



ANNUAL REPORT 2019/2020



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Message from the Chief Executive and Mayor | Mai i te Kaiwhakahaere Wahine a Te Meia

Welcome to our 2019/2020 Annual Report

This annual report reflects on the delivery of the second year of the work programme outlined in the 2018-2028 Long Term Plan.

This year we have had mixed results on the delivery of projects. Due to the impact of COVID-19 some were not completed and have been deferred or in some cases stopped.

The year has had some highlights and has challenged the resilience of our staff and our communities. The summer months saw the district in drought, bringing hardship for some and a boom for others as visitors again flocked to our district. We are now living in extraordinary times due to the impact of COVID-19 and are all adapting to the changes we have had to make to the way we work, live and play.

During the past year our Council has focused on maintaining core and critical services and supporting initiatives aimed at helping our economy in the COVID-19 climate.

Activity Highlights

2019/2020 Council set out to complete a comprehensive programme of work which included capital work projects and ensuring the provision of quality core services. COVID-19 emergency saw some of our projects be deferred. Delivering quality core services, like three waters, rubbish and recycling, roads, wharves and boat ramps, parks and reserves is a priority for Council to ensure we can contribute to the wellbeing of our communities. What our services look like and how we performed in detail can be found in the statement of service performance. The following is a snapshot of some of our key services performance.

Water Supply: We supply safe water for our communities. Operating 10 water supply networks which produce 5,923,640 m³ of water a year. The average consumption of drinking water per day per resident was 517 liters. The total pipe length of the districts water supply is 534 kms, servicing 19,709 water connections throughout the district. The continuation of the water treatment plant upgrades saw the completion of the Tairua water treatment plant and work has started at Pauanui. These upgrades will ensure our drinking water quality complies with the current NZ Drinking Water standards. This year we experienced prolonged dry periods and combined with peak populations of approximately 120,00 people, our communities were faced with longer than usual water restriction periods.



Solid Waste: We collect, recycle, recover, and dispose of rubbish and recyclables from households and businesses in the district. The 2019/2020 year we picked up and processed 16,481,620 KG of rubbish. Our solid waste collection experienced significant changes because of COVID-19 and our customers adapted well.



Public Toilets: Successful applications to the Tourism Infrastructure Fund (TIF) enabled us to make upgrades to a number of our 91 public toilets, including Onemana, Whangapoua and Hahei.



Wharves and boat ramps: Council maintains 13 Wharves and jetties and 21 boat ramps. 2019/2020 we made significant upgrades to a number of boat ramps. Robinson road, Royal Billy, pleasant point. Whangapoua. These upgrades have improved safety, accessibility and parking for all users. Successful funding of \$20m from the government's Provincial Growth Fund will go towards the redevelopment of the Sugarloaf Wharf in Coromandel Harbour.

Roads and Footpaths: We maintain 705 kms of roads and footpaths to ensure the provision of safe, effective, and comfortable movement of people and freight within the District. We delivered \$18.2 million in road maintenance and renewal activity with an NZTA subsidy of \$ 10.4 million in 2019/2020. The Coromandel Town Main Street upgrade, to improve traffic flow and the street camber to make parking easier and safer, while protecting buildings verandas has been completed.



Wastewater: We maintain 10 wastewater treatment plants and 134 wastewater pump stations. The Hahei and Matarangi wastewater treatment plants had membrane upgrades to improve functionality and meet resource consent requirements.



COVID-19

Our response to COVID-19 was a big effort made possible by the collaboration with other agencies and planning by our Emergency Management team. Our focus was initially on public health, safety and welfare, providing items like emergency food parcels to over 6,000 people in the Thames-Coromandel District and surrounding areas.

While our normal way of work and play has changed, we will continue to provide support. Our Economic Development team delivered a first phase recovery plan. This focused on connecting small to medium business to other support agencies. Launching a support local campaign and holding online forums to connect and support industries such as construction, hospitality and tourism.

This support continues as we enter phase two of our COVID-19 Pandemic Response Package, which addresses the medium to longer term needs of our local businesses over the next 12 months.

Councillors and staff are now working on the development of the 2021-2031 Long Term Plan. This plan will set out the major projects we propose to do for the next 10 years, and how they are prioritised and funded. Your feedback is important, so please keep an eye out and provide feedback early in 2021.

With the interesting times we've had in the past year, we're prepared to take on all the challenges and opportunities of the next 12 months, to carry on providing our communities with the services they need to enjoy our district, while being as cost-effective as possible.



Sandra Goudie
Mayor



Rob Williams
Chief Executive

Introduction | Whakataki

What is the Annual Report?

In June 2018 the Council adopted its 2018-2028 Long Term Plan. This annual report focuses on the performance measures and levels set as part of the 2018-2028 Long Term Plan and reflects the Council's mission and vision.

For every activity we explain what we did compared to what we said we'd do, what it cost and how we performed against budget:

- to ensure consistent decisions and actions are made across our business
- to show the public what we've achieved, what we haven't achieved and to provide transparency on our decision-making processes
- to be efficient in the way we work – one well thought-out decision in the form of a policy can be applied to many cases, and staff working within the business have a framework to help them get on with the job
- to meet legal requirements.

Council's vision, values and outcomes

Council's vision

We will provide quality services and facilities, which are affordable, and delivered with a high standard of customer service.

We will be a good community citizen through our support of community organisations, economic development and the protection of the environment.

The Coromandel Peninsula is a desirable place to live, work and visit.

Council's values

- Displaying empathy and compassion
- Fiscally responsible and prudent with ratepayers money
- Integrity, transparency and accountability in all our actions
- Treating all employees fairly and evenly in accordance with good employer practice
- Being a great place to work where staff are inspired to be the best they can
- Working with and having meaningful and on-going consultation with all of our communities
- Creating strong partnerships with our district's iwi
- Having pride in what we do
- Being a highly effective and fast moving organisation

Council outcomes

On behalf of the Coromandel Peninsula, the Council will aim to achieve:

- A prosperous district - the Coromandel Peninsula has a prosperous economy
- A liveable district - the Coromandel Peninsula is a preferred area of New Zealand in which to live, work and raise a family and have a safe and satisfying life, and
- A clean and green district - the Coromandel Peninsula's natural environment provides a unique sense of place

Activity group relationship to Council outcomes

Activity Group	A prosperous district	A liveable district	A clean green district
Roads and footpaths	▲	▲	▲
Stormwater		▲	▲
Water supply	▲	▲	▲
Wastewater	▲	▲	▲
Rubbish and recycling		▲	▲
Council	▲	▲	▲
Planning and Regulation	▲	▲	▲
Protection of people and the environment	▲	▲	▲
Community spaces and development	▲	▲	▲

Independent Auditor's Report

To the readers of Thames-Coromandel District Council's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Thames-Coromandel District Council (the District Council). The Auditor-General has appointed me, Carl Wessels, 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 12 November 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 55 to 112:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2020; and
 - 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 pages 113 to 122, 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 of service performance on pages 21 to 51:
 - 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; and
 - 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;
- the statement about capital expenditure for each group of activities on pages 113, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 113 to 122, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 15 to 20, 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.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in note 31 to the financial statements and page 21 of the statement of service performance.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our

responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council’s annual plan.

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 performance, 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 5, 11 to 15, 52 to 53, and 123 to 127, 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 have carried out a limited assurance engagement of the parks gardens and open spaces and a limited assurance engagement related to the District Council's Debenture Trust Deed, which are compatible with those independence requirements.

Other than these engagements, we have no relationship with or interests in the District Council.



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

Highlights

We achieved a lot in the 2019/20 year and had some great highlights. These are shared below for each of our activities.

Coromandel-Colville community spaces and development

Remedial works on the Coromandel Wharf were completed including replacement of missing and broken fender piles and re-piling of the Harbour Masters office.

Colville cemetery had a seat refurbished and work continued on the resource consent for the extension of Buffalo Cemetery.

At each entrance of the Long Bay Kauri Walk a kauri dieback boot cleaning station has been installed to raise awareness and help prevent kauri dieback pathogens from spreading. Upgrade works on Tucks Bay track were undertaken.

Mercury Bay community spaces and development

Lees Road in Hahei was widened by 7 m and had 1.5 km sealed prior to Christmas, this is to help with the high traffic volumes during summer with visitors to Hahei accessing Cathedral Cove and Farm Park.

Over \$1 million was secured from the Tourism Infrastructure Fund (TIF), which enabled the extension and sealing of the main car park to Cathedral Cove and Hahei Beach. The project also included safe walking connections from the car park to the beach through Hahei Village, and enabled improvements to wayfinding signage and cultural archways to improve the visitor experience.

Hahei Central public convenience increased from two pans to four pans. Local residents were consulted on their preferred design, which concluded in a colonial designed building, reflecting the village character.

Work was undertaken over summer to provide a state of the art effluent processing facility for the public toilet on the Whangapoua Beach front.

The Whitianga Hall was connected with wi-fi and broken furniture was replaced.

Blackjack Toilets were refurbished, including a new mural being painted on the building.

Mercury Bay Library had an upgrade to the front desk with the installation of a space saving desk.

The Cook Monument was refurbished in October 2019, before the Tuia 250 celebrations.

The Buffalo Beach fitness station project was completed in collaboration with Lions and the Cancer Support Group of Whitianga.

The Taiwawe Track located at Hotwater Beach had the walkway along the stream to the hot pools refurbished.

The Hahei Memorial Garden Trust completed a garden in Kotare reserve with the support of Council.

Natural play structure in the Taylors Mistake walkway completed in collaboration with the Masonic Lodge Whitianga.

Shakespeare Cliff Walkway refurbishment completed.

Tairua - Pauanui Community spaces and development

Design and public consultation work was completed for the Pauanui Skate Bowl upgrade, which is scheduled to be completed before the summer of 2020/2021. This was a collaborative project with the local skate community and contractors.

The old wooden public convenience facility in Te Karo was upgraded and an extra restroom added as a funded project through the Tourism Infrastructure Fund (TIF).

The Royal Billy boat ramp / jetty upgrade was completed and is now fully functional.

Pleasant Point boat ramp has been widened to increase ease of use.

An accessibility path was installed at the Pauanui Surf Club.

Thames community spaces and development

A monument to commemorate the 1769 landing of Captain Cook at the Waihou River was installed on the Hauraki Rail Trail at the Kopu Bridge. The project was joint funded with the Ministry of Cultural Heritage.

The Thames Centennial Pool had new heat pumps installed to replace the wood chip boiler. This will greatly improve the reliability of the pool water temperature. Lighting over the bridge to the Thames Centennial Pool was installed to improve safety after dark.

Improvement works were undertaken at the Thames Airfield including more drainage systems that have helped in keeping the airfield safe and operational. The concrete pad at the fuel pumps was extended which has seen an increase in bigger helicopters coming in to re-fuel and having it used as a staging area for helicopter based rescues.

The Thames Library introduced a "Need a Nerd" service where people can bring their own device and have time with a Librarian for anything to do with technology; including setting up MYIR accounts, learning to use their smartphones, internet banking, family history support and accessing e-books.

Totara Cemetery has had a new soil bin constructed and a new casket berm installed. Currently we are trending at 40% pre-purchase of new plots installed.

Geotech investigations continued at Tararu Cemetery and there were three further burials at the Omaha natural burial garden. Pollen Street rubbish bins were upgraded to create a consistent style and service friendly tilt mechanism. Pollen and Mary street trees given a new artificial surface treatment to help protect the trees and improve the street amenity.

A new wall-mounted drinking fountain and bottle filler was installed at the Thames War Memorial Civic Centre, adjacent to the i-Site entry.

A walking track was upgraded at J.W. Hall Arboretum to protect kauri. A kauri dieback boot cleaning station was also installed at the J.W Arboretum and Karaka Track, to raise awareness and help prevent kauri dieback pathogens from spreading.

Three memorial style park seats were replaced at Thornton Bay and a picnic table donated by the residents was installed to enhance the picnic area.

Whangamata community spaces and development

A new public convenience facility was built at the main beach access car park in Onemana, providing much needed public toilets. The design provides a roof structure that doubles as a bus shelter and it also helped free up space at the Surf Club building so that the Onemana Surf Club could proceed with the refurbishment and extension of their building.

Whangamata wharf repairs are underway with the first stage complete. The work involves repairs to the wharf access bridge and wharf structure.

Whangamata Skate park refurbishment and repairs has been completed.

Wentworth Valley Road sealing has begun and is progressing and planned for completion by December 2020.

A new ashes berm was installed, with 56% of plots used or reserved and further interest in pre-purchase.

Roads and footpaths

Road safety programmes across East Waikato included 208 older drivers taking driver refresher workshops. Fatigue driving presentations up-skilled people on the dangers of driving while fatigued. These programmes are intended to contribute to improving the safety of our roads.

The Lees Road seal extension project, which was completed in December 2019, involved sealing the first 1.6 kilometres from the Hahei Road intersection, constructing a right turn bay on Hahei Road and improving sight distance at the Lees Road/Hahei Road intersection.

Coromandel Town main street upgrade was completed. The upgrade saw an improvement to traffic and pedestrian safety as well as correcting the cross-fall to prevent ongoing damage to building verandas and make parking easier in town.

Stormwater

As part of the Coromandel Main Street road upgrade project we took the opportunity to upgrade the existing stormwater pipe network and install a stormwater quality treatment device to improve the stormwater discharge into the environment.

Wastewater

Consent applications have been submitted for renewal for the Thames, Cooks Beach and Matarangi wastewater treatment plants. All are anticipated to be in place by 31 December 2020.

De-sludging at various ponds has begun. Coromandel and Hahei are complete and Matarangi will be completed by late October 2020.

Water supply

Significant progress has been made with the programme to upgrade ten water treatment facilities across the District. The Tairua plant is now complete. The Pauanui plant is expected to be operational before Christmas 2020 and site works have also started in Coromandel.

Solid waste (rubbish and recycling)

Council continues to deliver solid waste services in line with the the joint Waste Management and Minimisation Plan, in collaboration with Hauraki and Matamata-Piako District Councils.

The peak collection period was delivered well with no significant issues.

The solid waste 10 year contract, initially entered into in 2013, was subject to commercial negotiations and a number of issues in relation to the contract were resolved through that process.

COVID-19 resulted in a significant change in the collection model across the entire district and the community and our contractors responded well to the very short lead in time for the significant service change. Feedback was in the most part positive on the response from Council, to be able to continue collections through the lockdown period.

Grants and remissions

The Community Boards allocated \$164,419.82 in local grants and to community based organisations with projects, activities and events aimed at promoting and developing local communities. These included assistance for local community groups and support for volunteer organisations.

District Plan

There were 72 appeals lodged to the decisions version of the Proposed District Plan in 2016. 51 appeals have been fully settled and 4 appeals have been withdrawn.

The Section 293 Court ordered process on kauri dieback provisions in urban zones continues with preparation occurring for a hearing to be held later in 2020.

Three consent orders remain with the Court to be signed off.

Resource consents

We had 338 resource consent applications during the year compared to 364 lodged over the previous financial year. The average days to process a resource consent is 13.8 working days.

Building control

The Building Consent Authority achieved good results for its audit and maintained its accreditation status. We processed 1,197 building consent applications. 98% were processed within the statutory time-frames. The average working days to issue a building consent was 13 days.

Online consenting allowed for minimal disruptions to lodging and processing of building consents during the COVID-19 lock down.

Community health and safety

The Animal Nuisances Bylaw came into force in October 2019 to help manage the effect of kept animals including bees, pigs and poultry.

Funding received for responsible camping initiatives gave us the opportunity to implement the Responsible Camping Ambassadors programme. Our ambassadors frequented popular freedom camping sites and provided education and advice to campers. The ambassadors were able to provide advice on where to stay and how to camp responsibly.

The Bylaws and Compliance team has again had an increase in requests for service. A big focus for the team was dogs, and this meant we had an increase in registered dogs and successful dog adoptions.

The team took on the role of community ambassadors during COVID-19 alert levels 3 and 4. This involved carrying out rapid response checks across the district to support the Civil Defence team.

The Environmental Health team saw an increase in both food control plans and alcohol licence applications. There was a focus on compliance at licenced premises which saw an increase in alcohol inspections.

Emergency management

The Emergency Management unit has had a very busy year with the Emergency Operations Center being activated six times, five for weather events and one for the COVID-19 response. The COVID-19 response has been ongoing and the established community response readiness highlighted the importance of strong community relationships and community response plans.

Coastal and hazard management

Our Council is proud to be part of the Coastcare partnership, alongside the Waikato Regional Council (WRC) working closely with the Department of Conservation (DOC), iwi and ratepayer groups to protect and restore our coast. During the year we had over 250 volunteers help plant over 35,000 native dune plants into the dunes around the district and geared up to plant the same amount again in the year to follow. Council now has a newly formed and dedicated Coastal Team to continue this great work.

This past year Council carried out dune restoration planting in Opito Bay, Whangapoua, Rings Beach, Wharekaho, Buffalo Beach, Taputapuatea Spit, Cooks Beach, Hot Water Beach, Pauanui and Whangamata.

We successfully completed the erosion protection works located at the western end of the Purangi reserve, Cooks Beach. This work involved applying for resource consents to construct a buried backstop wall and for ongoing beach nourishment. The backstop wall was completed in December 2019 and provides essential protection of the remaining reserve and the underground services that lie behind the wall. The first beach nourishment has been completed in July 2020.

A resource consent application has been lodged with Waikato Regional Council in March 2020 for the installation of three groynes at Flaxmill Bay as a 5 year trial. An investigation has also been completed into a landscaped erosion protection wall for which will be considered as part of the 2021-2031 Long Term Plan and the outcome of the groyne trial.

Economic development

Our Economic Development team has pivoted to supporting the recovery of our local economy due to the impact of COVID-19, while still getting on with our existing actions from our Productivity Plan – with five targeted workstreams

- land productivity
- land-use
- aquaculture
- broadband/roading connectivity
- destination management/tourism.

You can view the productivity plan at <https://www.tcdc.govt.nz/productivityplan>

Some highlights include;

Working with the Coromandel Marine Farmers (CoroMFA) to obtain \$19.95 million from the Provincial Growth Fund (PGF) to redevelop the Sugarloaf Wharf in Coromandel Harbour to increase mussel farming capacity by almost 20,000 tonnes.

Completion of a housing stock take and commercial housing market viability assessment to understand housing issues across the district. <https://www.tcdc.govt.nz/thamesspatialplan>

Hosting the East Waikato Careers and Employment Expo with Matamata-Piako and Hauraki District Councils, Hauraki Maori Trust Board and taking a group of local, artisan food producers to the Auckland Food Show to promote our area as a food trail destination and continuing a support local campaign including local tourism businesses.

Overview of our financial performance

Local Government (Financial Reporting and Prudence) Regulations 2014

Our Long Term Plan sets out our financial strategy, which includes a set of self-imposed financial parameters that guides what we deliver and how we make decisions on funding and expenditure. For further detail about the financial strategy, please refer to our 2018-2028 Long Term Plan. The Local Government (Financial Reporting and Prudence) Regulations 2014 came into force on 1 May 2014. Part 2 of the regulations requires us to disclose in our Annual Report our financial performance in relation to various benchmarks. This section details our performance against the financial parameters that we have set, which includes our performance against the Local Government (Financial Reporting and Prudence) Regulations 2014 prescribed benchmarks.

Annual Report disclosure statement for the year ended 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.

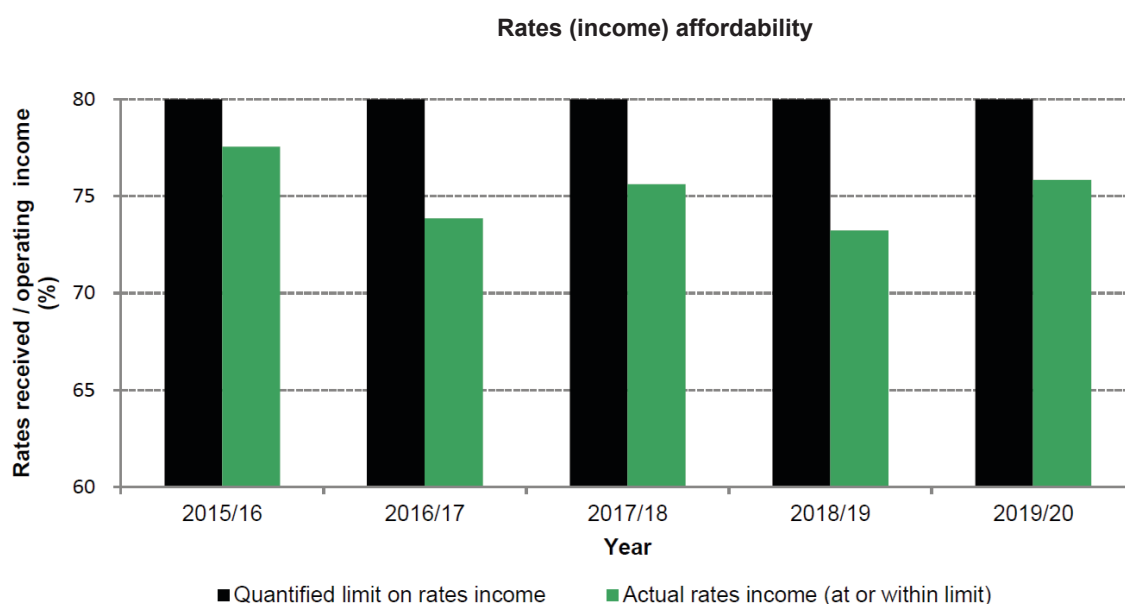
Rates affordability benchmark

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

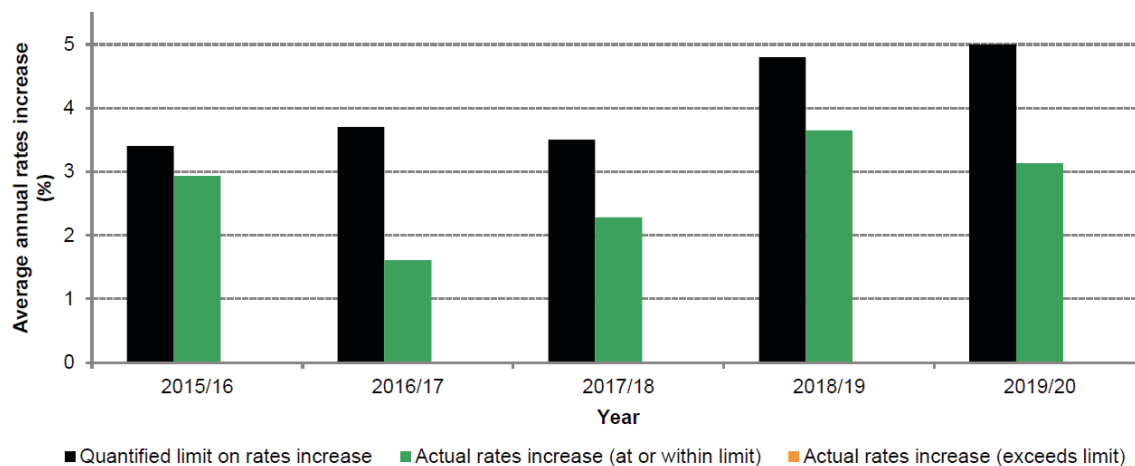
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy within the Council's Long Term Plan. The quantified limit is that rates are capped at 80% of total operating revenue. Council's rates are within the quantified limit.



Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan. The quantified limit is that rates will increase by no more than Local Government Cost Index (LGCI) plus 2%. Council's rates are within the quantified limit.

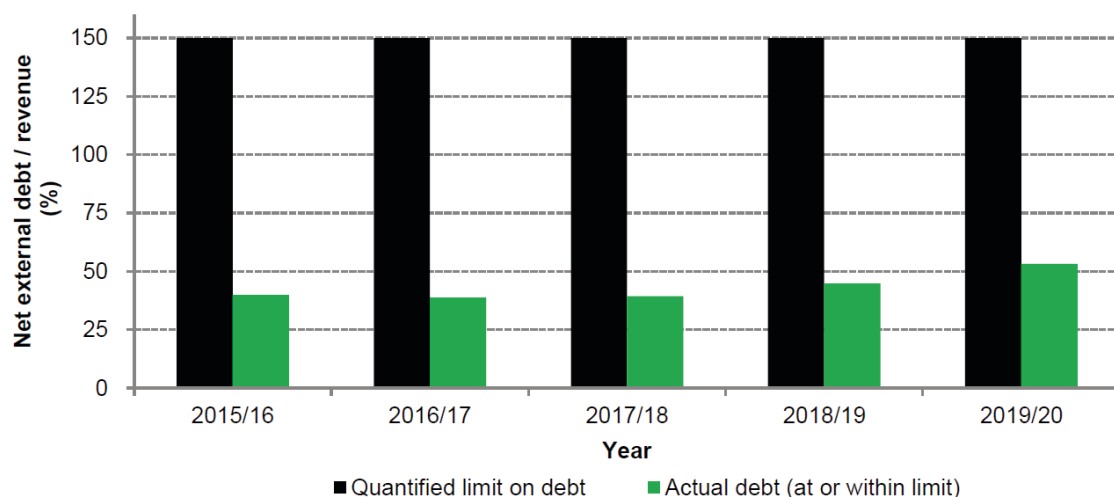
Rates (increases) affordability



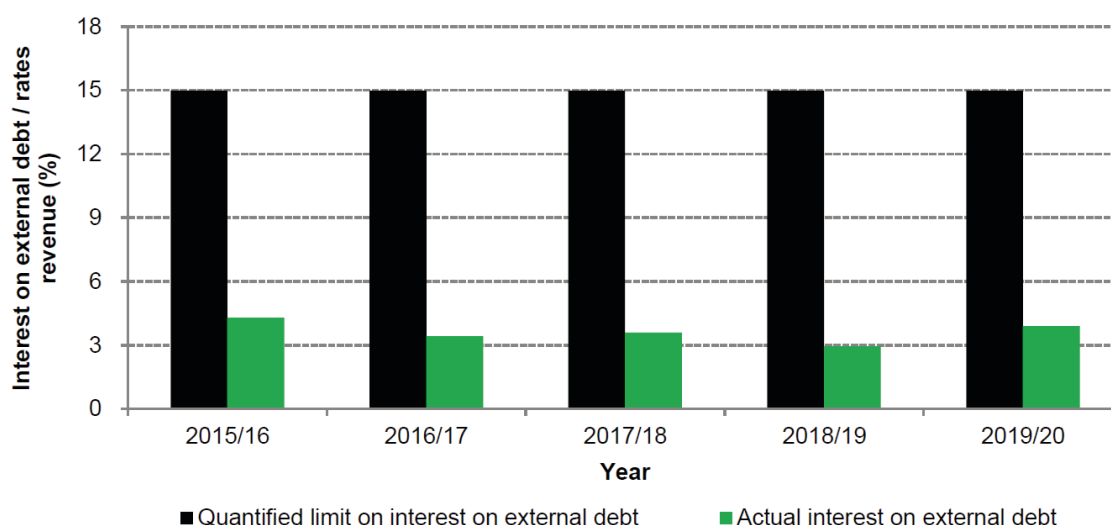
Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graphs compare the Council's actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limits are that net external debt will remain within 150% of total revenue, net interest on external debt will not exceed 15% of rates revenue, and net interest (both internal and external) on external debt will not exceed 15% of operating revenue. The Council's borrowing is within these quantified limits.

