Councils confidence in the accuracy of these first two quarters is low. Significant emphasis has been on improving the data and underlying processes for the second half of the financial year and considerable improvements have been made. Council has confidence in the combined results presented for the second half of the year.*

*Results for the first quarter: Unable to measure. Insufficient data collected to provide an attendance time and a resolution time.*

*Results for the second quarter*

- Attendance – 67% within 2 hours
- Resolution – 67% within 8 hours
- Median Attendance time = 40 minutes
- Median Resolution time = 110 minutes

**Not achieved (for the third and fourth quarters combined):**

- Attendance – 57.14% (12/21) within 2 hours
- Resolution – 61.90% (13/21) within 8 hours
- Median Attendance time = 59 minutes
- Median Resolution time = 249 minutes

Refer to the section *Our performance framework - Progress since our last Annual Report on page 25* for further information on this result.

**2018/19:**



*Not achieved:*

- 90% (28 of 31) of call outs were attended within two hours. Median attendance time: 30 minutes
- 45% (14 of 31) of call outs were resolved within 8 hours. Median completion time: 1171 minutes

**2017/18:**



*Not achieved:*

- Median attendance time: 28 minutes
- Median completion time: 0 days 8hours, 21 minutes.

**What we said we would do: provide a safe and reliable wastewater service.**

**Measure:** The total number of complaints received by Council about any of the following:

- wastewater odour;
- wastewater system faults;
- wastewater system blockages; and
- the Council's response to any of these issues, expressed per 1000 connections to Council's wastewater system.

**Target:** 2019/20: ≤12 per 1000 connections

**2019/20:**



*Overall, we have not achieved this measure. A lack of supporting information in the first half of the year has meant the first six months of results are not based on reliable data. Therefore, although the results have been stated below, Councils confidence in the accuracy of these first two quarters is low. Significant emphasis has been on improving the data and underlying processes for the second half of the financial year and considerable improvements have been made. Council has confidence in the combined results presented for the second half of the year.*

*First quarter results:*

*The total number of complaints received about wastewater odour, wastewater system faults, wastewater system blockages, and the Council's response to any of these issues was 2.8 per 1000 connections.*

*Second quarter results*

*The total number of complaints received about wastewater odour, wastewater system faults, wastewater system blockages, and the Council's response to any of these issues was 4.4 per 1000 connections.*

**Not achieved (for the third and fourth quarters):**

**The total number of complaints received about wastewater odour, wastewater system faults, wastewater system blockages, and the Council's response to any of these issues was 12.26 per 1000 connections.**

Refer to the section *Our performance framework - Progress since our last Annual Report on page 25* for further information on this result.

**2018/19:**



**Achieved:**

The total number of complaints received about :

- wastewater odour;
- wastewater system faults;
- wastewater system blockages; and
- the Council's response to any of these issues, was 11.45 per 1000 connections.

	2017/18: <input checked="" type="checkbox"/>	<i>Achieved:</i> <ul style="list-style-type: none"> <li>■ <i>Odour complaints: 0.7 per 1000 connections</i></li> <li>■ <i>Fault complaints: 1.24 per 1000 connections</i></li> <li>■ <i>Blockage complaints: 4.96 per 1000 connections</i></li> <li>■ <i>Complaints about response: 0.37 per 1000 connections</i></li> </ul> <i>Total of 7.3 complaints per 100 connections in the year.</i>
<b>Measure:</b> Percentage of users satisfied with the quality of the wastewater services provided, as measured by the annual customer satisfaction survey. <b>Target:</b> ≥95%	2019/20: <input checked="" type="checkbox"/>	<b>Not achieved: The 2020 satisfaction survey showed that 85% of residents were satisfied with the quality of wastewater services provided by the Council.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Not achieved: 2019 survey: 88% satisfied.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Not achieved: 2018 survey: 76% satisfied.</i>
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

## What else happened in 2019/20?

### Paeroa - pipe renewals hydraulic

We completed the investigation work for the project to improve the existing pipe network in Paeroa. We also prepared the tender documentation for the sections being relined, and final design has been completed for the sections being replaced. We spent \$86,000 in 2019/20.

### District wide replacement pump station cabinets etc

\$85,000 was spent in 2019/20 on the replacement of components such as variable speed drives for pumps, switchboard upgrades at Ramarama pump station and pump station multismart controllers.

### District wide sewer pump renewals

We spent \$102,000 in 2019/20 on the replacement of failed pumps in the network. The investigation work into next phase of replacements is underway. This is an on-going project.

### Wastewater district wide pipe renewals Waihi East manholes

The project to rehabilitate those Waihi East manholes that have infiltration issues was progressed during the year, with \$48,000 spent. The manholes were split into two groups: the first group of manholes were investigated and the work completed within the year; the second group are currently being inspected to identify the physical work required.

### Karangahake to Paeroa Wastewater Line

We spent \$246,000 in 2019/20 to install a pressure wastewater line from Karangahake back to Paeroa to dispose of waste. Currently the toilets at the reserve and the near by Hall are hooked up to it and more properties are looking at connecting.



## Victoria Street Wastewater Pump Station Generator

We spent \$102,000 in 2019/20 on a generator and connection point for the Victoria Street pump station in Waihi.

## Wastewater Whiritoa Resource Consents

The Whiritoa wastewater treatment plant consenting process continued in 2019/20, with \$90,000 spent in 2019/20.

## What didn't happen in 2019/20?

For the wastewater activity, some projects were unable to be completed in 2019/20. Some projects were delayed due to resource consent related concerns, and Covid-19 also impacted our ability to progress some work. More specifically the following projects were unable to be completed:

- Turua outflow meter renewal: the prioritisation of other projects meant that there were not enough resources available to progress this in 2019/20 and it has been deferred until 2020/21.
- Kerepehi wastewater plant
- Ngatea inflow metering: the prioritisation of other projects meant that there were not enough resources available to progress this in 2019/20 and it has been deferred until 2020/21.
- Paeroa suspended solids analyser: these are replaced as needed and this was not required in 2019/20, so has been deferred until needed.
- Wastewater District Wide Pipe Renewals: the prioritisation of other projects meant that there were not enough resources available to progress this in 2019/20 and it has been deferred until 2020/21.
- Wastewater Paeroa Aerator Component Renewals: these are replaced as needed and this was not required in 2019/20, so has been deferred until needed.
- Replacement screen for Paeroa: was deferred awaiting the outcome of the wastewater strategy and consent. The consent application has been submitted.
- Whiritoa aerator component renewals: these are replaced as needed and this was not required in 2019/20, so has been deferred until needed.
- Waitakaruru sewerage treatment plant component renewals: these are replaced as needed and this was not required in 2019/20, so has been deferred until needed.
- Paeroa waveband renewals: these are repaired as needed and this was not required in 2019/20, so has been deferred until needed.
- Ngatea screen refurbishment: these are repaired as needed and this was not required in 2019/20, so has been deferred until needed.
- Waitakaruru prostep onsite set renewals: this budget is ongoing and is available to replace components in the pressure sewer system at Waitakaruru as they fail.
- Dissolved Airflow Flotation (DAF) sludge process in Waihi: has been deferred to await the outcome of the Wastewater Strategy.
- Wastewater Turua Inflow Metering: the prioritisation of other projects meant that there were not enough resources available to progress this in 2019/20 and it has been deferred until 2020/21.
- Kerepehi resource consents: the work for this project has begun, however wasn't completed in 2019/20. This is being progressed in 2020/21.
- District wide pond desludging: has been deferred to await the outcome of the Wastewater Strategy.
- Waihi East - pipe renewals hydraulic: we are currently investigating what requires renewal and this work will be completed in 2020/21.
- District wide pipe renewals condition: we are currently investigating what requires renewal and this work will be completed in 2020/21.
- Optimisation of the Ngatea Pump network to allow for the Ngatea North subdivision: this project was delayed due to Covid-19 and will be completed in 2020/21.
- Wastewater Waihi DAF sludge process: has been deferred to await the outcome of the Wastewater Strategy.
- Paeroa chemical phosphorus removal drum filter: has been deferred to await the outcome of the consent.

## What it cost and how it was paid for

### Operating statement for Wastewater

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
Treatment	637	523	583
Reticulation	137	211	158
Fixed Costs	181	164	136
Overheads	613	753	692
Pumpstations	248	357	233
Major Maintenance	96	(59)	15
Other	225	267	145
Depreciation/Assets written off	762	788	793
Interest	297	129	227
<b>Total expenditure</b>	<b>3,196</b>	<b>3,133</b>	<b>2,982</b>
<b>Revenue</b>			
Fees, charges and other revenue	408	343	359
External subsidies	0	216	0
Targeted rates	3,408	3,642	3,613
General rates	0	0	0
<b>Total revenue</b>	<b>3,816</b>	<b>4,201</b>	<b>3,972</b>
<b>Operating surplus / (deficit)</b>	<b>620</b>	<b>1,068</b>	<b>990</b>

**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Wastewater**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	0	0	0
Targeted rates	3,408	3,579	3,642
Subsidies and grants for operating purposes	0	0	0
Fees and charges	291	299	175
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>3,699</b>	<b>3,878</b>	<b>3,817</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,533	1,575	1,603
Finance costs	389	410	129
Internal charges and overheads applied	602	613	613
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,524</b>	<b>2,598</b>	<b>2,345</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>1,175</b>	<b>1,280</b>	<b>1,472</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	216
Development and financial contributions	0	0	0
Increase (decrease) in debt	402	146	1,079
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>402</b>	<b>146</b>	<b>1,295</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	242	0
- to improve the level of service	140	0	506
- to replace existing assets	1,437	1,184	588
Increase (decrease) in reserves	0	0	1,673
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,577</b>	<b>1,426</b>	<b>2,767</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(1,175)</b>	<b>(1,280)</b>	<b>(1,472)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Stormwater



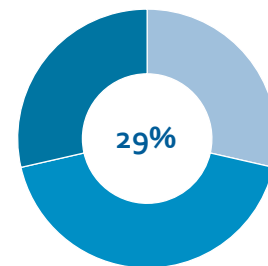
Stormwater is rainwater runoff that usually results from heavy or prolonged periods of rain. Runoff flows from surfaces on urban properties, footpaths and roads. We use a series of drainage systems to remove rainwater runoff from urban areas in Waihi, Waikino, Karangahake, Mackaytown, Paeroa, Ngatea,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

## Effects on the community

The stormwater group helps ensure the safety of people's lives and property in times of rainfall, by ensuring runoff is efficiently and effectively dealt with, to assist in achieving social and commercial certainty and avoiding the risk of flooding.



Achieving our service targets



The stormwater group primarily contributes to the following community outcomes:



Sustainable Hauraki



Prepared Hauraki

## Meeting our service targets

### How we measure our performance ▼

		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
<b>What we said we would do: provide stormwater systems to protect houses from flooding in urban areas.</b>		
<b>Measure:</b> <ul style="list-style-type: none"> <li>The number of flooding events that occur in the Hauraki district.</li> <li>For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)*</li> </ul> <b>Target:</b> 2019/20: <2 per 1000	2019/20:	<b>Achieved:</b> There were no flooding events in 2019/20, therefore the number of habitable floors affected by flooding was 0 per 1000 properties connected to the stormwater system.
	2018/19:	<i>Achieved: No flooding events and no habitable floors affected.</i>
	2017/18:	<i>Achieved: No flooding events and no habitable floors affected.</i>
<b>What we said we would do: provide a stormwater network that is reliable.</b>		
<b>Measure:</b> The number of complaints received by Council about the performance of the stormwater system. Expressed per 1000 properties connected Council's stormwater system.*  <b>Target:</b> <5/1000 connections.	2019/20:	<b>Not achieved:</b> The number of complaints received about the performance of the stormwater system was 10.7 per 1000 properties connected to the stormwater system. The storm event in December is the main reason why this target was not achieved. The storm exceeded the design capacity of Councils infrastructure.
	2018/19:	<i>Not achieved: 9.95 complaints per 1000 customers relating to the performance of the stormwater system were received.</i>
	2017/18:	<i>Not achieved: 5.6 complaints per 1000 customers relating to blockages and faults were received.</i>
<b>Measure:</b> Number of reported stormwater blockages per 100km of pipeline per year.  <b>Target:</b> <20	2019/20:	<b>Not achieved:</b> There were 30.77 reported stormwater blockages per 100 km of pipeline.
	2018/19:	<i>Not achieved: There were 22.62 reported stormwater blockages per 100 km of pipeline.</i>
	2017/18	<i>New measure.</i>
<b>Measure:</b> Percentage of stormwater above ground assets in satisfactory condition (condition grades 1,2 or 3). *  <b>Target:</b> NA	2019/20:	<b>Not applicable: No target specified for 2019/20.</b> <i>Council identified this in 2018 as part of the Long Term Plan process, however chose to implement in a staged manner beginning in 2020/21 as it was expected to take a number of years to prepare for.</i>
	2018/19:	<i>Not applicable. No target specified for 2018/19.</i>
	2017/18	<i>New measure in 2018/19.</i>

## How we measure our performance ▼

		Result 2019/20 ▼	
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable	
<p><b>Measure:</b> Customers are satisfied with the stormwater service provided, as measured by the annual customer satisfaction survey.</p> <p><b>Target:</b> ≥80%</p>	2019/20:	<input checked="" type="checkbox"/>	<b>Not achieved: The 2019 satisfaction survey showed that 68% of residents were satisfied with the Council's stormwater services.</b>
	2018/19:	<input checked="" type="checkbox"/>	<i>Not achieved: 2019 survey: 59% satisfied.</i>
	2017/18:	<input checked="" type="checkbox"/>	<i>Not achieved: 2018 survey: 46% satisfied. Note: the target in 2018 was ≥70%.</i>
<b>What we said we would do: provide the community and the environment with protection.</b>			
<p><b>Measure:</b> Compliance with the Council's resource consents for discharge from its stormwater system. Measured by the number of:</p> <ol style="list-style-type: none"> <li>1. abatement notices; and</li> <li>2. infringement notices; and</li> <li>3. enforcement orders; and</li> <li>4. prosecutions received by Council in relation those resource consents.*</li> </ol> <p><b>Target:</b> 0</p>	2019/20:	<input checked="" type="checkbox"/>	<b>Achieved</b> <b>There were:</b> <b>1. 0 abatement notices; and</b> <b>2. 0 infringement notices; and</b> <b>3. 0 enforcement orders; and</b> <b>4. 0 prosecutions received in relation to stormwater discharge resource consents in 2019/20.</b>
	2018/19:	<input checked="" type="checkbox"/>	<i>Achieved: There have been no notices or orders received in relation to stormwater discharge resource consents.</i>
	2017/18:	<input checked="" type="checkbox"/>	<i>Achieved: No abatement, infringement, enforcement notices or convictions were received.</i>
<b>What we said we would do: customer service requests will be dealt with promptly and appropriately.</b>			
<p><b>Measure:</b> The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.</p> <p><b>Target:</b> &lt;2 hours.</p>	2019/20:	<input type="checkbox"/>	<b>Not applicable: There were no flooding events in 2019/20.</b>
	2018/19:	<input type="checkbox"/>	<i>Not applicable: No flooding events occurred as a result of an overflow from the Council's stormwater system.</i>
	2017/18:	<input type="checkbox"/>	<i>Not applicable: No flooding events occurred as a result of an overflow from the Council's stormwater system.</i>
* Mandatory performance measure under section 261B of the Local Government Act 2002.			

## What else happened in 2019/20?

### Stormwater renewals

We spent \$14,000 on stormwater renewals in Kaiua in 2019/20.

### Stormwater upgrades

- We spent \$10,000 on stormwater upgrades in Paeroa in 2019/20.
- We spent \$91,000 on stormwater upgrades in Kaiua in 2019/20.

## What didn't happen in 2019/20?

The following planned projects were not completed during the year:

- Stormwater upgrades at Kerepehi and Whiritoa.
- Stormwater renewals at Waihi, Ngatea, Kerepehi and Turua.
- The stormwater condition assessments were not completed for Waihi and Paeroa.
- The stream works at Kaiaua were not completed.
- Improvements to two floodgates in Kaiaua were not completed in 2019/20. A solution was agreed on, but the work was delayed due to Covid-19. This project is expected to be completed before the end of 2020.

## What it cost and how it was paid for

### Operating statement for Stormwater

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
Vegetation Control	14	11	14
Reticulation	48	35	46
Maintenance/Fencing/Culverts	10	1	2
Mechanical Cleaning	17	1	37
Floodgates	5	0	0
Pumps	11	4	6
Overheads	268	268	263
Other	159	140	149
Depreciation/Assets written off	380	378	386
Interest	(57)	(51)	(37)
<b>Total expenditure</b>	<b>855</b>	<b>787</b>	<b>866</b>
<b>Revenue</b>			
Fees, charges and other revenue	109	293	185
External subsidies	0	0	0
Targeted rates	822	831	811
General rates	145	145	133
<b>Total revenue</b>	<b>1,076</b>	<b>1,269</b>	<b>1,129</b>
<b>Operating surplus / (deficit)</b>	<b>221</b>	<b>482</b>	<b>263</b>



**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Stormwater**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	133	141	145
Targeted rates	752	801	831
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>885</b>	<b>942</b>	<b>976</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	256	264	193
Finance costs	0	0	(51)
Internal charges and overheads applied	196	186	268
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>452</b>	<b>450</b>	<b>410</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>433</b>	<b>492</b>	<b>566</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(308)	(389)	(1,033)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>(308)</b>	<b>(389)</b>	<b>(1,033)</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	76	71	104
- to replace existing assets	49	32	15
Increase (decrease) in reserves	0	0	(586)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>125</b>	<b>103</b>	<b>(467)</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(433)</b>	<b>(492)</b>	<b>(566)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Land drainage



Our land drainage activity involves:

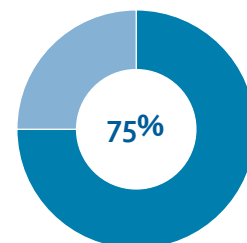
- draining excess surface water and managing ground water levels in five drainage districts,
- direct protection from river and tidal flooding in the area of Waitakaruru to Pūkorokoro / Miranda.

## Effects on the community

The provision of services within the land drainage group is positive and essential for those communities where the preservation and protection of the land's farming capacity is required. Both assets and stock require protection against high water tables, extreme weather events, high tides and river floods which is essential for land productivity and protecting the livelihood of those in affected areas.



**Achieving our  
service targets**



**The land drainage group primarily  
contributes to the following  
community outcome:**



**Prepared Hauraki**

## Meeting our service targets

### How we measure our performance ▼

#### Result 2019/20 ▼

Key:  Achieved  Not Achieved  Not Applicable

What we said we would do: pasture protection to be provided.	
<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>2019/20:</b> <input checked="" type="checkbox"/></p> <p><b>Achieved:</b></p> <ul style="list-style-type: none"> <li>■ 100% of floodgates and pumpstations were maintained to their full service potential.</li> <li>■ 100% of floodgates and pumpstations were repaired to their full service potential.</li> <li>■ 100% of floodgates and pumpstations were renewed to their full service potential.</li> </ul> <p><b>Stopbanks:</b></p> <ul style="list-style-type: none"> <li>■ WPDD: ~ 20% of the work completed to 'renew' portions of the stopbanks to meet the LoS.</li> <li>■ EPDD: ~ 20% of the work completed to 'renew' portions of the stopbanks to meet the LoS.</li> </ul>
	<p><b>2018/19:</b> <input checked="" type="checkbox"/></p> <p><i>Achieved:</i></p> <p><i>Maintained: Floodgates and pumpstations maintained to their service potential during the reporting period.</i></p> <p><i>Repaired: No damage during the reporting period.</i></p> <p><i>Renewed: Progress on renewals programme. These are multi-year programmes:</i></p> <ul style="list-style-type: none"> <li>■ Western Plains Drainage District (F1) ~ 35%</li> <li>■ Eastern Plains Drainage District ~ 20%</li> </ul>
	<p><b>2017/18:</b> <input checked="" type="checkbox"/></p> <p><i>Not achieved: 98% of the stop banks are at design level. The works to bring the stop banks to design level has been programmed for 2018/19.</i></p>
<p><b>Measure:</b> Number of properties still ponding after 3 days from a 1 in 10-year event or less (impacting the pasture)</p> <p><b>Target:</b> 0</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p> <p><b>Achieved: There was no ponding for more than 3 days that resulted from a 10% AEP (1 in 10 year) event or less, during the year.</b></p>
	<p><b>2018/19:</b> <input checked="" type="checkbox"/></p> <p><i>Achieved: There was no ponding for more than 3 days and no 10% AEP (1 in 10 year) events.</i></p>
	<p><b>2017/18</b> <i>New measure in 2018/19.</i></p>

What we said we would do: provide reliable land drainage networks.		
<b>Measure:</b> Percentage of affected customers satisfied with the land drainage and flood protection services, as measured by the annual customer satisfaction survey.  <b>Target:</b> 80%	2019/20: <input checked="" type="checkbox"/>	<b>Not achieved:</b> The 2020 satisfaction survey showed that 62% of affected customers were satisfied with the Council's land drainage services.
	2018/19: <input checked="" type="checkbox"/>	<i>Not achieved: 2019 survey: 54% satisfied.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Not achieved: 2018 survey: 36% satisfied. Note: the target in 2018 was <math>\geq 75\%</math>.</i>
What we said we would do: provide a timely response to customer requests.		
<b>Measure:</b> Where the Council responds to a service request regarding the Council's land drainage and flood protection systems, the following median response times measured for: <ul style="list-style-type: none"> <li>■ Urgent service requests and</li> <li>■ Non-urgent service requests</li> </ul> <b>Target:</b> <ul style="list-style-type: none"> <li>■ Urgent: 1 hour</li> <li>■ Non-urgent: 2 working days</li> </ul>	2019/20: <input checked="" type="checkbox"/>	<b>Achieved:</b> <ul style="list-style-type: none"> <li>■ <b>Urgent:</b> There have been no urgent requests during the reporting period.</li> <li>■ <b>Non-urgent:</b> 100% (11/11) of non-urgent requests were responded to within 2 working days.</li> </ul> <b>Median response time was 2 hours 26 minutes.</b>
	2018/19: <input checked="" type="checkbox"/>	<b>Achieved:</b> <ul style="list-style-type: none"> <li>■ <i>Urgent: There have been no urgent requests during the reporting period.</i></li> <li>■ <i>Non-urgent: There have been no non-urgent requests during the reporting period.</i></li> </ul>
	2017/18:	<i>New measure in 2018/19</i>
* Mandatory performance measure under section 261B of the Local Government Act 2002.		

## What else happened in 2019/20?

### Raising stopbanks investigation

During the year we completed surveying of the Hot Springs, Karito, Foreshore, and Miranda stopbanks. Resource consents were drafted for the project and were nearly complete however, these were placed on hold as the regional council indicated that we needed to change our methodology. Our revised methodology, to import material to raise the stopbanks, will not require a resource consent and we will be proceeding with this work in the 2020/21 year.

### Mechanical cleaning

During the year, we mechanically cleaned 94 km of drains throughout our land drainage areas. Mechanical cleaning ensures our drains can flow freely, and clear excess water from agricultural land in a timely manner.

### WPDD Hopai West pump screens

During the year, we continued to monitor settlement at the Hopai West pumpstation. This project is ongoing (\$1,700 spent in 2019/20).

## **EPDD H Drain Culverts**

We purchased and supplied a section of pipe to replace a culvert that was of sub-standard quality (\$5,000 spent in 2019/20).

## **What didn't happen in 2019/20?**

### **Western Plains Drainage District Pouarua Maukoro (Muggeridge) project**

\$345,000 was allocated in 2019/20 for internal drain structures to feed the new Muggeridge pumpstation once it's built. This budget will be carried forward. As this project is being led by the Waikato Regional Council, Hauraki District Council's expenditure is dependent on the Waikato Regional Council's timing of their project.

### **Pūkorokoro and Miranda drainage district**

This project is on hold until agreement is reached between all parties involved on the way forward.

### **SCADA installation**

The installation of SCADA at several land drainage asset locations, which will allow communication to the pumps and enable monitoring and control remotely, has been put on hold until we have investigated the current communication available at these sites. The sites are:

- WPDD Central North SCADA installation
- WPDD Hopai West SCADA installation
- WPDD Martinovich SCADA installation
- WPDD Miranda SCADA installation
- WPDD Rowerawe SCADA installation

## What these activities cost and how they were paid for

### Operating statement for Land Drainage

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
Vegetation control	188	159	178
Maintenance/fencing/culverts	12	3	11
Mechanical cleaning	263	241	215
Floodgates	34	5	21
Pumps	285	175	373
Overheads	253	253	249
Other	60	57	57
Depreciation/assets written off	175	193	263
Interest	(141)	(110)	(95)
<b>Total expenditure</b>	<b>1,129</b>	<b>976</b>	<b>1,272</b>
<b>Revenue</b>			
Fees, charges and other revenue	0	0	0
External subsidies	0	0	0
Targeted rates	1,024	1,059	979
General rates	172	172	162
<b>Total revenue</b>	<b>1,196</b>	<b>1,231</b>	<b>1,141</b>
<b>Operating surplus / (deficit)</b>	<b>67</b>	<b>255</b>	<b>(131)</b>

**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Land Drainage**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	162	165	172
Targeted rates	965	985	1,059
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>1,127</b>	<b>1,150</b>	<b>1,231</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	779	813	639
Finance costs	0	0	(110)
Internal charges and overheads applied	92	107	253
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>871</b>	<b>920</b>	<b>782</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>256</b>	<b>230</b>	<b>449</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	201	(196)	(350)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>201</b>	<b>(196)</b>	<b>(350)</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	207	29	82
- to replace existing assets	250	5	17
Increase (decrease) in reserves	0	0	0
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>457</b>	<b>34</b>	<b>99</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(256)</b>	<b>(230)</b>	<b>(449)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Solid waste



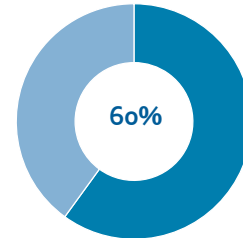
The solid waste activity consists of the minimisation, collection and disposal of solid waste. These services involve kerbside collection of refuse and recyclables and the management of two refuse transfer stations located in Paeroa and Waihi.

