



**KAWERAU DISTRICT COUNCIL**  
**Annual Report**  
For the Year Ended 30 June 2019





# **KAWERAU DISTRICT COUNCIL**

## **ANNUAL REPORT FOR 2018/19**

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# MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE OFFICER

Welcome to Council's annual report for the year ended 30 June 2019. The Annual Report compares Council's achievements and results against the financial and the non-financial targets in the Long Term Plan. It enables residents to assess how well Council has performed as well as determine the state of Council's finances.

The following is a brief summary of the financial results for 2018/19:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	13,039,900	12,516,979	(522,921)
Operating Expense	<u>13,039,080</u>	<u>14,031,569</u>	<u>(992,489)</u>
Operating Surplus/(Deficit)	820	(1,514,590)	(1,515,410)
Gain on Revaluation	<u>2,296,440</u>	<u>6,589,307</u>	<u>4,292,867</u>
<b>Total</b>	<b>2,297,260</b>	<b>5,074,717</b>	<b>2,777,457</b>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	73,087,606	74,894,423	1,806,817
Liabilities	2,909,228	3,094,327	(185,099)
Ratepayers Equity	70,178,378	71,800,096	1,621,718

During the year Council spent an additional \$992.5k (more than budget) which was mostly for increased solid waste disposal costs, storm damage repairs and asbestos removal costs. These additional costs were unplanned, but necessary to ensure that residents remained safe and healthy.

Also Council received \$522.8k less revenue than budgeted. This was due to two significant roading stormwater projects being deferred to the following year and the corresponding subsidy not being received, and the anticipated sales of residential sections taking a little longer than initially planned. Apart from these, the overall result was good, with Council maintaining excellent services for residents and being in a strong financial position.

Council also undertook the three yearly revaluation of its infrastructure assets and land and buildings. The revaluation gain was significantly higher than anticipated, which was due to council land increasing significantly over the last three years. This reflects the increased demand and prices for residential property in Kawerau which is a positive sign for the town.

Council will usually have an operating deficit each year as it does not fund all the depreciation on some buildings (halls, library, pensioner houses, depot, swimming pool and office) which are unlikely to be replaced with similar buildings. Also Council does not fund all the depreciation for its roading assets which are eligible for NZ Transport Agency subsidy.

Council, after considering the recommendations of the Medical Officer of Health, the Ministry of Health and the report following the Havelock North water supply contamination, made the decision during the year to chlorinate the town's water supply. Council was mindful of the risk to residents (of a non-chlorinated water supply) particularly as there had previously been water supply contamination events. One consequence of chlorinating the water was an initial discolouration of the water. This was due to a buildup of manganese on the pipes over the years and the chlorine causing it to be released.

Council worked hard to remove the discoloured water initially by flushing and then by using compressed air, which appears to have been successful.

For the 2018/19 financial year Council spent \$2.8 million on capital projects compared to the budget of \$6.8 m. The main reasons for the reduced expenditure was that Council had to defer some projects to the following year due to delays resulting from resource shortages. These projects included: dog pound, stormwater culverts, flood protection bunds, retirement village units and library self-issue station

The major achievements during the 2018/19 financial year included:

- Successful management, as well as securing funding for a number of events including WoodFest, King of the Mountain Race and Christmas in the Park.
- Significant improvements to the level of service for the Council's regulatory activities including dog control and building consents. Council retained its Building Consent Authority registration and accreditation
- Council achieved 76% of it's performance targets, and was close to achieving the remaining targets.

The major projects undertaken during the year, included:

- Continued progress on the renewal of damaged and dangerous footpaths.
- Extending the seal along Spencer Avenue
- Renewal of storm water pipes in the town centre
- Upgrades to the recreation centre including the toilets and acoustics

Council had set aside reserves to fund these projects.

Council received funding throughout the year for events and projects from the following organisations:

- NZ Community Trust
- Lion Foundation
- Eastern Bay Energy Trust
- Community Organisation Grants Scheme (DIA)
- Ministry for Youth and Development

Council very much appreciates the support it receives from these organisations.

Finally, we would like to thank councillors, staff and residents for their input throughout the year and their ongoing commitment to making Kawerau a place we can all be proud of.



Malcolm Campbell, JP  
**MAYOR**



Russell George, CA, MBA  
**CHIEF EXECUTIVE OFFICER**



## KAWERAU DISTRICT COUNCIL COUNCIL & STAFF INFORMATION

The Council is made up of a Mayor and 8 Councillors. The local body elections were held on 12 October 2019 and the next elections will be held in 2022.

<b>Mayor :</b>	M J (Malcolm) Campbell, JP	027 457 6122
<b>Deputy Mayor :</b>	F K N (Faylene) Tunui	022 320 8840
<b>Councillors :</b>	W (Warwick) Godfery	027 204 5278
	C J (Carolyn) Ion	027 415 6458
	B J (Berice) Julian	323-9190 (res)
	S Kingi	027 766 5023
	A Rangihika	021 159 0794
	R G K (Rex) Savage	323-7287 (res)
	D Sparks	027 321 0740

<b>Committees:</b>	Regulatory & Services	(Chairperson: Cr C J Ion)
	Audit and Risk	(Chairperson: Philip Jones)

### **Chief Executive Officer and Heads of Departments:**

Chief Executive Officer	R B (Russell) George, CA, MBA
Manager, Operations & Services	J J (Hanno) van der Merwe, MSc (Eng), PhD
Manager, Planning, Compliance & Capability	C W (Chris) Jensen
Manager, Finance & Corporate Services	P J (Peter) Christophers, BBS, ACA



## **VISION**

To be the best Council in New Zealand

## **MISSION STATEMENT**

1. To represent the interests and aspirations of the Kawerau Community, within and beyond the District.
2. To promote the social, economic, environmental and cultural wellbeing of the Kawerau Community.
3. To continue to provide an industrial base within the District for established industries and their supporting businesses.
4. To promote the advantages of Kawerau in order to grow the District population and further encourage industrial investment and development.
5. To ensure that the independence of the District is maintained.

## **STATEMENT OF PRINCIPLES**

**To achieve its Mission, Council will -**

1. Provide services, facilities and infrastructure that can support a high quality of life in Kawerau.
2. Engender an attitude of cost effectiveness, customer service and Community responsiveness.
3. Engage with all sectors of the Community to determine their needs and priorities.
4. Maintain a fair system of rating to ensure that Council services are sustainable and satisfy Community needs.
5. Inform and seek feedback from the Community about Council's current and planned activities.
6. Work cooperatively with government agencies, territorial authorities and other stakeholders to maintain or improve Council services.
7. Maintain relationships with industry and business groups represented in the District.
8. Promote the District to attract development.

# COMPLIANCE WITH COUNCIL POLICIES

All local authorities are required to prepare the following funding and financial policy documents:

- Revenue and Financing Policy
- Investment Policy
- Liability Management Policy
- Development Contributions or Financial Contributions Policy
- Rates Remission and Rates Postponement on Maori Freehold Land Policy

This report provides an overview of the extent to which Council has complied with its policies.

## REVENUE AND FINANCING POLICY

Council reviewed and adopted the Revenue and Financing Policy in June 2018 as part of the preparation of the 2018 – 2028 Long Term Plan. The objective of this policy is to ensure that the costs of Council's activities are met by those benefiting from, or contributing to the need for, the activity.

The overall funding mix achieved by Council for 2018/19 was consistent with its Revenue and Financing Policy.

## INVESTMENT POLICY

Council reviewed and adopted the Investment Policy 27 March 2018. Council delegates responsibility for the management, monitoring and reporting of its investments to the Regulatory and Services Committee. The Investment Policy document sets out the parameters for the operation of the investments that Council can be involved with. The mix of investments between short-term and longer term is determined according to Council's working capital needs.

There were no significant variations or material departures from Council's objectives for its investment activities as reported in the Investment Policy. Council's investments returned \$170,279 compared to the Long Term Plan estimate for 2018/19 of \$220,040.

## LIABILITY MANAGEMENT POLICY

Council's Liability Management Policy was also adopted 27 March 2018. The policy ensures that Council's debt and associated risks are maintained at prudent levels.

There were no significant variations or material departures from Council's Liability Management Policy during the year.

## FINANCIAL CONTRIBUTIONS POLICY

Council's Financial Contributions Policy retains the provisions of its District Plan that allows the assessment of financial contributions.

No financial contributions were received during the 2018/19 financial year.

## RATES REMISSION AND POSTPONEMENT FOR MAORI FREEHOLD LAND POLICY

This Policy sets out the conditions and criteria for the remission and postponement of rates on Maori Freehold Land.

There were no variations or departures during the year from Council's policy as reported in Council's Long Term Plan.

# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## COMPLIANCE

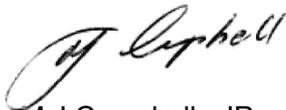
The Council and Management confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

## RESPONSIBILITY

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

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

In the opinion of the Council and Management, the Annual Report for the year ended 30 June 2019 fairly reflects the financial position and operations of the Council.



M J Campbell, JP  
**Mayor**



R B George, CA, MBA  
**Chief Executive Officer**

## Independent Auditor's Report

### To the readers of Kawerau District Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Kawerau District Council (the District Council). The Auditor-General has appointed me, B H Halford, 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 31 October 2019. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 14 to 48:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2019;
    - 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 Standards Reduced Disclosure Regime;
- the funding impact statement on page 18, 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;
- the statement of service performance on pages 55 to 105:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2019, 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 61 to 105, 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 61 to 105, 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 49 to 54, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

## **Basis for our 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 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 4 to 9 and 106 to 112, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



B H Halford  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

# KAWERAU DISTRICT COUNCIL

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2019

2017/18		Note	Budget	2018/19
<b>Revenue</b>				
9,520,685	Rates revenue	2	9,941,630	9,999,467
872,179	Subsidies and grants	3	1,117,270	897,366
1,234,330	Fees and charges	4	1,358,460	1,380,915
236,259	Interest revenue	7	220,040	170,278
67,533	Other revenue	4	402,500	68,953
<b>11,930,986</b>	<b>Total Revenue</b>		<b>13,039,900</b>	<b>12,516,979</b>
<b>Expenses</b>				
4,391,409	Personnel costs	5	4,762,610	4,792,509
3,032,886	Depreciation and amortisation expense	12-14	2,783,120	3,135,731
6,226	Finance costs	7	6,790	6,124
6,231,184	Other expenses	6	5,486,560	6,025,634
108,720	Loss on disposal of property, plant and equipment		0	71,571
<b>13,770,425</b>	<b>Total Expenses</b>		<b>13,039,080</b>	<b>14,031,569</b>
<b>(1,839,439)</b>	<b>SURPLUS / (DEFICIT)</b>		<b>820</b>	<b>(1,514,590)</b>
<b>Other comprehensive revenue and expense</b>				
0	Gain on revaluation		2,296,440	6,589,307
<b>(1,839,439)</b>	<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>2,297,260</b>	<b>5,074,717</b>

Explanations of significant variances against budget are detailed in Note 30

The accompanying notes, including Accounting Policies, form part of these financial statements.

# KAWERAU DISTRICT COUNCIL

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

2017/18		Note	Budget	2018/19
<b>ASSETS</b>				
<b>Current assets</b>				
2,233,407	Cash and cash equivalents	8	4,474,247	2,100,502
1,465,255	Receivables	9	1,195,590	1,342,718
4,400,000	Other financial assets	11	0	3,000,000
182,406	Prepayments		0	195,919
152,295	Inventory	10	1,028,390	149,434
<u>8,433,363</u>	<b>Total current assets</b>		<u>6,698,227</u>	<u>6,788,573</u>
<b>Non-current assets</b>				
36,252	Investment in CCOs	11	36,250	36,252
61,849,166	Property, plant and equipment	12	66,271,489	67,997,422
68,713	Intangible assets	13	81,640	72,176
<u>61,954,131</u>	<b>Total non-current assets</b>		<u>66,389,379</u>	<u>68,105,850</u>
<b><u>70,387,494</u></b>	<b>TOTAL ASSETS</b>		<b><u>73,087,606</u></b>	<b><u>74,894,423</u></b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
2,673,428	Payables and deferred revenue	15	1,946,209	2,216,072
16,104	Borrowings and other financial liabilities	18	19,600	18,147
579,315	Employee entitlements	17	567,970	562,219
10,000	Provisions	16	10,000	10,000
<u>3,278,847</u>	<b>Total current liabilities</b>		<u>2,543,779</u>	<u>2,806,438</u>
<b>Non-current liabilities</b>				
165,714	Payables and deferred revenue	15	157,989	160,000
56,909	Borrowings and other financial liabilities	18	40,400	39,970
108,648	Employee entitlements	17	107,590	43,712
51,997	Provisions	16	40,400	44,207
<u>383,268</u>	<b>Total non-current liabilities</b>		<u>365,449</u>	<u>287,889</u>
<b><u>3,662,115</u></b>	<b>TOTAL LIABILITIES</b>		<b><u>2,909,228</u></b>	<b><u>3,094,327</u></b>
<b><u>66,725,379</u></b>	<b>NET ASSETS</b>		<b><u>70,178,378</u></b>	<b><u>71,800,096</u></b>
<b>EQUITY</b>				
35,678,738	Accumulated Funds	19	38,679,764	34,741,518
31,046,641	Reserves	19	31,498,614	37,058,578
<b><u>66,725,379</u></b>	<b>TOTAL EQUITY</b>		<b><u>70,178,378</u></b>	<b><u>71,800,096</u></b>

NB: PBE IPSAS 1.88 requires in the statement of financial position that separate line items be presented for recoverables from non-exchange transactions, receivables from exchange transactions, taxes and transfers payable, and payables under exchange transactions. We consider that it will be rare that this is a material disclosure. Therefore, we have chosen to focus on providing a meaningful breakdown of receivables and payables in the notes to the financial statements.



M.J. Campbell, JP  
**MAYOR**



R.B. George, CA, MBA  
**CHIEF EXECUTIVE OFFICER**

The accompanying notes, including Accounting Policies, form part of these financial statements. Explanations of significant variances against budget are detailed in Note 30

# KAWERAU DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2019

<u>2017/18</u>	<u>Total Equity</u>	<u>Note</u>	<u>Budget</u>	<u>2018/19</u>
68,564,818	Balance at 1 July		67,881,118	66,725,379
<u>(1,839,439)</u>	Total comprehensive revenue and expense		<u>2,297,260</u>	<u>5,074,717</u>
<u><b>66,725,379</b></u>	<b>Balance at 30 June</b>		<u><b>70,178,378</b></u>	<u><b>71,800,096</b></u>

The accompanying notes, including Accounting Policies, form part of these financial statements.

# KAWERAU DISTRICT COUNCIL STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

2017/18	Note	Budget	2018/19
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
9,612,515	Receipts from rates revenue	9,781,410	10,043,916
565,802	Rates on behalf Regional Council	0	773,936
673,285	Subsidies and grants received	1,117,270	939,996
954,509	Fees and charges received	1,358,460	1,446,138
242,879	Interest received	220,040	184,025
67,555	Receipts from other revenue	402,500	68,885
(6,021,738)	Payments to suppliers	(6,137,585)	(6,357,681)
(4,297,678)	Payment to employees	(4,718,850)	(4,874,542)
(6,226)	Interest paid	(6,790)	(6,124)
(59,369)	Goods and services tax (net)	0	105,252
(560,495)	Regional Council rates paid	0	(770,565)
1,171,039	Net cash flow from operating activities	2,016,455	1,553,236
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
58,100	Receipts from sale of property, plant and equipment	1,572,900	10,650
(7,000)	Purchase of intangible assets	0	(21,955)
1,200,000	(Acquisition)/Sale of investments (net)	0	1,400,000
(2,637,223)	Purchase of property, plant and equipment	(6,780,910)	(3,059,940)
(1,386,123)	Net cash flow from investing activities	(5,208,010)	(1,671,245)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33,610	Provision of finance lease	0	0
0	Repayment of borrowings	0	0
(11,579)	Payment of principal for finance leases	(18,700)	(14,896)
22,031	Net cash flow from financing activities	(18,700)	(14,896)
(193,053)	<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	(3,210,255)	(132,905)
2,426,460	Cash, cash equivalents and bank overdrafts at the beginning of the year	7,684,502	2,233,407
2,233,407	<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	4,474,247	2,100,502

The accompanying notes, including Accounting Policies, form part of these financial statements.

Explanations of significant variances against budget are detailed in Note 30

# KAWERAU DISTRICT COUNCIL FUNDING IMPACT STATEMENT

(Whole of Council)

For the year ended 30 June 2019

	2018		2019	
	Annual Plan	Annual Report	Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, UAGC and rate penalties	8,619,830	8,511,874	9,109,400	9,040,341
Targeted rates	993,020	1,008,810	932,200	959,126
Subsidies and grants for operating purposes	187,500	401,528	221,240	420,444
Fees and charges	812,330	1,234,330	1,258,460	1,380,915
Interest and dividends from investments	329,840	236,259	220,040	170,278
Local Authorities Fuel tax, fines, infringements and other receipts	61,150	67,533	402,500	68,953
<b>TOTAL OPERATING FUNDING (A)</b>	<b>11,003,670</b>	<b>11,460,334</b>	<b>12,143,840</b>	<b>12,040,057</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payment to staff and suppliers	9,270,620	10,622,594	10,249,180	10,818,143
Finance costs	11,040	6,226	6,800	6,124
Other operating funding applications	0	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>9,281,660</b>	<b>10,628,820</b>	<b>10,255,980</b>	<b>10,824,267</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A- B)</b>	<b>1,722,010</b>	<b>831,514</b>	<b>1,887,860</b>	<b>1,215,790</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	288,750	470,651	896,030	476,922
Development and Financial contributions	0	0	0	0
Increase/(decrease) in debt	(15,000)	22,033	(18,350)	(14,896)
Gross proceeds from sale of assets	0	0	1,572,900	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>273,750</b>	<b>492,684</b>	<b>2,450,580</b>	<b>462,026</b>
<b>APPLICATIONS OF CAPITAL FUNDS</b>				
Capital expenditure:				
- to meet additional demand	0	90,437	2,930,000	519,796
- to improve the level of service	0	0	1,006,000	228,343
- to replace existing assets	2,293,440	3,006,587	2,844,910	2,032,220
Increase/(decrease) in reserves	(297,680)	(1,772,826)	(2,442,470)	(1,102,543)
Increase/(decrease) of investments	0	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>1,995,760</b>	<b>1,324,198</b>	<b>4,338,440</b>	<b>1,677,816</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(1,722,010)</b>	<b>(831,514)</b>	<b>(1,887,860)</b>	<b>(1,215,790)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The accompanying notes, including Accounting Policies, form part of these financial statements.

# KAWERAU DISTRICT COUNCIL

## NOTES TO FINANCIAL STATEMENTS

### 1. Statement of Accounting Policies for the Year Ended 30 June 2019

#### REPORTING ENTITY

Council has designated itself a public benefit for financial reporting purposes.

The financial statements of Kawerau District Council are for the year ended 30 June 2019. The financial statements are authorised for issue by Council on 31 October 2019.

#### BASIS OF PREPARATION

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

The financial statements of Kawerau District Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with the reduced disclosure regime of tier 2 Public Benefit Entities, as Council:

- Has total expenses of less than \$30 million for the year and
- Does not have debt or equity instruments nor holds assets in a fiduciary duty for a broad group of outsiders.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, and financial instruments.

The financial statements are presented in New Zealand dollars. The functional currency of KDC is New Zealand dollars.

These financial statements are prepared in accordance with the Public Benefit Entity standards and comply with these standards.

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Revenue

Revenue is measured at the fair value of consideration received or receivable.

The accounting policies for significant revenue items are explained as follows:

##### *Rates revenue*

The following policies for rates have been applied:

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

- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as Council is acting as an agent for the BOPRC.

#### *New Zealand Transport Agency Subsidies*

KDC receives government grants from the New Zealand Transport Agency, which subsidises part of KDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

#### *Other grants received*

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

#### *Provision of services*

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

#### *Sales of goods*

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

#### *Vested assets*

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

#### *Interest and dividends*

Interest revenue is recognised using the effective interest method.