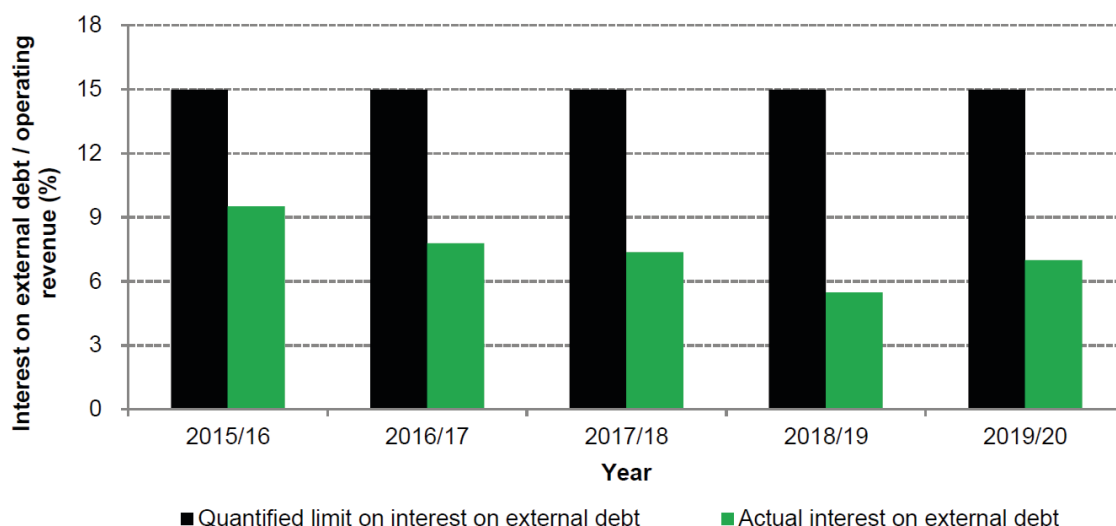
External debt limit



Net external interest on external debt



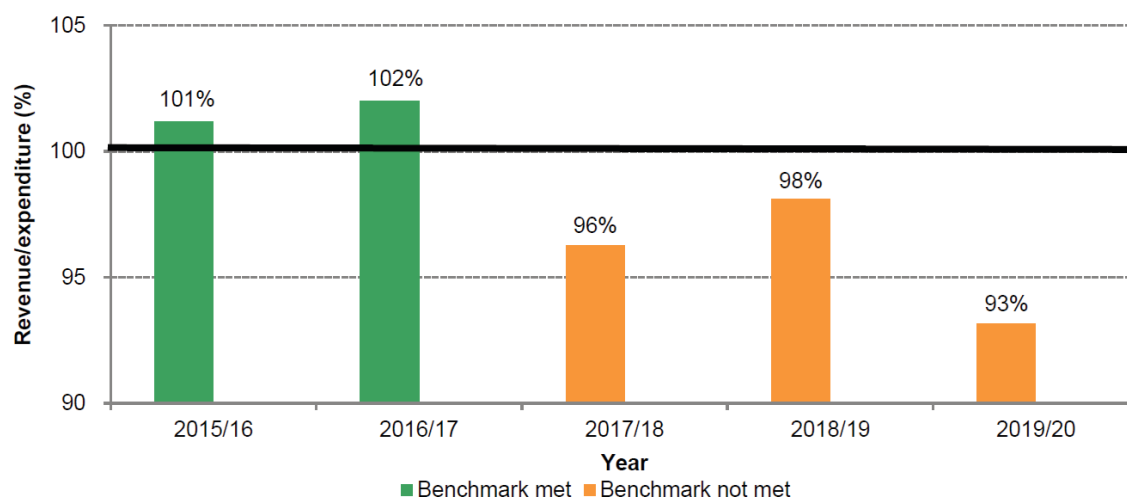
Net interest (internal and external) on external debt



Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses. The Council did not meet this benchmark for the 2017/18, 2018/19 and 2019/20 years. For 2017/18 year, this is mostly due to the additional costs to remediate the damage caused by a spate of severe storm events across the peninsula. For the 2018/19 year, this is a result of unbudgeted increased operating costs in roading, solid waste and the 3-waters services. For the 2019/20 year, this is mostly due to unbudgeted increased operating costs in solid waste and roading, combined with the impacts of COVID-19 on Council activities.

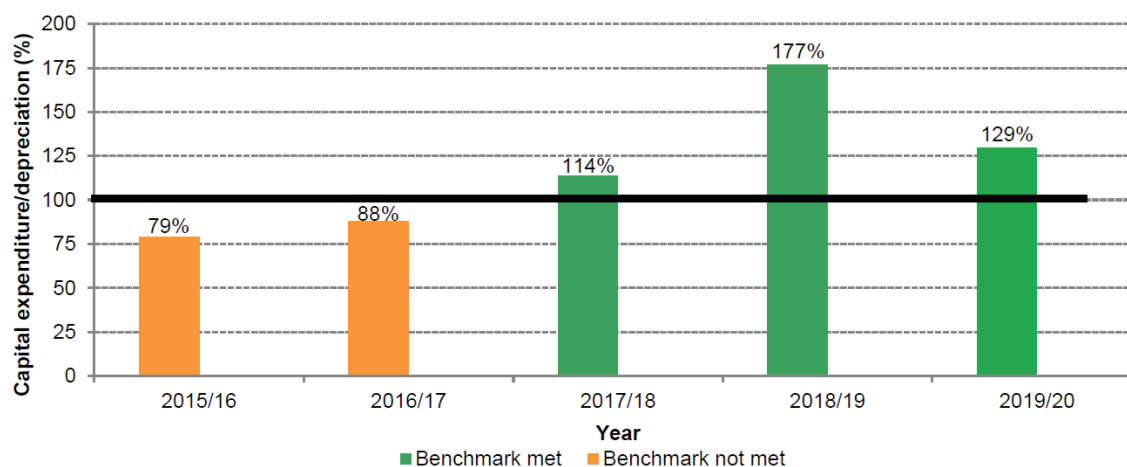
Balanced budget



Essential services benchmark

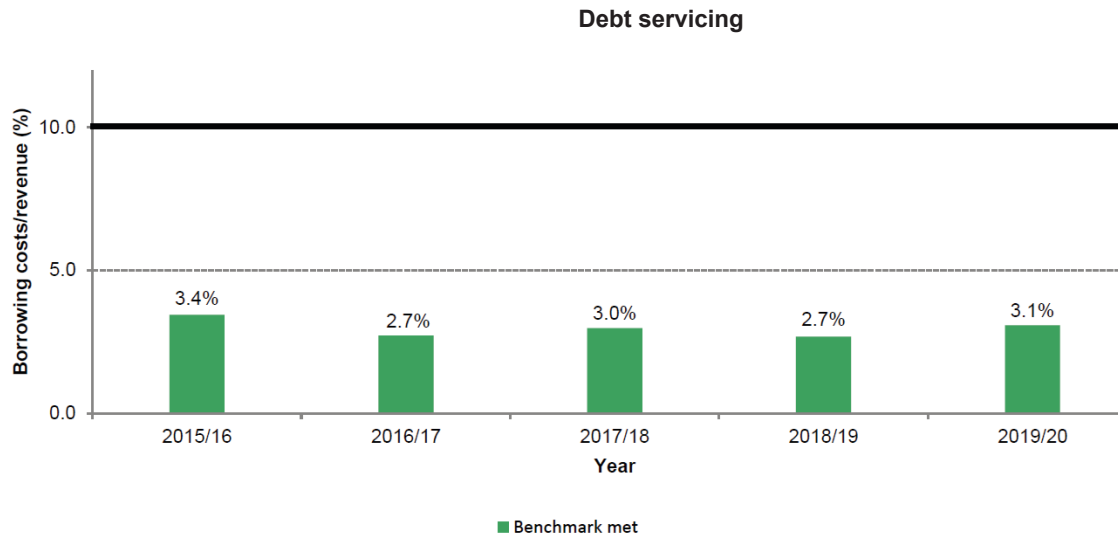
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The Council did not meet this benchmark for the 2016/17 year. The reason is mostly related to the large amount of relatively new infrastructure (e.g. three wastewater plants) which will not require renewals for many years yet. The fact that we did not complete 100% of our capital expenditure programme also impacts on this benchmark. The Council is funding depreciation and building depreciation reserves towards the time that major renewals are required. This benchmark was met for the 2017/18, 2018/19 and 2019/20 years.

Essential services



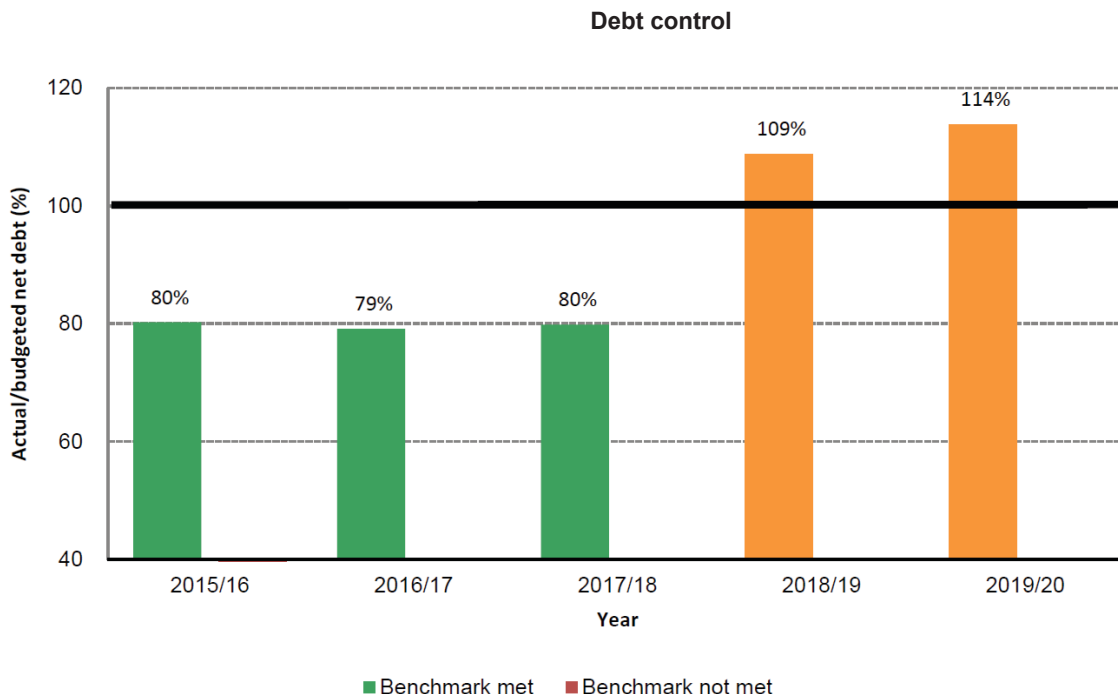
Debt servicing benchmark

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



Debt control benchmark

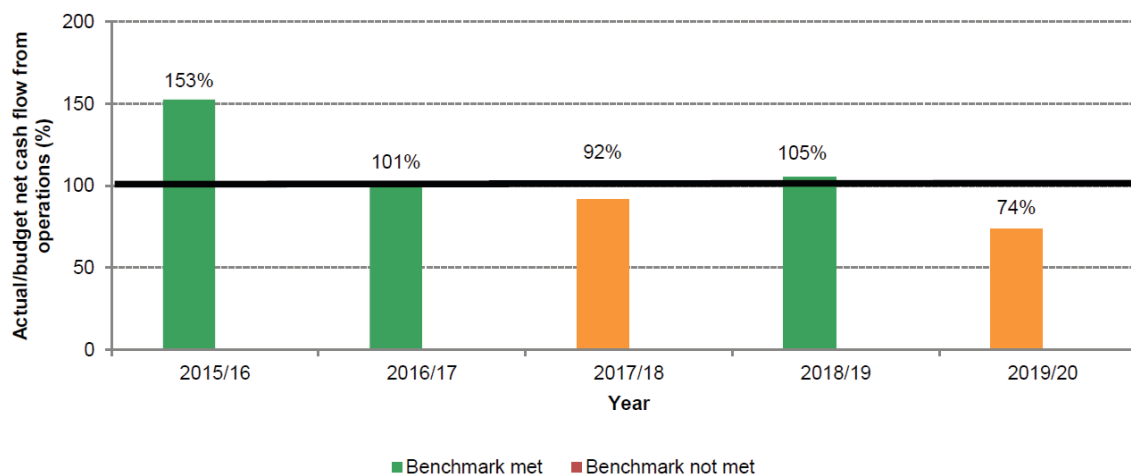
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. The Council did not meet this benchmark for 2018/19 and 2019/20 because of increased borrowing required to fund the capital work programme.



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 Council's cash flows did not meet the benchmark for the 2017/18 year mainly because the actual receipts from rates was less than budgeted in the Long Term Plan. This benchmark was met for the 2018/19 but not in 2019/20. This was mainly because the actual receipts from rates was less than budgeted in the Annual Plan and the final rates instalment date was extended to provide relief to those affected by COVID-19.

Operations control



Statement of service performance | Ngā Tauakī Whaingā

Introduction

For the purpose of our 2018-2028 Long Term Plan, Council arranged its services into the following activity groups and activities:

Activity Groups	Activities
Council	Representation Grants and remissions Property Economic development District Plan
Planning and regulation	Resource consents Building control
Protection of people and the environment	Emergency management Coastal and hazard management Community health and safety
Community spaces and development	Coromandel-Colville community spaces and development Mercury Bay community spaces and development Tairua-Pauanui community spaces and development Thames community spaces and development Whangamata community spaces and development
Roads and footpaths	Roads and footpaths
Solid waste	Rubbish and recycling
Stormwater	Stormwater Land drainage
Wastewater	Wastewater
Water supply	Water supply

In this statement of service performance section we report against what we planned to do in year two (2019/2020) of our Long Term Plan, for each of our activities (ordered by group of activities). At the start of each group of activities section there's a brief description to explain what it's about, and an overview of performance against our non-financial performance measures within the group.

By activity, we've set out the performance measures we determined as part of our service delivery planning (they're in our 2018-2028 Long Term Plan). We've reported what we said we'd do and what we actually did (how well we performed). Where we've got comparative performance data for the previous year we've provided that as well.

Local Government Act 2002 Community Wellbeings

In May 2019, the Local Government Act 2002 was amended and re introduced the 'four well beings' into the purpose of local government. Local Authorities have a broad role in the promotion of social, economic, environmental, and cultural wellbeing of their communities. Our activities are identified below. Some activities affect all four wellbeing's. The effects are described in more detail within each activity.

COVID-19 Disclosure Service Reporting Performance

COVID-19 emergency alert level and restrictions at each level has impacted on some delivery of Council's activities. Core services remained operational with some experiencing a reduced service or not being available. Performance of kerbside pick up were impacted due to the changes required in how recycling and refuse was collected. Community spaces such as halls and recreation centers were not available to be booked it is anticipated the Jack McLean Centre would have achieved their result if there were no restrictions. Audits to assess mowing and litter standards for cemeteries, parks and reserves were not carried out in March and April during the COVID-19 lockdown. There are no impacts on the overall result if an audit was not undertaken. Parks and reserves were not accessible by the public during the lockdown. Only essential work was undertaken. Our parks and reserve team were out monitoring these sites during the lockdown to ensure they were not being used and to identify any safety issues.

The grading programme for unsealed roads was impacted and only limited roads were graded to ensure safety.

More information on the performance of each measure during the COVID-19 emergency can be found under the performance results of each activity.

Council activity group

This activity group includes our representation and grants and remissions, property, economic development and district plan activities. Through this activity group we contribute to all three of our Council outcomes: a prosperous district, a liveable district, and a clean green district. The council activity group enables the community to participate in local decision making in a variety of ways, this promotes the social and cultural wellbeings of our communities.

Representation: The Mayor and Councillors focus primarily on district-wide decisions and issues. They are supported by local community boards, which represent their communities and ensure local views and aspirations are known, considered and advocated for. The community boards make decisions on local issues and activities and have a role in representing local community aspirations and concerns to assist in district-wide Council decision-making.

Grants and remissions: Our grants and remissions activity provides support to community organisations to build their capacity to assist in developing a strong and connected community. Council actively collaborates with organisations to achieve efficient use of resources, strong partnerships and financial assistance contributing to greater community cohesion. This is achieved by service level agreements, the administration of grants for community groups and events and administration of rates remissions.

Property: Our property activity relates to the responsible management of the district's property assets. We own a wide range of land and buildings which require careful management for the benefit of current and future generations. This activity is responsible for ensuring our buildings are safe for public and private use, are well maintained and meet legal building code requirements. In this activity we also consider whether our current portfolio of land and buildings is what we need as a district right now, and into the future.

Economic development: The economic development activity focuses on promoting economic growth throughout the district by connecting stakeholders (business, industry, iwi and Council) and facilitating seamless access to Council services. We achieve these enabling pathways through the facilitation of local infrastructure developments and improvements. Council also focuses on identifying local inhibitors that impact on development, growth and coordination and working on how these can be resolved.

District plan: The district plan activity involves the preparation, monitoring and maintenance of the Thames-Coromandel district plan which provides a framework to implement and support appropriate subdivision and land use management in the district.

Representation - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Councillors and Community Board members can demonstrate to ratepayers their commitment to the democratic process	Attendance rate at Council and Community Board meetings (Target: ≥80%) 2018/19: Achieved (89%)	FULLY ACHIEVED All of the individual Community Boards and the Council had over 80% attendance for the year. The Council had an attendance rate of 92.25%, with an average attendance rate across Community Boards and Council of 92.25%.
Council is committed to transparent decision-making	Percentage of Council agendas publicly available two working days or more before the meeting (Target: 90%) 2018/19: Achieved (100%)	FULLY ACHIEVED 100% of Council agendas were made available publicly through the Council's website two working days or more before the meeting.

Grants and remissions - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
The Council promotes a successful community through supporting	Percentage of funds distributed that comply with the Council's community grant criteria	FULLY ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
community driven initiatives	(Target: 90%) 2018/19: Achieved (100%)	99% of Grants were distributed that meet the criteria. 83 Grants in total across 5 Community Boards. Across the 83 grants a total \$164,419.82 was allocated

District plan - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Up to date District Plan provisions are available in a timely manner for the public	EPlan is updated within 2 months of changes to the District Plan being approved (Target: ≥ 90%) 2018/19: Not achieved (86%)	FULLY ACHIEVED 90%, Nine decisions required updates to EPLAN. Two are waiting to be updated. One is still within the two months from being approved. It was issued 26 June 2020.

Property - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
To provide Council administration and leased property buildings that are compliant with legislative requirements	Full compliance with legislative requirements through achieving an annual Building Warrant of Fitness (Target: 90%) 2018/19: 100%	NOT ACHIEVED Due to Covid-19 Independent Qualified Persons inspections could not be undertaken meaning required 12 months of BWOF inspections cannot be provided. Which results in 83% compliant with legislative requirements. A Building System Safety Report can be produced.
To provide buildings that are well maintained	Percentage of leased property buildings in satisfactory condition (condition grades 1,2 or 3):	
	Commercial lease buildings (Target: > 75%) 2018/19: 100%	FULLY ACHIEVED 100% of Council's commercial lease buildings are in a satisfactory condition.
	Community group lease buildings (Target: > 95%) 2018/19: 100%	FULLY ACHIEVED 100% of Council's community group buildings are in a satisfactory condition.
	Percentage of Council administration buildings (Target: > 95%) 2018/19: 100%	FULLY ACHIEVED 100% of Council's administration buildings are in a satisfactory condition.

Planning and regulation activity group

This group of activities is made up of the resource consents and building control activities. This group of activities supports the economic and environmental well beings by enabling growth and protecting the environment.

Resource consents: As the key land use consent authority in the district, Council processes resource consents as provided for in the Resource Management Act and seeks to achieve good environmental outcomes promoting sustainable management of natural and physical resources, consistent with the policies approved in the district plan.

Building control: We are required by law to carry out building control activities both as a territorial authority and a building consent authority. There are two distinct components to the building control activity:

- Building Consenting for processing, inspecting and certifying building work,
- Building Enforcement to ensure compliance with legislation and related requirements.

This activity also incorporates Land Information Memoranda (LIMs) which are reports issued by the Council, on request, about a particular property or piece of land. LIMs help protect buyers of property and provide important information for building development project planning.

Resource consents - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Process applications for resource consent within statutory timeframes	Percentage of accepted applications for resource consent processed within statutory timeframes (land use and subdivision)	FULLY ACHIEVED
	(Target: ≥ 90%)	The total number of resource consents processed within the financial year was 338, with 314 or 94% of these processed within the statutory timeframe of 20 working days.
	2018/19: Achieved (95%)	
	Percentage of accepted applications for 224C certificates processed within 20 working days	FULLY ACHIEVED
	(Target: ≥ 90%)	The total number of applications accepted for 224C processing was 76, with 71 or 93% of these processed within 20 working days.
	2018/19: Achieved (92%)	

Building control - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Process, inspect and certify applications for building work within statutory time frames	Percentage of accepted building consent applications are processed 20 working days	FULLY ACHIEVED
	(Target: ≥ 90%)	Of the 1,197 applications with decisions, 1,168 or 98% were processed within the statutory timeframes . The average working days to consent decision is 13 days as at 30 June 2020.
	2018/19: Achieved (93.59%)	
	Percentage of accepted applications for Code of Compliance processed within 20 working days	FULLY ACHIEVED
	(Target: ≥ 90%)	Of the 987 application decisions up to 30 June 2020, 964 or 97.7% were processed within the statutory timeframes.
	2018/19: Achieved (98%)	
Inspect pool barriers according to regulations to	Percentage of registered pools inspected for safety barriers each year according to a 3 yearly inspection cycle	FULLY ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
help keep young children safe from drowning	(Target: ≥ 90%) 2018/19: Achieved (100%)	As at 30 June 2020 100% of pools in year three of the yearly inspection cycle were completed.
Customers can purchase a LIM they have confidence in, in a timely manner	Percentage of standard LIMs processed within 10 days (Target: ≥ 90%) 2018/19: Achieved (99%)	FULLY ACHIEVED Over the year 990 applications were lodged. Of these 958 or 97% were processed within the statutory timeframe. 21 withdrew their application and there were 11 overruns were due to a system upgrade and adjustments to systems during COVID-19.

Protection of people and the environment activity group

This activity group includes the emergency management, coastal and hazard management and community health and safety activities. This group of activities promote the social wellbeing. It provides services which help protect people's health and safety, regulates behavior that creates nuisance to others, plans to avoid and manages the impact of natural hazards on communities and the environment.

Emergency management: The emergency management activity focuses on communities being ready for, responding to, and recovering from emergencies when they happen. This activity also includes undertaking community response plans in consultation with local communities and agencies at a settlement level to help create prepared and resilient communities.

Coastal and hazard management: This activity plans for the avoidance and, management of the impact of natural hazards across the whole of the Coromandel Peninsula with a particular focus on coastal settlements. Coastal hazards include coastal inundation (flooding), tsunami, storm surges, king tides, coastal erosion, and sea level rise.

Community health and safety: This activity provides a range of services to ensure our communities are clean, safe and healthy places to live. This includes minimising public nuisances and offensive behaviour as well as helping ensure public places are safe. Key services include animal control, alcohol licensing and control, health licensing and bylaws enforcement.

Emergency management - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Maintain an effective civil defence emergency system	<p>Percentage of time that emergencies (which require the activation of an emergency operations centre) are debriefed within one month and noted improvements are incorporated into the appropriate emergency operating procedures and response plans</p> <p>(Target: 100%)</p> <p>2018/19: Not Measured</p>	<p>FULLY ACHIEVED</p> <p>COVID-19 EOC Response - Hot Debrief completed on 15 May 2020. Currently undergoing Waikato Wide COVID-19 response debrief with Waikato CDEM Group. After a debrief noted improvements are recorded in the debrief summary and incorporated in to our operating procedures and response plans. Main improvement actions have been in the areas of people, place and process. Work with iwi at local and group level to build effective relationships and identify appropriate representation within the EOC group. The emergency management group have engaged with 12 iwi facilitating hui's in September and October 2020. Ensuring staffing requirements across CDEM and BAU are planned for to ensure we can provide coordinated response to emergencies while still completing BAU requirements. TCDC has undertaken a review of the EOC staff structure and identified training for staff. Training provided at a group and local level to ensure we can build skills beyond the standard training package undertaking regular function exercises at all levels of response. Emergency Management Business Plan has a focus on training with planning underway for a tier 2 exercise in 2021.</p>
Council will support its communities in enabling them to respond to, and recover from emergencies	<p>Initiate eight community response plans per annum (two community response plans each quarter) at a settlement level, involving introduction, delivery of resources and at least one follow up</p>	<p>NOT ACHIEVED</p>

Levels of service we provide	How we measure performance	This year's performance
	(Target: 8 Community response plans initiated) 2018/19: Achieved 8 Plans initiated	Seven community response plans have been initiated those being Tapu, Te Mata, Waikawau, Kereta and Tuatawa, Kennedy Bay and Manaia. Due to COVID-19 restrictions and the emergency management team responding to the COVID emergency staff were not able to initiate more plans.
Council will be prepared for and able to respond to, and recover from emergencies	All new staff to have completed an introductory civil defence course within six months of their start date (Target: ≥ 90%) 2018/19: Not Achieved (75%)	NOT ACHIEVED 72% Have completed the introductory civil defence course. Training has been impacted due to COVID-19 emergency. Civil defence has been activated for this emergency and training was not able to be held during lockdown.

