



**KAWERAU DISTRICT
COUNCIL**
Annual Report
For the Year Ended 30 June 2020



KAWERAU DISTRICT COUNCIL

ANNUAL REPORT FOR 2019/20

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MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE OFFICER

Kia ora and welcome to Council's annual report for the past 12 months ended 30 June 2020. The Annual Report outlines how well Council has delivered on what was planned in the Annual and Long Term Plan. It also determines the state of Council's finances.

The following is a brief summary of the financial results for 2019/20:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue	13,604,670	13,392,586	(212,084)
Operating Expense	<u>14,062,590</u>	<u>14,156,718</u>	<u>(94,128)</u>
Operating Surplus/(Deficit)	(457,920)	(764,132)	(306,212)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Assets	73,753,274	74,664,565	911,291
Liabilities	3,108,017	3,628,606	(520,589)
Ratepayers Equity	70,645,257	71,035,959	390,702

During the year Council spent an additional \$94,100 (more than budget) and received \$212,100 less revenue than budget. This was primarily 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 longer than initially planned.

Overall financial result was good, with Council maintaining excellent services for residents and remaining in a strong financial position.

However, the COVID-19 pandemic presented significant challenges. Council had to adapt its activities and levels of service due to the COVID-19 lockdown and this meant it did not achieve some performance targets.

During the COVID-19 response, Council focussed on providing a significant amount of information to residents so they knew what Council services were available and so they were kept well informed of the COVID-19 response. A more comprehensive explanation on the impact of the COVID-19 response follows in this report. Council acknowledges and congratulates the community for their positive response and acceptance during this period when only essential services were provided.

Earlier in the year, the Council elections on 12 October 2019 saw one new councillor elected. Councillor Aaron Rangihika was elected following the retirement of Councillor Chris Marjoribanks who is thanked for his six years of service to Council and the community.

The selection of the existing elected members by the community showed confidence and endorses the decisions Council has made for the community.

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. In addition Council does not fund all the depreciation for its roading assets which are eligible for NZ Transport Agency subsidy.

For the 2019/20 financial year Council spent \$4.3 million on capital projects compared to the budget of \$5.9 million. The lower expenditure was mainly due to the COVID-19 lockdown delaying some projects including: dog pound, stormwater culverts, pipework renewals and the upgrade of the former swimming pool changing rooms.

The major achievements during the 2019/20 financial year included:

- Maintained a high level of community satisfaction with council services/activities and exceeded the national average for just about every activity
- Successful management and completion of a number of events including WoodFest, King of the Mountain Race and Christmas in the Park
- Provision of essential Council services throughout the COVID-19 lockdown period
- Retention of Building Consent Authority registration and accreditation
- Investment via the Provincial Growth Fund for major regional projects including the Kawerau Container Terminal and Kawerau Putauaki Trust Industrial Development.

The major projects undertaken during the year, included:

- Installation of stormwater bunds at the top of Valley Road, Beattie Avenue and Hardie Avenue to reduce the risk of flooding of residential houses
- Completion of land development and construction of six units in Porritt Glade Lifestyle Village
- Completion of the residential developments at Central Cove and Te Ariki Place/Bell Street and the sale of six sections by year end
- Sealing of the three water reservoir roofs to reduce the chance of bacterial infection in the water supply
- Continued progress and renewal of damaged and dangerous footpaths as well as kerb and channels

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

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

Council appreciates the support it receives from these organisations.

Finally, our sincere 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



IMPACT OF COVID-19

BACKGROUND

It has been unprecedented times with the COVID-19 pandemic this year.

The initial impact on residents and the Kawerau community with the shutdown of all but essential businesses and organisations was significant.

However, the ongoing effects of COVID-19 on businesses and employment in Kawerau has not been significant. It is expected that that this will remain the case.

Council has implemented measures to mitigate the effects of COVID-19 while still providing services to a high level. During the lockdown period only essential services could be provided and Council focussed on providing these to a high standard to lessen the impact on residents.

Surveys of local business and employment in Kawerau have indicated there is no serious impact directly attributable to COVID-19.

The Council's revenue collection through rates has remained similar to previous years. This is a positive indication that residents can still sustain those rates payments. Other

Looking forward, the environment caused by COVID-19 means the Kawerau District Council like many local government organisations face levels of uncertainty about the economy, future revenue and asset and liability values.

IMPACT TO COUNCIL SERVICES

During the COVID-19 lockdown period our staff performed above and beyond to support the emergency management efforts and ensure all essential services were maintained and other public services delivered according to central government's guidelines.

During COVID-19 alert levels 3 and 4 Council provided only essential services and during alert level 2, non-essential services were restricted to ensure the safety of staff and the community.

