



ANNUAL REPORT 2020/2021



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

Welcome to our 2020/2021 Annual Report

The 2020/2021 Annual Report describes what we achieved in the 2020/2021 work programme during the third year of the 2018-2028 Long Term Plan. The Annual Report provides accountability for Council in achieving its work programme and levels of service to the community.

The COVID-19 pandemic has continued to impact the delivery of services and projects. In particular, the higher than usual domestic tourist numbers have made providing a constant level of service difficult. Delays in getting some required resources through border controls have also in some cases resulted in slower delivery or increased costs for planned projects. Despite all this, our staff and contractors have continued to achieve much of the work programme.

Our Council has successfully engaged with the public on the next Long Term Plan (2021-2031) which was signed off in June this year. The high level of public feedback we have received over the past year has shown that our communities care deeply about and are proud of our district and that they want us to continue to work with them closely to make progress on matters they care about. This feedback continues to shape our work programmes.

Activity Highlights



Water Supply: New water treatment plants have been completed in Coromandel Town, Tairua, Pauanui and Whitianga. Upgrading work at the three water treatment plants in Whangamatā has begun. Upgraded water treatment plants are also planned for Hahei, Onemana and the Thames Valley area. These upgrades will ensure our drinking water quality fully complies with the current NZ Drinking Water standards.



Public Toilets: Successful applications to the Tourism Infrastructure Fund (TIF) enabled us to undertake upgrades to a number of our 98 public toilets, including at Te Karo Bay and Pepe Reserve in Tairua as well as Brown Street in Thames.



Wharves and boat ramps: We made significant upgrades to a number of boat ramps including the Royal Billy Point and Jacks Point ramps. These upgrades have improved safety, accessibility and usability for the community.

Council staff were successful in putting together two very credible applications to the PGF (Provincial Growth Fund) and those two projects are close to commencing on site at Kōpū and Te Ariki Tahi/Sugarloaf Wharf in Coromandel Harbour.

In August 2020 the government provincial growth initiative committed funding of \$8.2 million toward revamping the marine-servicing infrastructure at the Kōpū business precinct. This project is set to create major new economic development opportunities for the district.

The Ariki Tahi/Sugarloaf Wharf project received an additional \$2 million from the Waikato Regional Council regional development fund, on top of the \$19.95 million granted from the Provincial Growth Fund in June 2020. This project will also help with delivering economic benefits to the region, including significant employment.



Roads and Footpaths: We delivered \$16.6 million in road maintenance and renewal activity with a Waka Kotahi NZTA subsidy of \$10.4 million in 2020/2021. Waka Kotahi NZTA provided a 90 per cent subsidy as part of the Innovating Streets project to temporarily transform the Thames town centre streetscape. This has been styled as the 'Create the Vibe' project which has received praise locally as well as from around the country.



Protection of people and the environment: Our Council is working with the community to develop Shoreline Management Plans based on the Ministry for the Environment's 2017 *Coastal hazards and climate change: Guidance for local government* document. The first co-governance committee for our project was held in October 2020, involving Council and the Pare Hauraki collective. This work would not be possible without the dedicated input from volunteers across the district.



Community Spaces: We won an award from Recreation Aotearoa for our fantastic programme encouraging our community to enjoy our local parks during Parks Week 2021 (6-14 March). *"We were impressed by the breadth of Parks Week Events put on by the Thames-Coromandel District Council. They made a real effort to host events that could be done under lockdown conditions and accessed by anyone,"* says Sarah Ford, Recreation Aotearoa Marketing Manager.

The next 12 months will see more changes and challenges as the COVID-19 pandemic response continues to change and new legislative requirements are signalled and introduced. We will continue to build resilience in our organisation as we focus on providing quality services and delivering on capital projects included in our 2021-2031 Long Term Plan.



Sandra Goudie
Mayor



Rob Williams
Chief Executive

Introduction | Whakataki

What is the Annual Report?

This Annual Report compares what our Council did in 2020/2021 with what we said we were going to do as set out in year three of the 2018-2028 Long Term Plan and Annual Plan 2020/2021.

The Long Term Plan includes performance measures and targets and sets out projects that we aim to achieve. This Annual Report is used to keep our community informed about our progress towards achieving those targets. It also provides a summary of the projects we have completed.

This helps us to:

- ensure consistent decisions and actions are made across our business.
- show the public what we've achieved, what we haven't achieved and to provide transparency on our decision-making processes.
- 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.
- meet legal requirements.

Council's vision, values and outcomes

In June 2018 our Council adopted its 2018-2028 Long Term Plan, including the vision, values and outcomes detailed below. This Annual Report identifies how our activities contribute to achieving the outcomes and promoting community social, economic, cultural and environmental well-being.

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 2021**

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 9 December 2021. This is the date at which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 53 to 109:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2021;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 110, 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 provision on pages 20 to 50:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 111 to 119, 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 111 to 119, 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 14 to 19, 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 – The Government's three waters reform programme announcement

Without modifying our opinion, we draw attention to note 28 on page 102, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

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 and long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service 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 13, 51 to 52 and 120 to 124 but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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 audited the District Council 2021-2031 Long Term Plan and performed a limited assurance engagement related to the District Council debenture trust deed. These engagements are compatible with those independence requirements.

Other than the audit and our report on the disclosure requirements, 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 2020/2021 year and had some great highlights. These are shared below for each of our activities.

Coromandel-Colville community spaces and development

Ariki Tahi/Sugarloaf Wharf - This project received \$2 million grant from the Waikato Regional Council regional development fund, which will help with delivering significant economic benefits to the region, including employment opportunities. The project involves extending and raising the wharf platform to account for rising sea levels, with four new berths to allow for increased commercial activity and a separate facility for launching recreational boats.

Jacks Point boat ramp, Coromandel Town - The replacement of the Jacks Point boat ramp retaining wall structure was completed.

Ride Coromandel Bike Park – We partnered with the Department of Conservation, other entities and local contractors to build and open the Velosolutions Pump Track.

Hauraki House Reserve BBQ facility - Installation of a gazebo and a double burner BBQ.

Mercury Bay community spaces and development

Mercury Bay Skate Park - The park was completed with shelters and landscaping.

Mercury Bay area - The Reserve Management Plan was adopted. Our Reserve Management Plans are policies that guide day-to-day management and are required under the Reserves Act.

Whitianga Town Centre art – 10 Pou is to be placed as an art installation called *Manukarere* by Artist James Webster along Taylors Mistake.

Whangapoua boat ramp - We rebuilt the boat ramp and a floating pontoon was also installed.

Tairua - Pauanui Community spaces and development

Royal Billy Point wharf and boat ramp - We installed the last section of the concrete access bridge and support piles.

Pepe Toilets, Tairua - The new Pepe Toilets were opened to the public. The project was funded by the government's Tourism Infrastructure Fund.

Pauanui Skate Bowl - The minor work on the bowl was completed.

Pauanui Pleasant Point boat ramp - We widened the boat ramp by four metres, bringing the total width to 10 metres.

Thames community spaces and development

Kōpū Marine Precinct - Council was granted \$8.2 million from the Provincial Growth Fund to develop the Kōpū Marine Precinct. A detailed design of the facility has been completed.

Brown Street toilet upgrade - The Brown Street toilet block was upgraded with four new unisex toilets and an extra men's toilet designed to match the heritage architecture. The new toilet block also has a unisex space, a baby changing space and accessible toilet. The toilet upgrade was co-funded by the government's Tourism Infrastructure Fund, with an overall design to match the heritage architecture in the area.

Te Puru Hall upgrade - The refurbishment of the entry foyer and toilets at Te Puru Hall was completed.

Create the Vibe, Thames - The project involved closing part of Mary Street and installation of new street furniture and murals, creating a temporary civic hub to encourage foot traffic and a vibrant town centre. It was 90 per cent funded by Waka Kotahi NZTA and 10 per cent by Thames Ward ratepayers.

Thames murals - Thames town centre has benefited from the installation of several murals on buildings in the area. Erika Pearce painted the murals on the Mary Street side of the Stirling Sports and Baxter's Furniture buildings, while Kylie Gunn's work is located on the back of the Stirling Sports building, facing the Civic Centre. Rick Fisher has transformed the exterior of the container HQ at Create the Vibe and the storage units at Kuranui Bay.

Thames and Surrounds Spatial Plan - The Strategic and Economic Business Case Report for the spatial plan was completed and endorsed in May 2021 by our Council. This is to support and address the need for housing in the Thames ward, particularly south of Thames in the short-medium term.

Centennial Pool heat pumps - This project was completed successfully with new heat pumps installed at the Centennial Pools to replace the inadequate boiler heating system.

Whangamatā community spaces and development

Whangamatā Boardwalk extensions/ esplanade - Consultation with the community about the boardwalk project is ongoing. A small 10m trial section of the boardwalk was established at the southern end of the existing boardwalk.

Roads and footpaths

Targeted pavement resurfacing and rehabilitation work - The sealed road network has improved significantly over a 5-10 year period due to targeted pavement resurfacing and rehabilitation work. This is reflected in reduced routine maintenance costs and an improvement in the annual trends for the key national condition indicators, such as fatigue cracking and potholes.

Trials of locally quarried materials - We trialed locally quarried materials for resurfacing unsealed roads on the 309 and Tapu-Coroglen routes, which have resulted in improvements to the surface of these roads. This surface treatment using local materials will be rolled out across the networks of unsealed roads in the District as part of the ongoing routine maintenance of these routes.

Requests for Service - Over the past year the number of requests for service relating to roading condition has reduced, indicating that the higher level of routine maintenance being carried out is having the desired effect of reducing the need for emergency intervention.

Stormwater

Apart from managing wet weather related events and maintaining stormwater drains and structures throughout the year, the following stormwater renewal works were carried out:

Piping open drain, Whitianga - The piped system was extended and an outlet structure constructed.

Culvert upgrade, Onemana - A culvert headwall was installed in the outlet of a 900 diameter culvert.

Wastewater

Matarangi treatment plant upgrade - The preliminary investigations into upgrade options for Matarangi Wastewater Treatment Plant (based on WRC consent conditions) were started and will be completed next year.

Water Supply

Whitianga water meters project - Work has begun on the Whitianga water meters project with the locating of water connections and work required prior to having a water meter attached to all unmetered properties in Whitianga. The work is being paid for from a Department of Internal Affairs (DIA) water services reform grant of \$4.8 million.

Drinking Water Standards Upgrade - This was the third year of the Drinking Water Standards Upgrade programme of works to upgrade our water treatment plant facilities to ensure the Coromandel's drinking water quality complies with the NZ Drinking Water Standards. The year saw the completion of the new plants in Pauanui and Coromandel Town and the commencement of works to upgrade the three plants in Whangamatā. The Whangamatā plants are all expected to be commissioned in the upcoming year.

The preliminary investigations into upgrade options for the Matarangi Wastewater Treatment Plant (based on WRC consent conditions) were started and will be completed next year.

Solid Waste (rubbish and recycling)

Whitianga transfer station replacement - Work has started on the civil design. This project is due to be completed in the next financial year.

Grants and remissions

Our Community Boards allocated \$190,750 in 93 local grants 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

Work is continuing to address appeals made to the District Plan. Of the 72 appeals lodged in 2016 on provisions in the Proposed District Plan. 65 appeals have now been fully settled with 7 appeals remaining to be settled. A decision has yet to be issued following an Environment Court hearing, one appeal has yet to be settled on rezoning/structure plan provisions, and five appellants have not agreed on a biodiversity rule for plantation forestry.

The Environment Court has followed a s293 process and issued a 'draft decision' on kauri dieback provisions. The final decision will be issued in due course. Four consent orders were issued which fully settled 10 appeals. An appeal point on a policy in Section 15 Development and Growth was withdrawn by the appellant.

Resource consents

We had 377 resource consent applications during the year, compared to 338 lodged over the previous financial year.

Building control

We processed 1,351 building consent applications. 99% were processed within the statutory time-frames. The average working days to issue a building consent was 14.1 days.

Community health and safety

This year we recruited a new District Licensing Committee, and have engaged a new contractor to deliver the noise control service across our district from 1 July 2021.

For the second year running we have received funding from the Ministry of Business, Innovation and Employment for responsible camping initiatives. This has given us the opportunity to employ a group of Wharf Wardens and Responsible Camping Ambassadors who provide education and advice to campers across the district. There was also funding for additional toilet cleaning and public education material about responsible camping.

The Bylaws and Compliance team continued their focus on responsible dog ownership, and this meant we had an increase in both registered and microchipped dogs. We also continue to see an increase in adoptions for dogs who have passed a temperament test.

The Environmental Health team saw an increase in both food control plans and health applications, while continuing their focus on compliance at licensed premises.

Emergency management

The Emergency Operations Centre was not activated during the past financial year. Twenty-one community response plans were completed.

Coastal and hazard management

Our Council continues to be part of the Coastcare partnership. Along with the Waikato Regional Council (WRC) we work closely with the Department of Conservation (DOC), iwi and ratepayer groups to protect and restore our coast.

Cooks Beach coastal erosion project - This involved creating a erosion protection wall and covering it in sand to create a new high tide beach and mitigate erosion. This was planted and completed in August 2020.

Flaxmill Bay groynes project - This involved the successful installation of three groynes at Flaxmill Bay in December 2020. This is a key milestone in this 5 year project to assess how effective these structures are for holding sand, maintaining a high tide beach and mitigating erosion in this coastal environment.

Shoreline Management Plans - Our four coastal panels are at the 'identify pathways and options' phase as they continue to follow the Ministry for Environment guidelines for preparing for coastal hazards driven by climate change. The four panels are part of our three-year Shoreline Management Plan Project which is designed to ensure our communities can make sound decisions about our future resilience to climate change.

Economic development

Our Economic Development activity has been implementing our Productivity Plan (<https://www.tcdc.govt.nz/productivityplan>). The Plan focuses on promoting economic prosperity throughout the district by connecting stakeholders (business, industry, iwi and Council) and facilitating access to Council services. As the local economy continues to hold its own as we deal with the global impact of COVID-19, some of the major work streams over the past 12 months have been:

- **Aquaculture and marine-related business facilities** - Almost \$30 million of infrastructure work has been allocated from the government's Provincial Growth Fund towards two wharf builds at Kōpū, south of Thames, and Te Ariki Tahī/Sugarloaf in Coromandel Harbour. Resource consents are now being prepared for both wharves.
- **Housing Acceleration** - To help address the urgent need for housing in the Thames ward work is continuing on preparing for two contestable Housing Acceleration Fund (HAF) applications administered by Kainga Ora. Meanwhile, a Spatial Plan for Thames continues to build, as investigations are conducted on the infrastructure required to service potential growth areas.
- **Visitor and Destination Management** - In partnership with our Regional Tourism Organisation (RTO) and Destination Coromandel we're supporting our local tourism and hospitality sector— including a Responsible Camping and Ambassador programme over 2020/2021. The development of a Destination Management Plan for our district is underway, along with the allocation of funding to support and market events.

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 guide 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 2021

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.

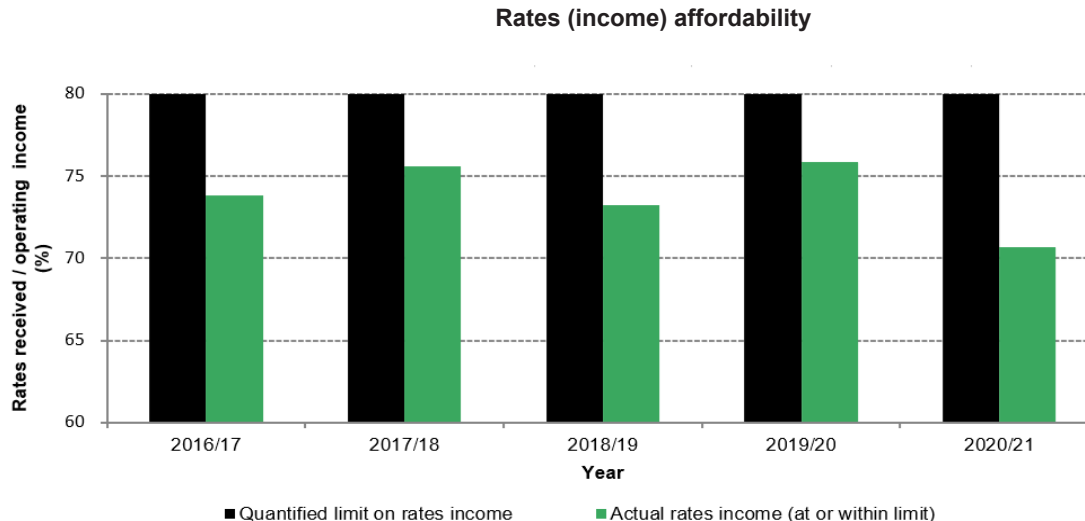
Rates affordability benchmark

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.

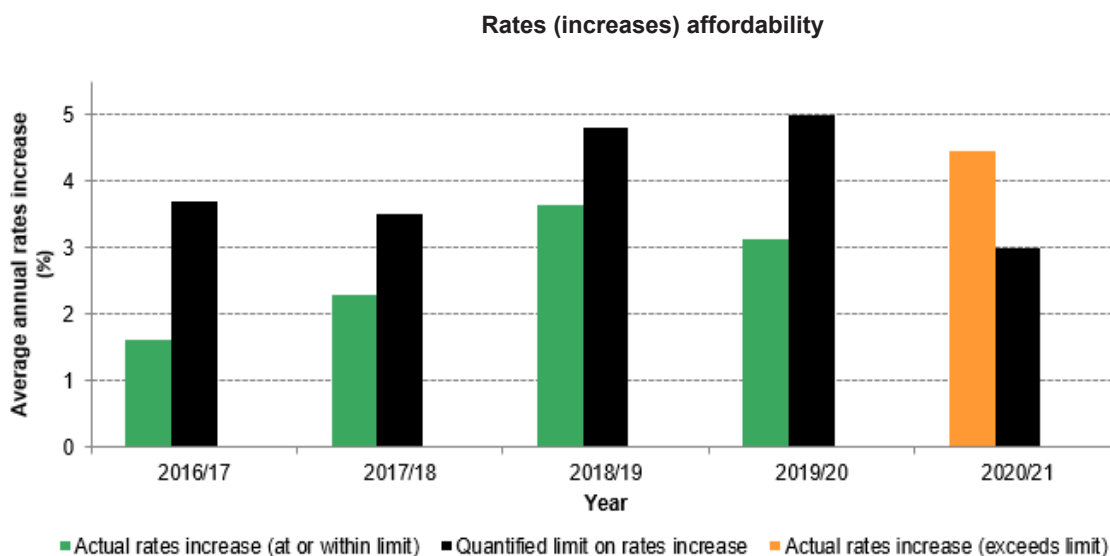
Rates (income) affordability

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.