Coastal and hazard management - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Council will undertake works to manage the effects of natural hazards	<p>Annual capital expenditure is delivered within budget and specified timeframe</p> <p>(Target: ≥ 80%)</p> <p>2018/19: Not achieved (43%)</p>	<p>NOT ACHIEVED</p> <p>We achieved 75% of budget. The Consent for Flaxmill Bay has been lodged and is processing. We intend to install groynes pre-Christmas 2020 subject to resource consent issue. Cooks beach erosion works consent was granted. With construction of backstop wall completed in 2019. Beach nourishment and planting was delayed due to COVID. To be completed by August 2020.</p>

Community health and safety - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Ensure food businesses are producing safe food	<p>Percentage of registered food businesses audited annually from total that require annual audit under the Food Act 2014</p> <p>(Target: ≥ 90%)</p> <p>2018/19: Achieved (91%)</p>	<p>FULLY ACHIEVED</p> <p>We have achieved our level of service of ensuring food business are producing safe food. 183 of our 202 food businesses that required an audit. 112 did not require an audit in this financial year, giving a result of 90.6%.</p>
The Council provides animal control services to avoid dog attacks and other animal nuisances	<p>Percentage of urgent animal control issues responded to ≤ 2 hours</p> <p>(Target: ≥ 90%)</p> <p>2018/19: Achieved (96%)</p>	<p>FULLY ACHIEVED</p> <p>We had 112 urgent animal control issues in the 2019/20 year and we responded to 103 or 92% of these within 2 hours.</p>
Assess and make timely decisions on alcohol licence applications	<p>Percentage of unopposed alcohol licence applications assessed and prepared for the District Licencing Committee to make decisions within 60 calendar days</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (94%)</p>	<p>FULLY ACHIEVED</p> <p>We assessed and made decisions on alcohol licence applications and achieved the measure by processing 93% of applications within 60 calendar days.</p>

Community spaces and development activity group

This activity group includes an activity for each of our Community Board areas:

- Coromandel-Colville community spaces and development
- Mercury Bay community spaces and development
- Tairua-Pauanui community spaces and development
- Thames community spaces and development
- Whangamata community spaces and development

Through this activity group we contribute to all three of our Council outcomes: a prosperous district, a liveable district, and a clean green district. Through our Community Management Team, each area delivers or supports local communities to provide a variety of indoor and outdoor spaces and facilities. These services are all governed by the local Community Board. This approach helps to promote the social and cultural wellbeing of our community. It is based on the Council's recognition that there is a diverse range of needs and wants across the district which are better addressed at a local level to enhance residents and visitors experience of the Coromandel, and range from basic essentials to leisure and recreational pursuits.

These activities have a combination of the following services:

Airfields: Our airfields are primarily for recreational use with some commercial activity, and they are a useful resource in some emergency situations.

Cemeteries: These facilities meet the burial, remembrance and heritage needs of the community.

Community centres and halls: These facilities are provided to support recreation, social and cultural needs of the community.

Harbour facilities: These facilities are provided primarily to support a valued part of the Coromandel lifestyle for both residents and visitors; commercial activity is supported at some facilities.

Libraries: Library facilities and programmes are provided to support the cultural and education needs of our communities.

Parks and reserves: This service is provided to support the recreation and leisure needs of our communities, as well as to protect natural and cultural heritage.

Public conveniences: Public toilets and changing facilities are provided to meet the needs of our communities and visitors to the district.

Swimming pools: These facilities are provided for both recreational purposes and to support water safety education and learn to swim programmes for the benefit of the community

Coromandel-Colville community spaces and development - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Council provides cemeteries that are tidy and well maintained spaces	Percentage of cemeteries maintained to mowing and litter standards (Target: ≥ 85%) 2018/19: Achieved (100%)	FULLY ACHIEVED One cemetery is audited each month. There are two cemeteries in the area: Buffalo (Coromandel) and Colville. There was 100% compliance with mowing and litter standards. There were no audits carried out in March or April due to COVID-19.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 90%) 2018/19: Achieved (100%)	FULLY ACHIEVED 100% of interment requests were responded to in less than one day. There was one ashes and six casket interments.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) 2018/19: Not achieved (66%)	NOT ACHIEVED Seventeen Requests for Service were received and three went outside the contractual timeframe, giving a result of 82%.
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)	FULLY ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
	(Target: Achieved) 2018/19: Not achieved (Not achieved)	Coromandel Wharf is assessed as CG3 'average' condition. The majority of the remedial works have been completed. Sugarloaf is assessed as CG 3 'average'. Hannafords Wharf is assessed as CG 2 'good' condition.
To provide parks and reserves that are tidy and well maintained spaces	Percentage of parks and reserves maintained to mowing and litter standards (Target: ≥ 85%) 2018/19: Achieved (98%)	FULLY ACHIEVED Of the 81 times that a park or reserve was audited over the year, there were six occasions where one failed for either litter or mowing, which gives a result of 93% compliance.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards (Target: ≥ 85%) 2018/19: Achieved (100%)	FULLY ACHIEVED There are four playgrounds (Samuel James, Hauraki House, Long Bay and Port Charles) that are assessed monthly. There was 100% compliance with the safety standards over the year. No inspections undertaken during COVID-19 lockdown.

Project	2020 Actual (\$000)	2020 LTP Budget (\$000)	Comment
Coromandel Main Street Upgrade	2,231	2,180	This programme of works was to upgrade the main street in Coromandel, which was completed in December 2019. The upgrade saw an improvement to traffic and pedestrian safety as well as correcting the cross-fall to prevent ongoing damage to building verandas and make parking easier in town.

Mercury Bay community spaces and development - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Council provides cemeteries that are tidy and well maintained spaces	Percentage of cemeteries maintained to mowing and litter standards (Target: ≥ 85%) 2018/19: Achieved (90%)	FULLY ACHIEVED One cemetery is audited each month. There is one operational cemetery in the area: Mercury Bay Cemetery (Ferry Landing). There was one failure for mowing and there were no audits undertaken in March or April due to COVID-19 restrictions. 96% compliant.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 90%) 2018/19: Achieved (92%)	FULLY ACHIEVED 100% of interment requests were responded to in less than one day. There was one ashes interment and two casket interments in the 2019/2020 year.
Whitianga community centres are available and utilised for community activities	Percentage of actual hours the community centres are used compared to total available time (Target: ≥ 40%) 2018/19: Achieved (36%)	NOT ACHIEVED Of the 5,124 hours that the Whitianga Hall was available it was booked for 1,358 hours, or 26% of the total available time. Bookings were reduced in March, May and June due to COVID-19 restrictions. There were no bookings in April.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) 2018/19: Not Achieved (63%)	FULLY ACHIEVED Ten requests for service were received and one did not meet contractual requirements.
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3) (Target: Achieved) 2018/19: Achieved (Achieved)	FULLY ACHIEVED Ferry Landing and Whangapoua wharf are assessed as condition grade 1 which is 'very good'. The Whitianga and Matarangi Wharf are assessed as condition grade 3 which is 'average condition'.
A choice of new library materials and current information is available throughout the year	Number of new items per 1,000 local residents (Target: ≥ 300 items per 1,000 local residents) 2018/19: Achieved (323)	FULLY ACHIEVED There were 301 new items in the Whitianga Library per 1,000 residents this year despite book delivery delays due to COVID-19.
	The number of active library users (Target: Maintain or increase 2017/18 baseline of 4,430 users) 2018/19: Not Achieved (4,425, target was maintain or increase 2016/17 baseline of 4,823 users)	FULLY ACHIEVED The 2019/2020 membership is 4,586 which is an increase on the baseline of 4,430 active library users.

Levels of service we provide	How we measure performance	This year's performance
To provide parks and reserves that are tidy and well maintained spaces	<p>Percentage of parks and reserves maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (97%)</p>	<p>FULLY ACHIEVED</p> <p>Of the 177 times that a park or reserve was audited over the year, there were five occasions where it failed for either litter or mowing, which gives a result of 97% compliance. No Audits were carried out in March or April due to COVID-19.</p>
To provide playgrounds which are fit for purpose and safe	<p>Percentage of playground assets complying with safety standards</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>There are 14 playgrounds that get assessed monthly - Hahei, Purangi, Cooks Beach Central, Cooks River Road, Longreach, Moewai Road, Soldiers Memorial Park, Esplanade, Brophy's Beach, Kuaotunu, Wharekaho, Matarangi Entrance, Matarangi Village Green and Whangapoua. There was 100% compliance with the safety standards over the year. No inspections undertaken during COVID-19 lockdown.</p>

Financially significant projects identified for the 2019/2020 financial year in the 2018/2028 Long Term Plan

Project	2020 Actual (\$000)	2020 LTP Budget (\$000)	Comment
Whangapoua Beach Front Effluent	462	513	This project was co-funded by MBIE through the Tourism Infrastructure Fund for the upgrade of the existing effluent field at Meri Te Tai Park in Whangapoua. The project allowed for improvements to the existing toilet effluent field which had reached the end of its life. The upgrade also provided additional capacity for tourist numbers and will connect to a new toilet block to replace the existing 1970's block. The new toilet facility will be relocated away from flooding area and closer to the car park providing greater access. This toilet was funded almost completely by Central government with \$467,500 funded by TIF and TCDC contribution of \$56k. The effluent field was completed over Summer 2020, with the toilet scheduled to be installed in September 2020.

Tairua-Pauanui community spaces and development - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Pauanui airfield is safe for small aircraft	<p>Civil Aviation Authority (CAA) safety requirements are achieved</p> <p>(Target: Achieved)</p> <p>2018/19: Not measured</p>	<p>NOT MEASURED</p> <p>The Civil Aviation Authority cancelled the inspection that was scheduled for 14 May 2019 and they were not able to reschedule before 30 June 2020 due to COVID-19. To ensure operational safety the airfield is inspected visually once a month by a parks and facilities officer and also by contracting staff when they are undertaking maintenance at the airfield.</p>
Council provides cemeteries that are tidy and well maintained spaces	<p>Percentage of cemeteries maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>One cemetery is audited each month. There are two cemeteries in the area: Tairua Cemetery and Old Tairua Cemetery. There was 100% compliance with mowing and litter standards this year.</p>
	<p>Percentage of cemetery interment requests responded to ≤ one day</p> <p>(Target: ≥ 90%)</p> <p>2018/19: Not achieved (88% within 5% of achieving)</p>	<p>FULLY ACHIEVED</p> <p>100% of interment requests were responded to in less than one day. There have been five ashes and two casket interments.</p>
The Council's public toilets are clean and safe	<p>Percentage of public toilets that meet contractual requirements</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Not achieved (66%)</p>	<p>FULLY ACHIEVED</p> <p>Three requests for service were received.</p>
Council provides harbour facilities that are safe to use	<p>Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)</p> <p>(Target: Achieved)</p> <p>2018/19: Not Achieved (Not achieved)</p>	<p>FULLY ACHIEVED</p> <p>Paku Jetty CG 3 'average' condition.</p> <p>Pauanui Waterways Jetty CG 3 'average condition'. Royal Billy Point Jetty CG 1 'very good' condition.</p>
A choice of new library materials and current information is available throughout the year	<p>Number of new items per 1,000 local residents</p> <p>(Target: ≥ 300 items per 1,000 local residents)</p> <p>2018/19: Achieved (377)</p>	<p>FULLY ACHIEVED</p> <p>There were 337 new items added per 1,000 local residents. Despite delivery delays caused by COVID-19 this was still achieved.</p>
	<p>The number of active library users</p> <p>(Target: Maintain or increase 2017/18 baseline of 1,618 users)</p> <p>2018/19: Achieved (1,615, target was maintain or increase 2016/17 baseline of 1,589 users)</p>	<p>FULLY ACHIEVED</p> <p>The 2019/2020 membership is 1,627 which is an increase on the baseline of 1,618 active library users.</p>

Levels of service we provide	How we measure performance	This year's performance
To provide parks and reserves that are tidy and well maintained spaces	<p>Percentage of parks and reserves maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>Of the 189 times that a park or reserve was audited over the year, there were two mowing fails. There were no audits in March or April due to COVID-19 restrictions.</p>
To provide playgrounds which are fit for purpose and safe	<p>Percentage of playground assets complying with safety standards</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>There are ten playgrounds in Tairua/Pauanui (seven in Pauanui and three in Tairua) that are assessed monthly. There was 100% compliance with the safety standards over the year. No inspections undertaken during COVID-19 lockdown.</p>

Financially significant projects identified for the 2019/20 financial year in the 2018/2028 Long Term Plan

Project	2020 Actual (\$000)	2020 LTP Budget (\$000)	Comment
Pauanui Royal Billy Point boat ramp/pontoon	1,767	1,742	<p>This project was initiated to renew and extend the existing boat ramp, the floating pontoon and access bridge. The investigation phase was delayed due to heritage site and design investigations. The Pauanui Wharf pontoon replacement budget was combined with this project and the remaining budget has been carried forward to complete the work in the 2019/2020 financial year. This project was completed as much as possible in October 2019. Extra funding is required to complete this project by April 2021. For more information on this project refer to our website https://www.tcdc.govt.nz/royalbillypoint</p>

Thames community spaces and development - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Thames airfield is safe for small aircraft	<p>Civil Aviation Authority (CAA) safety requirements are achieved</p> <p>(Target: Achieved)</p> <p>2018/19: Not Measured (Inspection cancelled)</p>	<p>NOT MEASURED</p> <p>The Civil Aviation Authority cancelled the inspection that was scheduled for 14 May 2019 and they were not able to reschedule before 30 June 2020 due to COVID-19. To ensure operational safety the airfield is inspected visually once a month by a parks and facilities officer and also by contracting staff when they are undertaking maintenance at the airfield.</p>
Council provides cemeteries that are tidy and well maintained spaces	<p>Percentage of cemeteries maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>One cemetery is audited each month. There are four cemeteries in the area: Totara Memorial Park, Omaha, Shortland and Tararu. There was one fail for litter and two for mowing (85%)</p>
	<p>Percentage of cemetery interment requests responded to ≤ one day</p> <p>(Target: ≥ 90%)</p> <p>2018/19: Achieved (98%)</p>	<p>FULLY ACHIEVED</p> <p>92% of interment requests were responded to in less than one day. Of the 36 ashes and 27 casket interments four ashes and one casket interments went outside the timeframe.</p>
Community centres are available and utilised for community activities	<p>Percentage of actual hours the Thames Civic Centre is used compared to total available time</p> <p>(Target: 30%)</p> <p>2018/19: Achieved (38%)</p>	<p>FULLY ACHIEVED</p> <p>Of the 5,124 hours that the Thames War Memorial Civic Centre was available, it was booked for 2,040 hours, or 40% of the total available time. Due to COVID-19 there were reduced bookings in March, May and June. For all of April and half of June Civil Defence used the Auditorium to prepare food parcels and the NZ Blood Service undertook a blood drive on 1 and 2 April as an essential service.</p>
	<p>Percentage of actual hours the Jack McLean Community Recreation Centre is used compared to total available time</p> <p>(Target: ≥ 60%)</p> <p>2018/19: Achieved (76%)</p>	<p>NOT ACHIEVED</p> <p>Of the 5,124 hours that the Jack McLean Community Recreation Centre was available, it was booked for 2,839 hours or 55% of the total available time. Due to COVID-19 there were reduced bookings in March, May and June and only one booking in April that took place under Level 3 restrictions.</p>
The Council's public toilets are clean and safe	<p>Percentage of public toilets that meet contractual requirements</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (95%)</p>	<p>FULLY ACHIEVED</p> <p>There were 25 requests for service received. All were responded to within the contractual timeframe, giving a result of 100%.</p>

Levels of service we provide	How we measure performance	This year's performance
Council provides harbour facilities that are safe to use	<p>Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3)</p> <p>(Target: Achieved)</p> <p>2018/19: Not achieved (Thames wharf grade 4)</p>	<p>NOT MEASURED</p> <p>Thames wharf is no longer owned by Council.</p>
A choice of new library materials and current information is available throughout the year	<p>Number of new items per 1,000 local residents</p> <p>(Target: ≥ 300 items per 1,000 local residents)</p> <p>2018/19: Achieved (316)</p>	<p>FULLY ACHIEVED</p> <p>There were 303 new items per 1,000 local residents. in the Thames Library despite book delivery delays due to COVID-19.</p>
	<p>The number of active library users</p> <p>(Target: Maintain or increase 2017/18 baseline of 6,728 users)</p> <p>2018/19: Achieved (6,751, target was maintain or increase 2016/17 baseline of 6,746 users)</p>	<p>FULLY ACHIEVED</p> <p>The 2019/2020 membership is 6,897 which is an increase on the baseline of 6,728 active library users.</p>
To provide parks and reserves that are tidy and well maintained spaces	<p>Percentage of parks and reserves maintained to mowing and litter standards</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (98%)</p>	<p>FULLY ACHIEVED</p> <p>Of the 94 times that a park or reserve was audited over the year, there were three fails for litter and one for mowing, which gives a result of 96% compliance. There were no audits carried out in March or April due to COVID-19.</p>
To provide playgrounds which are fit for purpose and safe	<p>Percentage of playground assets complying with safety standards</p> <p>(Target: ≥ 85%)</p> <p>2018/19: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>There are seven playgrounds which are assessed monthly. There was 100% compliance with the safety standards over the year. No inspections undertaken during COVID-19 lockdown.</p>
Council provides a safe year round swimming pool	<p>Thames Centennial Pool meets Pool Safe accreditation standards</p> <p>(Target: Achieved)</p> <p>2018/19: Achieved (Achieved)</p>	<p>FULLY ACHIEVED</p> <p>The Thames Centennial Pool was audited by Pool Safe in March 2020 and has been accredited through to April 2021.</p>

Whangamata community spaces and development - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Council provides cemeteries that are tidy and well maintained spaces	Percentage of cemeteries maintained to mowing and litter standards (Target: ≥ 85%) 2018/19: Achieved (100%)	FULLY ACHIEVED One cemetery is audited each month. There are two cemeteries in the area: Whangamata and Aileen Block. There was 100% compliance with mowing and litter standards this year.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 85%) 2018/19: Achieved (100%)	FULLY ACHIEVED 100% of interment requests were responded to in less than one day. There were four ashes and five casket interments.
To provide or support community centres and halls that are proportionate / suitable for the communities they serve	Percentage of actual hours community centres are used compared to total available time (Target: ≥ 40%) 2018/19: Achieved (65%)	FULLY ACHIEVED Of the 5,124 hours the Whangamata Hall was available it was booked for 2,500 hours, or 49% of the total available time. While the target is met the result is lower than anticipated due to COVID-19 restrictions.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) 2018/19: Achieved (90%)	FULLY ACHIEVED Five requests for service were received. 100% of target met.
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3) (Target: Achieved) 2018/19: Achieved (Achieved)	FULLY ACHIEVED Whangamata wharf CG3 'average' condition
To provide parks and reserves that are tidy and well maintained spaces	Percentage of parks and reserves maintained to mowing and litter standards (Target: ≥ 85%) 2018/19: Achieved (98%)	FULLY ACHIEVED 97% target met. Of the 90 times that a park or reserve was audited, there were two fails for mowing and one for litter.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards (Target: ≥ 85%) 2018/19: Achieved (100%)	FULLY ACHIEVED There are four playgrounds in Whangamata (one in Onemana and three in Whangamata) that are assessed monthly. There was 100% compliance with the safety standards over the year. No inspections undertaken during COVID-19 lockdown.

Roads and footpaths activity group

The roads and footpaths activity group includes our roads and footpath activity. The activity promotes the social, economic and environmental wellbeing by providing roads and footpaths. The primary purpose of the roads and footpaths activity is to provide for safe, efficient and comfortable movement of people and freight within the district. The activity group provides for the planning, provision, development, operations and maintenance of a district land transportation network as well as local facilities, footpaths, service lanes, street lighting, bridges and car parks.

Roads and footpaths - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
The design, maintenance and management of roads and footpaths ensures they are in good condition and fit for purpose	Percentage of the sealed local network that is resurfaced (Target: 187,479m ² or 5%) 2018/19: Not achieved (131,251m ² , target was 149,254m ² 4.02%)	NOT ACHIEVED 165,299m ² of Council's total network was resurfaced this year. The 2019/2020 resurfacing programme target quantity was 187,479m ² or 5%. Following COVID-19 Level 4 lockdown, the balance of the resurfacing programme was unable to be completed due to poor weather conditions.
	The average quality of ride on a sealed local road network, measured by smooth travel exposure (Target: ≥ 85%) 2018/19: Not measured	NOT MEASURED The biennial road roughness survey was planned for completion during 2019/20 however due to COVID 19 Level 4 lockdown. It is due to be completed early 2020/21.
	Percentage of footpaths meeting condition rating one to three (Target: ≥90%) 2018/19: Not measured (not available)	NOT MEASURED The triennial footpath condition rating survey was planned for completion during 2019/20. The survey was not completed due to COVID 19 Level 4 lockdown.
	Percentage of unsealed road complying with quality requirements (Target: ≥ 90%) 2018/19: Achieved (93%)	NOT ACHIEVED Due to COVID-19 lockdown, only limited roads (89%) were able to be graded (for safety only), which impacted on achieving the annual target.
The Council will ensure its roads are safe	The change from the previous financial year in the number of deaths and serious injuries on the local road network, expressed as a number (Target: 0 or -1 compared to the previous year) 2018/19: Not achieved (10)	FULLY ACHIEVED There was one death and three serious injuries on local roads for the 2019/20 year, which is six less incidents than the previous year.
The Council provides a responsive maintenance service to address identified faults and repairs	Percentage of customer service requests relating to roads and footpaths* to which council responds within the long term plan timeframe (Target: ≥ 85%) 2018/19: Achieved (90%)	FULLY ACHIEVED 57 out of 63 or 90% of sealed road pothole and footpath trip hazard requests for service were repaired within the required timeframe.

***Footpath and road defects with their applicable timeframes:*

Defect	Remedied within
Trip hazard greater than 30mm	48 hours
Trip hazard 10mm to 30mm	1 month
Depression greater than 30mm	48 hours
Depression 10 to 30mm	1 month
Potholes and sealed roads	1 week

Financially significant projects identified for the 2019/20 financial year in the 2018/2028 Long Term Plan

Project	2020 Actual (\$000)	2020 LTP Budget (\$000)	Comment
Minor safety projects	1,129	1,107	This project has an annual budget to construct and implement minor improvements (new assets) to improve the safety of Council's roading network. Minor improvements can include small, isolated geometric road and intersection improvements and traffic calming measures.
Lees Road Seal Extension	1,437	1,419	This project was for the sealing and widening of Lees Road 1.5km. The works were carried out over the summer period and included removal of a large number of old pine trees along the road reserve. The project objective is for safety improvements along the road, including key signage for Tourists and locals travelling up the road to access Cathedral Cove. The project was successfully constructed on time and within budget.

Solid waste activity group

The solid waste activity group includes our rubbish and recycling activity. This activity provides for waste to be properly disposed of to protect public health and the environment it also contributes to the social, economic and environmental wellbeings of our communities. The activity promotes recycling, reuse and resource recovery with the objectives of reducing the amount of waste going to landfill and practising responsible resource efficiency. In addition to weekly kerbside refuse and fortnightly recyclables collection services, the Council manages closed landfill sites and operates transfer stations where waste and recycling can be dropped off.

The Council is required to have a Waste Management and Minimisation Plan (WMMP) which we have created in collaboration with the neighbouring Hauraki and Matamata-Piako District Councils. The WMMP sets goals and actions to improve outcomes for rubbish and recycling in the district.

Rubbish and recycling - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Rubbish and recycling kerbside pickup services are provided to solid waste rated residential properties in all urban and most rural areas	Number of missed properties or whole streets where collections did not happen (Target: ≤ 36 streets and ≤ 156 properties per annum) 2018/19: Not achieved (14 Streets and 234 properties)	NOT ACHIEVED There were 39 streets and 175 properties missed this year. COVID-19 lockdown restrictions made for a challenging year, with wide ranging changes required to the kerbside collection service.
	Missed household refuse service requests responded to by the next day (on validation) (Target: ≥ 85%) 2018/19: Not achieved (67%)	NOT ACHIEVED We did not achieve this measure, with a result of 76%. The not achieved result reflects issues in staff training of closing off requests for service within the software. Improvements over the year have been seen. Council continues to work with contractors to ensure actual responsiveness is better reflected in reporting.
The Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill	Kilograms of Council controlled waste per rating unit being disposed of to landfill (per rating unit) (Target: ≤ 474kg per rating unit) 2018/19: Not achieved (658kg)	NOT ACHIEVED There was 772kg of waste per rating unit disposed of to landfill this year. COVID-19 lockdown changed the way refuse and recycling was required to be collected. This contributed to a large portion of recycling having to be disposed to landfill.
	Kilograms of recycling material diverted from landfill (per rating unit) (Target: ≥ 438kg per rating unit) 2018/19: Achieved (457kg)	FULLY ACHIEVED There was 465kg of recycling material per rating unit diverted from landfill this year.
The Council maintains closed landfill sites	Number of formal warnings issued by the Waikato Regional Council for non-compliance with resource consent(s) (Target: 0) 2018/19: Not achieved (1)	FULLY ACHIEVED There were no formal warnings issued this year.

Stormwater activity group

The stormwater group includes managing stormwater as well as land drainage. Stormwater systems collect and dispose of stormwater to limit the effects of surface ponding. We have a number of stormwater systems throughout our district to manage runoff and reduce surface water ponding. Economic and Environmental wellbeing are promoted in this activity. The management of stormwater reduces risks to public health and safety, damage to property, and avoids dangerous road conditions. Our stormwater systems includes around 200 kilometres of stormwater pipes, more than 3,000 manholes and four pump stations.