The COVID-19 lockdown resulted in Council not achieving at least 21 of its non-financial performance targets. Most of these targets relate to the continuity of (non-essential) Council services. Overall, Council achieved 49% of all targets for the year.

The lockdown also delayed some capital projects, which impacted on Council's revenue for the year. This included the stormwater culvert replacements for River Road and the corresponding NZTA subsidy, and the proceeds from the sale of the Porritt Glade Lifestyle Village retirement units. These projects and corresponding revenue are expected to be undertaken during the 2020/21 and no losses are anticipated as a result of COVID-19.

ASSUMPTIONS

While there is the possibility that the COVID-19 pandemic will negatively impact the community and in turn this will affect Council's revenue, the risk is considered low. The district's industry and significant ratepayers continue to operate without reductions to their operations or workforce numbers. In addition, rate collection %ages are similar to previous years. Council continues to encourage ratepayers to communicate with them if they are having difficulties. Only a small percentage of Council's revenue is dependent on visitor numbers and while there may be temporary reduction in this revenue, it is minimal.

Latest figures from Jobseeker support numbers, shows that Kawerau has an increase of 19% in the numbers looking for work when compared to the same period last year and this ranks Kawerau as the best performing area in the Eastern Bay. Some of this increase may be attributed to family members returning home during the global pandemic.

Rates are the main source of funding for Council's operations and we remain positive that in the short to medium term rates will continue to be paid.

In addition, there are no anticipated increases in costs expected as a result of the global pandemic.

Council is confident it can continue providing excellent services to the community for a reasonable cost, which the community will be able to afford.



SWIMMING POOL AND LIBRARY DURING ALERT LEVEL 2

KAWERAU DISTRICT COUNCIL COUNCIL & STAFF INFORMATION

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

Mayor : M J (Malcolm) Campbell, JP 027 457 6122

Deputy Mayor : F K N (Faylene) Tunui 022 320 8840

Councillors : 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

Committees: 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 2019/20 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 \$100,609 compared to the Annual Plan estimate for 2019/20 of \$152,500.

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 2019/20 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 2020 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 2020

The Auditor-General is the auditor of Kawerau District Council (the District Council). The Auditor-General has appointed me, J R Smaill, 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 15 December 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 16 to 49:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2020; and
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduce Disclosure Regime;
- the funding impact statement on page 20, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the statement of service performance on pages 56 to 106:
 - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2020, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 62 to 106, 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 62 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 50 to 55, 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 plan.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in note 33 to the financial statements and page 56 to 58 of the statement of service performance.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

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

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

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its Annual Report.

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan and Long-Term Plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the Annual Report. The other information comprises the information included on pages 2 to 11 and 107 to 113, but does not include the audited information and the disclosure requirements.

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

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



J R Smail
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

KAWERAU DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2020

\$ 2018/19		Note	\$ Budget	\$ 2019/20
	Revenue			
9,999,467	Rates revenue	2	10,393,760	10,370,965
897,366	Subsidies and grants	3	876,750	1,001,280
1,380,915	Fees and charges	4	2,115,660	1,395,185
170,278	Interest revenue	7	152,500	100,609
68,953	Other revenue	4	66,000	524,547
12,516,979	Total Revenue		13,604,670	13,392,586
	Expenses			
4,792,509	Personnel costs	5	5,053,200	5,239,940
3,135,731	Depreciation and amortisation expense	12-14	2,942,820	3,247,020
6,124	Finance costs	7	5,500	4,935
6,025,634	Other expenses	6	6,061,070	5,287,076
71,571	Loss on disposal of property, plant and equipment		0	377,747
14,031,569	Total Expenses		14,062,590	14,156,718
(1,514,590)	SURPLUS / (DEFICIT)		(457,920)	(764,132)
	Other comprehensive revenue and expense			
6,589,307	Gain on revaluation		0	0
5,074,717	TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(457,920)	(764,132)