## Effects on the community

The aim of the solid waste group is to ensure the sanitary and safe collection and disposal of recycling and solid waste, to help protect the social and environmental wellbeing of our communities, and to implement recycling initiatives to ensure environmental sustainability. The provision of services within the solid waste activity assists in enabling communities to function in a healthy, comfortable and safe environment, with appropriate mechanisms for solid waste disposal in an environmentally appropriate manner.



Achieving our service targets



The solid waste group primarily contributes to the following community outcomes:



Sustainable Hauraki



Prepared Hauraki



## Meeting our service targets

### How we measure our performance ▼

		Result 2019/20 ▼	
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable	
<b>What we said we would do: increased public education on waste minimisation and the adverse effects of waste on the environment be minimised.</b>			
<p><b>Measure:</b> A waste minimisation education strategy is developed and implemented.</p> <p><b>Target:</b> Two education campaigns are undertaken each year.</p>	2019/20:	<input checked="" type="checkbox"/>	<b>Achieved: Three education campaigns were undertaken.</b>
	2018/19:	<input checked="" type="checkbox"/>	<i>Achieved: Three education campaigns were undertaken.</i>
	2017/18		<i>New measure in 2018/19</i>
<p><b>Measure:</b> Number of justified complaints that collection is not completed on the scheduled day, as per the service request database.</p> <p><b>Target:</b> ≤3 complaints (that collection was not completed) per 1000 customers per annum.</p>	2019/20:	<input checked="" type="checkbox"/>	<b>Not achieved: There were 76 justified complaints that kerbside collection was not completed on the scheduled day in 2019/20 (4.39 per 1000 customers per annum). To help address this, Council has recently taken over the management of the contract in house.</b>
	2018/19:	<input checked="" type="checkbox"/>	<i>Not achieved: There were 3.08 justified complaints per 1000 customers.</i>
	2017/18		<i>New measure in 2018/19</i>
<p><b>Measure:</b> The quantity of household waste collected from the kerbside per person is decreasing.</p> <p><b>Target:</b> A 5% decrease in kerbside household waste to landfill from approx. 78 kg per person per annum to 74 kg per person by 2022.</p>	2019/20:	<input checked="" type="checkbox"/>	<b>Achieved: The amount of household waste collected from the kerbside and going to landfill was 60kg per person per annum. This is a reduction of 8.7kg from 2018/19 (12.6% decrease) and is a 23% decrease from the original 78kg per person.</b>
	2018/19:	<input checked="" type="checkbox"/>	<i>Achieved: The amount of household waste collected from the kerbside and going to landfill was 68.7 kg per person per annum. This is a reduction of 10.08kgs from the previous year of (78kg).</i>
	2017/18		<i>New measure in 2018/19</i>
<p><b>Measure:</b> The total quantity of waste sent to landfill per person per annum is reducing.</p> <p><b>Target:</b> A 13% reduction in the total quantity of waste sent to landfill from 363 kg per person per annum to 316 kg per person by 2022.</p>	2019/20:	<input checked="" type="checkbox"/>	<b>Achieved: The total quantity of waste sent to landfill was 276 kg per person per annum in 2019/20. This is a decrease of 25.35kg from 2018/19 (8.4% reduction) and a 24% reduction from the original 363 kg per person.</b>
	2018/19:	<input checked="" type="checkbox"/>	<i>Achieved: The total quantity of waste sent to landfill was 301.35kgs per person per annum. This is an increase of 64.2kgs from the previous year (237.6kg), however is less than the target originally set of 316.</i>
	2017/18		<i>New measure in 2018/19</i>

## How we measure our performance ▼

### Result 2019/20 ▼

Key:  Achieved  Not Achieved  Not Applicable

What we said we would do: provide reliable solid waste collection.		
<p><b>Measure:</b> Percentage of users satisfied with the kerbside collection service, as measured by the annual customer satisfaction survey.</p> <p><b>Target:</b> ≥85% of users satisfied.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p>	<p><b>Not achieved: The 2020 satisfaction survey showed that 68% of residents were satisfied with the kerbside collection service.</b></p>
	<p>2018/19: <input checked="" type="checkbox"/></p>	<p><i>Not achieved: 2019 survey: 89% satisfied.</i></p>
	<p>2017/18: <input checked="" type="checkbox"/></p>	<p><i>Not achieved: 2018 survey: 79% satisfied.</i></p>

## What else happened in 2019/20?

### Waihi Transfer Station – upgrade

In 2019/20 we completed various upgrades to the Waihi Transfer Station including the construction of two new concrete slabs on either side of the shed, construction of a new concrete pad for the steel recycling area, installed CCTV cameras, procured new waste oil bins, resealed sections of the road, and completed painting and electrical work. We spent \$167,000 in 2019/20.

### Paper for Trees programme

In 2019/20 we contributed funding to schools and preschools in the Paper4trees programme in the Hauraki district. By recycling 59 tonnes of paper and cardboard, the schools and preschools in the District earned a total of 229 native trees to plant at school or in the community. This has saved 473m<sup>3</sup> cubic metres of landfill space and prevented 319 tonnes of carbon emissions. This programme aims to develop positive lifelong attitudes to waste minimisation in children, which will have a positive spin-off of reducing waste volumes in future years.

### Enviroschools / Zero waste programmes

In 2019/20 we provided funding for the Enviroschools and Zero Waste programmes for schools in our District. Enviroschools aims to develop life-long waste awareness and responsibility in children, which will result in reduced waste volumes in future years. The Zero Waste education programme is carried out using external teachers to educate the children about sustainability. Their lessons cover different topics as they progress through the next classes which give the children the whole curriculum before they leave primary school to college. In 2019/20 15 schools were participating in the Enviroschools programme, and 20 schools were participating in Zero waste.

## What didn't happen in 2019/20?

### Paeroa Transfer Station – upgrade

Major upgrade works were planned for the Paeroa Transfer station facility in 2019/20, including new drainage to accommodate water that usually ponds in the inundation zone, installation of CCTV cameras, new safety railings, painting, repairs and maintenance. However, since the initial planning, the Reuse and Repair Centre project has been established, and this will require further construction work to accommodate this facility at the Transfer Station site. Further planning work will be completed before work takes place.

## What these activities cost and how they were paid for

### Operating statement for Solid Waste

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
Refuse Collection	203	725	180
Closed Tip Sites	383	601	68
Transfer Stations	213	321	485
Other	90	145	119
<b>Total expenditure</b>	<b>890</b>	<b>1,792</b>	<b>852</b>
<b>Revenue</b>			
Fees, charges and other revenue	1	110	5
External subsidies	84	72	77
Targeted rates	205	215	206
General rates	530	530	356
<b>Total revenue</b>	<b>820</b>	<b>927</b>	<b>644</b>
<b>Operating surplus / (deficit)</b>	<b>(70)</b>	<b>(865)</b>	<b>(208)</b>

**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Solid Waste**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	356	576	530
Targeted rates	199	203	215
Subsidies and grants for operating purposes	56	57	72
Fees and charges	27	28	110
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>638</b>	<b>864</b>	<b>927</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	459	672	1,330
Finance costs	0	0	258
Internal charges and overheads applied	157	160	157
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>616</b>	<b>832</b>	<b>1,745</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>22</b>	<b>32</b>	<b>(818)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	8	(2)	504
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>8</b>	<b>(2)</b>	<b>504</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	181
Increase (decrease) in reserves	30	30	(495)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>30</b>	<b>30</b>	<b>(314)</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(22)</b>	<b>(32)</b>	<b>818</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Community services



Our community services group involves the provision of recreation services such as libraries, parks, reserves, and facilities like public toilets, cemeteries, pensioner housing and the Waihi event centre.

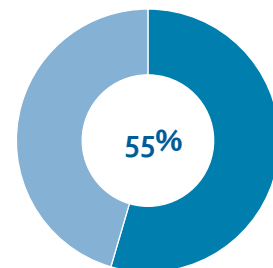
We provide a number of services intended to enhance our communities' needs for recreation and enjoyment. We provide these services to meet our district's recreational, sporting and educational expectations. In addition to this we provide facilities for public use, such as public toilets, halls, cemeteries and pensioner housing. We do this to help make our communities a vibrant place to live and visit.

## Effects on the community

The provision of services within the community services group of activities primarily focuses on improving the social and cultural wellbeing of the community. Recreational facilities, such as parks and reserves, have a positive impact in the community and relate to aspects of life that are important for a person's happiness, quality of life and welfare. Libraries also service the educational and cultural needs of the community, at a low cost to the user, making historical, cultural, educational and electronic resources accessible for all. Other facilities such as pensioner housing give people in the community the opportunity to have access to basic housing needs in an affordable way, creating a positive impact in the lives of those who utilise these facilities.



Achieving our service targets



The community services group primarily contributes to the following community outcomes:



Lifestyle Hauraki



Prepared Hauraki

## What these activities cost and how they were paid for

### Operating statement for Community Services

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
<b>Community recreation</b>			
Libraries	1,203	1,175	1,184
Sportsfields	635	636	630
Recreation reserves	1,698	1,724	1,703
Events centre	147	151	148
Swimming pools	926	821	721
Sports co-ordinator	109	105	104
<b>Community facilities</b>			
Cemeteries	380	382	397
Community halls	261	327	296
Pensioner housing	402	437	411
Public toilets	535	594	577
Interest	391	293	274
<b>Total expenditure</b>	<b>6,687</b>	<b>6,645</b>	<b>6,445</b>
<b>Revenue</b>			
Fees, charges and other revenue	771	659	634
External subsidies	10	111	10
Targeted rates	2,264	2,151	2,059
General rates	3,343	3,343	3,516
<b>Total revenue</b>	<b>6,388</b>	<b>6,264</b>	<b>6,219</b>
<b>Operating surplus / (deficit)</b>	<b>(299)</b>	<b>(381)</b>	<b>(226)</b>

**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Community Services**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	3,516	3,763	3,343
Targeted rates	2,032	2,161	2,151
Subsidies and grants for operating purposes	5	5	0
Fees and charges	656	693	647
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	12
<b>Total operating funding (A)</b>	<b>6,209</b>	<b>6,622</b>	<b>6,153</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,702	3,903	3,894
Finance costs	330	419	293
Internal charges and overheads applied	1,417	1,425	1,429
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,449</b>	<b>5,747</b>	<b>5,616</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>760</b>	<b>875</b>	<b>537</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	5	5	111
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,777	(511)	65
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>1,782</b>	<b>(506)</b>	<b>176</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	759	304	794
- to replace existing assets	1,991	417	610
Increase (decrease) in reserves	(208)	(352)	(691)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,542</b>	<b>369</b>	<b>713</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(760)</b>	<b>(875)</b>	<b>(537)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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.



## Meeting our service targets

How we measure our performance ▼	Result 2019/20 ▼	
	Key: <input checked="" type="checkbox"/> Achieved <input type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable	
<b>Libraries</b>		
<b>What we said we would do: modern and relevant library spaces to support community needs.</b>		
<b>Measure:</b> Percentage of library users satisfied with library services, as measured by the annual customer satisfaction survey.  <b>Target:</b> ≥95% of customers satisfied.	<b>2019/20:</b> <input type="checkbox"/>	<b>Not achieved: The 2020 satisfaction survey showed that 92% of residents were satisfied with the Council’s library services.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 2019 survey: 96% satisfied.</i>
	2017/18: <input type="checkbox"/>	<i>Not achieved: 2018 survey: 88% satisfied. Note: the target in 2018 was &gt;95%.</i>
<b>Measure:</b> The number of library members is increasing, as measured by the Library Management System.  <b>Target:</b> ≥50% of District population are members	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 54% of the district population are members of district libraries.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 53% of the district population.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Achieved: 56% of district population.</i>
<b>What we said we would do: provide opportunities to learn, meet and grow in a friendly library environment.</b>		
<b>Measure:</b> The number of Library-led community based learning programmes available, as measured by monthly library report to Council.  <b>Target:</b> 15 programmes across the district per year.	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 49 library-led community based learning programmes were available during the year.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 15 library-led community based learning programmes.</i>
	2017/18	<i>New measure in 2018/19.</i>



## How we measure our performance ▼

## Result 2019/20 ▼

Key:  Achieved  Not Achieved  Not Applicable

### Swimming pools

#### What we said we would do: Council operated swimming pool facilities to be safe for users and staff.

**Measure:** Daily safety and maintenance audits are carried out at each Council pool during the public swimming season, as measured by the monthly reports prepared by the Pool Supervisor.

**Target:** 100% of safety and maintenance audits completed during swimming season with all safety and maintenance issues addressed, investigated and actioned within:

1. High risk – addressed within 24 hrs
2. Medium risk – addressed within one week
3. Low risk - addressed as soon as is practical.

2019/20:



**Achieved: 100% (441/441) of safety and maintenance audits were completed and actioned throughout the year.**

High risk: 4 occurrences all addressed within 24 hours.

Medium risk: 9 occurrences addressed within 7 days

Low risk: 10 occurrences addressed within 30 days

2018/19:



*Achieved: 100% (64/64) of safety and maintenance audits were completed and actioned throughout the year.*

2017/18

*New measure in 2018/19.*

**Measure:** Percentage of pool users satisfied with the operation of Council swimming pools, as measured by customer satisfaction survey.

**Target:** >90% of customers satisfied.

2019/20:



**Not achieved: Results of the 2020 satisfaction survey show that 84% of pool users were satisfied with the operation of Council swimming pools.**

2018/19:



*Achieved: 2019 survey: 92% satisfied.*

2017/18:



*Not achieved: 2018 survey: 79% satisfied.*

### Parks and reserves

#### What we said we would do: provide sports fields and recreational reserves that meet the requirements of users.

**Measure:** Percentage of users satisfied with services and facilities provided at the district's sports fields, parks and reserves, as measured by customer satisfaction survey.

**Target:** ≥90% of customers satisfied.

2019/20:



**Not achieved: The 2020 satisfaction survey showed that 88% of residents were satisfied with the services provided at the district's sports fields, parks and reserves.**

2018/19:



*Not achieved: 2019 survey: 89% satisfied.*

2017/18:



*Not achieved: 2018 survey: 73% satisfied. Note: the target in 2018 was >90%.*

#### What we said we would do: provide safe playground facilities.

**Measure:** Playground facilities are regularly inspected to ensure they are safe, and compliant with national playground safety standards, as measured by Playground audit reports completed by Construction & Maintenance (C&M) staff.

2019/20:



**Not achieved: 92% (230/250) of playground inspections were completed in 2019/20. Not all required inspections were carried out due to Covid-19 lockdown**

How we measure our performance ▼	Result 2019/20 ▼	
	Key: <input checked="" type="checkbox"/> Achieved <input type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable	
<b>Target:</b> 100% of playground inspections are completed as per scheduled frequency and identified safety issues are addressed.		<b>and staff undertaking essential work only.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 100% of playground compulsory inspections were completed.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Achieved: 100% of playground inspections were completed.</i>

## What else happened in 2019/20?

### Libraries

\$100,000 was spent on new books (print and electronic) during 2019/20. The full book budget for the year was not spent due to Covid-19.

### Ngatea Library and Service Centre

Council have agreed that the new Ngatea Library and Service Centre will be located on the existing Orchard Road site and if possible in the existing building. A Council working party has been formed to make recommendations to Council on the concepts and layout designs.

We have started to assess the condition of the existing building and this assessment will guide Council on the future use of the building.

### Swimming pools

- The Ngatea main pool and toddler pool were both repaired, restored and repainted during the year (\$97,000). An access ramp was also installed to provide easy access to the pool (\$4,700).
- The 2019/20 pool season was extended at the Paeroa swimming pool by two weeks at the start of the season, and was planned to extend by three weeks at the end of the season however this was reduced by two weeks due to Covid-19.
- New inflatable pool toys were purchased to replace the old toys at all three community pools. These were in operation for the second half of the season (\$39,000).

### Whiritoa tennis courts

We repaired and upgraded the existing tennis court surface at Whiritoa in 2019/20. This was a joint project between Council and the Whiritoa Tennis Club (\$24,000).

### Whiritoa park furniture

New seating and picnic tables were installed at Whiritoa; the old furniture had corroded and become a safety issue. \$10,600 was spent.

### Waihi Event Centre

The lighting in the main court area of the Waihi Event Centre was replaced with new LED lighting in 2019/20. The new lighting is energy efficient, has no warm up time, and provides improved lighting for the facility (\$11,000).

### Playgrounds

- Paeroa Domain playground was upgraded with another modular style playground (\$35,000).
- We installed a new lily pad swing at Pioneer Park playground in Ngatea (\$6,000).

- We installed a permanent safety surface to replace the cushionfall mulch at the Gilmour Park playground in Waihi.

### **Paeroa domain**

- New replacement seating was installed at the Paeroa domain (\$5,000).
- We upgraded the Willoughby Street vehicle entrance to the Paeroa Domain during the year (\$12,000); however, the upgrade of the pedestrian entrance is on hold until plans are drafted to align with the rest of the Mackay Street streetscape. The remaining unspent funding for this project will be carried over.

### **Sports coordination**

We continued to provide funding for a district wide sports coordinator in 2019/20.

### **Turua walkway project**

The Piako Road section (270m) of the Turua walkway project was completed in 2019/20, and a section of Oparia Road is scheduled to be mowed as a temporary walkway (subject to safety approval). The loop walkway around the township is a joint project between Council and the community (\$30,000 spent in 2019/20). The completion of the project is subject to further funds being raised by the community.

### **Wharf Street, Paeroa Streetscape**

Design work on the connection to the Wharf Street Jetty has progressed, and will likely be constructed in early summer 2020/21. A submission has been made to the Shovel Ready Projects fund to attract additional funding for the Wharf Street upgrade. Several concept plans have been developed that, pending funding being made available, would be suitable for consultation with the community.

### **Ngatea main street**

The Ngatea Main Street project is well underway. Consultation with the community took place in late 2019 to confirm the streetscape design. The kerb and channel and stormwater replacement works are now complete, and the footpath upgrade commenced in June. It is expected to be completed in early 2021. The kerb and channel works were undertaken concurrently with NZTA's road rehabilitation works. We spent \$770,000 in 2019/20.

## **What didn't happen in 2019/20?**

### **Swimming pools**

The investigation into the condition and future of the community pool at Waihi College did not take place in 2019/20 and has been deferred to 2020/21.

### **Karangahake Reserve development**

With the increased popularity of Karangahake Reserve, there is additional pressure placed on both the current parking and the public toilets. We hope to develop parking at Corne's Paddock with an access track to the Rail Trail. We also plan to install a toilet facility at the Karangahake Hall car park. Our consultation with Iwi and the community is ongoing. Funding will be carried over to 2020/21.

### **District Libraries - radio frequency identification**

The installation of RFID in our libraries has been deferred to 2020/21. The pandemic meant there was less time available to carry out this project and staff were also utilised in other areas during this time, such as civil defence.

### **Pioneer Park playground refurbishment**

This project was not undertaken in 2019/20 as no major playground components required replacement.

## **Paeroa domain playing field improvements**

All playing surface work is on hold pending a decision regarding the Paeroa Sports Hub and future development of the entire site.

## 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).

4i-10  
2018-28 Long  
Term Plan

### Meeting our service targets

How we measure our performance ▼	Result 2019/20 ▼	
Key: <input checked="" type="checkbox"/> Achieved <input type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable		
<b>Halls</b>		
<b>What we said we would do: Council-managed halls to be clean and well maintained to meet the needs of the community.</b>		
<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.  <b>Target:</b> ≤35 complaints per year	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: There were 28 justified complaints received from hall users.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 18 justified complaints received.</i>
	2017/18: <input type="checkbox"/>	<i>Not achieved: 37 complaints received. Note the target in 2017/18 was &lt;36.</i>
<b>Pensioner housing</b>		
<b>What we said we would do: pensioner units to be maintained to a comfortable and safe standard.</b>		
<b>Measure:</b> Percentage of tenants satisfied with the comfort and safety of the unit, as measured by the annual tenant satisfaction survey.  <b>Target:</b> ≥85% of tenants satisfied with the comfort and safety of the units.	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 91% (40/44) of tenants surveyed were satisfied with the comfort and safety of the units.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 97% satisfied.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Achieved: 100% satisfied.</i>
<b>Public toilets</b>		
<b>What we said we would do: clean and maintained public toilets which meet the needs of the public.</b>		
<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.  <b>Target:</b> ≤50 complaints per year.	<b>2019/20:</b> <input type="checkbox"/>	<b>Not achieved: 55 justified complaints were received in 2019/20. The majority of the complaints were regarding broken equipment, missing equipment, insufficient stock and cleanliness.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 40 justified complaints were received.</i>
	2017/18: <input type="checkbox"/>	<i>Not achieved: 82 justified complaints regarding public toilets were received.</i>
<b>Cemeteries</b>		
<b>What we said we would do: provide efficiently serviced and well maintained cemeteries.</b>		
	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: One justified complaint was received.</b>

## How we measure our performance ▼

		Result 2019/20 ▼	
		Key: <input checked="" type="checkbox"/> Achieved <input type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable	
<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>	2018/19:	<input checked="" type="checkbox"/>	<i>Achieved: Two justified complaints received.</i>
	2017/18:	<input checked="" type="checkbox"/>	<i>Achieved: Five requests for maintenance received.</i>

## What else happened in 2019/20?

### Halls

60 new chairs were purchased to replace chairs at Waihi Memorial Hall that had deteriorated (\$4,600).

### Cemeteries

- We improved the drainage at Miranda Cemetery to improve the ground condition during the winter months (\$4,500).
- We created a new burial area at Pukerimu Cemetery (Paeroa), including an access road, drainage, casket berms, and ashes berms. \$235,000 was spent in 2019/20.
- We installed new burial berms at Waihi Cemetery (\$4,500).
- Due to customer demand, we have increased mowing and vegetation control at Pukerimu Cemetery. This increased level of service will be ongoing. \$41,000 spent in 2019/20.

### Elderly persons housing

We completed the following renewals to our elderly persons housing in 2019/20:

- replaced kitchens, installed additional kitchen units, and replaced stoves as required.
- installed heatpumps in all 57 units.
- removed gardens and reinstated lawn at Upper Moresby Ave units.
- exterior painting of Upper Moresby Ave units.
- refreshed the interior of three units; this included repainting, removing wallpaper, new carpet and vinyl, and new kitchen (all on an as needed basis).

We are continuing to assess our direction for elderly persons housing and this will feed into our 2021-31 long term plan.

### Property renewals

- Various improvements were made to Council-owned property including the replacement of the air conditioning unit in the upstairs Council reception area and the Council Chambers carpet, and installation of LED lighting and security fencing for Council pool cars.
- Property maintenance was also undertaken at the Paeroa Croquet Club.

## What didn't happen in 2019/20?

### Public toilets

New toilet facilities were planned for both Kaiaua (at the rail trail terminus) and Karangahake (at the hall site). These projects were delayed due to supplier issues. A new supplier has since been engaged and these facilities will be installed by the end of 2020.

## **Property renewals**

- Minor works at the Chambers Restaurant and pen renewals at the Paeroa Dog Pound were both deferred to the 2020/21 due to Covid-19.
- The replacement of the roof and windows at the Waihi Art Centre was not completed and this work has been deferred due to an earthquake assessment report. The replacement roof and windows will be included in the proposed concept for replacement when earthquake strengthening works are undertaken.

# Community development



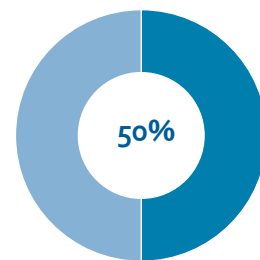
We work with communities and agencies to promote a better quality of life. We have a strong focus on 'helping our communities to help themselves' and an emphasis on community initiatives and community growth through economic development programmes. The community development group includes the community growth and community initiatives activities. We aim to achieve balanced and sustained growth in our district.

## Effects on the community

The community development group is primarily focused on encouraging economic and social growth for our District communities. This group celebrates and promotes the Hauraki District as a great environment to live, work and experience life, with opportunities for all. Besides strongly supporting economic development initiatives, the community development group provides an avenue for Council to support community initiatives focused on social well-being.