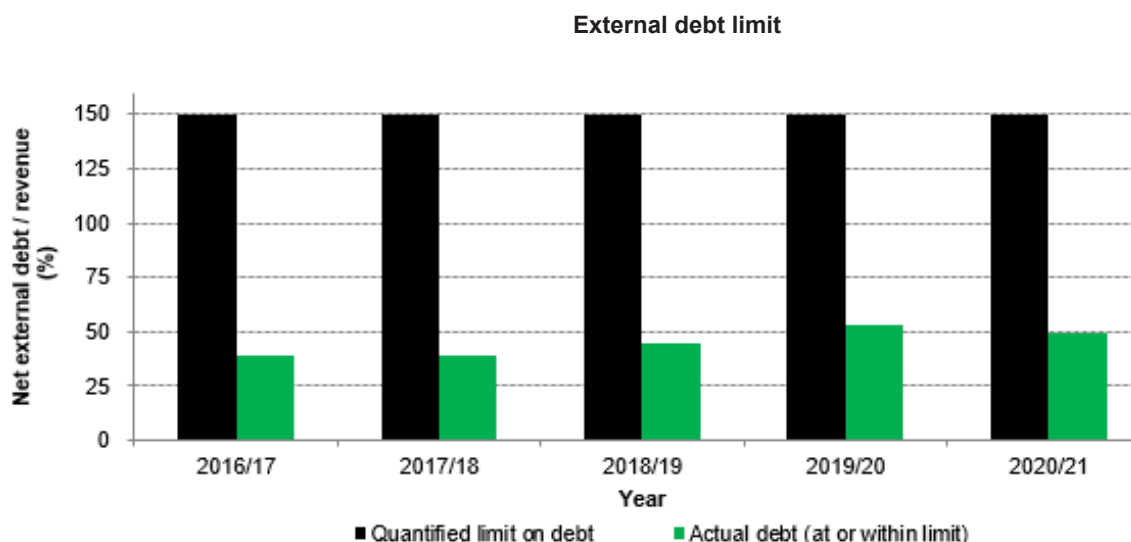
Rates (increases) affordability

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 rates exceeded the quantified limit as was signalled in the 2021 Annual Plan, this was required as part of meeting the cost increases council has faced in recent years.

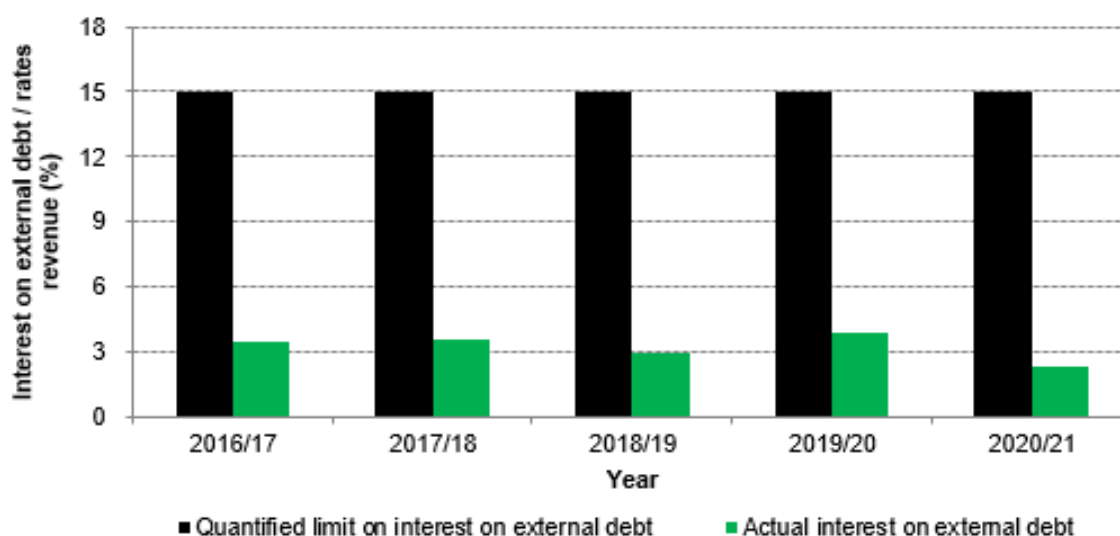


Debt affordability benchmark

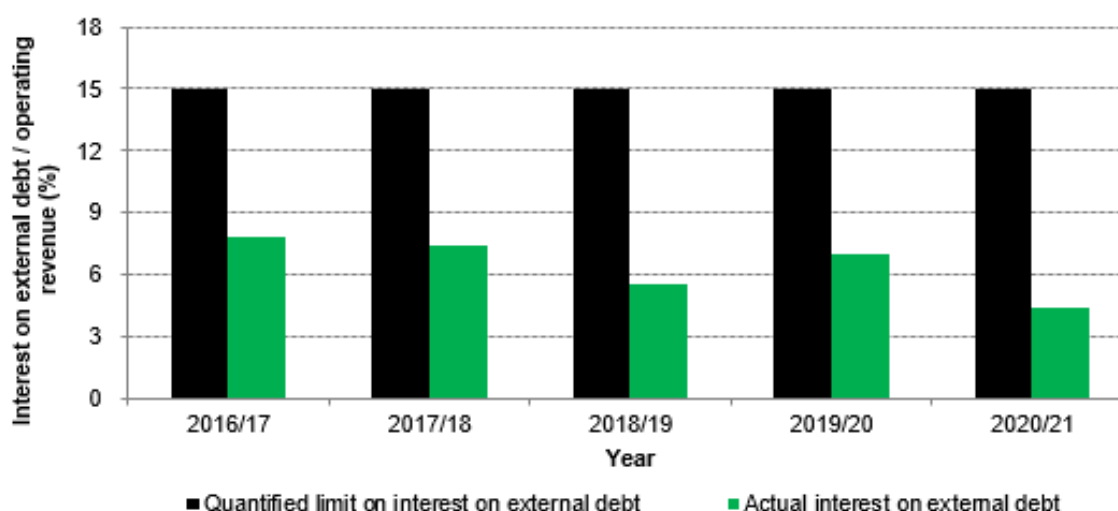
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graphs compare the Council's actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified 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.



Net external interest on external debt



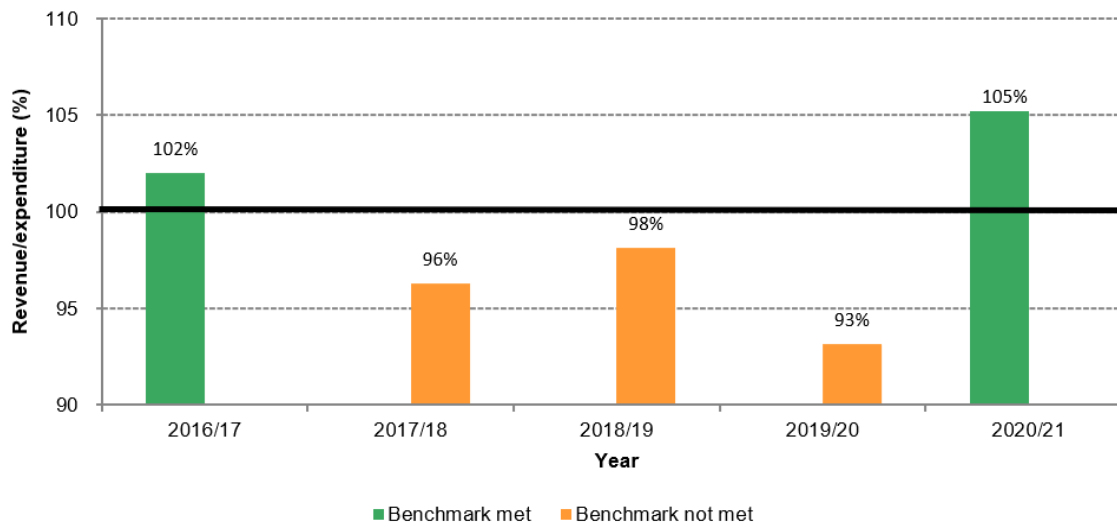
Net interest (internal and external) on external debt



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 and 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. The benchmark was met for 2020/21.

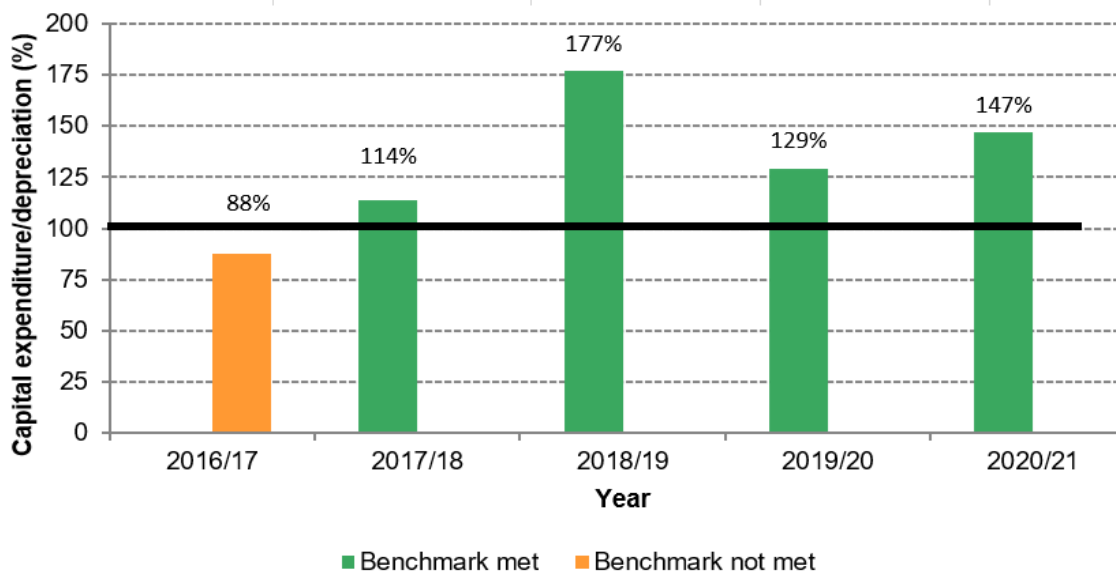
Balanced budget



Essential services benchmark

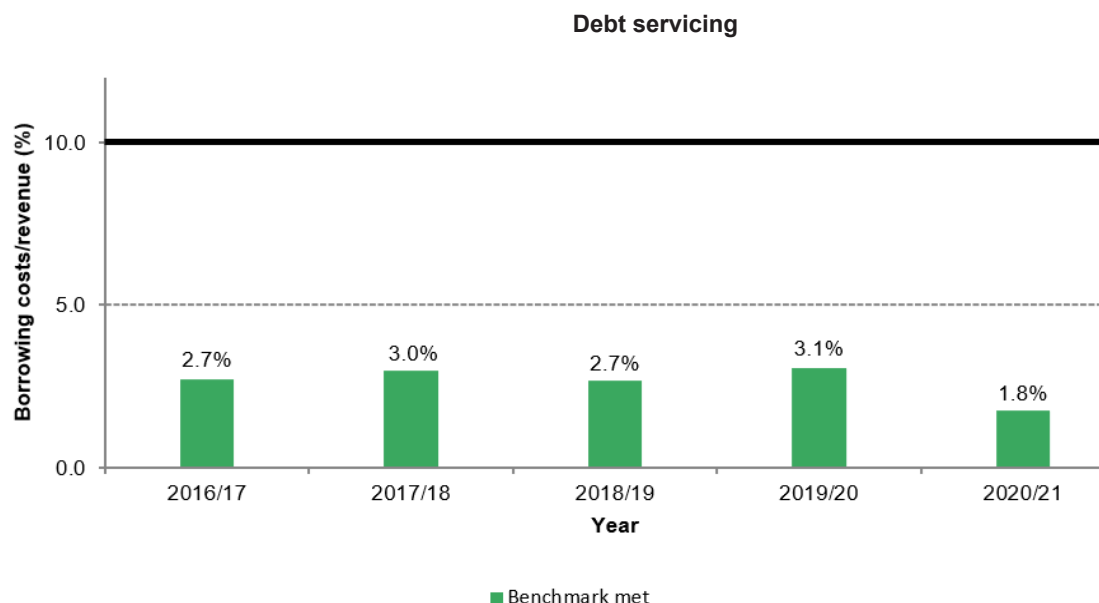
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The Council did not meet 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, 2019/20 and 2020/21 years.

Essential services



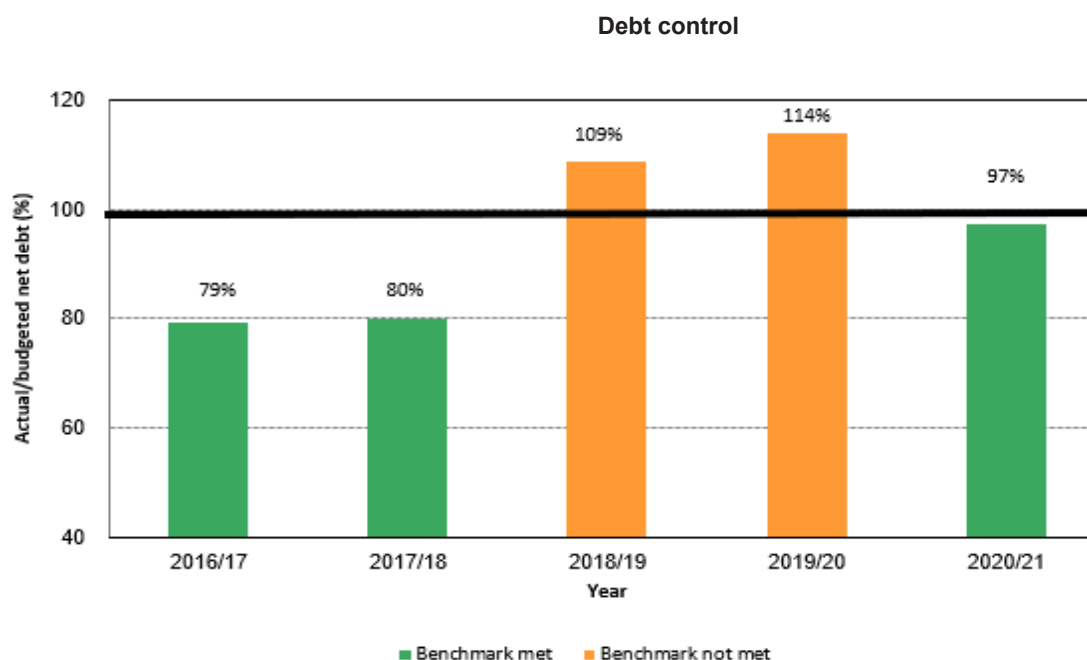
Debt servicing benchmark

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

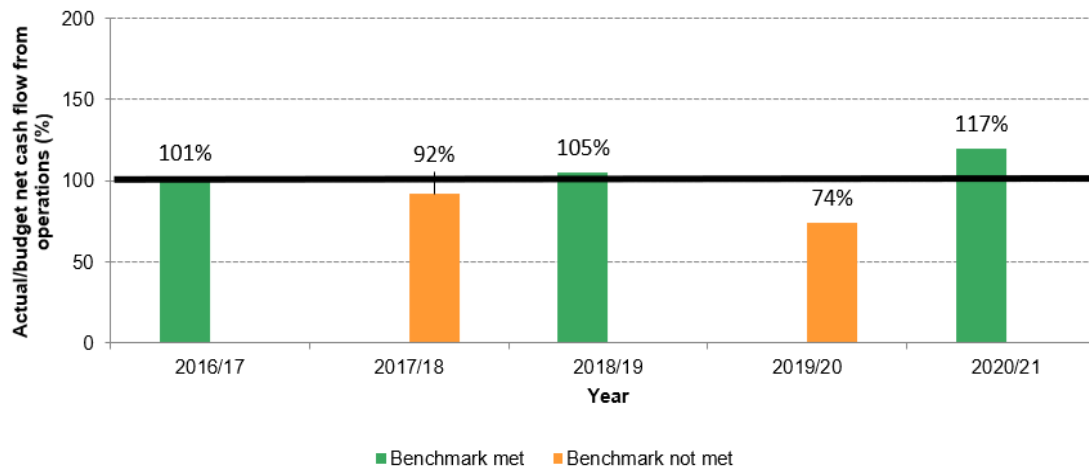
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less 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. For 2020/21 Council has met the benchmark.



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 and 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. The benchmark was met for 2020/21.

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 three (2020/2021) 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 the 'four well beings' were re-introduced into the purpose of local government. Local authorities have a broad role in the promotion of the social, economic, environmental, and cultural wellbeing of their communities. Our activities are identified below. Some activities affect all four wellbeings. The effects are described in more detail within each activity.

COVID-19 Disclosure Service Reporting Performance

COVID-19 border restrictions have resulted in an increase of domestic tourism in the District for the first half of the year. Some performance measures were not achieved due to the higher volumes of tourism. The border controls have also limited supplies and raised costs of core materials for infrastructure maintenance and new projects.

More information on the performance of each activity, including while COVID-19 border restrictions are in place, can be found under the performance results below.

Council activity group

This activity group includes our representation, 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, and 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. Through service level agreements, the administration of grants for community groups and events and administration of rate remissions, Council actively collaborates with organisations to achieve efficient use of resources, foster strong partnerships and contribute financial assistance to promote greater community cohesion.

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 - 2020/21 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%) 2019/20: Achieved (92.25%)	FULLY ACHIEVED All of the individual Community Boards and the Council met the target of over 80% attendance for the year. The average attendance rate across Community Boards and Council was 95%.
Council is committed to transparent decision-making	Percentage of Council agendas publicly available two working days or more before the meeting (Target: 90%) 2019/20: 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 - 2020/21 performance results

Levels of service we provide	How we measure performance	This year's performance
The Council promotes a successful community through supporting community driven initiatives	Percentage of funds distributed that comply with the Council's community grant criteria (Target: 90%) 2019/20: Achieved (99%)	FULLY ACHIEVED 100% of grants were distributed that meet the criteria. 93 Grants in total across 5 Community Boards were approved and distributed. There was one partial refund of \$412.43, one withdrawal and one late approval (missed off

Levels of service we provide	How we measure performance	This year's performance
		original application list). Across the 93 grants a total of \$190,750 was allocated.

District plan - 2020/21 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	<p>EPlan is updated within 2 months of changes to the District Plan being approved</p> <p>(Target: ≥ 90%)</p> <p>2019/20: Achieved (90%)</p>	<p>FULLY ACHIEVED</p> <p>The result for this measure was 100%. The Environment Court released three decisions over the last year. Another decision from the Court is still in draft and does not require an EPlan update until the final decision is issued. Four consent orders have been issued which settled appeals by 10 appellants.</p>

Property - 2020/21 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	<p>Full compliance with legislative requirements through achieving an annual Building Warrant of Fitness</p> <p>(Target: 90%)</p> <p>2019/20: Not Achieved (83%)</p>	<p>WITHIN 5% OF ACHIEVING</p> <p>89% of Council's buildings have a Building Warrant of Fitness.</p>
To provide buildings that are well maintained	Percentage of leased property buildings in satisfactory condition (condition grades 1,2 or 3):	
	<p>Commercial lease buildings</p> <p>(Target: > 75%)</p> <p>2019/20: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>100% of Council's commercial lease buildings are in a satisfactory condition.</p>
	<p>Community group lease buildings</p> <p>(Target: > 95%)</p> <p>2019/20: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>100% of Council's community group buildings are in a satisfactory condition.</p>
	<p>Percentage of Council administration buildings</p> <p>(Target: > 95%)</p> <p>2019/20: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>100% of Council's administration buildings are in a satisfactory condition.</p>

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 - 2020/21 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) (Target: ≥ 90%) 2019/20: Achieved (94%)	FULLY ACHIEVED The total number of resource consents processed within the financial year was 377, with 343 or 91% of these processed within the statutory timeframe of 20 working days.
	Percentage of accepted applications for 224C certificates processed within 20 working days (Target: ≥ 90%) 2019/20: Achieved (93%)	FULLY ACHIEVED The total number of applications accepted for 224C processing was 71, with 65 or 92% of these processed within 20 working days.