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 2020

\$ 2018/19		Note	\$ Budget	\$ 2019/20
ASSETS				
Current assets				
2,100,502	Cash and cash equivalents	8	4,046,595	3,293,541
1,342,718	Receivables	9	1,247,370	1,355,725
3,000,000	Other financial assets	11	0	500,000
195,919	Prepayments		0	197,668
149,434	Inventory	10	1,290,920	1,219,632
<u>6,788,573</u>	Total current assets		<u>6,584,885</u>	<u>6,566,566</u>
Non-current assets				
36,252	Investment in CCOs	11	36,250	36,252
67,997,422	Property, plant and equipment	12	67,047,039	68,005,825
72,176	Intangible assets	13	85,100	55,927
<u>68,105,850</u>	Total non-current assets		<u>67,168,389</u>	<u>68,098,004</u>
<u>74,894,423</u>	TOTAL ASSETS		<u>73,753,274</u>	<u>74,664,570</u>
LIABILITIES				
Current liabilities				
2,216,072	Payables and deferred revenue	15	2,144,957	2,721,471
18,147	Borrowings and other financial liabilities	18	21,000	20,053
562,219	Employee entitlements	17	602,590	619,684
10,000	Provisions	16	10,000	10,000
<u>2,806,438</u>	Total current liabilities		<u>2,778,547</u>	<u>3,371,208</u>
Non-current liabilities				
160,000	Payables and deferred revenue	15	160,000	154,286
39,970	Borrowings and other financial liabilities	18	19,400	19,917
43,712	Employee entitlements	17	114,200	47,109
44,207	Provisions	16	35,870	36,086
<u>287,889</u>	Total non-current liabilities		<u>329,470</u>	<u>257,398</u>
<u>3,094,327</u>	TOTAL LIABILITIES		<u>3,108,017</u>	<u>3,628,606</u>
<u>71,800,096</u>	NET ASSETS		<u>70,645,257</u>	<u>71,035,964</u>
EQUITY				
34,741,518	Accumulated Funds	19	39,333,233	35,665,388
37,058,578	Reserves	19	31,312,024	35,370,576
<u>71,800,096</u>	TOTAL EQUITY		<u>70,645,257</u>	<u>71,035,964</u>

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 2020

\$ 2018/19	Total Equity	Note	\$ Budget	\$ 2019/20
66,725,379	Balance at 1 July		71,103,177	71,800,096
<u>5,074,717</u>	Total comprehensive revenue and expense		<u>(457,920)</u>	<u>(764,132)</u>
<u>71,800,096</u>	Balance at 30 June		<u>70,645,257</u>	<u>71,035,964</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 2020

\$ 2018/19	Note	\$ Budget	\$ 2019/20
CASH FLOWS FROM OPERATING ACTIVITIES			
10,043,916		10,341,980	10,438,661
773,936		0	939,477
939,996		876,750	1,206,166
1,446,138		1,534,210	1,373,209
184,025		152,500	149,884
68,885		647,450	524,547
(6,357,681)		(6,210,130)	(5,533,309)
(4,874,542)		(4,942,340)	(5,179,078)
(6,124)		(5,500)	(4,935)
105,252		0	(151,354)
(770,565)		0	(934,965)
<u>1,553,236</u>		<u>2,394,920</u>	<u>2,828,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
10,650		2,184,550	39,823
(21,955)		0	(1,536)
1,400,000		0	2,500,000
(3,059,940)		(5,922,520)	(4,155,404)
<u>(1,671,245)</u>		<u>(3,737,970)</u>	<u>(1,617,117)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
0		0	0
0		0	0
(14,896)		(19,600)	(18,147)
<u>(14,896)</u>		<u>(19,600)</u>	<u>(18,147)</u>
<u>(132,905)</u>		<u>(1,362,650)</u>	<u>1,193,039</u>
2,233,407		5,409,245	2,100,502
<u>2,100,502</u>	8	<u>4,046,595</u>	<u>3,293,541</u>

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 2020

	2019		2020	
	\$ Long Term Plan	\$ Actual	\$ Annual Plan	\$ Actual
SOURCES OF OPERATING FUNDING				
General rates, UAGC and rate penalties	9,109,400	9,040,341	9,353,410	9,271,074
Targeted rates	932,200	959,126	1,040,330	1,099,891
Subsidies and grants for operating purposes	221,240	420,444	164,090	650,272
Fees and charges	1,258,460	1,380,915	1,513,310	1,395,185
Interest and dividends from investments	220,040	170,278	150,500	100,609
Local Authorities Fuel tax, fines, infringements and other receipts	402,500	68,953	668,350	524,547
TOTAL OPERATING FUNDING (A)	12,143,840	12,040,057	12,891,990	13,041,578
APPLICATIONS OF OPERATING FUNDING				
Payment to staff and suppliers	10,249,180	10,818,143	11,114,300	10,527,018
Finance costs	6,800	6,124	5,500	4,935
Other operating funding applications	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	10,255,980	10,824,267	11,119,800	10,531,953
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	1,887,860	1,215,790	1,772,190	2,509,625
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	896,030	476,922	712,660	351,008
Development and Financial contributions	0	0	0	0
Increase/(decrease) in debt	(18,350)	(14,896)	(19,600)	(18,147)
Gross proceeds from sale of assets	1,572,900	0	2,184,550	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	2,450,580	462,026	2,877,610	332,861
APPLICATIONS OF CAPITAL FUNDS				
Capital expenditure:				
- to meet additional demand	2,930,000	519,796	2,386,000	2,378,734
- to improve the level of service	1,006,000	228,343	470,000	33,097
- to replace existing assets	2,844,910	2,032,220	3,066,520	1,932,212
Increase/(decrease) in reserves	(2,442,470)	(1,102,543)	(1,272,720)	(1,501,557)
Increase/(decrease) of investments	0	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	4,338,440	1,677,816	4,649,800	2,842,486
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(1,887,860)	(1,215,790)	(1,772,190)	(2,509,625)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0	0

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 2020

REPORTING ENTITY

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

The financial statements of Kawerau District Council are for the year ended 30 June 2020. The financial statements are authorised for issue by Council on 15 December 2020.