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

### **Borrowing Costs**

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

### **Grant Expenditure**

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 KDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of KDC's decision.

### **Leases**

#### *Finance leases*

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, KDC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present

value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether KDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### *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.

### **Receivables**

Receivables are recorded at their face value less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that KDC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

### **Financial assets**

KDC classifies its financial assets into the following four categories; financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which KDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the KDC has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used is the current bid price.

The four categories of financial assets are:

#### 1. Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Currently, KDC does not hold any financial assets in this category.

## 2. Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance date which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Financial assets in this category include cash, cash equivalents, short term deposits (maturities 4 – 12 months) and debtors

## 3. Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that KDC has the positive intention and ability to hold to maturity. They are included in current assets except for maturities greater than 12 months after the balance date which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently KDC does not hold any financial assets in this category.

## 4. Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non current assets unless management intends to dispose of the share investment within twelve months of balance date.

This category encompasses:

- Investments that Kawerau District Council intends to hold long term, but which may be realised before maturity.
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense except for impairment losses which are recognised in the surplus or deficit. On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Currently, KDC has shares in BOPLASS Ltd and Local Government Insurance Corporation (Civic Assurance) which are recorded at cost.

## **Impairment of financial assets**

At each balance date, KDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

### *Loans and receivables and held-to-maturity investments*

Impairment is established when there is evidence that KDC will not be able to collect amounts according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible it is written off

against the allowance amount. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Impairment in term deposits, local authority stock, government bonds and community loans are recognised directly against the instrument's carrying amount.

#### *Financial assets at fair value through other comprehensive revenue and expense*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measures as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Equity instrument impairment losses recognised in the surplus or deficit, are not reversed through the surplus or deficit.

### **Inventory**

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis, are measured at the lower of cost and current replacement cost. The cost of purchased inventory is determined using the FIFO method.

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

The write down from cost to current replacement cost is recognised in the surplus or deficit in the period of the write-down.

### **Non-current assets held for sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not 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.

Currently, KDC does not have any assets in this category.

### **Property, plant and equipment**

Property, plant and equipment consist of:

*Operational assets* — these include land, buildings, library books, plant and equipment, and motor vehicles.

*Restricted assets* — restricted assets are parks and reserves owned by KDC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

*Infrastructure assets* — infrastructure assets are the fixed utility systems owned by KDC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

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

#### *Revaluation*

Operational land and buildings are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by CBRE Ltd, and the valuation was effective as at 30 June 2019.

Restricted land and buildings are shown at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by CBRE Ltd, and the valuation was effective as at 30 June 2019.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems are recorded at fair value determined on a depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Knight Frank Ltd, and the valuation was effective as at 30 June 2019. All infrastructural asset classes carried at valuation were valued.

Land under roads, was valued based on fair value of adjacent land determined by CB Richard Ellis, effective 1 July 2004. On transition to NZ IFRS, KDC elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Additions are recorded at cost. Land under roads is no longer revalued.

Library books were valued at deemed cost as at 1 July 1991, by Beca Carter Hollings and Ferner, (Registered Valuers). Library additions are recorded at cost less accumulated depreciation on the diminishing value basis.

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

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

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

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

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

#### *Additions*

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

Work in progress is recognised at cost, less impairment and is not depreciated. Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, (non-exchange transaction), it is recognised at fair value as at the date of acquisition.

#### *Disposals*

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

#### *Subsequent costs*

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

#### *Depreciation*

Depreciation is provided on either the straight-line (SL) or diminishing value (DV) basis on all property, plant and equipment other than land and pavement formation, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful lives, associated depreciation rates and depreciation basis for each major class of assets is as follows:

	<b>Estimated Useful Life</b>	<b>Depreciation Rate</b>	<b>Basis</b>
<b>Operational</b>			
Buildings	10-67 years	1.5-10.0%	SL
Computer/Electronic Office Equipment	3-5 years	20.0-33.3%	SL
Fixtures, Fittings & Equipment	5-50 years	2.0-20.0%	DV
Plant (vehicles)	5 years	20.0%	DV
Library Collections (excluding special collections)	7 years	15.0%	DV
Special Collections	Not depreciated		
<b>Infrastructural</b>			
Roading Network			
Street lighting	6-30 years	3.3-16%	SL
Kerb, channel & footpath	28-95 years	1.1-3.6%	SL
Pavement surface	1-13 years	7.7-100%	SL
Pavement structure	6-74 years	1.3-16.7%	SL
Stormwater	4-62 years	1.6-25%	SL
Water Systems			
Collection & Storage	5-79 years	1.3-20%	SL
Local Distribution	7-79 years	1.3-14%	SL
Sewerage System			
Reticulation system	4-68 years	1.5-25%	SL
Pumping & Treatment	2-70 years	1.4-50%	SL
<b>Restricted</b>			
Buildings & Other	5-53 years	1.8%-20.0%	SL

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Some assets components classified as buildings have a shorter life than others and therefore there is a significant range for the estimated useful lives of these assets.

#### **Intangible assets**

##### *Software acquisition and development*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by KDC, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

#### *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 surplus or deficit.

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

	<b>Estimated Useful Life</b>	<b>Amortisation Rate</b>	<b>Basis</b>
Computer Software	3 - 8 years	12.5 – 33.3%	SL

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

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment at balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated.

The impairment amount is 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the Council would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

#### **Investment property**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction costs.

After initial recognition, KDC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Currently, KDC does not have any investment property.

## **Payables**

Short-term creditors and other payables are recorded at face value.

## **Employee entitlements**

### *Short-term employee benefits*

Employee benefits that KDC expects to be settled within 12 months of balance date are measured at nominal values 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, retiring and long service leave entitlements expected to be settled within 12 months.

KDC recognises a liability for sick leave 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 that KDC anticipates it will be used by staff to cover those future absences. As the amount of sick leave used during the year did not exceed the entitlements earned, no liability for sick leave has been recognised at 30 June 2019.

KDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### *Long-term employee entitlements*

These are employee entitlements that are payable beyond 12 months, which include long service leave and retirement leave, and have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate of 6.0%, and an inflation factor of 2.0% were used.
- The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

## **Superannuation schemes**

### *Defined contribution schemes*

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

## **Provisions**

KDC recognises a provision 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 expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time

value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

#### *Landfill*

KDC has a responsibility under its resource consent to provide ongoing maintenance and monitoring of the Kawerau landfill after the site is closed.

KDC recognises a liability for these costs. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred and the provision has been estimated taking account of existing technology and using a discount rate of 4.25%.

#### *Financial guarantee*

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a standalone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a provision is recognised based on the probability that KDC will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if KDC assesses that it is probable that expenditure will be required to settle a guarantee then the provision for the guarantee is measured at the present value of the future expenditure.

KDC currently is not a guarantor for any group or individual.

### **Borrowings**

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

### **Equity**

Equity is the community's interest in KDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

1. Accumulated Funds
2. Restricted and Council created reserves
3. Property revaluation reserves

#### *Restricted and Council Created Reserves*

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 KDC.

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

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

### *Property Revaluation Reserves*

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

### **Goods and Services Tax (GST)**

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Budget figures**

The budget figures are those approved by the Council for 2018/19 in the 2018 – 28 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the financial statements.

### **Cost allocation**

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

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

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

In preparing these financial statements KDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Landfill aftercare provision*

Note 16 provides information about the estimates and assumptions surrounding the landfill after care provision.

#### *Infrastructural assets*

There are a number of assumptions and estimates used when performing Depreciated Replacement Costs (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset; for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible; for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.

- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions; for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset then KDC could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, KDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the KDC's asset management planning activities, which gives KDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

### Critical judgements in applying KDC's accounting policies

Management has exercised the following critical judgements in applying the KDC's accounting policies for the period ended 30 June 2019:

#### *Classification of property*

KDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the KDC's social housing policy. They are leased to and operated by the Kawerau Social Services Trust in order to meet these objectives. The properties are accounted for as property, plant and equipment.

## 2. Rates revenue

<u>2017/18</u>		<u>2018/19</u>
8,419,780	<b>General rate</b>	8,947,269
	<b>Targeted rates attributable to activities:</b>	
214,572	Water Supply – including metered water	195,435
392,642	Wastewater	351,142
401,596	Refuse Collection	412,549
92,094	Rate penalties	93,071
<b><u>9,520,684</u></b>	<b>Total revenue from rates</b>	<b><u>9,999,466</u></b>

Rates revenue is shown net of rates remissions. KDC's rate remission policy allows KDC to remit rates (for the purpose of ensuring the rates charged to these properties are fair and equitable) shown below:

<u>2017/18</u>		<u>2018/19</u>
9,570,129	<b>Total rates revenue</b>	10,051,640
	<b>Rates remissions</b>	
<b>(49,445)</b>	Higher value properties/Farms	<b>(52,174)</b>
<b><u>9,520,684</u></b>	<b>Rates revenue net of remissions</b>	<b><u>9,999,466</u></b>

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens & reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of water, wastewater and refuse collection. Non-rateable land does not constitute a remission under KDC's remission policies.

### 3. Subsidies and Grants

<u>2017/18</u>		<u>2018/19</u>
571,251	NZ Transport Agency – Roading Subsidies	390,390
26,666	NZ Transport Agency – Subsidies for Stormwater	181,427
274,262	Grants for capital projects and events	325,549
<u>872,179</u>		<u>897,366</u>

There are no unfulfilled conditions or other contingencies attached to government grants received (2018 \$Nil).

### 4. Fees and charges and other revenue

<u>2017/18</u>		<u>2018/19</u>
1,234,330	User fees and charges	1,380,915
67,533	Petrol Tax	68,953
0	Vested assets	0
0	Profit on sale of asset	0
<u>1,301,863</u>	<b>Total fees and charges and other revenue</b>	<u>1,449,868</u>

### 5. Personnel Costs

<u>2017/18</u>		<u>2018/19</u>
4,193,871	Salaries & Wages	4,771,610
6,877	Employer contributions to multi-employer defined benefit plans	7,146
96,930	Employer contributions to Kiwisaver	95,785
93,731	Increase/ (decrease) in employee benefit liabilities	(82,032)
<u>4,391,409</u>	<b>Total employee benefit expenses</b>	<u>4,792,509</u>

### 6. Other expenses

<u>2017/18</u>		<u>2018/19</u>
72,209	General grants	41,485
1,701,153	Contractors	1,656,201
139,792	Insurance premiums	182,456
242,937	Consultants and legal fees	194,850
(2,460)	Impairment of receivables (note 9)	(140)
4,077,553	Other operating expenses	3,950,780
<u>6,231,184</u>		<u>6,025,632</u>

### 7. Interest revenue and finance costs

<u>2017/18</u>		<u>2018/19</u>
	<b>Interest revenue:</b>	
236,259	Term deposits	170,278
	<b>Interest expense:</b>	
0	Interest - other	0
6,226	Interest on finance leases	6,124
<u>230,033</u>	<b>Net interest revenue</b>	<u>164,154</u>

## 8. Cash and cash equivalents

<u>2017/18</u>		<u>2018/19</u>
433,407	Cash at bank and in hand	300,502
<u>1,800,000</u>	Short term deposits with maturities of 3 months or less	<u>1,800,000</u>
<u><b>2,233,407</b></u>	<b>Total cash and cash equivalents</b>	<u><b>2,100,502</b></u>

The carrying value of short-term deposits with maturity dates of 3 months or less approximates to their fair value.

## 9. Receivables

<u>2017/18</u>		<u>2018/19</u>
297,754	Rates receivable	285,271
348,091	Other receivables	331,870
520,545	Sundry debtors	531,823
<u>302,226</u>	GST receivable	<u>196,974</u>
1,468,616		1,345,938
<u>(3,361)</u>	Less provision for impairment of receivables	<u>(3,221)</u>
<u><b>1,465,255</b></u>	<b>Current portion</b>	<u><b>1,342,717</b></u>

1,282,921	Receivables from non-exchange transactions	1,162,140
<u>182,334</u>	Receivables from exchange transactions	<u>180,577</u>
<u>1,465,255</u>		<u>1,342,717</u>

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

<u>2017/18</u>		<u>2018/19</u>
5,821	At 1 July	3,361
<u>(2,460)</u>	Additional provisions made during the year	<u>(140)</u>
<u>0</u>	Receivables written off during the period	<u>0</u>
<u><b>3,361</b></u>	<b>At 30 June</b>	<u><b>3,221</b></u>

## 10. Inventory

<u>2017/18</u>		<u>2018/19</u>
	<b>Inventories held for distribution:</b>	
111,712	Water & sewerage reticulation spare parts	114,938
<u>40,583</u>	Other	<u>34,496</u>
<u><b>152,295</b></u>		<u><b>149,434</b></u>

There has been no write-down of inventory during the year (2017/18 – \$nil)

No inventories are pledged as securities for liabilities (2017/18 - \$nil)

## 11. Other financial assets/investments in CCOs

<u>2017/18</u>		<u>2018/19</u>
	<b>Current portion</b>	
	<i>Loans and receivables</i>	
4,400,000	Short term deposits with maturities of 4 -12 months	3,000,000
<u>4,400,000</u>	<b>Total loans and receivables</b>	<u>3,000,000</u>
	<b>Non-current portion</b>	
	<i>Investments - at cost</i>	
31,161	Investment in Local Government Insurance Corporation (other financial assets)	31,161
5,091	Investment in BOPLASS Ltd - CCO	5,091
<u>36,252</u>		<u>36,252</u>

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

Shares in Local Government Insurance Corporation are held at cost. The asset backing for these shares at 31 Dec 2018 was \$1.60 (2017 - \$1.52).

### *Maturity analysis and effective interest rates*

The maturity dates for all other financial assets with the exception of equity investments, and advances to, subsidiaries and associates are as follows:

<u>2017/18</u>	<b>Short Term Deposits</b>	<u>2018/19</u>
4,400,000	Average investment - 261 days (2017/18 272 days)	3,000,000
<u>4,400,000</u>		<u>3,000,000</u>

## 12. Property, plant and equipment 2019

	Cost/ revaluation 1-July-18	Accum Depn and Imp. Chgs 1-July-18	Carrying Amount 1-July-18	Revaluation adjustment	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-19	Accum Depn and Imp Chgs 30-Jun-19	Carrying Amount 30-Jun-19
<b>Council operational assets</b>											
Land	2,361,600	0	2,361,600	2,175,500	0	0	0	0	4,537,100	0	4,537,100
Buildings	9,680,654	(898,896)	8,781,758	282,415	222,520	0	0	514,495	8,772,198	0	8,772,198
Plant, machinery and vehicles	1,834,093	(871,223)	962,870	0	203,697	(33,930)	18,006	208,577	2,003,860	(1,061,795)	942,065
Fixtures, fittings and equipment	4,373,399	(2,449,082)	1,924,317	0	299,141	0	0	282,629	4,672,540	(2,731,710)	1,940,831
Library collections	1,581,335	(1,261,383)	319,952	0	66,493	0	0	52,980	1,647,827	(1,314,362)	333,465
Leased assets	\$88,915	(18,831)	70,084	0	1,344	0	0	18,052	\$90,259	(36,883)	53,375
Work in progress					538,596				538,596		538,596
<b>Total operational assets</b>	<b>19,919,996</b>	<b>(5,499,415)</b>	<b>14,420,581</b>	<b>2,457,915</b>	<b>1,331,791</b>	<b>(33,930)</b>	<b>18,006</b>	<b>1,076,732</b>	<b>22,262,380</b>	<b>(5,144,750)</b>	<b>17,117,630</b>
Roading network	17,191,259	(1,637,554)	15,553,705	1,195,983	832,456	(26,428)	0	874,564	16,928,378	(247,232)	16,681,146
Water - Other	8,350,485	(722,770)	7,627,715	760,985	114,200	0	0	363,260	8,139,640	0	8,139,640
Water – Treatment Plant	1,006,740	(136,833)	869,907	92,521	16,035	(40,624)	7,131	75,140	869,830	0	869,830
Sewerage - Other	8,009,957	(558,189)	7,451,768	610,366	47,952	(8,500)	2,125	289,331	7,814,380	0	7,814,380
Sewerage – Treatment Plant	3,623,554	(234,495)	3,389,059	95,901	136,495	0	0	121,185	3,500,270	0	3,500,270
Stormwater - Network	5,098,714	(417,184)	4,681,530	109,057	279,479	0	0	210,016	4,860,050	0	4,860,050
<b>Total infrastructural assets</b>	<b>43,280,709</b>	<b>(3,707,025)</b>	<b>39,573,684</b>	<b>2,864,807</b>	<b>1,426,616</b>	<b>(75,552)</b>	<b>9,256</b>	<b>1,933,497</b>	<b>42,112,548</b>	<b>(247,232)</b>	<b>41,865,316</b>
<b>Council restricted assets</b>											
Land	6,021,424	0	6,021,424	574,400	0	0	0	0	6,595,824	0	6,595,824
Buildings	1,947,100	(208,724)	1,738,376	692,185	0	0	0	104,362	2,326,199	0	2,326,199
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	12,300	0	12,300
Other	88,100	(5,299)	82,801	0	0	0	0	2,649	88,101	(7,948)	80,153
<b>Total restricted assets</b>	<b>8,068,924</b>	<b>(214,023)</b>	<b>7,854,901</b>	<b>1,266,585</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>107,011</b>	<b>9,022,424</b>	<b>(7,948)</b>	<b>9,014,476</b>
<b>Total property, plant and equipment</b>	<b>71,269,629</b>	<b>(9,420,463)</b>	<b>61,849,166</b>	<b>6,589,307</b>	<b>2,758,407</b>	<b>(109,482)</b>	<b>27,262</b>	<b>3,117,240</b>	<b>73,397,352</b>	<b>(5,399,930)</b>	<b>67,997,422</b>

## Property, plant and equipment 2018

	Cost/ revaluation 1-July-17	Accum Depn and Imp. Chgs 1-July-17	Carrying Amount 1-July-17	Cost/ revaluation 30-Jun-18	Accum Depn and Imp Chgs 30-Jun-18	Carrying Amount 30-Jun-18
<b>Council operational assets</b>						
Land	2,361,600	0	2,361,600	2,361,600	0	2,361,600
Buildings	8,919,720	(423,069)	8,496,651	9,680,654	(898,896)	8,781,758
Plant, machinery and vehicles	1,778,810	(723,338)	1,051,472	1,834,093	(871,223)	962,870
Fixtures fittings and equipment	4,541,230	(2,740,034)	1,801,197	4,373,399	(2,449,082)	1,924,317
Library collections	1,514,100	(1,210,853)	303,246	1,581,335	(1,261,383)	319,952
Leased assets	78,152	(28,379)	49,773	88,915	(18,831)	70,084
Total operational assets	19,193,612	(5,129,673)	14,063,939	19,919,996	(5,499,415)	14,420,581
<b>Council infrastructural assets</b>						
Roading network	16,399,530	(801,742)	15,597,788	17,191,259	(1,637,554)	15,553,705
Water - Other	8,267,619	(361,158)	7,906,462	8,350,485	(722,770)	7,627,715
Water – Treatment Plant	857,089	(63,458)	793,631	1,006,740	(136,833)	869,907
Sewerage - Other	7,576,020	(276,244)	7,299,776	8,009,957	(558,189)	7,451,768
Sewerage – Treatment Plant	3,570,233	(116,743)	3,453,489	3,623,554	(234,495)	3,389,059
Stormwater - Network	5,073,447	(208,294)	4,865,153	5,098,714	(417,184)	4,681,530
Total infrastructural assets	41,743,938	(1,827,639)	39,916,299	43,280,709	(3,707,025)	39,573,684
<b>Council restricted assets</b>						
Land	6,021,424	0	6,021,424	6,021,424	0	6,021,424
Buildings	1,947,100	(104,362)	1,842,738	1,947,100	(208,724)	1,738,376
Library - special collection	12,300	0	12,300	12,300	0	12,300
Other	88,100	(2,650)	85,450	88,100	(5,299)	82,801
Total restricted assets	8,068,924	(107,012)	7,961,912	8,068,924	(214,023)	7,854,901
<b>Total property plant &amp; equipment</b>	<b>69,006,474</b>	<b>(7,064,324)</b>	<b>61,942,150</b>	<b>71,269,629</b>	<b>(9,420,463)</b>	<b>61,849,166</b>

## Core asset disclosures

### *Valuation*

#### Land and Buildings

Council's operational and restricted land and buildings were revalued by independent registered valuer Peter Schellekens of CBRE Limited as at 30 June 2019. These assets were revalued on the basis of depreciated replacement cost in accordance with PBE IPSAS 17. Non-specialised buildings (residential and commercial) were valued using market based evidence (income and lease data). Specialised assets were valued on the basis of depreciated cost replacement method.