Building control - 2020/21 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 within working days (Target: ≥ 90%) 2019/20: Achieved (98%)	FULLY ACHIEVED Of the 1,365 applications with decisions, 1,351 or 99% were processed within the statutory timeframes with 14 applications over time. The average working days to consent decision is 14.1 days as at 30 June 2021.
	Percentage of accepted applications for Code of Compliance processed within 20 working days (Target: ≥ 90%) 2019/20: Achieved (98%)	FULLY ACHIEVED Of the 978 application decisions up to 30 June 2020, 955 or 98% were processed within the statutory timeframes.
Inspect pool barriers according to regulations to help keep young children safe from drowning	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
	(Target: ≥ 90%) 2019/20: Achieved (100%)	100% compliance. As at 30 June 2021 there are 512 pools on the register and 119 pools in Cycle 1 of a 3 year cycle. All 119 pools that were required to be inspected in Cycle 1 were inspected.
Customers can purchase a LIM they have confidence in, in a timely manner	Percentage of standard LIMs processed within 10 working days (Target: ≥ 90%) 2019/20: Achieved (97%)	FULLY ACHIEVED Over the year 1,360 applications were lodged. Of these, 19 were withdrawn, 11 were still current at the end of the year and one exceeded the statutory requirements. 1,329 (over 99%) were processed within the statutory timeframe.

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 primarily promotes social and environmental wellbeings. It provides services which help protect people's health and safety, regulates behaviour that creates nuisance to others 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 them be prepared and become more resilient.

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 - 2020/21 performance results

Levels of service we provide	How we measure performance	This year's performance
Maintain an effective civil defence emergency system	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 (Target: 100%) 2019/20: Achieved (100%)	FULLY ACHIEVED There were no activations required for this financial year.
Council will support its communities in enabling them to respond to, and recover from, emergencies	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 (Target: 8 Community response plans initiated) 2019/20: Not Achieved (7 plans initiated)	FULLY ACHIEVED 21 community response plans have been initiated/updated in this financial year.
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%) 2019/20: Not Achieved (72%)	NOT ACHIEVED 73% of new staff have completed the introductory civil defence course. This result is similar to last year. A trial online course was offered but did not have satisfactory attendance. Due to low new staff numbers, the introductory course is now only run quarterly, meaning some staff do not complete the course within six months due to schedule conflicts.

Coastal and hazard management - 2020/21 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	Annual capital expenditure is delivered within budget and specified timeframe	FULLY ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
	(Target: $\geq 80\%$) 2019/20: Not Achieved (75%)	We achieved 100% of budget. The Cooks Beach coastal erosion project has been completed in August 2020. The Flaxmill Bay groynes project was completed in December 2020. The coastal restoration programme is continuing into the current financial year and will be completed by the end of September 2021.

Community health and safety - 2020/21 performance results

Levels of service we provide	How we measure performance	This year's performance
Ensure food businesses are producing safe food	Percentage of registered food businesses audited annually from total that require annual audit under the Food Act 2014 (Target: $\geq 90\%$) 2019/20: Achieved (91%)	FULLY ACHIEVED We have achieved our level of service of ensuring food business are producing safe food. 230 of our 236 food businesses were either audited or did not require an audit in this financial year, giving a result of 97%.
The Council provides animal control services to avoid dog attacks and other animal nuisances	Percentage of urgent animal control issues responded to ≤ 2 hours (Target: $\geq 90\%$) 2019/20: Achieved (92%)	FULLY ACHIEVED We had 92 urgent animal control issues in the 2020/21 year and we responded to 88 (96%) of these within 2 hours.
Assess and make timely decisions on alcohol licence applications	Percentage of unopposed alcohol licence applications assessed and prepared for the District Licencing Committee to make decisions within 60 calendar days (Target: $\geq 85\%$) 2019/20: Achieved (93%)	FULLY ACHIEVED We assessed and made timely decisions on alcohol licence applications and achieved the measure by processing 96% of applications (423 out of 442) within 60 calendar days.

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 Facilities team, Council 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 Council's recognition that there is a diverse range of needs and wants across the district which are better addressed at a local level. The services provided enhance resident's and visitor's experience of the Coromandel, and range from basic essentials like toilet facilities 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 can be 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: This facility in Thames is 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 - 2020/21 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%) 2019/20: Achieved (100%)	FULLY ACHIEVED One cemetery is audited each month against the mowing standards and litter standards. There are two cemeteries in the area: Buffalo (Coromandel) and Colville Cemeteries. There was 100% compliance with mowing and litter standards this year.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 90%) 2019/20: Achieved (100%)	FULLY ACHIEVED 100% of interment requests were responded to in less than one day. There were six ashes and two casket interments.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) 2019/20: Not Achieved (82%)	NOT ACHIEVED 22 Requests for Service were received and eight did not meet the contractual requirements, giving a result of 64%.
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3) (Target: Achieved) 2019/20: Achieved	FULLY ACHIEVED Sugarloaf and Port Charles wharves are assessed as condition grade 2 which is 'good'. Coromandel Wharf is assessed as condition grade 3 which is 'average'.
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%) 2019/20: Achieved (93%)	FULLY ACHIEVED Of the 106 times that a park or reserve was audited over the year, there were four occasions where one failed for either the litter or mowing standards, which gives a result of 96% compliance.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards (Target: ≥ 85%) 2019/20: 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.

Mercury Bay community spaces and development - 2020/21 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%) 2019/20: Achieved (96%)	FULLY ACHIEVED One cemetery is audited each month against the mowing standards and litter standards. There is one operational cemetery in the area: Mercury Bay Cemetery (Ferry Landing). There was one failure of the mowing standards in January 2021, which gives a result of 96% compliance with mowing and litter standards this year.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 90%) 2019/20: Achieved (100%)	NOT ACHIEVED Of the seven requests for casket interments this year, one was not responded to within the one day required. Of the 10 requests for ashes interments this year, two were not responded to within the one day required, which gives a result of 82%.
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%) 2019/20: Not Achieved (26%)	FULLY ACHIEVED Of the 5,110 hours that the Whitianga Hall was available it was booked for 2,430 hours, or 48% of the total available time.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) 2019/20: Achieved (90%)	WITHIN 5% OF ACHIEVING Eleven requests for service were received and two 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) (Target: Achieved) 2019/20: Achieved	FULLY ACHIEVED Structural condition assessments were completed in August 2020. All four wharves have 'good' or 'very good' ratings (condition ratings 1 and 2). Ferry Landing - Grade 2 Whitianga wharf - Grade 2 Whangapoua wharf - Grade 1 Matarangi wharf - Grade 2.5
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) 2019/20: Achieved (≥ 300 items per 1,000 local residents)	NOT ACHIEVED There were 73 new items in the Whitianga Library per 1,000 residents this year. This result was due to the reduced budget in the Annual Plan.
	The number of active library users (Target: Maintain or increase 2018/19 baseline of 4,425 users)	FULLY ACHIEVED In 2020/21 membership increased from 4,586 to 4,782 active library users. This is 54% of the Mercury Bay ward which is close to the

Levels of service we provide	How we measure performance	This year's performance
	2019/20: Achieved (4,586 users)	minimum Library and Information Association of New Zealand Aotearoa (LIANZA) recommended standard of 55% for urban populations.
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>2019/20: Achieved (97%)</p>	<p>FULLY ACHIEVED</p> <p>Of the 209 times that a park or reserve was audited over the year, there were seven occasions where it failed for either litter or mowing, which gives a result of 97% compliance with the mowing and litter standards this year.</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>2019/20: 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.</p>

Financially significant projects identified for the 2020/21 financial year in the 2018-2028 Long Term Plan

Project	2020/21 Actual (\$000)	2020/21 LTP Budget (\$000)	Comment
Whangapoua Boat ramp	462	397	The installation of the pontoon not initially planned for the 2020/21 year did result in additional funds being requested.

Tairua-Pauanui community spaces and development - 2020/21 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>2019/20: Not Measured</p>	<p>NOT MEASURED</p> <p>A Civil Aviation Authority (CAA) inspection did not take place. The CAA does not set an inspection cycle for non-certified aerodromes. It's 'not measured' because CAA didn't undertake inspections. They were asked to come but either cancelled booked inspections or didn't make times to do the inspections. However Council staff regularly inspect 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>2019/20: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>One cemetery is audited each month against the mowing standards and the litter standards. 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>2019/20: Achieved (100%)</p>	<p>FULLY ACHIEVED</p> <p>100% of interment requests were responded to in less than one day. There were eight casket interments and one ashes interment this year.</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>2019/20: Achieved (100%)</p>	<p>NOT ACHIEVED</p> <p>Of the four requests for service received this year, one did not meet contractual requirements giving a result of 75% compliance.</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>2019/20: Achieved</p>	<p>FULLY ACHIEVED</p> <p>Royal Billy Point Wharf, Waterways Jetty and Paku Jetty are assessed as condition grade 2 which is 'good'. Tairua Wharf is assessed as condition grade 1, which is 'very good'.</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>2019/20: Achieved (≥ 300 items per 1,000 local residents)</p>	<p>NOT ACHIEVED</p> <p>There were 70 new items in the Tairua Library per 1,000 residents this year. This result was due to the reduced budget in the Annual Plan.</p>
	<p>The number of active library users</p> <p>(Target: Maintain or increase 2019/20 baseline of 1,627 users)</p> <p>2019/20: Achieved (1,627 users)</p>	<p>FULLY ACHIEVED</p> <p>In 2020/21 membership increased from 1,627 to 1,684 active library users over the last year.</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>2019/20: Achieved (99%)</p>	<p>FULLY ACHIEVED</p> <p>Of the 228 times that a park or reserve was audited over the year, there were three litter or mowing failures, which gives a result of 99% compliance with mowing and litter standards this year.</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>2019/20: 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.</p>

Financially significant projects identified for the 2020/21 financial year in the 2018-2028 Long Term Plan

Project	2020/21 Actual (\$000)	2020/21 LTP Budget (\$000)	Comment
Pepe Reserve toilet renewals and extension	712	413	This project upgraded the facility at the Pepe Reserve to a new eight-toilet complex. The area was landscaped after construction and opened to the public in May 2021.

Thames community spaces and development - 2020/21 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>2019/20: Inspection Cancelled</p>	<p>NOT MEASURED</p> <p>A Civil Aviation Authority (CAA) inspection did not take place. The CAA does not set an inspection cycle for non-certified aerodromes. It's 'not measured' because CAA didn't undertake inspections. They were asked to come but either cancelled booked inspections or didn't make times to do the inspections. However Council staff regularly inspect 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>2019/20: Achieved (85%)</p>	<p>FULLY ACHIEVED</p> <p>One cemetery is audited each month against the mowing standards and litter standards. There are four cemeteries in the area: Totara Memorial Park, Omahu, Shortland and Tararu Cemeteries. There was 92% compliance with the mowing and litter standards, with two mowing inspections not up to standard this year.</p>
	<p>Percentage of cemetery interment requests responded to ≤ one day</p> <p>(Target: ≥ 90%)</p> <p>2019/20: Achieved (92%)</p>	<p>WITHIN 5% OF ACHIEVING</p> <p>89% of interment requests were responded to in less than one day. Of the 38 casket requests for interments this year, two were not responded to within the one day required. Of the 34 requests for ashes interments this year, six were not responded to within the one day required.</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>2019/20: Achieved (40%)</p>	<p>FULLY ACHIEVED</p> <p>Of the 5,110 hours that the Thames War Memorial Civic Centre was available, it was booked for 1,978 hours, or 39% of the total available time.</p>
	<p>Percentage of actual hours the Jack Maclean Community Recreation Centre is used compared to total available time</p> <p>(Target: ≥ 60%)</p> <p>2019/20: Not Achieved (55%)</p>	<p>FULLY ACHIEVED</p> <p>Of the 5,110 hours that the Jack McLean Community Recreation Centre was available, it was booked for 3,230 hours or 63% of the total available time.</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>2019/20: Achieved (100%)</p>	<p>NOT ACHIEVED</p> <p>There were 37 requests for service received and eight went outside the contractual timeframe, giving a result of 78%.</p>

Levels of service we provide	How we measure performance	This year's performance
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3) (Target: Achieved) 2019/20: Not Measured	NOT MEASURED Thames Wharf (Shortland Wharf) is no longer Council's asset to maintain.
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) 2019/20: Achieved (≥ 300 items per 1,000 local residents)	NOT ACHIEVED There were 217 new items in the Thames Library per 1,000 residents this year. Due to a reduced budget the target has not been met.
	The number of active library users (Target: Maintain or increase 2019/20 baseline of 6,897 users) 2019/20: Achieved (6,897 users)	FULLY ACHIEVED In 2020/21 active membership has increased from 6,897 in 2019/20 to 7,174 as of end of June 2021.
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%) 2019/20: Achieved (96%)	FULLY ACHIEVED Of the 109 times that a park or reserve was audited this year there were five failures for litter and seven failures for mowing which gives a result of 95% compliance with the mowing and litter standards this year.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards (Target: ≥ 85%) 2019/20: Achieved (100%)	FULLY ACHIEVED There are seven playgrounds which are assessed monthly. There was 100% compliance with the safety standards over the year.
Council provides a safe year round swimming pool	Thames Centennial Pool meets Pool Safe accreditation standards (Target: Achieved) 2019/20: Achieved	FULLY ACHIEVED The Thames Centennial Pool was audited by Pool Safe on 9 February 2021 and has been accredited through to April 2022.

Financially significant projects identified for the 2020/21 financial year in the 2018-2028 Long Term Plan

Project	2020/21 Actual (\$000)	2020/21 LTP Budget (\$000)	Comment
Centennial pool heat pumps	340	350	This project was to install heat pumps to replace the failing woodchip boiler used to heat the pool's water. The pumps were installed in July 2020 and are working well at keeping the pool at a consistently warm temperature for users.

Whangamatā community spaces and development - 2020/21 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%) 2019/20: Achieved (100%)	FULLY ACHIEVED One cemetery is audited each month against the mowing standards and litter standards. There are two cemeteries in the area: Whangamatā and Allan Block. There was 100% compliance with mowing and litter standards this year.
	Percentage of cemetery interment requests responded to ≤ one day (Target: ≥ 85%) 2019/20: Achieved (100%)	FULLY ACHIEVED 100% of interment requests were responded to in less than one day. There were 11 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%) 2019/20: Achieved (49%)	FULLY ACHIEVED Of the 5,110 hours the Whangamatā Hall was available it was booked for 2,647 hours, or 52% of the total available time.
The Council's public toilets are clean and safe	Percentage of public toilets that meet contractual requirements (Target: ≥ 85%) 2019/20: Achieved (100%)	NOT ACHIEVED 17 requests for service were received and seven went outside of the contractual timeframe, giving a result of 59%.
Council provides harbour facilities that are safe to use	Wharves are assessed in satisfactory condition (condition grades 1, 2 or 3) (Target: Achieved) 2019/20: Achieved	FULLY ACHIEVED Whangamatā Wharf is assessed as condition grade 3 which is 'average'.
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%) 2019/20: Achieved (97%)	FULLY ACHIEVED Of the 108 times that a park or reserve was audited over the year, there was one occasion where the mowing standards were not met, which gives a result of 99% compliance with mowing and litter standards this year.
To provide playgrounds which are fit for purpose and safe	Percentage of playground assets complying with safety standards (Target: ≥ 85%) 2019/20: Achieved (100%)	FULLY ACHIEVED There are four playgrounds in Whangamatā (one in Onemana and three in Whangamatā) that are assessed monthly. There was 100% compliance with the safety standards over the year.

Financially significant projects identified for the 2020/21 financial year in the 2018-2028 Long Term Plan

Project	2020/21 Actual (\$000)	2020/21 LTP Budget (\$000)	Comment
Boardwalk extensions - esplanade	62	295	Council has undertaken consultation on this project. A small 10 metre trail section of the boardwalk was established at the southern end of the existing boardwalk. The dune section of the boardwalk was delayed to allow additional consultation with iwi and the Department of Conservation.

Roads and footpaths activity group

The roads and footpaths activity group includes our roads and footpath activity. 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. It also 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. All of this promotes our communities' social, economic and environmental wellbeing.

Our transportation network comprises 704km of roads (504km sealed and 200km unsealed), 199 bridges, 3,093 streetlights, over 8,000 culverts and drainage structures, 302km of footpaths and associated assets such as signs, sight rails and retaining structures.

Roads and footpaths - 2020/21 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: 174,502m ² or 5%) 2019/20: Not achieved (165,299m ² , target was 187,479m ²)	FULLY ACHIEVED 5.3% or 183,432m ² of the network was resurfaced this year. The resurfacing occurred between October and December 2020.
	The average quality of ride on a sealed local road network, measured by smooth travel exposure (Target: ≥ 85%) 2019/20: Not Measured	FULLY ACHIEVED The biennial road roughness survey has been completed and achieved 89%.
	Percentage of footpaths meeting condition rating one to three (Target: ≥90%) 2019/20: Not Measured	FULLY ACHIEVED The survey has been completed and concluded. The percentage of footpaths meeting the condition rating of one to three is 98%.
	Percentage of unsealed road complying with quality requirements (Target: ≥ 90%) 2019/20: Not Achieved (89%)	NOT ACHIEVED This year, 82% of our unsealed road complied with quality requirements. This result was brought down by the heavy storms in April. Quality compliance for unsealed roads can vary within a week following storm events or due to abnormal traffic (typically farming or logging operations). Quality inspections prioritises works according to observed deterioration.
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) 2019/20: Achieved (4)	NOT ACHIEVED There were no deaths over the 2020/21 year, but there were 10 serious injuries on local roads which is 6 more than last year. The Council has limited ability to influence road crashes resulting in fatalities or serious injury due to the number of external factors involved, however where safety issues are identified with

Levels of service we provide	How we measure performance	This year's performance
		the road, improvements are scheduled and implemented.
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%) 2019/20: Achieved (90%)	FULLY ACHIEVED 39 out of 40 or 98% of of service requests relating to roads and footpaths were responded to 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 2020/21 financial year in the 2018-2028 Long Term Plan

Project	2020/21 Actual (\$000)	2020/21 LTP Budget (\$000)	Comment
Whangamatā - Wentworth Valley seal extension	1,339	1,289	All works were completed with road widening and realignment undertaken to allow the road to be sealed along its entire length. Collaboration with the Department of Conservation (DoC) allowed the seal to be extended to the DoC camp site and community centre. The widened road now allows for the potential creation of a cycle path extension from SH25 to link Whangamatā town centre to the DoC reserve.
Minor safety projects	1,020	1,072	Multiple sites were addressed as part of the Waka Kotahi NZTA joint funded programme.

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 wellbeing 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, Council manages closed landfill sites and operates transfer stations where waste and recycling can be dropped off.

In 2020/21 we picked up and processed 18,064 tonnes of rubbish. We recycled 3,782 tonnes of glass and 2,878 tonnes of other materials.