Stormwater - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
The Council's stormwater services protect habitable areas from flooding	Number of flooding events (Target: 0) 2018/19: Achieved (0)	FULLY ACHIEVED There were no flooding events during the 2019/20 period.
	For each flooding event the number of habitable floors affected (per 1,000 connected properties. There are 24,732 stormwater connections in the network.) (Target: ≤ 1) 2018/19: Achieved (0)	FULLY ACHIEVED There were no flooding events during the 2019/20 period, therefore no habitable floors were affected.
The Council provides a responsive stormwater request service	The median response time to attend a flooding event, measured from the time Council receives notification to the time that service personnel reach the site (Target: ≤ 3 hours) 2018/19: Achieved (40 Minutes)	FULLY ACHIEVED The median response time to a stormwater request for service was 57 minutes
	Number of complaints received about the performance of the stormwater system (per 1,000 connected properties. There are 24,732 stormwater connections in the network.) (Target: ≤ 5) 2018/19: Achieved (4.6)	FULLY ACHIEVED There were 124 complaints regarding the performance of our stormwater system, or 5 per 1,000 connected properties.
The Council minimises the environmental impact of protecting habitable areas from flooding	Number of operational resource consent conditions not complied with throughout the year (Total for all enforcement actions) (Target: 0) 2018/19: Achieved (0)	NOT ACHIEVED 80 enforcement actions issued. A number of the conditions were not complied with across Council's comprehensive stormwater discharge consents. This resulted in Council receiving an abatement notice. Conditions predominantly relate to provision of data and completion of technical reports for each of the comprehensive stormwater consents. A project was implemented earlier in the financial year and is progressing well addressing the non-compliance raised in the abatement notice. It is anticipated that the consents will be within compliance late 2020/21.
	Number of abatement notices	NOT ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
	(Target: 0)	1 abatement notice was issued
	2018/19: Achieved (0)	
	Number of infringement notices	FULLY ACHIEVED
	(Target: 0)	No infringement notices were received.
	2018/19: Achieved (0)	
	Number of enforcement orders	FULLY ACHIEVED
	(Target: 0)	No enforcement orders were received.
	2018/19: Achieved (0)	
	Number of successful prosecutions	FULLY ACHIEVED
	(Target: 0)	There were no successful prosecutions.
	2018/19: Achieved (0)	

Wastewater activity group

Our wastewater activity group includes our wastewater activity and covers the collection, treatment and safe disposal of wastewater (sewage) from households and businesses within currently serviced urban communities. The wastewater activity promotes economic and environmental wellbeing. It is delivered to help protect the environment and public health. Wastewater systems help protect the environment by ensuring that raw wastewater does not infiltrate river and harbour catchments and coastal areas. We operate 10 wastewater systems (in Cooks Beach, Coromandel, Hahei, Matarangi, Oamaru Bay, Onemana, Tairua-Pauanui, Thames, Whangamata and Whitianga). Assets for this activity include piped networks, pumping stations, manholes and treatment plants.

Wastewater - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
Adequate wastewater services for household and business use will be provided in currently serviced urban communities	Number of dry weather sewerage overflows from the territorial authority's sewerage system per 1,000 connections to that sewerage system (Target: ≤ 1) 2018/19: Achieved (0.84)	FULLY ACHIEVED There were 12 dry weather overflows during the 2019/20 year, or 0.53 per 1,000 connections.
Council will respond as required to faults and complaints received from its customers	The total number of complaints about wastewater per 1,000 connected properties: <i>(There are 22,677 wastewater connections in the network)</i>	
	Odour (Target: ≤ 1) 2018/19: Achieved (0.65)	NOT ACHIEVED There were 23 complaints received relating to odour, or 1.01 complaints per 1,000 connections.
	System faults (Target: ≤ 3) 2018/19: Achieved (4.47)	FULLY ACHIEVED There were 62 complaints received relating to system faults, or 2.7 complaints per 1,000 connections.
	Blockages (Target: ≤ 3) 2018/19: Achieved (3.26)	NOT ACHIEVED There were 74 complaints received relating to blockages, or 3.2 complaints per 1,000 connections.
	Response to issues with the wastewater system (Target: ≤ 2) 2018/19: Achieved (0.1)	FULLY ACHIEVED There were no complaints received relating to Council's response to issues with the wastewater system.
	Median response time for attendance from the time that Council receives notification of a fault or blockage to the time that service personnel reach the site (Target: ≤ 2 hours) 2018/19: Achieved (25 minutes)	FULLY ACHIEVED The median response time for attendance was 46 minutes.
	Median response time for a resolution from the time Council receives notification to the time that service personnel confirm resolution of the blockage or other fault	FULLY ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
	(Target: ≤ 24 hours) 2018/19: Achieved (3 hours 3 minutes)	The median response time for resolution was 3 hours 31 minutes.
The Council's wastewater services do not negatively impact on public health or the natural environment in line with legislative requirements	Number of operational resource consent conditions not complied with throughout the year (Total for all enforcement actions) (Target: 0) 2018/19: Not achieved (25)	NOT ACHIEVED We did not comply with 19 consent conditions. Work continues on addressing compliance issues across the activity. Upgrades to membranes at the Matarangi and Hahei wastewater treatment plants have been completed, as well as pond desludging at the Coromandel wastewater plant. Reporting and data requirements for compliance reports have been improved.
	Number of abatement notices (Target: 0) 2018/19: Not achieved (3)	NOT ACHIEVED One abatement notice was received for the Hahei Wastewater Treatment Plant during the 2019/2020 year. Two abatement notices for the Tairua-Pauanui and Coromandel treatment plants received at the end of the 2018/2019 financial year are still currently being addressed. The notices related to a mix of system non-performance and administrative tasks (provision of data and reports within specified timeframes) required by the consents. Work is underway to address the non-performance as well as implementing a robust quality assurance and control system to manage the administrative issue.
	Number of infringement notices (Target: 0) 2018/19: Achieved (0)	FULLY ACHIEVED No infringement notices were received.
	Number of enforcement orders (Target: 0) 2018/19: Achieved (0)	FULLY ACHIEVED No enforcement orders were received.
	Number of successful prosecutions (Target: 0) 2018/19: Achieved (0)	FULLY ACHIEVED There were no successful prosecutions.

Financially significant projects identified for the 2018/2019 financial year in the 2018/2028 Long Term Plan

Project	2020 Actual (\$000)	2020 LTP Budget (\$000)	Comment
District renewals	1,845	1,459	This project is an annual programme to renew wastewater network assets and treatment plant infrastructure that is coming to the end of their useful lives. This year work was completed on replacement of the Whangamata Forest Irrigation

Project	2020 Actual (\$000)	2020 LTP Budget (\$000)	Comment
			(Zone 2), fencing at the wastewater treatment plants at Hahei and Onemana, power supply upgrade for the Hahei wastewater treatment plant, replacement / refurbishment seven pumps around the district. Only one switchboard in Tairua was upgraded. In addition we have completed some prep works for the installation of the Membrane Filtration Unit at Matarangi.

Water supply activity group

The water supply activity group includes our water supply activity; and covers the provision of water to residential, commercial and industrial connections in the district and the treatment of water to ensure it is safe for our communities to use. This group promotes the economic and environmental wellbeing. Ensuring we have clean and safe water is one of the essential services Council provides to the community. Council water supplies ensure that people and in the areas of benefit (usually urban areas) have safe clean water to drink and to clean with (to maintain public health). The water systems provide water for commercial uses and also firefighting which helps protect our communities and visitors. Council serves 10 water supply schemes in the district, operates nine water treatment facilities and has three rural water supplies located south of Thames.

Water supply - 2019/20 performance results

Levels of service we provide	How we measure performance	This year's performance
When the performance measure targets were proposed as part of the 2018-2028 LTP, compliance with the NZDWS was anticipated to be achieved in different years dependant on the capital upgrade project and the phasing of the treatment plant upgrades. For example it was anticipated that the Matarangi water treatment plant would not be compliant with the DWS until the end of the 2020/21 year, which meant until that time the target would be "Non compliant" with the standards. Council have achieved this level of performance, meaning the measure has been 'Achieved'		
The Council provides safe and reliable water for household and business use in urban areas	Compliance with drinking water standards (bacteria, part 4 of the standards): <i>These results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor.</i>	
	Thames South (untreated water supply) (Target: Not complaint) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Thames South water supply is not compliant.
	Thames (Target: Compliant) 2018/19: Not achieved (Not compliant)	NOT ACHIEVED The Thames water supply is not compliant.
	Coromandel (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Coromandel water supply is not compliant.
	Matarangi (Target: Not compliant) 2018/19: Achieved (Compliant)	FULLY ACHIEVED The Matarangi water supply is not compliant.
	Whitianga (Target: Compliant) 2018/19: Achieved (Not compliant)	NOT ACHIEVED The Whitianga water supply is not compliant.
	Hahei (Target: Compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Hahei water supply is compliant.
	Tairua (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Tairua water supply is not compliant.

Levels of service we provide	How we measure performance	This year's performance
	Pauanui (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Pauanui water supply is not compliant.
	Onemana (Target: Not compliant) 2018/19: Not achieved (Compliant)	NOT ACHIEVED The Onemana water supply is compliant.
	Whangamata (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Whangamata water supply is not compliant.
	Compliance with drinking water standards (protozoal, part 5 of the standards): <i>These results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor.</i>	
	Thames South (untreated water supply) (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Thames South water supply is not compliant.
	Thames (Target: Compliant) 2018/19: Not achieved (Not compliant)	FULLY ACHIEVED The Thames water supply is compliant.
	Coromandel (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Coromandel water supply is not compliant.
	Matarangi (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Matarangi water supply is not compliant.
	Whitianga (Target: Compliant) 2018/19: Achieved (Not compliant)	NOT ACHIEVED The Whitianga water supply is not compliant.
	Hahei (Target: Compliant) 2018/18: Achieved (Not compliant)	NOT ACHIEVED The Hahei water supply is not compliant.
	Tairua (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Tairua water supply is not compliant.

Levels of service we provide	How we measure performance	This year's performance
	Pauanui (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Pauanui water supply is not compliant.
	Onemana (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Onemana water supply is not compliant.
	Whangamata (Target: Not compliant) 2018/19: Achieved (Not compliant)	FULLY ACHIEVED The Whangamata water supply is not compliant.
	The water treatment plants are not compliant with the New Zealand Drinking Water Standards. A programme has been put in place to progressively upgrade these plants to meet part 4 and 5 of the standards. Completed upgrades include Whitianga and Tairua water treatment plants with upgrades of the remaining plants scheduled.	
The Council promotes the efficient and sustainable use of water	Percentage of real water loss from the local authority's networked reticulation system:	
	Thames (medium)* (Target: ≤ 39%) 2018/19: Not achieved (43%)	ACHIEVED There was 39% real water loss in Thames in the 2019/20 year.
	Coromandel (small)* (Target: ≤ 37%) 2018/19: Not achieved (40%)	NOT ACHIEVED There was 47% real water loss in Coromandel in the 2019/20 year.
	Pauanui (small)* (Target: ≤ 13%) 2018/19: Achieved (10%)	NOT ACHIEVED There was 22% real water loss in Pauanui in the 2019/20 year.
	Thames South (small)** (Target: ≤ 40%) 2018/19: Not measured (Not available)	NOT MEASURED This data was not available.
	Matarangi (small)** (Target: ≤ 45%) 2018/19: Not measured (Not available)	NOT MEASURED This data was not available.
	Whitianga (medium)** (Target: ≤ 25%) 2017/18: Not measured (Not available)	NOT MEASURED This data was not available.
	Hahei (small)**	NOT MEASURED

Levels of service we provide	How we measure performance	This year's performance
	(Target: ≤ 50%) 2018/19: Not measured (Not available)	This data was not available.
	Tairua (small)** (Target: ≤ 40%) 2018/19: Not measured (Not available)	NOT MEASURED This data was not available.
	Onemana (small)** (Target: ≤ 60%) 2018/19: Not measured (Not available)	NOT MEASURED This data was not available.
	The average consumption of drinking water per day per resident (currently based on normally resident population) (Target: ≤600 litres per resident per day) 2018/19: Achieved (515 litres per resident per day)	FULLY ACHIEVED The average consumption of drinking water per day per resident was 517 litres.
The Council provides a responsive call-out service to attend to customers issues with their water supply	Median response time for attendance for urgent call outs from the time that service personnel reach the site (Target: ≤ 2 hours) 2018/19: Achieved (23 minutes)	FULLY ACHIEVED The median response time for urgent call-out attendance was 28 minutes.
	Median response time for resolution for urgent call outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (Target: ≤ 24 hours) 2018/19: Achieved (2 hours 43 minutes)	FULLY ACHIEVED The median response time for urgent call-out resolution was 1 hour 36 minutes.
	Median response time for attendance for non-urgent call outs from the time that the local authority receives notification to the time that service personnel reach the site (Target: ≤ 5 days) 2018/19: Achieved (34 minutes)	FULLY ACHIEVED The median response time for non-urgent call-out attendance was 44 minutes.
	Median response time for resolution for non-urgent call outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (Target: ≤ 5 days) 2018/19: Achieved (1 hour 57 minutes)	NOT ACHIEVED The median response time for non-urgent call-out resolution was 5 days 10 minutes. COVID-19 lockdown requirements resulted in some non-urgent call outs being put on hold

Levels of service we provide	How we measure performance	This year's performance
		to ensure the safety of contractors leading to the increase in resolution time.
	Number of complaints - The total number of complaints received per 1,000 connections: (There are 19,709 serviced properties for Water Supply across the district.)	
	Clarity	FULLY ACHIEVED
	(Target: ≤ 2)	There were 15 complaints received relating to clarity, or 0.76 complaints per 1,000 connections.
	2018/19: Achieved (0.42)	
	Taste	FULLY ACHIEVED
	(Target: ≤ 2)	There were 4 complaints received relating to taste, or 0.20 complaints per 1,000 connections.
	2018/19: Achieved (0.36)	
	Odour	FULLY ACHIEVED
	(Target: ≤ 2)	There were 5 complaints received relating to odour, or 0.25 complaints per 1,000 connections.
	2018/19: Achieved (0.2)	
	Pressure	FULLY ACHIEVED
	(Target: ≤ 5)	There were 40 complaints received relating to pressure, or 2.03 complaints per 1,000 connections.
	2018/19: Achieved (3.42)	
	Continuity of supply	FULLY ACHIEVED
	(Target: ≤ 5)	There were 82 complaints received relating to continuity of supply, or 4.16 complaints per 1,000 connections.
	2018/19: Not achieved (6.6)	
	Responsive to above	FULLY ACHIEVED
	(Target: ≤ 3)	There were 3 complaints received relating to responses to the above, or 0.15 complaints per 1,000 connections.
	2018/19: Achieved (0.46)	

Medium schemes: 2,500 to 10,000 connections

Small schemes: < 2,500 connections

* These schemes have universal metering and use an Annual Water Balance methodology

** These schemes do not have meters and use Minimum Night Flow methodology (used to monitor water loss from Council's water supply networks that do not have residential water meters). Recorded flow of water through the unmetered residential supply networks at night during a time when normal water use is recorded to be minimal (because most people are sleeping), for example 2-3am, is used as indicative of leaks. The minimum night flow rate is calculated as a percentage of day time flow to give an approximate percentage water loss for each of Council's unmetered water supply networks.

*** Although the target was to be not compliant, we did comply with the standard for this water supply network

Financially significant projects identified for the 2018/2019 financial year in the 2018/2028 Long Term Plan

Project	2020 Actual (\$000)	2020 LTP Budget (\$000)	Comment
Drinking Water Standards upgrades	4,495	3,937	This is a three year programme of works to upgrade our water treatment infrastructure to ensure the districts drinking water quality complies with the NZ Drinking Water Standards. This year saw the completion of a new water treatment facility in Tairua and the commencement of works to replace the plants at Pauanui. For more information on this project refer to our website https://www.tcdc.govt.nz/dws

Financial statements | Ngā Tauakī Pūtea

Guide to financial statements

Introduction

The Local Government Act 2002 requires the Council to report its actual performance compared to targets published in the Annual Plan. We report against both financial and non-financial measures. The main purpose of providing financial statements is to enable stakeholders (residents and ratepayers, other local authorities, business community groups, Government regulatory bodies etc.) to assess our performance and make decisions regarding the Council and how it conducts its business.

This information includes the statement of comprehensive revenue and expense, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the accompanying statement of significant accounting policies and notes to the financial statements. This information must be prepared according to generally accepted accounting practice and recognised accounting standards.

Statement of accounting policies

These explain the basis upon which the financial statements are prepared. They explain the methods adopted by the Council used to measure the transactions incorporated into the financial statements above.

Statement of comprehensive revenue and expense

The statement of revenue and expense shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2020. Revenue includes income received from rates and other income such as investment income, rent and fees while expenses paid includes costs such as operating costs, interest payments and depreciation.

This statement shows how total comprehensive revenue and expense is derived. Total comprehensive revenue and expense is then added or subtracted from Council's equity as shown in the statement of changes in equity.

Statement of changes in equity

This statement provides information about the nature of changes in Council's equity during the year.

Statement of financial position

The statement of financial position shows the assets and liabilities of the Council as at 30 June 2020.

Assets include cash, accounts receivable (money owed to the Council but not yet received), investments, land, buildings, operational and infrastructural assets. Current assets are amounts owed to the Council that are expected to be received within the next 12 months while current liabilities are the Council's debts that are due to be paid within the next 12 months.

Investments are the Council funds held in income earning securities while property, plant and equipment are of a permanent nature and are held for the benefit of the community.

Non-current liabilities represent money owed by the Council that does not have to be paid within the next 12 months.

Statement of cash flows

This statement covers all the inflows and outflows of cash during the year covered by the statement of comprehensive revenue and expense. The statement of cash flows identifies the sources and application of cash in respect of the Council's operating, investing and financing activities.

Funding impact statement

The funding impact statements ("FIS") have been prepared in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, which came into effect 17 March 2014. This is a reporting requirement unique to Local Government.

The disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices ("GAAP").

The purpose of these statements is to report the net cost of services for significant groups of activities ("GOA") of the Council, and are represented by the revenue that can be attributed to these activities less the costs of providing the service. They contain all the funding sources for these activities and all the applications of this funding by these activities. The GOA FIS include internal transactions between activities such as internal overheads and charges applied and or recovered and internal borrowings. These GOA FIS are contained in "Our Services" section of this report.

The FIS is also prepared at the whole of Council level summarising the transactions contained within the GOA FIS, eliminating internal transactions, and adding in other transactions not reporting in the GOA statements.

These statements are based on cash transactions prepared on an accrual basis and as such do not include non cash/accounting transactions that are included with the statement of comprehensive revenue and expense as required under GAAP. These items include but are not limited to the Council's depreciation, gain and/or losses on revaluation and vested assets.

They also depart from GAAP as funding sources are disclosed within the FIS as being either for operational or capital purposes. Income such as subsidies received for capital projects, development contributions and proceeds from the sale of assets are recorded as capital funding sources. Under GAAP these are treated as income in the statement of comprehensive revenue and expense.

Notes to the financial statements

These notes to the accounts provide further details of what the summarised amounts reported on in the above financial statements are comprised of. The reference to the note is included in the financial statements 'Notes' column, beside the dollar values for the current financial year.

Statement of compliance

Compliance

The Council of Thames-Coromandel District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Council and management of Thames-Coromandel District Council accept:

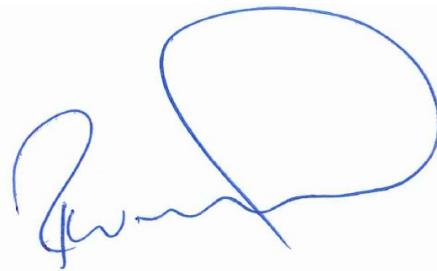
- Responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- Responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Thames-Coromandel District Council, the financial statements for the period ended 30 June 2020 fairly reflect the financial position and operations of the Thames-Coromandel District Council.



Mayor

12 November 2020



Chief Executive

12 November 2020

Statement of comprehensive revenue and expense

For the year ended 30 June 2020

	Notes	2020 Budget \$000's	2020 Actual \$000's	2019 Actual \$000's
Revenue				
Rates revenue	3	68,945	68,051	65,458
Fees and charges	3	11,950	11,997	12,142
Development and financial contributions		2,470	4,277	3,209
Subsidies and grants	3	11,219	8,928	10,502
Interest revenue	3	12	97	468
Other revenue	3	3,522	14,151	13,884
Total revenue		98,118	107,501	105,663
Expenses				
Personnel costs	4	18,822	18,508	17,433
Depreciation and amortisation expense	18	22,418	22,027	20,465
Finance costs	5	2,859	2,758	2,460
Other expenses	6	44,074	53,640	52,090
Total expenses		88,173	96,933	92,449
Share of joint venture surplus/(deficit)	15	0	0	4
Surplus/(deficit) before tax		9,946	10,568	13,218
Income tax expense	7	0	0	0
Surplus/(deficit) after tax		9,946	10,568	13,218
Other comprehensive revenue and expense				
Gain on property, plant and equipment revaluations		28,641	14,278	84,024
Gain/(loss) on financial assets revaluations		0	0	0
Total other comprehensive revenue and expense		28,641	14,278	84,024
Total comprehensive revenue and expense		38,587	24,846	97,242

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 30.

Statement of financial position

As at 30 June 2020

	Notes	2020 Budget \$000's	2020 Actual \$000's	2019 Actual \$000's
Assets				
Current assets				
Cash and cash equivalents	8	843	3,629	3,562
Receivables	9	8,200	9,286	9,502
Other financial assets	13	0	72	63
Inventory	10	108	106	106
Total current assets		9,151	13,092	13,232
Non-current assets				
Postponed rates	9	433	450	433
Investments in joint ventures	15	0	0	0
<i>Other financial assets:</i>				
Investments in CCOs and similar entities	13	0	1,207	1,047
Investments in other entities	13	1,077	44	62
Total other financial assets		1,077	1,250	1,108
Intangible assets	17	6,985	5,722	5,681
Forestry assets	19	2,803	3,296	3,109
Property, plant and equipment	16	1,587,695	1,629,037	1,593,136
Total non-current assets		1,598,993	1,639,755	1,603,467
Total assets		1,608,144	1,652,847	1,616,699
Liabilities				
Current liabilities				
Payables and deferred revenue	20	18,106	19,441	19,474
Derivative financial instruments	12	131	1,595	1,452
Employee entitlements	22	1,609	2,143	1,600
Provisions	23	475	752	668
Borrowings	21	0	8,000	0
Total current liabilities		20,321	31,931	23,195
Non-current liabilities				
Derivative financial instruments	12	2,026	4,957	4,498
Employee entitlements	22	175	268	224
Provisions	23	5,389	5,141	5,079
Borrowings	21	61,994	53,000	51,000
Total non-current liabilities		69,584	63,367	60,801
Total liabilities		89,905	95,298	83,996
Net assets (assets minus liabilities)		1,518,239	1,557,549	1,532,703
Equity				
Accumulated funds	26	405,823	404,659	400,077
Reserves	26	1,112,416	1,152,891	1,132,627
Total equity		1,518,239	1,557,549	1,532,703

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 30.

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
Balance at 1 July		1,479,652	1,532,703	1,435,460
Total comprehensive revenue and expense for the year		38,587	24,846	97,242
Balance at 30 June	26	1,518,239	1,557,549	1,532,703

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided for in note 30.

Statement of cash flows

For the year ended 30 June 2020

	2020 Budget \$000's	2020 Actual \$000's	2019 Actual \$000's
Cash flows from operating activities			
Receipts from rates revenue	68,762	66,481	63,053
Receipts from other revenue	26,309	27,608	27,848
Interest received	12	97	529
Dividends received	0	27	5
GST (net)	0	190	213
Payments to suppliers and employees	(62,170)	(69,472)	(64,042)
Interest paid	(2,859)	(2,758)	(2,460)
Net cash flow from operating activities	30,054	22,173	25,146
Cash flows from investing activities			
Advance payments received	0	0	9,518
Receipts from sale of property, plant and equipment	0	62	397
Advance payments made	0	(169)	0
Purchase of property, plant and equipment	(42,796)	(31,295)	(36,154)
Purchase of intangible assets	(338)	(704)	(944)
Net cash flow from investing activities	(43,134)	(32,106)	(27,183)
Cash flows from financing activities			
Proceeds from borrowings	18,740	63,208	83,950
Repayment of finance lease liabilities	0	0	0
Repayment of borrowings	(5,175)	(53,208)	(78,550)
Net cash flow from financing activities	13,565	10,000	5,400
Net increase/(decrease) in cash and cash equivalents	485	67	3,363
Cash and cash equivalents at the start of the year	358	3,562	199
Cash and cash equivalents at the end of the year	843	3,629	3,562

Statement of cash flows (continued)

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

	2020 Actual \$000's	2019 Actual \$000's
Surplus/(deficit) after tax	10,568	13,218
Add/(less) non-cash items		
Vested assets	(13,299)	(12,764)
Amortisation	663	599
Depreciation	21,364	19,823
(Gains)/losses in fair value of forestry assets	(187)	(307)
Net (gains)/losses on foreign exchange		
Net (gains)/losses on interest rate swaps	602	1,365
Impairment of spare parts	0	0
Total non-cash items	9,143	8,716
Add/(less) movements in working capital items		
Increase/(decrease) in payables	372	3,191
Increase/(decrease) in provisions	96	33
Increase/(decrease) in employee entitlements	588	(60)
(Increase)/decrease in receivables	151	(1,602)
Net movement in working capital items	1,207	1,562
Add/(less) items classified as investing activities		
(Gains)/losses on sale of property, plant and equipment	1,255	1,654
Increase/(decrease) in provisions	0	(4)
Net movement in working capital items	1,255	1,650
Net cash inflow/(outflow) from operating activities	22,173	25,146

Notes to the financial statements

Note 1 - Statement of accounting policies

REPORTING ENTITY

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

Council's 40% interest in a jointly controlled entity called the Thames Valley Emergency Operating Area (TVEOA) is equity accounted into the financial statements.

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. The financial statements were authorised for issue by Council on 12 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 year.

Statement of compliance

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

The financial statements have been prepared in accordance with Tier 1 PBE accounting 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 related party transaction disclosures in Note 27. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

Standards issued that are not yet effective that have been early adopted

A standard issued and not yet effective that has been adopted early by Council is as follows:

PBE IPSAS 21 - Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets

This Standard amends PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets so that assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets are within the scope of PBE IPSAS 21 and PBE IPSAS 26.

As a result of the amendments, an entity is required to assess at each reporting date whether there is any indication that an asset, or group of assets, may be impaired. If any indication exists, the entity is then required to assess the recoverable service amount (non-cash-generating asset) or recoverable amount (cash-generating asset) of that asset, or group of assets, and recognise an impairment loss if the recoverable service amount or recoverable amount is less than the carrying amount.

However, where an impairment loss is recognised for an asset, or group of assets, that is revalued, an entity is not necessarily required to revalue the entire class of assets to which that impaired asset, or group of assets, belongs.

Standards issued that are not yet effective and not early adopted

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

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 *Statement of Cash Flows* requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Council does not intend to early adopt the amendment.