Depreciated replacement cost is determined using a number of significant assumptions, which include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information
- For the Council's earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost
- The remaining useful life of assets is estimated
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset

#### Infrastructural assets

Council's Infrastructural assets were revalued by independent registered valuer Mike Morales of Knight Frank Ltd, on the depreciated replacement cost basis as at 30 June 2019 in accordance with NZ IAS 16. These assets were considered to be specialised as they were unlikely to be sold on the open market.

The depreciated replacement cost is determined using a number of significant assumptions, which include:

- Estimating any obsolescence or surplus capacity of the asset
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets
- 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 benefits of the asset, 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 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.

The library collection was initially valued at deemed cost in accordance by Beca Carter Hollings and Ferner (Valuers) in 1991 and since then additions have been recorded at cost and depreciation charged on the diminishing value basis.

### *Disposals*

The net loss on disposal of property, plant and equipment \$82,673 (2018 - \$108,720) has been recognised in the statement of comprehensive revenue and expense.

### *Leases*

The net carrying amount of plant and equipment held under finance leases is \$56,781 (2018 - \$70,083).

### *Impairment*

There were no impairment losses incurred for the year to 30 June 2019 (2018 – nil).

### *Restrictions*

Land and buildings in the Restricted Assets category are subject to either restrictions on use or disposal or both. This includes restrictions from legislation (such as a reserve under the Reserves Act 1977) or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used). No restricted assets are used as security for Council liabilities.

### *Core infrastructure asset disclosure*

Included within the Council infrastructure assets (above) are the following core Council assets.

<b>2019</b>	<b>Closing book value</b>	<b>Additions (constructed)</b>	<b>Most recent replacement cost estimate for revalued assets (30 June 2019)</b>
Water Supply:			
-Treatment plant	878,730	16,035	1,591,350
-Other assets (reticulation)	8,139,640	114,200	27,098,890
Sewerage:			
-Treatment plant	3,500,270	136,495	6,072,540
-Other assets (reticulation)	7,814,380	47,952	24,686,900
Stormwater drainage	4,860,050	279,479	17,485,510
Roads and Footpaths	16,681,148	832,456	35,999,070
<b>2018</b>			<b>Replacement cost:</b>
Water Supply:			<b>(30 June 2016)</b>
-Treatment plant	869,907	149,651	1,405,100
-Other assets (reticulation)	7,627,715	82,866	24,981,800
Sewerage:			
-Treatment plant	3,389,059	53,321	5,569,600
-Other assets (reticulation)	7,451,768	433,937	22,108,700
Stormwater drainage	4,681,530	25,267	16,515,400
Roads and Footpaths	15,553,705	891,546	32,873,400

### 13. Intangible assets

<u>2017/18</u>		<u>2018/19</u>
	<b>Acquired computer software</b>	
	Balance at 1 July	
387,831	Cost	394,831
(309,208)	Accumulated amortisation and impairment	(326,118)
<b>78,623</b>	Opening carrying amount	<b>68,713</b>
7,000	Additions	21,953
(16,910)	Amortisation charge	(18,491)
<b>68,713</b>	<b>Closing carrying amount</b>	<b>72,175</b>
	Balance at 30 June	
394,831	Cost	416,784
(326,118)	Accumulated amortisation and impairment	(344,609)
<b>68,713</b>	<b>Closing carrying amount</b>	<b>72,175</b>

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

### 14. Depreciation and amortisation expense by group of activity

<u>2017/18</u> <u>Actual</u>	Depreciation and amortisation expense (for group of activity)	<u>2018/19</u> <u>Budget</u>	<u>2018/19</u> <u>Actual</u>
27,067	Democracy	15,910	21,554
162,909	Economic and community development	152,690	175,054
34,902	Environmental services	28,800	29,096
775,631	Roading	792,790	796,067
209,040	Stormwater	166,030	210,336
444,000	Water supply	423,760	447,529
415,288	Wastewater	429,260	427,527
31,424	Solid waste	29,170	38,224
782,594	Leisure and recreation	744,710	843,079
150,031	Other activities	0	147,265
<b>3,032,886</b>	<b>Total</b>	<b>2,783,120</b>	<b>3,135,731</b>

### 15. Payables and deferred revenue

	<b>Current portion:</b>	
<u>2017/18</u>	<b>Payables and deferred revenue under exchange transactions:</b>	<u>2018/19</u>
1,430,304	Trade payables	550,509
527,389	Accrued expenses	845,492
5,714	Revenue in advance	5,714
<b>1,963,407</b>	<b>Total</b>	<b>1,401,715</b>
	<b>Payables and deferred revenue under non-exchange transactions:</b>	
628,168	Rates fees and grants received in advance	675,557
36,177	Rates due to BOP Regional Council	39,548
45,676	Deposits and bonds	99,252
<b>710,021</b>	<b>Total</b>	<b>814,357</b>
<b>2,673,428</b>	<b>Total payables and deferred revenue</b>	<b>2,216,072</b>
	<b>Non-current portion:</b>	
	<b>Payables and deferred revenue under exchange transactions:</b>	
<b>\$165,714</b>	Income in advance	<b>\$160,000</b>

## 16. Provisions

<u>2017/18</u>		<u>2018/19</u>
	<b>Current provisions are represented by:</b>	
10,000	Landfill aftercare provision	10,000
	<b>Non-current provisions are represented by:</b>	
51,997	Landfill aftercare provision	44,207
	<b>Landfill aftercare provision</b>	
69,470	Opening balance	61,997
(8,023)	Amount utilised	(6,400)
2,527	Discounting changes	2,210
(1,977)	Increase/(Decrease) in provision	(3,600)
<b>61,997</b>	<b>Closing Balance</b>	<b>54,207</b>

KDC gained a resource consent in late 2002 to operate the Kawerau Landfill. KDC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The landfill closed in July 2006 and the cash outflows for landfill post-closure are expected to occur until 2024/25.

The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The provision, taking into account existing technologies and known legal requirements, is estimated at \$60,000 (2018 - \$70,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$54,207 (2018 - \$61,997) using a discount rate of 4.25% (2018 – 4.25%).

## 17. Employee Entitlements

<u>2017/18</u>		<u>2018/19</u>
487,719	Annual leave	427,913
113,360	Retirement gratuities	44,323
86,885	Accrued salaries	133,693
<b>687,964</b>	<b>Total employee benefit liabilities</b>	<b>605,929</b>
	Comprising:	
579,315	Current	562,217
108,649	Non-current	43,712
<b>687,964</b>	<b>Total employee benefit liabilities</b>	<b>605,929</b>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2018/19 did not exceed the sick leave entitlement for the year. The present value of retirement gratuities, depends on a number of factors and are determined on an actuarial basis. Two key assumptions are used in calculating this liability: the discount rate and the salary inflation factor. Any changes to these assumptions will affect the carrying amount of the liability. A weighted average discount rate of 6% (2018 6%) and an inflation factor of 2.0% (2018 2.0%) were used.

## 18. Borrowings and other financial liabilities

<u>2017/18</u>		<u>2018/19</u>
	<b>Current</b>	
16,104	Finance leases	18,147
<b>16,104</b>	<b>Total current borrowings</b>	<b>18,147</b>
	<b>Non-current</b>	
56,909	Finance leases	39,970
<b>56,909</b>	<b>Total non-current borrowings</b>	<b>39,970</b>

### Security

KDC's loans are secured over either targeted or general rates of the District. KDC currently has no secured loans.

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

### Internal borrowings

Information about internal borrowings is provided in note 21 of the annual report. Internal borrowings are eliminated on consolidation of activities in the financial statements.

### Analysis of finance lease liabilities

<u>2017/18</u>		<u>2018/19</u>
	<b>Total minimum lease payments are payable</b>	
22,756	Not later than one year	23,170
66,113	Later than one year and not later than five years	44,471
88,869	Total minimum lease payments	67,641
(15,856)	Future finance charges	(9,524)
<b>73,013</b>	<b>Present value of minimum lease payments</b>	<b>58,117</b>
	<b>Present value of minimum lease payments are payable</b>	
16,104	Not later than one year	18,147
56,909	Later than one year and not later than five years	39,970
<b>73,013</b>	<b>Total</b>	<b>58,117</b>

#### *Description of material leasing arrangements*

KDC has entered into finance leases for the phone system and the printer/copiers. The net carrying amount of the leased items within each class of property, plant and equipment is shown in Note 12.

The finance leases can be renewed at KDC's option with the agreement of the lessor, with rents equal to the original terms. KDC does not have the option to purchase the assets at the end of the lease terms.

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

#### *Security*

The finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

## 19. Equity

<u>2017/18</u>		<u>2018/19</u>
	<b>Accumulated Funds</b>	
37,016,580	As at 1 July	35,678,738
	Transfers to:	
(2,115,071)	Council created reserves	(2,164,917)
	Transfers from:	
	Restricted reserves	
2,616,668	Council created reserves	2,742,287
(1,839,439)	Total Comprehensive Revenue and Expense	(1,514,590)
<b>35,678,738</b>	<b>As at 30 June</b>	<b>34,741,518</b>
	<b>Council created reserves</b>	
8,503,634	As at 1 July	8,002,037
	Transfers to:	
(2,616,668)	Accumulated Funds	(2,742,287)
	Transfers from:	
2,115,071	Accumulated Funds	2,164,917
<b>8,002,037</b>	<b>As at 30 June</b>	<b>7,424,667</b>
	<b>Property revaluation reserves</b>	
23,044,604	As at 1 July	23,044,604
0	Total Comprehensive Revenue and Expense	6,589,307
<b>23,044,604</b>	<b>As at 30 June</b>	<b>29,633,911</b>
<b>31,046,641</b>	<b>TOTAL OTHER RESERVES</b>	<b>37,058,578</b>
	Asset revaluation reserves consist of:	
	<b>Operational Assets</b>	
654,980	Land	2,830,480
74,548	Landscaping	74,548
2,366,650	Buildings	2,649,065
95,916	Other Equipment	95,916
<b>3,192,094</b>		<b>5,650,009</b>
	<b>Infrastructural Assets</b>	
7,377,188	Roading Network	8,573,165
3,926,372	Water System	4,779,878
3,472,056	Wastewater System	4,178,323
1,926,945	Stormwater Network	2,036,001
<b>16,702,561</b>		<b>19,567,367</b>
	<b>Restricted Assets</b>	
1,927,450	Land	2,501,850
1,222,499	Buildings	1,914,685
<b>3,149,949</b>		<b>4,416,535</b>
<b>23,044,604</b>		<b>29,633,911</b>

Council created reserve funds are held to fund the required renewals for each activity and to ensure they are used for that purpose. Surpluses held in reserves are credited with interest. The Council created reserves are discretionary reserves which are funds set aside for the renewal of assets in each activity. Council also has revaluation reserves, which reports the amount that Council's assets have increased in value.

20. Reserves

2017/18 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure \$	2018/19 \$
	<b>Asset Renewal Reserve (All Activities)</b> To set funds aside for the renewal of assets utilised by the following activities:			
111,115	Democracy	2,015	0	113,130
587	Building & Inspection	3	0	590
4,078	Environmental Health	5	0	4,083
(29,940)	Dog Control	25,730	(20,224)	(24,434)
2,032,482	Roading/Footpaths	321,405	(488,934)	1,864,953
377,853	Stormwater	40,408	(64,059)	354,202
4,064,959	Water Supply	415,377	(102,871)	4,377,465
3,483,338	Wastewater	397,382	(184,448)	3,696,272
(141,067)	Refuse Disposal	9,596	(87,228)	(218,699)
77,404	Zero Waste	5,658	0	83,062
(267,669)	Library	61,319	(133,434)	(339,784)
(131,199)	Museum	10,854	(23,622)	(143,967)
(1,034,416)	Swimming Pool	102,381	(102,096)	(1,034,131)
(332,428)	Rec Centre	77,279	(75,954)	(331,103)
213,702	Town Hall	49,700	(16,910)	246,492
(12,402)	Concert Chamber	12,883	(1,249)	(768)
(143,692)	Town Centre Toilets	5,581	0	(138,111)
251,882	Sportfields	148,019	(28,211)	371,690
(408,582)	Passive Reserves	78,660	(73,836)	(403,758)
229	Road Berms	(1)	0	228
15,059	Street Trees	1,756	0	16,815
1,237	Bedding Displays	15	0	1,252
309,326	Playgrounds	40,507	(44,867)	304,966
(14,833)	Pensioner Housing (Bert Hamilton Hall)	54	0	(14,779)
49,984	Cemetery	6,612	(2,688)	53,908
(93,865)	Commercial Rental Buildings	19,355	(986,682)	(1,061,192)
(239,963)	Firmin Lodge	39,454	(24,559)	(225,068)
(511,995)	District Office & Depot	78,578	(42,783)	(476,200)
380,311	Finance	51,362	(29,659)	402,014
5,788	Operations & Services	(11)	0	5,777
(167,310)	Information Centre	12,735	(6,178)	(160,753)
144,595	Plant	150,008	(201,793)	92,810
10,237	Development Feasibility Fund	323	0	10,560
(2,768)	Economic Development	(87)	0	(2,855)
8,002,037	<b>Total</b>	<b>2,164,915</b>	<b>(2,742,285)</b>	<b>7,424,667</b>
2017/18 \$	Revaluation Reserve – Purpose of Fund	Additions \$		2018/19 \$
23,044,604	Revaluation Reserve - records the amount that Council's assets have increased in value.	6,589,307	0	29,633,911

## 21. Internal Loans

Internal Loans are used to fund capital works from reserves where there is insufficient funds set aside in the specific council created depreciation reserve. The internal loans are charged approximately the same interest rate as Council's average return on bank investments and the remaining repayment periods for these loans ranges between 1 and 15 years. Internal loan costs (interest and principal) are funded by the activity for which the loan was raised and the corresponding revenue is recognised in interest revenue. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

2017/18		Internal Loans	2018/19		
Interest \$	Loans \$		Interest \$	Repayments \$	Loans \$
		<b>Solid waste:</b>			
5,818	135,324	Transfer Station Loan	5,163	(16,836)	118,488
		<b>Leisure and Recreation:</b>			
3,217	76,014	Swimming Pool Loan	2,979	(6,164)	69,850
17,459	428,071	Changing rooms Loan	17,008	(11,633)	416,438
36,859	903,706	Firmin Lodge Loan	35,905	(24,559)	879,147
19,087	468,536	Archives/Museum Loan	18,623	(11,927)	456,609
<b>83,469</b>	<b>2,011,651</b>	<b>Total</b>	<b>79,678</b>	<b>(71,119)</b>	<b>1,940,532</b>

## 22. Capital commitments and operating leases

At the 30 June 2019 there were three outstanding contracts for work still to be done totaling \$2,079,914.83 (2018 \$0).

Council leases the Tarawera Sports Clubrooms which is situated on Tarawera Park reserve to the Kawerau Sports Club Inc. The lease is for a period of 5 years, and expires 28 February 2022.

<u>2017/18</u>		<u>2018/19</u>
<b>Total minimum lease payments</b>		
5,316	Not later than one year	5,316
14,194	Later than one year and not later than five years	8,878
<u>19,510</u>	<b>Total minimum lease payments</b>	<u>14,194</u>

## 23. Contingencies

Council currently has no outstanding loan guarantees for community organisations (2018 \$Nil).

## 24. 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.

<b>Key management personnel compensation:</b>		
<b><u>2017/18</u></b>		<b><u>2018/19</u></b>
	Councillors:	
200,004	Remuneration (including non-financial benefits)	225,182
9	Full-time equivalent members (NB number of elected members)	9
	<b>Senior management team including Chief Executive Officer</b>	
604,025	Remuneration (including non-financial benefits)	607,255
4	Full-time equivalents	4
804,029	Total key management personnel remuneration	832,437
13	Total full-time equivalent personnel	13

## 25. Remuneration

<b><u>2017/18</u></b>		<b><u>2018/19</u></b>
217,945	Chief Executive Officer	218,002
	The Chief Executive Officer also received additional benefits of \$600.00 (\$600.00 2018) for telephone rental	

<b><u>2017/18</u></b>			<b><u>2018/19</u></b>
	Elected Members		
		<u>Communication Allowance</u>	<u>Salary</u>
	<b><u>Total</u></b>		<b><u>Total</u></b>
60,278	Mayor - M J Campbell JP	0	70,656*
20,177	Councillor - C J Ion	1,190	21,126
15,829	Councillor - B J Julian	640	16,900
15,789	Councillor - R G K Savage	600	16,900
16,379	Councillor - W Godfery	1,190	16,900
16,379	Councillor - C J Marjoribanks	1,190	16,900
22,415	Councillor - F K N Tunui	1,150	23,660
16,379	Councillor – D Sparks	1,190	16,900
16,379	Councillor – S Kingi	1,190	16,900
	*includes vehicle		

## 26. Staffing Levels and Remuneration

As at 30 June 2019 there were 58 staff which received annual salaries of less than \$60,000 (2018 61 employees)

<b><u>2017/18</u></b>	<b>Total annual remuneration (in bands)</b>	<b><u>2018/19</u></b>
No of Staff	(Total remuneration includes non-financial benefits provided to employees)	No of Staff
61	Salary < \$60,000	58
7	Salary \$60,000 - \$79,999	10
8	Salary \$80,000 - \$99,999	6
4	Salary \$100,000 - \$218,000	4
<b>80</b>	<b>Total</b>	<b>78</b>

<b><u>2017/18</u></b>		<b><u>2018/19</u></b>
46	Number of staff which were full time employees (>40 hours per week)	44
14	Number of part time staff (ie < 40 hours per week) expressed as FTE	21.5

## 27. Severance Payments

During the year, there was three severance payments made to Council employee totaling \$30,000 – each payment was \$10,000. (2018 \$0).

## 28. Events after balance date

In 2018/19 there were no significant events after balance date (2017/18 nil).

## 29. Financial Instruments

### Financial instrument categories

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

<u>2017/18</u>		<u>2018/19</u>
	<b>Financial Assets</b>	
	<b>Loans and receivables</b>	
2,233,407	Cash and cash equivalents	2,100,502
1,163,029	Debtors and other receivables	1,145,743
4,400,000	Held to maturity investments of 4-12 months	3,000,000
<u>7,796,436</u>	<b>Total loans and receivables</b>	<u>6,246,245</u>
	<b>Fair value through other comprehensive revenue and expense</b>	
36,252	Investments in unlisted shares	36,252
<u>36,252</u>	<b>Total fair value through other comprehensive revenue and expense</b>	<u>36,252</u>
<u>7,832,688</u>	<b>Total financial assets</b>	<u>6,282,497</u>
	<b>Financial Liabilities</b>	
	<b>Financial liabilities at amortised cost</b>	
2,039,546	Creditors and other payables	1,534,801
16,104	Borrowings	18,147
<u>2,055,690</u>	<b>Total financial liabilities at amortised cost</b>	<u>1,552,948</u>
	<b>Non-current liabilities</b>	
56,909	Borrowings	39,970
<u>56,909</u>	<b>Total non-current liabilities</b>	<u>39,970</u>
<u>2,112,559</u>	<b>Total financial liabilities</b>	<u>1,592,918</u>

## 30. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the Long Term Plan for 2018/19 are as follows:

### Statement of comprehensive revenue and expense

The significant variances from KDC's estimated figures include: reduced income for interest revenue which resulted from lower rates and reduced investment, reduced income for subsidy resulting from a large roading stormwater project being deferred until 2019/20 and the anticipated sales from residential sections being delayed.