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 - 2020/21 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) 2019/20: Not Achieved (39 Streets and 175 properties)	NOT ACHIEVED There were 8 streets and 218 properties missed this year. The end of year results are impacted by third quarter results which covered the peak holiday period and had higher than normal refuse and recycling volumes due to the large number of people arriving in the district due as a result of COVID-19 international travel restrictions.
	Missed household refuse service requests responded to by the next day (on validation) (Target: ≥ 85%) 2019/20: Not Achieved (76%)	NOT ACHIEVED We did not achieve this measure, with a result of 71%. This represents a slight improvement over the third quarter result (67%) which had higher than normal volumes due to high domestic tourist numbers. This measure relies on the timely closure of customer service requests by the contractor. Although the contractor may have actioned the customer request, if the request for service is not closed off within a certain timeframe this impacts adversely on the result. Staff continue to work with the contractor to improve the reporting on this measure.
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) 2019/20: Not Achieved (772kg)	NOT ACHIEVED There was 588kg of waste per rating unit disposed of to landfill this year. Non-collection of grade 3 to 7 plastics continues to have an adverse impact on this target. Despite not meeting this year's target, there has been a reduction in the amount of waste per rating unit disposed of to landfill from last year.
	Kilograms of recycling material diverted from landfill (per rating unit) (Target: ≥ 438kg per rating unit)	NOT ACHIEVED There were 285kg of recycling material per rating unit diverted from landfill this year. The

Levels of service we provide	How we measure performance	This year's performance
	2019/20: Achieved (465kg)	diversion is low due to the non collection of recycling items 3-7. Plastic items 1 and 2 are still being recycled.
The Council maintains closed landfill sites	<p>Number of formal warnings issued by the Waikato Regional Council for non-compliance with resource consent(s)</p> <p>(Target: 0)</p> <p>2019/20: Achieved (0)</p>	<p>FULLY ACHIEVED</p> <p>No formal warnings were received for the 2020/21 year.</p>

Financially significant projects identified for the 2020/21 financial year in the 2018-2028 Long Term Plan

Project	2020/21 Actual (\$000)	2020/21 LTP Budget (\$000)	Comment
Whitianga transfer station replacement	203	200	To date the site investigation, consultation with stakeholders, concept design and the detailed civil design has been completed. Construction will commence in the 2021/22 financial year.

Stormwater activity group

The stormwater group includes stormwater management as well as land drainage activities. 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 include around 200 kilometres of stormwater pipes, more than 3,000 manholes and four pump stations.

Stormwater - 2020/21 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	<i>There are 24,757 serviced properties for Stormwater across the district.</i>	
	Number of flooding events (Target: 0) 2019/20: Achieved (0)	FULLY ACHIEVED There were no flooding events during the 2020/21 period.
	For each flooding event the number of habitable floors affected (per 1,000 connected properties) (Target: ≤ 1) 2019/20: Achieved (0)	FULLY ACHIEVED There were no flooding events during the 2020/21 period, therefore no habitable floors were affected.
	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) 2019/20: Achieved (57 minutes)	FULLY ACHIEVED There were no flooding events during the 2020/21 period, therefore the median response time could not be measured.
The Council provides a responsive stormwater request service	Number of complaints received about the performance of the stormwater system (per 1,000 connected properties) (Target: ≤ 5) 2019/20: Achieved (5)	FULLY ACHIEVED There were 82 complaints regarding the performance of our stormwater system received in 2020/21 year, or 3.31 per 1,000 connected properties.
	The Council minimises the environmental impact of protecting habitable areas from flooding	
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) 2019/20: Not Achieved (80)	NOT ACHIEVED There are currently 80 resource consent conditions not complied with. There have been no enforcement actions this period. The body of work addressing the previous non-compliances was delivered to Waikato Regional Council on 30 September 2020. The 2021 compliance report was received on 28th June 2021, resulting in the abatement notice being lifted.
	Number of abatement notices (Target: 0)	FULLY ACHIEVED No abatement notices were received.

Levels of service we provide	How we measure performance	This year's performance
	2019/20: Not Achieved (1)	
	Number of infringement notices	FULLY ACHIEVED
	(Target: 0)	No infringement notices were received.
	2019/20: Achieved (0)	
	Number of enforcement orders	FULLY ACHIEVED
	(Target: 0)	No enforcement orders were received.
	2019/20: Achieved (0)	
	Number of successful prosecutions	FULLY ACHIEVED
	(Target: 0)	There were no successful prosecutions.
	2019/20: 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 Town, Hahei, Matarangi, Oamaru Bay, Onemana, Tairua-Pauanui, Thames, Whangamatā and Whitianga). Assets for this activity include piped networks, pumping stations, manholes and treatment plants.

Wastewater - 2020/21 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	FULLY ACHIEVED
	(Target: ≤ 1)	There were 20 dry weather overflows during the 2020/21 year, or 0.88 per 1,000 connections.
	2019/20: Achieved (0.53)	
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 22,819 wastewater connections in the network)</i>	
	Odour	NOT ACHIEVED
	(Target: ≤ 1)	There were 31 complaints received relating to odour, or 1.35 complaints per 1,000 connections. There is a specific reoccurring issue in one area of Whitianga that the team have worked on with a permanent resolution proposed in the 2021/2022 budget.
	2019/20: Not achieved (1.01)	
	System faults	FULLY ACHIEVED
	(Target: ≤ 3)	There were 46 complaints received relating to system faults, or 2.02 complaints per 1,000 connections.
	2019/20: Achieved (2.73)	
	Blockages	NOT ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
	(Target: ≤ 3) 2019/20: Not Achieved (3.26)	There were 104 complaints received relating to blockages, or 4.56 complaints per 1,000 connections.
	Response to issues with the wastewater system (Target: ≤ 2) 2019/20: Achieved (0)	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) 2019/20: Achieved (46 minutes)	FULLY ACHIEVED The median response time for attendance was 34 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 (Target: ≤ 24 hours) 2019/20: Achieved (3 hours 31 minutes)	FULLY ACHIEVED The median response time for resolution was 1 hour 44 minutes.
	The Council's wastewater services do not negatively impact on public health or the natural environment in line with legislative requirements	NOT ACHIEVED There have been no enforcement actions received this period. The number of operational consent conditions subject to enforcement actions has reduced from 27 earlier in the year to 16 by the end of the financial year. Council's Water Services staff continue to work closely with the Waikato Regional Council staff.
		Number of operational resource consent conditions not complied with throughout the year (Total for all enforcement actions) (Target: 0) 2019/20: Not achieved (19)
		FULLY ACHIEVED No abatement notices were received.
		Number of abatement notices (Target: 0) 2019/20: Not achieved (3)
		FULLY ACHIEVED No infringement notices were received.
		Number of infringement notices (Target: 0) 2019/20: Achieved (0)
		FULLY ACHIEVED No enforcement orders were received.
		Number of enforcement orders (Target: 0) 2019/20: Achieved (0)
		FULLY ACHIEVED There were no successful prosecutions.
		Number of successful prosecutions (Target: 0)

Levels of service we provide	How we measure performance	This year's performance
	2019/20: Achieved (0)	

Financially significant projects identified for the 2020/21 financial year in the 2018-2028 Long Term Plan

Project	2020/21 Actual (\$000)	2020/21 LTP Budget (\$000)	Comment
District renewals	1,824	1,710	<p>This project is an annual programme to renew wastewater network assets and treatment plant infrastructure that are coming to the end of their useful lives. This year work included improvements on the following wastewater treatment plants:</p> <p><u>Whangamatā</u></p> <p>Balance tank to discharge pond overflow – Construction of the bypass system to help manage flows into the plant and reduce risk of overflows of untreated waste.</p> <p>Anoxic Mixer Replacement – Replacement of treatment equipment.</p> <p><u>Pauanui</u></p> <p>Calamity Pond Fencing – Construction of fencing around the pond to separate the water treatment plant from wastewater site.</p> <p>Pauanui Boulevard Wastewater Pumpstation – Replacement of old switchboard.</p> <p><u>Whitianga</u></p> <p>Outlet Flow Meter – Installation of equipment to improve monitoring of wastewater consent.</p> <p><u>Matarangi</u></p> <p>Pipe Relining – Replacement wastewater line under existing dwelling on Kenwood Avenue.</p> <p>Construction of the Membrane Filtration Unit at the Matarangi Treatment Plant.</p>

Water Supply activity group

The water supply activity group includes our water supply activity. It 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 activity promotes the economic and environmental community wellbeings. Ensuring we have clean and safe water is one of the essential services Council provides to the community. Council water supplies ensure that people 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 operates 9 urban water supply schemes in the District and two rural schemes. There are 11 water treatment facilities servicing the other 9 communities (3 in Whangamatā).

Water Supply - 2020/21 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 New Zealand Drinking Water Standards was anticipated to be achieved in different years, dependent on the capital upgrade project and the phasing of the treatment plant upgrades. For example it was anticipated that the Whitianga water treatment plant would not be compliant with the Drinking Water Standards until the end of the 2020/21 year, which meant until that time the target would be 'Non compliant' with the standards. Council has achieved this level of performance during the 2020/21 year, meaning the measure has '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. Under Drinking Water Standards if a Water Treatment Plant (WTP) is non-compliant in one period, it is non-compliant for the full year (1 July to 30 June).</i>	
	Thames South (untreated water supply) (Target: Not complaint) 2019/20: Achieved (Not compliant)	FULLY ACHIEVED The Thames South water supply is not compliant. It is under permanent boil water notice.
	Thames (Target: Compliant) 2019/20: Not Achieved (Non compliant)	NOT ACHIEVED The Thames water supply is not compliant. The compliance data for the UV system requires accreditation by the Drinking Water Assessor before the Water Treatment Plant can be reported compliant. This is anticipated to occur sometime during the 2021/22 year.
	Coromandel (Target: Compliant) 2019/20: Achieved (Not compliant)	NOT ACHIEVED The Coromandel Town water supply is not compliant. The new water treatment plant was commissioned this financial year. The non-compliance measured relates to the old water treatment plant. Compliance is achievable going forward.
	Matarangi (Target: Compliant) 2019/20: Achieved (Not compliant)	NOT ACHIEVED The Matarangi water supply is not compliant. A new water treatment plant is being commissioned to address this. The commissioning date is scheduled for October 2022.
	Whitianga (Target: Compliant) 2019/20: Not Achieved (Not compliant)	NOT ACHIEVED The Whitianga water supply is not compliant.

Levels of service we provide	How we measure performance	This year's performance
	Hahei	FULLY ACHIEVED
	(Target: Compliant)	The Hahei water supply is compliant.
	2019/20: Not Achieved (Non-compliant)	
	Tairua	NOT ACHIEVED
	(Target: Compliant)	The Tairua water supply is not compliant. The new water treatment plant was commissioned this financial year. The non-compliance relates to the old water treatment plant. It is expected that compliance is achievable going forward.
	2019/20: Achieved (Not compliant)	
	Pauanui	NOT ACHIEVED
	(Target: Compliant)	The Pauanui water supply is not compliant. The new water treatment plant was commissioned this financial year. The non-compliance relates to the old water treatment plant. It is expected that compliance is achievable from 1 July 2021 onwards.
	2019/20: Achieved (Not compliant)	
	Onemana	FULLY ACHIEVED
	(Target: Compliant)	The Onemana water supply is compliant.
	2019/20: Achieved (Not compliant)	
	Whangamatā	NOT ACHIEVED
	(Target: Compliant)	The Whangamatā water supply is not compliant. To achieve compliance three new Water Treatment Plants are commissioned. As at March 2021 the commissioning dates are scheduled as follows:
	2019/20: Achieved (Not compliant)	<ul style="list-style-type: none"> - Beverley Hills: July 2021 - Wentworth Valley: March 2022 - Moana Point: May 2022
	<p>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. Prior year comparatives have been updated to reflect actual results received as per the Drinking Water assessor's report. As a result these outcomes may differ from the provisional results presented in the 2019/20 Annual Report. Under Drinking Water Standards if a Water Treatment Plant (WTP) is non-compliant in one period, it is non-compliant for the full year (1 July to 30 June).</i></p>	
	Thames South (untreated water supply)	FULLY ACHIEVED
	(Target: Not compliant)	The Thames South water supply is not compliant. Compliance is currently not achievable - it is under permanent boil water notice.
	2019/20: Achieved (Not compliant)	
	Thames	FULLY ACHIEVED
	(Target: Compliant)	The Thames water supply is compliant.
	2019/20: Achieved (Compliant)	
	Coromandel	NOT ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
	(Target: Compliant) 2019/20: Achieved (Not compliant)	The Coromandel Town water supply is not compliant. The new water treatment plant was commissioned this financial year. The non-compliance relates to the old water treatment plant. Compliance is achievable going forward.
	Matarangi (Target: Compliant) 2019/20: Achieved (Not compliant)	NOT ACHIEVED The Matarangi water supply is not compliant. The water supply is unable to reliably achieve compliance until a new water treatment plant is commissioned. As at March 2021 the commissioning date is scheduled for October 2022.
	Whitianga (Target: Compliant) 2019/20: Not Achieved (Non compliant)	FULLY ACHIEVED The Whitianga water supply is compliant.
	Hahei (Target: Compliant) 2019/20: Not achieved (Non compliant)	NOT ACHIEVED The Hahei water supply is not compliant. The water supply is unable to reliably achieve compliance until a new water treatment plant is commissioned. As at March 2021 the commissioning date is scheduled for February 2023.
	Tairua (Target: Compliant) 2019/20: Achieved (Not compliant)	NOT ACHIEVED The Tairua water supply is not compliant. The new water treatment plant was commissioned this financial year. The non-compliance relates to the old water treatment plant. Compliance is achievable going forward.
	Pauanui (Target: Compliant) 2019/20: Achieved (Not compliant)	NOT ACHIEVED The Pauanui water supply is not compliant. The new water treatment plant was commissioned this financial year. The non-compliance relates to the old water treatment plant. Compliance is achievable going forward.
	Onemana (Target: Compliant) 2019/20: Achieved (Not compliant)	NOT ACHIEVED The Onemana water supply is not compliant.
	Whangamatā (Target: Compliant) 2019/20: Achieved (Not compliant)	NOT ACHIEVED The Whangamatā water supply is not compliant. The water supply is unable to achieve compliance until three new water treatment plants are commissioned. Commissioning dates are scheduled as follows: - Beverley Hills: July 2021

Levels of service we provide	How we measure performance	This year's performance
		- Wentworth Valley: March 2022 - Moana Point: May 2022
	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. Note: Pauanui, Coromandel, and Thames are the only communities that have universal metering therefore these are the only supplies reported on. <i>(medium schemes 2,500 to 10,000 connections, small schemes <2,500 connections):</i>	
	Thames (medium)* (Target: ≤ 39%) 2019/20: Achieved (39%)	FULLY ACHIEVED There was 38% real water loss in Thames in the 2020/21 year.
	Coromandel (small)* (Target: ≤ 37%) 2019/20: Not achieved (47%)	NOT ACHIEVED There was 53% real water loss in Coromandel in the 2020/21 year.
	Pauanui (small)* (Target: ≤ 13%) 2019/20: Not achieved (22%)	NOT ACHIEVED There was 23% real water loss in Pauanui in the 2020/21 year.
	Thames South (small)** (Target: ≤ 40%) 2017/18: Not measured (Not available)	NOT MEASURED This data was not available.
	Matarangi (small)** (Target: ≤ 45%) 2017/18: 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)** (Target: ≤ 50%) 2017/18: Not measured (Not available)	NOT MEASURED This data was not available.
	Tairua (small)** (Target: ≤ 40%) 2017/18: Not measured (Not available)	NOT MEASURED This data was not available.
	Onemana (small)**	NOT MEASURED

Levels of service we provide	How we measure performance	This year's performance
	(Target: ≤ 60%) 2017/18: Not measured (Not available)	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) 2019/20: Achieved (517 litres per resident per day)	FULLY ACHIEVED The average consumption of drinking water per day per resident was 504 litres.
	The reason for reporting on Pauanui, Coromandel and Thames is that these are the only communities that have universal metering. These figures are maximum figures. In each community there are also unmetered connections such as public taps and parks and reserves irrigation that are not taken into account. The 2021/22 budgets include an allocation for specific leak detection work to improve these results.	
	Median response time for attendance for urgent call outs from the time that service personnel reach the site (Target: ≤ 2 hours) 2019/20: Achieved (28 minutes)	FULLY ACHIEVED The median response time for urgent call-out attendance was 29 minutes.
The Council provides a responsive call-out service to attend to customers issues with their water supply	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) 2019/20: Achieved (1 hours 36 minutes)	FULLY ACHIEVED The median response time for urgent call-out resolution was 1 hour 41 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) 2019/20: Achieved (44 minutes)	FULLY ACHIEVED The median response time for non-urgent call-out attendance was 39 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) 2019/20: Not Achieved (5 days 10 minutes)	FULLY ACHIEVED The median response time for non-urgent call-out resolution was 2 hours 31 minutes.
	Number of complaints - The total number of complaints received per 1,000 connections: <i>(There are 19,785 serviced properties for Water Supply across the district.)</i>	
	Clarity	FULLY ACHIEVED

Levels of service we provide	How we measure performance	This year's performance
	(Target: ≤ 2) 2019/20: Achieved (0.91)	There were 21 complaints received relating to clarity, or 1.06 complaints per 1,000 connections.
	Taste (Target: ≤ 2) 2019/20: Achieved (0.2)	FULLY ACHIEVED There were 2 complaints received relating to taste, or 0.10 complaints per 1,000 connections.
	Odour (Target: ≤ 2) 2019/20: Achieved (0.25)	FULLY ACHIEVED There were 3 complaints received relating to odour, or 0.15 complaints per 1,000 connections.
	Pressure (Target: ≤ 5) 2019/20: Achieved (2.94)	FULLY ACHIEVED There were 42 complaints received relating to pressure, or 2.11 complaints per 1,000 connections.
	Continuity of supply (Target: ≤ 5) 2019/20: Achieved (4.16)	FULLY ACHIEVED There were 48 complaints received relating to continuity of supply, or 2.42 complaints per 1,000 connections.
	Responsive to above (Target: ≤ 3) 2019/20: Achieved (0.15)	FULLY ACHIEVED There were 3 complaints received relating to responses to the above, or 0.15 complaints per 1,000 connections.

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 2020/21 financial year in the 2018-2028 Long Term Plan

Project	2020/21 Actual (\$000)	2020/21 LTP Budget (\$000)	Comment
Drinking Water Standards upgrades	6,961	5,417	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 in Tairua and Pauanui and the commencement of work to replace the plants in Coromandel Town and Whangamatā. 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 2021. 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 2021.

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:

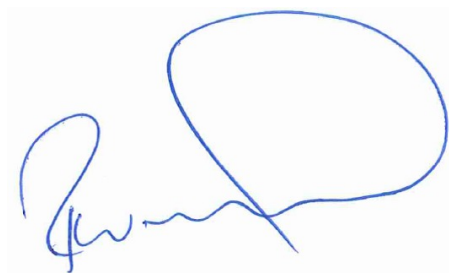
- Responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- Responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Thames-Coromandel District Council, the financial statements for the period ended 30 June 2021 fairly reflect the financial position and operations of the Thames-Coromandel District Council.