Financial instruments

PBE IPSAS 41 Financial Instruments

The XRB issued PBE IPSAS 41 *Financial Instruments* in March 2019. This standard supersedes PBE IFRS 9 *Financial Instruments*, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Council has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. Council has not yet determined how application of PBE FRS 48 will affect its statement of performance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by 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 for the preparation of these financial statements.

Critical accounting estimates and assumptions

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

- Estimating the fair value of land, buildings, and infrastructural assets - see Note 16
- Estimating the retirement and long service leave obligations - see Note 22
- Estimating the landfill aftercare provision - see Note 23
- Estimating leaky home settlement costs - see Note 23

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 16.

Note 2 - Summary revenue and expenditure for group 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 that cannot be identified in an economically feasible manner with a specific 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

	2020 Budget \$000s	2020 Actual \$000's	2019 Actual \$000's
Revenue			
Representation	20,120	16,455	15,442
Planning and regulation	6,972	6,410	6,859
Protection of people and the environment	2,830	2,597	4,403
Roads and footpaths	18,741	16,169	16,956
Community spaces and development	13,715	14,375	13,447
Economic development	0	0	0
Water	9,297	10,649	9,707
Wastewater	14,339	17,254	16,789
Stormwater	2,453	2,787	2,625
Solidwaste	7,513	8,034	7,076
Activity revenue	95,980	94,730	93,304
Revenue not directly attributable to an activity			
Revenue from vested assets	2,157	13,299	12,764
Gain on revaluation of interest rate swaps	695	0	0
Gain on revaluation of forestry	0	187	307
Gain on disposal of assets	0	0	0
Other revenue	12	0	2
<i>Less internal revenue</i>	<i>(726)</i>	<i>(715)</i>	<i>(715)</i>
Total revenue	98,118	107,501	105,663
Expenditure			
Representation	20,774	17,796	18,255
Planning and regulation	6,972	7,512	6,756
Protection of people and the environment	2,830	3,184	2,321
Roads and footpaths	12,097	16,549	16,537
Community spaces and development	12,624	11,986	10,774
Economic development	0	0	0
Water	9,297	9,679	9,230
Wastewater	14,339	14,058	13,763
Stormwater	2,453	3,266	3,179
Solidwaste	7,513	11,741	9,278
Activity expenditure	88,899	95,772	90,093
Expenditure not directly attributable to an activity			
Loss on revaluation of forestry	0	0	0
Loss on revaluation of interest rate swaps	0	603	1,352
Impairment of inventory	0	0	2
Loss on disposal of assets	0	1,255	1,716
Other expenditure	0	18	0
<i>Less internal expenditure</i>	<i>(726)</i>	<i>(715)</i>	<i>(715)</i>
Total expenditure	88,173	96,933	92,449

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.

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 receivable 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 from subdivision consents are recognised as income upon the granting of the resource consent and prior to the completion certificate being issued pursuant to Section 224c of the Resource Management Act 1991. Contributions from land use consents are recognised as income upon the granting of the resource consent.

Development 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 liabilities until 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 the conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied.

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 facilities, such as the pool. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

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

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.

Sale of goods

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

Accounting policy (continued)

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

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 the unit rate for each specific component vested.

These unit rates are calculated by Council and peer reviewed on an annual basis by a suitably qualified external valuer on an annual basis. Should no unit rate exist for a specific type of asset at the time Council obtains control of the asset, then the value is determined by using the 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, the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

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

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 the revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

(i) Breakdown of rates and further information

	2020 Actual \$000's	2019 Actual \$000's
General rates	11,011	10,812
Uniform annual general charge	12,456	11,822
Targeted rates attributable to activities:		
- Targeted rates for metered water supply	1,888	1,563
- Other targeted rates	42,983	41,044
Rates penalties	621	888
Rates remissions	(907)	(670)
Total rates	68,051	65,458

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	27,912
Total capital values of rating units	20,360,117,260
Total land value of rating units	12,988,521,040

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 Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of Council for the year ended 30 June 2020 for the purposes of the LGFA Guarantee and Indemnity Deed is shown below.

	2020 Actual \$000's	2019 Actual \$000's
Rates	68,958	66,128
Total gross annual rates income	68,958	66,128

(ii) Breakdown of subsidies and grants

	2020 Actual \$000's	2019 Actual \$000's
New Zealand Transport Agency roading subsidies	7,532	8,747
New Zealand Defence Force cemetery subsidies	0	14
Other subsidies	0	16
Other grants	1,395	1,725
Total subsidies and grants	8,928	10,502

(iii) Breakdown of fees and charges

	2020 Actual \$000's	2019 Actual \$000's
Building and resource consent charges	4,803	5,167
Solid waste revenue	4,210	3,507
Land information memoranda sales	263	273
Other fees and charges	2,720	3,194
Total fees and charges	11,997	12,142

(iv) Breakdown of interest revenue

	2020 Actual \$000's	2019 Actual \$000's
Interest revenue		
Term deposits	63	436
Borrower notes interest revenue	3	3
Postponed rates	31	28
Discount unwind on provisions	0	0
Related party loans	0	0
Community loans	0	0
Local authority and government bonds	0	0
Total interest revenue	97	468

(v) Breakdown of other revenue

	2020 Actual \$000's	2019 Actual \$000's
Petrol tax	377	510
Traffic and parking infringements	234	262
Court fees and fines	19	26
Insurance recoveries	0	0
Vested land and infrastructure from property development	13,299	12,764
Forestry asset revaluation gains	187	307
Gain on changes in fair value of derivative financial instruments	0	0
Property, plant and equipment gains on disposal	0	0
Dividend revenue	27	5
Other	7	10
Total other revenue	14,151	13,884

Operating leases as a lessor

The Council leases some properties held for future strategic purposes under operating leases. Lease terms range anywhere from 12 months to 21 years (with lease review every 3 years). 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
Operating leases as lessor		
Not later than one year	571	592
Later than one year and not later than five years	1,677	1,643
Later than five years	1,509	1,700
Total non-cancellable operating leases	3,756	3,935

No contingent rents have been recognised during the year.

Note 4 - Personnel costs

Accounting policy

Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver 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 bases for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Breakdown of personnel costs and further information

	2020 Actual \$000's	2019 Actual \$000's
Salaries and wages	17,632	17,053
Employer contributions to defined contribution plans	452	442
Increase/(decrease) in employee entitlements	424	(62)
Total personnel costs	18,508	17,433

Chief Executive remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$360,795 (2019: \$363,954).

Council employee remuneration by band

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

	2020 Actual \$000's
Total annual remuneration by band for employees as at 30 June 2020	
< \$60,000	83
\$60,000 - \$79,999	65
\$80,000 - \$99,999	50
\$100,000 - \$119,999	15
\$120,000 - \$139,999	7
\$140,000 - \$159,999	6
\$160,000 - \$199,999	9
\$200,000 - \$359,999	2
Total employees	237

	2019 Actual \$000's
Total annual remuneration by band for employees as at 30 June 2019	
< \$60,000	77
\$60,000 - \$79,999	58
\$80,000 - \$99,999	42
\$100,000 - \$119,999	15
\$120,000 - \$139,999	13
\$140,000 - \$179,999	6
\$180,000 - \$239,999	7
\$240,000 - \$379,999	1
Total employees	219

At balance date, the Council employed 174 (2019: 173) full-time employees, with the balance of staff representing 39 (2019: 28) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Elected representatives' remuneration

Elected representatives received the following remuneration:

	2020 Actual \$000's	2019 Actual \$000's
Elected representatives received the following remuneration:		
Mayor Sandra Goudie	139	126
Deputy Mayor Tony Brljevic	17	51
Councillor Tony Fox	57	47
Councillor Murray McLean JP	55	46
Councillor Jan Bartley	11	34
Councillor Rex Simpson	13	39
Councillor Sally Christie	53	39
Councillor Strat Peters	13	39
Councillor Terry Walker	52	47
Councillor Robyn Sinclair	31	0
Councillor Martin Rodley	31	0
Councillor Gary Gotlieb	31	0
Councillor John Morrissey	31	0
Total elected representatives remuneration	534	468

Severance payments

For the year ended 30 June 2020, the Council made 1 (2019: 3) severance payment to employees totaling \$10,000 (2019: \$47,405).

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
Interest expense		
Interest on borrowings	2,605	2,398
Discount unwind on provisions	153	62
Net finance costs	2,758	2,460

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.

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	159	157
- fees to Audit New Zealand for other services	7	12
- fees to Audit New Zealand for debenture trust deed	5	4
- fees to Audit New Zealand for Long Term Plan	0	0
General grants	559	349
Operating lease expense	74	54
Impairment of receivables	565	529
Impairment of property intended for sale	0	0
Impairment of spare parts for obsolescence	0	2
Property, plant and equipment and intangible assets losses on disposal	1,255	1,654
Derivative financial instruments revaluation losses	621	1,352
Forestry asset revaluation losses	0	0
Other operating expenses	50,395	47,978
Total other expenses	53,640	52,090

Operating leases as lessee

The Council leases property, plant and equipment in the normal course of business. The lease has a non-cancellable term of 12 months. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2020 Actual \$000's	2019 Actual \$000's
Not later than one year	4	6
Later than one year and not later than five years	15	17
Later than five years	0	8
Total non-cancellable operating leases	19	31

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2019: \$nil). The Council cannot assign or sublet the property without prior written consent of the lessor.

The lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Council by any of the leasing arrangements.

Note 7 - Tax

Accounting policy

Income tax expense includes components relating to both current and deferred tax. The Council is exempt from income tax with the exception of income derived from wharf operations. Historically, the deductible operating expenditure has offset any operating revenue that is subject to income tax.

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

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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

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

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

Breakdown of taxes and further information

	2020 Actual \$000's	2019 Actual \$000's
Components of tax expense		
Current tax expense	0	0
Deferred tax expense	0	0
Tax expense	0	0
Relationship between tax expense and accounting surplus		
Net surplus /(deficit) before tax	10,568	13,218
Tax at 28%	2,959	3,701
Plus /(less) tax effect of:		
Non-taxable revenue	(2,959)	(3,701)
Tax losses not recognised	0	0
Deferred tax adjustment	0	0
Tax expense	0	0

	PPE \$000's	Employee entitlements \$000's	Other provisions \$000's	Tax losses \$000's	Total \$000's
Deferred tax asset (liability)					
Balance at 30 June 2018	(169)	0	0	169	0
Charged to surplus or deficit	(62)	0	0	62	0
Charged to other comprehensive revenue and expense	(131)	0	0	131	0
Balance at 30 June 2019	(362)	0	0	362	0
Charged to surplus or deficit	131			(131)	0
Charged to other comprehensive revenue and expense	(79)			79	0
Balance at 30 June 2020	(311)	0	0	311	0

Other tax-related disclosures

A deferred tax asset has not been recognised in relation to tax losses of \$4,327,344 (2019: \$4,166,289). Based on the extent to which it is probable that taxable profits will be available against which to deduct tax losses.

Note 8 - Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly 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	3,607	3,540
Domain committee current accounts	21	21
Total cash and cash equivalents	3,629	3,562

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.

Note 9 - Receivables

Accounting policy

Short-term receivables are recorded at their face value, less any provision for impairment for noncollectability.

A receivable is considered to be noncollectable when there is evidence that the amount due will not be fully collected.

The amount that is noncollectable 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	7,610	6,855
Other receivables:		
Related party receivables	0	0
Other	4,938	5,844
Receivables prior to impairment	12,548	12,699
Less provision for impairment	(2,813)	(2,764)
Total receivables	9,735	9,935
Less non-current portion		
Postponed rates	(450)	(433)
Total non-current portion	(450)	(433)
Current portion receivables	9,286	9,502
Total receivables comprise:		
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	9,406	9,664
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	329	271

Fair value

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

The face value of postponed rates is \$449,739 (2019: \$432,663). Fair value has not been determined by using discounted cash flows.

Interest was charged at a rate of 6.99% on postponed rates (2019: 6.99%). Future interest rates are notified annually in the Long Term Plan or Annual Plan.

Postponed rates are secured by statutory land charges over the rating units on which rates have been postponed.

Impairment

The Council does not provide for any impairment on rates receivable, except on Maori Freehold Land as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their net present value of future payments if the impact of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been renegotiated is \$8,992 (2019: \$5,614).

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	4,089	0	4,089	5,105	0	5,105
Past due 1-30 days	74	0	74	80	0	80
Past due 31-60 days	18	0	18	29	0	29
Past due >61 days	7,918	(2,813)	5,106	7,053	(2,764)	4,289
Total current portion	12,098	(2,813)	9,286	12,266	(2,764)	9,502

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

The impairment provision has been calculated based on a review of specific overdue receivables.

	2020 Actual \$000's	2019 Actual \$000's
Individual impairment	2,813	2,764
Collective impairment	0	0
Total provision for impairment	2,813	2,764

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	2020 Actual \$000's	2019 Actual \$000's
Past due 1-30 days	0	0
Past due 31-60 days	0	0
Past due >61 days	2,813	2,764
Total individual impairment	2,813	2,764

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

	2020 Actual \$000's	2019 Actual \$000's
At 1 July	2,764	2,623
Additional provisions made during the year	565	539
Provisions reversed during the year	0	0
Receivables written off during the period	(517)	(398)
At 30 June	2,813	2,764

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

Note 10 - Inventory

Accounting policy

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), and adjusted, when applicable, for any loss of service potential. Inventories acquired through non-exchange transactions are measured at fair value at the current replacement cost at the date of acquisition.

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

Breakdown of inventory and further information

	2020 Actual \$000's	2019 Actual \$000's
Held for distribution inventory:		
Water and sewerage reticulation spare parts	106	106
Total inventory	106	106

Inventory held for distribution or consumption relates specifically to assets held for the replacement of key parts in the event of other part failures at any of the wastewater plants around the district. Replaced parts are repaired, where appropriate, and held for future use.

The addition to (write-down of) inventory during the year was \$Nil (2019: \$2,195). There have been no reversals of write-downs (2019: Nil).

No inventory is pledged as security for liabilities (2019: Nil).

Note 11 - Non-current assets held for sale

Accounting policy

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

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

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

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

At balance date Council held no assets held for sale (2019: Nil).

Note 12 - Derivative 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 treasury 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.

The Council has elected not to apply hedge accounting to its derivative financial instruments.

Breakdown of derivative financial instruments and further information

	2020 Actual \$000's	2019 Actual \$000's
Liabilities		
Current liability portion		
Interest rate swaps	1,595	1,451
Total current liability portion	1,595	1,451
Non-current liability portion		
Interest rate swaps	4,957	4,498
Total non-current liabilities portion	4,957	4,498
Total derivative financial instrument liabilities	6,552	5,949

Fair value of interest rate swaps

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

Information about interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$51 million (2019: \$57 million). \$11.5 million of these interest rate swaps have start dates after year-end and are in line with forecasted borrowing requirements. At 30 June 2020, the fixed interest rates of the outstanding interest rate swaps varied from 0.95% to 6.10% (2019: 3.29% to 6.10%).

Note 13 - 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

Shares (other than shares in subsidiaries) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares 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. 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.

Breakdown of other financial assets and further information

	2020 Actual \$000's	2019 Actual \$000's
Current portion		
Short-term deposits with maturities of 4-12 months	72	63
Total current portion	72	63
Non-current portion		
Investment in CCOs and similar entities:		
Local Government Funding Agency	1,076	916
Local Authority Shared Services Limited	131	131
Total investment in CCOs and similar entities	1,207	1,047
Investment in other entities:		
Civic Financial Services Ltd	25	43
Cooks Beach Wall Limited	18	18
Total investment in other entities	44	62
Total non-current portion	1,250	1,108
Total other financial assets	1,322	1,171

Term deposits

The carrying amount of term deposits approximates their fair value.

Unlisted shares

The fair value of Local Authority Shared Services Limited has not been disclosed because its fair value cannot be reliably measured, as there is no active market for this type of equity instrument. Therefore, this investment is held at cost.

The fair value of the Council's investment in NZ Local Government Insurance Corporation (trading as Civic Financial Services) is \$25,257 (2019: \$43,262). This is based on the Council's share, currently 0.24% (2019: 0.24%), of the assets less liabilities of the company.

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 are no impairment provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

Note 14 - Investment in associate

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 7 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 has elected to recognise its interests in both the Hauraki Rail Charitable Trust and Destination Coromandel Trust as associates of Council. However, given that Council does not have an ownership interest in either trust and that no share of the profit or loss is made to Council, it is impractical for Council to recognise its relationship with both trusts through this method of accounting. Nevertheless, the relationship is recognised as a related party with the appropriate disclosures made in accordance with PBE IPSAS 20 Related Party Disclosures.

Note 15 - 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.

Council has a 40% interest in a jointly controlled entity called the Thames Valley Emergency Operating Area (TVEOA). Council is the administering authority of this entity and accounts for its interest in this entity under the equity-method of accounting using the alternative disclosure of PBE IPSAS 7.

The Thames Valley Emergency Operating Area joint venture was disestablished on 30 June 2019. Each of the participating Councils are now responsible for managing the emergency operations of their respective districts under the umbrella of Waikato Civil Defence Emergency Management.

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
Non-current liabilities	0	0
Net assets	0	0
Revenue	0	110
Expenses	0	106
Share of surplus/(deficit)	0	4

Note 16 - Property, plant and equipment

Accounting policy

Property, plant and equipment consist of the following types of assets and asset classes:

Operational assets - These include land, buildings and improvements, library books, furniture and fittings, plant and equipment, swimming pools, refuse processing and disposal, computer hardware, and motor vehicles.

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

Infrastructural assets - Infrastructure assets are the fixed utility systems owned by the Council including roads, footpaths, bridges and culverts, water, wastewater, storm water, reserve improvements and harbour facilities. Each asset class includes that are required for the network to function.

Recognition and measurement

Land (operation and restricted) is measured at fair value, and buildings, refuse processing and disposal and all 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.

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with the Council.

The Council does not recognise land under unformed paper roads in the financial statements because there is little or no service potential from the majority of these paper roads. Valuing these assets is also difficult. It is difficult to measure the service benefit to the public from having access to these routes. There is also limited market data detailing recent sales of such small individual areas arguably due to the high cost of disposal.

Revaluations

Land (excluding land under roads) is revalued bi-annually, buildings and infrastructural assets are revalued annually to ensure that their carrying amount does not differ materially from fair value. Land under roads was revalued in July 2011 by Jordan Valuers. Subsequently land values reported have used the 2011 Jordan Valuers' valuation as a base and have had the NZ Transport Agency's (NZTA) land valuation index values applied. From 1 July 2018, the Council elected to use the fair value of land under roads as the deemed cost. Land under roads is no longer revalued.

The carrying value of land is assessed annually between the revaluation cycles to ensure that it does not differ materially from the assets' fair values. If there is a material difference, then the asset class is revalued.

Revaluations of property are accounting 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 if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

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

Disposals

Gains and losses on disposals are determined by comparing the 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 the asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council 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.

Accounting policy (continued)

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land and assets under construction (work in progress), 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:

Operational assets

Buildings	5-60 years	1.7%-20.0%
Computer hardware	2-10 years	10.0%-50.0%
Furniture and fittings	2-25 years	4.0%-50.0%
Library collections	10 years	10.0%
Plant and machinery	3-25 years	4.0%-33.3%
Solid waste	5-80 years	1.3%-20.0%
Swimming pool	5-50 years	2.0%-20.0%

Infrastructural assets

Reserve improvements	2-100 years	1.0%-50.0%
Bridges	60-100 years	1.0%-1.7%
Footpaths	20-50 years	2.0%-5.0%
Harbour facilities	5-100 years	1.0%-20.0%
Water	5-100 years	1.0%-20.0%
Wastewater	2-100 years	1.0%-50.0%
Stormwater	5-100 years	1.0%-20.0%
Roads	10-99 years	1.0%-10.0%

Impairment

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

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

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.

An impairment loss on a non-revalued asset is recognised in surplus or deficit. However, an impairment loss on a revalued asset is recognised in other comprehensive revenue and expense to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of assets or asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that class of assets or asset.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and the availability of information.

Assets under construction

Assets under construction are not depreciated. The total cost of a completed project is transferred to the relevant asset class at balance date.

Critical accounting estimates and assumptions

Land (operational, restricted, and infrastructural)

The most recent valuation of land was performed by an independent registered valuer, QV Valuations, Hamilton. The valuation is effective as at 1 July 2018.

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.

Buildings (operational and restricted)

The most recent valuation of buildings was performed by an independent registered valuer, Curnow Tizard Limited, Hamilton. The valuation is effective as at 1 July 2019.

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

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

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- Where buildings are not readily tradable, such as public toilets, the valuer has assessed their value within the context of fair value being the price that they would expect the Council to pay for such a facility, if that situation had arisen.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

Infrastructural asset classes

Wastewater, water, stormwater, harbours, solid waste, parks and roads, footpaths and bridges are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

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

WSP New Zealand Limited of Paeroa was commissioned by Council to carry out an independent review of the methodology used to complete Council's infrastructure asset valuation as at 1 July 2019.

Pinnacles Civil of Waihi performed the most recent valuation for all roading assets (including footpaths and bridges), and the valuation is effective as at 1 July 2019.

Total Council property, plant and equipment

	2020 Actual \$000's	2019 Actual \$000's
Cost / valuation - opening balance	1,619,861	1,506,499
Accumulated depreciation and impairment	(26,726)	(25,097)
Total - opening balance	1,593,135	1,481,402
Current year additions	44,581	49,733
Current year disposals	(2,305)	(2,876)
Current year disposals depreciation	711	675
Current year depreciation charge	(21,364)	(19,823)
Impairments	0	0
Reversed on revaluation - Cost	(18,819)	(17,519)
Reversed on revaluation - Accumulated depreciation	18,819	17,519
Revaluation surplus	14,278	84,024
Total - closing balance	1,629,037	1,593,135
At cost / valuation - closing balance	1,657,596	1,619,861
Accumulated depreciation and impairment	(28,560)	(26,726)
Total Council property, plant and equipment - closing balance	1,629,037	1,593,135

Movement in the carrying value for each class of property, plant and equipment are as follows:

Buildings

	2020 Actual \$000's	2019 Actual \$000's
Buildings - at cost / valuation - opening balance	38,586	36,189
Accumulated depreciation and impairment	(1,336)	(1,260)
Total buildings - opening balance	37,250	34,929
Reclassification	(599)	0
Current year additions	1,231	2,277
Current year disposals	(27)	(68)
Current year disposals depreciation	6	4
Current year depreciation charge	(1,425)	(1,340)
Reversed on revaluation - Cost	(1,336)	(1,260)
Reversed on revaluation - Accumulated depreciation	1,336	1,260
Revaluation surplus	1,471	1,448
Total buildings - closing balance	37,907	37,250
Buildings - at cost / valuation - closing balance	39,326	38,586
Accumulated depreciation and impairment	(1,419)	(1,336)
Total buildings - closing balance	37,907	37,250

Computer hardware

	2020 Actual \$000's	2019 Actual \$000's
Computer hardware - at cost - opening balance	4,673	4,064
Accumulated depreciation and impairment	(3,660)	(3,412)
Total computer hardware - opening balance	1,013	652
Reclassification	0	0
Current year additions	213	757
Current year disposals	(381)	(148)
Current year disposals depreciation	381	148
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(480)	(395)
Total computer hardware - closing balance	746	1,013
Computer hardware - at cost - closing balance	4,505	4,673
Accumulated depreciation and impairment	(3,759)	(3,660)
Total computer hardware - closing balance	746	1,013

Furniture and fittings

	2020 Actual \$000's	2019 Actual \$000's
Furniture and fittings - at cost - opening balance	1,798	1,782
Accumulated depreciation and impairment	(1,233)	(1,145)
Total furniture and fittings - opening balance	565	637
Current year additions	110	30
Current year disposals	(30)	(14)
Current year disposals depreciation	29	14
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(81)	(102)
Total furniture and fittings - closing balance	594	565
Furniture and fittings - at cost - closing balance	1,879	1,798
Accumulated depreciation and impairment	(1,285)	(1,233)
Total furniture and fittings - closing balance	594	565

Operational land

	2020 Actual \$000's	2019 Actual \$000's
Operational land - at cost / valuation - opening balance	93,781	80,139
Accumulated depreciation and impairment	0	0
Total operational land - opening balance	93,781	80,139
Reclassification	0	0
Current year additions	0	1,379
Current year disposals	(143)	0
Current year disposals depreciation	0	0
Current year depreciation charge	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Revaluation surplus	0	12,263
Total operational land - closing balance	93,639	93,781
Operational land - at cost / valuation - closing balance	93,639	93,781
Accumulated depreciation and impairment	0	0
Total operational land - closing balance	93,639	93,781

Library collections

	2020 Actual \$000's	2019 Actual \$000's
Library collections - at cost - opening balance	2,299	2,181
Accumulated depreciation and impairment	(1,678)	(1,545)
Total library collections - opening balance	620	636
Current year additions	119	118
Current year disposals	0	0
Current year disposals depreciation	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(118)	(134)
Total library collections - closing balance	622	620
Library collections - at cost - closing balance	2,418	2,299
Accumulated depreciation and impairment	(1,796)	(1,678)
Total library collections - closing balance	622	620

Plant and machinery

	2020 Actual \$000's	2019 Actual \$000's
Plant and machinery - at cost - opening balance	2,571	2,755
Accumulated depreciation and impairment	(1,334)	(1,475)
Total plant and machinery - opening balance	1,237	1,280
Current year additions	587	350
Current year disposals	(218)	(534)
Current year disposals depreciation	226	377
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Current year depreciation charge	(283)	(236)
Total plant and machinery - closing balance	1,548	1,237
Plant and machinery - at cost - closing balance	2,939	2,571
Accumulated depreciation and impairment	(1,391)	(1,334)
Total plant and machinery - closing balance	1,548	1,237

Solid waste

	2020 Actual \$000's	2019 Actual \$000's
Solid waste - at cost / valuation - opening balance	5,149	4,705
Accumulated depreciation and impairment	(205)	(202)
Total solid waste - opening balance	4,944	4,504
Current year additions	461	525
Current year disposals	(101)	(6)
Current year disposals depreciation	2	1
Current year depreciation charge	(236)	(206)
Reversed on revaluation - Cost	(205)	(202)
Reversed on revaluation - Accumulated depreciation	205	202
Revaluation surplus	52	127
Total solid waste - closing balance	5,123	4,944
Solid waste - at cost / valuation - closing balance	5,356	5,149
Accumulated depreciation and impairment	(233)	(205)
Total solid waste - closing balance	5,123	4,944