There was additional expenditure for increased refuse volumes, storm damage repairs and asbestos removal costs as well as increased depreciation.

There are descriptions of variances compared to budget disclosed in the group Funding Impact Statements.

## Statement of financial position

Cash and Cash Equivalents were lower than budget while Other Financial Assets was higher as most term deposits were invested for longer periods than 90 days to obtain the best interest rates.

Inventory was lower than budget as the work due to be undertaken for the residential developments was delayed.

Property Plant and Equipment was quite a bit higher than budget because the revaluation at 30 June 2019 increased the values of the assets by more than anticipated.

Liabilities were higher than the budget due to more creditors at year end.

Finally, the ratepayers equity was overall higher than budget as a result of the valuation increase for council assets being a lot higher than anticipated.

## Statement of cash flow

Cash flow from rates was more than budget because of improved collection and additional rates paid in advance.

Interest received was lower than budget because of less funds being available for investment and lower interest rates than anticipated.

Subsidies and grants were lower than budget because a couple of roading capital projects were deferred to the following year, and no subsidy was received for them.

Receipts from fees and charges were higher than budget because of increased transfer station revenue and insurance recoveries for some storm damage costs

Payments to employees were higher than budget because of a resignation of an employee with long service and a change in how some services were delivered

Purchase of plant, property and equipment was less than budget because some projects were deferred to the following year.

Funds from the Purchase of Investments exceeded the budget because Council had invested more of its funds in the previous year, for longer than 90 days to get the best interest rates.

## 31. Rating Base

<u>30 June 2018</u>		<u>30 June 2019</u>
2,936	Number of rating units	2,938
\$571,697,100	Capital value of rating units	\$571,721,100
\$90,443,600	Land value of rating units	\$90,467,600

## 32. Insurance Disclosure

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

<u>30 June 2018</u>		<u>30 June 2019</u>
53,466,142	Total value of all Council assets covered by insurance contracts	56,398,079
139,397,241	Maximum amount to which insured assets are insured	147,477,492
0	Total value of all Council assets covered by financial risk sharing arrangements (Council withdrew from this arrangement on 1 June 2014)	0
0	Maximum amounts available to Council under financial risk sharing arrangements.	0
	Council does not have any assets that are self-insured (2017 Nil)	

# KAWERAU DISTRICT COUNCIL DISCLOSURE STATEMENTS FOR YEAR ENDING 30 JUNE 2019

## 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.

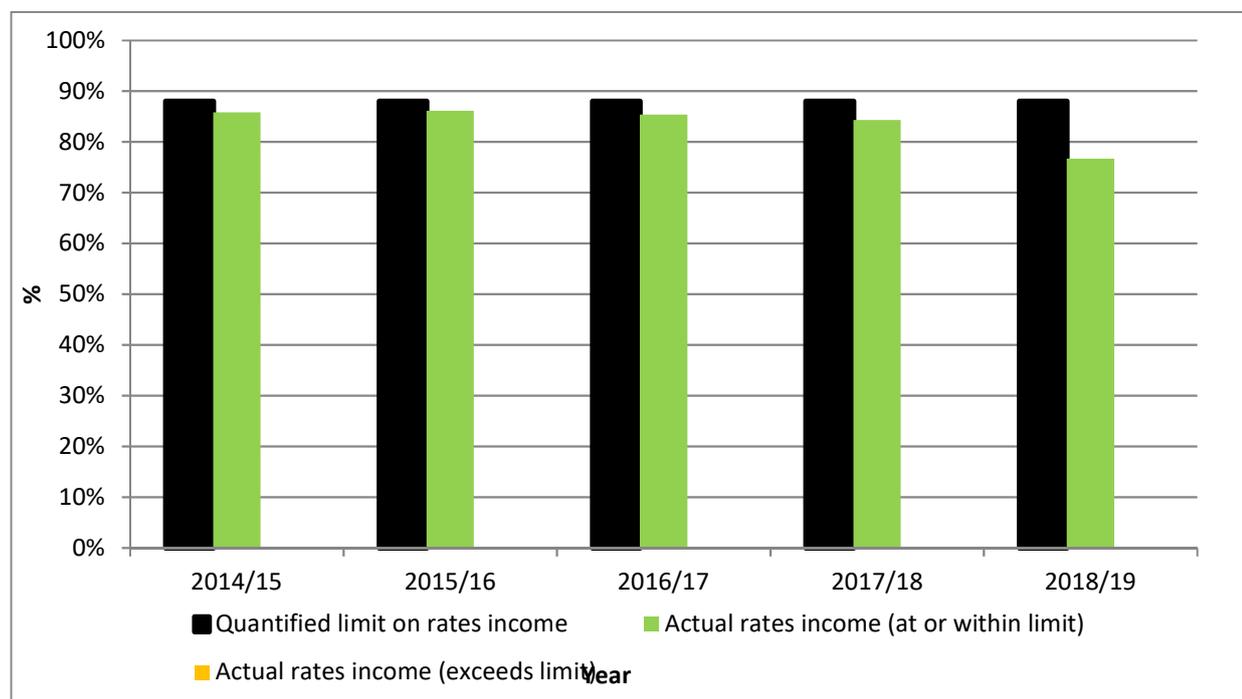
## RATES AFFORDABILITY BENCHMARK

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*

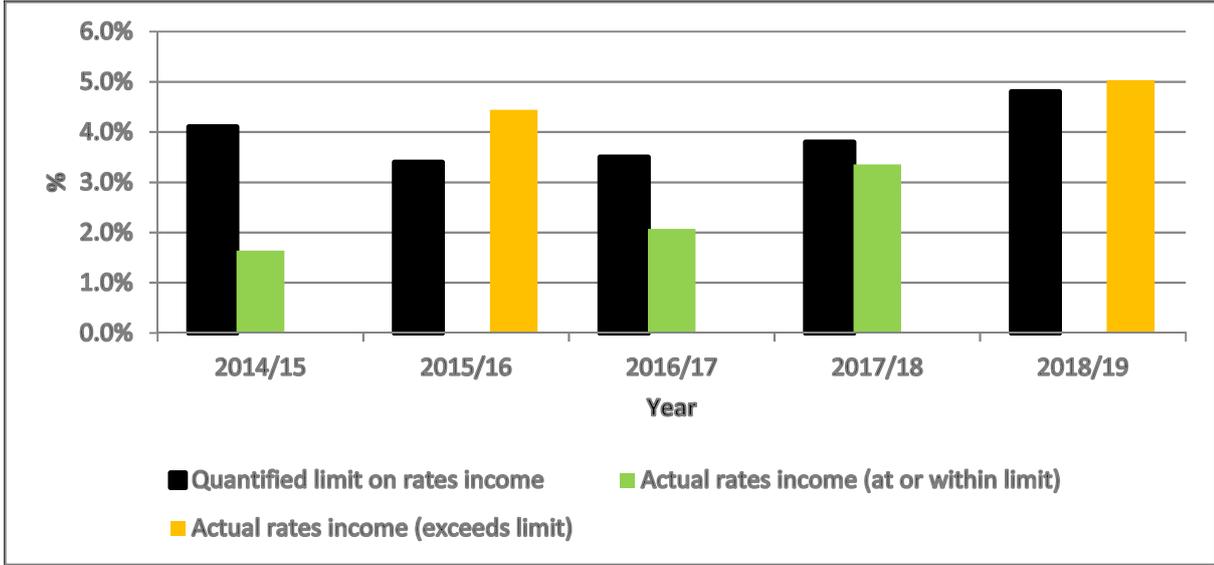
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



### *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 in council's long-term plan. The quantified limit is the underlying average rate of inflation (for Council costs) plus 2%. Council has used the actual rate of inflation each year (plus 2%), rather than budgeted inflation, as its quantified limit on rates.

Actual rates income is the rates revenue reported in the annual report compared to the rates revenue for the previous year.



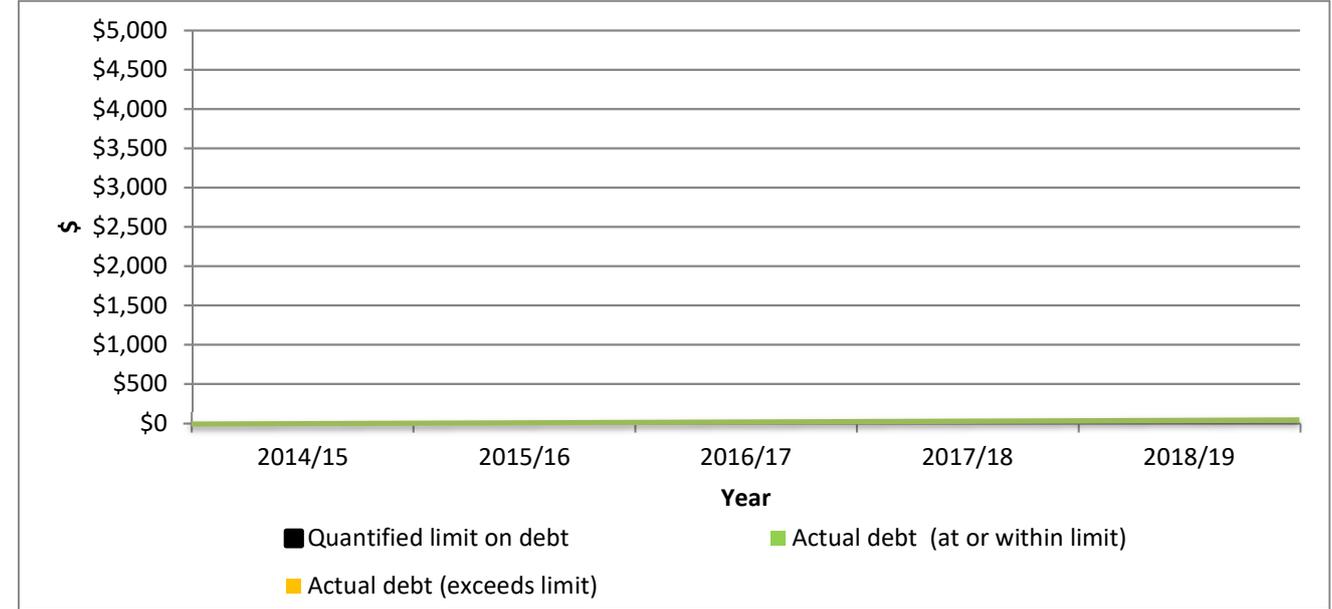
**Comment:**

Prior to adopting the 2015 – 2025 and the 2018 – 2028 Long Term Plans, Council reviewed the levels of service for all its activities. Following these reviews it was determined that there needed to be an improved level of service for some of the Council activities, and approved additional resourcing to improve the level of service. This resulted in the overall rate increase for 2015/16 and 2018/19 exceeding the qualified limit as set in the financial strategy. For the other years Council has kept the rate increase within the quantified limit.

**DEBT AFFORDABILITY BENCHMARK**

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

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is \$0 excluding finance leases.

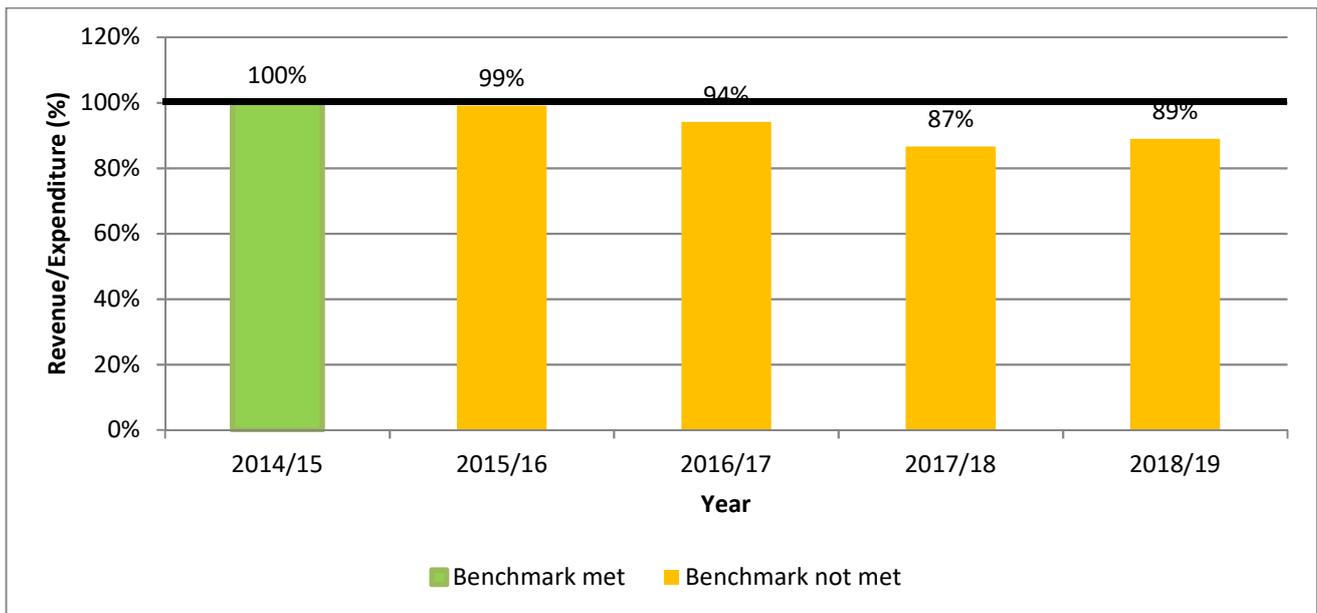


**Comment:**

Council does not have any debt, except for two finance leases, as it has sufficient funds to meet all anticipated expenditure. KDC entered into finance lease agreements for the acquisition of its copier/printers and telephone hardware. Finance leases are included as debt in Council's financial statements.

**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.



**Comment:**

Council does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rate of 75%. The benefit of not funding the portion of depreciation where Council expects NZTA subsidies on asset renewals is that ratepayers are not funding depreciation that it believes is unlikely to be required in the future.

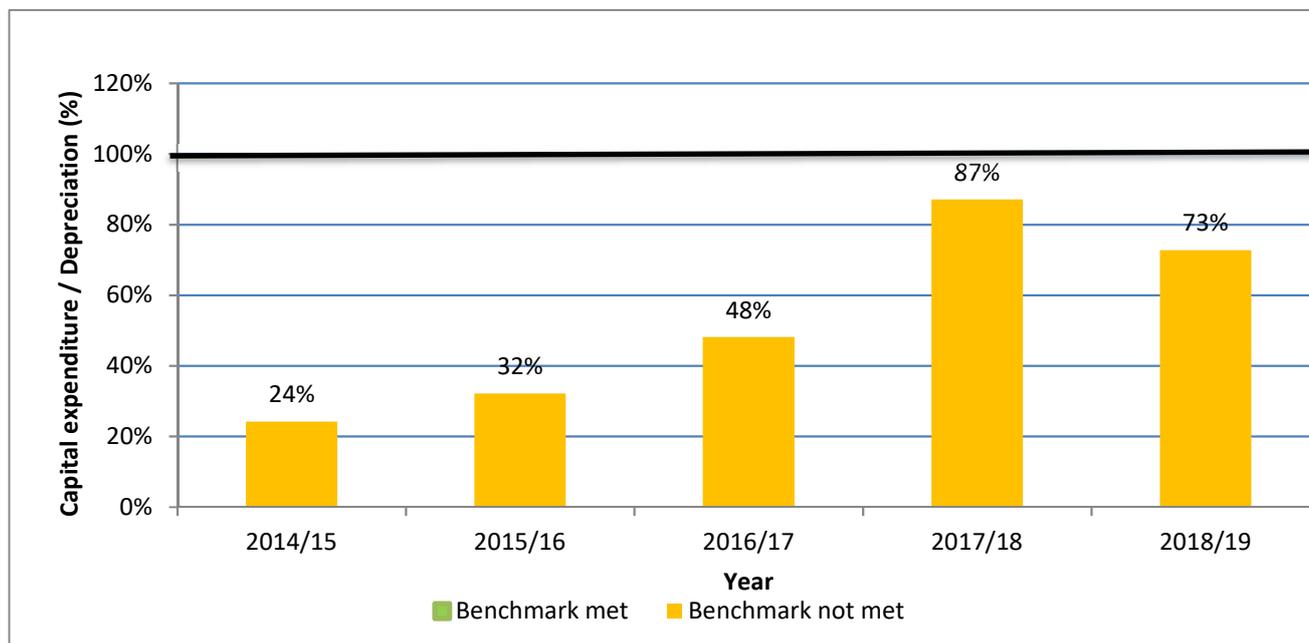
Council also does not fully fund depreciation for some buildings which will not be replaced, at least not as they are now.

The non-critical assets include the swimming pool complex, Town Hall, Concert Chambers, Library/Museum building, District Office, Tarawera Park Amenity Building, Ron Hardie Recreation Centre, Council Depot and pensioner housing. The advantage of not funding depreciation on non-critical buildings is that the community is not funding depreciation on assets that are unlikely to be replaced with buildings of equivalent value.

Council incurred additional unbudgeted expenditure which resulted from storm damage, asbestos removal and increased level of service for the solid waste activity. Also it had been anticipated in 2018/19 that Council was going to sell some residential land, however, the development was delayed and the sales did not occur.

## 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.



### Comment:

The Kawerau town was built over a period of about 30 years from 1955 to 1987. With asset lives of up to 80 - 100 years, the majority of planned renewals will not occur for another 8 - 30 years. In 2009/10, a new wastewater treatment plant that services the whole district was vested in Council.

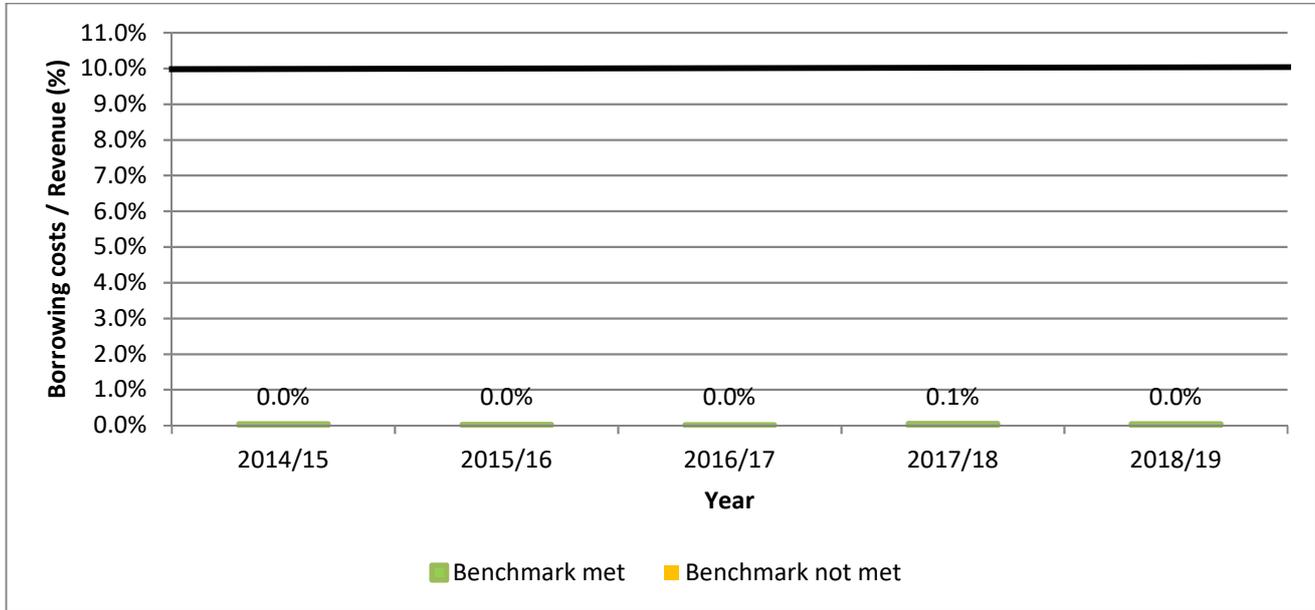
The following table broadly illustrates the age of Councils infrastructure.