Mayor

9 December 2021



Chief Executive

9 December 2021

Statement of comprehensive revenue and expense

For the year ended 30 June 2021

	Notes	2021 Budget \$'000's	2021 Actual \$'000's	2020 Actual \$'000's
Revenue				
Rates revenue	3	72,378	71,820	68,051
Fees and charges	3	12,228	14,749	11,997
Development and financial contributions		2,725	1,941	4,277
Subsidies and grants	3	7,660	14,211	8,928
Interest revenue	3	12	96	97
Other revenue	3	5,524	14,920	14,151
Total revenue		100,527	117,737	107,501
Expenses				
Personnel costs	4	18,818	19,266	18,508
Depreciation and amortisation expense	18	24,093	22,034	22,027
Finance costs	5	2,459	1,781	2,758
Other expenses	6	53,453	53,844	53,640
Total expenses		98,823	96,925	96,933
Surplus/(deficit) before tax		1,704	20,812	10,568
Income tax expense	7	0	328	0
Surplus/(deficit) after tax		1,704	20,484	10,568
Other comprehensive revenue and expense				
Gain on property, plant and equipment revaluations		28,950	48,185	14,278
Gain/(loss) on financial assets revaluations		0	0	0
Deferred tax credit on revaluation		0	328	0
Total other comprehensive revenue and expense		28,950	48,513	14,278
Total comprehensive revenue and expense		30,653	68,997	24,846

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 2021

	Notes	2021 Budget \$000's	2021 Actual \$000's	2020 Actual \$000's
Assets				
Current assets				
Cash and cash equivalents	8	190	4,164	3,629
Receivables	9	9,830	6,544	9,286
Other financial assets	13	0	47	72
Inventory	10	112	99	106
Total current assets		10,132	10,853	13,092
Non-current assets				
Postponed rates	9	450	517	450
<i>Other financial assets:</i>				
Investments in CCOs and similar entities	13	0	1,279	1,207
Investments in other entities	13	1,112	44	44
Total other financial assets		1,112	1,323	1,250
Intangible assets	17	5,823	5,640	5,722
Forestry assets	19	3,140	4,089	3,296
Property, plant and equipment	16	1,627,385	1,695,825	1,629,037
Total non-current assets		1,637,910	1,707,395	1,639,755
Total assets		1,648,042	1,718,248	1,652,847
Liabilities				
Current liabilities				
Payables and deferred revenue	20	18,352	18,443	19,441
Derivative financial instruments	12	202	1,200	1,595
Employee entitlements	22	1,632	2,102	2,143
Provisions	23	655	578	752
Borrowings	21	8,000	6,000	8,000
Total current liabilities		28,841	28,323	31,931
Non-current liabilities				
Derivative financial instruments	12	3,755	2,649	4,957
Employee entitlements	22	230	283	268
Provisions	23	5,333	5,480	5,141
Borrowings	21	60,992	55,000	53,000
Total non-current liabilities		70,310	63,413	63,367
Total liabilities		99,151	91,736	95,298
Net assets (assets minus liabilities)		1,548,892	1,626,512	1,557,549
Equity				
Accumulated funds	26	407,980	416,755	404,659
Reserves	26	1,140,912	1,209,756	1,152,891
Total equity		1,548,892	1,626,512	1,557,549

Statement of changes in equity

For the year ended 30 June 2021

	Notes	2021 Budget \$000's	2021 Actual \$000's	2020 Actual \$000's
Balance at 1 July		1,518,239	1,557,549	1,532,703
Adjustments on adoption of PBE IPSAS 41*		0	(34)	0
Adjusted balance at 1 July		1,518,239	1,557,514	1,532,703
Total comprehensive revenue and expense for the year		30,653	68,997	24,846
Balance at 30 June	26	1,548,892	1,626,512	1,557,549

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 2021

	2021 Budget \$000's	2021 Actual \$000's	2020 Actual \$000's
Cash flows from operating activities			
Receipts from rates revenue	72,345	74,060	66,481
Receipts from other revenue	23,289	35,418	27,608
Interest received	12	96	97
Dividends received	0	4	27
GST (net)	0	260	190
Payments to suppliers and employees	(71,822)	(72,171)	(69,472)
Interest paid	(2,459)	(1,781)	(2,758)
Net cash flow from operating activities	21,365	35,886	22,173
Cash flows from investing activities			
Advance payments received	0	0	0
Receipts from sale of property, plant and equipment	0	1,177	62
Advance payments made	0	(47)	(169)
Purchase of property, plant and equipment	(31,233)	(36,013)	(31,295)
Purchase of intangible assets	(178)	(468)	(704)
Net cash flow from investing activities	(31,411)	(35,351)	(32,106)
Cash flows from financing activities			
Proceeds from borrowings	11,849	23,350	63,208
Repayment of finance lease liabilities	0	0	0
Repayment of borrowings	(2,455)	(23,350)	(53,208)
Net cash flow from financing activities	9,394	0	10,000
Net increase/(decrease) in cash and cash equivalents	(653)	535	67
Cash and cash equivalents at the start of the year	843	3,629	3,562
Cash and cash equivalents at the end of the year	190	4,164	3,629

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

Statement of cash flows (continued)

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

	2021 Actual \$000's	2020 Actual \$000's
Surplus/(deficit) after tax	20,484	10,568
Add/(less) non-cash items		
Vested assets	(9,730)	(13,299)
Amortisation	550	663
Depreciation	21,484	21,364
(Gains)/losses in fair value of forestry assets	(793)	(187)
Net (gains)/losses on foreign exchange		
Net (gains)/losses on interest rate swaps	(2,703)	602
Impairment of spare parts	0	0
Total non-cash items	8,808	9,143
Add/(less) movements in working capital items		
Increase/(decrease) in payables	1,706	372
Increase/(decrease) in provisions	(1,360)	96
Increase/(decrease) in employee entitlements	(27)	588
(Increase)/decrease in receivables	4,594	151
Net movement in working capital items	4,913	1,207
Add/(less) items classified as investing activities		
(Gains)/losses on sale of property, plant and equipment	1,680	1,255
Increase/(decrease) in provisions	0	0
Net movement in working capital items	1,680	1,255
Net cash inflow/(outflow) from operating activities	35,886	22,173

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.

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 the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of the Council are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 9 December 2021.

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 41 - Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 *Financial Instruments*, which supercedes both PBE IFRS 9 *Financial Instruments* and PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. The Council has early adopted PBE IPSAS 41 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

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

Information about the transition to PBE IPSAS 41 is disclosed in Note 29.

Other changes in accounting policies

There have been no other changes in accounting policies.

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.

PBE IPSAS 40 PBE Combinations

An amendment to PBE IPSAS 40 replaces PBE IFRS 3 *Business Combinations*. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. This new standard is effective for the year ending 30 June 2022 and is applied prospectively. Council will not early adopt this amendment.

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

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented 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 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 2020/21 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.
- Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated “all in” approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance with the accounting policies set out on pages 72 to 73. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council’s three water assets either in respect of disclosure or measurement.

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

	2021 Budget \$000s	2021 Actual \$000's	2020 Actual \$000's
Revenue			
Representation	16,491	16,599	16,455
Planning and regulation	7,058	7,861	6,410
Protection of people and the environment	2,596	2,577	2,597
Roads and footpaths	16,562	20,538	16,169
Community spaces and development	14,436	15,843	14,375
Economic development	0	0	0
Water	11,328	11,696	10,649
Wastewater	16,676	16,550	17,254
Stormwater	3,072	3,178	2,787
Solidwaste	8,031	9,436	8,034
Activity revenue	96,250	104,278	94,730
Revenue not directly attributable to an activity			
Revenue from vested assets	4,107	9,730	13,299
Gain on revaluation of interest rate swaps	688	2,703	0
Gain on revaluation of forestry	53	793	187
Gain on disposal of assets	0	0	
Other revenue	0	0	0
<i>Less internal revenue</i>	<i>(571)</i>	<i>(768)</i>	<i>(715)</i>
Total revenue	100,527	116,737	107,501
Expenditure			
Representation	20,271	17,613	17,796
Planning and regulation	6,991	8,169	7,512
Protection of people and the environment	3,656	3,052	3,184
Roads and footpaths	17,917	16,148	16,549
Community spaces and development	12,475	12,683	11,986
Economic development	0	0	0
Water	10,553	10,200	9,679
Wastewater	14,127	14,603	14,058
Stormwater	3,459	3,025	3,266
Solidwaste	9,945	10,160	11,741
Activity expenditure	99,394	95,653	95,772
Expenditure not directly attributable to an activity			
Loss on revaluation of forestry	0	0	0
Loss on revaluation of interest rate swaps	0	0	603
Impairment of inventory	0	7	0
Loss on disposal of assets	0	1,680	1,255
Other expenditure	0	0	18
<i>Less internal expenditure</i>	<i>(571)</i>	<i>(768)</i>	<i>(715)</i>
Total expenditure	98,823	96,572	96,933

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.

Waka Kotahi (New Zealand Transport Agency) roading subsidies

Council receives funding assistance from Waka Kotahi, 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. Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment.

Critical judgements in applying accounting policies

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

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

	2021 Actual \$000's	2020 Actual \$000's
General rates	10,684	11,011
Uniform annual general charge	13,346	12,456
Targeted rates attributable to activities:		
- Targeted rates for metered water supply	1,815	1,888
- Other targeted rates	46,333	42,983
Rates penalties	547	621
Rates remissions	(905)	(907)
Total rates	71,820	68,051

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

As at 30 June	2020
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 2021 for the purposes of the LGFA Guarantee and Indemnity Deed is shown below.

	2021 Actual \$000's	2020 Actual \$000's
Rates	72,724	68,958
Total gross annual rates income	72,724	68,958

(ii) Breakdown of subsidies and grants

	2021 Actual \$000's	2020 Actual \$000's
Waka Kotahi roading subsidies	10,413	7,532
Ministry of Health drinking water related subsidies	207	0
New Zealand Defence Force cemetery subsidies	6	0
Other subsidies	0	0
Other grants	3,585	1,395
Total subsidies and grants	14,211	8,928

(iii) Breakdown of fees and charges

	2021 Actual \$000's	2020 Actual \$000's
Building and resource consent charges	5,882	4,803
Solid waste revenue	5,094	4,210
Land information memoranda sales	366	263
Other fees and charges	3,407	2,720
Total fees and charges	14,749	11,997

(iv) Breakdown of interest revenue

	2021 Actual \$000's	2020 Actual \$000's
Interest earned from financial assets measured at amortised cost		
- term deposits	59	63
- related party loans	4	3
- community loans	33	31
- discount unwind on provisions	0	0
Total interest revenue	96	97

(v) Breakdown of other revenue

	2021 Actual \$000's	2020 Actual \$000's
Petrol tax	499	377
Traffic and parking infringements	160	234
Court fees and fines	22	19
Vested land and infrastructure from property development	9,730	13,299
Forestry asset revaluation gains	793	187
Gain on changes in fair value of derivative financial instruments	2,703	0
Property, plant and equipment gains on disposal	0	0
Vested assets income in relation to joint operations	1,001	0
Dividend revenue	4	27
Other	9	7
Total other revenue	14,920	14,151

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 is to be collected under non-cancellable operating leases are as follows:

	2021 Actual \$000's	2020 Actual \$000's
Operating leases as lessor		
Not later than one year	606	571
Later than one year and not later than five years	1,675	1,677
Later than five years	1,320	1,509
Total non-cancellable operating leases	3,601	3,756

No contingent rents have been recognised during the year.

Note 4 - Personnel costs

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

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 in the plan 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

	2021 Actual \$000's	2020 Actual \$000's
Salaries and wages	18,874	17,632
Employer contributions to defined contribution plans	473	452
Increase/(decrease) in employee entitlements	(81)	424
Total personnel costs	19,266	18,508

Further information

Defined benefit scheme

The funding arrangements for the scheme are governed by section 44 of the National Provident Fund Restructuring Act 1990 and by a Trust Deed. This Act requires that any increase or decrease to the employer contribution rate should result in contributions being at a level that, on reasonable assumption, is likely to achieve neither a surplus nor a deficit in the trust fund of the DBP scheme at the time the last contributor to the scheme ceases to contribute. The Trust Deed specifies that immediately before the scheme is wound up, the assets and the interests of all contributors in the scheme will be transferred to the DBP Annuitants Scheme. Employers have no right to withdraw from the scheme.

In practice, at present, a single contribution rate is determined for all employers, which is expressed as a multiple of the contributions of members of the scheme who are employees of that employer. The current employer contribution rate is three times contributor contributions, inclusive of Employer Contribution Withholding Tax. The Actuary has recommended a stepped approach to changing the employer contribution rate, as follows:

- 1 April 2021 - 31 March 2022: Four times contributor contributions; and
- From 1 April 2022: Five times contributor contributions

At 31 March 2021, the scheme had a past service surplus of \$1.3 million or 2.2% of the liabilities exclusive of Employer Superannuation Contribution Tax (2020: past service deficit of \$2.8 million or 4.1% of the liabilities). This deficit was calculated using a discount rate equal to the expected return on assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 39 Employee Benefits.

The scheme had 91 members at 31 March 2021 (2020: 110 members). One of these are employees of the Council. If other participating employers cease to participate in the scheme, the Council could be responsible for an increased share of any deficit.

Chief Executive remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$387,076 (2020: \$360,795).

Council employee remuneration by band

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

	2021 Actual \$000's
Total annual remuneration by band for employees as at 30 June 2021	
< \$60,000	80
\$60,000 - \$79,999	63
\$80,000 - \$99,999	51
\$100,000 - \$119,999	24
\$120,000 - \$139,999	9
\$140,000 - \$179,999	8
\$180,000 - \$219,999	6
\$220,000 - \$359,999	1
Total employees	242
	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

At balance date, Council employed 181 (2020: 174) full-time employees, with the balance of staff representing 36 (2020: 39) 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:

	2021 Actual \$000's	2020 Actual \$000's
Elected representatives received the following remuneration:		
Mayor Sandra Goudie	138	139
Deputy Mayor Tony Brljević	0	17
Councillor Tony Fox	77	57
Councillor Murray McLean JP	69	55
Councillor Jan Bartley	0	11
Councillor Rex Simpson	0	13
Councillor Sally Christie	62	53
Councillor Strat Peters	0	13
Councillor Terry Walker	60	52
Councillor Robyn Sinclair	47	31
Councillor Martin Rodley	46	31
Councillor Gary Gotlieb	51	31
Councillor John Morrissey	50	31
Total elected representatives remuneration	600	534

Severance payments

For the year ended 30 June 2021, the Council made 5 (2020: 1) severance payment to employees totaling \$206,881 (2020: \$10,000). The value of each severance payment was \$21,650, \$31,295, \$36,720, \$48,108, \$69,108.

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

	2021 Actual \$000's	2020 Actual \$000's
Interest expense		
Interest on borrowings	2,236	2,605
Discount unwind on provisions	(455)	153
Total finance costs	1,781	2,758

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

	2021 Actual \$000's	2020 Actual \$000's
Fees to auditors:		
fees to Audit New Zealand for audit of financial statements	154	147
- fees to Audit New Zealand for other services	15	7
- fees to Audit New Zealand for debenture trust deed	5	5
- fees to Audit New Zealand for Long Term Plan	125	0
General grants	390	559
Contractors	18,663	19,804
Consultants and legal fees	3,566	4,629
Operating lease expense	80	74
Impairment of receivables	70	565
Impairment of property intended for sale	0	0
Impairment of spare parts for obsolescence	0	0
Property, plant and equipment and intangible assets losses on disposal	1,686	1,255
Derivative financial instruments revaluation losses	0	621
Vested asset expenses in relation to joint operations	353	0
Other operating expenses	28,738	25,974
Total other expenses	53,844	53,640

The fees paid to Audit New Zealand for other services in the year ended 30 June 2021 were for assurance over the procurement of parks, gardens and other open spaces contract. (2020: Assurance over the procurement of the Parks, gardens and open spaces contract.)

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:

	2021 Actual \$000's	2020 Actual \$000's
Not later than one year	4	4
Later than one year and not later than five years	11	15
Later than five years	0	0
Total non-cancellable operating leases	15	19

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2020: \$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

	2021 Actual \$000's	2020 Actual \$000's
Components of tax expense		
Current tax expense	0	0
Deferred tax expense	328	0
Tax expense	328	0
Relationship between tax expense and accounting surplus		
Net surplus /(deficit) before tax	20,165	10,568
Tax at 28%	5,646	2,959
Plus /(less) tax effect of:		
Non-taxable revenue	(5,318)	(2,959)
Tax losses not recognised	0	0
Deferred tax adjustment	0	0
Tax expense	328	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 2019	(362)	0	0	362	0
Charged to surplus or deficit	131	0	0	(131)	0
Charged to other comprehensive revenue and expense	(79)	0	0	79	0
Balance at 30 June 2020	(311)	0	0	311	0
Charged to surplus or deficit	(225)			(103)	(328)
Charged to other comprehensive revenue and expense	328			0	328
Balance at 30 June 2021	(208)	0	0	208	0

Other tax-related disclosures

A deferred tax asset has not been recognised in relation to tax losses of \$4,867,773 (2020: \$4,327,344). 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

	2021 Actual \$000's	2020 Actual \$000's
Cash at bank and on hand	4,136	3,607
Domain committee current accounts	27	21
Total cash and cash equivalents	4,164	3,629

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.

Although cash and cash equivalents at 30 June 2021 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial.

Note 9 - Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

Council apply the simplified ECL model of recognising lifetime ECL for short-term receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- when remitted in accordance with Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery, indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Breakdown of receivables and further information

	2021 Actual \$000's	2020 Actual \$000's
Receivables from non-exchange transactions		
Rates receivables	4,016	7,610
Related party receivables	0	0
Other receivables from non-exchange transactions	3,596	4,159
Total receivables from non-exchange transactions	7,612	11,769
Receivables from exchange transactions		
Construction contract receivables	0	0
Other receivables from exchange transactions	154	329
Total receivables from exchange transactions	154	329
Less: allowance for credit losses	(1,222)	(2,813)
Total receivables	6,544	9,286

Rates receivable

Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow 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 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 present value of future payments if the effect of discounting is material.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: \$1,407,415 (2020: Nil)
- Section 90B: Nil (2020: Nil)

Other receivables

The ECL rates for other receivables at 30 June 2021 and 1 July 2020 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2020 in the estimation techniques or significant assumptions in measuring the loss allowance.

The allowance for credit losses based on Council's credit loss matrix is as follows:

Council - 30 June 2021	Other Receivables' days past due				Total
	Not past due	Past due 1-30 days	Past due 31-60 days	Past due >61 days	
Expected credit loss rate	0%	0%	0%	28%	
Gross receivable amount (\$000)	3,142	120	56	422	3,740
Lifetime ECL (\$000)	0	0	0	119	119

Council - 30 June 2020	Other Receivables' days past due				Total
	Not past due	Past due 1-30 days	Past due 31-60 days	Past due >61 days	
Expected credit loss rate	0%	0%	0%	12%	
Gross receivable amount (\$000)	3,639	74	18	758	4,488
Lifetime ECL (\$000)	0	0	0	88	88

In addition to the above expected credit loss of \$119,451 (2020: \$87,582) there has been an additional amount provided for rates debtors of \$1,102,140 (2020: \$2,725,273).

Movements in the allowance for credit losses as follows:

	2021 Actual \$000's	2020 Actual \$000's
Balance at 1 July measured under PBE IPSAS 29	2,813	2,764
ECL adjustment due to adoption of PBE IPSAS 41*	34	0
Opening balance for credit losses at 1 July	2,846	2,764
Additional provisions made during the year	68	565
Provision reversed during the year	0	0
Receivables written off during the year	(1,693)	(517)
Balance at 30 June	1,222	2,813

* remeasurements as a result of the Councils' adoption of PBE IPSAS 41 have been recognised directly in accumulated funds - for more details refer to Note 26.

Note 10 - Inventory

Accounting policy

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

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

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down. 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.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

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

Breakdown of inventory and further information

	2021 Actual \$000's	2020 Actual \$000's
Non-commercial inventory		
Water and sewerage reticulation spare parts	99	106
Total inventory	99	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 \$6.6 (2020: Nil). There have been no reversals of previous write-downs (2020: Nil).

No inventory is pledged as security for liabilities (2020: Nil). Council does not have any commercial inventory.

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 (2020: Nil).

Note 12 - Derivative financial instruments

Accounting policy

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The associated gains or losses arising from changes in fair value are recognised in the surplus or deficit.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

The portion of the fair value of an interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion classified as non-current.