Bridges

	2020 Actual \$000's	2019 Actual \$000's
Bridges - at cost / valuation - opening balance	17,413	16,743
Accumulated depreciation and impairment	(373)	(349)
Total bridges - opening balance	17,040	16,393
Reclassification	0	0
Current year additions	545	121
Current year disposals	0	0
Current year disposals depreciation	0	0
Current year depreciation charge	(376)	(373)
Reversed on revaluation - Cost	(373)	(349)
Reversed on revaluation - Accumulated depreciation	373	349
Revaluation surplus	(986)	899
Total bridges - closing balance	16,223	17,040
Bridges - at cost / valuation - closing balance	16,599	17,413
Accumulated depreciation and impairment	(376)	(373)
Total bridges - closing balance	16,223	17,040

Footpaths

	2020 Actual \$000's	2019 Actual \$000's
Footpaths - at cost / valuation - opening balance	17,763	16,692
Accumulated depreciation and impairment	(796)	(741)
Total footpaths - opening balance	16,967	15,952
Reclassification	0	0
Current year additions	1,026	646
Current year disposals	(22)	(114)
Current year disposals depreciation	2	6
Current year depreciation charge	(893)	(802)
Reversed on revaluation - Cost	(796)	(741)
Reversed on revaluation - Accumulated depreciation	796	741
Revaluation surplus	160	1,280
Total footpaths - closing balance	17,240	16,967
Footpaths - at cost / valuation - closing balance	18,131	17,763
Accumulated depreciation and impairment	(892)	(796)
Total footpaths - closing balance	17,240	16,967

Harbour facilities

	2020 Actual \$000's	2019 Actual \$000's
Harbour facilities - at cost / valuation - opening balance	9,002	8,878
Accumulated depreciation and impairment	(211)	(196)
Total harbour facilities - opening balance	8,791	8,682
Current year additions	2,929	886
Current year disposals	(796)	0
Current year disposals depreciation	29	0
Current year depreciation charge	(278)	(211)
Reversed on revaluation - Cost	(211)	(196)
Reversed on revaluation - Accumulated depreciation	211	196
Revaluation surplus	(153)	(566)
Total harbour facilities - closing balance	10,523	8,791
Harbour facilities - at cost / valuation - closing balance	10,771	9,002
Accumulated depreciation and impairment	(249)	(211)
Total harbour facilities - closing balance	10,523	8,791

Reserve improvements

	2020 Actual \$000's	2019 Actual \$000's
Reserve improvements - at cost / valuation - opening balance	30,974	24,177
Accumulated depreciation and impairment	(1,339)	(1,193)
Total reserve improvements - opening balance	29,634	22,984
Reclassification	0	0
Current year additions	2,922	5,923
Current year disposals	(49)	(145)
Current year disposals depreciation	3	13
Current year depreciation charge	(1,524)	(1,352)
Reversed on revaluation - Cost	(1,339)	(1,193)
Reversed on revaluation - Accumulated depreciation	1,339	1,193
Revaluation surplus	1,619	2,212
Total reserve improvements - closing balance	32,605	29,634
Reserve improvements - at cost / valuation - closing balance	34,126	30,974
Accumulated depreciation and impairment	(1,521)	(1,339)
Total reserve improvements - closing balance	32,605	29,634

Roads

	2020 Actual \$000's	2019 Actual \$000's
Roads - at cost / valuation - opening balance	705,465	683,228
Accumulated depreciation and impairment	(5,485)	(4,812)
Total roads - opening balance	699,979	678,416
Reclassification	0	0
Current year additions	17,861	20,089
Current year disposals	(172)	(1,252)
Current year disposals depreciation	25	105
Current year depreciation charge	(6,060)	(5,590)
Reversed on revaluation - Cost	(5,485)	(4,812)
Reversed on revaluation - Accumulated depreciation	5,485	4,812
Revaluation surplus	1,379	8,212
Total roads - closing balance	713,013	699,979
Roads - at cost / valuation - closing balance	719,047	705,465
Accumulated depreciation and impairment	(6,034)	(5,485)
Total roads - closing balance	713,013	699,979

Stormwater

	2020 Actual \$000's	2019 Actual \$000's
Stormwater - at cost / valuation - opening balance	104,159	99,968
Accumulated depreciation and impairment	(1,471)	(1,402)
Total stormwater - opening balance	102,688	98,565
Current year additions	4,409	3,406
Current year disposals	(23)	(92)
Current year disposals depreciation	0	1
Current year depreciation charge	(1,564)	(1,472)
Reversed on revaluation - Cost	(1,471)	(1,402)
Reversed on revaluation - Accumulated depreciation	1,471	1,402
Revaluation surplus	2,100	2,279
Total stormwater - closing balance	107,611	102,688
Stormwater - at cost / valuation - closing balance	109,175	104,159
Accumulated depreciation and impairment	(1,564)	(1,471)
Total stormwater - closing balance	107,611	102,688

Wastewater

	2020 Actual \$000's	2019 Actual \$000's
Wastewater - at cost / valuation - opening balance	161,247	158,004
Accumulated depreciation and impairment	(4,702)	(4,587)
Total wastewater - opening balance	156,545	153,417
Current year additions	3,367	3,115
Current year disposals	(36)	(71)
Current year disposals depreciation	2	5
Impairment - Cost	0	0
Current year depreciation charge	(4,918)	(4,706)
Reversed on revaluation - Cost	(4,702)	(4,587)
Reversed on revaluation - Accumulated depreciation	4,702	4,587
Revaluation surplus	5,892	4,786
Total wastewater - closing balance	160,853	156,545
Wastewater - at cost / valuation - closing balance	165,769	161,247
Accumulated depreciation and impairment	(4,916)	(4,702)
Total wastewater - closing balance	160,853	156,545

Water

	2020 Actual \$000's	2019 Actual \$000's
Water - at cost / valuation - opening balance	117,171	112,136
Accumulated depreciation and impairment	(2,901)	(2,776)
Total water - opening balance	114,270	109,360
Reclassification	599	0
Current year additions	1,806	4,514
Current year disposals	(41)	(22)
Current year disposals depreciation	5	1
Current year depreciation charge	(3,129)	(2,902)
Reversed on revaluation - Cost	(2,901)	(2,776)
Reversed on revaluation - Accumulated depreciation	2,901	2,776
Revaluation surplus	2,744	3,319
Total water - closing balance	116,255	114,270
Water - at cost / valuation - closing balance	119,379	117,171
Accumulated depreciation and impairment	(3,124)	(2,901)
Total water - closing balance	116,255	114,270

Reserves land

	2020 Actual \$000's	2019 Actual \$000's
Reserves land - at cost / valuation - opening balance	299,598	249,784
Accumulated depreciation and impairment	0	0
Total reserves land - opening balance	299,598	249,784
Reclassification	0	0
Current year additions	1,788	2,065
Current year disposals	0	(15)
Current year disposals depreciation	0	0
Current year depreciation charge	0	0
Reversed on revaluation - Cost	0	0
Reversed on revaluation - Accumulated depreciation	0	0
Revaluation surplus	0	47,764
Total reserves land - closing balance	301,386	299,598
Reserves land - at cost / valuation - closing balance	301,386	299,598
Accumulated depreciation and impairment	0	0
Total reserves land - closing balance	301,386	299,598

Tangible work in progress

	2020 Actual \$000's	2019 Actual \$000's
Work in progress - at cost - opening balance	8,210	5,074
Accumulated depreciation and impairment	0	0
Total work in progress - opening balance	8,210	5,074
Current year capitalised	(2,854)	(4,435)
Current year additions	8,062	7,966
Current year disposals	(266)	(395)
Total work in progress - closing balance	13,151	8,210
Work in progress - at cost - closing balance	13,151	8,210
Accumulated depreciation and impairment	0	0
Total work in progress - closing balance	13,151	8,210

Work in progress

	2020 Actual \$000's	2019 Actual \$000's
Coastal & Hazard Management	161	232
Harbours	117	290
Parks & Reserves	802	695
Public Conveniences	787	711
Roads	1,153	763
Solid Waste	241	151
Stormwater	32	303
Wastewater	487	97
Water	9,371	4,969
Total work in progress	13,151	8,210

Disposals

The carrying book value of the amount disposed was \$1.59 million (2019: \$2.20 million).

There were no significant disposal of work in progress for the year.

Impairment

There have been no impairment losses recognised for plant and equipment (2019: nil).

Security

No property, plant or equipment has been pledged as security for any liability.

Restrictions

Land in the "Restricted Asset" category is subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land under a bequest or donation that restricts the purpose for which the assets can be used).

Capital commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	2020 Actual \$000's	2019 Actual \$000's
Capital commitments		
Buildings	6	93
Harbours	0	1,607
Roads and footpaths	1,780	708
Wastewater	609	251
Water	3,608	5,128
Reserve improvements	26	112
Total capital commitments	6,029	7,899

Additional disclosures

Core infrastructure asset disclosures

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

	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets
	\$000's	\$000's	\$000's	\$000's
2020				
Water				
treatment plants and facilities	25,338	672	0	45,777
other assets (such as reticulation system)	90,917	647	487	152,177
Wastewater				
treatment plants and facilities	77,979	1,789	886	118,489
other assets (such as reticulation system)	82,875	80	612	147,171
Stormwater				
treatment plants and facilities	2,181	96	0	3,784
other assets (such as reticulation system)	105,430	1,989	2,325	154,070
Roads and footpaths				
Roads and footpath assets	746,476	12,421	7,011	864,605
2019				
Water				
treatment plants and facilities	26,654	3,108	0	43,056
other assets (such as reticulation system)	87,616	1,145	260	145,168
Wastewater				
treatment plants and facilities	76,737	1,571	0	114,498
other assets (such as reticulation system)	79,808	919	626	142,420
Stormwater				
treatment plants and facilities	2,123	0	0	3,668
other assets (such as reticulation system)	100,565	1,814	1,592	147,503
Roads and footpaths				
Roads and footpath assets	733,986	12,635	8,220	844,703

Insurance of Council assets

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

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

	2020 Actual \$000's	2019 Actual \$000's
The total value of all Council assets covered by insurance contracts	676,229	630,045
The maximum amount to which insured assets are insured	251,621	251,868
The total value of all Council assets covered by financial risk sharing arrangements	674,608	628,177
Maximum amount available to the Council under financial risk sharing arrangements	220,000	220,000
Total value of assets that are self-assured	0	0
The value of funds maintained for self-insurance	0	0

Note 17 - Intangible assets

Accounting Policy

Software acquisition and development

Acquired 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 associated with 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 the development and maintenance of the Council's website are recognised as an expense when incurred.

Easements

Easements are not cash generating in nature, instead they give Council the right to access private property where infrastructural assets are located.

The Council has not valued and recognised easements as an intangible asset under PBE IPSAS 31 Intangibles. The work required identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. The Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, and having no active market for this particular asset type. There is also no recognised valuation methodology.

For these reasons, the Council has opted not to recognise easements as an intangible asset because they cannot be quantified and the value of the easements cannot be measured reliably.

Resource consents

It is difficult to determine the fair value of resource consents due to their specialised nature and having no active market to compare values against. For these reasons, the Council holds resource consents at deemed cost and they are amortised over the life of the asset.

Amortisation

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

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

Computer software	1-5 years	20% to 100%
Resource consents	5-35 years	3% to 20%
Aerial photography	5 years	20%

Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Breakdown of intangible assets and further information

	2020 Actual \$000's	2019 Actual \$000's
Cost - opening balance	11,950	11,355
Accumulated amortisation and impairment	(6,270)	(6,019)
Total - opening balance	5,680	5,336
Current year additions	772	999
Current year disposals	(242)	(404)
Disposal accumulated amortisation	175	392
Amortisation charge	(663)	(642)
Total - closing balance	5,722	5,680
At cost - closing balance	12,480	11,950
Accumulated amortisation and impairment	(6,758)	(6,270)
Total Council intangible assets - closing balance	5,722	5,680

Movements in the carrying value for each class of intangible assets are as follows:

Computer software

	2020 Actual \$000's	2019 Actual \$000's
Computer software - at cost - opening balance	3,601	3,596
Accumulated amortisation and impairment	(2,855)	(2,931)
Total computer software - opening balance	746	665
Current year additions	298	409
Current year disposals	(213)	(404)
Disposal accumulated amortisation	175	392
Amortisation charge	(380)	(315)
Total computer software - closing balance	627	746
Computer software - at cost - closing balance	3,687	3,601
Accumulated amortisation and impairment	(3,060)	(2,855)
Total computer software - closing balance	627	746

Aerial photography

	2020 Actual \$000's	2019 Actual \$000's
Aerial photography - at cost - opening balance	443	443
Accumulated amortisation and impairment	(443)	(443)
Total aerial photography - opening balance	0	0
Current year additions	0	0
Current year disposals	0	0
Disposal accumulated amortisation	0	0
Amortisation charge	0	0
Total aerial photography - closing balance	0	0
Aerial photography - at cost - closing balance	443	443
Accumulated amortisation and impairment	(443)	(443)
Total aerial photography - closing balance	0	0

Resource consents

	2020 Actual \$000's	2019 Actual \$000's
Resource consents - at cost - opening balance	7,173	7,066
Accumulated amortisation and impairment	(2,973)	(2,646)
Total resource consents - opening balance	4,200	4,420
Current year additions	0	108
Current year disposals	0	0
Disposal accumulated amortisation	0	0
Amortisation charge	(284)	(327)
Total resource consents - closing balance	3,917	4,200
Resource consents - at cost - closing balance	7,173	7,173
Accumulated amortisation and impairment	(3,257)	(2,973)
Total resource consents - closing balance	3,917	4,200

Work in progress

	2020 Actual \$000's	2019 Actual \$000's
Work in progress - at cost - opening balance	734	251
Accumulated amortisation and impairment	0	0
Total work in progress - opening balance	734	251
Current year additions	473	483
Current year disposals	(29)	0
Disposal accumulated amortisation	0	0
Amortisation charge	0	0
Total work in progress - closing balance	1,178	734
Work in progress - at cost - closing balance	1,178	734
Accumulated amortisation and impairment	0	0
Total work in progress - closing balance	1,178	734

Work in progress

The total amount of intangible assets in the course of construction is \$1.2 million (2019: \$0.7 million). The positive movement of \$0.5 million is new WIP less WIP disposed and/or capitalised.

Restrictions

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

Capital commitments

The amount of contractual commitments for acquisition of intangible assets are:

	2020 Actual \$000's	2019 Actual \$000's
Capital commitments		
Intangible assets	0	0
Total capital commitments	0	0

Note 18 - Depreciation and amortisation expense by group of activity

Directly attributable depreciation and amortisation by group of activity

	2020 Actual \$000's	2019 Actual \$000's
Representation	514	491
Planning & regulation	53	54
Managing the environment	0	0
Protection of people & the environment	3	2
Roading	7,334	6,771
Community spaces	3,032	2,755
Economic development	0	0
Stormwater	1,569	1,477
Wastewater	5,145	4,953
Land use	0	0
Water supply	3,173	2,973
Solid waste	241	213
Total directly attributable depreciation and amortisation by group of activity	21,065	19,689
Depreciation and amortisation not directly related to a group of activities	963	776
Total depreciation and amortisation expense	22,027	20,465

Note 19 - Forestry

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated point of sale costs for harvesting, transport, roading and management for one growth cycle. Fair value is determined based on the present value of expected net cash flows that would arise if the asset were harvested today, discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions. The valuation is of standing timber only, exclusive of the underlying land value.

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

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

Breakdown of forestry assets and further information

	2020 Actual \$000's	2019 Actual \$000's
Balance at 1 July	3,109	2,803
Increases due to purchases	0	0
Gains / (losses) arising from changes attributable to physical changes	154	280
Gains / (losses) arising from changes attributable to price changes	32	27
Decreases due to harvest	0	0
Balance at 30 June	3,296	3,109

The Council owns the trees standing on approximately 286 hectares of Crown land in Whangamata and Tairua consisting predominately of Pinus Radiata at various stages of maturity ranging from 1 to 40 years.

The land is owned by the Crown as State Forest and is leased to Rayonier (Matariki Forests) under a Crown Forests License. The Council occupies this land under the terms of a separate Crown Forest License. The land continues to be Crown owned until such time as the Crown disposes of it.

A licence fee is payable in respect of the Tairua forest and is based on the market value of the land. The Council has provided a guarantee to the Crown for the amount of \$45,000 to cover the part of the Tairua Crown Forest subject to a Crown Forest Licence. The Council guarantee is noted as a contingent liability.

No trees were harvested in the twelve month period ending 30 June 2020 (2019: Nil).

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

Valuation assumptions

Independent registered valuers, Hammond Resource Management Ltd have valued the forestry assets as at 30 June 2020. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The forestry has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis.
- No allowance for inflation has been provided.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.
- Log prices are based on a 3-year historical rolling average.
- The value is of standing timber only, exclusive of the value of the underlying land.
- A compound interest rate of 3% (2019: 3%) has been adopted as an appropriate compounding rate.
- A discount rate of 6% (2019: 6%) has been used in discounting the present value of expected cash flows.

The Council has not incurred any deforestation obligations (as defined in the New Zealand Emissions Trading Scheme (ETS)) as at 30 June 2020.

Should any future obligations arise under the ETS, Council will be required to purchase New Zealand Carbon Credit Units to surrender (NZUs) in order to offset this obligation. These units can only be settled with cash.

Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. Council intends to hold the forestry long-term and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Treaty settlement

The land occupied under the Crown Forests Licence is likely to be transferred to iwi in the near future. While the Council currently enjoys the benefits of the Crown holding the Crown Forests Licence which allows the Council to carry out any lawful purpose on the land, this situation may change with any transfer to iwi. Following a transfer, the occupier is restricted to carrying out activities that relate solely to the growth, management and harvesting of a tree crop. Other activities (such as wastewater disposal) may not be carried out as of right, but will need to be negotiated directly with the new iwi landowners.

Currently part of the Crown Forests Licence is also held under a 99-year lease commencing in 1985 which allows the disposal of wastewater on this part of the land, and this lease will endure through any change of ownership. The situation on the rest of the land remains to be clarified.

Note 20 - 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
Payables and deferred revenue under exchange transactions		
Trade payables and accrued expenses	16,325	16,751
Amounts due to associates and joint venture	0	0
Total payables and deferred revenue under exchange transactions	16,325	16,751
Payables and deferred revenue under non-exchange transactions		
Revenue in advance	3,116	2,724
Income tax payable	0	0
Other tax payable (e.g. GST and FBT)	0	0
Grants payable	0	0
Other grants and bequests received subject to substantive conditions not yet met	0	0
Total payables and deferred revenue under non-exchange transactions	3,116	2,724
Total payables and deferred revenue	19,441	19,474

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms (excluding contract retentions). Therefore, the carrying value of creditors and other payables approximates their fair value.

Note 21 - Borrowings

Accounting Policy

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Financial guarantee contracts

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

Financial guarantee contracts have not been provided for in the statement of financial position because the Council has assessed the probability of a financial guarantee being called up as 'less than likely to occur' and the club or organisation has provided an indemnity to the Council that transfers ownership of the assets to the Council in the event of the guarantee being called up. The Council's exposure to any risk is therefore mitigated and minimal. As such, financial guarantees are disclosed as a contingent liability because it is less likely than not that a present obligation exists.

Breakdown of borrowings and other financial liabilities and further information

	2020 \$000's	2019 Actual \$000's
Current portion		
Finance leases	0	0
Secured loans	8,000	0
Total current portion	8,000	0
Non-current portion		
Finance leases	0	0
Secured loans	53,000	51,000
Total non-current portion	53,000	51,000
Total borrowings and other financial liabilities	61,000	51,000

Multi option credit line facilities

Council has a multi option credit line facility with Westpac Bank of \$5,000,000 (drawdown at 30 June 2019 and 2020 was Nil) and a multi option credit line facility with ANZ Bank of \$5,000,000 (drawdown at 30 June 2019 and 2020 was Nil).

Interest terms for secured loans

The loan facilities are issued at floating rates of interest and reset quarterly based on the 90-day bill rate plus a margin for credit risk.

Security

Council does not hold an overdraft facility.

Council's term loans are secured through a debenture, which grants security to the lender by way of a charge over the Council's general rates and rates revenue.

Description of leasing arrangements

The Council does not have any current finance leases.

Internal borrowings disclosure

Information on internal borrowings per activity group for is provided in the tables below. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

	Balance at 1 July \$000's	Borrowings \$000's	Repayments \$000's	Balance at 30 June \$000's	Interest paid \$000's
Year ended 30 June 2020					
Representation	2,684	72	(452)	2,303	129
Planning and regulation	1,670	320	(309)	1,681	81
Protection of people & the environment	1,186	1,010	(125)	2,071	58
Roads & footpaths	8,139	3,054	(574)	10,620	438
Community spaces	8,643	1,510	(1,011)	9,141	432
Economic development	547	0	(28)	519	26
Stormwater	1,302	106	(136)	1,272	63
Wastewater	34,987	385	(2,572)	32,800	1,687
Water	10,801	2,423	(561)	12,663	582
Solid waste	2,567	2,175	(227)	4,515	126
Total	72,525	11,055	(5,996)	77,584	3,622

	Balance at 1 July \$000's	Borrowings \$000's	Repayments \$000's	Balance at 30 June \$000's	Interest paid \$000's
Year ended 30 June 2019					
Representation	1,877	572	(26)	2,422	87
Planning and regulation	1,197	473	0	1,670	56
Protection of people & the environment	907	282	(4)	1,186	45
Roads & footpaths	4,365	3,834	(59)	8,139	235
Community spaces	8,065	1,193	(615)	8,643	385
Economic development	581	265	(37)	808	27
Stormwater	1,306	27	(31)	1,302	61
Wastewater	34,832	669	(513)	34,987	1,621
Water	6,097	4,808	(104)	10,801	349

Solid waste	2,333	239	(5)	2,567	109
Total	61,560	12,360	(1,394)	72,525	2,975

Loan to finance interest expense

Included in internal borrowings for the year under review is the amount of \$916,020 (2019: \$979,508) which was raised to fund the interest on additional capacity loans which were not met by developer's contributions. This is in accordance with the Council's Development Contributions Policy.

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.

Note 22 - Employee entitlements

Accounting Policy

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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 for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Council has a contractual obligation, or where a past practice has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, 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 estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Key assumptions in measuring 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. An average discount rate of 1.63% (2019: 2.23%) and a salary inflation factor of 2.72% (2019: 2.92%) were used.

Breakdown of employee entitlements and further information

	2020 Actual \$000's	2019 Actual \$000's
Current portion		
Accrued pay	493	330
Annual leave	1,493	1,138
Retirement and long service leave	74	86
Sick leave	83	47
Total current portion	2,143	1,600
Non-current portion		
Retirement and long service leave	268	224
Total non-current portion	268	224
Total employee entitlements	2,412	1,824

Note 23 - 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, and 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'.

Breakdown of provisions and further information

	2020 Actual \$000's	2019 Actual \$000's
Current portion		
Landfill aftercare	256	512
Weathertightness claims	396	56
Reserve contribution credits	0	0
Other sundry provisions	100	100
Total current provisions	752	668
Non-current portion		
Landfill aftercare	2,336	1,312
Weathertightness claims	56	276
Reserve contribution credits	2,749	3,491
Total non-current portion	5,141	5,079
Total provisions	5,893	5,747

Movements of each class of provision are as follows:

Landfill aftercare costs

	2020 Actual \$000's	2019 Actual \$000's
Opening balance as at 1 July	1,824	967
Additional provisions made	841	1,059
Amounts used	(226)	(262)
Unused amounts reversed	0	0
Discount unwind	153	61
Closing balance as at 30 June	2,592	1,824

Provision for weathertightness claims

	2020 Actual \$000's	2019 Actual \$000's
Opening balance as at 1 July	332	527
Additional provisions made	186	0
Amounts used	(65)	(149)
Unused amounts reversed	0	(45)
Closing balance as at 30 June	453	332

Reserve contribution credits

	2020 Actual \$000's	2019 Actual \$000's
Opening balance as at 1 July	3,491	3,911
Additional provisions made	0	0
Amounts used	(743)	(420)
Unused amounts reversed	0	0
Closing balance as at 30 June	2,748	3,491

Other sundry provisions

	2020 Actual \$000's	2019 Actual \$000's
Opening balance as at 1 July	100	450
Additional provisions made	0	0
Amounts used	0	(200)
Unused amounts reversed	0	(150)
Closing balance as at 30 June	100	100

Landfill aftercare costs

The Council has a legal obligation to provide on-going maintenance and monitoring services at its seven closed landfill sites. A provision for post-closure costs is recognised as a liability in the statement of financial position. The provision is measured based on the present value of future cash outflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all known costs associated with landfill post-closure. All landfills within the Thames-Coromandel district are now closed and no longer accept waste for disposal.

Closed landfill sites have been assessed in terms of the likely discharge and land-use risks and are managed accordingly. Consents to manage the environmental effects of certain closed landfills are held with the Waikato Regional Council (WRC) and compliance with these consents is Council's responsibility.

Sites are regularly monitored as per the consent requirements. This includes water monitoring and visual inspections. Expenditure on rehabilitation works may be required to minimise potential impacts on the environment or human health. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. Any such work will be funded by an internal loan, which is serviced by the general rate.

The provision has been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$3.6 million (2019: \$2.8 million). The following major assumptions have been made in calculating the provision:

- The discount rate used to arrive at the present value is 2.72% (2019: 3.72%).
- The aftercare has been estimated to continue until 2051. The annual inflation factor applied to the estimated aftercare costs for 2019/2020 to 2027/2028 is the September 2017 Local Government price level change forecast. An annual inflation rate of 2.65% has been applied to years 2031/2032 to 2050/2051 (2019: an annual inflation rate of 2.83% was applied to years 2028/2029 to 2050/2051).
- Estimates of the life and future expenditure are based on known and future estimated costs.

Provision for weathertightness claims

As a result of legal precedent that Councils are liable for a share of leaky homes repair costs, a provision for estimated settlement costs has been recognised as a liability in the statement of financial position. The provision is measured based on the present value of future cash outflows expected to be incurred, taking into account future events. The provision includes all expected settlement costs. When there is a high level of uncertainty, a contingent liability is recognised.

This provision is based on the Council's most likely exposure to notified claims. As at 30 June 2020, Council was aware of six unsettled notified claims (2019:7).

See Note 25 contingent liabilities for further disclosure and comment.