Zone	Area	Built (Approx.)	Age (Approx.)
1	Area bounded by State Highway 34 and River Road up to overflow stream and the swimming pool complex and including Ward Street and northern half of Bell, Massey Street area.	1955-58	59 years
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	49 years
3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	42 years
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	37 years
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	30 years
6	Geothermal area (Rec. Centre, Pool, Bowling Club, TAB carpark).	1960	57 years

## DEBT SERVICING BENCHMARK

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

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

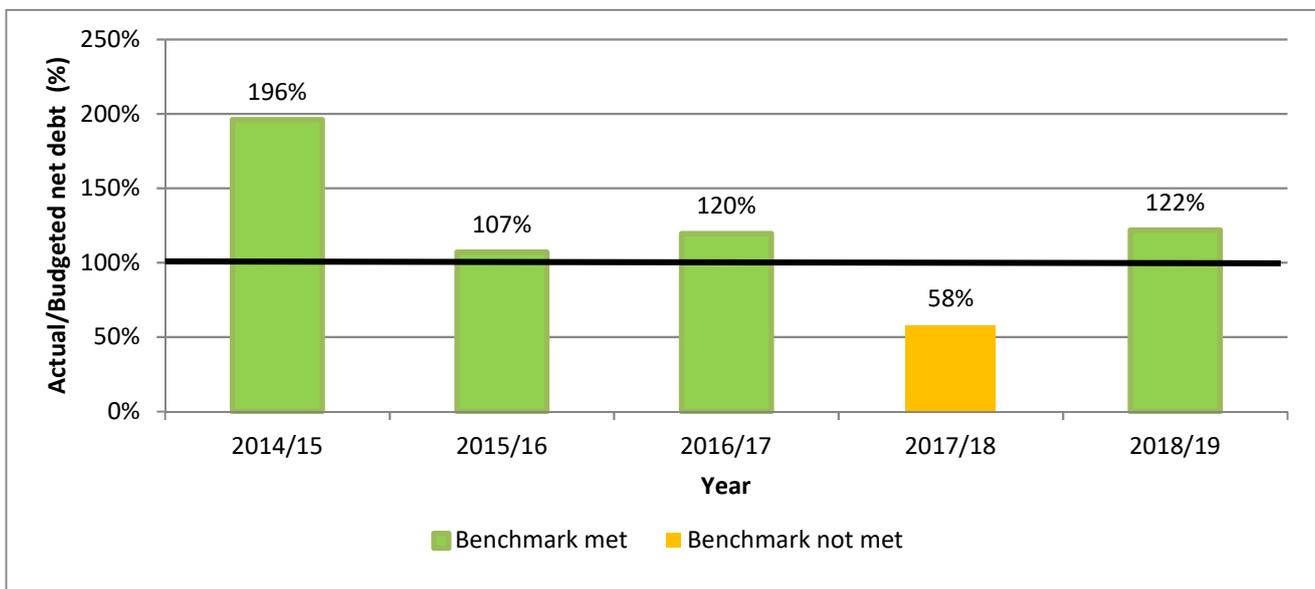


### Comment:

Council's debt servicing relates to finance charges on leased assets (telephones and copiers/printers).

## 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). Due to Council's decision to use previous year's surpluses and unplanned expenditure, Council had higher financial liabilities than financial assets at year end.



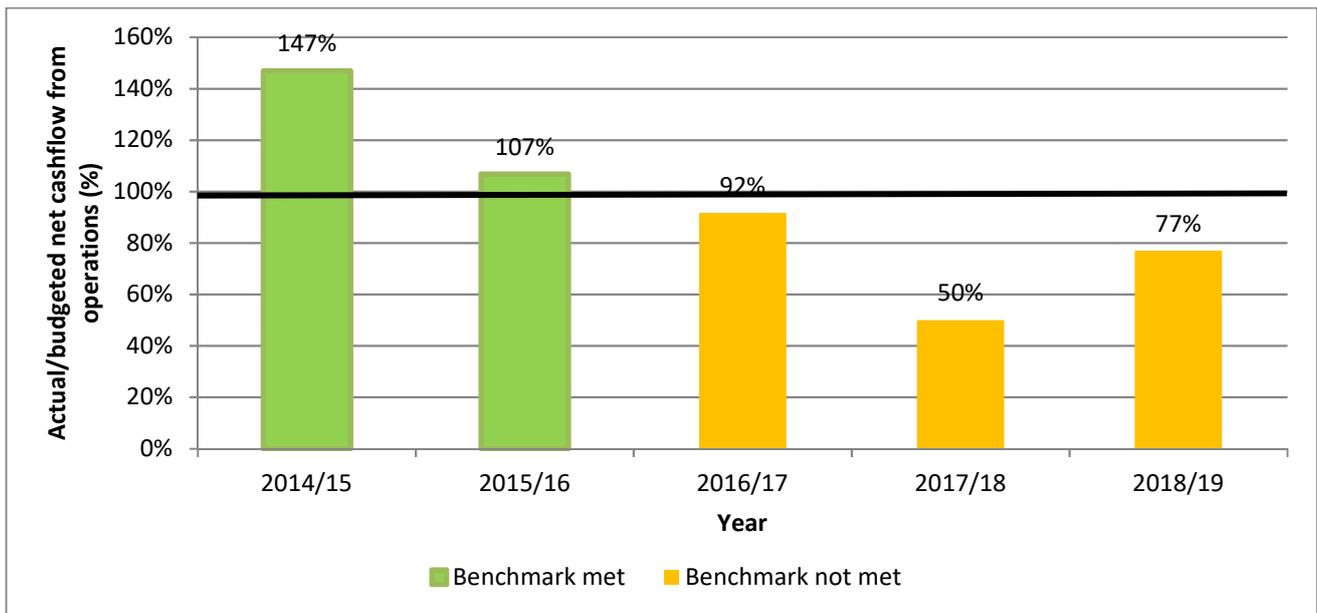
**Comment:**

Kawerau District Council's financial assets exceed its financial liabilities at 30 June 2019 and therefore is in a net asset position.

**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. However, for 2018/19 due to unplanned expenditure for storm damage and asbestos removal, and higher costs, Council's actual net cash flow from operations was lower than budgeted.



KAWERAU DISTRICT COUNCIL BUILDING

# Groups of Activities

## STATEMENTS OF SERVICE PERFORMANCE & FUNDING IMPACT STATEMENTS

Council is responsible and accountable for giving effect to identified Community Outcomes and priorities in an efficient and effective manner. Council operations have been divided into nine activity groups.

Each activity group has a limited amount of funding and resources to achieve the identified outcomes.

Council has a total 79 performance targets for all groups for the 2018/19 year (excluding those which were not applicable) and managed to achieve 60 (76%) of them (2017/18 87%), and for many of the “not achieved” targets they were close to being achieved.

This section of the Annual Report details:

- The achievement of both financial and performance targets for the activities and their respective functions.
- The reasons for any significant variance between actual service provision and expected service provision.
- The reasons for any significant changes in the capital acquisitions and replacement programmes.

### QUALITY

Each activity group includes performance measures which incorporate elements of quality. Quality processes are a standard feature of management control systems.

Specifically:

- **Capital Works** - are constructed to design specifications. Inspection of works is undertaken by suitably qualified engineers.
- **Maintenance Works** - are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with maintenance programmes.
- **Regulatory Functions** - are undertaken by suitably qualified and experienced employees in accordance with legislative requirements.

### SUMMARY OF PERFORMANCE FOR YEAR

During the 2018/19 year, Council achieved 62 (78%) of its non-financial performance targets.

Activity	2018/19			2017/18 Achievement Rate
	No. of targets	End of Year Result		
Democracy	5	3	60%	100%
Economic & Community Development	7	7	100%	100%
Environmental Services	18*	13	72%	84%
Roading	7	3	43%	55%
Stormwater	3	3	100%	100%
Water Supply	12	9	75%	77%
Wastewater	7	6	86%	100%
Solid Waste Management	4	4	100%	100%
Leisure and Recreation	16	12	75%	92%
<b>TOTAL*</b>	<b>79</b>	<b>60</b>	<b>76%</b>	<b>87%</b>

\*excludes the N/A targets

There were 19 targets not achieved however some of these were close to being achieved.

The following actions are being taken to address targets that were not achieved.

### Democracy

Only 105/139 (75.5%) of the annual works programme was completed. This was mainly as a result of two senior operations staff resigning during the year and there being a period before replacements were employed. Council has since created an additional operations position to ensure this target will be met. Also there were only 42,300 visits (target: >44,000) to the Council website. Council has recently engaged a communication manager to ensure that the website is kept up to date and the information is relevant to the community. Also Council will be looking at more options for residents to do business on-line.

### Environmental Services

There was 15/16 inspections of registered food premises. The owner of the premise was unable to be contacted (despite 3 separate visits) but this target is expected to be achieved for future.

There were 25 noise complaints and 8 dog complaints that were responded to outside the target timeframes. These responses mostly resulted from the transition from the previous contractor to a new contractor. Now that the new contractor is established it is expected that these targets will be achieved.

### Civil Defence

Council continues to improve its planning to respond to civil defence emergencies. There were still 2 civil defence plans that had not been reviewed in the last 3 years, but it is intended that they will be reviewed during the 2019/20 year. Also it is expected that at least 85% of staff will have been identified and trained for their respective civil defence roles.

### Roading

Council did not achieve the targeted timeframes for responding to all streetlight outages and also there was 1 footpath that exceeded the timeframe for repairs. Council is working with its contractors to address these delays.

Council only resurfaced 4% of its sealed roads during the year (Target: 5.0% - 6.5%). NZTA has recently reviewed the quality of the district's roads and determined that Council does not need to resurface roads as often as it has been doing. Therefore, it will fund a reduced portion of road reseals and Council is unlikely to achieve this target for the future (unless it decides to fund all the additional reseals from rates). Also the ride quality on Council's sealed roads was less than 95% which reflects the reduced funding of resealing.

### Water Supply

Council commenced chlorinating the water supply from 1 July 2018 but ceased chlorinating during part of the year while trying to resolve the discoloured water. During this time, there was one incident of protozoal non-compliance. Also, there were numerous complaints about the taste and "dirty water" after the release of built-up manganese from the water reticulation pipes. Council has since completed a programme of "air scouring" the water mains to remove this build-up, and is confident that most of the discoloured water issues have been addressed.

Also there were 13 shutdowns of the water reticulation system during the year, which resulted from contractors thrusting fibre cable. (the contractor has been charged for the cost of the repairs). Once this project is completed it is expected that there will be significantly fewer shutdowns occurring during the year.

### Wastewater

Council was issued with an abatement notice for exceeding total suspended solids on wastewater disposed to land. Council has addressed the issue and does not expect it to occur again.

## Leisure and Recreation

Council achieved most of its targets in the leisure and recreation activity apart from the availability of the town hall for the year (it was available for 48 weeks, not at least 50 weeks) as it was needed to be closed for an extended period for maintenance and strengthening works. Also the number of visitors to the library was below the target for the year. This resulted from the library needing to be closed for approximately four weeks while alterations were being carried out.

Only 157 objects were accessioned into the museum for the year (target: at least 200), which was due to both museum staff resigning during the year and there being a delay prior to appointing replacements. Finally, there was only 7 playground inspections (target: at least 12) done during the year. This was due to staff shortages in this area during the year.



KAWERAU I-SITE WITH PUTAUAKI IN THE BACKGROUND

# DEMOCRACY

## ACTIVITIES IN THE GROUP

The Democracy group of activities is the political arm of Kawerau District Council. It includes the following activities:

### **The Council**

Comprising the Mayor and eight Councillors, Council meets monthly to develop and monitor policy, objectives and outcomes for the District. The Mayor and eight Councillors are elected by registered electors in the District every three years.

### **Regulatory and Services Committee**

As its name suggests, this standing committee is responsible for matters relating to Council regulation and services. The Committee meets monthly on alternate fortnights to Council meetings. All nine Elected Members of Council automatically become members of the Regulatory and Services Committee, which then elects a Chairperson.

### **Audit & Risk Committee**

The responsibilities of the audit and risk committee include: ensuring Council fulfils its legal responsibilities, monitors existing corporate policies and recommends new policies, provides a communication link between management, council and auditors, monitors performance and internal controls and ensures that risk is appropriately managed.

### **Kawerau Youth Council**

Established in 2009, the Youth Council aims to create confident youth leaders who will monitor successive generations. Members meet each month to organise activities and provide a voice on matters affecting youth in our District. The Youth Council has up to 20 members aged between 14 and 24 years, for whom nominations are called each year.

### **Community Engagement**

The consideration of Community views is fundamental to Council decision making. Legislation requires Council to use a special consultative procedure in some circumstances. A Community consultation process contained in Council's consultation policy is used to seek input into other decisions.

### **Local Elections**

Council is responsible for holding the elections for District Council representatives every three years, concurrent with Regional Council and District Health Board elections.

## NATURE AND SCOPE

Democracy involves the elected members making decisions and advocating on behalf of the needs and interests of the Kawerau Community both in the present and for the future.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The Democracy group of activities contributes principally to Kawerau's Community Outcomes of:

- *Council advocates within and beyond the district and governs for community needs and interest.*
- *Council embraces involvement from all sectors of the community in its democracy and decision making.*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Democracy activity includes balancing the needs and wants of community members when making decisions.

Council endeavours to achieve the best outcome for the community and maximise the community's wellbeing.

## THE YEAR IN SUMMARY

Highlights for the Democracy group of activities in 2018/19 were:

- Preparation and adoption of the 2019/20 Annual Plan.
- The adoption of the 2017/18 Annual Report.
- Holding citizenship ceremonies and welcoming new residents to the community
- Adoption of a number of policies and strategies throughout the year for the betterment of the town and residents

In 2018/19, Council used the special consultative procedure and/or community consultation process when adopting the following:

- 2019-20 Annual Plan
- Dog Control – Policies and Practices
- Dog Control Bylaw

Other policies and strategies that were adopted during the year, included:

- Change No 3 to the Operative District Plan
- Amendments to Council's General Bylaw for fires and control of stock, poultry and bees
- Safer Kawerau Strategy
- Backflow Prevention Policy
- Draft Dangerous and Insanitary Building policy and Freedom Camping Bylaw for public consultation



KAWERAU TOWN CENTRE FROM MONIKA LANHAM RESERVE

# DEMOCRACY

## PERFORMANCE

During the year there were eleven ordinary Council meetings, eleven Regulatory and Services Committee meetings, six meetings of the Audit and Risk Committee and nine Youth Council meetings.

Levels of Service	Measures	Target 2018/19	Results 2017/18	Results 2018/19	Comment
The community has confidence in the quality of democracy and representation provided by elected members	Community satisfaction with the Mayor and councillors	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
Council encourages the community to contribute to Council decision-making and informs the community about key issues and activities	Community satisfaction with Council consultation	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
Council informs the community about key issues and activities.	Public notification of meetings	100% publicly notified	Achieved	Achieved	All meetings were publicly notified.
	Number of newsletters	At least 11 publications for year	Achieved	Achieved	11 newsletters published
	Number of visits to Council's website	At least 44,000	New measure	Not achieved	There were 42,300 visits to the council website for the year to 30 June 2019.
Council encourages the community to contribute to Council decision-making	Provision of a public forum at council and committee meetings.	Public forum available at every meeting	Achieved	Achieved	A Public Forum was provided at each Council and Committee meeting.
Financial management is prudent, effective and efficient	Community satisfaction with way rates are spent	>89%	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
	Percentage completion of the annual work programme	>90%	Achieved	Not achieved	105 out of 139 projects (75.5%) of the annual work programme were completed for 2018/19

**KAWERAU DISTRICT COUNCIL  
DEMOCRACY**

**Funding Impact Statement  
for the year ended 30 June 2019**

	2018 Long Term Plan	2019 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	594,170	593,150	599,416
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	473
Internal charges and overheads recovered	4,390	3,470	3,487
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>598,560</b>	<b>596,620</b>	<b>603,376</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	354,740	366,750	354,857
Finance costs	2,430	1,470	2,854
Internal charges and overheads applied	222,090	212,490	218,240
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>579,260</b>	<b>580,710</b>	<b>575,951</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>19,300</b>	<b>15,910</b>	<b>27,425</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase/(decrease) in reserves	19,300	15,910	27,425
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>19,300</b>	<b>15,910</b>	<b>27,425</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(19,300)</b>	<b>(15,910)</b>	<b>(27,425)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

There was no capital expenditure for this activity in the current year.

# ECONOMIC AND COMMUNITY DEVELOPMENT

## ACTIVITIES IN THE GROUP

### Economic Development

Council is involved in economic development activity at the sub-regional level and is also taking a leadership role in local economic development initiatives.

Council works closely with the Opotiki and Whakatane District Councils and the BOP Regional Council as an active member of the Eastern BOP economic development agency, Toi EDA.

### Events Management

Council supports a diverse range of events in the District and provides a strategic framework to meet future needs and demands. Council's involvement in events management takes advantage of and showcases the District's resources and helps to build capability and capacity of Community volunteers.

### Grants and Funding

Council administers various grants which help to:

- Support Community organisations to help maintain Community services
- Promote artistic development
- Assist event organisers to organise new and innovative Community-run events, and
- Fund small business entrepreneurs to conduct feasibility studies of proposed new business ventures in the District.

### Information Centre

The Information Centre provides services to residents and visitors ranging from tourism information, event information, travel bookings and forest permits and information. The Centre also maintains the town centre public toilets.

### Youth Development

Council's youth development activities include selecting recipients and presenting Young Achievers Awards, coordinating activities during school holidays and supporting Kawerau Youth Council activities, which are funded by the Ministry of Youth Development.

## NATURE AND SCOPE

Council considers it appropriate that it should be involved in local economic development. Activities in this group focus on promoting and encouraging industrial development, marketing the District as a desirable place to live and developing and extending current event activities.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The Economic and Community Development group of activities contributed mainly to Kawerau's Community Outcomes of:

- *Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities in the district.*
- *Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activities*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Economic Development activity provides funding to a number of agencies that seek to further economic development in the District including the Eastern Bay of Plenty Regional Economic Development Trust.

## THE YEAR IN SUMMARY

Major highlights for the Economic and Community Development group of activities in 2018/19 were:

- Continuing the development of the Industrial Symbiosis and container hub project,
- Commencing the development of the Porritt Glade Lifestyle Village which will eventually have 29 retirement units
- Developing subdivisions in Bowen Street and Te Arika Place for residential house and land packages

Other achievements included:

- Continuing to manage and obtaining funding for a number of community events including: “Christmas in the Park”, King of the Mountain race and Woodfest.
- Delivering a strong calendar of events
- Appointment of the Kawerau Youth Council and providing support for its activities.
- Administering and providing grants to community groups for projects which benefit Kawerau residents.



GARDENS DEPICTING FENGLIN

# ECONOMIC AND COMMUNITY DEVELOPMENT

## PERFORMANCE

Levels of Service	Measures	Target 2018/19	Results 2017/18	Results 2018/19	Comment
Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at trustee meetings	Representation at 90% of trustee meetings	Achieved	Achieved	CEO and/or EDM attended all trust meetings during the year
Council is actively involved in the Industrial Symbiosis project	Allocation of resources to ISK	0.6 FTE staff member allocated	Achieved	Achieved	
Council encourages positive perceptions of Kawerau by supporting local events.	At least 1 event held per month from February to December	At least 1 event held per month from February to December	Achieved	Achieved	There was at least 1 event held each month from February to December.
Council contributes to successful events	Allocation of resources to event coordination	1 FTE staff resource allocated	New measure	Achieved	Events & Venues Manager 1 FTE plus Events Co-ordinator 0.75 FTE
Council provides an information centre which suits the community's need	Community satisfaction with the information centre	N/A	New measure	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
	User satisfaction with the information centre	N/A	New measure	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
Council provides a local information centre which is accessible to visitors and the local community	Number of days open each year	At least 360 days	Achieved	Achieved	The information centre was open 364 days for the year.
Council supports young people to develop skills and attitudes needed to take a positive part in society	Youth council in place	Annual appointments made	Achieved	Achieved	New Youth Council appointed 7 March 2019 for the calendar year.
	Satisfaction with youth council collaboration from collaborating groups	75% satisfaction	New measure	Achieved	Survey undertaken of collaborating groups which reported 90.9% (10/11) satisfaction with Youth Council collaboration.