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

Breakdown of derivative financial instruments and further information

	2021 Actual \$000's	2020 Actual \$000's
Liabilities		
Current liability portion		
Interest rate swaps	1,200	1,595
Total current liability portion	1,200	1,595
Non-current liability portion		
Interest rate swaps	2,649	4,957
Total non-current liabilities portion	2,649	4,957
Total derivative financial instrument liabilities	3,849	6,552

Fair value of interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters 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 \$48 million (2020: \$51million). \$13.5 million of these interest rate swaps have start dates after year-end and are in line with forecasted borrowing requirements. At 30 June 2021, the fixed interest rates of the outstanding interest rate swaps varied from 0.95% to 5.85% (2020: 0.95% to 6.10%).

Note 13 - Other financial assets

Accounting policy

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in the surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and Council's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates. Council's only financial assets in this category are term deposits.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. Council designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term. Council's financial assets in this category are unlisted shares.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Expected credit loss allowance (ECL)

Council does not have any financial asset debt instruments, therefore there are no expected credit losses.

Previous accounting policies (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans)
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main difference from the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment.
- Impairment losses on shares were recognised in the surplus deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

Breakdown of other financial assets and further information

	2021 Actual \$000's	2020 Actual \$000's
Current portion		
Short-term deposits with maturities of 4-12 months	47	72
Total current portion	47	72
Non-current portion		
Investment in CCOs and similar entities:		
Local Government Funding Agency	1,148	1,076
Local Authority Shared Services Limited	131	131
Total investment in CCOs and similar entities	1,279	1,207
Investment in other entities:		
Civic Financial Services Ltd	26	25
Cooks Beach Wall Limited	18	18
Total investment in other entities	44	44
Total non-current portion	1,323	1,250
Total other financial assets	1,370	1,322

Fair value disclosures

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 \$26,089 (2020: \$25,257). This is based on the Council's share, currently 0.24% (2020: 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.

Credit risk, including ECLs

Term deposits

Council considers there has not been a significant increase in credit risk for investment in term deposits because the banks continue to have low credit risk at balance date. Term deposits are held with banks that have a long-term AA- investment grade rating, which indicates the bank has a very strong capacity to meet its financial commitments.

No ECL has been recognised for term deposits as the loss allowance is trivial.

Other financial assets

Expected credit losses measured for other financial assets are trivial. They are low-risk and Council has not identified any indications that credit risk associated with those instruments has significantly increased since initial recognition.

Council does not have any loan assets.

Equity investments (other than shares in subsidiaries)

The Council has designated all of its equity investments at FVTOCRE, other than shares in subsidiaries. This measurement basis is considered more appropriate than through surplus or deficit because the investments have been made for long-term strategic purposes rather than to generate a financial return through trading:

Equity instruments designated at FVTOCRE comprise of:

	2021 Actual \$000's	2020 Actual \$000's
Unlisted shares in Local Government Funding Agency	1,148	1,076
Unlisted shares in Local Authority Shared Services Limited	131	131
Unlisted shares in Civic Financial Services Ltd	26	25
Unlisted shares in Cooks Beach Wall Limited	18	18
Total other financial assets	1,323	1,250

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 operations

Accounting policy

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control. Joint control is the agreed sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture. The classification depends on the rights and obligations of each party under the joint arrangement. Council reviews the legal form, terms of the binding agreement, and other facts and circumstances relevant to its interest in determining the classification of the joint arrangement.

For joint operations, Council recognises its direct rights to the assets, liabilities, revenues and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. Assets, liabilities, revenues and expenses relating to Council's interest in a joint operation are accounted for in line with Council's accounting policies and included in the relevant line items of Council's financial statements.

Further information about the joint operation

Council has a joint arrangement with the Coromandel Marine Farmers Association Incorporated (CMFA) and the Crown for the joint operation of Ariki Tahī Sugarloaf Wharf Limited (the Company). The Company was incorporated on 1 June 2020 as a partnership between Council, CMFA and the Crown to redevelop and own the Sugarloaf Wharf in the Coromandel Harbour. Redevelopment is expected to commence in the near future and will include an upgrade of the recreational section and an extension of the commercial footprint. The new wharf will be owned by the Company and operations of the wharf will be managed by Council. Funding of the development is by the Provincial Growth Fund. The shareholders are Council, CMFA and the Crown each holding 33.3% shares in the Company with the Crown holding 100% non-voting Perpetual Preference Shares.

	2021 Actual \$000's	2020 Actual \$000's
Current assets	675	0
Non-current assets	0	0
Current liabilities	29	0
Non-current liabilities	0	0
Revenue	1,000	0
Expenses	344	0

Note 16 - Property, plant and equipment

Accounting policy

Property, plant and equipment consist of:

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 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.

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 its does not differ materially from the assets' fair values. If there is a material difference, then the asset class is revalued.

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

In most instances, an item of property, plant and equipment is initially recognised at cost. an asset 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.

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

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

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

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.

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	2-60 years	1.7%-50.0%
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	2-100 years	1.0%-50.0%
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%

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

Impairment of property, plant and equipment

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

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

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, 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

Estimating the fair value of land, buildings, and infrastructure

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 2020.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

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

Buildings (operational and restricted)

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 2020.

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 used in the 1 July 2020 valuation include:

- The replacement costs where appropriate for optimisation due to over-design or surplus capacity. The Council has determined there is no optimisation adjustments required for the most recent valuations.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- There was one significant asbestos issue identified associated with the buildings and was valued accordingly. The affected building was sold for removal in this year.
- 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 after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

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

Infrastructural asset classes

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 2020.

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 2020.

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:

- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity. The Council has determined that there is no significant optimisation adjustment required.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. 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.

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

	Cost / valuation opening balance	Accumulated depreciation - opening balance	Total - opening balance	Reclassification	Current year additions	Current year disposals	Current year disposals	Current year depreciation charge	Reversed on revaluation - Cost	Reversed on revaluation	Revaluation surplus	Total - closing balance	At cost / valuation closing balance	Accumulated depreciation - and impairment balance	Carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
2021															
Operational assets															
Land	93,639	0	93,639	(516)	1,071	(752)	0	0	0	0	6,448	99,890	99,890	0	99,890
Buildings	39,326	(1,420)	37,906	(182)	2,173	(339)	22	(1,613)	(1,419)	1,419	2,428	40,395	41,986	(1,591)	40,395
Computer	4,505	(3,759)	746	0	121	(479)	479	(471)	0	0	0	396	4,147	(3,751)	396
Hardware															
Furniture and Fittings	1,879	(1,286)	593	0	115	(91)	87	(83)	0	0	0	621	1,903	(1,282)	621
Library collections	2,418	(1,796)	622	0	58	0	0	(114)	0	0	0	565	2,475	(1,911)	565
Plant and machinery	2,939	(1,391)	1,548	0	353	(482)	334	(305)	0	0	0	1,448	2,810	(1,363)	1,448
Solid waste	5,356	(233)	5,123	0	516	(31)	2	(218)	(233)	233	(298)	5,094	5,310	(216)	5,094
Total operational assets	150,061	(9,885)	140,176	(698)	4,406	(2,174)	923	(2,805)	(1,653)	1,653	8,579	148,408	158,521	(10,113)	148,408
Infrastructural assets															
Bridges	16,599	(376)	16,223	0	1,331	(77)	2	(421)	(376)	376	8,019	25,078	25,496	(419)	25,078
Footpaths	18,133	(892)	17,241	0	1,489	(21)	2	(909)	(892)	892	302	18,105	19,012	(907)	18,105
Harbour facilities	10,771	(249)	10,523	0	1,501	(29)	1	(259)	(249)	249	(1,295)	10,442	10,700	(258)	10,442
Reserve improvements	34,126	(1,521)	32,605	182	2,782	(105)	8	(1,653)	(1,521)	1,521	991	34,811	36,456	(1,645)	34,811
Roads	719,047	(6,034)	713,013	0	18,357	(1,020)	165	(5,554)	(6,034)	6,034	(5,827)	719,134	724,523	(5,389)	719,134
Stormwater	109,175	(1,564)	107,611	0	1,786	(6)	0	(1,593)	(1,564)	1,564	682	108,480	110,073	(1,593)	108,480
Wastewater	165,769	(4,916)	160,853	0	3,620	(53)	4	(4,958)	(4,916)	4,916	1,412	160,878	165,832	(4,954)	160,878
Water	119,379	(3,124)	116,255	0	9,366	(46)	2	(3,332)	(3,124)	3,124	2,117	124,362	127,692	(3,330)	124,362
Reserves land	301,386	0	301,386	516	391	(18)	0	0	0	0	33,204	335,480	335,480	0	335,480
Total infrastructural assets	1,494,385	(18,675)	1,475,710	698	40,625	(1,375)	184	(18,679)	(18,675)	18,675	39,607	1,536,769	1,555,264	(18,495)	1,536,769
Work in progress															
Tangible	13,151	0	13,151	0	(2,245)	(258)	0	0	0	0	0	10,648	10,648	0	10,648
Total work in progress	13,151	0	13,151	0	(2,245)	(258)	0	0	0	0	0	10,648	10,648	0	10,648
Total	1,657,597	(28,559)	1,629,037	0	42,785	(3,806)	1,107	(21,483)	(20,327)	20,327	48,185	1,695,825	1,724,433	(28,608)	1,695,825

	Cost / valuation opening balance	Accumulated depreciation - opening balance	Total - opening balance	Reclassification	Current year additions	Current year disposals	Current year disposals depreciation	Current year depreciation charge	Reversed on revaluation - Cost	Reversed on revaluation - Accumulated depreciation	Revaluation surplus	Total - closing balance	At cost / valuation closing balance	Accumulated depreciation - and impairment balance	Carrying amount
	\$000's	\$000's	\$000's		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
2020															
Operational assets															
Land	93,781	0	93,781	0	0	0	(143)	0	0	0	0	93,639	93,639	0	93,639
Buildings	38,586	(1,336)	37,250	(599)	1,231	(27)	6	(1,425)	(1,336)	1,336	1,471	37,907	39,326	(1,420)	37,907
Computer Hardware	4,673	(3,660)	1,013	0	213	(381)	381	(480)	0	0	0	746	4,505	(3,759)	746
Furniture and Fittings	1,798	(1,233)	565	0	110	(30)	29	0	0	0	(81)	594	1,879	(1,286)	594
Library collections	2,299	(1,678)	620	0	119	0	0	0	0	0	(118)	622	2,418	(1,796)	622
Plant and machinery	2,571	(1,334)	1,237	0	587	(218)	226	0	0	0	(283)	1,548	2,939	(1,391)	1,548
Solid waste	5,149	(205)	4,944	0	461	(101)	2	(236)	(205)	205	52	5,123	5,356	(233)	5,123
Total operational assets	148,858	(9,446)	139,412	(599)	2,721	(758)	501	(2,141)	(1,541)	1,541	1,041	140,178	150,061	(9,885)	140,178
Infrastructural assets															
Bridges	17,413	(373)	17,040	0	545	0	0	(376)	(373)	373	(986)	16,223	16,599	(376)	16,223
Footpaths	17,763	(796)	16,967	0	1,026	(22)	2	(893)	(796)	796	160	17,240	18,133	(892)	17,240
Harbour facilities	9,002	(211)	8,791	0	2,929	(796)	29	(278)	(211)	211	(153)	10,523	10,771	(249)	10,523
Reserve improvements	30,974	(1,339)	29,634	0	2,922	(49)	3	(1,524)	(1,339)	1,339	1,619	32,605	34,126	(1,521)	32,605
Roads	705,465	(5,485)	699,979	0	17,861	(172)	25	(6,060)	(5,485)	5,485	1,379	713,013	719,047	(6,034)	713,013
Stormwater	104,159	(1,471)	102,688	0	4,409	(23)	0	(1,564)	(1,471)	1,471	2,100	107,611	109,175	(1,564)	107,611
Wastewater	161,247	(4,702)	156,545	0	3,367	(36)	2	(4,918)	(4,702)	4,702	5,892	160,853	165,769	(4,916)	160,853
Water	117,171	(2,901)	114,270	599	1,806	(41)	5	(3,129)	(2,901)	2,901	2,744	116,255	119,379	(3,124)	116,255
Reserves land	299,598	0	299,598	0	1,788	0	0	0	0	0	0	301,386	301,386	0	301,386
Total															
infrastructural assets	1,462,792	(17,278)	1,445,513	599	36,654	(1,138)	66	(18,741)	(17,278)	17,278	12,755	1,475,708	1,494,385	(18,675)	1,475,708
Work in progress															
Tangible	8,210	0	8,210	0	5,208	(266)	0	0	0	0	0	13,151	13,151	0	13,151
Total work in progress	8,210	0	8,210	0	5,208	(266)	0	0	0	0	0	13,151	13,151	0	13,151
Total	1,619,860	(26,725)	1,593,135	0	44,582	(2,162)	568	(20,882)	(18,819)	18,819	13,796	1,629,037	1,657,597	(28,559)	1,629,037

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
2021				
Water				
treatment plants and facilities	33,245	8,545	0	49,199
other assets (such as reticulation system)	91,117	572	249	155,171
Wastewater				
treatment plants and facilities	77,458	2,365	0	121,460
other assets (such as reticulation system)	83,420	183	1,072	149,703
Stormwater				
treatment plants and facilities	2,113	14	0	3,909
other assets (such as reticulation system)	106,367	120	1,652	159,637
Roads and footpaths				
Roads and footpath assets	762,316	14,972	6,205	879,033
2020				
Water				
treatment plants and facilities	25,338	672	0	45,777
other assets (such as reticulation system)	92,901	647	487	152,177
Wastewater				
treatment plants and facilities	77,979	1,789	886	118,489
other assets (such as reticulation system)	87,182	80	612	147,171
Stormwater				
treatment plants and facilities	2,181	96	0	3,784
other assets (such as reticulation system)	110,352	1,989	2,325	154,070
Roads and footpaths				
Roads and footpath assets	758,966	12,421	7,011	864,605

Work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	2021 Actual \$000's	2020 Actual \$000's
Coastal & Hazard Management	0	161
Economic Development	801	0
Harbours	25	117
Parks & Reserves	634	802
Public Conveniences	19	787
Roads	623	1,153
Solid Waste	276	241
Stormwater	113	32
Wastewater	136	487
Water	8,022	9,371
Total work in progress	10,648	13,151

Disposals

The carrying book value of the amount disposed was \$2.7 million (2020: \$1.5 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 (2020: 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 acquired 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:

	2021 Actual \$000's	2020 Actual \$000's
Capital commitments		
Buildings	0	6
Harbours	0	0
Roads and footpaths	0	1,780
Wastewater	0	609
Water	3,537	3,608
Reserve improvements	0	26
Total capital commitments	3,537	6,029

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

	2021 Actual \$000's	2020 Actual \$000's
The total value of all Council assets covered by insurance contracts	746,502	676,229
The maximum amount to which insured assets are insured	251,500	251,621
The total value of all Council assets covered by financial risk sharing arrangements	745,002	674,608
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

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with 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	1-10 years	10% to 100%
Resource consents	5-35 years	3% to 20%
Aerial photography	5 years	20%

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. For further details, refer to the policy for impairment of property, plant, and equipment in Note 16. The same approach applies to the impairment of intangible assets

Breakdown of intangible assets and further information

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

2021										
	Cost - opening balance	Accumulated amortisation and impairment	Total - opening balance	Current year additions	Current year disposals	Current year disposals amortisation	Current year amortisation charge	Total - closing balance	Cost - closing balance	Accumulated amortisation and impairment
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Computer software	3,687	(3,060)	627	334	(111)	110	(281)	679	3,910	(3,231)
Aerial photography	443	(443)	0	0	0	0	0	0	443	(443)
Resource consents	7,173	(3,257)	3,917	243	(964)	964	(269)	3,891	6,453	(2,562)
<i>Total intangible assets</i>	<i>11,303</i>	<i>(6,760)</i>	<i>4,543</i>	<i>578</i>	<i>(1,075)</i>	<i>1,074</i>	<i>(550)</i>	<i>4,570</i>	<i>10,806</i>	<i>(6,235)</i>
Work in progress										
Intangible	1,178	0	1,178	48	(157)	0	0	1,070	1,070	0
<i>Total work in progress</i>	<i>1,178</i>	<i>0</i>	<i>1,178</i>	<i>48</i>	<i>(157)</i>	<i>0</i>	<i>0</i>	<i>1,070</i>	<i>1,070</i>	<i>0</i>
Total	12,481	(6,760)	5,722	626	(1,232)	1,074	(550)	5,640	11,875	(6,235)
2020										
	Cost - opening balance	Accumulated amortisation and impairment	Total - opening balance	Current year additions	Current year disposals	Current year disposals amortisation	Current year amortisation charge	Total - closing balance	Cost - closing balance	Accumulated amortisation and impairment
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Computer software	3,601	(2,855)	746	298	(213)	175	(380)	627	3,687	(3,060)
Aerial photography	443	(443)	0	0	0	0	0	0	443	(443)
Resource consents	7,173	(2,973)	4,200	0	0	0	(284)	3,917	7,173	(3,257)
<i>Total intangible assets</i>	<i>11,217</i>	<i>(6,271)</i>	<i>4,946</i>	<i>298</i>	<i>(213)</i>	<i>175</i>	<i>(663)</i>	<i>4,543</i>	<i>11,303</i>	<i>(6,760)</i>
Work in progress										
Intangible	734	0	734	473	(29)	0	0	1,178	1,178	0
<i>Total work in progress</i>	<i>734</i>	<i>0</i>	<i>734</i>	<i>473</i>	<i>(29)</i>	<i>0</i>	<i>0</i>	<i>1,178</i>	<i>1,178</i>	<i>0</i>
Total	11,951	(6,271)	5,680	772	(242)	175	(663)	5,722	12,481	(6,760)

Work in progress

The total amount of intangible assets in the course of construction is \$1.1 million (2020: \$1.2 million). The negative movement of \$0.1 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

There were no contractual commitments for acquisition of intangible assets. (2020: nil)

Impairment

There have been no impairment losses recognised for intangible assets (2020: nil).

Software as a Service

The IASB's Interpretations Committee issued an agenda decision during April 2021 that clarifies the accounting treatment expected under International Financial Reporting Standards for customisation and configuration costs associated with software as a service (SAAS) arrangements. The PBE IPSAS-based standards do not provide specific guidance on SAAS arrangements. However, PBE IPSAS 3 explains that in the absence of a PBE standard specifically dealing with a transaction, management may consider the most recent pronouncements of other standard setting bodies. An example of such pronouncements include interpretations issued by the IASB's Interpretations Committee.

As at 30 June 2021, Council has recorded intangible assets of \$239,594 related to SAAS arrangements. Council is currently assessing how the principals of the agenda decision could be applied to its SAAS arrangements. Due to the material amount of costs involved that have been incurred over several years and the judgements required, the Council has not had sufficient time to fully consider this. Any changes to our historical accounting treatment will be accounted for as a change in accounting policy in our next financial statements for the year ended 30 June 2022.

Note 18 - Depreciation and amortisation expense by group of activity

Directly attributable depreciation and amortisation by group of activity

	2021 Actual \$000's	2020 Actual \$000's
Representation	549	514
Planning & regulation	50	53
Managing the environment	0	0
Protection of people & the environment	8	3
Roading	6,890	7,334
Community spaces	3,327	3,032
Economic development	0	0
Stormwater	1,598	1,569
Wastewater	5,175	5,145
Land use	0	0
Water supply	3,371	3,173
Solid waste	223	241
Total directly attributable depreciation and amortisation by group of activity	21,191	21,065
Depreciation and amortisation not directly related to a group of activities	843	963
Total depreciation and amortisation expense	22,034	22,027

Note 19 - Forestry

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated Cost to sell for one growth cycle.