Achieving our  
service targets



The community development group primarily contributes to the following community outcomes:



Lifestyle Hauraki



Progress Hauraki



## What these activities cost and how they were paid for

### Operating statement for Community Development

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
<b>Community growth</b>			
Economic development	351	346	376
District promotions	33	31	49
Information centres	162	158	216
Positive Paeroa	80	65	97
Positively promoting the plains	19	18	20
Go Waihi	79	47	88
Destination Coromandel	145	142	141
<b>Community initiatives</b>			
Social initiatives	115	76	100
Discretionary social fund	66	71	40
Grants and donations	203	304	340
Rail trail	652	675	710
Conservation initiatives	17	5	0
Whiritoa beachcare	6	4	3
Whiritoa lifesaving grant	0	0	0
Other	160	71	161
<b>Total expenditure</b>	<b>2,088</b>	<b>2,013</b>	<b>2,341</b>
<b>Revenue</b>			
Fees, charges and other revenue	0	0	4
External subsidies	0	820	0
Targeted rates	443	442	530
General rates	1,494	1,494	1,823
<b>Total revenue</b>	<b>1,937</b>	<b>2,756</b>	<b>2,357</b>
<b>Operating surplus / (deficit)</b>	<b>(151)</b>	<b>743</b>	<b>16</b>

**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Community Development**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	1,824	1,661	1,494
Targeted rates	530	551	442
Subsidies and grants for operating purposes	0	0	128
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,354</b>	<b>2,212</b>	<b>2,064</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,656	1,200	1,342
Finance costs	0	0	0
Internal charges and overheads applied	624	634	670
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,280</b>	<b>1,834</b>	<b>2,012</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>74</b>	<b>378</b>	<b>52</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	692
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>692</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	695
- to replace existing assets	0	0	0
Increase (decrease) in reserves	74	378	49
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>74</b>	<b>378</b>	<b>744</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(74)</b>	<b>(378)</b>	<b>(52)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Community growth

The community growth activity involves:

- progressing economic development strategically across the District including strategic initiatives, plans or actions
- maximising opportunities for new industry, commercial development and existing businesses
- supporting visitor information services and tourism promotion
- supporting township promotion.



## Meeting our service targets

How we measure our performance ▼	Result 2019/20 ▼	
	Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable	
<b>What we said we would do: the community will be aware of economic development initiatives.</b>		
<p><b>Measure:</b> Percentage of customers satisfied with the Council's approach to Economic Development, as measured by our annual customer satisfaction survey.</p> <p><b>Target:</b> ≥70% of customers satisfied with approach.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p>	<p><b>Not achieved: The 2020 satisfaction survey showed that 52% of residents were satisfied with the Council's approach to economic development.</b></p>
	<p>2018/19: <input checked="" type="checkbox"/></p>	<p><i>Not achieved: 2019 survey: 39% satisfied.</i></p>
	<p>2017/18: <input checked="" type="checkbox"/></p>	<p><i>Not achieved: 2018 survey: 41% satisfied. Note: the target in 2018 was &gt;70%.</i></p>
<p><b>Measure:</b> Number of regular economic development updates provided to the public, across various communications platforms, as measured by communication officer's records.</p> <p><b>Target:</b> Eight updates regarding economic development per year.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p>	<p><b>Achieved: 16 updates were provided.</b></p>
	<p>2018/19: <input checked="" type="checkbox"/></p>	<p><i>Achieved: 24 updates regarding economic development were provided.</i></p>
	<p>2017/18: <input checked="" type="checkbox"/></p>	<p><i>Achieved: An economic development related article has been published in each quarter of the year. Note the target in 2017/18 was quarterly articles published.</i></p>
<b>What we said we would do: we will deliver information, advice and initiatives to attract and develop tourism, investment, businesses and a skilled workforce to the Hauraki District.</b>		
<p><b>Measure:</b> The total tourism expenditure in the Hauraki District is being maintained or increasing, as measured by total tourism expenditure.</p> <p><b>Target:</b> Tourism expenditure is maintained or increasing on previous calendar years' result.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p>	<p><b>Not achieved: Tourism expenditure was \$90.1m as at March 2020. This is a 1% decrease compared with March 2019 (\$91m total for the year to March 2019). The decrease is due to Covid and the related travel restrictions. A group called Hauraki Tourism Action Group has been set up to drive product development in the District.</b></p>
	<p>2018/19: <input checked="" type="checkbox"/></p>	<p><i>Achieved: Tourism expenditure was \$91m as at March 2019 and has increased by \$7.4 million since March 2018.</i></p>
	<p>2017/18</p>	<p><i>New measure in 2018/19.</i></p>



*Wharekawa Coast, Hauraki District.*

## What else happened in 2019/20?

### Town Promotions Organisations

In 2019/20 we increased the funding provided to Go Waihi to align with the funding provided to Positive Paeroa. The base funding for both organisations is \$50,000; further funding from Council will be provided to match any external funding obtained (up to \$37,000). Funding for Positively Promoting the Plains was \$11,400. We also completed a review of each organisation's progress and achievement of their business plan, and as a result their contracts have been extended to mid-2021.

### Destination Coromandel

We continued our contribution of \$125,000 to Destination Coromandel who provide marketing coverage of the Hauraki District as the gateway to the Coromandel. Destination Coromandel is funded by Thames-Coromandel District Council and Hauraki District Council. While no marketing activity occurred during the Covid-19 lockdown, it recommenced at lower alert levels with a Winter Wellness campaign.

### Destination Hauraki 2030

In August 2019 we completed our tourism strategy Destination Hauraki 2030. The strategy focuses on destination management, product development and destination marketing. Since the strategy was completed a number of actions have been progressed including the development of the Hauraki Tourism Action Group to help in rolling out the product development focus. The Action Group includes representatives from Destination Coromandel, Hauraki Rail Trail Charitable Trust, Waihi i-Site, Paeroa Information Hub and Council.

### Facilitating growth

We have worked alongside others to develop opportunities for growth within the local business communities through case management and development assistance. In 2019/20 we have assisted various projects including Longridge Country Estate, Devlin Civil's affordable housing project in Kerepehi, and Saito Labels. These projects are ongoing.

### Regional Economic Development Agency

We provided \$20,000 funding in 2019/20 to Te Waka, the Waikato's regional economic development agency. Te Waka has been operating since 1 July 2018, and its establishment will allow the Waikato region to be represented as a group and it is anticipated this will increase the ability for projects within the region to receive funding from central government. Te Waka's key focuses in 2019/20 have been advocating for Waikato projects (Provincial Growth Fund in particular), the Regional Business Partner programme, and also a leadership role during the Covid-19 lockdown.

### Evolve Hauraki

Evolve Hauraki is a collaboration between Te Waka, Hauraki District Council, Positive Paeroa, Positively Promoting the Plains and GO Waihi. It was developed to help businesses to reach their potential and grow. One of the key ways of doing this is by giving them a greater understanding of the services provided by Te Waka's Business Growth Advisors. This is mostly through 'Business Bites' events. Evolve has expanded since Covid-19 to include LoveHauraki. LoveHauraki was developed to support businesses during and after Covid-19 but also to be an ongoing project. A website and Facebook page have been developed and approximately 170 businesses have registered to be involved.

### Information centres and i-Site

We provided \$142,000 (in total) to the Paeroa Information Hub and the Waihi i-Site in 2019/20. Both organisations provide information services for the district, and are involved with the Hauraki Tourism Action Group set up to boost product development in the district.

## **Wharf Street Jetty Project**

A jetty is currently under construction on the Ohinemuri River, at the end of Wharf Street, Paeroa. This project is being undertaken by the Historical Maritime Park as part of a wider Provincial Growth Fund project; however Council has contributed \$400,000. The jetty was completed in September 2020, and a boat service between the Maritime Park and Wharf Street is expected to be underway by summer 2020.

## **Growth Strategy**

Our Growth Strategy ensures that with increased growth, the District has enough land, in the right places, with the required services to cope with that growth. The strategy addresses the challenges of managing current growth in a sustainable way, while also guiding Council on how to deal with future growth decisions by identifying future areas for development within the District. The Growth Strategy was approved by Council on 31 July 2019.

## **Ngatea Northern Estate subdivision**

We completed stage two (15 sections) of the Ngatea Northern Estate subdivision in 2019/20, with eight sections sold as at June 2020. The remainder of the sections all have sale and purchase agreements and will be paid for by the end of September 2020. Stage three of the subdivision was completed in July 2020, with 20 sections awaiting title, before they go on the market later in the year.

## **What didn't happen in 2019/20?**

There were no planned projects that didn't happen in 2019/20.

## Community initiatives

Through this activity we undertake a number of projects to help ensure that we have a positive climate that encourages social and cultural wellbeing throughout the District. We support a number of agencies with grants and funding. We also help to coordinate events such as the ANZAC parades and citizen awards.



## Meeting our service targets

### How we measure our performance ▼

		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
<b>What we said we would do: that the Council will work towards achieving improved social outcomes for its community through the implementation of its Social Strategy.</b>		
<b>Measure:</b> Each year a councillor working party will prioritise and update the actions contained within its Social Strategy action plan.	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 100% of the actions identified in the Social Strategy have been progressed or completed.</b>
<b>Target:</b> 90% of the actions identified within the Social Strategy for the given year have been progressed or completed.	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 100% of the actions identified in the Social Strategy have been progressed or completed.</i>
	2017/18	<i>New measure in 2018/19.</i>

## What else happened in 2019/20?

### Creative NZ Creative Community Scheme

Creative NZ allocates funding to the Council for distribution to successful applicants to the Creative Communities Scheme. We act as an administrator for this fund and appoint an assessment panel to determine the successful applicants who have met the criteria set by Creative NZ. Fifteen projects totalling \$30,600 were considered by the committee this term, and with \$28,500 to allocate, fourteen projects were successful.

### Social strategy initiatives

Seven actions from the Social Strategy Action Plan were identified for the 2019/20 year. Two actions were identified in the Connected Communities pillar, three in the Safe and Healthy Communities pillar, and two in the Creative and Proud Communities pillar. 11 actions in total (7 identified, 4 business as usual, and other non-identified) were progressed/completed for the 2019/20 year.

We provided grants to the following groups/organisations to assist in the betterment of the social wellbeing of the district:

- \$5,000 to Age Concern Thames Inc (annual grant - year 3 of 3)
- \$10,000 to Hauraki Citizens Advice Bureau (annual grant - year 3 of 3)
- \$2,000 to Creative Waikato Trust (annual grant – year 3 of 3)
- \$1,600 to Keep Waihi Beautiful (KNZB Awards)
- \$10,000 to the Eastern Waikato Drought Relief Fund - farming community support
- \$10,000 towards the Elephant in the Paddock campaign.

## **Sister cities – Jiading**

The sister cities exchange hosted students from Jiading, China in July 2019, and we sent 18 students and three teachers to Jiading in September/October 2019. This relationship is an education exchange with students and teachers from each district spending time in each other's environment.

## **Hauraki Rail Trail**

We provided \$166,000 funding for the maintenance and servicing of the Hauraki Rail Trail in 2019/20. A major maintenance focus for the Hauraki Rail Trail Charitable Trust (HRTCT) in 2019/20 has been to ensure the trail surface is at a high standard to increase the rider experience.

HRTCT maintenance and operation was also funded by Matamata-Piako District Council and Thames-Coromandel District Council, as well as government and external funding provider grants of \$614,000.

## **Award ceremonies**

A ceremony to acknowledge the service, commitment and contribution local residents make to the community was on 14 August 2019 at the Waihi Memorial Hall. The ceremony also includes and acknowledges the great things our young people are achieving for themselves and for the community. 16 young achievers and 10 citizens received awards.

## **What didn't happen in 2019/20?**

There were no planned projects that didn't happen in 2019/20.



# Regulatory services



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

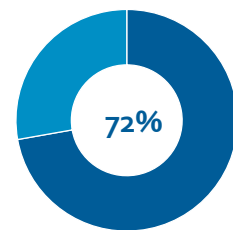
- appropriate land use management
- safe building development (including building consents)
- community health and safety (including food and alcohol safety, civil defence, animal control) and
- animal welfare.

## Effects on the community

The regulatory services group of activities assists the Council in the improvement of local communities through the regulation of building work, the control of social issues via bylaws, and the protection of lifestyles and the environment enjoyed by residents, making a safer District for all. Many mechanisms of the regulatory services group are mandatory or legislatively required, but the underlying theme is the protection and safety of our communities and an increase in social wellbeing.



Achieving our service targets



The regulatory services group primarily contributes to the following community outcomes:



Interactive Hauraki



Sustainable Hauraki



Prepared Hauraki



Lifestyle Hauraki

## What these activities cost and how they were paid for

### Operating statement for Regulatory Services

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
<b>Regulatory</b>			
RMA implementation	1,121	1,130	1,327
<b>Building control</b>			
Building services	1,443	1,389	1,413
<b>Community protection</b>			
Rural fires	5	11	14
Emergency management	327	295	257
Health	344	345	332
Abandoned mine workings monitoring	32	23	18
Liquor licensing	125	117	116
Ground settlement	0	0	0
<b>Animal control</b>			
Dog registration	330	362	325
Animal control	270	243	269
<b>Total expenditure</b>	<b>3,997</b>	<b>3,915</b>	<b>4,071</b>
<b>Revenue</b>			
Fees, charges and other revenue	1,724	1,696	2,029
External subsidies	0	0	0
Targeted rates	0	0	0
General rates	2,002	2,002	2,158
<b>Total revenue</b>	<b>3,726</b>	<b>3,698</b>	<b>4,187</b>
<b>Operating surplus / (deficit)</b>	<b>(271)</b>	<b>(217)</b>	<b>116</b>

**Hauraki District Council: Funding impact statement for the year ended 30 June 2020 for Regulatory Services**

	Long-Term Plan 2019 \$000	Long-Term Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	2,159	2,225	2,002
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,719	1,754	1,690
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	0	0	6
<b>Total operating funding (A)</b>	<b>3,878</b>	<b>3,979</b>	<b>3,698</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	888	904	783
Finance costs	0	0	0
Internal charges and overheads applied	3,072	3,123	3,133
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,960</b>	<b>4,027</b>	<b>3,916</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>(82)</b>	<b>(48)</b>	<b>(218)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(82)	(48)	(218)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(82)</b>	<b>(48)</b>	<b>(218)</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>82</b>	<b>48</b>	<b>218</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Resource management implementation

The resource management implementation service includes processing applications that are subject to District Plan or other regulatory legislative requirements. That includes applications for subdivision consent, land use consent, certificates of compliance, outline plans, notices of requirement, and other planning approvals or information. We also monitor that customers are adhering to consent conditions, as well as provides technical advice on mining matters.



### Meeting our service targets

How we measure our performance ▼	Result 2019/20 ▼	
	Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable	
<b>What we said we would do: resource consents to be decided and issued within Resource Management Act 1991 timeframes.</b>		
<p><b>Measure:</b> Notified resource consent decisions issued within statutory timeframes, as measured by the resource consent database.</p> <p><b>Target:</b> 100% of decisions issued within statutory timeframes.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p> <p>2018/19: <input checked="" type="checkbox"/></p> <p>2017/18: <input checked="" type="checkbox"/></p>	<p><b>Achieved: 100% (1/1) of notified resource consent decisions were issued within statutory timeframes.</b></p> <p><i>Achieved: 100% processed within timeframes.</i></p> <p><i>Achieved: 100% processed within timeframes.</i></p>
<p><b>Measure:</b> Non-notified resource consent decisions are issued within statutory timeframes, as measured by the resource consent database.</p> <p><b>Target:</b> 100% of decisions issued within statutory timeframes.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p> <p>2018/19: <input checked="" type="checkbox"/></p> <p>2017/18: <input checked="" type="checkbox"/></p>	<p><b>Not achieved: 99% (112/113) of non-notified resource consent decisions were issued within statutory timeframes.</b></p> <p><i>Achieved: 100% of non-notified resource consent decisions have been issued within statutory timeframes.</i></p> <p><i>Not achieved: 98% processed within timeframes.</i></p>
<p><b>Measure:</b> Permitted boundary activity certificates are issued within statutory timeframes, as measured by the resource consent database.</p> <p><b>Target:</b> 100% of decisions issued within statutory timeframes.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p> <p>2018/19: <input checked="" type="checkbox"/></p> <p>2017/18</p>	<p><b>Achieved: 100% (24/24) of permitted boundary activity certificates have been issued within statutory timeframes.</b></p> <p><i>Achieved: 100% (31/31) of permitted boundary activity certificates have been issued within statutory timeframes.</i></p> <p><i>New measure in 2018/19.</i></p>
<b>What we said we would do: a monitoring service which ensures compliance with consent conditions.</b>		
<p><b>Measure:</b> All land use consents issued during the previous financial year are monitored within 12 months of being granted, as measured by the resource consent database.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p> <p>2018/19: <input checked="" type="checkbox"/></p>	<p><b>Achieved: 90% (115/128) of land use consents issued during 2018/19 were monitored within 12 months of being granted.</b></p> <p><i>Achieved: 88% of land use consents issued during 2017/18 have been</i></p>

## How we measure our performance ▼

**Target:** 80% of consents granted in the previous financial year are monitored within the next 12 months.

## Result 2019/20 ▼

**Key:**  Achieved  Not Achieved  Not Applicable

*monitored within 12 months of being granted.*

2017/18:

*Not achieved: 82% of applicable resource consents were monitored in the year.*

### What we said we would do: Land Information Memoranda (LIM) to be issued within agreed timeframes.

**Measure:** Non-urgent LIMs issued within 10 working days (statutory), as measured by the applications database.

**2019/20:**

**Achieved: 100% of (257/257) non-urgent LIMs have been issued within 10 working days.**

**Target:** 100% issued on time.

2018/19:

*Achieved: 100% of non-urgent LIMs have been issued within 10 working days.*

2017/18:

*Not achieved: 98% of non-urgent LIMs were issued within 10 days.*

**Measure:** Urgent LIMs are issued within 3 working days, as measured by the applications database. *Note only urgent LIMs with an electronic address will be issued within 3 days.*

**2019/20:**

**Achieved: 100% (147/147) of urgent LIMs have been issued within 3 working days.**

**Target:** 100% issued on time

2018/19:

*Achieved: 100% of urgent LIMs were issued within 3 working days.*

2017/18:

*Achieved: 100% (150/150) of urgent LIMs were issued within 3 days.*

### What we said we would do: public satisfaction with the Council's administering of the Resource Consent services.

**Measure:** Percentage of customers satisfied with the service they receive during the resource consent process, as measured by the annual customer satisfaction survey.

**2019/20:**

**Achieved: The 2020 satisfaction survey showed that 80% of residents were satisfied with the service they received during the resource consent process.**

**Target:** ≥75% of customers satisfied.

**2018/19:**

*Achieved: 2019 survey: 85% satisfied.*

2017/18:

*Not achieved: 2018 survey: 78% satisfied.  
Note: the target in 2018 was 80%.*

## What else happened in 2019/20?

### Major consents

During the year we received an application for the Longridge 65 lot retirement village development, located in Paeroa. The resource and initial building consents have been approved, and the development is now progressing.

### Plan Change 1

Plan Change 1 was progressed during 2018/19 and 2019/20, and became operative 16 September 2019. The purpose of the plan change was to remove impediments to affordable residential development and to provide for affordable housing options in Waihi, Paeroa and Whiritoa.

## **e-Plan**

During the year we have progressed the development of a basic electronic version of our District Plan – an e-Plan. This product will improve the search functionality of the District Plan and assist in answering queries and comply with the required National Planning Standards. The first version will be 'live' later in 2020.

## **What didn't happen in 2019/20?**

There were no planned projects that didn't happen in 2019/20.

## Building control

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



### Meeting our service targets

How we measure our performance ▼		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
<b>What we said we would do: building consent applications to be processed within the statutory timeframes of the Building Act 2004.</b>		
<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>	2019/20: <input checked="" type="checkbox"/>	<b>Not achieved: 94% (346/368) of building consent applications were processed within 20 working days. Site visits not being undertaken until level 3 contributed to this result.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Not achieved: 97% processed within 20 working days.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Not achieved: 99% processed within 20 working days.</i>
<b>What we said we would do: ensure that known privately owned swimming pools comply with the Building Act, 2004.</b>		
<p><b>Measure:</b> All private swimming pools on Council's pools register will be inspected at least every three years.</p> <p><b>Target:</b> 33% (134) of all pools to be inspected annually.</p>	2019/20: <input checked="" type="checkbox"/>	<b>Achieved: 100% (134/134) of pools were inspected in 2019/20.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Not achieved: 96% of pools were inspected.</i>
	2017/18: <input type="checkbox"/>	Information not available.
<b>What we said we would do: provide a satisfactory service to our building consent customers.</b>		
<p><b>Measure:</b> Percentage of customers satisfied with the service they receive during the building consent process, as measured by the annual customer satisfaction survey.</p> <p><b>Target:</b> ≥80% of customers satisfied.</p>	2019/20: <input checked="" type="checkbox"/>	<b>Not achieved: The 2020 satisfaction survey showed that 73% of residents were satisfied with the service they received during the building consent process.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Not achieved: 2019 survey: 67% satisfied.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Not achieved: 2018 survey: 62% satisfied. Note: the target in 2018 was &gt;80%.</i>

## What else happened in 2019/20?

### **Building consent process online**

During the year we have been working towards providing our building consent services online. We have now signed a contract with a provider for this service, and will commence implementation which will take at least three months. The online service will be up and running in 2020/21. We have spent \$18,000 in 2019/20 with more to be spent in the coming year as part of the implementation cost. This product will provide a service that our customers are asking for, and will enable users to experience the same process throughout the Waikato.

### **The Waikato Building Group**

We continue to work collaboratively as part of the Waikato Building Group (under Waikato LASS) to provide consistency across Waikato councils for the processing of building consent applications and moving towards online consenting in the future.

### **Building Consent Authority accreditation**

We underwent an accreditation audit in July 2019 and retained our Building Consent Authority Accreditation and retained our accreditation status.

## What didn't happen in 2019/20?

### **Earthquake prone buildings assessments**

We have begun the process of identifying earthquake prone buildings within the District, with some initial assessments undertaken for main street buildings. This work is ongoing, and we need to consult with the community regarding priority buildings. There is the potential that this could place increased costs on business owners, and now is not a good time to inflict such costs on businesses as they are trying to recover post-Covid-19.



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



### Meeting our service targets

#### How we measure our performance ▼

		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
<b>What we said we would do: Council and the community will be ready for a Civil Defence emergency</b>		
<p><b>Measure:</b> Community response and recovery plans are developed and maintained as measured by reports to the Council.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>Four community response plans are developed and maintained each year.</li> <li>One recovery plan is developed each year in 2019/20 and 2020/21.</li> </ul>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p>	<p><b>Not achieved: Community Response Plans are near completion for five communities. A plan has been started for Ngatea and a committee is being formed. Civil Defence Centres are also being updated as part of this process. The recovery Plan is underway and 60% completed.</b></p>
	<p>2018/19: <input checked="" type="checkbox"/></p>	<p><i>Achieved: Five community response plans were developed or maintained.</i></p>
	<p>2017/18</p>	<p><i>New measure in 2018/19.</i></p>
<p><b>Measure:</b> We will have a sufficient number of key management civil defence emergency positions filled by trained staff, as measured by staff training records.</p> <p><b>Target:</b> 90% positions filled by trained staff.</p>	<p><b>2019/20:</b> <input checked="" type="checkbox"/></p>	<p><b>Achieved: 100% (9/9) of key management civil defence emergency positions filled by trained staff.</b></p>
	<p>2018/19: <input checked="" type="checkbox"/></p>	<p><i>Achieved: 100% of key management civil defence emergency positions filled by trained staff.</i></p>
	<p>2017/18</p>	<p><i>New measure in 2018/19.</i></p>
<b>What we said we would do: carry out our role in public food safety by enforcing the Food Act 2014</b>		
<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><b>2019/20:</b> <input checked="" type="checkbox"/></p>	<p><b>Not achieved: 71% (87/122) of food premises required to be monitored were monitored in 2019/20 due to Covid delays. Priority was given to those who should have been verified during the Covid-19 period once lockdown restrictions eased.</b></p>
	<p>2018/19: <input checked="" type="checkbox"/></p>	<p><i>Achieved: 100% of food premises were monitored.</i></p>
	<p>2017/18: <input checked="" type="checkbox"/></p>	<p><i>Achieved: 100% of food premises were monitored.</i></p>

<b>What we said we would do: carry out our role in public safety by implementing the Sale and Supply of Alcohol Act, 2012</b>		
<b>Measure:</b> New and renewed On/Off and Club Liquor Licences are issued within three months of receiving the application, providing there are no objections and the application is complete, as measured by audit(s) of application records.  <b>Target:</b> 100% are issued within three months	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 100% (14/14) of On/Off/Club liquor licences were issued within three months.</b>
	<b>2018/19:</b> <input checked="" type="checkbox"/>	<i>Achieved: 100% issued within timeframe.</i>
	<b>2017/18:</b> <input checked="" type="checkbox"/>	<i>Achieved: 100% issued within timeframe.</i>
<b>What we said we would do: respond to excessive noise complaints</b>		
<b>Measure:</b> All complaints regarding excessive noise are investigated within two hours of the complaint being received, as measured by contractor's monthly report (from service request database).  <b>Target:</b> 100% investigated within two hours.	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 100% (172/172) of complaints regarding excessive noise were investigated within two hours of the complaint being received.</b>
	<b>2018/19:</b> <input checked="" type="checkbox"/>	<i>Achieved: 100% of complaints investigated within timeframe.</i>
	<b>2017/18:</b> <input checked="" type="checkbox"/>	<i>Achieved: 100% of complaints investigated within timeframe.</i>

## What else happened in 2019/20?

### Recovery plans

During the year no community recovery plans were progressed. Our efforts instead were on the development of recovery plans for the more immediate issues of Covid-19 and the drought affecting some of our rural communities. We are also continuing to work with our Kaiua coastal community on the development of the Wharekawa 2120 community plan.