**KAWERAU DISTRICT COUNCIL**  
**ECONOMIC AND COMMUNITY DEVELOPMENT**  
**Funding Impact Statement**  
**for the year ended 30 June 2019**

	2018 Long Term Plan	2019 Long Term Plan	2019 Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	685,660	965,060	965,057
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	324,657
Fees and charges	18,220	453,800	181,048
Internal charges and overheads recovered	750	0	0
Local authorities fuel tax, fines, infringements and other receipts	0	370,000	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>704,630</b>	<b>1,755,860</b>	<b>1,470,762</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	506,740	1,264,170	1,662,870
Finance costs	1,780	76,730	61,842
Internal charges and overheads applied	185,480	355,920	388,424
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>694,000</b>	<b>1,696,820</b>	<b>2,113,136</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>10,630</b>	<b>59,040</b>	<b>(642,374)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	1,572,900	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>1,572,900</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	2,880,000	519,796
- to improve level of service	0	0	0
- to replace existing assets	0	20,000	6,174
Increase/(decrease) in reserves	10,630	(1,268,060)	(1,168,348)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>10,630</b>	<b>1,631,940</b>	<b>(642,374)</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(10,630)</b>	<b>(59,040)</b>	<b>642,374</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Increased expenditure was incurred for projects and community events which was offset by increased revenue from subsidies and fees and charges. Also there were increased overhead and internal charges as these are allocated on the basis of activity expenditure.

Capital expenditure during the year that relates to this activity is as follows:

<u>2017/18</u>	<b>CAPITAL RENEWALS</b>	<u>Budget (LTP)</u>	<u>2018/19</u>
31,174	Renewals	0	6,178
0	Land and Building (Additional demand)	2,880,000	519,796
<b><u>31,174</u></b>		<b><u>2,880,000</u></b>	<b><u>525,974</u></b>
<b>FUNDED BY:</b>			
0	Asset Disposals	1,572,900	0
31,174	Depreciation Reserve Funding	1,307,100	525,974
<b><u>335,198</u></b>		<b><u>2,880,000</u></b>	<b><u>525,974</u></b>

During the year the land at 202 River Road was developed to enable the construction of Council's retirement village. The construction of the units will take place during 2019/20.



TOWN GARDENS DEPICTING WAIU DAIRY

# ENVIRONMENTAL SERVICES

## ACTIVITIES IN THE GROUP

The activities in the Environmental Services group are:

### **Resource Management Planning**

Resource Management Planning aims to ensure responsible stewardship of natural and physical resources. Council's resource management responsibilities include ongoing review of policies, objectives and rules contained in the District Plan as well as information management and associated environmental monitoring.

### **Resource Consents**

Council issues land use and subdivision consents for activities which balance development opportunities against the need to minimise adverse environmental effects. Consents are issued with regard to policies, objectives and rules in the District Plan.

### **Building Control**

The Building Control activity regulates buildings to ensure public safety and health. Council's functions are to consent, inspect, monitor and certify building work and building safety.

### **Environmental Health Services**

This activity promotes, safeguards and enhances public health by achieving compliance with environmental health and associated legislation and bylaws in particular food safety, water supply, noise control, liquor licensing and gambling.

### **Dog Registration and Control**

Dog Registration activity is a statutory obligation under the Dog Control Act 1996 for Council to keep a register of dogs kept in the District. Dog Control activity is a community safety service focused on the control of dogs in the district and the enforcement of the Dog Control Act and Council's Dog Control Bylaw.

### **Civil Defence**

The Civil Defence activity provides local planning for and management of civil defence emergencies. It relates to readiness, response, reduction and recovery.

## NATURE AND SCOPE

Council has regulatory and enforcement duties and powers under several acts of Parliament including the Local Government Act, the Health Act, the Building Act, the Dog Control Act and the Resource Management Act. Warranted officers work autonomously and in conjunction with enforcement authorities such as the police and public health, to uphold environmental, health and safety standards.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The Environmental Services group of activities contributes primarily to the Community Outcomes of:

- *Council sustainably manages Kawerau's environment through its stewardship, planning and consents.*
- *Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environment*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

Council is committed to the protection and enhancement of the environment, and the promotion, protection and enhancement of public health and safety.

### THE YEAR IN SUMMARY

Major highlights for the Environmental Services group of activities in 2018/19 were:

- Ongoing accreditation of Council's building consent activity by the Building Consent Authority.
- Continued provision of good quality regulatory services to meet legislative requirements and also the needs of the community

Other achievements included:

- ❖ Carrying out, on average, more than one patrol each day to identify illegally dumped litter, abandoned vehicles, fire hazards and health nuisances
- ❖ All dogs in listed in Council's register being registered by the target date of 30 April 2019
- ❖ Impounding 270 dogs during the year for various statutory breaches
- ❖ Responding to and investigating 383 noise complaints in accordance with statutory requirements and practice guidelines
- ❖ Participating in a shared service arrangement to deliver civil defence management capability across the Eastern Bay of Plenty.



TOWN GARDENS DEPICTING CONTAINER TERMINAL

# ENVIRONMENTAL SERVICES

## PERFORMANCE

### Building Control

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comments
Council provides in-house building consent, inspection and approval services.	Bi-annual Building Consent Authority accreditation re-assessment	Accreditation and registration retained	Achieved	Achieved	BCA accreditation and registration retained.
Service users consider Council's building control activity to be effective	Satisfaction of service users – Building Inspection Processes	90% satisfaction	Not achieved	Achieved 13/13 (100%)	There were a total of 40 survey forms sent out and 13 responded who scored the service as being predominantly good or excellent. *
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Achieved	Achieved 8/8 (100%)	There were a total of 42 survey forms sent out and 8 responded who scored the service as being predominantly good or excellent. *
Kawerau buildings requiring Building Warrant of Fitness (WOF) are compliant	Buildings audited for Building WOF requirements	35% audited	Achieved	Achieved	29/78* (37.2%) *figure = 30/6/2018
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey conducted and all follow up actions undertaken	Achieved	N/A	Survey discontinued
	Inspection of pool fencing for compliance	35%	Achieved	Achieved	22/57 (38.6%)

\*The questions asked in the survey to determine user satisfaction were:

1. Getting you quickly and directly to someone you could explain your needs to
2. How knowledgeable that person was about your request
3. The time it took for us to do what we said we could for you
4. How well our response or actions solved the matter for you
5. How friendly and interested we were

### Environmental Health

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comments
Customers consider Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	Achieved	Achieved	6/6 (100%) satisfaction with health inspections
Registered premises comply with statutory requirements	Inspection of licenced premises for compliance with the relevant standards	100% annually	Achieved	Achieved	5/5 (100%) Hairdressers premises
	Audit of food premises operating Food Control Plans	100% annually	Not achieved	Achieved	22/22 (100%) There were 6 premises that did not require auditing

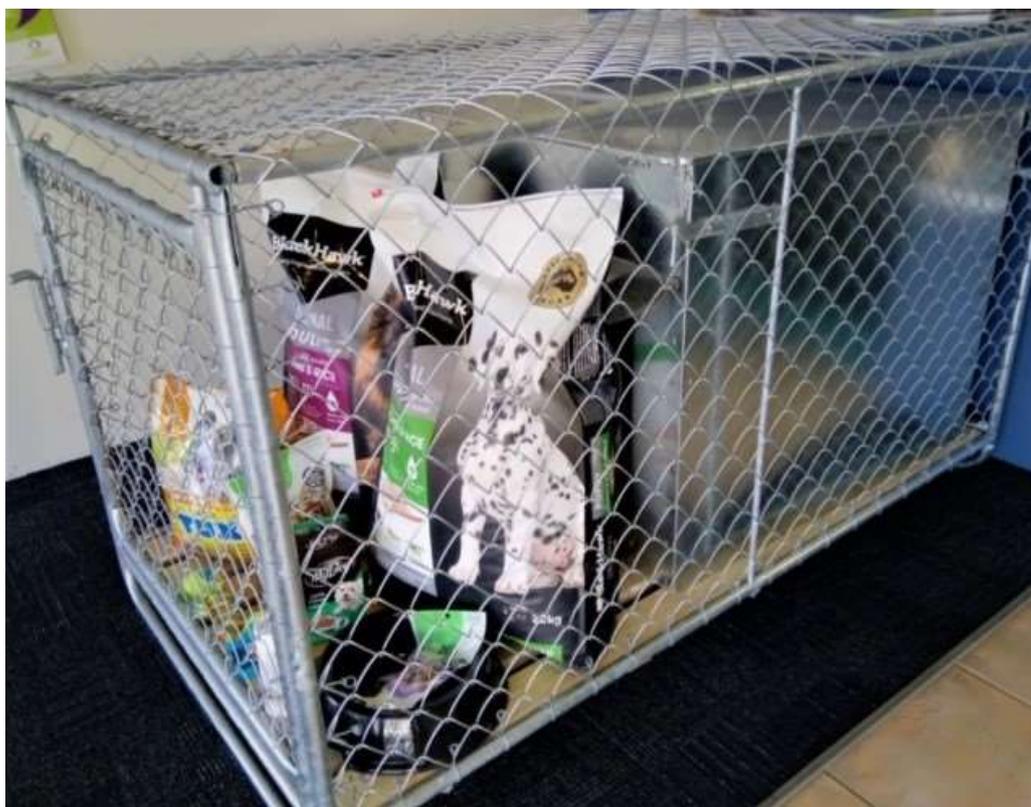
Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comments
Premises licensed under the Sale and Supply of Liquor Act 2012 comply with license conditions.	Inspection of licensed premises for compliance	100% annually	Achieved	Not Achieved	15/16 (93.8%) Premise was closed when wanting to inspect
Council monitors and keeps public places free of litter and general environmental health conditions	Weekday litter patrols	At least 480 weekday patrols	Achieved	Achieved	506 weekday patrols for year
Council responds to complaints and service requests for environmental health conditions (noise complaints, nuisance conditions and health risks)	Response to noise complaints	80% within 20 minutes and 98% within 30 minutes	Not achieved	Not achieved	315/383 (82.5% within 20 minutes) 358/383 (93.4%) within 30 minutes (Mostly resulting from change to new contractor)
	Response to other Environmental Health service requests/ complaints	100% within 1 working day	New measure	Achieved	133/133 (100%) responses within 1 working day

### Dog Control and Registration

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comments
Council maintain community satisfaction levels for the dog control service	Community satisfaction with dog control services	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
The level of dog registration is maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	Achieved	Achieved	506 weekday patrols and 345 after-hours patrols
	Annual District survey to detect unregistered dogs	All residential properties surveyed	Achieved	N/A	Survey discontinued
	Number of dogs on Council's register of known dogs that are unregistered	None as at 30 April	Achieved	Achieved	1,500/1,500 (100%) dogs registered at 30 April 2019
Service requests about uncontrolled dogs are actioned	Adherence to complaint response process to respond, investigate and record the complaint and advise the complainant of progress or outcome within 24 hours	80% within 20 minutes and 98% within 30 minutes	Not achieved	Not achieved	642/698 (92.0%) responded to within 20 minutes 690/698 (99.1%) responded to within 30 minutes There were 5 instances where the contractor(s) exceeded the time limit and 3 instances when there was a delay in the information being passed on to the ranger.

## Civil Defence

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comments
Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Kawerau District Civil Defence Emergency Management Plans are current and reviewed every three years	All plans reviewed within the past 3 years	Not Achieved	Not Achieved	There were 4 plans reviewed during the year, and 2 plans that still needed to be reviewed
	Level of household planning and preparedness for a civil defence emergency	N/A	N/A	N/A	NRB survey undertaken every 3 years and was last carried out in January 2017
	Emergency Operating Centre (EOC) is equipped and operational within two hours of the controller activating.	Staff are identified, trained and exercised twice each year	Achieved	Not achieved	81.2% of staff are identified and training undertaken (target 85%). 2 exercises (Ranginui & Ngatahi) were held.
	Council delivers 4 public engagement initiatives to promote Community awareness, preparedness and resilience.	Initiatives delivered	Achieved	Achieved	5 initiatives delivered: <ul style="list-style-type: none"> <li>• Kawerau Woodfest</li> <li>• Mountain race</li> <li>• Shake-out</li> <li>• Stakeholders meeting</li> <li>• Youth Ambassadors Programme</li> </ul>



DOG FOOD AND KENNEL GIVEAWAY

# KAWERAU DISTRICT COUNCIL ENVIRONMENTAL SERVICES

Funding Impact Statement  
for the year ended 30 June 2019

	2018 Long Term Plan	2019 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	771,010	936,930	936,928
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	243,590	189,770	189,833
Internal charges and overheads recovered	32,950	33,780	145
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,047,550</b>	<b>1,160,480</b>	<b>1,126,906</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	690,310	746,120	696,769
Finance costs	2,740	14,310	4,750
Internal charges and overheads applied	336,260	371,240	396,187
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,029,310</b>	<b>1,131,670</b>	<b>1,097,706</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>18,240</b>	<b>28,810</b>	<b>29,200</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	4,200	700,000	20,224
Increase/(decrease) in reserves	14,040	(671,190)	8,976
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>18,240</b>	<b>28,810</b>	<b>29,200</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(18,240)</b>	<b>(28,810)</b>	<b>(29,200)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

There was some reduced activity expenditure and the capital expenditure was for designing the new dog pound.

# ROADING

## ACTIVITIES IN THE GROUP

The roading group of activities aims to provide and maintain a system of roads and footpaths which provides safe and comfortable passage for all users. Activities in the group are:

- Managing and monitoring the transport network
- Repairing and maintaining assets and structures
- Operating roading activity assets, and
- Planning to improve operations and meet future requirements.

Council's roading group of activities provides a network of roads/footpaths for the safe and comfortable passage of vehicles and vulnerable road users such as pedestrians, cyclists and mobility scooters in and through the District.

## STRATEGY

Council has developed a Roding Asset Management Plan which provides for the efficient and effective management of the roading asset. This Plan allows Council to allocate detailed funding to properly maintain the asset while also making provision for the longer term financing required.

## NATURE AND SCOPE

The roading network comprises approximately 43 kilometres of roads and associated infrastructure such as bridges, street lights, kerbing, signs and markings, car parks and footpaths.

Control over the District's roads is vested in Council by the Local Government Act 2002. Land Transport New Zealand subsidises much of Council's roading expenditure, including street cleaning and the maintenance of roads and associated lighting systems. In addition to this work, Council also maintains Kawerau's footpaths and a substantial paved area in the town centre. NZTA is responsible for State Highway 34.

## GOALS

To provide and maintain a system of roads/footpaths for the safe and comfortable passage of vehicles, pedestrians, cyclists and other vulnerable road users (including mobility scooters) in and through the District.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The roading group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Roding activity delivers an efficient transport network that has minimal impact on the environment. During the year, Council carried out its programmed reseals, street lighting upgrades, road marking and safety improvements.

Significant negative effects on the roading network are traffic accidents. To reduce numbers and severity, Council is a partner in the Eastern Bay of Plenty Road Safety Management System. Council has developed the Eastern Bay of Plenty Road Safety System, undertakes safety audits and provides street lighting, signage and pavement marking.

## THE YEAR IN SUMMARY

Achievements for the Roding group of activities in 2018/19 were:

- Ongoing asset renewals including pavement reseals, carparks, kerbs and channels, and street lights.
- Accelerated renewal of footpaths to improve the safety for residents
- Sealing of Spencer Avenue and Tamarangi Walkway



RIVER ROAD

# ROADING

## PERFORMANCE

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comments
Council maintains community satisfaction for the roading activity	Community satisfaction with roading assets	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Council provides a network of roads which facilitates the safe movement of people and vehicles around the district	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Increase of zero or less	Not achieved	Achieved	There were no fatalities on the roads controlled by Council.
Road quality	The average quality of ride on a sealed local road network, measure by smooth travel exposure	No less than 95%	Not achieved	Not achieved	The survey (August 2018) returned a 93% smooth travel exposure.
Road maintenance	The percentage of the sealed local road network that is resurfaced.	Between 5 and 6.5% per annum	Not achieved	Not achieved	17,800 m <sup>2</sup> (4.0%) of resurfacing done.
Response to service requests	The percentage of customer service requests relating to roads to which Council responds within the time frame specified	Potholes: 90% within 14 days and 100% within 28 days	Not achieved	Achieved	4 potholes reported and all repaired within 14 days.
		Streetlights: 90% within 14 days and 100% within 28 days	Achieved	Not achieved	42/56 (75%) outages responded to within 14 days and 49/56 (87.5%) responded to within 28 days. 7 exceeded 28 days.
		Footpaths: 100% within 14 days	Achieved	Not achieved	16 service requests were received and 15 were attended to within 14 days.
Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Footpath condition	Percentage of footpaths that fall within the level of service for the condition of footpaths set out in the Long Term Plan*	95%	Achieved	Achieved	A survey of footpath lips was done May 2019 which showed that 98.25% of the footpaths fell within the required service level (7 lips exceeded 20 mm)

**Note:** \*20 lips equates to 5% that are outside the service standard for footpath condition.

# KAWERAU DISTRICT COUNCIL ROADING

## Funding Impact Statement for the year ended 30 June 2019

	2018 Long Term Plan	2019 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	987,060	900,980	900,981
Targeted rates	0	0	0
Subsidies and grants for operating purposes	161,480	196,280	82,584
Fees and charges	0	32,000	74,688
Internal charges and overheads recovered	87,180	61,960	64,419
Local authorities fuel tax, fines, infringements and other receipts	61,150	65,500	68,953
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,296,870</b>	<b>1,256,720</b>	<b>1,191,625</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	441,620	436,990	306,857
Finance costs	0	0	1,790
Internal charges and overheads applied	451,580	489,990	460,209
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>893,200</b>	<b>926,980</b>	<b>768,856</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>403,670</b>	<b>329,740</b>	<b>422,769</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	212,420	708,530	307,806
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>212,420</b>	<b>708,530</b>	<b>307,806</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	823,000	228,343
- to replace existing assets	433,990	666,000	568,398
Increase/(decrease) in reserves	182,100	(450,730)	(66,166)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>616,090</b>	<b>1,038,270</b>	<b>730,575</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(403,670)</b>	<b>(329,740)</b>	<b>(422,769)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

There was reduced expenditure resulting from lower street lighting costs following the conversion to LED lights. Also capital expenditure was lower than budget due to some projects being delayed.

Capital expenditure during the year for this activity is as follows:

<u>2017/18</u>	<b>CAPITAL RENEWALS</b>	<b><u>Budget (LTP)</u></b>	<b><u>2018/19</u></b>
345,126	Streetlights renewals and upgrade	78,000	51,915
288,613	Kerbs & Footpaths renewals	249,500	162,475
98,874	Reseals	231,500	210,599
99,666	Other renewals	930,000	371,752
<b><u>832,279</u></b>	<b>Total Infrastructural</b>	<b><u>1,489,000</u></b>	<b><u>796,741</u></b>
<b>FUNDED BY:</b>			
378,810	Depreciation Reserve Funding	780,470	307,806
453,469	Subsidies and grants for capital purposes	708,530	488,935
<b><u>832,279</u></b>		<b><u>1,489,000</u></b>	<b><u>796,741</u></b>

Expenditure on the upgrade to the roading stormwater system and some of the planned kerb replacement was delayed and will be carried out in the 2019/20 financial year. Also the building of bunds to reduce the amount of stormwater running down some streets, was delayed and is planned for the next year.