Reserve contribution credits

A provision has been established in the statement of financial position for the estimated liability associated with historic reserve contribution credits, as a result of subdivision's vesting of reserves prior to the introduction of the Development Contribution Policy in October 2004. In addition to this, a provision has been established for reserve contribution credits associated with the development of the Whitianga multi-sports complex centre.

Council has negotiated with a developer to purchase 10 hectares of land situated in Whitianga for the development of a Multi-Sports Complex Centre. As part of this purchase agreement, Council entered into a development contributions deed with the developer, which outlined when development and reserve contributions credits would be considered payable to the Council. It also outlined the staged arrangement in which the Council would purchase the land from the developer.

The agreement stated that Council would purchase the three individual parcels of land (totalling \$6.5 million) on the following dates:

- Lot 1 DP 440527 on 30 April 2011
- Lot 2 DP 440527 on 30 September 2011; and
- Lot 3 DP 440527 on 30 September 2012.

The agreement also stated that the developer would be invoiced for:

- 314 development/reserve contribution credits on 30 April 2011
- 155 development contribution credits on 30 September 2011; and
- A further 155 development contributions on 30 September 2012.

As at 30 June 2020, all parcels of land had been purchased from the developer and all corresponding development and reserve contributions had been invoiced. However, as at 30 June 2020 only \$3,795,447 of the reserve contribution credits have been applied and therefore recognised within Council's accounts as revenue. As such, a provision of \$2,704,553 was recognised within Council's balance sheet reflecting that at balance date these contribution credits were effectively revenue received in advance by Council. As further development contributions credits fall due, the provision will be used to offset any further liability established by the developer.

In addition to the above, a further provision of \$44,058 has been recognised for historic reserve contribution credits as a result of subdivision's vesting of reserves prior to the introduction of the development contribution policy in October 2004. Applications to recognise these historic reserve credits under the Local Government Act 2002 (LGA) are being addressed by Council on a case-by-case basis.

In the past, a reserve contribution credit has been provided to a number of developers for additional reserves land vested in the Council that was over and above the requirement under the Resource Management Act 1991. The reserve contribution requirement under the transitional provisions of the Resource Management Act 1991 was 130m². The credit was then available for developers to apply against reserve contributions required on any subsequent subdivisions. In order to ascertain the development contributions payable, the Local Government Act 2002 and our Development Contributions Policy, require Council to calculate the average market value of each 15m² additional allotment. Usually this is done by way of an external valuation. For this reason, the conversion of these historic reserve credits issued under the Resource Management Act 1991 are difficult to measure and quantify under the Local Government Act 2002.

The provision recognises that these credits will result in an outflow of resources embodying economic benefits to Council. However, estimating the value of these credits is uncertain because it relies on factors such as the future development potential of any residual land, future land values, the value of the land when vested, the zoning of the land and any other district plan mechanism (such as structure plans) and the reasons for the land being vested at the time.

See Note 25 contingent Liabilities for further disclosure and comment.

Other sundry provisions

As at 30 June 2020, Council anticipates that the following payments will be made:

- A one off payment of \$100,000 will be made to the affected parties of the 1877 Native Lands Agreement as part of a final settlement agreement negotiated by Waikato Regional Council, affected ratepayers and Council.

See Note 25 contingent liabilities for further disclosure and comment.

Note 24 - Construction contracts

Accounting Policy

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

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

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised surpluses less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus surpluses less losses, the net amounts are presented as a liability.

During the financial year ended 30 June 2020, Council did not enter into any construction contracts for the purposes of PBE IPSAS 11.

Note 25 - Contingencies

Breakdown of contingent liabilities and further information

	2020 Actual \$000's	2019 Actual \$000's
Miscellaneous non-insured claims	0	0
Community pledges	18	85
Weather tightness claims	2,013	1,665
Council guarantees	1,096	1,124
Total contingent liabilities	3,127	2,874

Weather-tightness claims

The weather tightness problem, commonly known as "leaky homes/buildings" refers to those buildings where water has penetrated the building envelope or cladding system and is not able to drain or dry for some time, thus damaging the building.

The term "leaky homes claims" refers to claims against the Council for damages relating to a leaky building. Where the Council has failed to discharge its duty of care when providing building control services and loss has been suffered as a result, the Council may be found negligent. This is the basis for claims for damages against the Council.

The term "leaky homes claims" has also been extended to include cases where owners have opted for the Government's financial assistance package scheme. The Government has established a financial assistance package (FAP) for owners of leaky homes to get their homes fixed outside of the weather tightness tribunal or courts processes. Under the FAP, central government meets 25% of eligible homeowners' agreed repair costs, with local authorities contributing 25% and homeowners funding the remaining 50%, with a loan guarantee underwritten by the Crown, provided applicants can meet bank lending criteria.

Homeowners who participate in the scheme would forgo the right to sue the Council or the Crown. Ultimately, it is the choice of homeowners to sue or otherwise participate in the financial assistance package. Where claimants elect to sue, the Council must accordingly defend whilst maintaining a preference, where possible, to settle claims without the need for a hearing and a protracted litigation suit.

Settlement amounts for leaky homes claims are not covered by insurance.

There are 6 current claims; 3 of these are part of the FAP scheme. 5 claims were registered on the Ministry of Business, Innovation and Employment website as active as at 30 June 2020 (2019: 6 claims). The amounts sought by the claimants of these unsettled claims total to \$538,410, in addition there are two unknown amounts (2019: \$1,023,291, in addition there were two unknown amounts).

A provision for \$452,617 has been recognised for accounting purposes for the potential settlement of claims that have been notified to Council at balance date (for further information see Note 23 Provisions) (2019: \$331,634). However, based on the information obtained during this financial year (and that of previous years), the Council has estimated that it may be liable for a further \$2,012,593 in settlement costs (2019: \$1,664,982).

Other Building Act claims

Ministry of Education and Carter Holt Harvey

In 2003, 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 claim against CHH is for 833 school buildings, 27 of which are located with the Thames-Coromandel District Council region. In 2016, CHH commenced proceedings against 48 Councils, including Thames-Coromandel District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code of Compliance Certificates.

28 school buildings (four in Thames-Coromandel District Council region) built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court.

Uncertainty existed at the end of the 2019/20 financial year and preceding period. The notice of discontinuance signed on 3 September 2020 has now removed the uncertainty and the Council is no longer subject to this legal proceeding.

No settlement by the Council has been made.

Homeowners and Carter Holt Harvey

In 2019 a group of homeowners initiated High Court proceedings against CHH and others alleging inherent defects in the shadowclad 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.

Recyclable collection

Matamata-Piako, Thames Coromandel and Hauraki Districts have a joint contract for solid waste and recyclable collection. The contractor is seeking a back claim for the recovery of costs in relation to plastics 3-7 and mixed paper.

China was previously the main market for these products but their focus has changed to the management of their own domestic recyclables. This has significantly reduced China's capacity to process imported products. As a result of these changes, the contractor has informed Council that the previously utilised markets are no longer viable and that they can also no longer generate revenue from these products. Therefore the contractor was seeking to claim back the revenue already paid to Council for the 2018/19 financial year.

After negotiations the three Councils and the contractor have agreed on a settlement in the sum of \$440,000. The settlement payment was made in May 2020.

Council guarantees

The Council is listed as a guarantor to Coromandel Community Living Trust. The Council is obligated under the guarantee to make loan payments in the event that this organisation defaults on a loan arrangement.

The terms and conditions of the guarantee require:

- The organisation is to provide the Council with a copy of their annual report to enable the financial stability to be assessed on an annual basis, and
- An indemnity to the Council that transfer's ownership of the assets to the Council in the event of the guarantee being called up.

The Council's exposure to any risk is therefore mitigated and considered minimal.

Council guarantees have not been recognised as liabilities in the statement of financial position as the Council consider there is very little probability that any expenditure will be incurred to settle them.

Native lands agreement

In 1877 the Thames Borough Council entered an agreement with local iwi for the purchase of land required for the Paeroa-Thames highway. As part of the agreement the Council agreed that any land owned by iwi would be exempt from rates indefinitely. The Maori Land Court subsequently ruled that the agreement was ultra vires Council's statutory powers. The Council has assessed rates on properties affected by the agreement for a number of years.

In 1999, the Council reviewed the background to this issue and agreed to enter into discussions with iwi to explore ways of settling the grievance issues that they have with the Council in relation to this matter. These discussions are now nearing a conclusion and a settlement agreement has now been drafted but not yet finalised.

As at 30 June, Council anticipates that an exemption from all rates in respect of parcels of land owned by the affected parties may be applied in perpetuity. In addition to this Council also anticipates the transfer of a local Thames reserve.

However, as the amount of the rates exemption can not be measured with sufficient reliability, and a local bill will be required to be passed in order for the land transfer to be gifted and its associated reserve status revoked, both obligations have been noted as a contingent liability accordingly.

Jack McLean Community Recreation Centre

The Jack McLean Community Recreation Centre (the centre) project is a partnership with the Ministry of Education and the Thames High School with the facility located on the school grounds.

The new building is a two court facility and includes a foyer, administration, changing rooms, multi-purpose room, spectator seating and storage spaces. External works included roading, car parking, site services, paving and landscaping. The centre was officially opened in February 2018.

The total project budget was \$5.7 million (including roof repairs detailed below). This budget included an estimated \$1.5 million in external funding made up of contributions from the school (\$440,000) community fundraising (\$332,000 of which \$147,817 has been received) and public grants (\$725,000). As at 30 June 2020, \$5.7 million has been spent.

Prior to opening the facility, it was found that the building itself had suffered from moisture damage. Specifically, the design of the building made insufficient provision for ventilation. As a result, condensation built-up on the underside of the roof structure, made its way through the building paper and insulation in the roof cavity, and dripped onto the playing surface. The moisture damaged approximately 200 ceiling tiles and the roof itself required a redesign in order to rectify the problem. The total roof remediation works cost approximately \$620,000. Council is currently pursuing the matter via the professional services contract with the designer.

Until the matter is settled, Council is unable to measure the liability with sufficient reliability. Therefore, the claim has been noted as contingent liabilities.

Active Thames 2018 - Community pledges

As part of the risk mitigation strategy regarding non-receipt of community pledges a report was presented to the Thames Community Board (29 February 2016) and Council (6 April 2016) to acknowledge the risks related to Community pledges and Council accepted the underwriting risk associated with recovering pledges after construction costs had been paid. As at 30 June 2020, \$18,000 of community pledges remained outstanding (2019: \$84,900).

New Zealand Local Government Funding Agency

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

The Council is one of 31 local authority shareholders and 54 local authority guarantors of the LGFA. In that regard it has uncalled capital of \$0.1 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2020, LGFA had borrowings totalling \$11.9 billion (2019: \$9.3 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the 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 LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are 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.

Reserve contribution credits

Reserve contribution credits result from historical vesting of reserve land which was over and above the required reserve area for the particular subdivision. Applications to recognise any potential historic reserve credits will be assessed on a case-by-case basis when and if a further Resource Consent is granted for the property to which the credits relate. However estimating the value of these credits is uncertain because it relies on factors such as the future development potential of any residual land, future land values, the value of the land when vested, the zoning of the land and any other District Plan mechanism such as structure plans and the reasons for the land being vested at the time.

Council has recognised that there are two developers that have reserve contribution credits available to them as at 30 June 2020 should they proceed with any further development at a later date. At the time of writing this report, there is one land-use consent issued which will utilise these reserve contribution credits.

Employer contributions to defined contribution plans

Council is a participating employer in the DBP Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, the Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Council could be responsible for an increased share of any deficit.

As at 31 March 2020, the scheme had a past service deficit of \$2.8 million (exclusive of Employer Superannuation Contribution Tax (2019: deficit of \$2.0 million)). This deficit was calculated using a discount rate equal to the expected return on net assets, but otherwise the assumptions and methodology were consistent with requirements of PBE IPSAS 25. The actuary of the scheme recommended that the employer's contributions remain suspended.

Note 26 - 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

The accumulated surpluses do not represent cash available to offset future rate increases, but rather it represents the community's investment in publicly owned assets resulting from past surpluses.

Restricted reserves

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

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

Property revaluation reserves

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

Council created reserves

Council created reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council. The Council created reserves consist of specifically named reserves into which funds are put for specific purposes, as well as reserves for unspent revenue from one year that the Council deems appropriate to be expended in the following year, usually to finish incomplete, but previously budgeted work. The Council created reserves also include reserves for depreciation that have been funded but not yet utilised.

Breakdown of equity and further information

	2020 Actual \$000's	2019 Actual \$000's
Accumulated funds		
Balance at 1 July	400,077	393,190
Transfer to restricted reserves	(1,801)	(3,038)
Net movement in Council created reserves	(4,806)	(3,982)
Transfers from property revaluation reserves on disposal	622	688
Surplus/(deficit) for the year	10,568	13,218
Balance at 30 June	404,659	400,077
Restricted reserves		
Balance at 1 July	36,778	33,740
Transfers from accumulated funds	1,801	3,038
Transfers to accumulated funds	0	0
Balance at 30 June	38,579	36,778
Council created reserves		
Balance at 1 July	63,068	59,086
Transfers from accumulated funds	25,060	24,505
Transfers to accumulated funds	(20,254)	(20,523)
Balance at 30 June	67,874	63,068
Property revaluation reserves		
Balance at 1 July	1,032,781	949,445
Net revaluation gains	14,278	84,024

Transfer to accumulated funds on disposal of property	(622)	(688)
Balance at 30 June	1,046,438	1,032,781
Total equity	1,557,549	1,532,703

Restricted reserves

Purpose of restricted reserves and the activity it relates to

Restricted reserves are reserves that are subject to specific conditions of use and whether under statute or accepted as binding by Council, may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met. Restricted reserves relate to the representation activity.

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2020				
Reserve land				
Restricted by title	34,355	1,801	0	36,156
Endowment farms				
Endowment farms trust property - restricted imposed by statute	2,423	0	0	2,423
Total restricted reserves	36,778	1,801	0	38,579
2019				
Reserve land				
Restricted by title	31,317	3,038	0	34,355
Endowment farms				
Endowment farms trust property - restricted imposed by statute	2,423	0	0	2,423
Total restricted reserves	33,740	3,038	0	36,778

Council created reserves

Purpose of council created reserves and the activity it relates to

Council created reserves are reserves created at the discretion of the Council.

The accumulated surpluses do not represent cash available to offset future rate increases, rather they represent the community's investment in publicly owned assets resulting from past surpluses.

Council created reserves consist of:

- Depreciation reserves;
- Local Government Act contribution reserves;
- Retained revenue reserves
- Special reserves

Depreciation reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2020				
District	13,747	14,820	(9,776)	18,791
Thames	1,527	1,128	(816)	1,839
Coromandel	22	254	(430)	(154)
Mercury Bay	387	1,405	(1,038)	753
Tairua/Pauanui	276	606	(1,026)	(144)
Whangamata	431	532	(409)	554
Total depreciation reserves	16,389	18,745	(13,495)	21,639
2019				
District	9,460	14,543	(10,255)	13,747
Thames	807	1,013	(292)	1,527
Coromandel	101	247	(326)	22
Mercury Bay	0	1,309	(923)	387
Tairua/Pauanui	0	515	(240)	276
Whangamata	273	531	(373)	431
Total depreciation reserves	10,641	18,158	(12,409)	16,389

Depreciation reserves contain funds equivalent to funded depreciation to be used to fund capital renewals work. Depreciation reserves relate to the representation, solid waste, wastewater, water, stormwater, public conveniences, district transportation, building control, cemeteries and all other activities not separately rated.

Local Government Act contribution reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2020				
District	552	2,413	(2,324)	641
Thames	251	28	(26)	253
Coromandel	117	0	(0)	117
Mercury Bay	2,088	2,079	(1,521)	2,646
Tairua/Pauanui	175	42	(32)	185
Whangamata	704	21	(20)	706
Total special LGA contribution reserves	3,887	4,584	(3,923)	4,549
2019				
District	299	1,961	(1,708)	552
Thames	250	14	(13)	251
Coromandel	117	1	(0)	117
Mercury Bay	1,615	1,885	(1,412)	2,087
Tairua/Pauanui	135	85	(45)	175
Whangamata	702	70	(69)	704
Total special LGA contribution reserves	3,119	4,016	(3,249)	3,887

These reserves contain funds collected and distributed under the Council's Development Contributions Policy. These funds may only be applied to the funding of additional capacity capital expenditure for activities for which they were levied. Local Government Act contribution reserves relate to representation, solid waste, wastewater, water, stormwater, public conveniences, district transportation, cemeteries, parks and reserves, libraries, local transportation, halls, airfields and swimming pools activities.

Retained revenue reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2020				
District	4,677	710	(1,006)	4,380
Thames	100	3	4	108
Coromandel	91	0	59	150
Mercury Bay	1,080	(253)	(175)	652
Tairua/Pauanui	749	31	122	903
Whangamata	323	0	(118)	205
Total retained revenue reserves	7,020	491	(1,113)	6,397
2019				
District	6,555	(599)	(1,279)	4,677
Thames	497	106	(503)	100
Coromandel	8	0	83	91
Mercury Bay	2,350	191	(1,461)	1,080
Tairua/Pauanui	721	128	(100)	749
Whangamata	626	0	(303)	323
Total retained revenue reserves	10,757	(174)	(3,563)	7,020

These reserves contain unspent revenue from a previous year that was raised through rates or fees and charges to fund the Council activities. Under our fiduciary duty, we have an obligation to account for the funds collected and spent for each of these activities. At the end of the year, we reconcile what we received against what we spent. The shortfall or surplus either comes out of or goes into the retained earnings for the relevant activity. Retained revenue reserves relate to representation, solid waste, wastewater, water, stormwater, harbour and all Council activities not separately rated.

Special reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2020				
Power New Zealand reserve	24,359	390	0	24,748
Disaster reserve	1,191	586	(614)	1,163
General purpose	206	0	0	206
Property	2,006	0	0	2,006
Insurance excess	2,380	188	(5)	2,563
Special projects	542	0	0	542
Wastewater headworks	0	14	0	15
Solid waste levy refunds	155	105	(144)	117
Rates postponement	14	0	0	14
Roading subdivision	(0)	0	(51)	(52)
Ohuka park development contributions payment plan	0	0	0	0
Thames water headworks	9	14	0	23
Coromandel - water headworks	203	0	0	203
Coromandel - water unused loan	9	0	0	9
Whangamata - water headworks	307	0	0	307
Thames general purpose	772	285	0	1,057
Land subdivision	2,791	45	(544)	2,292
Off street parking	77	0	0	77
Hot Water Beach parking	232	0	(232)	0
Hahei parking fees	0	0	0	0
Whitianga Harbours	117	0	(117)	(0)
Total - special reserves	35,370	1,628	(1,707)	35,289
2019				
Power New Zealand reserve	23,928	431	0	24,359
Disaster reserve	1,500	0	(309)	1,191
General purpose	206	0	0	206
Property	2,006	0	0	2,006
Insurance excess	2,444	184	(248)	2,380
Special projects	0	625	(84)	542
Wastewater headworks	60	8	(68)	0
Solid waste levy refunds	281	116	(241)	155
Rates postponement	14	0	0	14
Roading subdivision	55	0	(55)	(0)
Ohuka park development contributions payment plan	0	0	0	0
Thames water headworks	9	0	0	9
Coromandel - water headworks	203	0	0	203
Coromandel - water unused loan	9	0	0	9
Whangamata - water headworks	307	0	0	307
Thames general purpose	237	535	0	772
Land subdivision	3,033	0	(243)	2,791
Off street parking	103	0	(26)	77
Hot Water Beach parking	57	175	0	232
Hahei parking fees	0	28	(28)	0
Whitianga Harbours	117	0	0	117
Total - special reserves	34,569	2,102	(1,302)	35,370

Special reserves are council created reserves set aside for a special purpose as follows:

- *Power New Zealand reserve* - funded by proceeds from the sale of Power NZ shares to fund internal borrowing. The corresponding interest earned subsidises the UAGC rate requirement. The Power New Zealand reserve relates to the representation activity.
- *Disaster reserve fund* - funds repairs to infrastructure caused by natural disasters. The disaster reserve fund relates to all infrastructure activities.
- *General purpose* - funds any one off, unbudgeted, Community Board projects as approved by the Council. The general purpose reserve relates to all community spaces activities.
- *Property* - funds the acquisition cost of any future strategic purchases of the same type of assets, when and where required, funded by amounts realised from the sale of surplus land and buildings.
- *Insurance excess* - funds the insurance excess of any legal settlements within building control, community health & safety, land use management and land information memoranda activities.

- *Special projects* - funds special 'one-off' community board projects as approved by the Council. The special projects reserve relates to all community spaces activities.
- *Wastewater headworks* - funds the increased level of service component of various wastewater projects within the wastewater activity, funded by contributions collected under the Resource Management Act.
- *Solid waste levy reserve* - funds any waste minimisation initiative in the solid waste activity.
- *Rates postponement* - funds any shortfall between the amount realised on the sale of a property and any amounts outstanding for postponed rates (and accrued charges) at the time of sale. The rates postponement reserve relates to the representation activity.
- *Roading subdivision* - helps fund various roading projects and other initiatives within the roading activity, funded by contributions collected under the Resource Management Act.
- *Thames* - general purpose - funds non-infrastructure asset purchases within the Thames-urban area activities.
- *Land subdivision* - funds the acquisition, or development of parks and reserves within the relevant catchment areas, funded by reserve contributions collected under the Resource Management Act. Land subdivision reserves relate to the parks and reserves activities.
- *Water headworks* - fund the increased level of service component of projects within the water activity within the relevant catchment areas, funded by reserve contributions collected under the Resource Management Act.
- *Off-street parking* - funds the acquisition, or development of, parking areas within the relevant catchment areas, funded by reserve contributions collected under the Resource Management Act. The off-street parking reserve relates to the local roading and parks and reserves activities.
- *Water unused loan* - balance of loan raised to fund water extension, relates to the water activity.

Total council created reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
For the period ending 30 June 2020	62,666	25,448	(20,238)	67,875
For the period ending 30 June 2019	59,087	24,505	(20,523)	63,068

Property revaluation reserves

	2020 Actual \$000's	2019 Actual \$000's
Property revaluation reserves for each asset class consist of		
Buildings	22,313	20,858
Footpaths	7,350	7,199
Harbour facilities	1,217	1,717
Land	347,437	347,546
Reserve improvements	14,237	12,634
Bridges	6,749	7,735
Roads	433,797	432,442
Solid waste	2,271	2,262
Stormwater	69,686	67,620
Wastewater	65,007	59,123
Water	76,372	73,647
Closing property revaluation reserves	1,046,437	1,032,781

Additional disclosure

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 Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's 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. 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 the following Council-created reserves:

- reserves for different areas of benefit;
- disaster relief reserves; 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.

Disaster relief reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

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 27 - Related party transactions

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

Related party disclosures have also not been made for transactions with entities within the Council (such as funding and financing flows for TVEOA), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

	2020 Actual \$000's	2019 Actual \$000's
Key management personnel compensation		
Councillors		
Remuneration	533	468
Full-time equivalent members	9	9
Senior Management Team, including the Chief Executive		
Remuneration	1,551	1,786
Full-time equivalent members	5	7
Total key management personnel remuneration	2,084	2,254
Total full-time equivalent personnel	14	16

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

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 relationship with both the Hauraki Rail Trail Charitable Trust and Destination Coromandel as related parties.

	2020 Actual \$000's	2019 Actual \$000's
Payments to associates		
Destination Coromandel:		
Contribution for services provided by Destination Coromandel	625	625
Hauraki Rail Trail Charitable Trust:		
Contribution for services provided by Hauraki Rail Trail Charitable Trust	156	156
Total payments made to associates	781	781

Note 28 - Events after balance date

There have been no post balance date events up to the date of the adoption of the Annual Report that are known to have a material effect on the financial statements and notes to the financial statements of the Council.

Note 29 - Financial instruments

Financial instrument categories

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

	2020 Actual \$000's	2019 Actual \$000's
Financial assets		
Loans and receivables		
Cash and cash equivalents	3,629	3,562
Receivables	9,220	9,502
<i>Other financial assets</i>		
Borrower notes from Local Government Funding Agency	1,076	916
Term deposits	72	63
Total loans and receivables	13,997	14,043
Fair value through other comprehensive revenue and expense		
<i>Other financial assets</i>		
Unlisted shares	256	274
Total fair value through other comprehensive revenue and expense	256	274
	2020 Actual \$000's	2019 Actual \$000's
Financial liabilities		
Fair value through surplus or deficit - held for trading		
Derivative financial instrument liabilities	6,552	5,949
Total fair value through surplus or deficit - held for trading	6,552	5,949
Financial liabilities at amortised cost		
Payables	16,325	16,751
<i>Borrowings</i>		
Finance lease liabilities	0	0
Secured loans	61,000	51,000
Total financial liabilities at amortised cost	77,325	67,751

Fair value hierarchy disclosures

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.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position:

	Total \$000's	Valuation technique		
		Quoted market price \$000's	Observable inputs \$000's	Non-observable inputs \$000's
2020				
Financial assets				
Shares	1,232	0	0	1,232
Financial liabilities				
Derivatives	6,552	0	6,552	0
2019				
Financial assets				
Shares	1,090	0	0	1,090
Financial liabilities				
Derivatives	5,949	0	5,949	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 reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2020 Actual \$000's	2019 Actual \$000's
Balance at 1 July	287	287
Gains and losses recognised in the surplus or deficit	0	0
Gains and losses recognised in other comprehensive revenue and expense	0	0
Purchases	0	0
Sales	0	0
Transfers into level 3	0	0
Transfers out of level 3	0	0
Balance at 30 June	287	287

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 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.

The Council is not exposed to equity securities price risk on its investments.

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.

The Council may purchase plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is the Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above \$100,000 by entering into forward foreign exchange contracts to manage the foreign currency risk exposure. This means the Council is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

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. In the normal course of business, any long-term debt is at floating interest rates. Short-term borrowing and investments are subject to normal market fluctuations.

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 to cash flow interest rate risk.

Generally, the Council 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 borrowed at fixed rates directly. Under the interest rate swaps, the Council 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 causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits which give rise to credit risk. The Council also provides financial guarantees, which gives risk 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	3,701	3,625
Receivables	9,220	9,502
Financial guarantees	1,096	1,124
Total maximum exposure to credit risk	14,017	14,251

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 25 Contingencies.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired have been assessed by reference to Standard and Poor's credit rating's (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-	3,701	3,625
Total cash at bank and term deposits	3,701	3,625

Receivables mainly arise from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors 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.