### Community Response Plans

Community Response Plans are near completion for Kaiua/ Whakatiwai/Waharau, Turua, Whiritoa, Waitakaruru/Miranda and Kerepehi. A plan has also been started for Ngatea and a committee is being formed. Civil Defence Centre's are also being updated as part of this process.

### Thames Valley Emergency Operating Area

Council has now entered into an agreement with Waikato Regional Council to supply a professional civil defence emergency manager, who is positioned within our organisation and will lead the actions of improvement for emergency management in the Hauraki District.

### Food safety

Due to a change in legislation some food premises can now be inspected less frequently. The move to food control plans and national programmes means that if a premises is compliant some rechecks can be undertaken 18 months later, rather than 12 months later. This has resulted in a reduction in income from inspections for Council; however, this is good news for compliant businesses.

### Whiritoa

- We installed water tanks in Whiritoa for fire fighting purposes; a joint project with a local community group.
- We provided generator points at Whiritoa surf lifesaving club and the Whiritoa Emergency Centre for use in an emergency

## What didn't happen in 2019/20?

There were no planned projects that didn't happen in 2019/20.

## 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.



### Meeting our service targets

#### How we measure our performance ▼

		Result 2019/20 ▼
		Key: <input checked="" type="checkbox"/> Achieved <input checked="" type="checkbox"/> Not Achieved <input type="checkbox"/> Not Applicable
<b>What we said we would do: we will ensure compliance with the Dog Control Act 1996 and bylaw, and the Impounding Act 1955, to provide for public safety.</b>		
<b>Measure:</b> Known dogs in the District are registered annually, as measured by registration records.  <b>Target:</b> ≥97% of known dogs are registered	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 99% (4477/4510) of known dogs in the district were registered.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 100% registered</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Achieved: 100% registered</i>
<b>Measure:</b> Complaints about wandering stock on public roads are responded to within two hours, as measured by the contractor's monthly report.  <b>Target:</b> 100% of complaints responded to within two hours.	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 100% (43/43) of complaints about wandering stock on public roads were responded to within two hours.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>Achieved: 100% of complaints were responded to within timeframe.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>Achieved: 100% of complaints were responded to within timeframe.</i>
<b>Measure:</b> Dog attack complaints are responded to within two hours, as measured by the contractor's monthly report.  <b>Target:</b> 100% of complaints responded to within two hours	<b>2019/20:</b> <input checked="" type="checkbox"/>	<b>Achieved: 100% (48/48) of dog attack complaints were responded to within two hours.</b>
	2018/19: <input checked="" type="checkbox"/>	<i>100% responded to within two hours.</i>
	2017/18: <input checked="" type="checkbox"/>	<i>100% responded to within two hours.</i>

## What else happened in 2019/20?

### Animal control contract

During 2019/20 the contract for the provision of animal control services expired. We sought applications from contractors to provide this service for our district; after the tender process was completed the current service provider's contract was renewed as a result.

## What didn't happen in 2019/20?

### Text reminders

In 2019/20 we progressed the set up to enable text message reminders to be sent to dog owners. This function will be in place for the next dog registration period.

# Financial statements

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[Statement of Comprehensive Revenue and Expense for the year ended 30 June 2020](#)

[Statement of Financial Position as at 30 June 2020](#)

[Statement of Changes in Equity for the year ended 30 June 2020](#)

[Statement of Cashflows for the year ended 30 June 2020](#)

[Whole of Council Funding Impact Statement for the year ended 30 June 2020](#)

[Notes to the Financial Statements for the year ended 30 June 2020](#)

## Hauraki District Council - Statement of comprehensive revenue and expense

For the year ended 30 June 2020

		2020 Budget	2020 Actual	2019 Actual
	Notes	\$000's	\$000's	\$000's
<b>Revenue</b>				
Rates revenue	3	30,648	31,734	29,775
Fees and charges	3	3,041	3,004	3,015
Development and financial contributions		0	45	9
Subsidies and grants	3	4,308	6,017	4,134
Interest revenue	3	0	114	311
Other revenue	3	527	1,029	1,920
<b>Total revenue</b>		<b>38,524</b>	<b>41,942</b>	<b>39,164</b>
<b>Expenses</b>				
Personnel costs	4	12,408	15,295	13,194
Depreciation and amortisation expense	17	8,472	9,712	8,534
Finance costs	5	2,210	1,901	1,508
Other expenses	6	16,118	19,087	16,471
<b>Total expenses</b>		<b>39,208</b>	<b>45,994</b>	<b>39,708</b>
Share of associates surplus/(deficit)	13	0	0	0
Share of joint venture surplus/(deficit)	14	0	0	(69)
<b>Surplus/(deficit) before tax</b>		<b>(685)</b>	<b>(4,052)</b>	<b>(612)</b>
Income tax expense		0	0	0
<b>Surplus/(deficit) after tax</b>		<b>(685)</b>	<b>(4,052)</b>	<b>(612)</b>
<b>Other comprehensive revenue and expense</b>				
Gain on property, plant and equipment revaluations	15	14,593	26,251	20,104
Gain/(loss) on financial assets revaluations	12	0	(46)	54
<b>Total other comprehensive revenue and expense</b>		<b>14,593</b>	<b>26,205</b>	<b>20,158</b>
<b>Total comprehensive revenue and expense</b>		<b>13,908</b>	<b>22,152</b>	<b>19,546</b>

The notes to the financial statements form part of these financial statements. Explanations of major variances against budget are provided in Note 28.

# Hauraki District Council - Statement of financial position

As at 30 June 2020

	Notes	2020 Budget \$000's	2020 Actual \$000's	2019 Actual \$000's
<b>Current assets</b>				
Cash and cash equivalents	7	393	7,633	5,475
Receivables	8	8,408	9,713	8,568
Assets held for sale	10	0	2,055	1,332
Other financial assets	12	484	97	87
Inventory	9	344	5,460	306
<b>Total current assets</b>		<b>9,629</b>	<b>24,958</b>	<b>15,768</b>
<b>Non-current assets</b>				
Investments in joint ventures	14	68	0	0
Investments in associates	13	38	0	0
<i>Other financial assets:</i>				
Community loans	12	22	109	5
Borrower notes	12	432	624	528
Investments in other entities	12	24	59	101
Investments in CCOs and similar entities	12	164	113	116
Total other financial assets		642	905	751
Intangible assets	16	699	414	568
Forestry assets	18	1,776	1,074	1,311
Property, plant and equipment	15	588,050	597,879	577,039
<b>Total non-current assets</b>		<b>591,273</b>	<b>600,272</b>	<b>579,669</b>
<b>Total assets</b>		<b>600,902</b>	<b>625,230</b>	<b>595,437</b>
<b>Current liabilities</b>				
Payables and deferred revenue	19	6,447	9,379	9,194
Derivative financial instruments	11	0	990	759
Employee entitlements	21	1,861	1,837	1,962
Provisions	22	93	46	340
Borrowings	20	0	5,000	5,000
<b>Total current liabilities</b>		<b>8,401</b>	<b>17,252</b>	<b>17,255</b>
<b>Non-current liabilities</b>				
Derivative financial instruments	12	2,030	3,568	2,808
Employee entitlements	21	347	358	286
Provisions	22	425	1,013	202
Borrowings	20	53,000	39,000	33,000
<b>Total non-current liabilities</b>		<b>55,802</b>	<b>43,939</b>	<b>36,296</b>
<b>Total liabilities</b>		<b>64,203</b>	<b>61,191</b>	<b>53,551</b>
<b>Net assets (assets minus liabilities)</b>		<b>536,699</b>	<b>564,039</b>	<b>541,886</b>

The notes to the financial statements form part of these financial statements. Explanations of major variances against budget are provided in Note 28.



## Hauraki District Council - Statement of financial position

As at 30 June 2020

	Notes	2020 Budget \$000's	2020 Actual \$000's	2019 Actual \$000's
<b>Equity</b>				
Accumulated funds		409,294	407,920	411,099
Reserves	24	127,405	156,119	130,787
<b>Total equity</b>		<b>536,699</b>	<b>564,039</b>	<b>541,886</b>

## Hauraki District Council - Statement of Changes in Equity

For the year ended 30 June 2020

	Notes	2020 Budget \$000's	2020 Actual \$000's	2019 Actual \$000's
<b>Balance at 1 July</b>		<b>522,791</b>	<b>541,886</b>	<b>522,340</b>
Total comprehensive revenue and expense for the year		13,908	22,152	19,546
<b>Balance at 30 June</b>	<b>24</b>	<b>536,699</b>	<b>564,039</b>	<b>541,886</b>
<b>Total equity consists of:</b>				
<b>Accumulated funds</b>				
<b>As at 1 July</b>		<b>410,122</b>	<b>411,099</b>	<b>411,605</b>
Transfers from asset revaluation reserves		0	953	0
Transfers from other reserves		0	(318)	(262)
Transfers to other reserves		(143)	238	368
Surplus/(deficit) for the year		(685)	(4,052)	(612)
<b>As at 30 June</b>		<b>409,294</b>	<b>407,920</b>	<b>411,099</b>
<b>Other Reserves</b>				
<b>As at 1 July</b>		<b>2,765</b>	<b>2,658</b>	<b>2,765</b>
Transfers to Accumulated Funds		(56)	318	262
Transfers from Accumulated Funds		199	(238)	(368)
<b>As at 30 June</b>	<b>24</b>	<b>2,908</b>	<b>2,739</b>	<b>2,658</b>
<b>Asset Revaluation Reserves</b>				
<b>As at 1 July</b>		<b>109,904</b>	<b>128,074</b>	<b>107,970</b>
Transfers to other reserves		0	(953)	0
Revaluation gains/(losses)		14,593	26,251	20,104
<b>As at 30 June</b>	<b>24</b>	<b>124,497</b>	<b>153,372</b>	<b>128,074</b>
<b>Fair value through other comprehensive income and expense reserve</b>				
<b>As at 1 July</b>		<b>0</b>	<b>54</b>	<b>0</b>
Net change in fair value	12	0	(46)	54
<b>As at 30 June</b>		<b>0</b>	<b>8</b>	<b>54</b>
<b>Total equity as at 30 June</b>		<b>536,699</b>	<b>564,039</b>	<b>541,886</b>

The notes to the financial statements form part of these financial statements. Explanations of major variances against budget are provided in Note 28.

## Hauraki District Council - Statement of cashflows

For the year ended 30 June 2020

	2020 Budget \$000's	2020 Actual \$000's	2019 Actual \$000's
<b>Cash flows from operating activities</b>			
Receipts from rates revenue	30,236	30,078	29,118
Receipts from other revenue	7,875	9,756	10,726
Interest received	0	115	259
Dividends received	0	107	5
GST (net)	0	(376)	445
Payments to suppliers and employees	(29,095)	(29,448)	(27,704)
Interest paid	(2,210)	(1,694)	(1,419)
<b>Net cash flow from operating activities</b>	<b>6,806</b>	<b>8,538</b>	<b>11,430</b>
<b>Cash flows from investing activities</b>			
Advance payments received	0	6	50
Receipts from sale of property, plant and equipment	0	1,476	563
Advance payments made	0	(216)	0
Purchase of property, plant and equipment	(20,757)	(13,575)	(11,910)
Purchase of intangible assets	0	(71)	(80)
<b>Net cash flow from investing activities</b>	<b>(20,757)</b>	<b>(12,380)</b>	<b>(11,377)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	8,793	11,000	0
Repayment of finance lease liabilities	0	0	0
Repayment of borrowings	0	(5,000)	0
<b>Net cash flow from financing activities</b>	<b>8,793</b>	<b>6,000</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,158)</b>	<b>2,158</b>	<b>53</b>
Cash and cash equivalents at the start of the year	5,551	5,475	5,422
<b>Cash and cash equivalents at the end of the year</b>	<b>393</b>	<b>7,633</b>	<b>5,475</b>

## Hauraki District Council - Statement of cashflows

For the year ended 30 June 2020

### Reconciliation of surplus/(deficit) after tax to net cash flow from operating activities

	2020	2019
	Actual	Actual
	\$000's	\$000's
<b>Surplus/(deficit) after tax</b>	<b>(4,052)</b>	<b>(612)</b>
<b>Add/(less) non-cash items</b>		
Vested assets	(555)	(565)
Amortisation	225	211
Depreciation	9,487	8,323
(Gains)/losses in fair value of forestry assets	237	464
Net (gains)/losses on interest rate swaps	990	1,529
Net (gains)/losses on fair value of spare parts	(7)	38
<b>Total non-cash items</b>	<b>10,377</b>	<b>10,000</b>
<b>Add/(less) movements in working capital items</b>		
Increase/(decrease) in payables	185	2,352
Increase/(decrease) in provisions	588	107
Increase/(decrease) in employee entitlements	(53)	(144)
(Increase)/decrease in receivables	(1,216)	(363)
<b>Net movement in working capital items</b>	<b>(496)</b>	<b>1,952</b>
<b>Add/(less) items classified as investing activities</b>		
(Gains)/losses on sale of property, plant and equipment	2,709	(17)
(Gain)/loss due to change in accounting treatment of associate	0	38
Share of joint venture's (surplus)/deficit	0	69
<b>Total items classified as investing activities</b>	<b>2,709</b>	<b>90</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>8,538</b>	<b>11,430</b>

# Hauraki District Council - Funding Impact Statement

For the year ended 30 June 2020 (whole of council)

	Annual Plan 2019 \$000	Actual 2019 \$000	Annual Plan 2020 \$000	Actual 2020 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rate penalties	10,268	10,535	10,840	11,005
Targeted rates	18,692	19,239	19,808	20,729
Subsidies and grants for operating purposes	2,381	2,423	2,653	3,235
Fees and charges	2,693	3,015	2,796	3,003
Interest and dividends from investments	0	369	0	167
Local Authorities fuel tax, fines, infringement fees, and other receipts	382	1,079	481	225
<b>Total operating funding (A)</b>	<b>34,415</b>	<b>36,660</b>	<b>36,578</b>	<b>38,364</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	27,554	27,469	28,527	30,473
Finance costs	2,057	1,508	2,210	1,901
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>29,611</b>	<b>28,976</b>	<b>30,737</b>	<b>32,374</b>
<b>Surplus / (deficit) of operating funding (A - B)</b>	<b>4,804</b>	<b>7,684</b>	<b>5,841</b>	<b>5,990</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	1,604	1,711	1,656	2,783
Development and financial contributions	0	9	0	45
Increase (decrease) in debt	5,483	0	8,793	6,000
Gross proceeds from sale of assets	0	0	0	1,331
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total Sources of capital funding (C)</b>	<b>7,087</b>	<b>1,720</b>	<b>10,449</b>	<b>10,159</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	150	1,039	0	0
- to improve the level of service	3,304	6,902	8,179	6,093
- to replace existing assets	8,308	3,704	12,579	7,578
Increase (decrease) in reserves	128	(2,241)	(4,468)	2,478
Increase (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>11,890</b>	<b>9,404</b>	<b>16,290</b>	<b>16,149</b>
<b>Surplus / (deficit) of capital funding (C - D)</b>	<b>(4,804)</b>	<b>(7,684)</b>	<b>(5,841)</b>	<b>(5,990)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The notes to the financial statements form part of these financial statements. Explanations of major variances against budget are provided in Note 29.

# Notes to the financial statements for the year ended 30 June 2020

## Note 1 – Statement of accounting policies

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### 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 financial statements of the Council are for the year ended 30 June 2020 and were authorised for issue by Council on 26 November 2020.

### Basis of preparation

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

### 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, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) other than the remuneration and the severance payment disclosures in note 4, and the total capital and land values of rating units in note 3. These disclosures are rounded to the nearest dollar.

### Other changes in accounting policies

There have been no other changes in accounting policies.

### Standards issued and not yet effective and not early adopted

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

#### *Financial instruments*

In January 2017, the XRB issued PBE IFRS 9, Financial Instruments. PBE IFRS 9, replaces PBE IPSAS 29, Financial Instruments: Recognition and Measurement. PBE IPSAS 9, is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9, are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

# Notes to the financial statements for the year ended 30 June 2020

## Note 1 – Statement of accounting policies

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### ***Service performance reporting***

In November 2017, the XRB issued PBE FRS 48, Service Performance Reporting. PBE FRS 48 is effective for annual periods beginning on or after 1 January 2021, with early application permitted.

The Council plans to apply the new standard in preparing the 30 June 2022 financial statements. The Council has not yet assessed the effects of this new standard.

### ***2019 Omnibus Amendments***

In November 2019, the External Reporting Board (XRB) issued the 2019 Omnibus Amendments to PBE Standards, which incorporates a range of amendments to the PBE Standards. This standard was issued to amend relevant Tier 1 and Tier 2 PBE Standards as a result of amendments arising from Improvements to IPSAS, 2019, amendments arising from IASB and other New Zealand amendments and editorial corrections.

Most amendments are effective for annual financial statements covering periods beginning on or after 1 January 2020, with early adoption permitted. There are exceptions:

- The amendments to PBE IPSAS 2, Cash Flow Statements, are effective for annual financial statements covering periods beginning on or after 1 January 2021, with early adoption permitted.
- Some of the amendments are to be applied retrospectively, while others are to be applied prospectively.

The Council plans to apply these amendments to the various standards in preparing its 30 June 2020 financial statements, with the exception to PBE IPSAS 2, Cash Flow Statements, which it will apply when preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

### **Goods and services tax**

The financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable, which are presented on a GST-inclusive basis.

Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

### **Budget figures**

The budget figures are those approved by the Council in its 2019-20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council in preparing these financial statements.

### **Critical accounting estimates and assumptions**

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 15.

# Notes to the financial statements for the year ended 30 June 2020

## Note 1 – Statement of accounting policies

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- Estimating the retirement and long service leave obligations – see Note 21.
- Estimating the landfill aftercare provision – see Note 22.

### *Critical judgements in applying accounting policies*

Management has exercised the following critical judgements in applying accounting policies:

- Donated or vested land and buildings with use or return conditions – see Note 3.
- Classification of property – see Note 15.

### **Covid-19**

The Council has assessed the impact of Covid-19 on its position as at 30 June 2020, and its key accounting estimates and its assumptions looking forward.

Council considers the impact of Covid-19 to be immaterial and no adjustments are required to key accounting estimates and assumptions.

# Notes to the financial statements for the year ended 30 June 2020

## Note 2 - Summary of revenue and expenditure for groups of activities

### Accounting policy

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity. Direct costs are charged directly to significant activities.

Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area. There have been no changes to the cost allocation methodology during the year.

### Breakdown of summary revenue and expenditure for group of activities

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (see Note 3).

In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Revenue</b>			
Leadership	3,459	3,631	2,694
Roading	9,263	10,285	8,891
Water	6,984	7,380	6,642
Wastewater	3,816	4,201	3,972
Stormwater	1,076	1,269	1,129
Land drainage	1,196	1,231	1,141
Solidwaste	820	927	644
Community services	6,388	6,264	6,219
Community development	1,937	2,756	2,357
Regulatory	3,726	3,698	4,187
<b>Activity revenue</b>	<b>38,665</b>	<b>41,642</b>	<b>37,876</b>
<b>Revenue not directly attributable to an activity</b>			
Gain on disposal of assets	0	200	218
Other revenue	500	719	1,622
<i>Less internal rates revenue</i>	<i>(641)</i>	<i>(620)</i>	<i>(552)</i>
<b>Total revenue</b>	<b>38,524</b>	<b>41,942</b>	<b>39,164</b>



## Notes to the financial statements for the year ended 30 June 2020

### Note 2 - Summary of revenue and expenditure for groups of activities

	Annual Plan 2020 \$000	Actual 2020 \$000	Actual 2019 \$000
<b>Expenditure</b>			
Leadership	3,657	3,179	3,005
Roading	8,901	12,735	8,339
Water	7,546	7,274	6,432
Wastewater	3,196	3,133	2,982
Stormwater	855	787	866
Land drainage	1,129	976	1,272
Solidwaste	890	1,792	852
Community services	6,687	6,645	6,445
Community development	2,088	2,013	2,341
Regulatory	3,997	3,915	4,071
<b>Activity expenditure</b>	<b>38,946</b>	<b>42,449</b>	<b>36,605</b>
<b>Expenditure not directly attributable to an activity</b>			
Loss on revaluation of forestry	0	237	464
Loss on revaluation of interest rate swaps	0	990	1,529
Impairment of inventory	0	8	24
Loss on disposal of assets	0	2,910	200
Other expenditure	903	20	1,438
<i>Less internal rates revenue</i>	<i>(641)</i>	<i>(620)</i>	<i>(552)</i>
<b>Total expenditure</b>	<b>39,208</b>	<b>45,994</b>	<b>39,708</b>

# Notes to the financial statements for the year ended 30 June 2020

## Note 3 - Revenue

### **Accounting policy**

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

### ***Rates revenue***

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

### ***Development and financial contributions***

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as revenue in advance until such time as the Council provides, or is able to provide, the service.

### ***New Zealand Transport Agency roading subsidies***

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

### ***Other grants received***

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

### ***Building and resource consent revenue***

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

### ***Entrance fees***

Entrance fees are fees charged to users of the Council's local pools. Revenue from entrance fees is recognised upon entry to the pool.

### ***Provision of commercially based services***

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

# Notes to the financial statements for the year ended 30 June 2020

## Note 3 - Revenue

### ***Infringement fees***

Infringement fees mostly relate to noise and dog infringements. Revenue is recognised when the infringement notice is paid.

### ***Sales of goods***

Revenue from the sale of goods is recognised when a product is sold to the customer.

### ***Landfill fees***

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

### ***Vested or donated physical assets***

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

### ***Donated and bequeathed financial assets***

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

### ***Interest and dividends***

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

### **Critical judgements in applying accounting policies**

#### ***Accounting for donated or vested land and buildings with use or return conditions***

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

# Notes to the financial statements for the year ended 30 June 2020

## Note 3 - Revenue

### Breakdown of rates and further information

	2020 Actual \$000's	2019 Actual \$000's
General rates	6,378	5,209
Uniform annual general charge	5,043	5,187
Targeted rates attributable to activities:		
- Targeted rates for metered water supply	7,357	6,626
- Other targeted rates	13,595	12,809
<b>Gross rates income</b>	<b>32,373</b>	<b>29,831</b>
Rates penalties	433	423
Rates remissions	(1,073)	(479)
<b>Total rates</b>	<b>31,734</b>	<b>29,775</b>

The following rating base information is disclosed on the rating base information at the end of the **preceding** financial year:

As at 30 June	2019
Number of rating units	11,344
Total capital values of rating units	6,148,092,900
<b>Total land value of rating units</b>	<b>4,033,011,800</b>

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2020 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2020 Actual \$000's	2019 Actual \$000's
Rates	32,373	29,831
<b>Total gross annual rates income</b>	<b>32,373</b>	<b>29,831</b>

### Breakdown of subsidies and grants

	2020 Actual \$000's	2019 Actual \$000's
New Zealand Transport Agency roading subsidies	4,799	4,047
Other grants	1,219	87
<b>Total subsidies and grants</b>	<b>6,017</b>	<b>4,134</b>

# Notes to the financial statements for the year ended 30 June 2020

## Note 3 - Revenue

### Breakdown of fees and charges

	2020 Actual \$000's	2019 Actual \$000's
Building and resource consent charges	1,144	1,448
Land information memoranda sales	95	101
Other fees and charges	1,765	1,466
<b>Total fees and charges</b>	<b>3,004</b>	<b>3,015</b>

### Breakdown of interest revenue

	2020 Actual \$000's	2019 Actual \$000's
<b>Interest revenue</b>		
Term deposits	62	259
Borrower notes interest revenue	51	52
Discount unwind on provisions	0	0
<b>Total interest revenue</b>	<b>114</b>	<b>311</b>

### Breakdown of other revenue

	2020 Actual \$000's	2019 Actual \$000's
Petrol tax	195	201
Court fees and fines	13	42
Vested land and infrastructure from property development	555	565
Property, plant and equipment gains on disposal	200	218
Dividend revenue	54	58
Other	12	836
<b>Total other revenue</b>	<b>1,029</b>	<b>1,920</b>

### Other disclosures

#### Revenue from exchange and non-exchange revenue

The Council receives their revenue from exchange or non-exchange transactions.

Exchange transaction revenue arises when the Council provides goods and services to a third party and receives approximately equal value in return that is directly related to those goods and services.

Non-exchange transaction revenue arises when the Council receives value from another party without having to provide goods or services of equal value directly. Non-exchange revenue comprises rates and transfer revenue.

Transfer revenue includes grants, subsidies and fees, and user charges derived from activities that are partially funded by rates.

# Notes to the financial statements for the year ended 30 June 2020

## Note 3 - Revenue

Revenue is measured at fair value, which is usually the cash value of a transaction.