AUTUMN IN KAWERAU

# STORMWATER

## ACTIVITIES IN THE GROUP

The purpose of the stormwater activity is to dispose of stormwater in a manner which protects the community from flooding and minimises negative impacts to the environment. Activities in the group include:

- Disposal of stormwater from the roading network
- Repairing or replacing unsound pipes and other stormwater structures
- Cleaning pipes and cesspits
- Planning to meet future requirements and improving operations

## STRATEGY

Council has adopted a stormwater Asset Management Plan which provides for the efficient and effective management of stormwater assets. This Plan allows Council to properly maintain the asset at the optimum level while also making provision for the longer term financing required.

## NATURE AND SCOPE

The stormwater system is a network of pipes, manholes and cesspits which collects stormwater from roads and transports it to natural water courses. The network is divided into six zones based on the estimated average date at which each zone was developed. Each zone is given the same installation date and the same replacement date.

Most of the stormwater network is made of concrete pipes and the rate of deterioration is very slow. To resist corrosion in the small geothermal area in the CBD, the network has a mixture of glazed earthenware and High Density Polyethylene (HDPE) black plastic pipes, which are more resistant to the sulphur.

## GOALS

To provide and maintain a system for the disposal of stormwater in a manner which the community from flooding and minimises the negative impacts to the environment.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The Stormwater activity contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The stormwater activity delivers an efficient network that has minimal impact on the environment. During the year, Council carried out its programmed renewal work.

The significant negative effects for the collection and discharge of stormwater are that it contains contaminants from road surfaces. However, the receiving water (Tarawera River) is large, clear and fast flowing and capable of dealing with the discharges.

Flooding from the stormwater network can cause property damage for residents.

## THE YEAR IN SUMMARY

There was \$215,906 spent on stormwater pipe renewal in the town and \$40,332 on a stormwater detention basin to mitigate the impact of severe rainfall events.

# STORMWATER

## PERFORMANCE

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (System adequacy)	The number of flooding events that occur in the district.	No more than 10	Achieved	Achieved	There were no flooding events where habitable dwellings were flooded
	For each flooding event, the number of habitable floors affected.	N/A	N/A	N/A	Kawerau properties are not connected to Council's stormwater system
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (Customer satisfaction)	The number of complaints received by Council about the performance of its stormwater system.	N/A	N/A	N/A	Kawerau properties are not connected to Council's stormwater system
Response Times	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Less than one hour	Achieved	Achieved	There were no flooding events during the year
Discharge compliance	Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> <li>• abatement notices</li> <li>• Infringement notices</li> <li>• Enforcement orders, and</li> <li>• Convictions</li> </ul> received by Council in relation to those resource consents	No notices, orders or convictions	Achieved	Achieved	Council complied with the all conditions of its resource consent. There were no notices, orders or convictions.

# KAWERAU DISTRICT COUNCIL STORMWATER

## Funding Impact Statement for the year ended 30 June 2019

	2018 Long Term Plan	2019 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	75,780	45,970	45,968
Targeted rates	0	0	0
Subsidies and grants for operating purposes	3,880	24,060	12,311
Fees and charges	0	0	3,758
Internal charges and overheads recovered	15,210	13,160	12,140
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>94,870</b>	<b>83,190</b>	<b>74,177</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	26,440	32,080	25,997
Finance costs	0	0	50
Internal charges and overheads applied	7,590	9,390	7,590
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>34,030</b>	<b>41,430</b>	<b>33,637</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>60,840</b>	<b>41,760</b>	<b>40,540</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	18,430	187,500	169,116
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>18,430</b>	<b>187,500</b>	<b>169,116</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	27,110	260,000	256,237
Increase/(decrease) in reserves	52,160	(30,740)	(46,581)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>79,270</b>	<b>229,260</b>	<b>209,656</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(60,840)</b>	<b>(41,760)</b>	<b>(40,540)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2017/18</u>	<b>CAPTIAL RENEWALS</b>	<u>Budget (LTP)</u>	<u>2018/19</u>
<u>25,267</u>	Pipework renewals/Detention Basin	<u>260,000</u>	<u>256,237</u>
<u><b>25,267</b></u>	<b>Total Infrastructural</b>	<u><b>260,000</b></u>	<u><b>256,237</b></u>
<b>FUNDED BY:</b>			
8,085	Depreciation Reserve Funding	72,500	87,121
<u>17,182</u>	Subsidies and grants for capital purposes	<u>187,500</u>	<u>169,116</u>
<u><b>25,267</b></u>		<u><b>260,000</b></u>	<u><b>256,237</b></u>



GEOTHERMAL ACTIVITY, ONEPU

# WATER SUPPLY

## ACTIVITIES IN THE GROUP

The Water Supply group of activities is concerned with sourcing, treating and supplying potable (drinkable) water to more than 2400 households, four large industries and approximately 200 other businesses in the District.

## NATURE AND SCOPE

The District water supply is sourced from two springs on privately owned land, one in town and the other 3.5 km to the south west. From there, water is pumped to a treatment plant for UV disinfection to comply with Drinking Water Standards of NZ guidelines. After treatment, water is pumped to three reservoirs, two on Monika Lanham Reserve and one above Beattie Road, and then gravity-fed to premises around Kawerau.

In times of peak demand, additional water can be obtained from a bore field in Tarawera Park.

The Water Supply activity also involves:

- Managing Water Supply assets: pipes, structures and plant
- Monitoring and reporting water quality
- Planning to improve operations and meet future requirements.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The supply of good quality water is fundamental to Community wellbeing. This group of activities contributes mainly to the Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

## IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

The provision of potable water is fundamental to a community's health and well-being.

Kawerau's water supply is not considered a "secure" supply as defined by the Drinking Water Standards New Zealand (DWSNZ) due to historical detection of faecal coliforms in the source water and the inability to prove that the water has been underground for more than twelve months or is not directly affected by surface or climate influences in the environment. Previously, contaminations, when detected, were temporarily treated with a shock dose of chlorine to the water supply.

Council after considering all the potential risks to the community resolved to chlorinate the water supply from 1 July 2018 in order to comply with the DWSNZ.

## THE YEAR IN SUMMARY

Achievements for the Water Supply group of activities in 2018/19 were:

- Introduction of chlorine into the water supply from 1 July 2018.
- Air scouring of all water supply mains following water discoloration due to chlorine killing bacteria in the water pipes
- Cleaning and structural assessment of the condition of Council's three water reservoirs
- There were a number pipe breakages during the year resulting from the installation of fibre to the town which meant that assessments of the water mains condition were able to be carried out. Council is now better able to determine the remaining useful life and where and when replacements need to occur.

# WATER SUPPLY

## PERFORMANCE

Levels of Service	Measures	Target 2018/19	Results 2017/18	Results 2018/19	Comments
	Community satisfaction with water supply	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
Customer satisfaction	The total number of complaints received about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) Council's response to any of these issues expressed per 1,000 connections to the networked reticulation system.	a) No more than 4 per 1,000 connections b) No more than 2 per 1,000 connections c) No more than 1 per 1,000 connections d) No more than 2 per 1,000 connections e) No more than 2 per 1,000 connections f) 0 per 1,000 connections Overall the target is no more than 11 complaints per 1,000 connections.	Not achieved	Not achieved	Council has 2,700 connections  a) <i>268 complaints about dirty water (99.25 per 1,000 connections)</i> b) <i>A number of complaints about taste</i> c) <i>No odour complaints</i> d) <i>6 complaints about water pressure (2.22 per 1,000).</i> e) <i>16 water main breaks as a result of fibre thrusting (5.9 per 1,000)</i> f) <i>No complaints about responses to above issues</i> <i>NB: Following the introduction of chlorine there were a number of complaints concerning taste, however, these were not recorded.</i>
Safety of drinking water	The extent to which Council's drinking water supply complies with: a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria)	a) no more than 1 instance of bacteria criteria non-compliance, and b) no instance of protozoal criteria non-compliance	Not achieved	Not achieved	Council had no instances of bacteria but there was 1 instance of protozoal non-compliance.

Levels of Service	Measures	Target 2018/19	Results 2017/18	Results 2018/19	Comments
Maintenance of the reticulation network	The percentage of real water loss from the Council's networked reticulation system, measure using the minimum night flow (MNF) analysis method contained in the DIA Guidelines	<200 litres per connection per day	Not achieved	Achieved	An analysis was undertaken in July 2019, and the average leakage was approximately 180 litres per connection per day
Demand management	The average consumption of drinking water per day per resident within the district.	0.6 m <sup>3</sup>	Achieved	Achieved	The average consumption was 0.588 m <sup>3</sup> per person per day.
Fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are:				
	a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 2 hours	Achieved	Achieved	There were 16 urgent call outs during the year which were all attended within 2 hours
	b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Less than 8 hours	Achieved	Achieved	All the urgent call outs were resolved within 8 hours The median resolution time was 1 hour 57 minutes
	c) Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	24 hours	Achieved	Achieved	268 non-urgent call-outs during the year all attended to within 24 hours*.
	d) Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	48 hours	Achieved	Achieved	268 non-urgent call-outs were all resolved within 24 hours*
Water is sourced with minimal environmental effects	Compliance with BOP Regional Council water supply resource consents as reported in annual "consents and compliance field sheet"	Compliance	Achieved	Achieved	Complying with old consent seeking a new consent

Levels of Service	Measures	Target 2018/19	Results 2017/18	Results 2018/19	Comments
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Achieved	Not achieved	There were 16 unplanned shutdowns during the year (due to contractors thrusting fibre)
	Number of unplanned shutdowns – pump stations	None	Achieved	Achieved	There were no unplanned shutdowns of pump stations during the year
	Number of water main breaks	No more than 8	Achieved	Achieved	There was 4 water main breaks during the year

\* Results are based on attendance and resolution times recorded by Council staff responding to the call-outs, however there is no process to independently verify the information.



KAWERAU WATER STATION, TOWN CENTRE

**KAWERAU DISTRICT COUNCIL**  
**WATER SUPPLY**  
**Funding Impact Statement**  
**for the year ended 30 June 2019**

	2018 Long Term Plan	2019 Long Term Plan	2019 Actual
General rates, UAGC and rate penalties	744,140	703,980	703,976
Targeted rates	165,940	173,920	195,435
Subsidies and grants for operating purposes	0	0	0
Fees and charges	52,090	0	32,196
Internal charges and overheads recovered	119,260	145,910	130,992
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,081,430</b>	<b>1,023,810</b>	<b>1,062,599</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	340,850	306,700	376,697
Finance costs	0	0	780
Internal charges and overheads applied	284,980	293,350	292,813
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>625,830</b>	<b>600,050</b>	<b>670,290</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>455,600</b>	<b>423,760</b>	<b>392,309</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	130,000	0
- to replace existing assets	456,010	137,550	130,234
Increase/(decrease) in reserves	(410)	156,210	262,075
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>455,600</b>	<b>423,760</b>	<b>392,309</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(455,600)</b>	<b>(423,760)</b>	<b>(392,309)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

There was additional supplier and staff costs for flushing and air scouring of the water mains following the discolouration of the water due to chlorination

Capital expenditure for this activity during the year included:

<u>2017/18</u>	<u>CAPITAL RENEWALS</u>	<u>Budget (LTP)</u>	<u>2018/19</u>
0	UV Tube Replacement	12,200	2,100
65,160	Pipework renewals	50,000	46,362
7,507	Toby renewals	21,850	42,165
159,850	Other renewals	183,500	39,607
<b>232,517</b>	<b>Total Infrastructural</b>	<b>267,550</b>	<b>130,234</b>
<b>FUNDED BY:</b>			
232,517	Depreciation Reserve Funding	267,550	130,234
<b>232,517</b>		<b>456,010</b>	<b>130,234</b>

The pipes that were planned for replacement were in better condition than anticipated so minimal renewals of existing pipework was undertaken.



KAWERAU WATER STATION, PUMPHOUSE

# WASTEWATER

## ACTIVITIES IN THE GROUP

The Wastewater group of activities involves the collection and disposal of wastewater (including sewage). Council's wastewater system is a network of pipes, manholes, cleaning eyes, pumps and a treatment plant. Wastewater is collected from almost all properties in the district and treated and disposed of in accordance with consent conditions.

The wastewater activities are:

- The treatment of wastewater from properties in the district
- Repairing or replacing unsound pipes and other wastewater structures
- Cleaning pipes
- Planning to meet future requirements and improving operations

## NATURE AND SCOPE

Council is involved in wastewater collection and disposal to fulfil a range of legislative duties imposed by the Health Act, the Building Act and the Local Government Act. Council's aims in providing a wastewater disposal system are to enhance public health in the District and to safeguard the local environment.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The Wastewater group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

## IDENTIFIED EFFECTS OF GROUP OF ACTIVITIES ON THE COMMUNITY

The Wastewater activity contributes to the good health and safety of the Community.

## THE YEAR IN SUMMARY

Achievements in the Wastewater group of activities in 2018/19 were:

- Achieving compliance with all resource consents for wastewater
- Continuous provision of service to high standard
- Renewal of the wastewater pipes to the overflow stream

# WASTEWATER

## PERFORMANCE

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
Customer satisfaction	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, expressed per 1000 connections to the sewerage system.	a) No more than 1 per 1,000 connections b) No more than 15 per 1,000 connections c) No more than 15 per 1,000 connections d) 0 per 1,000 connections	Achieved	Achieved	Council has 2,700 connections a) No odour issues (0 per 1,000) b) No faults (0 per 1000) c) There were 23 blockages (8.5 per 1000) d) There were no complaints about responses (0 per 1,000)
System Adequacy	The number of dry weather sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system.	0 per 1,000 connections to the sewerage system	Achieved	Achieved	No dry weather overflows during the year.
Fault response times	Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:				
	a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 1 hour.	Achieved	Achieved	There was 1 overflow resulting from a blockage which was attended to within 0.5 hour*
	b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	Less than 8 hours.	Achieved	Achieved	Blockage causing overflow was resolved within 6.5 hours
Council provides a reliable domestic wastewater collection and disposal service	Number of disruptions to wastewater collection service	No more than 50.	Achieved	Achieved	There were no disruptions to wastewater collection service during the year.

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
Discharge compliance	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received in relation those resource consents.	No notices, orders or convictions.	Achieved	Not achieved	There was one abatement notice for exceeding the total suspended solids on wastewater disposed to land.
The wastewater treatment plant operates effectively	Compliance with wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Compliance. <sup>1</sup>	Achieved	Achieved	Council complied with conditions of the resource consent throughout the year.

\* Results are based on attendance and resolution times recorded by Council staff responding to the call-outs, however, there is no process to independently verify the information.



AREA VIEW OF THE KAWERAU MILL

<sup>1</sup> BOPRC inspection reports state either compliance or non-compliance.

# KAWERAU DISTRICT COUNCIL WASTEWATER

## Funding Impact Statement for the year ended 30 June 2019

	2018 Long Term Plan	2019 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	821,570	863,680	863,679
Targeted rates	437,850	348,320	351,142
Subsidies and grants for operating purposes	0	0	0
Fees and charges	64,150	75,000	79,586
Internal charges and overheads recovered	167,170	134,390	112,275
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,490,740</b>	<b>1,421,390</b>	<b>1,406,682</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	621,580	541,650	510,496
Finance costs	0	0	1,070
Internal charges and overheads applied	437,320	450,470	464,135
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,058,900</b>	<b>992,120</b>	<b>975,701</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>431,840</b>	<b>429,270</b>	<b>430,981</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	50,000	0
- to improve level of service	0	0	0
- to replace existing assets	41,940	199,400	184,447
Increase/(decrease) in reserves	389,900	179,870	246,534
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>431,840</b>	<b>429,270</b>	<b>430,981</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(431,840)</b>	<b>(429,270)</b>	<b>(430,981)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

There was operational savings for insurance, disposal costs, chemicals and electricity.

The capital expenditure during the year that relates to this activity is as follows:

<u>2017/18</u>	<b>CAPITAL RENEWALS</b>	<b>Budget (LTP)</b>	<b>2018/19</b>
392,332	Wastewater Pipework	50,000	56,267
94,927	Other renewals	199,400	128,180
<b><u>487,259</u></b>	<b>Total Infrastructural</b>	<b><u>249,400</u></b>	<b><u>184,447</u></b>
<b>FUNDED BY:</b>			
487,259	Depreciation Reserve Funding	249,400	184,447
<b><u>487,259</u></b>		<b><u>249,400</u></b>	<b><u>184,447</u></b>

There was less renewal expenditure as the work on the pumping station was delayed.



STONEHAM WALK

# SOLID WASTE

## ACTIVITIES IN THE GROUP

The Solid Waste group of activities involves the collection and disposal of solid waste to maintain public health avoid public nuisance and retain aesthetic values in the district.

The solid waste activities are:

- The weekly residual household waste collection.
- The operation of a local transfer station which accepts all types of waste. Residual waste is transported to Tirohia landfill on the Hauraki Plains.
- A weekly “zero-waste” kerbside collection of recyclable materials and a fortnightly green waste collection

## NATURE AND SCOPE

Council is involved in refuse collection to provide the community with a convenient method to remove unwanted materials from their properties, thereby upholding public health and hygiene standards.

The aim of refuse disposal is to dispose of refuse in an environmentally acceptable manner.

The recycling/zero waste activity aims to reduce the volume of waste going to the landfill by maximising the material going to reusable waste streams thereby minimising some of the negative environmental effects of human consumption.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The Solid Waste group of activities contributes mainly to Kawerau’s Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The potential negative effects for this group of activities are:

- Odour
- Health risks
- Vermin infestation
- Visual pollution.

## THE YEAR IN SUMMARY

Achievements in the Solid Waste group of activities in 2018/19 were:

- Refuse collections continued throughout the year without disruption
- There was additional revenue as a result of increased volumes, but there was also increased disposal costs
- Higher volume of material going to the recycling centre compared to previous year (222 kg per household) which is an excellent result

# SOLID WASTE

## PERFORMANCE

### Refuse Collection and Disposal

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
Provision of cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
	Community satisfaction with refuse disposal	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
	User satisfaction with refuse disposal	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and will be done in Jan 2020.
Council's refuse collection and disposal services meet the needs of the Kawerau community and help maintain public health and a clean environment.	Frequency of residual refuse collection from residential properties.	52 weekly collections	Achieved	Achieved	Collection occurred every week throughout the year.
	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual consents and compliance field sheets	Compliance	Achieved	Achieved	No notices, abatement notices, enforcement orders or convictions.

### Recycling (Zero Waste)

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
Material that would otherwise go to the landfill as household refuse is collected by the recycling collection service.	Average amount of recyclable material collected from each household	No less than 178 kg per annum	Achieved	Achieved	2,700 households and 335 kg per household on average
Council's refuse collection and disposal services meets the needs of the Kawerau community and helps maintain public health and a clean environment	Community satisfaction with recycling services	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Frequency of residual recycling collection service from residential properties.	52 weekly collections	New measure	Achieved	Collection occurred every week throughout the year.

# KAWERAU DISTRICT COUNCIL SOLID WASTE

## Funding Impact Statement for the year ended 30 June 2019

	2018 Long Term Plan	2019 Long Term Plan	Actual
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	844,780	855,500	855,504
Targeted rates	397,430	409,960	412,549
Subsidies and grants for operating purposes	0	0	0
Fees and charges	261,980	348,180	466,914
Internal charges and overheads recovered	13,730	14,860	2,495
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,517,920</b>	<b>1,628,500</b>	<b>1,737,462</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	1,069,560	1,117,460	1,475,237
Finance costs	13,760	11,450	14,443
Internal charges and overheads applied	408,920	470,430	612,437
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,492,240</b>	<b>1,599,340</b>	<b>2,102,117</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>25,680</b>	<b>29,160</b>	<b>(364,655)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	70,000	70,392
Increase/(decrease) in reserves	25,680	(40,840)	(435,047)
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>25,680</b>	<b>29,160</b>	<b>(364,655)</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(25,680)</b>	<b>(29,160)</b>	<b>364,655</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

While there were more fees received for zero waste and residual waste disposal, there was a significant increase in costs because of higher volumes and also the actual cost of disposal. The internal charges were higher than budget as these are allocated on the basis of total expenditure.