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.

Critical accounting estimates and assumptions

Fair value of forestry assets

Independent registered valuers, Hammond Resource Management Ltd, have valued forestry assets as at 30 June 2021. This valuation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs. It takes into consideration environmental, operational, and market restrictions. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- 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 three-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% (2020: 3%) has been adopted as an appropriate compounding rate.
- A discount rate of 6% (2020: 6%) has been used in discounting the present value of expected cash flows.
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis.
- 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.

Breakdown of forestry assets and further information

	2021 Actual \$000's	2020 Actual \$000's
Balance at 1 July	3,296	3,109
Increases due to purchases	0	0
Gains / (losses) arising from changes attributable to physical changes	206	154
Gains / (losses) arising from changes attributable to price changes	587	32
Decreases due to harvest	0	0
Balance at 30 June	4,089	3,296

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 2021 (2020: Nil).

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

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 measured at the amount payable.

Breakdown of payables and other information

	2021 Actual \$000's	2020 Actual \$000's
Payables and deferred revenue under exchange transactions		
Trade payables and accrued expenses	11,994	16,325
Amounts due to associates and joint venture	0	0
Total payables and deferred revenue under exchange transactions	11,994	16,325
Payables and deferred revenue under non-exchange transactions		
Revenue in advance	3,611	3,116
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	2,838	0
Total payables and deferred revenue under non-exchange transactions	6,449	3,116
Total payables and deferred revenue	18,443	19,441

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.

Other grants and bequests include:

- a grant from the Department of Internal Affairs of \$2,193,303 (2020: \$Nil) for work including the installation of water meters in Whitianga; and
- a grant from the Provincial Growth Fund of \$568,939 (2020: \$Nil) for the development of a new commercial wharf facility at Kopu; and
- a grant from the Tourism Infrastructure Fund of \$76,127 (2020: \$Nil) to develop tourism-related infrastructure that supports regions facing pressure from tourism growth.

Note 21 - Borrowings

Accounting Policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed 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 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 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 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 Council that transfers ownership of the assets to Council in the event of the guarantee being called up. 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

	2021 Actual \$000's	2020 Actual \$000's
Current portion		
Secured loans	6,000	8,000
Total current portion	6,000	8,000
Non-current portion		
Secured loans	55,000	53,000
Total non-current portion	55,000	53,000
Total borrowings and other financial liabilities	61,000	61,000

Multi option credit line facilities

Council has a multi option credit line facility with Westpac Bank of \$5,000,000. Drawdown at 30 June 2021 was nil (2020: Nil). Council also has a multi option credit line facility with ANZ Bank of \$5,000,000. Drawdown at 30 June 2021 was nil (2020: Nil).

Interest terms for secured loans

Council's secured loans are mostly 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	Borrowings	Repayments	Balance at 30 June	Interest paid
Year ended 30 June 2021	\$000's	\$000's	\$000's	\$000's	\$000's
Representation	2,303	159	(108)	2,354	84
Planning and regulation	1,681	161	(137)	1,705	61
Protection of people & the environment	2,071	832	(9)	2,894	78
Roads & footpaths	10,620	2,683	(125)	13,177	422
Community spaces	9,141	1,072	(582)	9,631	335
Economic development	519	25	0	544	19
Stormwater	1,272	89	(17)	1,344	46
Wastewater	32,800	2,453	(204)	35,049	1,189
Water	12,663	4,898	(13)	17,548	531
Solid waste	4,515	257	(16)	4,756	164
Total	77,584	12,629	(1,211)	89,001	2,928

	Balance at 1 July	Borrowings	Repayments	Balance at 30 June	Interest paid
Year ended 30 June 2020	\$000's	\$000's	\$000's	\$000's	\$000's
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

Loan to finance interest expense

Included in internal borrowings for the year under review is the amount of \$529,930 (2020: \$916,020) 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

Short-term employee entitlements

Employee benefits that are expected to be settled wholly within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability 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 and a reliable assessment of the obligation can be made.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly beyond 12 months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to employees, 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.

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand Government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. An average discount rate of 3.08% (2020: 1.63%) and a salary inflation factor of 3.08% (2019: 2.72%) were used.

Breakdown of employee entitlements and further information

	2021 Actual \$000's	2020 Actual \$000's
Current portion		
Accrued pay	548	493
Annual leave	1,374	1,493
Retirement and long service leave	71	74
Sick leave	108	83
Total current portion	2,102	2,143
Non-current portion		
Retirement and long service leave	283	268
Total non-current portion	283	268
Total employee entitlements	2,385	2,412

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. 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 and discounted 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' section.

Breakdown of provisions and further information

	2021 Actual \$000's	2020 Actual \$000's
Current portion		
Landfill aftercare	229	256
Weathertightness claims	350	396
Reserve contribution credits	0	0
Other sundry provisions	0	100
Total current provisions	578	752
Non-current portion		
Landfill aftercare	2,683	2,336
Weathertightness claims	0	56
Reserve contribution credits	2,797	2,749
Total non-current portion	5,480	5,141
Total provisions	6,059	5,893

Movements of each class of provision are as follows:

Landfill aftercare costs

	2021 Actual \$000's	2020 Actual \$000's
Opening balance as at 1 July	2,592	1,824
Additional provisions made	973	841
Amounts used	(198)	(226)
Unused amounts reversed	0	0
Discount unwind	(455)	153
Closing balance as at 30 June	2,912	2,592

Provision for weathertightness claims

	2021 Actual \$000's	2020 Actual \$000's
Opening balance as at 1 July	453	332
Additional provisions made	0	186
Amounts used	(103)	(65)
Unused amounts reversed	0	0
Closing balance as at 30 June	350	453

Reserve contribution credits

	2021 Actual \$000's	2020 Actual \$000's
Opening balance as at 1 July	2,748	3,491
Additional provisions made	0	0
Amounts used	0	(743)
Unused amounts reversed	48	0
Closing balance as at 30 June	2,797	2,748

Other sundry provisions

	2021 Actual \$000's	2020 Actual \$000's
Opening balance as at 1 July	100	100
Additional provisions made	0	0
Amounts used	(100)	0
Unused amounts reversed	0	0
Closing balance as at 30 June	0	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 \$4.6 million (2020: \$3.6 million). The following major assumptions have been made in calculating the provision:

- The discount rate used to arrive at the present value is 4.29% (2020: 2.72%).
- The aftercare has been estimated to continue until 2051. The annual inflation factor applied to the estimated aftercare costs for 2021/2022 to 2030/2031 is the Berl 2020 (stalled rebuild scenario) Local Government cost adjustor 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.

Weathertightness claims

Five claims have been lodged with the Weathertightness Homes Resolution Services (WHRS) at 30 June 2021 (2020: six) that relate to weathertightness issues of homes in the Thames-Coromandel district and name Council as well as other parties. The WHS is a central government service established under the Weathertightness Homes Resolution Services Act 2006. It also

offered a funding assistance package (FAP) to eligible homeowners, which expired to new claims received after 23 July 2016. This sees Council's contribution capped at 25% of eligible costs if the homeowner elects to use the FAP scheme. Council opted into the FAP scheme.

A provision for claims lodged at balance date has been established based on an assessment of past claims and other information held. The provision also includes an estimate for settlement of other civil proceedings (this includes those in relation to non-resident buildings) for weathertightness issues. Where there is a high level of uncertainty, a contingent liability is recognised (Note 25). Settlements for weathertightness claims are not covered by insurance.

The significant assumptions used in the estimation of the liability to Council are explained below

Settlement amount

This relates to the expected amount of settlement awarded from the resolution process and is based on the expected amount claimed by the homeowner and information provided from expert legal advice. It is measured based on the present value of future cash outflows expected to be incurred, taking into account future events.

Timing of claim payments

This is the expected time to settle claims and is based on historical settlement times and expert legal advice.

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 (totaling \$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 2021, all parcels of land had been purchased from the developer and all corresponding development and reserve contributions had been invoiced. However, only \$3,746,868 of the reserve contribution credits have been applied and therefore recognised within Council's accounts as revenue. This includes an adjustment made in the 2021 financial year to reflect reserve contribution credits previously allocated to granted consents which are no longer progressing, as confirmed by the developer. As such, a provision of \$2,797,191 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 Council's 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

A one off payment of \$100,000 was 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.

No other sundry provisions are anticipated.

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 2021, Council did not enter into any construction contracts for the purposes of PBE IPSAS 11 (2020: \$Nil).

Note 25 - Contingencies

Breakdown of contingent liabilities and further information

	2021 Actual \$000's	2020 Actual \$000's
Miscellaneous non-insured claims	0	0
Community pledges	7	18
Weather tightness claims	947	2,013
Council guarantees	1,072	1,096
Total contingent liabilities	2,027	3,127

Weathertightness claims

A provision for \$349,615 has been recognised for accounting purposes for the potential settlement of claims that have been notified to Council at balance date (Note 23) (2020: \$452,517). 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 \$947,308 in settlement costs (2020: \$2,012,593). This is in relation to claims where there is a high level of uncertainty at balance date.

Other Building Act claims

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 joined 19 Councils as co-defendants in this claim.

In 2021, the homeowners have discontinued their claim against CHH. CHH is in the process of finalising the discontinuance against all councils they joined as third parties.

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.

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 2021, \$7,000 of community pledges remained outstanding (2020: \$18,000).

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. LGFA has a current credit rating from Standard and Poor's of 'AAA' for local currency and a foreign currency rating of 'AA+' as at 30 June 2021.

As at 30 June 2021, Council is one of 30 local authority shareholders and 63 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1.0 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 2021, LGFA had borrowings totaling \$13.6 billion (2020: \$12.0 billion).

PBE Accounting Standards require Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. Council has assessed the 12-month ECL of the guarantee liability based on market information of the underlying assets held by LGFA. The estimated 12-month ECL's are immaterial due to the very low probability of default by LGFA in the next 12 months. Therefore, Council 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:

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

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 2021 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 2021, the scheme had a past service surplus of \$1.3 million (exclusive of Employer Superannuation Contribution Tax (2020: deficit of \$2.8 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 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 Council.

Restricted reserves include those subject to specific conditions accepted as binding by Council and which may not be revised by 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. Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council. 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 Council deems appropriate to be expended in the following year, usually to finish incomplete, but previously budgeted work. Council created reserves also include reserves for depreciation that have been funded but not yet utilised.

Breakdown of equity and further information

	2021 Actual \$000's	2020 Actual \$000's
Accumulated funds		
Balance at 1 July	404,659	400,077
Adjusted due to adoption of PBE IPSAS 41*	(34)	0
	404,625	400,077
Transfer to restricted reserves	(882)	(1,801)
Net movement in Council created reserves	(9,848)	(4,806)
Transfers from property revaluation reserves on disposal	2,048	622
Deferred tax credit on revaluation	328	0
Surplus/(deficit) for the year	20,484	10,568
Balance at 30 June	416,755	404,659
Restricted reserves		
Balance at 1 July	38,579	36,778
Transfers from accumulated funds	882	1,801
Transfers to accumulated funds	0	0
Balance at 30 June	39,461	38,579
Council created reserves		
Balance at 1 July	67,875	63,068
Transfers from accumulated funds	25,467	25,060
Transfers to accumulated funds	(15,619)	(20,254)
Balance at 30 June	77,721	67,875
Property revaluation reserves		
Balance at 1 July	1,046,438	1,032,781
Net revaluation gains	48,185	14,278
Transfer to accumulated funds on disposal of property	(2,048)	(622)
Balance at 30 June	1,092,574	1,046,438
Total reserves	1,209,756	1,152,891
Total equity	1,626,512	1,557,549

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
2021				
Reserve land				
Restricted by title	36,156	882	0	37,038
Endowment farms				
Endowment farms trust property - restricted imposed by statute	2,423	0	0	2,423
Total restricted reserves	38,579	882	0	39,461
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

Council created reserves

Purpose of council created reserves and the activity it relates to

Council created reserves are reserves created at the discretion of 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
2021				
District	18,791	14,750	(6,730)	26,811
Thames	1,839	1,274	(843)	2,270
Coromandel	(154)	274	(97)	23
Mercury Bay	753	1,556	(857)	1,453
Tairua/Pauanui	(144)	578	(355)	79
Whangamata	554	554	(209)	900
Total depreciation reserves	21,639	18,986	(9,091)	31,535
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

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
2021				
District	641	1,260	(1,236)	664
Thames	253	22	(22)	253
Coromandel	117	15	(9)	124
Mercury Bay	2,646	737	(1,057)	2,325
Tairua/Pauanui	185	4	(2)	188
Whangamata	706	15	(15)	706
Total special LGA contribution reserves	4,549	2,053	(2,342)	4,260
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

These reserves contain funds collected and distributed under 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 pool activities.

Retained revenue reserves

	Opening \$000's	Transfers in \$000's	Transfers out \$000's	Closing \$000's
2021				
District	4,380	1,405	(265)	5,521
Thames	108	6	0	114
Coromandel	150	3	38	190
Mercury Bay	652	9	(126)	535
Tairua/Pauanui	903	44	(200)	747
Whangamata	205	0	(46)	159
Total retained revenue reserves	6,397	1,468	(600)	7,265
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

These reserves contain unspent revenue from a previous year that was raised through rates or fees and charges to fund 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
2021				
Power New Zealand reserve	24,748	396	0	25,144
Disaster reserve	1,163	587	(649)	1,101
General purpose	206	0	0	206
Property	2,006	1,100	(1,100)	2,006
Insurance excess	2,563	192	(985)	1,769
Special projects	542	0	0	542
Wastewater headworks	15	0	0	15
Solid waste levy refunds	117	111	(127)	101
Rates postponement	14	0	0	14
Roading subdivision	(52)	0	0	(52)
Ohuka park development contributions payment plan	0	0	0	0
Thames water headworks	23	0	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	1,057	311	(221)	1,147
Land subdivision	2,292	0	(209)	2,083
Off street parking	77	0	(33)	45
Hot Water Beach parking	0	163	(162)	1
Hahei parking fees	0	102	(102)	0
Whitianga Harbours	(0)	0	0	(0)
Total - special reserves	35,289	2,960	(3,587)	34,660
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

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 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 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 2021	67,875	25,467	(15,619)	77,721
For the period ending 30 June 2020	62,666	25,448	(20,238)	67,875

Property revaluation reserves

	2021 Actual \$000's	2020 Actual \$000's
Property revaluation reserves for each asset class consist of		
Buildings	24,543	22,313
Footpaths	7,644	7,350
Harbour facilities	(68)	1,217
Land	385,349	347,437
Reserve improvements	15,356	14,237
Bridges	14,721	6,749
Roads	427,831	433,797
Solid waste	1,962	2,271
Stormwater	70,365	69,686
Wastewater	66,410	65,007
Water	78,459	76,372
Closing property revaluation reserves	1,092,574	1,046,437

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 for 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 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 Council, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

	2021 Actual \$000's	2020 Actual \$000's
Key management personnel compensation		
Councillors		
Remuneration	600	533
Full-time equivalent members	9	13
Senior Management Team, including the Chief Executive		
Remuneration	1,227	1,551
Full-time equivalent members	5	5
Total key management personnel remuneration	1,827	2,084
Total full-time equivalent personnel	14	18

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

An analysis of Councillor remuneration and further information on the Chief Executive remuneration is provided in Note 4.

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.

	2021 Actual \$000's	2020 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

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

Waka Kotahi has advised that they are reducing funding approximately 60% for Low Cost/Low Risk (LC/LR) roading capital projects for the 2021-2024 period, this will result in council having to reduce these capital projects in line with the reduction in funding.

Note 29 - Financial instruments

Financial instruments - Early adoption of PBE IPSAS 41

Council has elected to early adopt PBE IPSAS 41. in accordance with the transitional provisions in PBE IPSAS 41, Council have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising for the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2020 (the date of initial application). The accounting policies for the year ended 30 June 2021 have been updated to comply with PBE IPSAS 41. The main changes to Council's accounting policies are:

- Note 9 - Receivables - This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss credit (ECL) model .
- Note 13 - Financial assets - This policy has been updated to reflect:
 - the new classification categories;
 - the measurement and recognition of loss allowances based on the new ECL model; and
 - the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivative accounting policies in Note 12 - Derivatives remain unchanged as Council has not elected to apply hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk.

On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the table below:

Council	Measurement classification		30 June 2020	1 July 2020	Adoption adjustment
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	PBE IPSAS 41	
Cash and cash equivalents	Loans and receivables	Amortised cost	3,496	3,496	0
Receivables	Loans and receivables	Amortised cost	6,491	6,457	34
Borrower notes from Local Government Funding Agency	Loans and receivables	Amortised cost	1,148	1,148	0
Term deposits	Loans and receivables	Amortised cost	47	47	0
Unlisted shares	FVTOCRE	FVTOCRE	257	257	0

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTSD - Fair value through surplus or deficit

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held mainly to meet capital requirements. Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. Council has elected to subsequently measure all of its shares at FVTOCRE.

Financial instrument categories

The following tables are comparisons of carrying amounts of Council's financial assets and liabilities in each of the financial instrument categories:

	2021 Actual \$000's	2020 Actual \$000's
Financial assets		
Amortised cost (2020: Loans and receivables)		
Cash and cash equivalents	3,496	3,629
Receivables	4,138	4,850
<i>Other financial assets</i>		
Borrower notes from Local Government Funding Agency	1,148	1,076
Term deposits	47	72
Total at amortised cost	8,828	9,627
Fair value through other comprehensive revenue and expense		
<i>Other financial assets</i>		
Unlisted shares	257	256
Total fair value through other comprehensive revenue and expense	257	256

	2021 Actual \$000's	2020 Actual \$000's
Financial liabilities		
Mandatorily measured at FVTSD - (2020: Held for trading)		
Derivative financial instrument liabilities	3,849	6,552
Total fair value through surplus or deficit - held for trading	3,849	6,552
Financial liabilities at amortised cost		
Payables	14,749	16,325
<i>Borrowings</i>		
Finance lease liabilities	0	0
Secured loans	61,000	61,000
Total financial liabilities at amortised cost	75,749	77,325

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Level 1 - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 - Valuation technique using observable inputs - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 - Valuation techniques with significant non-observable inputs - 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
2021				
Financial assets				
Shares	1,305	0	0	1,305
Financial liabilities				
Derivatives	3,849	0	3,849	0
2020				
Financial assets				
Shares	1,232	0	0	1,232
Financial liabilities				
Derivatives	6,552	0	6,552	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:

	2021 Actual \$000's	2020 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

Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established a Council-approved Treasury Management Policy. This policy does 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.

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.

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 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 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 Council to fair value interest rate risk. Council's Treasury 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 Council to cash flow interest rate risk.

Generally, 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 Council borrowed at fixed rates directly. Under the interest rate swaps, 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 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. Council also provides financial guarantees, which gives risk to credit risk.

Receivables arise mainly from Council's statutory functions. There are no procedures in place to monitor or report the credit quality of receivables. Council has no significant concentrations of credit risk in relation to receivables as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding rates from ratepayers.