	2020 Actual \$000's	2019 Actual \$000's
<b>Revenue from non-exchange transactions</b>		
Rates	24,376	23,149
<b>Total revenue from rates</b>	<b>24,376</b>	<b>23,149</b>
<b>Revenue from transfers:</b>		
Subsidies and grants	6,017	4,134
Building and resource consent charges	1,144	1,448
Land information memoranda sales	95	101
Other fees and charges	967	747
Petrol tax	195	201
Vested assets	555	565
Financial contributions	45	9
Court fees and fines	13	42
<b>Total revenue from transfers</b>	<b>9,031</b>	<b>7,247</b>
<b>Total revenue from non-exchange transactions</b>	<b>33,407</b>	<b>30,395</b>
<b>Revenue from exchange transactions:</b>		
Water by meter (targeted rate)	7,357	6,626
Finance revenue	114	311
Dividends received	54	58
Other exchange revenue	810	1,555
<b>Total revenue from exchange transactions</b>	<b>8,335</b>	<b>8,551</b>
<b>Total revenue (excluding other gains)</b>	<b>41,742</b>	<b>38,946</b>
Gain on disposal of property, plant and equipment	200	218
Gain on revaluation of forestry	0	0
<b>Total revenue</b>	<b>41,942</b>	<b>39,164</b>

### Operating leases as a lessor

Council leases property under operating leases.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2020 Actual \$000's	2019 Actual \$000's
<b>Operating leases as lessor</b>		
Not later than one year	284	187
Later than one year and not later than five years	663	574
Later than five years	1,443	1,472
<b>Total non-cancellable operating leases</b>	<b>2,390</b>	<b>2,233</b>

No contingent rents have been recognised during the year.

# Notes to the financial statements for the year ended 30 June 2020

## Note 4 – Personnel costs

### Accounting policy

#### *Superannuation schemes*

#### Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

#### Defined benefit schemes

The Council makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit plan accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 26.

### Breakdown of personnel costs and further information

	2020 Actual \$000's	2019 Actual \$000's
Salaries and wages	14,982	12,999
Employer contributions to defined contribution plans	366	340
Increase/(decrease) in employee entitlements	(53)	(145)
<b>Total personnel costs</b>	<b>15,295</b>	<b>13,194</b>

### *Chief Executive remuneration*

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$303,199 (2019: \$303,199).

### *Elected representatives' remuneration*

Elected representatives received the following remuneration:

	2020 Actual \$000's	2019 Actual \$000's
<b>Elected representatives received the following remuneration:</b>		
<b>Previous Council</b>		
Mr Toby Adams (Deputy Mayor)	14	41
Mrs Gill Leonard	12	30
Mr Max McLean	10	31
Mr Paul Milner	12	31
Mr Don Swales	7	22
Mr James Thorp	7	22

# Notes to the financial statements for the year ended 30 June 2020

## Note 4 – Personnel costs

	2020 Actual \$000's	2019 Actual \$000's
Mayor John Tregidga	33	98
Mr Phillip Buckthought	7	22
Mrs Carole Daley	7	22
Mr Ross Harris	7	22
Mr Austin Rattray	8	22
Mr Duncan Smeaton	7	22
Mrs Anne Marie Spicer	8	23
<b>Present Council</b>		
Mr Toby Adams (Mayor)	86	0
Mrs Carole Daley	21	0
Mr Paul Milner (Deputy Mayor)	29	0
Mrs Jo Tilsley	18	0
Mr Rino Wilkinson	18	0
Mr Ray Broad	18	0
Mr Phillip Buckthought	20	0
Mr Rodney Garret	16	0
Mr Ross Harris	21	0
Mr Paul Anderson	16	0
Mr Brian Gentil	16	0
Mrs Sara Howell	16	0
Mr Duncan Smeaton	18	0
Mrs Anne Marie Spicer	21	0
<b>Total elected representatives remuneration</b>	<b>473</b>	<b>410</b>

### *Council employee remuneration by band*

Total remuneration includes any non-financial benefits provided to employees.

	2020 Actual	2019 Actual
<b>Total annual remuneration by band for employees</b>		
< \$60,000	75	84
\$60,000-\$79,999	45	44
\$80,000-\$99,999	39	26
\$100,000-\$119,999	13	11
\$120,000-\$139,999	6	9
\$140,000-\$199,999	6	6
\$200,000-\$304,999	3	2
<b>Total employees</b>	<b>187</b>	<b>182</b>

At balance date, the Council employed 133 (2019: 129) full-time employees, with the balance of staff representing 28 (2019: 27) full-time equivalent employees. A full-time employee is determined on the basis of a 37.5-hour working week.



# Notes to the financial statements for the year ended 30 June 2020

## Note 4 – Personnel costs

### *Severance payments*

For the year ended 30 June 2020, no severance payments were made to any employees (2019: 1; \$10,000).

## Note 5 – Finance costs

### Accounting policy

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

### Breakdown of finance costs

	2020 Actual \$000's	2019 Actual \$000's
<b>Interest expense</b>		
Interest on borrowings	1,643	1,469
Discount unwind on provisions	258	40
<b>Net finance costs</b>	<b>1,901</b>	<b>1,508</b>

# Notes to the financial statements for the year ended 30 June 2020

## Note 6 – Other expenses

### Accounting policy

#### Grant expenditure

The Council's grants awarded have no substantive conditions attached.

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

#### Operating leases

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

### Breakdown of other expenses and further information

	2020 Actual \$000's	2019 Actual \$000's
Fees to auditors:		
fees to Audit New Zealand for audit of financial statements	144	132
- fees to Audit New Zealand for other services	6	6
General grants and donations	483	577
Operating lease expense	181	210
Impairment of spare parts for obsolescence	8	24
Impairment of receivables	71	84
Loss on disposal of property, plant and equipment	2,910	201
Derivative financial instruments revaluation losses	990	1,529
Forestry asset revaluation losses	237	464
Other operating expenses	14,057	13,243
<b>Total other expenses</b>	<b>19,087</b>	<b>16,471</b>

The fees paid to Audit New Zealand for other services in the year ending 30 June 2020 were for the audit of Council's debenture trust deed (2019: audit of Council's debenture trust deed).

#### Operating leases as lessee

The Council leases property, plant and equipment in the normal course of its business.

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2019: \$nil).

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. There are no restrictions placed on the Council by any of the leasing arrangements.

No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expense during the period (2019: nil).

## Notes to the financial statements for the year ended 30 June 2020

### Note 6 – Other expenses

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2020 Actual \$000's	2019 Actual \$000's
Not later than one year	100	191
Later than one year and not later than five years	137	186
Later than five years	194	739
<b>Total non-cancellable operating leases</b>	<b>431</b>	<b>1,116</b>

### Note 7 – Cash and cash equivalents

#### Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### Breakdown of cash and cash equivalents and further information

	2020 Actual \$000's	2019 Actual \$000's
Cash at bank and on hand	4,433	2,175
Short term deposits	3,200	3,300
<b>Total cash and cash equivalents</b>	<b>7,633</b>	<b>5,475</b>

The carrying value of cash at bank with maturities less than three months approximates their fair value. Cash and cash equivalents include that stated above for the purposes of the statement of cashflows.

# Notes to the financial statements for the year ended 30 June 2020

## Note 8 – Receivables

### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be 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.

### Breakdown of receivables and further information

	2020 Actual \$000's	2019 Actual \$000's
Rates receivables	1,951	2,068
Water receivables	6,103	4,148
<b>Other receivables:</b>		
Sundry receivables	2,586	3,208
<b>Receivables prior to impairment</b>	<b>10,640</b>	<b>9,424</b>
Less provision for impairment	(927)	(856)
<b>Total current receivables</b>	<b>9,713</b>	<b>8,568</b>

	2020 Actual \$000's	2019 Actual \$000's
<b>Total receivables comprise:</b>		
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,604	3,256
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	6,109	5,312

### Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

### Assessment for uncollectability

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

	2020			2019		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
Not past due	7,884	(422)	7,462	5,485	(70)	5,415
Past due 1-30 days	34	0	34	1,754	0	1,754
Past due 31-60 days	50	0	50	29	0	29
Past due >61 days	2,672	(505)	2,167	2,157	(786)	1,370
<b>Total current portion</b>	<b>10,640</b>	<b>(927)</b>	<b>9,713</b>	<b>9,424</b>	<b>(856)</b>	<b>8,568</b>

## Notes to the financial statements for the year ended 30 June 2020

### Note 8 – Receivables

All receivables more than 30 days in age are considered to be past due.

The provision for uncollectability has been calculated based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis of past collection history and debt write-offs.

	2020 Actual \$000's	2019 Actual \$000's
Individual impairment	(927)	(856)
<b>Total provision for impairment</b>	<b>(927)</b>	<b>(856)</b>

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

We have assessed our provision of uncollectability for the impacts of COVID-19. Given the nature of the transactions, we are satisfied that no further impairment is required for rates receivable or sundry debtors.

An analysis of these individually impaired debtors is as follows:

	2020 Actual \$000's	2019 Actual \$000's
Past due >61 days	(505)	(786)
<b>Total individual impairment</b>	<b>(505)</b>	<b>(786)</b>

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

	2020 Actual \$000's	2019 Actual \$000's
<b>At 1 July</b>	856	773
Additional provisions made during the year	71	114
Provisions reversed during the year	0	(31)
<b>At 30 June</b>	<b>927</b>	<b>856</b>

The Council and group holds no other collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

# Notes to the financial statements for the year ended 30 June 2020

## Note 9 – Inventory

### Accounting policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

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

Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

### Breakdown of inventory and further information

	2020 Actual \$000's	2019 Actual \$000's
<b>Commercial inventory:</b>		
Land being developed for sale	5,298	151
<b>Non-commercial inventory:</b>		
Quarry metal stockpile	49	57
Other	113	98
<b>Total inventory</b>	<b>5,460</b>	<b>306</b>

The write-down of inventory during the year was \$7,949 (2019: \$24,170). There have been no reversals of write-downs (2019: \$nil).

No inventory is pledged as security for liabilities (2019: \$nil).

## Notes to the financial statements for the year ended 30 June 2020

### Note 10 – Non-current assets held for sale

#### Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

#### Breakdown on non-current assets held for sale and further information

	2020 Actual \$000's	2019 Actual \$000's
Land	2,055	1,332
<b>Total non-current assets held for sale</b>	<b>2,055</b>	<b>1,332</b>

Waikato Regional Council will acquire a Council-owned property on Kaihere Road for drainage purposes following approval by the Council on 30 January 2019. The Council has approved the sale of the premises, as it will provide no future use to the Council. A Whiritoa Beach Road property was made available for sale following Council approval on 14 November 2017.

# Notes to the financial statements for the year ended 30 June 2020

## Note 11 – Derivate financial instruments

### Accounting policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its Investment and Liability Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to their fair value at each balance date. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Any gains or losses arising from changes in fair value are recognised in the surplus or deficit.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in the surplus or deficit.

The portion of the fair value of an interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion classified as non-current. Council's interest rate swap portfolio was valued as at 30 June 2020 by Council staff using software provided by Hedgebook Ltd. The Council has elected not to apply hedge accounting to its derivative financial instruments.

Council did not hold any forward exchange contracts at balance date.

### Breakdown of derivative financial instruments and further information

	2020 Actual \$000's	2019 Actual \$000's
<b>Liabilities</b>		
<b>Current liability portion</b>		
Interest rate swaps	990	759
<b>Total current liability portion</b>	<b>990</b>	<b>759</b>
<b>Non-current liability portion</b>		
Interest rate swaps	3,568	2,808
<b>Total current liabilities portion</b>	<b>3,568</b>	<b>2,808</b>
<b>Total derivative financial instrument liabilities</b>	<b>4,558</b>	<b>3,568</b>

### Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$50.0 million (2019: \$55.0 million). At 30 June 2020, the fixed interest rates of cash flow hedge interest rate swaps varied from 1.82% to 4.96% (2019: 1.82% to 4.96%).

### Fair value

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters. Most market parameters are implied from instrument prices.



# Notes to the financial statements for the year ended 30 June 2020

## Note 12 – Other financial assets

### **Accounting policy**

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

### ***Term deposits, loans to subsidiaries and associates, and community loans (loans and receivables)***

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument.

For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits, loans to subsidiaries and associates, and community loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

### ***Listed and unlisted shares, listed bonds (fair value through other comprehensive revenue and expense)***

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares and listed bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of listed bonds increases and the increase can be objectively related to an event after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

# Notes to the financial statements for the year ended 30 June 2020

## Note 12 – Other financial assets

### Breakdown of other financial assets and further information

	2020 Actual \$000's	2019 Actual \$000's
<b>Current portion</b>		
Term deposits	0	0
Borrower notes	80	80
<b>Investment in CCOs and similar entities:</b>		
Local Government Funding Agency	0	0
<b>Other investments</b>		
Community loans	17	7
<b>Total current portion</b>	<b>97</b>	<b>87</b>
<b>Non-current portion</b>		
Borrower notes	624	528
Community loans	109	5
<b>Investment in CCOs and similar entities:</b>		
Local Government Funding Agency	100	100
Local Authority Shared Services Limited	13	16
<b>Total investment in CCOs and similar entities:</b>	<b>113</b>	<b>116</b>
<b>Other investments</b>		
Civic Financial Services Ltd	59	101
<b>Total non-current portion</b>	<b>905</b>	<b>751</b>
<b>Total other financial assets</b>	<b>1,002</b>	<b>838</b>

### Fair value

#### *Community loans*

The face value of community loans is \$126,333 (2019: \$11,833).

The Council's community loan scheme is designed to help not-for-profit organisations in the Hauraki District community to develop or improve new or existing facilities and other major projects.

Only organisations with the ability to repay are granted loans.

Loans are for a maximum of 10 years and interest is 0% per annum.

#### *Unlisted shares*

Unlisted shares are recognised at fair value.

The fair value of unlisted shares in Civic Financial Services Ltd and Local Authority Shared Services Ltd has been determined at fair value through other comprehensive revenue and expense. Fair value has been determined by net asset backing.

Due to the immaterial size and nature of the Council's investment in the LGFA, the Council has estimated the fair value of this investment based on the LGFA's net asset backing as at 30 June.

### Impairment

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

None of the financial assets are either past due or impaired.

## Notes to the financial statements for the year ended 30 June 2020

### Note 13 – Investment in associates

#### Accounting policy

An associate is an entity, over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are recognised under the equity method of accounting as prescribed in PBE IPSAS 36 Investments in Associates whereby the investment in the associate is recognised at cost with the carrying amount adjusted to reflect the ownership interest in the associate.

Council had previously elected to recognise its interests in both the Hauraki Rail Charitable Trust and Destination Coromandel Trust (“the Trusts”) as associates of Council. However, under PBE IPSAS 36, Council has now determined that, whilst it holds an influence over both Trusts, it does not hold significant influence. As such, the Trusts are no longer considered associates for financial reporting purposes.

Nevertheless, the relationship is recognised as a related party with the appropriate disclosures made in accordance with PBE IPSAS 20 Related Party Disclosures

### Note 14 – Investment in joint venture

#### Accounting policy

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

#### Breakdown of investment in joint venture and further information

The Council’s interests in the jointly controlled operation are as follows:

	2020 Actual \$000's	2019 Actual \$000's
Current assets	0	0
Non-current assets	0	0
Current liabilities	0	0
<b>Net assets</b>	<b>0</b>	<b>0</b>
Revenue	0	71
Expenses	0	69
<b>Share of surplus/(deficit)</b>	<b>0</b>	<b>3</b>

As at 30 June 2019, the Thames Valley Emergency Operating Area was disestablished.

In February 2019, Council resolved to instead support the employment of specialised Civil Defence Emergency Management (CDEM) staff within each Council to provide a focussed CDEM function applicable to each Council.

# Notes to the financial statements for the year ended 30 June 2020

## Note 15 – Property, plant and equipment

### Accounting policy

Property, plant, and equipment consist of:

**Operational assets** – These include land, buildings, landfill post-closure, library books, plant and equipment, and motor vehicles.

**Restricted assets** – Restricted assets are mainly parks and reserves owned by the Council and group 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 fixed utility systems owned by the Council and group. 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.

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

### Revaluation

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

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

Revaluation movements are accounted for on a class-of-asset basis.

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

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

### Additions

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

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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

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

# Notes to the financial statements for the year ended 30 June 2020

## Note 15 – Property, plant and equipment

### Disposals

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

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment 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 useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Roading	Seal	10-20 years	5%-10%
	Base course	20-100 years	1%-5%
	Surface water channels	10-75 years	1.3%-10%
	Culverts	75 years	1.3%
	Footpaths	15-75 years	1.3%-6.7%
	Bridges	30-100 years	1%-3.3%
	Street lighting	25 years	4%
	Retaining walls	85 years	1.2%
	Railings	20-50 years	2%-5%
	Signs	12.5-20 years	5-8%
Buildings	Structure	80 years	1.3%
	Roof cladding	30 years	3.3%
	Electrical/Mechanical	25 years	4%
	Plumbing	30 years	3.3%
	Internal wall linings	25 years	4%
	Lifts	25 years	4%
	Air conditioners	15 years	6.7%
	Site improvements	25 years	4%
All other assets	Water reticulation	70-120 years	0.8%-1.4%
	Water treatment	10-100 years	1%-10%
	Wastewater reticulation	65-130 years	0.8%-1.5%
	Wastewater treatment	10-80 years	1.3%-10%
	Stormwater reticulation	50-130 years	0.8%-2%
	Drainage and flood protection	20-200 years	0.5%-5%
	Library Books	8 years	12.5%
	Vehicles	3-21 years	4.8%-33.3%
	Equipment	2-94 years	1.1%-50%
	Technology	2-10 years	10%-50%
Furniture and fittings	7-10 years	10%-14.3%	

# Notes to the financial statements for the year ended 30 June 2020

## Note 15 – Property, plant and equipment

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

### **Impairment of property, plant, and equipment**

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

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

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

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

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. 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.

### ***Value in use for non-cash-generating assets***

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

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

### ***Value in use for cash-generating assets***

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

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

# Notes to the financial statements for the year ended 30 June 2020

## Note 15 – Property, plant and equipment

### Critical accounting estimates and assumptions

#### Estimating the fair value of land, buildings, and infrastructure

##### *Land (operational, restricted, and infrastructural)*

All land was valued at 30 June 2019.

The most recent valuation of land was performed by Quotable Values NZ Ltd, who are qualified, independent valuers. All values were confirmed as being suitable for financial reporting.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Adjustments have been made to the 'unencumbered' land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

##### *Buildings (operational and restricted)*

All buildings were valued at 1 July 2017 plus additions/development at cost, less disposals. Building valuations were completed by independent valuers, and confirmed as being suitable for financial reporting.

Specialised buildings were valued by SPM Assets Ltd at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) were valued by SPM Assets Ltd, using market data provided by Curnow Tizard Ltd at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The valuation of earthquake prone buildings does not include any adjustment for estimated building strengthening and costs or any association lost rental during the time to undertake the strengthening work.

##### *Infrastructural assets*

Roading assets were valued by an independent valuer, WSP-OPUS Limited as at 1 July 2019.

Water, Wastewater, Stormwater and Drainage Assets were valued by Council staff and peer reviewed by an independent valuer, Waugh Valuers Ltd as at 1 July 2017.

Infrastructural assets are also carried at fair value, which is deemed to be depreciated replacement costs because the assets are of a specialised nature. The depreciated replacement costs are determined on the basis of valuations prepared ever three years. The revaluation process involves assessing the current

## Notes to the financial statements for the year ended 30 June 2020

### Note 15 – Property, plant and equipment

optimised replacement cost of a brownfields basis, using highest and best use basis and remaining useful lives.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

#### Critical judgements in applying accounting policies

##### Classification of property

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.



## Notes to the financial statements for the year ended 30 June 2020

### Note 15 – Property, plant and equipment

2020	Cost / Revaluation 01-Jul-19 \$000	Acc. Depn. 01-Jul-19 \$000	Carrying Amount 01-Jul-19 \$000	Transfers Cost \$000	Current Year Additions \$000	Current Year Disposals \$000	Current Year Impairment \$000	Current Year Depn. \$000	Acc Depn. Rev'd on Disposal \$000	Reval. Surplus \$000	Cost / Revaluation 30-Jun-20 \$000	Acc. Depn. 30-Jun-20 \$000	Carrying Amount 30-Jun-20 \$000
<b>Operational assets</b>													
Land	22,990	0	22,990	(6,004)	17	(285)	0	0	0	0	16,718	0	16,718
Buildings and structures	25,686	2,028	23,658	0	413	(864)	0	(998)	76	0	25,235	(2,950)	22,285
Library books	1,140	640	500	0	95	0	0	(151)	0	0	1,235	(791)	444
Vehicles	3,355	1,812	1,543	0	508	(226)	0	(198)	90	0	3,637	(1,920)	1,717
Equipment	16,869	5,633	11,236	0	18	(844)	0	(729)	563	0	16,043	(5,799)	10,244
Technology	1,290	978	312	0	123	0	0	(145)	0	0	1,413	(1,123)	290
Furniture and fittings	437	294	143	0	47	0	0	(15)	0	0	484	(309)	175
Technology - Finance leases	0	0	0	0	0	0	0	0	0	0	0	0	0
Work in progress	1,486	0	1,486	585	1,311	0	0	0	0	0	3,382	0	3,382
<b>Total operational assets</b>	<b>73,253</b>	<b>11,385</b>	<b>61,868</b>	<b>(5,419)</b>	<b>2,532</b>	<b>(2,219)</b>	<b>0</b>	<b>(2,236)</b>	<b>729</b>	<b>0</b>	<b>68,147</b>	<b>(12,892)</b>	<b>55,255</b>
<b>Infrastructural assets</b>													
Land	5,485	0	5,485	0	0	0	0	0	0	0	5,485	0	5,485
Wastewater system	40,893	1,563	39,330	47	413	(20)	0	(774)	5	0	41,333	(2,332)	39,001
Water system	69,859	3,106	66,753	510	1,079	(65)	0	(1,579)	8	0	71,383	(4,677)	66,706
Drainage network	43,036	1,271	41,765	31	369	0	0	(571)	0	0	43,436	(1,842)	41,594
Roading network	245,322	6,096	239,226	136	2,612	(2,521)	0	(4,327)	0	26,251	265,704	(4,327)	261,377
Land under roads	88,894	0	88,894	124	19	0	0	0	0	0	89,037	0	89,037
Work in progress	6,453	0	6,453	(1,339)	7,108	(63)	0	0	0	0	12,159	0	12,159
<b>Total Infrastructural assets</b>	<b>499,942</b>	<b>12,036</b>	<b>487,906</b>	<b>(491)</b>	<b>11,600</b>	<b>(2,669)</b>	<b>0</b>	<b>(7,251)</b>	<b>13</b>	<b>26,251</b>	<b>528,537</b>	<b>(13,178)</b>	<b>515,359</b>
<b>Council restricted assets</b>													
Land	27,265	0	27,265	0	0	0	0	0	0	0	27,265	0	27,265
<b>Total restricted assets</b>	<b>27,265</b>	<b>0</b>	<b>27,265</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,265</b>	<b>0</b>	<b>27,265</b>
<b>Total PPE</b>	<b>600,460</b>	<b>23,421</b>	<b>577,039</b>	<b>(5,910)</b>	<b>14,132</b>	<b>(4,888)</b>	<b>0</b>	<b>(9,487)</b>	<b>742</b>	<b>26,251</b>	<b>623,949</b>	<b>(26,070)</b>	<b>597,879</b>

## Notes to the financial statements for the year ended 30 June 2020

### Note 15 – Property, plant and equipment

2019	Cost / Revaluation 01-Jul-18 \$000	Acc. Depn. 01-Jul-18 \$000	Carrying Amount 01-Jul-18 \$000	Transfers Cost \$000	Current Year Additions \$000	Current Year Disposals \$000	Current Year Impairment \$000	Current Year Depn. \$000	Acc Depn. Rev'd on Disposal \$000	Reval. Surplus \$000	Cost / Revaluation 30-Jun-19 \$000	Acc. Depn. 30-Jun-19 \$000	Carrying Amount 30-Jun-19 \$000
<b>Operational assets</b>													
Land	14,442	0	14,442	(275)	0	(1,505)	0	0	0	10,328	22,990	0	22,990
Buildings & Structures	25,512	(1,014)	24,498	7	253	(86)	0	(1,020)	6	0	25,686	(2,028)	23,658
Library Books	1,001	(441)	560	0	139	0	0	(199)	0	0	1,140	(640)	500
Vehicles	3,262	(1,692)	1,570	0	177	(84)	0	(189)	69	0	3,355	(1,812)	1,543
Equipment	16,573	(4,944)	11,629	41	298	(43)	0	(715)	26	0	16,869	(5,633)	11,236
Technology	1,325	(951)	374	0	108	(143)	0	(155)	128	0	1,290	(978)	312
Furniture & Fittings	431	(276)	155	0	6	0	0	(18)	0	0	437	(294)	143
Technology - Finance Leases	0	0	0	0	0	0	0	0	0	0	0	0	0
Work in Progress	1,222	0	1,222	(48)	312	0	0	0	0	0	1,486	0	1,486
<b>Total operational Assets</b>	<b>63,768</b>	<b>9,318</b>	<b>54,450</b>	<b>(275)</b>	<b>1,293</b>	<b>1,861</b>	<b>0</b>	<b>2,296</b>	<b>229</b>	<b>10,328</b>	<b>73,253</b>	<b>11,385</b>	<b>61,868</b>
<b>Infrastructural assets</b>													
Land	3,845	0	3,845	133	0	0	0	0	0	1,507	5,485	0	5,485
Wastewater System	40,507	(778)	39,729	0	394	(8)	0	(785)	0	0	40,893	(1,563)	39,330
Water System	65,026	(1,505)	63,521	814	4,087	(68)	0	(1,605)	4	0	69,859	(3,106)	66,753
Drainage Network	42,601	(634)	41,967	16	431	(12)	0	(637)	0	0	43,036	(1,271)	41,765
Roading Network	242,358	(3,126)	239,232	768	2,332	(136)	0	(3,001)	31	0	245,322	(6,096)	239,226
Land under Roads	88,792	0	88,792	0	102	0	0	0	0	0	88,894	0	88,894
Work in Progress	4,214	0	4,214	(1,597)	3,836	0	0	0	0	0	6,453	0	6,453
<b>Total Infrastructural Assets</b>	<b>487,343</b>	<b>6,043</b>	<b>481,300</b>	<b>134</b>	<b>11,182</b>	<b>224</b>	<b>0</b>	<b>6,028</b>	<b>35</b>	<b>1,507</b>	<b>499,942</b>	<b>12,036</b>	<b>487,906</b>
<b>Council restricted assets</b>													
Land	18,910	0	18,910	142	0	(57)	0	0	0	8,270	27,265	0	27,265
<b>Total Restricted Assets</b>	<b>18,910</b>	<b>0</b>	<b>18,910</b>	<b>142</b>	<b>0</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,270</b>	<b>27,265</b>	<b>0</b>	<b>27,265</b>
<b>Total PPE</b>	<b>570,021</b>	<b>15,361</b>	<b>554,660</b>	<b>1</b>	<b>12,475</b>	<b>2,142</b>	<b>0</b>	<b>8,324</b>	<b>264</b>	<b>20,105</b>	<b>600,460</b>	<b>23,421</b>	<b>577,039</b>

# Notes to the financial statements for the year ended 30 June 2020

## Note 15 – Property, plant and equipment

### Significant acquisitions

Significant projects (>\$1m) undertaken during the year include Ngatea North Subdivision (\$2.6m) and the Kaimanawa Water Connection to Paeroa (\$2.1m) both of which were still in progress at the report date. Reseals were also completed around the district cost \$1.3m to complete. There were no significant disposals during the year.

### Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

	Most recent replacement cost estimate for revalued assets	Closing book value	Additions: Constructed by Council	Additions: Transferred to Council
	\$000	\$000	\$000	\$000
<b>2020</b>				
Wastewater - Treatment	15,582	9,092	280	0
Wastewater - Other	47,751	29,911	12	168
Water - Treatment	32,630	30,412	980	0
Water - Other	80,834	36,295	515	95
Drainage and flood protection	24,858	14,117	81	0
Stormwater	40,055	27,476	26	293
Roading Network	347,873	261,376	2,748	0
<b>2019</b>				
Wastewater - Treatment	15,316	9,093	116	0
Wastewater - Other	47,572	30,239	4	275
Water - Treatment	31,650	30,147	4,446	0
Water - Other	80,282	36,607	349	105
Drainage and flood protection	24,777	14,230	42	0
Stormwater	39,737	27,536	220	185
Roading Network	313,275	239,226	3,100	0

### Insurance

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

	2020 Actual \$000's	2019 Actual \$000's
The total value of all Council assets covered by Insurance contracts	225,361	192,680
The maximum amount to which insured assets are insured	344,565	303,611
Total value of assets that are self-insured	0	0
Value of funds maintained for self-insurance	0	0

Roading network infrastructure assets are self-insured. There is no separate fund maintained for self-insurance purposes. Land is not insured.

In the event of a natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewage assets, and provide a subsidy towards the restoration of roads.

# Notes to the financial statements for the year ended 30 June 2020

## Note 15 – Property, plant and equipment

### Land under roads

Land under roads was valued by the independent valuers, Opus International Consultants Ltd as 30 June 2002 using the average market value of land by ward and land use category. Since the introduction of International Financial Reporting Standards, on 30 June 2007, land under roads has been recognised at deemed cost.

### Library collections

These are valued at depreciated replacement cost as at 30 June 2020 by Council staff. Estimates of the remaining useful life over which the asset will be depreciated have been determined based on Council's policy on book replacement, as well as historical book replacement data.

### Disposals

The carrying book value of the amount disposed was \$4.13 million (2019: \$1.89 million).

There were no significant disposals during the year.

### Impairment

There were no impairment losses during the year (2019: \$nil).

### Work in progress

The total amount of property, plant and equipment in the course of construction was \$15,541,236 (2019: \$7,939,142)

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	2020 Actual \$000's	2019 Actual \$000's
Land	5,579	3,006
Buildings	1,181	843
Equipment	2,202	644
Roading	463	248
Water	4,294	2,262
Wastewater	1,640	869
Stormwater	96	4
Drainage	86	64
<b>Total work in progress</b>	<b>15,541</b>	<b>7,939</b>

### Restrictions

Land in the "Restricted Asset" category is subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land acquired under a bequest or donation that restricts the purpose for which the asset can be used).

### Security

No assets have been pledged as security for any liability.

### Capital commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

## Notes to the financial statements for the year ended 30 June 2020

### Note 15 – Property, plant and equipment

	2020 Actual \$000's	2019 Actual \$000's
Roading	3,964	583
Wastewater	0	243
Water	261	64
Buildings	0	0
Community services	100	58
<b>Total work in progress</b>	<b>4,324</b>	<b>948</b>

# Notes to the financial statements for the year ended 30 June 2020

## Note 16 – Intangible assets

### Accounting policy

#### *Software acquisition and development*

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

#### *Easements*

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

#### *Carbon credits*

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

#### 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 financial year is recognised in the surplus or deficit.

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

Technology	Software	3-10 years	10%-33.3%
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#### Impairment of intangible assets

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.

For further details, refer to the policy for impairment of property, plant, and equipment in Note 15. The same approach applies to the impairment of intangible assets.

#### Restrictions

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

#### Impairment

##### *Carbon credits*

The Council considers that there is no impairment of carbon credits held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations.

## Notes to the financial statements for the year ended 30 June 2020

### Note 16 – Intangible assets

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

#### Breakdown of intangible assets and further information

Movements in the carrying value for each class of intangible asset are as follows:

	Carbon Credits \$000	Software \$000	Total \$000
<b>2020</b>			
Cost	49	2,603	2,652
Accumulated amortisation and impairment	0	(2,238)	(2,238)
<b>Closing carrying amount</b>	<b>49</b>	<b>365</b>	<b>414</b>
Opening Balance	49	519	568
Additions	0	71	71
Transfers	0	0	0
Work in Progress	0	0	0
Amortisation charge	0	225	225
Disposals	0	0	0
<b>Closing carrying amount</b>	<b>49</b>	<b>365</b>	<b>414</b>
<b>2019</b>			
Cost	49	2,531	2,580
Accumulated amortisation and impairment	0	(2,013)	(2,013)
<b>Closing carrying amount</b>	<b>49</b>	<b>519</b>	<b>568</b>
Opening Balance	49	650	699
Additions	0	79	79
Transfers	0	5	5
Work in Progress	0	(5)	(5)
Amortisation charge	0	(211)	(211)
<b>Closing carrying amount</b>	<b>49</b>	<b>519</b>	<b>568</b>

## Notes to the financial statements for the year ended 30 June 2020

### Note 17 – Depreciation and amortisation

#### Directly attributable depreciation and amortisation by group of activity:

	2020 Actual \$000's	2019 Actual \$000's
Roading	4,327	3,001
Water	1,579	1,610
Wastewater	774	785
Land drainage and flooding	193	263
Stormwater	378	374
Solid waste	47	47
Community services	1,028	1,098
Community development	304	307
Regulatory	0	4
<b>Total directly attributable depreciation and amortisation by group of activity</b>	<b>8,630</b>	<b>7,489</b>
Depreciation and amortisation not directly related to a group of activities	1,082	1,046
<b>Total depreciation and amortisation expense</b>	<b>9,712</b>	<b>8,535</b>

### Note 18 – Forestry assets

#### Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

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

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

#### Breakdown of forestry assets and further information

	2020 Actual \$000's	2019 Actual \$000's
<b>Balance at 1 July</b>	<b>1,311</b>	<b>1,775</b>
Increases due to purchases	0	0
Gains / (losses) arising from changes attributable to physical changes	119	218
Gains / (losses) arising from changes attributable to price changes	(356)	61
Decreases due to harvest	0	(743)
<b>Balance at 30 June</b>	<b>1,074</b>	<b>1,311</b>

HDC owns 97.4 ha of Radiata forest (2019: 97.4 ha), which are at varying stages of maturity ranging from 4 to 27 years. No forest was harvested during the year (2019: 11.6 ha). A further 2.7 ha of forest was excluded from the 30 June 2020 valuation as it is land-locked with no harvesting access rights across neighbouring



# Notes to the financial statements for the year ended 30 June 2020

## Note 18 – Forestry assets

properties. The tree crops at Waikino Sandpit, Hendersons Reserve and North Road are also excluded from the valuation as these are considered to have no commercial value.

HDC had its forestry asset professionally valued as at 30 June 2020 by PF Olsen Ltd, a recognised forestry valuer. The basis used to value the forests was the expected yield at maturity. A pre-tax discount rate of 6.0% (2019: 6.0%) has been used in discounting the present value of expected cashflows.

There are no restrictions on title and no forestry assets pledged as security for liabilities (2019: nil). There are no commitments for development or acquisition of forestry assets (2019: nil).

Notional land rental costs have been included for freehold land. The forest has been valued on a going concern basis and only included the value of the existing crops on a single rotation basis. Inflation has been assumed at 2% per annum. Costs are current average costs. No allowance has been made for cost improvements in future operations. Log prices are based on a mixture of 1 and 5-year historical rolling averages.

HDC reviews its outlook for timber prices regularly in considering the need for active financial risk management.

The potential impacts of Covid-19 have been factored in Council's tree crop valuation as at 30 June 2020 by applying the short-term price series (being the 1-year average price) for those forests (or stands) that are going to be harvested in the near-term. The 1-year average price series captured the log price decrease in 2019 and the pre & post Covid-19 prices at the time of the valuation.

## Note 19 – Payables and deferred revenue

### Accounting policy

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

### Breakdown of payables and other information

	2020 Actual \$000's	2019 Actual \$000's
<b>Payables and deferred revenue under exchange transactions</b>		
Trade payables and accrued expenses	5,546	5,224
Amounts due to associates and joint venture	0	0
<b>Total payables and deferred revenue under exchange transactions</b>	<b>5,546</b>	<b>5,224</b>
<b>Payables and deferred revenue under non-exchange transactions</b>		
Revenue in advance	3,328	3,243
Income tax payable	0	0
Other tax payable (e.g. GST and FBT)	505	726
Grants payable	0	0
Other grants and bequests received subject to substantive conditions not yet met	0	0
<b>Total payables and deferred revenue under non-exchange transactions</b>	<b>3,833</b>	<b>3,970</b>
<b>Total payables and deferred revenue</b>	<b>9,379</b>	<b>9,194</b>

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

# Notes to the financial statements for the year ended 30 June 2020

## Note 20 – Borrowings and other financial liabilities

### Accounting policy

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

### Finance leases

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

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

### Breakdown of borrowings and other financial liabilities and further information

	2020 Actual \$000's	2019 Actual \$000's
<b>Current portion</b>		
Secured loans	5,000	5,000
<b>Total current portion</b>	<b>5,000</b>	<b>5,000</b>
<b>Non-current portion</b>		
Secured loans	39,000	33,000
<b>Total non-current portion</b>	<b>39,000</b>	<b>33,000</b>
<b>Total borrowings and other financial liabilities</b>	<b>44,000</b>	<b>38,000</b>

### Interest terms for secured loans

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

### Security

HDC has cash advance facilities with the maximum amount that can be drawn against these of \$7.0 million. There are no restrictions on the use of these facilities. There were no borrowings as at 30 June 2020 against this facility (2019: \$nil).

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

### Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

## Notes to the financial statements for the year ended 30 June 2020

### Note 20 – Borrowings and other financial liabilities

#### Internal borrowings

Information on internal borrowings per activity group is provided in the tables below:

	Opening balance	Drawdowns	Repayments	Closing balance	Internal interest Expense/(Revenue)
	\$000	\$000	\$000	\$000	\$000
<b>2020</b>					
Roading	17,337	0	1,056	16,281	516
Water	15,092	1,775	0	16,867	785
Wastewater	6,012	1,079	0	7,091	129
Land Drainage & Flooding	(3,477)	0	350	(3,827)	(110)
Stormwater	(1,715)	0	1,033	(2,748)	(51)
Solid Waste	380	504	0	884	0
Leadership	0	0	0	0	0
Community Services	4,352	65	0	4,417	293
Community Development	5,564	0	0	5,564	0
Regulatory	0	0	0	0	0
<b>Total</b>	<b>43,545</b>	<b>3,423</b>	<b>2,439</b>	<b>44,529</b>	<b>1,562</b>
<b>2019</b>					
Roading	16,708	629	0	17,337	493
Water	14,566	526	0	15,092	550
Wastewater	5,540	472	0	6,012	227
Land Drainage & Flooding	(3,094)	0	383	(3,477)	(95)
Stormwater	(1,402)	0	313	(1,715)	(37)
Solid Waste	379	1	0	380	2
Leadership	0	0	0	0	0
Community Services	5,737	0	1,385	4,352	274
Community Development	5,111	453	0	5,564	0
Regulatory	0	0	0	0	0
<b>Total</b>	<b>43,545</b>	<b>2,081</b>	<b>2,081</b>	<b>43,545</b>	<b>1,414</b>

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

# Notes to the financial statements for the year ended 30 June 2020

## Note 21 – Employee entitlements

### Accounting policy

#### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

#### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

#### *Presentation of employee entitlements*

Sick leave, annual leave, and vested long service leave are classified as a current liability.

Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

### Critical accounting estimates and assumptions

#### *Estimating retirement and long service leave obligations*

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis.

Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows.

The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

A weighted average discount rate of 2.67% (2019: 5.0%) and an inflation factor of 2.72% (2019: 2.92%) were used.

# Notes to the financial statements for the year ended 30 June 2020

## Note 21 – Employee entitlements

### Breakdown of employee entitlements and further information

	2020 Actual \$000's	2019 Actual \$000's
<b>Current portion</b>		
Accrued pay	181	621
Annual leave	1,561	1,240
Retirement and long service leave	40	46
Sick leave	56	55
<b>Total current portion</b>	<b>1,837</b>	<b>1,962</b>
<b>Non-current portion</b>		
Retirement and long service leave	358	286
<b>Total non-current portion</b>	<b>358</b>	<b>286</b>
<b>Total employee entitlements</b>	<b>2,195</b>	<b>2,248</b>

## Note 22 - Provisions

### Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs" (see Note 5).

### Critical accounting estimates and assumptions

#### *Estimating the landfill aftercare costs*

The cash outflows for landfill post-closure costs are expected to occur over the next 30 years. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$1,525,297 (2019: \$988,770).

The following significant assumptions have been made in estimating the provision:

- A discount rate of 2.66% (2019: 5%) has been used to discount the estimated future cash outflows.
- An annual inflation factor of 2.2%-2.6% has been applied in estimating the future cash outflows
- Landfill rehabilitation/aftercare costs have been assumed to range from 20 to 30 years (2019: 10 years)

The management of the landfill will influence the timing of recognition of some liabilities.

## Notes to the financial statements for the year ended 30 June 2020

### Note 22 – Provisions

#### Breakdown of provisions and further information

	2020 Actual \$000's	2019 Actual \$000's
<b>Current portion</b>		
Landfill aftercare	46	340
<b>Total current provision</b>	<b>46</b>	<b>340</b>
<b>Non-current portion</b>		
Landfill aftercare	1,013	202
<b>Total non-current portion</b>	<b>1,013</b>	<b>202</b>
<b>Total provision</b>	<b>1,059</b>	<b>542</b>

#### The movement in the provision is as follows:

	2020 Actual \$000's	2019 Actual \$000's
<b>Opening balance as at 1 July</b>	<b>542</b>	<b>518</b>
Amounts used	(45)	0
Transferred to land impairment	0	0
Restatement of future liability	304	(16)
Discount unwind	258	40
<b>Closing balance as at 30 June</b>	<b>1,059</b>	<b>542</b>

# Notes to the financial statements for the year ended 30 June 2020

## Note 23 – Contingent liabilities

### Contingent liabilities

	2020 Actual \$000's	2019 Actual \$000's
Weathertight home claims	10	10
Building foundation issues	0	20
Land acquisition compensation claim	27	27
<b>Total contingent liabilities</b>	<b>37</b>	<b>57</b>

#### Weathertight home claims

There was one known claim against Council as at 30 June 2020 (2019: one). As this property did not have a code compliance certificate issued, Council believes it has no liability.

#### 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.

#### Weathertightness

##### *Ministry of Education (MOE) and Carter Holt Harvey (CHH)*

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MOE's original claim against CHH was for 833 school buildings, 15 of which are located within the Hauraki District.

In 2016, CHH commenced proceedings against 48 Councils, including Hauraki District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

However, 28 school buildings (all outside the Hauraki District) that were built outside the 10-year long stop contained within the Building Act 2004 have since been struck out by the High Court.

The court had directed that the trial be staged and the first six-month hearing was to commence in August 2020. The trial was to determine whether the shadow clad was inherently defective. However, the first stage was delayed due to COVID-19.

Uncertainty existed at the end of the current and preceding period but a notice of discontinuance was signed on 3 September 2020. This has now removed the uncertainty and the Council is no longer subject to this legal proceeding and no settlement by the Council was involved.

##### *Homeowners and CHH*

During the year, a group of homeowners initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. CHH has joined 19 Councils as co-defendants in this claim. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

#### 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

# Notes to the financial statements for the year ended 30 June 2020

## Note 23 – Contingent liabilities

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. It has a current credit rating from Standard and Poor's of AA+ and a foreign currency rating of AA.

As at 30 June 2020, LGFA has 30 local authority shareholders and Hauraki District Council is one of 24 local authority guarantors of the LGFA. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Together with the other shareholders and guarantors; Council is a guarantor of all of LGFA's borrowings.

At 30 June 2020, LGFA had borrowings totalling \$11,908m (2019: \$9,531m).

The LGFA's borrowing of \$11.908 billion is made up of the following (\$000's):

- \$10,990,000 face value of bonds on issue
- \$75,735 accrued interest on bonds on issue
- \$647,500 bills on issue
- \$194,268 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.

### Risk Pool

RiskPool, until June 2017, provided public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year.



## Notes to the financial statements for the year ended 30 June 2020

### Note 23 – Contingent liabilities

The Council received a notice during 2019 for a call for an additional contribution of \$45,448 in respect of the 2003 and 2004 Fund years as those funds were exhibiting deficits due to the “leaky building” issue.

Riskpool will likely wind up in 2023 or 2024. It is likely that a smaller final call will be required at that time. Council will recognise a liability for the future call when there is more certainty over the amount required.

#### **Other claims**

Other outstanding legal claims as at 30 June 2020 cannot yet be quantified (2019: nil)

#### **Contingent assets**

There are no contingent assets as at 30 June 2020.

### Note 24 - Equity

#### **Accounting policy**

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

- accumulated funds;
- other reserves;
- property revaluation reserve;
- fair value through other comprehensive revenue and expense reserve

#### ***Other reserves***

Other reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Other reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without approval by Council. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

#### ***Property revaluation reserve***

This reserve relates to the revaluation of property, plant, and equipment to fair value. Fair value through other comprehensive revenue and expense reserve.

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

#### ***Fair value through other comprehensive revenue and expense reserve***

This reserve comprises the effective portion of the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

# Notes to the financial statements for the year ended 30 June 2020

## Note 24 – Equity

### Other reserves

Further information about other reserve funds held for a specific purpose are provided below:

Other reserves consists of:	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>2020</b>				
<b>Financial contributions</b>				
District community recreation	(12)	36	0	24
Plains community recreation	200	0	(60)	140
Paeroa community recreation	357	0	(122)	236
Waihi community recreation	534	6	0	540
<b>Council created reserves</b>				
District community projects assistance	580	199	(56)	723
Economic development projects	0	77	0	77
Quarry renewal	1,000	0	0	1,000
<b>Total other reserves</b>	<b>2,659</b>	<b>318</b>	<b>(238)</b>	<b>2,739</b>
<b>2019</b>				
<b>Financial contributions</b>				
District community recreation	12	0	(24)	(12)
Plains community recreation	231	0	(31)	200
Paeroa community recreation	379	0	(22)	357
Waihi community recreation	825	0	(291)	534
<b>Council created reserves</b>				
District community projects assistance	318	263	0	580
Economic development projects	0	0	0	0
Quarry renewal	1,000	0	0	1,000
<b>Total other reserves</b>	<b>2,765</b>	<b>263</b>	<b>(368)</b>	<b>2,659</b>

### Other reserves

#### Council created reserves

##### *District Community Projects Assistance Fund*

This reserve fund is to assist with the completion of community projects.

The fund relates to all activities.

##### *Quarry Renewal Fund*

This Reserve Fund is to provide funding for the cost of rehabilitating Tetley's Quarry post-closure.

The activity that this reserve relates to is Corporate Services.

##### *Economic development projects*

This reserve fund is to provide funding for the economic development projects.

The fund relates to all activities.

# Notes to the financial statements for the year ended 30 June 2020

## Note 24 – Equity

### Financial contributions

#### *District, Paeroa, Plains, and Waihi Community Recreational Funds*

These reserve funds are historic and were used to accumulate Financial Contributions prior to Council changing to a Development Contributions regime.

The balances will be used to fund community recreational facilities capital works.

These funds relate to the Community Services activity only.

### Asset revaluation reserves

Further information about asset revaluation reserve funds are provided below:

Asset revaluation reserves consist of:	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
<b>2020</b>				
<b>Operational Assets</b>				
Land	43,515	0	(319)	43,195
Buildings	15,573	0	(634)	14,938
<b>Infrastructural Assets</b>				
Wastewater	9,519	0	0	9,519
Water	6,599	0	0	6,599
Land drainage	5,141	0	0	5,141
Roading	47,728	26,251	0	73,979
<b>Total asset revaluation reserves</b>	<b>128,074</b>	<b>26,251</b>	<b>(953)</b>	<b>153,372</b>
<b>2019</b>				
<b>Operational Assets</b>				
Land	23,410	20,104	0	43,515
Buildings	15,573	0	0	15,573
<b>Infrastructural Assets</b>				
Wastewater	9,519	0	0	9,519
Water	6,599	0	0	6,599
Land drainage	5,141	0	0	5,141
Roading	47,728	0	0	47,728
<b>Total asset revaluation reserves</b>	<b>107,970</b>	<b>20,104</b>	<b>0</b>	<b>128,074</b>

### Capital management

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

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings. The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council.

# Notes to the financial statements for the year ended 30 June 2020

## Note 24 – Equity

Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long term plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has two types of other reserves:

- Reserves for different of benefit; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

## Note 25– Related party transactions

### Key management personnel compensation

	2020 Actual \$000's	2019 Actual \$000's
<b>Key management personnel compensation</b>		
<b>Councillors</b>		
Remuneration	473	410
Full-time equivalent members	14	13
<b>Senior Management Team, including the Chief Executive</b>		
Remuneration	1,119	1,095
Full-time equivalent members	5	5
<b>Total key management personnel remuneration</b>	<b>1,592</b>	<b>1,505</b>
<b>Total full-time equivalent personnel</b>	<b>19</b>	<b>18</b>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 4.

## Notes to the financial statements for the year ended 30 June 2020

### Note 25 – Related party transactions

#### Related party transactions required to be disclosed

There are no other related party transactions that are required to be disclosed in accordance with *PBE IPSAS 20* Related Party Disclosures. However, the Council has elected to recognise its relationships with both the Hauraki Rail Trail Charitable and Martha Trusts, and Destination Coromandel as related parties.

	2020 Actual \$000's	2019 Actual \$000's
<b>Payments to associates</b>		
<b>Destination Coromandel:</b>		
Contribution for services provided by Destination Coromandel	140	148
<b>Hauraki Rail Trail Charitable Trust:</b>		
Contribution for services provided by Hauraki Rail Trail Charitable Trust	338	390
<b>Martha Trust:</b>		
Contribution for services provided by Martha Trust	0	0
<b>Total payments made to associates</b>	<b>478</b>	<b>538</b>

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

### Note 26 – Events after balance date

There were no significant events after balance date.

# Notes to the financial statements for the year ended 30 June 2020

## Note 27 – Financial instruments

### Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	2020 Actual \$000's	2019 Actual \$000's
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	7,633	5,475
Receivables	9,530	8,340
<i>Other financial assets</i>		
Community loans	126	12
Borrower notes from Local Government Funding Agency	704	608
<b>Total loans and receivables</b>	<b>17,993</b>	<b>14,434</b>
<b>Fair value through other comprehensive revenue and expense</b>		
<i>Other financial assets</i>		
Unlisted shares	172	218
<b>Total fair value through other comprehensive revenue and expense</b>	<b>172</b>	<b>218</b>

	2020 Actual \$000's	2019 Actual \$000's
<b>Financial liabilities</b>		
<b>Fair value through surplus or deficit - held for trading</b>		
Derivative financial instrument liabilities	4,558	3,568
<b>Total fair value through surplus or deficit - held for trading</b>	<b>4,558</b>	<b>3,568</b>
<b>Financial liabilities at amortised cost</b>		
Payables	5,546	5,224
<i>Borrowings</i>		
Secured loans	44,000	38,000
<b>Total financial liabilities at amortised cost</b>	<b>49,546</b>	<b>43,224</b>

### Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – 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.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

# Notes to the financial statements for the year ended 30 June 2020

## Note 27 – Financial instruments

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total	Valuation technique		
		Quoted market price	Observable inputs	Non-observable inputs
	\$000's	\$000's	\$000's	\$000's
<b>2020</b>				
<b>Financial assets</b>				
Shares	172	0	0	172
<b>Financial liabilities</b>				
Derivatives	4,558	0	4,558	0
<b>2019</b>				
<b>Financial assets</b>				
Shares	218	0	0	218
<b>Financial liabilities</b>				
Derivatives	3,568	0	3,568	0

There were no transfers between the different levels of the fair value hierarchy.

### Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2020	2019
	Actual	3
	\$000's	\$000's
<b>Balance at 1 July</b>	<b>218</b>	<b>164</b>
Gains and losses recognised in other comprehensive revenue and expense	(46)	54
Transfers into level 3	0	0
Transfers out of level 3	0	0
<b>Balance at 30 June</b>	<b>172</b>	<b>218</b>

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

### Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

#### Market risk

##### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

# Notes to the financial statements for the year ended 30 June 2020

## Note 27 – Financial instruments

Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price risk arises due to market movements in listed shares. Equity securities price risk is not managed as Council does not have any listed shares.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The Council's liability management policy outlines the level of borrowing that is considered acceptable using fixed rate instruments. Fixed-to-floating interest rate swaps can be entered into to hedge the fair value interest rate risk arising where Council has borrowed at fixed rates. In addition, investments at fixed interest rates expose the Council to fair value interest rate risk.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council and group to cash flow interest rate risk.

Generally, the Council and group raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council or group borrowed at fixed rates directly. Under the interest rate swaps, the Council and group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council and group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and listed bonds, which gives rise to credit risk. The Council also provides financial guarantees, which gives rise to credit risk.

The Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. The Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk. The Council invests funds only with entities that have a Standard and Poor's credit rating of at least A1 for short-term and A+ for long-term investments. The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### Maximum exposure to credit risk

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

	2020 Actual \$000's	2019 Actual \$000's
Cash at bank and term deposits	7,633	5,475
Receivables	9,530	8,340
<b>Total maximum exposure to credit risk</b>	<b>17,163</b>	<b>13,815</b>



# Notes to the financial statements for the year ended 30 June 2020

## Note 27 – Financial instruments

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 24 - Contingencies.

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2020 Actual \$000's	2019 Actual \$000's
Cash at bank and term deposits		
AA-	7,633	5,475
<b>Total cash at bank and term deposits</b>	<b>7,633</b>	<b>5,475</b>

Receivables arise mainly from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

### Liquidity risk

#### Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

As part of meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy.

The Council has a maximum amount that can be drawn down against its on call facility of \$7.0 million (2019: \$7.0 million). There are no restrictions on the use of this facility.

# Notes to the financial statements for the year ended 30 June 2020

## Note 27 – Financial instruments

### Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council and group's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>2020</b>					
Payables	5,546	5,546	5,546	0	0
Secured loans	44,000	45,580	5,214	20,700	19,665
Financial guarantees	0	0	0	0	0
<b>Total financial liabilities</b>	<b>49,546</b>	<b>51,125</b>	<b>10,760</b>	<b>20,700</b>	<b>19,665</b>
<b>2019</b>					
Payables	5,224	5,224	5,224	0	0
Secured loans	38,000	39,411	5,189	22,815	11,408
Financial guarantees	0	0	0	0	0
<b>Total financial liabilities</b>	<b>43,224</b>	<b>44,635</b>	<b>10,413</b>	<b>22,815</b>	<b>11,408</b>

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 24 - Contingencies.

### Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses the Council and group's derivative financial instrument liabilities into those that are settled on a net basis and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$000's	Asset carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>2020</b>						
Nett settled derivative liabilities	4,558	0	4,558	210	2,462	1,886
<b>Total derivatives</b>	<b>4,558</b>	<b>0</b>	<b>4,558</b>	<b>210</b>	<b>2,462</b>	<b>1,886</b>
<b>2019</b>						
Nett settled derivative liabilities	3,568	0	3,568	51	1,718	1,799
<b>Total derivatives</b>	<b>3,568</b>	<b>0</b>	<b>3,568</b>	<b>51</b>	<b>1,718</b>	<b>1,799</b>

# Notes to the financial statements for the year ended 30 June 2020

## Note 27 – Financial instruments

### Contractual maturity analysis of financial assets

The table below analyses the Council and group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
<b>2020</b>					
Cash and cash equivalents	7,633	7,633	7,633	0	0
Receivables	9,530	9,530	9,530	0	0
<i>Other financial assets</i>					
Community loans	126	126	17	49	60
Borrower notes	704	704	80	448	176
<b>Total financial assets</b>	<b>17,993</b>	<b>17,993</b>	<b>17,260</b>	<b>497</b>	<b>236</b>
<b>2019</b>					
Cash and cash equivalents	5,475	5,475	5,475	0	0
Receivables	8,340	8,340	8,340	0	0
<i>Other financial assets</i>					
Community loans	12	12	7	5	0
Borrower notes	608	608	80	352	176
<b>Total financial assets</b>	<b>14,434</b>	<b>14,434</b>	<b>13,901</b>	<b>357</b>	<b>176</b>

### Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and group's financial instrument market risk exposures at balance date.

	-50bps		+50bps	
	Surplus \$000's	Other equity \$000's	Surplus \$000's	Other equity \$000's
<b>Interest rate risk</b>				
<b>2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(22)	0	54	0
<b>Financial liabilities</b>				
Derivatives	(761)	0	736	0
<b>Total sensitivity</b>	<b>(783)</b>	<b>0</b>	<b>791</b>	<b>0</b>
<b>2019</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(27)	0	27	0
<b>Financial liabilities</b>				
Derivatives	(832)	0	804	0
<b>Total sensitivity</b>	<b>(859)</b>	<b>0</b>	<b>832</b>	<b>0</b>

# Notes to the financial statements for the year ended 30 June 2020

## Note 27 – Financial instruments

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### Explanation of interest rate risk 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%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -50bps/+100bps (2019: -50bps/+50bps).

## Note 28 – Major variance explanations

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Explanations for major variations from the Council's budget figures in its 2019/20 Annual Plan are as follows:

### Statement of comprehensive revenue and expense

#### Rates revenue

Rate revenue is higher than that budgeted by \$1.1m. Water rate revenue is higher than budget by \$0.7m. This can be attributed to higher demand for water throughout the financial year. The drought faced by the Hauraki Plains also saw an increase in the water consumed by livestock throughout this period.

#### Subsidies and grants

Revenue is higher than that budgeted by \$1.7m. Council received \$0.8m of unbudgeted capital grants from the Ministry of Business, Innovation and Employment for the P2K section of the Hauraki Rail Trail and the low-pressure pumps and pipeline for the Karangahake George wastewater disposal project. Subsidy income was higher than anticipated due to an omission of \$0.9m of roading subsidy income from the annual plan due to a calculation error within the annual plan workbook. This error has since been corrected.

#### Other revenue

Other revenue is \$0.5 million greater than that originally budgeted due to Council an unbudgeted gain on the disposal of Council land assets and inventory items of \$0.2m. Vested assets were also double of that originally budgeted, which we resulted in a further \$0.3 million worth of revenue. Vested assets were higher than that budgeted due to more development occurring in the district than that originally forecasted.

#### Personnel costs

Personnel costs are higher than anticipated by (\$2.9 million) due to more staff members being employed by Council than that originally budgeted. To enable Council to achieve its capital works programme in a timelier manner it was decided to implement a project management office within Council. This, along with additional staff in our technology, construction and maintenance business units are required in order to improve delivery on Council's capital works programme as well as lessening Council's reliance on external providers in this area.

#### Depreciation and amortisation expense

Council's depreciation expense is higher than that budgeted by \$1.2m. This can be attributed to an increase in the annual depreciation charge on pavement structures within the land transport activity. This change in value is due to a decrease in the useful life of pavement structures from 130 to 20 years. This change in the depreciation rate was done as part of the revaluation of Council's roading assets. It was identified that assets of this type, on clay soils, have a shorter useful life span than those on a different soil type and as such, the depreciation rate should reflect this shorter life span.

#### Finance costs

Finance costs are less than anticipated by \$0.3 million. Council borrowed less money than that originally budgeted for and at a lesser interest rate. Originally, Council had anticipated borrowing \$53.0m (at year-end)

# Notes to the financial statements for the year ended 30 June 2020

## Note 28 – Major variance explanations

but ended up borrowing only \$44.0m as at 30 June. The money was not borrowed, as the capital expenditure program (including the carry forwards from the previous financial year) was not achieved. Of the \$20.7m budgeted and the \$5.2m earmarked as carry forwards (from the 18-19 financial year) only \$12.4m was achieved.

In addition to this, Council borrowed \$6.0m to ensure it had enough liquidity to deal with any Covid-19 adverse effects and any potential shovel-ready projects.

### Other expenses

Other expenses are higher than that budgeted by (\$3.0 million). This is due to unbudgeted losses on Council derivatives of (\$0.9 million) and on disposals of Council property, plant and equipment (\$2.9 million) and a movement downwards on the fair value of our forestry assets of (\$0.2 million). Operational costs savings of \$1.1 million have offset these losses.

### Gain on property, plant and equipment revaluations

A gain on revaluation was budgeted but the actual asset revaluation movements were higher than budgeted by \$11.7 million. This is mainly attributable to the increase in the value of pavement formation assets within the land transport activity across the district.

## Statement of financial position

### Cash and cash equivalents

Cash and cash equivalents are higher than that budgeted by \$7.2 million. The majority of the movement between actual and budget relates to the \$6m borrowed in order to provide liquidity to Council during COVID-19. Council borrowed this money to undertake shovel ready projects immediately upon lockdown being lifted. Council envisioned that these capital work programmes would help stimulate the local economy. Council also thought it prudent to borrow for any potential drop in revenue due to affordability issues of its ratepayers and due to the closure of its revenue gathering facilities during lockdown.

In addition to this, rate revenue was higher than that budgeted and interest costs under budget due to interest rate reductions.

### Receivables

Receivables are \$1.3 million greater than that budgeted as at June 2020. This is mainly attributable to higher water debtors. The high users did not have their meters read in time for the billing cycle (due to both the Covid-19 lockdown and some external issues experienced by the contracted company). This accounts for \$0.8 million of the movement upwards.

In addition to this, with the drought that plagued the plains, a number of water breaks were located and caused a number of water accounts to be higher than that anticipated. Council is expecting a number of remissions to be processed in the early part of the 2020-21 financial year in relation to this. These breaks, combined with significantly lower cashflows for farmers on the plains, have made it more difficult to pay accounts on time. Council is working with the closely with the ratepayers affected.

### Assets held for sale

Council did not budget for any properties to be held for sale as at 30 June 2020. However, it was deemed that Waikato Regional Council would acquire a Council-owned property on Kaihere Road for drainage purposes following approval by the Council on 30 January 2019. The Council also approved the sale of the premises, as it will provide no future use to the Council. A Whiritoa Beach Road property was also made available for sale during this financial year following Council approval on 14 November 2017.

Both properties account for the \$2.1 million variance against budget.

# Notes to the financial statements for the year ended 30 June 2020

## Note 28 – Major variance explanations

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### **Inventory**

Council had originally budgeted for the value of the 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 \$4.9 million.

### **Forestry assets**

Forestry asset values are \$0.7 million less than that budgeted. The budgeted figure covered 109 hectares of mostly mature trees. However, since then, 11.6 hectares have been harvested. Therefore, the decrease in the value of the forest can be attributed to the change in the physical attributes of the forest, and a decrease in log prices.

### **Property, plant and equipment**

Property, plant and equipment is \$9.8 million higher than that budgeted. The majority of this movement upwards can be attributed to a higher opening forecast balance than that originally anticipated of \$15.9 million. The roading revaluation this year also pushed asset values \$11.7 million higher than that budgeted. These upwards movements were offset by capital additions being less than that budgeted by \$6.6 million and depreciation being higher than that budgeted by \$1.2 million. Depreciation was higher than budget due to a change in the useful lives applied to some pavement assets in the Hauraki District. Land parcels totalling \$5.2 million were also transferred to inventory. Asset disposals of \$4.8 million were not budgeted for, and the majority of the disposals were due to damage sustained to roading surfaces throughout the District because of this year's drought.

### **Payables and deferred revenue**

Payables and deferred revenue are (\$2.9 million) higher than budgeted. Trade payables are \$1.0 million greater than that budgeted and revenue in advance was significantly higher than that anticipated. This is mainly attributable to a rent prepayment received of \$1.8m and more rates and water billings now being on monthly/fortnightly direct debits.

### **Provisions**

The movement in the landfill aftercare provision was \$0.5 million higher than that originally budgeted. The reason for the higher than anticipated movement in the landfill provision is due to the Landfill aftercare present value discount factor decreasing from 5% to 2.6%. The length of aftercare was also reassessed (for all sites) by AECOM and this resulted in an extension of aftercare from 10 years to 30 years (for most sites).

### **Borrowings**

Borrowings are lower than that budgeted by \$9.0 million. This can mainly attributed to Council not completing its capital works programme in the 2019/20 financial year. The planned capital works programme was \$26 million and only \$12.4 million was achieved.

### **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 (\$2.5 million) over budget.

# Our service providers

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We are required under the Local Government Act 2002 to include information in our annual report on Council-Controlled Organisations (CCOs) in which we are a shareholder. In accordance with Schedule 10, clause 28 of the Local Government Act 2002, the following section includes:

- identification of the CCOs relevant to the Hauraki District Council
- a report on the extent to which our significant policies and objectives in regard to ownership and control of the organisation (as set out in the relevant long term plan or annual plan) have been implemented or attained in the year to which the report relates
- a comparison between the nature and scope of the activities intended to be provided by the organisation in 2019/20 and the nature and scope of the activities actually provided by the organisation in that year
- a comparison between actual performance and the key performance targets as detailed in the Long Term Plan, by which performance is to be assessed.

We are a shareholder in two CCOs being the Waikato Local Authority Shared Services Limited (WLASS) and New Zealand Local Government Funding Agency Limited (LGFA).

We are also a shareholder in three council organisations that are currently exempt from the full reporting requirements of a CCO. These are therefore not included in this annual report. These organisations are Destination Coromandel Trust, Hauraki Rail Trail Charitable Trust and Martha Trust. We are also a shareholder of a fourth organisation, Civic Financial Services Limited, which is exempt from being a CCO under the Local Government Act, 2002.

We have no significant policies or objectives about the ownership and control of Waikato Local Authority Shared Services Ltd or New Zealand Local Government Funding Agency Ltd. Appointment of directors to these organisations is made in accordance with our Appointment of Remuneration and Directors Policy. This can be viewed on our website <https://www.hauraki-dc.govt.nz/our-council/policies/>

## Waikato Local Authority Shared Services Limited (WLASS)

In December 2005 the local authorities in the Waikato Region established Local Authority Shared Services Limited (WLASS) as a company and a Council-Controlled Organisation (CCO), for the purpose of working closely together on mutually beneficial joint projects to achieve better outcomes and cost savings for shareholders.

### Shareholders

WLASS is jointly owned by the 12 local authorities of the Waikato Region. Each local authority owns an equal number of shares in WLASS. The local authorities are: Hamilton City Council, Hauraki District Council, Matamata-Piako District Council, Otorohanga District Council, Rotorua Lakes Council, South Waikato District Council, Taupō District Council, Thames-Coromandel District Council, Waikato District Council, Waikato Regional Council, Waipa District Council and Waitomo District Council.

### Council Policies and Objectives relating to WLASS

The Council does not have any significant policies or objectives about ownership and control of WLASS. Council has an Appointment and Remuneration of Directors for Council Organisations Policy in place.

### Objectives of Company

The objectives of WLASS are:

- Enable the Waikato Councils to collectively be more effective as a region on the national stage;
- Contribute to building central government's confidence in the Waikato region, and to encourage central government investment;

- Achieve effectiveness and efficiency gains;
- Reduce duplication of effort and eliminate waste through repetition;
- Make it easier for customers to engage with Councils in the Waikato region;
- Promote and contribute to the development of best practice; and
- Promote business transformation to improve customers' experiences.

## Employees and Board members

The company has a part-time Company Administrator, a full-time Chief Executive and Business Analyst. This is the first year that reflects WLASS having employees and the transformation of the company into a service delivery agent.

The WLASS Board includes the following members:

- An independent Chair; and
- Shareholding Council representation, comprising:
  - one appointed by Waikato Regional Council;
  - one appointed by Hamilton City Council;
  - one appointed by the Waikato and Waipa District Councils;
  - one appointed by the Thames-Coromandel, Hauraki and Matamata-Piako District Councils; and
  - one appointed by the Otorohanga, Waitomo, South Waikato, Taupo and Rotorua District Councils.

## Nature and scope of activities

The 12 major initiatives operating under the WLASS umbrella are:

- Shared Valuation Data Service
- Road Asset Technical Accord
- Waikato Regional Transportation Model
- Waikato Building Consent Group
- Future Proof
- Regional Infrastructure Technical Specifications
- Energy management
- Procurement
- Historic aerial photos
- Waikato Regional Aerial Photography Service
- Aligned resource consent planning
- Local government contract health & safety pre-qualification

## Performance of WLASS in 2019/20

The performance targets as outlined in the 2019/20 Statement of Intent, and the results, are as follows:

Target	Measure	Outcome
<b>Procurement</b> Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.  <i>Method: Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</i>	New suppliers are awarded contracts through a competitive tender process.	<b>Achieved:</b> Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year). For substantial contracts (e.g. LiDAR, insurance and risk management services, Professional Services Panel), a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.
	Professional Services Panel contracts are successfully negotiated.	<b>Achieved:</b> Contracts have been negotiated on time with the panel in place from 1 August 2019, as planned.



Target	Measure	Outcome
<p><b>Collaborative Projects</b> Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p> <p><i>Method: The focus is on shared services which will benefit all councils.</i></p>	<p>A minimum of six priority projects for collaboration are identified per annum.</p>	<p><b>Achieved:</b> A new Professional Services Panel was established from 1 August 2019 with eight councils participating (previously four).</p> <p>Five priority projects to develop opportunities were approved by the Board in November and development of the opportunities commenced prior to year-end.</p> <p>The legal services group is also in early deliberations on a joint procurement for a tool to support legislative compliance.</p> <p>The Coordinated Infrastructure Procurement project was approved by the Board and recommendations from that project made to the Board in June.</p> <p>The business case to expand RATA into waters asset management services was approved by the Board in July last year. The Waters Lead Manager has since been appointed.</p> <p>The business case for Waikato OneView was approved by the Board in November last year. Due to capacity constraints the Board agreed to defer commencing the project until July 2020.</p>
	<p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p><b>Achieved:</b> The development of any opportunity is subject to a phased approach involving discovery (validating why we would investigate the opportunity, or the problem being solved), opportunity assessment (a light business case), and business case (if required). The Board approves each phase before progression to the next stage.</p>
	<p>Savings to Councils identified in developed business cases exceeds \$300k.</p>	<p><b>Achieved:</b> Business cases or opportunity assessments delivered during the period related to:</p> <ul style="list-style-type: none"> <li>■ RATA – Waters collaboration:</li> <li>■ Benefits are not quantified but based on investment objectives they are considered substantial</li> <li>■ Waikato OneView: From surveys undertaken, users of OneView estimate that it will save them time, conservatively estimated at ~\$500k p.a. – which should translate to reduced fees to councils. In addition, it is estimated that there will be software savings of ~\$20k p.a. and council staff time would reduce because users will be better equipped to 'self-serve'</li> <li>■ Coordinated Infrastructure procurement: The case notes that if 0.5% of infrastructure spend is achieved from the project outcomes sought, that will represent a saving of ~\$1m+ p.a.</li> </ul>

Target	Measure	Outcome
		<ul style="list-style-type: none"> <li>Building Consent Shared Services: The discovery report presented to the Board in May 2020, estimates savings (in time and cost) of \$1.75m p.a.</li> </ul>
<b>Existing WLASS Contracts</b> Existing contracts are managed and renegotiated as required.  <i>Method: Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</i>	The WLASS Contracts Register is maintained and managed.	<b>Achieved</b>
	Contracts which are due for renewal are either renegotiated (where it makes commercial sense to continue with the current supplier) or re-tendered through a competitive process.	<b>Achieved:</b> Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year. For substantial contracts (e.g. LiDAR) a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.
<b>Cost Control</b> Administration expenditure shall be managed and monitored.  <i>Method: The Financial Accountant and Chief Executive review expenditure monthly.</i>	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	<b>Achieved:</b> Company administration costs exceed the 2020 budget by ~8% (\$47k). This excess is being met by funds available from the prior year. It principally reflects: <ul style="list-style-type: none"> <li>recruitment fees relating to the Board Chair (originally budgeted for in FY19) and the Executive Assistant (EA);</li> <li>salaries associated with increasing the EA role to a full-time position; and</li> <li>professional fees to progress the digital strategy.</li> </ul> Each of the above has been approved by the board.
<b>Reporting</b> Six monthly reports provided to Shareholders.  <i>Method: The Chief Executive prepares a written report for the WLASS Board every meeting.</i>  <i>A Half-yearly and Annual Report are prepared for shareholders.</i>	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months. Every second report shall be the Annual Report.	<b>Achieved</b> The 2019 Annual report was prepared and provided to shareholders in September 2019. The Half-yearly report was delivered in February 2020.
<b>SVDS</b> The SVDS is reliable, well maintained and available to all users.  <i>Method: A Contract Manager is appointed for SVDS.</i>  <i>The Contract Manager monitors performance of the contractors</i>	The SVDS is available to users at least 99% of normal working hours.	<b>Achieved:</b> the SVDS has been available 99.95% for users during normal business hours.
	The SVDS Advisory Group meets at least 6-monthly.	<b>Achieved:</b> Four meetings held in August, November, March and June.
	The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.	<b>Achieved:</b> Accepted by the Advisory Group on 5 March 2020.

Target	Measure	Outcome
<p>and reports quarterly to the SVDS Advisory Group.</p> <p>Risks associated with the SVDS are well managed.</p>		
<p><b>Insurance</b> Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p> <p>Method: The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>	<p><b>Not measured:</b> Formal feedback from shareholders by way of annual survey is not being undertaken this year and therefore we are unable to measure performance against this measure. WLASS notes however that the collaborative insurance programme continues to deliver significant benefit to councils. Premium savings are estimated at \$1m- \$1.5m per annum. During the year, insurance and risk management services retendered with Aon re-appointed as the successful participant.</p> <p>The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.</p>
	<p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>	<p><b>Not measured:</b> Refer comment above.</p>
<p><b>RATA</b> Deliver better data for decision making across the Waikato Region, enabling more consistent best practice</p> <p>Method: Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</p> <p>Data supplied by contractors is of good quality and meets all of the participating councils' requirements.</p>	<p>Reports are presented to stakeholders in October/January/ April and July each year.</p>	<p><b>Achieved:</b> All reports supplied to stakeholders. Improved reporting through Power BI was successfully trialled.</p>
	<p>Reports on progress presented to WLASS Board as at 30 December 2019 and 30 June 2020.</p>	<p><b>Achieved:</b> Reports to WLASS Board presented to required deadlines.</p>
	<p>All data are reviewed for compliance and all good practice requirements are met.</p>	<p><b>Achieved:</b> All data received was reviewed for quality requirements and approved.</p>

Target	Measure	Outcome
	Procurement of services complies with WLASS and NZTA's procurement requirements.	<b>Achieved:</b> Procurement of services is in line with WLASS procurement policy and NZTA requirements.
<p>Lead engagement and increase capability within the sector</p> <p><i>Method: Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</i></p> <p><i>Leadership: Lead engagement and increase capability within the sector.</i></p>	Present to a national conference on RATA innovations at least once per year.	<p><b>Not achieved:</b> RATA presented the Waters Collaboration business case to the Mayoral Forum in August 2019.</p> <p>However, conferences were delayed due to COVID-19. An application to the WaterNZ conference has been submitted for a poster presentation in August 2020.</p>
	At least two RATA guidance documents detailing good practice are produced each year.	<p><b>Achieved:</b> Issues and Options report prepared for Traffic management Coordinators investigating operational improvements.</p> <p>Stock Underpass business case investigated improvements for management of the assets across the region.</p> <p>RATA is supporting Waters Collaboration investigation work for seven participating councils. This is ongoing.</p>
	RATA Forums are held 2-monthly to share learnings and experience.	<b>Not achieved:</b> RATA forums were significantly disrupted during the financial year with the departure of the previous RATA Manager and the COVID-19 lockdown. These have now recommenced.
<p><b>WRTM</b></p> <p>The WRTM is reliable, well maintained and available to all users.</p> <p><i>Method: RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group).</i></p> <p><i>RATA reports quarterly to the WRTM Project Advisory Group.</i></p>	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget	<b>On track:</b> Stantec continues to provide Service Reports. Ad hoc reporting is provided as requested.
	A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.	<b>Achieved:</b> Report for the six months to 30 June 2020 is being prepared. The report to 31 December 2019 was presented to the board meeting in February 2020.
	The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	<b>Achieved</b> Model complies with guidelines but there are issues with modelling accuracy in some areas. Development of business case is underway to consider upgrading the model.