# LEISURE & RECREATION

## ACTIVITIES IN THE GROUP

The Leisure and Recreation group of activities includes community halls and facilities, the district library and museum, the swimming pool complex, Kawerau's many parks and gardens and the cemetery. The activities are:

### **Community Halls and Public Facilities**

Council owns and maintains three large public halls for recreational and cultural pursuits, four clubroom/pavilion buildings on reserves used by various sporting codes and 3 public toilet facilities on reserves. All these halls and facilities are available for public hire at reasonable rates.

### **District Library and Museum**

The Kawerau District Library and Sir James Fletcher Kawerau Museum is a key facility which supports Community information needs, recreation, cultural interests and lifelong learning.

### **Parks and Reserves**

Council owns and maintains a number of recreation reserves which include sports fields, passive reserves and children's playgrounds. Specimen trees and flowerbeds on roadside and amenity reserves further enhance the visual beauty of the District. Council also provides the Kawerau Cemetery to accommodate Community interment needs.

### **Swimming Pools Complex**

Popular both with locals and visitors, the Maurie Kjar Memorial Swimming Pools Complex is a year-round facility with geothermally-heated swimming and spa pools. Entry is free.

## NATURE AND SCOPE

Council maintains sporting, leisure and recreational facilities to enhance the nature of Kawerau as a recreation and leisure-conscious Community and to maximise opportunities for the Community to participate in recreational and cultural pursuits. Because this group of activities can potentially improve the quality of life of the whole Community in some way, it is important to Council that a wide range of services is provided.

## CONTRIBUTION TO COMMUNITY OUTCOMES

The Leisure and Recreation group of activities contributes mainly to Kawerau's Community Outcomes of:

- *Council infrastructure and services are accessible, age and disability friendly, effective, efficient and affordable now and for the future.*
- *Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.*

## IDENTIFIED EFFECTS OF THIS GROUP OF ACTIVITIES ON THE COMMUNITY

The Leisure and Recreation group of activities provides the people of Kawerau with a quality of life second to none. The level of quality and extent of these services directly improves the quality of life of the community.

## THE YEAR IN SUMMARY

Major highlights for the Leisure and Recreation group of activities in 2018/19 were:

- Renewal of children and adult books at the library
- Upgrading and improvements to the swimming pool including completion of the new BBQ area
- Lighting and acoustics upgrade to the recreation centre
- Upgrade to library reception area to meet health and safety requirements
- Upgrade to Tarawera Park toilets



NEW UPGRADE TO KAWERAU LIBRARY



# LEISURE & RECREATION

## PERFORMANCE

### Public Library

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
The library is accessible to the public	Percentage of the population who are active members of the library	>25%	New measure	Achieved	At the end of June 2019, there were 1,602 active users of the library (25.2%)
	Number of visitors to the library each year	>90,000	New measure	Not achieved	There were 76,623 people who visited the library, however the library was shut for approx. 4 weeks while renovations were done.
	New items per 1,000 population added to the collection each year	500	Achieved	Achieved	There were 562.5 new items per 1,000 of population added to the collection.
Council provides public library services and resources which suit community needs	Community satisfaction with the public library	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the public library	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.

### Museum

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
Council provides a museum service which reflects community needs	Community satisfaction with the museum	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the museum	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Number of exhibitions held	6 exhibitions held for year	Achieved	Achieved	There were six exhibitions held during the year
	Number of historical articles produced	10 historical articles produced for year.	Achieved	Achieved	There were 10 historical articles produced during the year
	Number of objects accessioned to the museum collection per annum	200	Achieved	Not achieved	There were 157 objects accessioned into the museum collection. Both museum staff resigned during the year

## Swimming Pools

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the public swimming pool	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
Council provides a swimming pool complex which is accessible to the Community	Weeks open per year	Open at least 48 weeks	Achieved	Achieved	The complex was closed for the planned maintenance period in October (24.5 days). Also the complex was closed for Christmas day.
Swimming pool water meets water quality standards	Level of compliance with standards	Full compliance in 95% of tests	Achieved	Achieved	3,753/3,835 (97.9%) compliance

## Public Halls and Facilities

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
Council provides public halls and facilities which reflects community needs	Community satisfaction with public halls	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the public halls	N/A	N/A	N/A	
	Community satisfaction with public toilets	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	User satisfaction with the public toilets	N/A	N/A	N/A	
Four Community halls available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall	Number of weeks public halls available for hire	Each hall is available for 50 weeks	Not achieved	Not achieved	The town hall was closed for 4 weeks to carry out maintenance. All other halls were available for 50 weeks.
Clean public toilets are provided in the central business district	Council provides town centre public toilets	Open at least 360 days	Achieved	Achieved	Public toilets were available every day throughout the year.

## Parks and Reserves

Levels of Service	Measures	Target 2018/19	Result 2017/18	Result 2018/19	Comment
Council provides parks and reserves which meets community needs	Community satisfaction with parks and reserves	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Community satisfaction with community attractiveness and beautification	N/A	N/A	N/A	
Sport field playing surfaces meet the requirements of codes for which they are used	Implementation of recommendations of NZ Sports Turf Institute advisory reports.	100%	Achieved	Achieved	Sports fields inspected October 2018 and recommendations implemented
Council provides an adequate number of reserves for community leisure and recreation	Percentage of households situated within 500 metres of a reserve	At least 95%	Achieved	Achieved	100% of properties are within 500 metres of a reserve
Bedding displays are attractive and updated to suit the season	Number of bedding displays	2 (1 summer and 1 winter)	Achieved	Achieved	Summer and winter displays were planted
Playground equipment is safe for children to use	Monthly inspections of all playground equipment	12 inspections conducted	New measure	Not achieved	Seven inspections were completed
	Remediation of all identified problems	All repairs completed within 2 weeks	Achieved	Achieved	Minor defects were identified from inspection, and all completed within 14 days.
The Kawerau Cemetery meets community interment needs in the present and the medium term	Community satisfaction with the cemetery	N/A	N/A	N/A	Community satisfaction survey is undertaken every 3 years and was last done in Jan 2017.
	Visitor satisfaction with the cemetery	N/A	N/A	N/A	
	Number of burial plots available	At least enough available for the next 5 years	Achieved	Achieved	There are currently enough plots available for approximately a further 10 years

**KAWERAU DISTRICT COUNCIL**  
**Leisure and Recreation**  
**Funding Impact Statement**  
**for the year ended 30 June 2019**

	2018	2019	
	Long Term	Long Term	Actual
	Plan	Plan	
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, UAGC and rate penalties	3,647,480	3,990,300	3,990,296
Targeted rates	0	0	0
Subsidies and grants for operating purposes	1,140	900	892
Fees and charges	64,720	65,210	226,121
Internal charges and overheads recovered	46,260	29,040	28,610
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>3,759,600</b>	<b>4,085,450</b>	<b>4,245,919</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payment to staff and suppliers	2,019,390	2,137,370	2,150,389
Finance costs	174,180	110,780	117,196
Internal charges and overheads applied	1,041,860	1,201,680	1,136,371
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>3,235,430</b>	<b>3,449,830</b>	<b>3,403,956</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>524,170</b>	<b>635,620</b>	<b>841,963</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	53,000	0
- to replace existing assets	225,070	519,760	511,225
Increase/(decrease) in reserves	299,100	62,860	330,738
Increase/(decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>524,170</b>	<b>635,620</b>	<b>841,963</b>
<b>SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(524,170)</b>	<b>(635,620)</b>	<b>(841,963)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Expenditure capitalised during the year that relates to this activity is as follows:

<u>2017/18</u>	<b>CAPITAL RENEWALS</b>	<b>Budget (LTP)</b>	<b>2018/19</b>
67,235	Library Stock Renewals	68,320	66,493
9,334	Library Building Upgrade	25,740	61,496
91,869	Other Library/Museum	86,500	17,140
447,661	Swimming Pool Upgrades / BBQ Area	96,000	84,299
80,558	Recreation Centre Upgrades	67,800	114,037
40,519	Town Hall Upgrades	41,500	16,910
110,700	Concert Chamber Upgrade	6,800	1,249
1,692	Public Toilets	0	0
4,030	Sports-fields Improvements	51,000	28,211
130,930	Passive Reserves Improvements	50,600	73,835
36,298	Playground Renewals	58,500	44,867
0	Cemetery	20,000	2,688
<b>1,020,826</b>	<b>Total Operational</b>	<b>572,760</b>	<b>511,225</b>

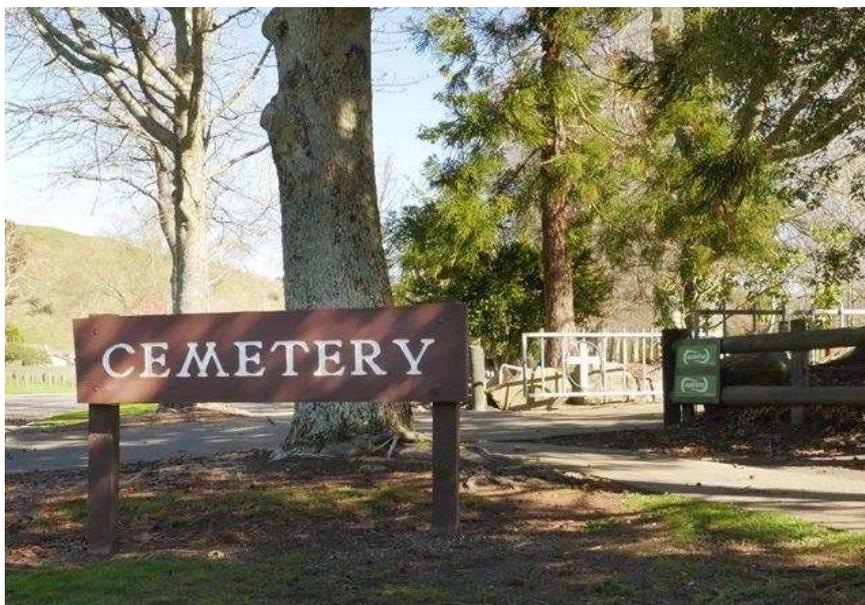
**FUNDED BY:**

0	Grants for capital renewals	0	0
1,020,826	Depreciation Reserve Funding	572,760	511,225
<b>1,020,826</b>		<b>572,760</b>	<b>511,225</b>

There was some projects not undertaken during the year due to temporary resource shortages. These included:

- Library chairs and self-issue/returns station
- Town Hall strengthening work
- Canopy for town centre toilets
- Irrigation system for Tarawera Park
- Cemetery plots and fence

All these projects will be carried out in the 2019/20 financial year.



KAWERAU CEMETERY ENTRANCE

# COUNCIL CONTROLLED ORGANISATIONS

## BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES

### Background

The Council Controlled Organisation was formally established in January 2008. The Company was set up by the eight local authorities in the Bay of Plenty region to foster collaboration between Councils in the delivery of services particularly back office or support services.

As a Council Controlled Organisation, the Bay of Plenty Local Authority Shared Services (BOPLASS) is a separate legal entity from Council and is responsible for delivering in accordance with an agreed Statement of Intent. The Company is governed by a Board of Directors who are the Chief Executives of the constituent local authorities.

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2019		
	Parent 2017/18 \$000's	Parent 2018/19 \$000's
Revenue	1,445	1,360
Expense	(1,456)	(1,355)
Net (Deficit)/Surplus Year	(11)	5

### Statement of Intent and Performance

The company has complied with section 64 of the Local Government Act 2002 (LGA) and had the Statement of Intent for 2018/19 and associated budget formally adopted by the directors at the meeting held 28 June 2018.

The following is a report of performance against targets set in the Statement of Intent for 2018/19.

Performance Targets for 2018/19		
Targets	Measure	Progress as at 30 June 2019
Investigate new joint procurement initiatives for goods and services for BOPLASS councils.  Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	Minimum of 4 new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved services levels to participating councils.	Achieved. Joint procurement initiatives which were investigated for the year, included: <ul style="list-style-type: none"> <li>• Infrastructure insurance</li> <li>• Eagle training</li> <li>• Aerial imagery and LIDAR</li> <li>• Provincial Growth Fund application for LIDAR capture</li> <li>• Antenno (communication app)</li> <li>• Lone worker field solutions</li> <li>• Robotic Process Automation</li> <li>• Accounts Payable - Automation software</li> <li>• PCMA NZME Premium Content</li> <li>• Insurance valuations</li> <li>• Contractor on-line inductions</li> </ul>

Targets	Measure	Progress as at 30 June 2019
Provide support to BOPLASS councils that are managing or investigating shared services projects.	BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.	<p>Achieved.</p> <p>.45 FTE provided through BOPLASS staff engagement committed directly to support of council shared service projects or individual council support – measured by fortnightly timesheets. Support provided to councils in development of following services:</p> <ul style="list-style-type: none"> <li>• Radio Telephony Strategy</li> <li>• Bulk loading “as built” data questionnaire</li> <li>• Solid waste management</li> <li>• Insurance Forum</li> <li>• Health and Safety Inter-Council Audits</li> <li>• Asbestos protocol</li> <li>• Sustainable public procurement</li> <li>• Health and Safety benchmarking</li> <li>• Support of video conferencing services</li> <li>• Opotiki District Council library and cloud services</li> <li>• Inter-Council network – review, redesign and renegotiation with suppliers</li> <li>• Debt collections</li> <li>• Capital construction and civil works projects</li> <li>• Inter- LASS collaboration</li> <li>• Collaborative training</li> <li>• BOPLASS reviews</li> </ul>
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils	<p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved.</p> <p>Contracts negotiated and/or renewed for:</p> <ul style="list-style-type: none"> <li>• Video conferencing services</li> <li>• Print Media Copyright Agency (PMCA)</li> <li>• Media Monitoring Services</li> <li>• Inter-Council Network</li> </ul>

Targets	Measure	Progress as at 30 June 2019
Communicate with each shareholding council at appropriate levels.	Meeting with each executive leadership team. (At least once per year)	Achieved.  Executive-level meetings held with councils.
Further develop and extend the collaboration portal for access to and sharing of, project information and opportunities from other councils and the greater local government community to increase the breadth of BOPLASS collaboration. Increase the use of the collaboration portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 20% per year. Number of active users to increase by 20% per year.	Achieved. This target was achieved by: <ul style="list-style-type: none"> <li>• Relaunching the collaboration portal</li> <li>• Ongoing promotion and profiling of the collaboration portal</li> <li>• On-board training material and training provided to councils to ensure maximum use</li> <li>• Number of projects increased by 11 over last year (39%)</li> <li>• 10 (71%) additional councils or council local government related organisations registered on the portal</li> <li>• 32 (123%) additional team sites now registered on the portal</li> </ul>
Ensure current funding model is appropriate.	Review BOPLASS expenditure and revenue as well as review council contributions and other sources of funding.  Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved. <ul style="list-style-type: none"> <li>• Contributions received from activities producing savings.</li> <li>• Vendor rebates collected.</li> <li>• Monthly and quarterly performance reviewed.</li> <li>• Financial statements reported and reviewed at board meetings (\$0 for year ended 30 June 2019)</li> </ul>

## Toi-EDA (Economic Development Agency)

Toi-EDA is the Eastern Bay of Plenty Regional Economic Development Agency. It was set up by the three territorial authorities (Kawerau, Opotiki and Whakatane), the regional council (Bay of Plenty Regional Council) and Te Rūnanga o Ngati Awa on behalf of Mataatua Iwi Forum.

Toi-EDA operates under a Deed of Trust. It has six experienced business people and community leaders as board members or trustees. The Trust operates under the umbrella of the new Bay of Plenty regional partnership with two other groups: Tauranga's Priority One and Destination Rotorua Economic Development.

Toi-EDA is responsible for economic development activities across the Eastern Bay of Plenty Region.

Toi-EDA adopted a three-year strategic plan with a strong focus on enhancing the Eastern Bay of Plenty's economic growth and resultant wealth for its people. It is a conduit in the Eastern Bay for Central Government economic development funding, and has been involved in designing an action plan of projects for funding from New Zealand Trade and Enterprise.

The work of Toi-EDA supports Kawerau District Council's community outcome "Council encourages economic and employment opportunities for the community."



EASTERN BAY COUNCILS WITH MINISTER SHANE JONES AND PUTAUAKI TRUST MEMBERS

## MĀORI CONTRIBUTION TO DECISION-MAKING

During the 2018/19 financial year, Council continued to strengthen its engagement with Māori in decision making and developed closer working relationships with local Iwi and Māori organisations.

Ngāti Tuwharetoa ki Kawerau are tangata whenua of the Kawerau district and Council engages with three iwi organisations (Ngāti Tuwharetoa (Bay of Plenty) Settlement Trust, Ngāti Tuwharetoa Health, Education and Social Services and the TOHU Marae Trust, as recognised consultation partners, over the development of strategies, policies, bylaws and plans. Ngāti Awa, which has a historical tribal interest and owns some land in the district, and Te Rautahi Marae, a local community marae, are also included in Council decision making processes.

The Settlement Trust and Te Rūnanga o Ngāti Awa are participants along with Council in the Industrial Symbiosis Kawerau industry cluster. Also active in the group is the Māori-owned Putauaki Trust, which owns and is developing a new industrial zone opposite the existing pulp, paper and sawmills.

Maori people make up a significant proportion of the Kawerau community and Council is fortunate that this is reflected in the ethnic makeup of both council and the youth council.



ANZAC DAWN SERVICE AT RAUTAHİ MARAE

## MONITORING OF PROGRESS TOWARDS ACHIEVING COMMUNITY OUTCOMES

One of the approaches Council uses to determine how well it is performing is the National Research Bureau's 'Communitrak' survey. Results of the survey commissioned in January 2017, the Community Outcome to which each measure primarily contributes and results from the last survey are shown in the table below. The next survey is intended to be carried out in January 2020.

Measure (Community satisfaction with)	Very/ Fairly Satisfied 2014 %	Very/ Fairly Satisfied 2017 %
Performance of the Mayor and Councillors in the last year	87	87
The way rates are spent on services and facilities provided by Council	86	93
Consultation and Community Involvement - The way Council involves the public	67	63
Dog Control Service	68	69
Public Library	84	84
Refuse disposal (Refuse Transfer Station)	81	81
Rubbish collection	97	95
Recycling services	95	95
Community attractiveness and beautification	100	100
Museum	64	63
Quality of life in Kawerau	87	94
Kawerau is definitely or mostly a safe place to live	86	90
Kawerau as a place to live is the same or better than it was three years ago	93 (agree)	92 (agree)
Emergency management – Percentage of households which have an emergency management kit	56	54
Water supply	96	96
Parks and reserves	94	96
Swimming pool	93	90
Roads	93	97
Footpaths	75	85
Wastewater (sewage disposal)	97	91
Cemetery	77	71
Public toilets	71	54
Community spirit	81	85
Public halls	84	75

Council also undertook monthly surveys of users of its services throughout the 2018/19 year. There continued to be a high level of user satisfaction with all Council services. The Summary of these survey results is as follows:

**ALL SERVICES**

2017/18	Customer Service Satisfaction Survey (CSSS)	2018/19
682	CSSS forms posted out	695
181	CSSS forms returned	195
27%	Response rate	28%
<b>Feedback received from Customers</b>		
115	Predominantly Excellent	123
43	Predominantly Good	49
8	Predominantly Only Fair	4
10	Predominantly Poor	10
1	Not applicable	4
4	No boxes ticked	5
<b>Conclusion</b>		
89.8%	% customers satisfied (Excellent/Good)*	92.5%
10.2%	% customers unsatisfied (Fair/Poor)*	7.5%

\*The not applicable boxes and no boxes ticked categories have not been included in the percentage figures



PARKS & RESERVES STAFF PLANTING NEW TREE LINE ALONG TAMARANGI DRIVE