Council's Treasury Management Policy limits the amount of credit exposure to any one financial institution or organisation. Council reduces its exposure to credit risk by only placing investments in accordance with its investment policy which ensures dispersion and minimisation of risk. 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. Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	2021 Actual \$000's	2020 Actual \$000's
Cash at bank and term deposits	3,543	3,701
Receivables	6,491	9,220
Financial guarantees	1,072	1,096
Total maximum exposure to credit risk	11,106	14,017

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

Credit risk exposure by credit risk rating grades, excluding receivables

The gross carrying amount of financial assets, excluding receivables, by reference to Standard and Poor's credit rating's are provided below:

Counterparties with credit ratings

	2021 Actual \$000's	2020 Actual \$000's
Cash at bank and term deposits		
AA-	3,543	3,701
Total cash at bank and term deposits	3,543	3,701

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that 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. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months. Council manages its borrowings in accordance with its funding and financial policies, which includes a Treasury Management Policy.

Contractual maturity analysis of financial liabilities, excluding derivatives

The following table analyses Council's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$000's	Contractual cashflows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
2021					
Payables	14,741	14,741	14,741	0	0
Secured loans	61,000	63,093	6,000	44,636	12,457
Finance leases	0	0	0	0	0
Financial guarantees	1,072	1,072	1,072	0	0
Total financial liabilities	76,813	78,906	21,813	44,636	12,457
2020					
Payables	16,325	16,325	16,325	0	0
Secured loans	61,000	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	78,421	90,028	25,798	45,402	18,828

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.

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses 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
2021						
Nett settled derivative liabilities	3,849	0	3,849	1,200	2,567	82
Total derivatives	3,849	0	3,849	1,200	2,567	82
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

Contractual maturity analysis of financial assets

The table below analyses 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
2021					
Cash and cash equivalents	3,543	3,543	3,543	0	0
Receivables	6,491	6,491	6,491	0	0
<i>Other financial assets</i>					
Term deposits	47	47	47	0	0
Total financial assets	10,080	10,080	10,080	0	0
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

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 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				
2021				
Financial assets				
Cash and cash equivalents	(35)	0	35	0
Term deposits	(1)	0	1	0
Financial liabilities				
Derivatives	(5,518)	0	(2,192)	0
Total sensitivity	(5,554)	0	(2,156)	0
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

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 (2020: -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	
Fees and charges	Fees and charges revenue received was \$2.1 million more than budget due to an increase in solid waste, building and resource consent revenue.
Subsidies and grants	Subsidy and grant revenue received was \$6.9 million more than budget due to an increase in subsidies received of \$3.2 million from Waka Kotahi and unbudgeted capital cost contributions of \$3.7 million for a number of community facilities, water, roading and economic development projects.
Other revenue	Other revenue was more than budgeted by \$9.4 million as a result of increased vested assets of \$5.6 million, interest rate swap gains of \$2.0 million, Ariki Tahi Sugarloaf Wharf Limited vested asset income of \$1.0 million and forestry asset revaluation gains of \$0.8 million. The budget for vested assets is based on a rolling 5 year average.

Expenses	
Depreciation and amortisation	Depreciation and amortisation expenses were \$2.1 million less than budgeted mainly as a result of revaluation movements in roading, water and community facilities assets.

Other comprehensive revenue and expense

Gain on property, plant and equipment revaluations	The actual asset revaluation movements was higher than budgeted by \$19.2 million. This is mainly attributable to the biannual revaluating of land which took place this financial year, along with higher increases in indexes than expected.
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Statement of financial position

Assets	
Cash and cash equivalents	The closing cash position is \$3.3 million higher than budgeted mainly as a result of unbudgeted cash reserves held at year end for payment of creditors.
Receivables	Receivables were \$3.3 million lower than budgeted due to enacting powers under the Local Government Rating of Whenua Maori Amendment Act (2021) in relation to rates receivables and partly due to the collection of long term debt.
Property, plant and equipment	Property, plant and equipment is \$68.4 million higher than budgeted. \$40 million is attributable to the increase in value of land assets. Other significant asset value increases include water, roading, building and reserve improvements.
Liabilities	
Borrowings	Total external secured loans are \$8.0 million lower than budgeted, partly due to completing 80% of the capital works programme, increased revenue from capital cost contributions and savings in expenditure negating the need to borrow to meet cashflow demands.

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 2021

	2020 Annual plan \$000's	2020 Actual \$000's	2021 Annual plan \$000's	2021 Actual \$000's
Source of operating funding				
General rates, uniform annual general charges, rates penalties	24,169	23,293	24,614	23,673
Targeted rates	44,776	44,757	47,764	48,147
Subsidies and grants for operating purposes	3,484	3,786	3,215	4,772
Fees and charges	11,950	11,997	12,228	14,349
Interest and dividends from investments	12	125	12	96
Fuel tax, fines, infringement fees and other receipts	670	637	664	693
Total operating funding (A)	85,061	84,595	88,498	91,730
Applications of operating funding				
Payments to staff and suppliers	62,896	70,424	72,271	71,071
Finance costs	2,859	2,758	2,459	1,781
Internal charges and overheads applied	0	0	0	0
Total applications of operating funding (B)	65,755	73,182	74,730	72,852
Surplus(deficit) of operating funding (A - B)	19,306	11,413	13,768	18,878
Source of capital funding				
Subsidies and grants for capital expenditure	7,735	5,142	4,445	9,839
Development and financial contributions	2,470	4,277	2,725	1,941
Increase/(decrease) in debt	13,565	10,000	9,992	0
Gross proceeds from sale of assets	0	406	0	1,177
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	23,770	19,825	17,161	12,957
Application of capital funding				
Capital expenditure				
- to meet additional demand	533	200	504	275
- to improve the level of service	23,523	15,965	17,812	20,955
- to replace existing assets	19,078	15,787	13,095	12,451
Increase/(decrease) in reserves	(58)	(714)	(483)	(1,846)
Increase/(decrease) in investments	0	0	0	0
Total applications of capital funding (D)	43,076	31,239	30,929	31,835
Surplus(deficit) of capital funding (C - D)	(19,306)	(11,414)	(13,768)	(18,878)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0	(0)

Roads and footpaths funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	3,745	4,013	4,447
Targeted rates	3,650	3,954	3,438
Subsidies and grants for operating purposes	3,296	3,370	3,760
Fees and charges	172	176	225
Internal charges and overheads recovered	399	409	0
Local authorities fuel tax, fines, infringement fees and other receipts	433	442	499
Total operating funding (A)	11,694	12,364	12,370
Applications of operating funding			
Payments to staff and suppliers	7,910	8,147	8,397
Finance costs	288	390	295
Internal charges and overheads applied	794	915	988
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,992	9,452	9,680
Surplus(deficit) of operating funding (A - B)	2,702	2,912	2,690
Source of capital funding			
Subsidies and grants for capital expenditure	5,399	4,758	7,588
Development and financial contributions	603	616	528
Increase/(decrease) in debt	4,892	6,284	3,239
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)	10,893	11,658	11,355
Application of capital funding			
Capital expenditure			
- to meet additional demand	533	458	265
- to improve the level of service	7,499	8,353	9,110
- to replace existing assets	5,301	5,615	5,279
Increase/(decrease) in reserves	263	145	(610)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	13,596	14,570	14,045
Surplus(deficit) of capital funding (C - D)	(2,702)	(2,912)	(2,690)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Stormwater funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	778	776	858
Targeted rates	1,825	1,820	2,253
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)	2,603	2,596	3,111
Applications of operating funding			
Payments to staff and suppliers	744	611	1,035
Finance costs	43	52	35
Internal charges and overheads applied	288	301	403
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,075	964	1,473
Surplus(deficit) of operating funding (A - B)	1,527	1,632	1,637
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	93	97	67
Increase/(decrease) in debt	437	603	(6)
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)	531	700	60
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	539	685	57
- to replace existing assets	842	1,474	127
Increase/(decrease) in reserves	677	173	1,514
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	2,058	2,331	1,698
Surplus(deficit) of capital funding (C - D)	(1,527)	(1,632)	(1,637)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Wastewater funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	15,613	15,422	15,957
Subsidies and grants for operating purposes	0	0	0
Fees and charges	21	22	(6)
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)	15,635	15,444	15,951
Applications of operating funding			
Payments to staff and suppliers	6,600	6,406	8,065
Finance costs	1,286	1,216	980
Internal charges and overheads applied	2,005	1,830	1,573
Other operating funding applications	0	0	0
Total applications of operating funding (B)	9,891	9,452	10,618
Surplus(deficit) of operating funding (A - B)	5,743	5,992	5,334
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	776	798	599
Increase/(decrease) in debt	534	(145)	484
Gross proceeds from sale of assets	0		0
Lump sum contributions	0	0	0
Other dedicated capital funding	0		0
Total sources of capital funding (C)	1,310	653	1,083
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	31	10
- to improve the level of service	1,399	949	667
- to replace existing assets	2,246	2,021	1,452
Increase/(decrease) in reserves	3,407	3,645	4,288
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	7,053	6,645	6,417
Surplus(deficit) of capital funding (C - D)	(5,743)	(5,992)	(5,334)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Water supply funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	9,790	10,161	11,264
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	13
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)	9,790	10,161	11,277
Applications of operating funding			
Payments to staff and suppliers	5,196	4,964	5,859
Finance costs	425	521	401
Internal charges and overheads applied	828	930	893
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,448	6,415	7,152
Surplus(deficit) of operating funding (A - B)	3,342	3,745	4,124
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	207
Development and financial contributions	259	281	213
Increase/(decrease) in debt	5,567	5,864	6,956
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)	5,826	6,145	7,375
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	5,790	6,200	7,335
- to replace existing assets	1,298	2,630	710
Increase/(decrease) in reserves	2,079	1,060	3,455
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	9,168	9,890	11,499
Surplus(deficit) of capital funding (C - D)	(3,342)	(3,745)	(4,124)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Solid waste funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	1,142	1,364	2,260
Targeted rates	2,522	2,322	2,707
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3,208	3,284	5,094
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)	6,872	6,970	10,062
Applications of operating funding			
Payments to staff and suppliers	5,795	5,805	9,819
Finance costs	102	107	(339)
Internal charges and overheads applied	444	451	574
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,341	6,363	10,054
Surplus(deficit) of operating funding (A - B)	530	607	8
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	(1)
Increase/(decrease) in debt	1,084	(263)	(49)
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)	1,084	(263)	(50)
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	485	163	254
- to replace existing assets	1,191	217	461
Increase/(decrease) in reserves	(62)	(35)	(757)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	1,614	344	(42)
Surplus(deficit) of capital funding (C - D)	(530)	(607)	(8)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Representation funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	15,568	16,443	13,023
Targeted rates	1,567	1,665	925
Subsidies and grants for operating purposes	0	0	0
Fees and charges	512	1,082	551
Internal charges and overheads recovered	2,472	2,464	3,091
Local authorities fuel tax, fines, infringement fees and other receipts	9	9	0
Total operating funding (A)	20,128	21,662	17,591
Applications of operating funding			
Payments to staff and suppliers	9,940	10,329	6,783
Finance costs	239	233	112
Internal charges and overheads applied	10,219	10,538	8,970
Other operating funding applications	0	0	0
Total applications of operating funding (B)	20,399	21,100	15,865
Surplus(deficit) of operating funding (A - B)	(272)	562	1,726
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	801
Development and financial contributions	20	22	16
Increase/(decrease) in debt	723	(90)	(42)
Gross proceeds from sale of assets	0	0	1,177
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	743	(68)	1,951
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	16	16	801
- to replace existing assets	1,669	1,503	2,056
Increase/(decrease) in reserves	(1,213)	(1,026)	820
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	472	493	3,677
Surplus(deficit) of capital funding (C - D)	272	(562)	(1,726)
Funding balance ((A - B) + (C - D))	0	0	0

Planning and regulation funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	1,160	1,198	1,276
Targeted rates	188	186	298
Subsidies and grants for operating purposes	0	0	0
Fees and charges	5,337	5,425	6,248
Internal charges and overheads recovered	281	276	0
Local authorities fuel tax, fines, infringement fees and other receipts	5	5	1
Total operating funding (A)	6,972	7,091	7,823
Applications of operating funding			
Payments to staff and suppliers	4,572	4,530	6,086
Finance costs	0	0	4
Internal charges and overheads applied	2,057	2,109	2,035
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,629	6,638	8,125
Surplus(deficit) of operating funding (A - B)	343	452	(302)
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	343	452	(546)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	343	452	(546)
Surplus(deficit) of capital funding (C - D)	(343)	(452)	302
FUNDING BALANCE ((A - B) + (C - D))	0	(0)	0

Protection of people and the environment funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	1,595	1,791	1,809
Targeted rates	86	89	30
Subsidies and grants for operating purposes	0	0	0
Fees and charges	754	770	745
Internal charges and overheads recovered	268	304	0
Local authorities fuel tax, fines, infringement fees and other receipts	235	240	176
Total operating funding (A)	2,939	3,195	2,760
Applications of operating funding			
Payments to staff and suppliers	1,978	1,854	1,809
Finance costs	80	110	55
Internal charges and overheads applied	1,222	1,280	1,258
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,281	3,244	3,122
Surplus(deficit) of operating funding (A - B)	(341)	(49)	(362)
Source of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase/(decrease) in debt	1,747	1,488	1,178
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)	1,747	1,488	1,178
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	746	767	221
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	660	672	595
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	1,406	1,439	816
Surplus(deficit) of capital funding (C - D)	341	49	362
FUNDING BALANCE ((A - B) + (C - D))	0	0	0

Community space and development funding impact statement

For the year ended 30 June 2021

	2020 Long-term plan \$000's	2021 Long-term plan \$000's	2021 Actual \$000's
Source of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	9,846	10,468	11,274
Subsidies and grants for operating purposes	121	198	1,011
Fees, charges and targeted rates for water supply	1,626	1,588	1,513
Internal charges and overheads recovered	59	61	61
Local authorities fuel tax, fines, infringement fees and other receipts	19	19	14
Total operating funding (A)	11,671	12,334	13,873
Applications of operating funding			
Payments to staff and suppliers	6,293	6,538	7,536
Finance costs	336	347	237
Internal charges and overheads applied	1,529	1,545	1,978
Other operating funding applications	0	0	0
Total applications of operating funding (B)	8,158	8,431	9,752
Surplus(deficit) of operating funding (A - B)	3,513	3,903	4,121
Source of capital funding			
Subsidies and grants for capital expenditure	157	1,174	1,243
Development and financial contributions	717	725	520
Increase/(decrease) in debt	549	2,467	(97)
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)	1,423	4,366	1,666
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	2,531	3,610	2,510
- to replace existing assets	2,184	4,633	2,367
Increase/(decrease) in reserves	221	25	910
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	4,936	8,268	5,787
Surplus(deficit) of capital funding (C - D)	(3,513)	(3,903)	(4,121)
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 2020/2021 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) 2018-2028. 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). 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

WLASS's vision statement is "Waikato councils are working together in the best way possible, for the collective benefit of them and their communities - which means less burden on ratepayers, happier communities and council staff and more effective councils". WLASS has established a performance framework with outcomes, specific objectives, priorities and performance measures to achieve their vision.

Nature and scope of activities

WLASS is an umbrella company that investigates opportunities for future development of shared services. The specific objectives of WLASS are agreed each year in accordance with the constitution and the Statement of Intent (SOI). During the past year, WLASS has continued their focus on transforming the company into a service delivery agent and a strategic partner to councils. WLASS has two fundamental roles; a laboratory for developing opportunities that create value and providing services to councils.

Key performance targets

Performance targets are specified in the WLASS SOI for 2020/2021 and are summarised with the actual results below. Note that actual outcomes are draft only because the audit of WLASS had not been completed at the time of adopting Thames-Coromandel District Council's 2020/2021 Annual Report.

Performance target	Draft outcome
Business cases will include measurable benefits linked to one or more of the outcomes sought, projected savings of \$300,000	Achieved
Opportunity assessments are supported by 75% of councils (evidenced by Board minutes)	Achieved
80% of opportunities/projects developed/ delivered within agreed timeframes	Not Achieved (i)
90% of opportunities/projects developed/delivered within approved budgets	Achieved
Measurable benefits are actively monitored and reported against six-monthly	Achieved
Audit and Risk Committee undertake an assessment of projects >\$200,000 within 15 months of implementation with 90% of quantifiable benefits realised	Partly Achieved (ii)
The services provided are considered by 80% of councils who use that service to meet or exceed their expectations	Achieved

Performance target	Draft outcome
Six ideas per annum for future consideration and/or initiatives are identified each year in collaboration with councils	Achieved

- i. The actual outcome was 63%. Three of the eight projects under development that had a milestone during the year, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.
- ii. Project benefit assessments are undertaken at each Audit and Risk Committee meeting, the first took place in June 2021 to consider the Waikato Data Portal project. 10 of the 15 stated benefits of the project were assessed as having been realised. A further four are considered difficult to measure, and one has not been achieved. The original business case did not include projected quantifiable benefits or at least baselines for these to be measured against. For that reason, a percentage was unable to be attributed to the extent to which the benefits have been achieved.

A full copy of the WLASS Annual Report can be obtained once published from their website <https://www.waikatolass.co.nz>

Local Government Funding Agency (LGFA)

Ownership

LGFA has 31 shareholders, comprising the New Zealand Government (20%) and 30 member councils (80%). 63 member councils are guarantors of LGFA.

Participating councils (total members)

72 member councils eligible to borrow from LGFA.

Significant policies and objectives

LGFA's Statement of Intent (SOI) for the year ended 30 June 2021 sets out two primary performance objectives and seven additional objectives.

1. LGFA will optimise the debt funding terms and conditions for participating borrowers.
2. LGFA will ensure its asset book remains at a high standard by ensuring it understands each participating borrower's financial position and the general issues confronting the Local Government sector.

Nature and scope of activities

LGFA was incorporated on 1 December 2011 under the Companies Act 1993 and enabled by the Local Government Borrowing Act 2011 and is the largest issuer of New Zealand dollar securities after the New Zealand Government. It was established to provide more efficient funding costs and diversified funding sources for New Zealand local authorities. LGFA was also established to raise debt on behalf of local authorities on terms that are more favourable to them than if they raised the debt directly. Five councils joined LGFA as members in the 12-month period to June 2021, bringing the total number of council members to 72.

Councils can access flexible lending conditions by using long-term and short-term lending, and bespoke lending products. During the year LGFA launched standby facility agreements for councils with agreements in place with seven councils totaling \$515 million by year end. Over the 12-months ended 30 June 2021, LGFA issued a record \$3.27 billion of bonds and increased lending to councils by \$2.86 billion.

Key performance targets

Performance targets are specified in the LGFA's SOI for 2020/2021 and are summarised with the actual results below:

Performance targets	Actual outcome
Net interest income for the period to 30 June 2021 is greater than \$18.8 million	Achieved
Annual issuance and operating expenses (excluding AIL) for the period to 30 June 2021 is less than \$6.8 million	Achieved
Total lending (short and long term) to participating councils at 30 June 2021 is at least \$9.79 million	Achieved
Conduct an annual survey of councils who borrow from LGFA and achieve at least an 85% satisfaction score for the value added by LGFA	Achieved
Meet all lending requests from participating local authorities	Achieved
Achieve 85% market share of all council borrowing in New Zealand	Not Achieved (i)
Review each participating local authority's financial position, its headroom under LGFA policies and arrange to meet at least annually	Achieved
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015	Achieved
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. LGFA achieved an estimated 79% of market share of all council borrowing for the year under review. Whilst the target of 85% was not achieved, LGFA's market share is strong compared to their global peers.

A full copy of the LGFA annual report can be obtained from the LGFA website at <https://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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