Target	Measure	Outcome
<p><b>Waikato Building Consent Group</b> Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p> <p><i>Method: Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</i></p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <p>Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons.</p>	<p>The activity of the Waikato Building Consent Group has been heavily impacted throughout the year by a lack of resource (refer commentary under "Key Achievements" section above) and more recently, the WLASS Building Consent Shared Services (BCSS) project.</p> <p><b>On track:</b> Thames-Coromandel, Waipa and Waitomo DCs have successfully implemented the preferred online Alpha One System. Matamata-Piako DC is transitioning to Alpha One in July 2020 and Hauraki DC in September 2020.</p> <p>Hamilton CC and Waikato DC will initiate a transition plan for implementation in the 2021/22 financial year. Otorohanga DC are not planning on changing to Alpha One.</p> <p>The Build Waikato website redesign has been put on hold until a clear direction from the BCSS project is reached. This decision was made to avoid costs being incurred on the redesign which may quickly become redundant.</p>
	<p>People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11.</p>	<p><b>On track:</b> WLASS has completed discovery work on a collaborative cadet programme. Discovery has highlighted that the immediate benefits of such a scheme are minimal until the BCSS project outcomes are clear. Councils agreed that the post-COVID environment has produced a level of uncertainty in the next financial year as to building consent numbers which may impact on the success of any programme. Such a programme is being considered as part of the BCSS project.</p>
	<p>Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys.</p>	<p><b>On track:</b> There have been successful IANZ audits with good feedback on the cluster QA overall. A new Quality Assurance Coordinator has been appointed and work will commence in the next twelve months on the quality manual and internal audit regime.</p>
	<p>Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection.</p>	<p><b>Partially achieved:</b> This is an area requiring continuous improvement. The Technical Committee is continuing to work on consistency across councils on RFI's to improve the customer experience. The BCSS project also has this work in scope.</p>

Target	Measure	Outcome
	Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes.	<b>On track:</b> Submissions are made when appropriate. Importantly, engagement with Central Government (MBIE) has been targeted and is improving.
<i>Method: Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.</i>	There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:  Full participation in WBCG projects and programmes	<b>Achieved:</b> Good participation of all in projects when required but an area where we strive for continuous improvement.
	Audits demonstrating implementation and compliance with the agreed QA systems	<b>Achieved:</b> Audits are demonstrating compliance with QA systems.
	Consistency in service delivery, measured by customer surveys	<b>Not measured:</b> No customer survey was undertaken this year. However, customers were engaged as part of the discovery phase of the BCSS project, which reinforced that consistency could be improved. Customers are being engaged via a stakeholder reference group as part of that project which has improving "customer experience" as a critical success factor.
	Risk management is visible through regular reviews of the Risk Register.	<b>On track:</b> Risk register implemented and reported on quarterly to Advisory Group
	All funding requirements are met by each of the participating councils.	<b>On track:</b> All funding commitments met.
	Minimum of two reports presented to the WLASS Board on the Group's activities.	<b>Achieved:</b> Reporting on performance measures received and presented to board as part of the annual report. In addition, the Advisory Group Chair has provided the Board with verbal updates on progress recruiting a new group manager (which has now occurred). Monthly reporting to the WLASS CE on delivery of the annual workplan, a summary of which is included in the monthly portfolio reporting to board.
	<b>Future Proof</b> Planning for growth in the sub-region is co-ordinated and collaborative.	Phase 2 of the Future Proof Strategy is adopted by the Future Proof

Target	Measure	Outcome
<p><i>Method:</i> Joint preparation and input into Phase 2 of the Strategy update</p>	Implementation Committee no later than December 2020.	H2A. Work has commenced again on Phase 2. It is anticipated that a draft will be completed early 2021.
<p>The Future Proof budget is well managed and monitored.</p> <p><i>Method:</i> Bi-monthly reports presented to the Future Proof Chief Executives Advisory Group, and six monthly and annual reports to the WLASS Board.</p>	The overall Future Proof work programme is delivered within the approved budget.	<b>Achieved:</b> the Future Proof work programme to end June 2020 was on budget; however several line items were significantly over budget due to high activity associated with the H2A. This was balanced by unspent items. Government funding for the Sub-Regional Three Waters Study has not yet been successful.
<p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p> <p><i>Method:</i> Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</p>	Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.	<b>Achieved:</b> Future Proof has lodged 11 submissions over the past 12 months
<p><b>Shareholder Survey</b> Shareholders are satisfied with the performance of WLASS.</p> <p><i>Method:</i> An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.</p>	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	<b>Not achieved:</b> The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.
<p><b>Review of Benefits</b> Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p> <p><i>Method:</i> The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p>	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	<b>Achieved:</b> WLASS achievements are included in the half-yearly report and in the 2019 Annual Report.
	The WLASS website is regularly maintained and updated.	<b>Not achieved:</b> Some, but not all areas of the website have been updated. This remains a work in progress. We are also working on enhancing the WLASS website to include additional information for councils on what the company is doing.

## New Zealand Local Government Funding Agency (LGFA)

The New Zealand Local Government Funding Agency Ltd (LGFA) specialises in funding the New Zealand local government sector, the primary purpose being to provide more efficient funding costs and diversified funding sources for New Zealand local authorities. LGFA was established to raise debt on behalf of local authorities on terms that are more favourable to them than if they raised the debt directly.

New Zealand Local Government Funding Agency Limited (LGFA) was enabled under the Local Government Borrowing Act 2011 and was incorporated on 1 December 2011. LGFA is a Council-Controlled Organisation (CCO) operating under the Local Government Act 2002.

### Shareholders

The LGFA Board is responsible for the strategic direction and control of LGFA's activities. The LGFA Board of Directors comprises of five independent and one non-independent directors appointed by the shareholders. Additionally, the Shareholder's Council comprises five to ten appointees from the Council Shareholders and the New Zealand Government.

### Council Policies and Objectives relating to LGFA

The Council does not have any significant policies or objectives about ownership and control of LGFA. Council has an Appointment and Remuneration of Directors for Council Organisations Policy in place.

### Objectives of Company

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities, including:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Offering short and long-term borrowings with flexible lending terms;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Being the debt funder of choice for New Zealand local government.

### Nature and scope of activities

LGFA raises debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency, and provides debt funding to New Zealand local authorities that enter into all the relevant arrangements with it and comply with the LGFA lending policies. LGFA may undertake other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, their business.

### Performance against primary objectives

The following gives a summary of actual performance against the primary objectives that were outlined in the 2019/20 Statement of Intent (SOI). This information is as reported in the LGFA 2020 Annual Report. For detailed information on the LGFA performance results, see its Annual Report, published on the LGFA website: [www.lgfa.co.nz](http://www.lgfa.co.nz)

Objective:	Result:
<b>1. Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;</b>	LGFA lending base margins are 20 basis points (bps) for all borrowing terms between May 2021 and April 2033 following an increase of 10 bps in March. We had previously reduced margins in June 2018 but in March the LGFA Board increased these following its biennial Capital Structure Review. The base margin charge covers our operating costs and provides for our capital to grow in line with the growth in our balance sheet to maintain a satisfactory capital buffer. There is an additional



Objective:	Result:
	<p>credit margin added to the base margin depending upon whether a council has a credit rating or is a guarantor or not a guarantor.</p> <p>Our estimated annual savings to councils are between -4 bps and 10 bps depending upon the term of borrowing. These estimates are based upon the secondary market levels at 30 June 2020 of LGFA bonds compared to bonds issued by Auckland and Dunedin councils. A cautious approach needs to be taken in drawing conclusions from the data as it is based upon an implied level in the secondary market and not on actual issuance costs. LGFA is a constant issuer of debt and the size of debt tranches are also an important factor e.g. the Dunedin 2021 bond has \$70 million on issue compared to \$1.55 billion of the comparable LGFA bond. Borrowing margins of all issuers have narrowed over the past quarter but LGFA borrowing margins have moved less than other borrowers due to our large volume of issuance.</p>
<p><b>2. Offering short and long-term borrowings with flexible lending terms</b></p>	<p>Councils can access flexible lending conditions by using LGFA's short-term lending and term lending products. Short-term lending is for loans between 30 days and 364 days while term lending is where councils can borrow for any term between one year and the longest-dated LGFA bond maturity on any drawdown date. Therefore, council members can borrow for terms ranging from 30 days to almost 13 years at any time they wish to draw down.</p> <p>Over the 12-months ended 30 June 2020:</p> <ul style="list-style-type: none"> <li>■ 53 councils borrowed a total of \$2.33 billion over 205 individual loans (excluding short-dated borrowing).</li> <li>■ The average borrowing term for the year was 5.4 years, compared with 6.0 for the previous 2018-19 year.</li> <li>■ 78% of term loans were issued on a floating rate basis, with the remaining 22% issued on a fixed rate basis.</li> <li>■ Short-term borrowing by councils has been well received with loan terms of between one and 12-months. As at 30 June 2020, there were \$315.5 million of short-term loans outstanding to 27 councils.</li> </ul>
<p><b>3. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice</b></p>	<p>LGFA issued a record \$2.90 billion bonds over the 12-months to June 2020, with eight tenders and two syndications.</p> <p>Activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors) during the year totalled \$12.54 billion, compared with \$8.73 billion for the 2018-19 year. There was \$2.91 billion of primary issuance and an estimated \$9.63 billion of secondary market activity in LGFA bonds over the 12-months.</p>
<p><b>4. Being the debt funder of choice for New Zealand local government</b></p>	<p>Our estimated market share of council borrowing for the rolling twelve-month period to 30 June 2020 was 86%, which compares favourably to the historical average since 2012 of 74%.</p> <p>We survey our council members each year and the latest stakeholder survey result in July 2019 was a 100% positive response to the question "How would you rate LGFA in adding value to your borrowing requirements?" We also received a 99% positive response to the question "How satisfied are you with the pricing that LGFA has provided to your Council?"</p>
<p><b>5. LGFA will monitor the quality of the asset book so that it remains of a high</b></p>	<p>Although travel restrictions due to the COVID-19 lockdown restricted our ability to meet with councils during the final quarter of the year,</p>

Objective:	Result:
<p><b>standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes:</b></p> <p><i>i. LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis.</i></p>	<p>LGFA conducted 38 visits to 31 different councils over the 12-month period to June 2020 to discuss their financial performance and any developments with the underlying council operations.</p> <p>By 30 November each year, member councils are required to complete an annual compliance certificate in relation to their 30 June financial statements.</p> <p>Annual compliance certificates were completed by council members in 2019 and all councils were compliant with the financial covenants as at June 2019.</p>
<p><i>ii. Implement the changes to the Foundation Policies that were approved at the November 2018 AGM to allow for lending to Council Controlled Organisations (CCOs). Changes to operational policies and practices need to ensure that no additional risk is borne by lenders, guarantors or the Crown</i></p>	<p>Shareholders approved the changes to the Shareholder Agreement, Notes Subscription Agreement (NSA), Multi Issuer Deed (MID) and Guarantee and Indemnity Deed (GID) and Foundation Policies to allow for lending to CCOs and to offer standby facilities. The Borrower Notes percentage will also rise from 1.6% to 2.5% of a council's borrowings from July 2020 to assist with improving LGFA's capital position. It is planned to commence lending to CCOs and offer standby facilities in the 2020-21 year.</p>
<p><i>iii. LGFA will analyse finances at the Council group level where appropriate and report to the Shareholder Council and shareholders as to which Participating Local Authorities are measured on a group basis.</i></p>	<p>LGFA reviews council agendas and management reports on an ongoing basis for councils on the LGFA borrower watch-list. No council has yet to request to LGFA that they be measured on a group basis.</p> <p>LGFA completed work on credit default assessment analysis of its member councils in conjunction with adopting IFRS9 for accounting purposes.</p>
<p><b>6. LGFA will take a proactive role to enhance the financial strength and depth of local government debt market and work with key central government and local government stakeholders on sector and individual council issues</b></p>	<p>Over the course of the year, LGFA management met with the Treasury, Reserve Bank of New Zealand, OECD and Department of Internal Affairs to discuss local government sector issues.</p> <p>LGFA hosted its annual Shareholder Borrower Day in August 2019 and staff attended the LGNZ conference, Infrastructure NZ Building Nations Symposium and SOLGM Annual Summit.</p> <p>LGFA continues to assist the sector and their advisers in finding ways for the Company to play a supporting role in providing solutions to off balance sheet financing for councils. We are currently providing technical input into the Cameron Partners Ratepayer Financing Scheme (RFS).</p> <p>LGFA has been a member of the Department of Internal Affairs-led workstream on assessing the impact of COVID-19 on council finances.</p> <p>A Special General Meeting (SGM) of shareholders on 30 June 2020 passed a resolution to relax the Net Debt / Total Revenue covenant within the Foundation Policies for those councils with a minimum credit rating of 'A'. Effective from 1 July 2020, the change was made to allow councils some additional financial flexibility in dealing with the COVID-19 crisis and to allow councils to co-invest alongside Central Government to pursue an infrastructure-led growth recovery response to the crisis. LGFA assessed the impact on guarantors to be negligible and consulted with stakeholders including investors, banks and credit rating agencies.</p>

## Performance targets

2019-20 performance targets	Target	Result for 12-month period to 30 June 2020	Outcome
Net interest income for the period to 30 June 2020	Greater than \$17.9 million	\$18.2 million	✓
Annual issuance and operating expenses (excluding AIL) for the period to 30 June 2020	Less than \$6.30 million	\$6.26 million	✓
Total lending to Participating Local Authorities at 30 June 2020	At least \$9,792 million	\$10,899 million	✓
Conduct an annual survey of councils who borrow from LGFA	Achieve at least an 80% satisfaction score for the value added by LGFA	100%	✓
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements			✓
Achieve 75% market share of all council borrowing in New Zealand		86%	✓
Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually			X
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015			X
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due			✓
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency			✓

# Martha Trust

## Introduction

The Martha Trust (the Trust) was established in 2001 by a joint venture known as the Waihi Gold Company, setting the sum of \$10 to create the trust fund. The main purpose of the Trust is to monitor and maintain in perpetuity the tailings storage areas and mine pit lake so it can be used for recreational or leisure purposes by the general public following completion of mining and closure of the site.

## Exemption of Martha Trust as a CCO

The Local Government Act 2002 (LGA) section 7(3) provides for the exemption of a small organisation that is not a council controlled trading organisation from being a CCO and from the accountability requirements of the LGA. The Martha Trust was exempted from being a CCO by resolution of the council in May 2007. This exemption was reconfirmed by the council in May 2019.

It is not practical for accountability requirements and performance monitoring of the Martha Trust to take place until such a time as it becomes operative, therefore by granting an exemption the council has provided a dispensation from any form of accountability and monitoring processes.

In accordance with section 7(3) of the LGA, the exemption of the Martha Trust as a CCO was reviewed at the February 2018 Finance Committee meeting due to it being three years since the last exemption was granted. The Finance Committee granted another exemption and resolved that the exemption is reviewed and reassessed either when the mine closes or on the receipt of further funds and at least within three years from granting the second exemption.

## Trust

In April 2019 a capital sum of \$50,000 was settled on the Trust by the Settlor. This had the effect of activating the Trust. Although the supporting mechanisms of the Martha Trust exist, such as the governance structure and bond, the Trust will not become a fully operative entity until such time as the closure and rehabilitation conditions are achieved.

# Related Documents

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## Liability and Investment Policy

### Background

The Liability Management Policy addresses a number of key objectives, including those required to address legislative requirements. The Liability Management Policy outlines the Council's objectives for prudence, flexibility and risk in three principle areas; liquidity and funding risk, interest rate risk, and credit risk. The Policy details Council's approach to minimising the total cost of borrowing over the medium to longer term.

The Investment Policy sets the parameters which investment activity can occur with approved organisations for investments, and the type of approved investment vehicles. The mix of investments between current and non-current is determined according to Council's working capital needs. The purpose of the policy is to ensure that Council's investments are managed prudently, within prescribed risk levels and they are set to mature at the appropriate time to match cash flow requirements.

### Overall Results

There have been no significant variations or material departures from the Council's Investment Policy or Liability Management Policy in sufficient degree to give the Council reasonable certainty that obligations under contracts will be performed.

# Appendix 1: Council Committees

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## Committees as at June 2020:

### Paeroa Ward Committee

- Carole Daley (Chair)
- Paul Milner
- Jo Tilsley
- Rino Wilkinson

### Plains Ward Committee

- Ross Harris (Chair)
- Phillip Buckthought
- Rodney Garrett
- Ray Broad

### Waihi Ward Committee

- Anne Marie Spicer (Chair)
- Duncan Smeaton
- Paul Anderson
- Sara-Ann Howell
- Brian Gentil

### Audit and Risk Committee

- Conall Buchanan (Chair, Independent Member)
- Deputy Mayor Paul Milner (Deputy Chair)
- Mayor Toby Adams
- Cr Ross Harris
- Cr Carole Daley
- Cr Duncan Smeaton
- Cr Anne Marie Spicer

### Community Growth Committee

- Cr Ross Harris (Chair)
- Cr Paul Anderson (Deputy Chair)
- Paul Milner
- Toby Adams (Mayor)
- Cr Anne Marie Spicer
- Cr Ray Broad
- Cr Brian Gentil
- David Taipari (appointee)

### Western Plains Drainage District Committee

- Brian Carter (Chair)
- Brian Pirie (Deputy Chair)
- Brian Keane
- Gavin Laurich
- Peter Johnstone
- Patrick Leonard
- Peter Paterson
- Ross Young
- Michael Karl
- Cr Phillip Buckthought (Alternate – Cr Rodney Garrett)

### Eastern Plains Drainage District Committee

- Roger Hunter (Chair)
- Richard Webster
- Andrew Green
- Ted Nicholson
- Kevin Caddy
- Peter Schouten
- Damon Coldicutt
- Kim Reid
- Cr Phillip Buckthought (Alternate – Cr Rodney Garrett)

### Paeroa Rural Drainage District Committee

- Mike Peters (Chair)
- Peter Casey
- Terry Hamilton
- Craig Zydenbos
- Cr Phillip Buckthought (Alternate – Cr Rodney Garrett)

### Taramaire Drainage District

- Stephen Croymans (Chairperson)
- Dennis Thompson (Deputy Chairperson)
- Cr Phillip Buckthought (Alternate – Cr Rodney Garrett)

### **Consultative Committee on Water and Waste (to be formed if required)**

- Cr Ross Harris (Chair)
- Cr Phillip Buckthought (Deputy Chair)
- Cr Duncan Smeaton

### **Councillor Conduct Review Committee**

- Mayor Toby Adams (Chair)
- Deputy Mayor Paul Milner (Deputy Chair)
- Cr Ross Harris
- Cr Anne Marie Spicer

### **District Licensing Committee**

- Cr Paul Milner (Chair)
- Cr Carole Daley (Deputy Chair)
- Committee List Members:
  - Mary Carmine
  - Denis Taylor
  - John Goodman
  - Brent Holmes
  - Ross Murphy

### **District Plan Committee**

- Mayor Toby Adams (Chair)
- Deputy Mayor Paul Milner (Deputy Chair)
- Cr Ray Broad
- Austin Rattray (Commissioner)

### **Emergency Management Committee**

- Cr Phillip Buckthought (Chair)
- Mayor Toby Adams (Deputy Chair)
- Cr Paul Milner
- Cr Rodney Garrett
- Cr Duncan Smeaton

### **Hearings and Judicial Committee**

- Cr Paul Milner (Chair)
- Cr Anne Marie Spicer (Deputy Chair)
- Mayor Toby Adams
- Cr Phillip Buckthought
- Appointed Commissioners:
  - Mary Carmine
  - Gill Leonard
  - Austin Rattray

## **Co-Governance Committees**

### **Ngati Koi Domain Co-Governance Committee**

- Duncan Smeaton - Council representative
- John Tregidga - Council appointee

### **Tauwhare Koiora Reserve Co-Governance Committee**

- Phillip Buckthought – Council representative
- John Tregidga – Council appointee

## **Forums**

### **Te Mana Whenua Forum (membership to be decided at the time of formation)**

- Mayor Toby Adams (Chair)
- Cr Anne Marie Spicer

## Working Parties

### CEO Performance Assessment Working Party

- Mayor Toby Adams (Chair)
- Deputy Mayor Paul Milner (Deputy Chair)
- Carole Daley
- Ross Harris
- Anne Marie Spicer

### Community Housing Working Party

- Carole Daley (Chair)
- Anne Marie Spicer (Deputy Chair)
- Paul Milner
- Ray Broad

### Councillor Remuneration Working Party

- Mayor Toby Adams (Chair)
- Deputy Mayor Paul Milner (Deputy Chair)
- Carole Daley
- Ross Harris
- Anne Marie Spicer

### Councils Organisations Appointment Working Party

- Mayor Toby Adams (Chair)
- Deputy Mayor Paul Milner (Deputy Chair)
- Carole Daley
- Ross Harris
- Anne Marie Spicer

### Property Sale and Purchase Working Party

- Mayor Toby Adams (Chair)
- Paul Milner (Deputy Chair)
- Ray Broad
- Ross Harris
- Carole Daley

### Social Strategy Working Party

- Anne Marie Spicer (Chair)
- Jo Tilsley (Deputy Chair)
- Mayor Toby Adams
- Sara-Ann Howell

### Waste Minimisation Working Party

- Duncan Smeaton (Chair)
- Anne Marie Spicer
- Paul Milner
- Mayor Toby Adams
- Rodney Garrett

### Wharekawa Coast 2120 Joint Working Party

- Mayor Toby Adams (Chair)
- Ross Harris
- Anne Marie Spicer
- 3 Waikato Regional Council Councillors
- 4 Iwi Representatives



## Council Portfolios

Policy	Mayor Toby Adams
RMA and Regulatory Policy	Cr Paul Milner
Finance	Cr Carole Daley Mayor Toby Adams
Property	Cr Ray Broad Cr Carole Daley
Water/Wastewater/Stormwater	Cr Ross Harris Cr Phillip Buckthought
Land Drainage and Flood Protection	Cr Phillip Buckthought Cr Rodney Garrett
Transportation	Mayor Toby Adams Cr Phillip Buckthought
Community Facilities	Cr Anne Marie Spicer Cr Paul Milner
Community Recreation (Sport)	Cr Rino Wilkinson Cr Sara Howell
Iwi	Mayor Toby Adams Cr Anne Marie Spicer
Waste Management	Cr Duncan Smeaton Cr Rodney Garrett
Community Growth	Cr Ross Harris Mayor Toby Adams
Community Initiatives	Cr Jo Tilsley Cr Anne Marie Spicer
Emergency Management	Cr Phillip Buckthought Mayor Toby Adams

# Appendix 2: Report of the Audit Office

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## Independent Auditor's Report

### To the readers of Hauraki District Council's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Hauraki District Council (the District Council). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 26 November 2020. This is the date on which we give our report.

### Opinion on the audited information

#### ***Unmodified opinion on the audited information, excluding the statement of service performance***

In our opinion:

- the financial statements on pages 115 to 120 and pages 122 to 179:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2020;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 121, 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;

- the statement about capital expenditure for each group of activities on pages 30 to 114, 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
- the funding impact statement for each group of activities on pages 30 to 114, 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.

***Qualified opinion on the statement of service performance – our work was limited because the District Council has not been able to report reliably on all performance measures relating to water supply and wastewater***

In our opinion, except for the matter explained in the *Basis for our qualified opinion on the audited information* section of our report, the statement of service performance on pages 24 to 114:

- presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2020, 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.

**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 11 to 23, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

**Basis for our qualified opinion on the audited information**

The District Council included in its Long-Term Plan performance measures on its water supply and wastewater services. As disclosed on pages 25, 48 to 52 and 57 to 61, significant issues were identified in the underlying data supporting the completeness, accuracy and classification of the District Council's performance information for the following measures:

- response times for water supply and wastewater service requests;

- number of unplanned water supply interruptions;
- number of complaints in relation to water supply and wastewater; and
- number and frequency of dry weather wastewater overflows.

Because insufficient reliable evidence was available, our work was limited and there were no practicable audit procedures we could apply to obtain assurance that the reported information fairly reflected the performance against these measures for the year.

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 qualified opinion on the audited information.

### **Emphasis of matter – impact of Covid-19**

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in notes 1, 8, 18 and 28 to the financial statements and throughout the Statement of Service Performance on pages 24 to 114, in particular the impacts of Covid-19 on pages 25 and 26.

### **Responsibilities of the Council for the audited information**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

## **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report.

However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

### **Other information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 10 and 180 to 198, but does not include the audited information and the disclosure requirements.

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

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

### **Independence**

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we carry out a limited assurance engagement related to the District Council's, debenture trust deed and, asset management planning for the Long-term plan, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.



David Walker  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand



## Hauraki District Council Offices

For all customer service enquiries 24 hours a day please telephone 07 862 8609 or 0800 734 834 (from within the District).

Council offices are open from 8:00am to 4:30pm Monday to Friday, excluding public holidays.

### Principal Office, Paeroa

William Street, Paeroa 3600

PO Box 17, Paeroa 3640

Phone: 07 862 8609 or 0800 734 834 (from within the District)

Email: [info@hauraki-dc.govt.nz](mailto:info@hauraki-dc.govt.nz)

Website: [www.hauraki-dc.govt.nz](http://www.hauraki-dc.govt.nz)

### Plains Service Centre

Orchard West Road

Ngatea

### Waihi Service Centre

40 Rosemont Road

Waihi