In 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 includes a liability management policy.

Contractual maturity analysis of financial liabilities, excluding derivatives

The following table analyses the Council's financial liabilities 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
2020					
Payables	16,325	16,325	16,325	0	0
Secured loans	72,607	72,607	8,377	45,402	18,828
Finance leases	0	0	0	0	0
Financial guarantees	1,096	1,096	1,096	0	0
Total financial liabilities	90,028	90,028	25,798	45,402	18,828
2019					
Payables	16,751	16,751	16,751	0	0
Secured loans	60,526	60,526	0	45,856	14,670
Finance leases	0	0	0	0	0
Financial guarantees	1,124	1,124	1,124	0	0
Total financial liabilities	78,401	78,401	17,875	45,856	14,670

The Council is exposed to liquidity risk as a guarantor of all of 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 25 Contingencies.

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses the Council's derivative financial instrument liabilities that are settled on a net 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
2020						
Nett settled derivative liabilities	6,551	0	6,551	1,594	4,539	418
Total derivatives	6,551	0	6,551	1,594	4,539	418
2019						
Nett settled derivative liabilities	5,950	0	5,950	294	3,691	1,965
Total derivatives	5,950	0	5,950	294	3,691	1,965

Contractual maturity analysis of financial assets

The table below analyses the Council'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
2020					
Cash and cash equivalents	3,629	3,629	3,629	0	0
Receivables	9,220	9,220	9,220	0	0
<i>Other financial assets</i>					
Term deposits	72	72	72	0	0
Total financial assets	12,921	12,921	12,921	0	0
2019					
Cash and cash equivalents	3,562	3,562	3,562	0	0
Receivables	9,502	9,502	9,502	0	0
<i>Other financial assets</i>					
Term deposits	63	63	63	0	0
Total financial assets	13,127	13,127	13,127	0	0

Sensitivity analysis

The following table illustrates 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's financial instrument exposures at the balance date.

	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
	\$000's	\$000's	\$000's	\$000's
Interest rate risk				
2020				
Financial assets				
Cash and cash equivalents	(36)	0	36	0
Term deposits	(1)	0	1	0
Financial liabilities				
Derivatives	(8,311)	0	(4,904)	0
Total sensitivity	(8,348)	0	(4,867)	0
2019				
Financial assets				
Cash and cash equivalents	(37)	0	37	0
Term deposits	(1)	0	1	0
Financial liabilities				
Derivatives	(1,895)	0	1,851	0
Total sensitivity	(1,933)	0	1,889	0

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 100 bps is equivalent to a decrease in interest rates of 1%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2019: -100bps/+100bps).

All Council's borrowings are hedged derivative financial instruments so the sensitivity analysis of derivatives apply.

Note 30 - Explanations of major variances against budget

Statement of comprehensive revenue and expense

Revenue	
Subsidies and grants	Subsidy and grant revenue was \$2.2 million less than budget due to a reduction in NZTA subsidy because of the reduced Capex program in roading as the result of COVID-19.
Development contributions	Development contributions are \$1.8 million more than budget due to a larger than expected increase in the number of building consents and subdivisions processed.
Other revenue	Other revenue was more than budgeted by \$10.6 million largely as a result of vested assets. The budget for vested assets is based on a rolling 5 year average.

Expenses	
Other expenses	Other expenses were \$9.5 million higher than budgeted. There was an unbudgeted loss on disposal of property, plant and equipment and on financial instrument revaluation of \$1.9 million. The loss was mostly related to roading assets that were replaced before the end of their useful lives and interest swaps being revalued. The remaining variance is a result of an increase in operating expenditure as a result of contractual increases in the delivery of roading, water, wastewater, stormwater and solid waste services.

Other comprehensive revenue and expense	
Gain on property, plant and equipment revaluations	The actual asset revaluation movements was lower than budgeted by \$14.4 million. This is mainly attributable to the biannual revaluing of land which did not take place this financial year, along with lower increases in indexes than expected.

Statement of financial position

Assets	
Cash and cash equivalents	The closing cash position is \$2.8 million higher than budgeted mainly as a result of unbudgeted cash reserves held at year end for payment of creditors.
Receivables	Receivables were \$1.1 million higher than budget due to the extension of time given to assist with the impact of COVID-19.
Assets	Property, plant and equipment is \$41 million higher than budgeted. This is mainly attributable to the increase in land value across the district. Intangible assets were \$1.3 million lower than budget due to the move to software as a service which are not capitalised.

Liabilities	
Payables	The closing payables position is \$1.3 million higher than budgeted. This can be attributed to large infrastructure invoices having to be accrued at year end as they were not received in time.
Derivative financial instruments	There are inherent difficulties in predicting valuation of derivatives. The gap between the notional outstanding interest rate swap contracts and the 90 day bank bill market (BKBM) rate widened more than budgeted during the financial year.
Employee entitlements	The closing entitlements were \$0.6 million higher than budgeted due to less leave being taken during COVID-19 lockdown.
Borrowings	The total external debt is \$1.0 million lower than budgeted due to the reduction in the Capex program as a result of COVID-19 lockdown.

Note 31 - COVID-19 Disclosure

Impact of COVID-19

On 11 March 2020 the World Health Organisation declared the outbreak of COVID-19 a pandemic. Following this, on 25 March 2020, the New Zealand Government enforced a lockdown of the country as a result of the COVID-19 pandemic. Only businesses that were classified as an essential service were allowed to continue to operate during the level 4 lockdown.

Council services not regarded as essential ceased and Council buildings were closed to all staff except for those working in emergency services providing welfare services to the community at the direction of the Ministry of Social Development.

Council staff were able to largely work remotely from home during the level four period. Council was not eligible for the wage subsidy over this period.

Revenue for Council from the processing of building and resource consents reduced by approximately \$50,000 to \$60,000 per month, solid waste bag sales reduced \$25,000 per month during lockdown. Transfer station revenue also reduced during lockdown but recovered the lost revenue once the transfer stations re-opened. Other activities were mainly unaffected over this period apart from minor reduction in revenue in relation to halls, harbours, pools and parks/reserves.

Delays caused by Covid-19 to construction projects are being actively managed, however there is the potential for cost increases as a result of the delays. COVID-19 has not had a significant impact on assets held at fair value with the majority of Council assets valued using depreciated replacement cost.

Expenditure was also mainly unaffected apart from an increase in staff leave accruals as staff were not able to take leave. Additional costs for contractors for solid waste were also incurred due to the revised Health & Safety plans and extra staff required to carry out activities. This expenditure is not considered material.

In the Council's capital work programme the following delays were incurred to COVID-19.

- The drinking water standards plant upgrades at Tairua and Pauanui were delayed for the period of lockdown, 6 weeks.
- Renewals for three waters were delayed for the same period.
- Public convenience construction at Hahei was delayed for one month.
- Road construction projects were delayed for the six week period of lockdown, which was for some projects, within the prime construction period. When contractors could commence after lockdown there were further delays due to site re-establishment, revision of health and safety policies and supply of materials.
- Due to the reduction in the roading work programme this resulted in a reduction in revenue from NZ Transport Agency.

Council has considered the realisation of accounts receivable balances and has not noted any impairment indicators that would require these balances to be written down lower than their carrying amounts.

Fair Value Assessment – Covid-19

All of infrastructure assets with the exception of land and buildings are valued using depreciated replacement cost. Land and buildings are valued using both market value and depreciated replacement cost. A fair value assessment has been performed on assets, held at fair value, that have not been revalued at 30 June 2020. For assets valued under depreciated replacement cost it is too early to conclude on the impact that Covid-19 will have on construction costs. For assets held at market value the values of land and buildings have not changed significantly due to Covid-19.

Funding impact statements disclosure

Introduction

Schedule 10 of the Local Government Act 2002 requires council to include in the annual report a funding impact statement for each group of activities and a funding impact statement for the whole of council for the financial year to which the report relates. The format of these statements are prescribed by the legislation and do not have to meet the normal accounting requirements. The intention is that this format provides a more understandable picture of what Council is spending money on and how those costs are funded.

Funding impact statements

Whole of Council funding impact statement

For the year ended 30 June 2020

	2019 Annual plan \$000's	2019 Actual \$000's	2020 Annual plan \$000's	2020 Actual \$000's
Source of operating funding				
General rates, uniform annual general charges, rates penalties	22,794	23,630	24,169	23,293
Targeted rates	42,926	41,828	44,776	44,757
Subsidies and grants for operating purposes	3,349	4,110	3,484	3,786
Fees and charges	11,326	12,142	11,950	11,997
Interest and dividends from investments	12	468	12	125
Local authorities fuel tax, fines, infringement fees and other receipts	687	812	670	637
Total operating funding (A)	81,094	82,990	85,061	84,595
Applications of operating funding				
Payments to staff and suppliers	63,521	66,515	62,896	70,424
Finance costs	2,540	2,460	2,859	2,758
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	66,062	68,975	65,755	73,182
Surplus(deficit) of operating funding (A - B)	15,032	14,015	19,306	11,413
Source of capital funding				
Subsidies and grants for capital expenditure	6,502	6,391	7,735	5,142
Development and financial contributions	2,385	3,209	2,470	4,277
Increase/(decrease) in debt	10,568	5,400	13,565	10,000
Gross proceeds from sale of assets	0	397	0	406
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	19,454	15,398	23,770	19,825
Application of capital funding				
Capital expenditure				
- to meet additional demand	1,372	1,173	533	200
- to improve the level of service	17,054	16,399	23,529	15,965
- to replace existing assets	16,159	20,293	19,072	15,787
Increase/(decrease) in reserves	(98)	(8,451)	(58)	(714)
Increase/(decrease) in investments	0	0	0	0
Total applications of capital funding (D)	34,486	29,413	43,076	31,239
Surplus(deficit) of capital funding (C - D)	(15,032)	(14,015)	(19,306)	(11,414)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0	0

Roads and footpaths funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	3,536	3,745	3,846
Targeted rates	3,436	3,650	3,666
Subsidies and grants for operating purposes	3,229	3,296	3,702
Fees and charges	169	172	185
Internal charges and overheads recovered	405	399	431
Local authorities fuel tax, fines, infringement fees and other receipts	423	433	377
Total operating funding (A)	11,198	11,694	12,207
Applications of operating funding			
Payments to staff and suppliers	7,810	7,910	8,208
Finance costs	194	288	314
Internal charges and overheads applied	694	794	1,113
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,698	8,992	9,635
Surplus(deficit) of operating funding (A - B)	2,500	2,702	2,572
Source of capital funding			
Subsidies and grants for capital expenditure	6,163	5,399	3,830
Development and financial contributions	589	603	692
Increase/(decrease) in debt	3,395	4,892	5,107
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	10,147	10,893	9,629
Application of capital funding			
Capital expenditure			
- to meet additional demand	1,372	533	200
- to improve the level of service	5,801	7,499	5,970
- to replace existing assets	6,359	5,301	6,394
Increase/(decrease) in reserves	(885)	263	(364)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	12,647	13,596	12,200
Surplus(deficit) of capital funding (C - D)	(2,500)	(2,702)	(2,572)
FUNDING BALANCE ((A - B) + (C - D))	(0)	(0)	0

Stormwater funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	711	778	799
Targeted rates	1,668	1,825	1,831
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,378	2,603	2,630
Applications of operating funding			
Payments to staff and suppliers	658	744	1,193
Finance costs	58	43	45
Internal charges and overheads applied	314	288	435
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,030	1,075	1,673
Surplus(deficit) of operating funding (A - B)	1,348	1,527	957
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	89	93	161
Increase/(decrease) in debt	(882)	437	55
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(793)	531	216
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	427	539	509
- to replace existing assets	1,289	842	1,270
Increase/(decrease) in reserves	(1,162)	677	(606)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	554	2,058	1,173
Surplus(deficit) of capital funding (C - D)	(1,348)	(1,527)	(957)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Wastewater funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	15,498	15,613	15,726
Subsidies and grants for operating purposes	0	0	2
Fees and charges	21	21	17
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	15,519	15,635	15,745
Applications of operating funding			
Payments to staff and suppliers	6,449	6,600	7,182
Finance costs	1,333	1,286	1,215
Internal charges and overheads applied	2,308	2,005	2,088
Other operating funding applications	0	0	0
Total applications of operating funding (B)	10,091	9,891	10,485
Surplus(deficit) of operating funding (A - B)	5,428	5,743	5,260
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	751	776	1,393
Increase/(decrease) in debt	(2,821)	534	(1,002)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(2,070)	1,310	391
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	530	1,399	7
- to replace existing assets	1,714	2,246	2,272
Increase/(decrease) in reserves	1,114	3,407	3,372
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	3,358	7,053	5,651
Surplus(deficit) of capital funding (C - D)	(5,428)	(5,743)	(5,260)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Water supply funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	9,012	9,790	10,044
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	20
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	9,012	9,790	10,064
Applications of operating funding			
Payments to staff and suppliers	5,077	5,196	5,403
Finance costs	299	425	417
Internal charges and overheads applied	707	828	984
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,083	6,448	6,804
Surplus(deficit) of operating funding (A - B)	2,929	3,342	3,259
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	236	259	493
Increase/(decrease) in debt	5,382	5,567	4,223
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	5,617	5,826	4,716
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	5,568	5,790	4,674
- to replace existing assets	1,766	1,298	995
Increase/(decrease) in reserves	1,212	2,079	2,306
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	8,546	9,168	7,975
Surplus(deficit) of capital funding (C - D)	(2,929)	(3,342)	(3,259)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Solid waste funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	1,133	1,142	1,141
Targeted rates	2,419	2,522	2,515
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3,132	3,208	4,210
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	6,685	6,872	7,866
Applications of operating funding			
Payments to staff and suppliers	5,678	5,795	10,715
Finance costs	91	102	243
Internal charges and overheads applied	440	444	618
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,209	6,341	11,576
Surplus(deficit) of operating funding (A - B)	476	530	(3,709)
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	49
Increase/(decrease) in debt	(150)	1,084	3,692
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(150)	1,084	3,741
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	316	485	506
- to replace existing assets	691	1,191	309
Increase/(decrease) in reserves	(682)	(62)	(783)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	326	1,614	32
Surplus(deficit) of capital funding (C - D)	(476)	(530)	3,709
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Representation funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	13,269	15,568	14,096
Targeted rates	1,593	1,567	1,166
Subsidies and grants for operating purposes	0	0	3
Fees and charges	428	512	441
Internal charges and overheads recovered	2,530	2,472	2,622
Local authorities fuel tax, fines, infringement fees and other receipts	9	9	125
Total operating funding (A)	17,828	20,128	18,454
Applications of operating funding			
Payments to staff and suppliers	10,213	9,940	6,820
Finance costs	189	239	170
Internal charges and overheads applied	10,358	10,219	9,675
Other operating funding applications	0	0	0
Total applications of operating funding (B)	20,759	20,399	16,666
Surplus(deficit) of operating funding (A - B)	(2,932)	(272)	1,788
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	18	20	30
Increase/(decrease) in debt	3,329	723	(547)
Gross proceeds from sale of assets	0	0	406
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	3,347	743	(111)
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	15	16	0
- to replace existing assets	1,628	1,669	1,068
Increase/(decrease) in reserves	(1,228)	(1,213)	609
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	416	472	1,677
Surplus(deficit) of capital funding (C - D)	2,932	272	(1,788)
Funding balance ((A - B) + (C - D))	0	0	0

Planning and regulation funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	1,097	1,160	1,895
Targeted rates	206	188	156
Subsidies and grants for operating purposes	0	0	0
Fees and charges	5,263	5,337	5,067
Internal charges and overheads recovered	288	281	281
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	5
Total operating funding (A)	6,858	6,972	7,404
Applications of operating funding			
Payments to staff and suppliers	4,526	4,572	5,507
Finance costs	0	0	0
Internal charges and overheads applied	2,145	2,057	1,953
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,672	6,629	7,460
Surplus(deficit) of operating funding (A - B)	187	343	(55)
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase/(decrease) in debt	0	0	244
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	244
Application of capital funding			
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	187	343	189
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	187	343	189
Surplus(deficit) of capital funding (C - D)	(187)	(343)	55
FUNDING BALANCE ((A - B) + (C - D))	(0)	(0)	0

Protection of people and the environment funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	3,048	1,595	1,545
Targeted rates	91	86	27
Subsidies and grants for operating purposes	0	0	60
Fees and charges	739	754	550
Internal charges and overheads recovered	283	268	287
Local authorities fuel tax, fines, infringement fees and other receipts	231	235	244
Total operating funding (A)	4,393	2,939	2,712
Applications of operating funding			
Payments to staff and suppliers	1,579	1,978	2,020
Finance costs	48	80	42
Internal charges and overheads applied	1,227	1,222	1,178
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,855	3,281	3,239
Surplus(deficit) of operating funding (A - B)	1,538	(341)	(526)
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase/(decrease) in debt	1,108	1,747	1,679
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,108	1,747	1,679
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	514	746	563
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	2,132	660	590
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	2,647	1,406	1,153
Surplus(deficit) of capital funding (C - D)	(1,538)	341	526
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Community space and development funding impact statement

For the year ended 30 June 2020

	2019 Long-term plan \$000's	2020 Long-term plan \$000's	2020 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	9,016	9,846	9,667
Subsidies and grants for operating purposes	120	121	19
Fees, charges and targeted rates for water supply	1,574	1,626	1,507
Internal charges and overheads recovered	58	59	0
Local authorities fuel tax, fines, infringement fees and other receipts	19	19	11
Total operating funding (A)	10,787	11,671	11,204
Applications of operating funding			
Payments to staff and suppliers	6,530	6,293	6,776
Finance costs	329	336	310
Internal charges and overheads applied	1,566	1,529	2,026
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,424	8,158	9,114
Surplus(deficit) of operating funding (A - B)	2,363	3,513	2,090
Source of capital funding			
Subsidies and grants for capital expenditure	339	157	1,312
Development and financial contributions	702	717	1,459
Increase/(decrease) in debt	823	549	1,608
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,864	1,423	4,379
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	3,882	2,531	3,736
- to replace existing assets	2,711	2,184	3,481
Increase/(decrease) in reserves	(2,366)	221	(748)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	4,227	4,936	6,469
Surplus(deficit) of capital funding (C - D)	(2,363)	(3,513)	(2,090)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Council Controlled Organisations | Ngā Kūiao a te Kaunihera

Information on Council Controlled Organisations

Council Controlled Organisations (CCOs) are any organisation in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

Council has an interest the following CCOs:

- Local Authority Share Services Limited; and
- The New Zealand Local Government Funding Agency.

Council resolved to exempt Destination Coromandel and Hauraki Rail Charitable Trust as a CCO in accordance with Section 7 of the Local Government Act 2002.

Outlined below are the significant policies and objectives, nature and scope of activities, key performance targets and outcomes for the 2019/2020 year for each organisation.

The key performance targets disclosed in the tables below for Local Authority Shared Services Limited and the New Zealand Local Government Funding Agency Limited may be slightly different compared to the targets disclosed in the Long Term Plan (LTP) 2015-25. This either is due to the organisations having developed additional targets or modified the way in which they present the targets, since the LTP was prepared.

Waikato Local Authority Shared Services Limited (WLASS)

Ownership

Council has a one-twelfth ordinary shareholding in WLASS (one share at \$1,000). The Council also holds service shares in the Waikato Region Aerial Photography Service (6,476 shares at \$1), the Shared Valuation Data Service (108,015 shares at \$1) and the Waikato Regional Transport Model (2,250 shares at \$10) activities of the company. These service shareholdings give no rights to a share in the distribution of surplus assets, nor do they provide voting rights. The balance of the remaining shares is owned by other Local Authorities.

Representation (total members)

1(12)

Significant policies and objectives

The primary objective of the Company is to provide the Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

Gains have been realised by shareholders in the Shared Valuation Data Service (SVDS), the Waikato Regional Transport Model (WRTM) and through joint procurement contacts.

Nature and scope of activities

The company is used as an umbrella company to investigate opportunities for future development of shared services. The specific objectives of the company are agreed each year in accordance with the constitution and the Statement of Intent (SOI). During the past year, the Company has continued to focus on demonstrating the value that WLASS delivers to the shareholding councils through procurement, facilitation of Waikato Mayoral Forum work streams and improving efficiency of the existing shared services operating under WLASS.

Key performance targets

Performance targets are specified in the WLASS SOI for 2019/2020 and are summarised with the actual results below:

Performance target	Actual outcome
Procurement Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Achieved
Collaborative projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	Achieved
Existing WLASS contracts Existing contracts are managed and renegotiated as required.	Achieved
Cash flow The company shall maintain a positive cash flow.	Achieved

Performance target	Actual outcome
Cost control Administration expenditure shall be managed and monitored.	Achieved
Reporting Six monthly reports provided to shareholders.	Achieved
Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.	Achieved
Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with AON	Not measured (i)
RATA All stakeholders are kept informed about RATA's projects and achievements and sub-regional data collection contracts deliver good quality data on roading assets.	Achieved five of the 7 outcomes (ii)
Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.	Achieved
Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Achieved nine, partially achieved one of the 10 outcomes (iii)
Future Proof All stakeholders are kept informed about Future Proof's projects and achievements.	Achieved two of the 3 outcomes (iv)
Shareholder survey Shareholders are satisfied with the performance of WLASS.	Not achieved (v)
Review of benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	Achieved one of the 2 outcomes (vi)

- i. Formal feedback from shareholders was not undertaken this year and therefore it was not able 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.
- ii. Leadership was not met. RATA presented the Waters Collaboration business case to the mayoral Forum in August 2019. However conferences were delayed due to COVID-19. RATE forums were also significantly disrupted during the financial year with the departure of the previous RATA manager and the COVID-19 lockdown. They have since recommenced.
- iii. Lift industry competency and compliance was partially achieved. The Technical Committee is continuing to work on consistency across councils on RFI's to improve the customer experience.
- iv. Phase 2 of the Future Proof Strategy has been on hold to allow other projects to sufficiently progress. Work has now commenced and it is anticipated that a draft will be completed early 2021.
- v. Survey of shareholders was not undertaken this year as the 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes sought.
- vi. WLASS website updates were not done for all areas of the website. It remains a work in progress.

A full copy of the WLASS annual report can be obtained from the Waikato Regional Council website
<http://www.waikatoregion.govt.nz>

Local Government Funding Agency (LGFA)

Ownership

LGFA has 31 shareholders, comprising the New Zealand Government (20%) and 30 councils (80%).

Participating councils (total members)

67 councils

Significant policies and objectives

LGFA operates with two primary objectives.

1. Optimising the debt funding terms and conditions for participating local authorities
2. Monitoring the quality of the asset book so that it remains of a high standard by ensuring it understands each participating local authority's financial position and the general issues confronting the Local Government sector.

Nature and scope of activities

LGFA was established 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.

Three councils joined LGFA in the 12-month period to June 2020, bringing the total number of council members to 67. Councils can access flexible lending conditions by using the short-term lending and bespoke 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. Over the 12-months ended 30 June 2020, 53 councils borrowed a total of \$2.33 billion over 205 individual loans (excluding short-dated borrowing). As at 30 June 2020, there were \$315.5 million of short-term loans outstanding to 27 councils. The long-dated lending to councils over the 2019-20 year of \$2.33 billion was slightly less than the record amount of \$2.45 billion in the 2018-19 year, but the estimated market share of 85.7% remained high.

Key performance targets

Performance targets are specified in the LGFA Statement of Intent (SOI) for 2019/2020 and are summarised with the actual results below:

Performance targets	Actual outcome
Net interest income for the period to 30 June 2020 is greater than \$17.9 million	Achieved
Annual issuance and operating expenses (excluding AIL) for the period to 30 June 2020 is less than \$6.30 million	Achieved
Total lending to Participating Local Authorities at 30 June 2020 is at least \$9,792 million	Achieved
Conduct an annual survey of councils who borrow from LGFA and achieve at least an 80% satisfaction score for the value added by LGFA	Achieved
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements	Achieved
Achieve 75% market share of all council borrowing in New Zealand	Achieved
Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually	Not Achieved (i)
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015	Not Achieved (ii)
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due	Achieved
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency	Achieved

- i. Travel restrictions due to the COVID-19 lockdown restricted the LGFA ability to meet with all 67 participating councils during the final quarter of the year. 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. By 30 November each year, member councils are required to complete an annual compliance certificate in relation to their 30 June financial statements. Annual compliance certificates were completed by council members in 2019 and all councils were compliant with the financial covenants as at June 2019.
- ii. There were two compliance breaches of the Treasury Policy during the 12-month period ending 30 June 2020. There was no financial loss to LGFA from either breach. Reputational risk was assessed to be minimal. There was full reporting on both breaches to the LGFA Board and Shareholders Council, and a formal review of both breaches was led by the Chair of the Audit and Risk Committee. LGFA management have reviewed controls that could be put in place to mitigate the risk of further breaches.

A full copy of the LGFA annual report can be obtained from the LGFA website at www.lgfa.co.nz.

Council policies| Ngā Kaupapa Here ā Kaunihera

Contribution to decision-making by Māori

The Thames-Coromandel District Council is obliged to ensure that Māori have the opportunity to participate in Council decision-making processes. This section outlines the steps the Council will take to foster the development of Māori capacity to contribute to decision-making processes.

The Local Government Act 2002 sets out a clear purpose for local government – to promote social, economic, cultural and environmental well-being through local decision-making and action. Every day, iwi, hapū, whanau and Māori communities are affected by decisions made by the Council. Much of what Council does is directly relevant to Māori and requires good relationships at a local level.

The Council is required by the Act to:

- establish and maintain opportunities for Māori to contribute to decision-making processes (particularly in relation to land and water bodies);
- ensure processes are in place for consulting with Māori;
- consider ways in which they can foster the development of Māori capacity to contribute to decision-making processes;
- provide relevant information to Māori.

Steps to foster the development of Māori capacity to contribute to decision-making

The Council intends to undertake the following steps, to foster the development of Māori capacity to contribute to its decision-making processes:

1. The Council will compile a database of those who wish to be considered Māori for the purposes of the Local Government Act 2002. The Council will maintain a process to ensure this database is current and up to date.
2. Those who have identified themselves as Māori will be specifically consulted when the Council decides that it wishes to consult. Where specific legislation requires specific consultation with Māori or tangata whenua, then the requirements of that specific legislation will override this step.
3. The Council will work with Māori to identify key issues of particular interest to Māori.
4. The Council will gather information on Māori perspectives about Council activities.
5. The Council will consciously build good relationships with all groups of Māori in the district.



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