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 categories; 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 categories of financial assets are:

1. 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

2. 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

Council currently holds two categories of inventory. These are:

- 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.

- Residential sections which are available for sale. Council has developed residential sections which are currently held for sale and are measured at the lower of cost or net realisable value in accordance with PBE IPSAS 12

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.

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 in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

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

Additions

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

	Estimated Useful Life	Depreciation Rate	Basis
Operational			
Buildings	5-50 years	2.0-20.0%	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		
Infrastructural			
Roading Network			
Street lighting	5-47 years	2.13-20.0%	SL
Kerb, channel & footpath	5-100 years	1.0-20.0%	SL

	Estimated Useful Life	Depreciation Rate	Basis
Infrastructural			
Pavement surface	3-19 years	5.16-33.3%	SL
Pavement structure	5-80 years	1.25-20.0%	SL
Stormwater	5-100 years	1.0-20.0%	SL
Water Systems:			
Collection & Storage	5-79 years	1.3-20.0%	SL
Local Distribution	5-80 years	1.3-20.0%	SL
Sewerage System:			
Reticulation system	5-80 years	1.3-20.0%	SL
Pumping & Treatment	5-80 years	1.3-20.0%	SL
Restricted			
Buildings & Other	6-25 years	4.0%-16.7%	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:

	Estimated Useful Life	Amortisation Rate	Basis
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.

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 2020.

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 2019/20 in the 2019/20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by 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 2020:

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.

Changes in accounting policies

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE 34 – 38). These new standards replaced the previous standards for interests in other entities (PBE IPSAS 6 – 8). The new standards have been applied in preparing the 30 June 2020 financial statements but there has been no material impact.

Standards issued and not yet effective and not early adopted

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

PBE IPSAS 2 Cash Flow Statements

This amendment applies for annual periods beginning on or after 1 January 2021. Disclosure initiative (Amendment to IAS 7) issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended

IPSAS 2 cash Flow Statements in improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE standards.

PBE FRS 48 Services Performance Reporting

Mandatory for annual periods beginning on or after 1 January 2021. There has been no PBE standard dealing solely with service performance reporting. This standard establishes new requirements for public benefit entities (PBEs) to select and present services performance information.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial instruments replaces PBE IPSAS 29 Financial Instruments and is effective for financial years beginning on or after 1 January 2022 with earlier adoption permitted.

The main changes compared to PBE IPSAS 29 that are relevant to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected losses which might result in earlier recognition of impairment losses.

The Council intends to adopt PBE IPSAS 41 for the 30 June 2022 financial. The Council has not yet assessed in detail the impact of the new standard.

2. Rates Revenue

<u>2018/19</u>		<u>2019/20</u>
8,947,269	General rate	9,195,122
	Targeted rates attributable to activities:	
195,435	Water Supply – including metered water	239,505
351,142	Wastewater	424,014
412,549	Refuse Collection	436,372
93,071	Rate penalties	75,952
<u>9,999,466</u>	Total revenue from rates	<u>10,370,965</u>

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>2018/19</u>		<u>2019/20</u>
10,051,640	Total rates revenue	10,485,268
	Rates remissions	
<u>(52,174)</u>	Higher value properties/Farms	<u>(114,303)</u>
<u>9,999,466</u>	Rates revenue net of remissions	<u>10,370,965</u>

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>2018/19</u>		<u>2019/20</u>
390,390	NZ Transport Agency – Roading Subsidies	497,211
181,427	NZ Transport Agency – Subsidies for Stormwater	553
325,549	Grants for capital projects and events	503,516
<u>897,366</u>		<u>1,001,280</u>

There are no unfulfilled conditions or other contingencies attached to government grants received (2019 \$Nil).

4. Fees and charges and other revenue

<u>2018/19</u>		<u>2019/20</u>
1,380,915	User fees and charges	1,395,185
68,953	Petrol Tax	63,004
0	Election recoveries	13,940
0	Profit on sale of asset	447,603
<u>1,449,868</u>	Total fees and charges and other revenue	<u>1,919,732</u>

5. Personnel Costs

<u>2018/19</u>		<u>2019/20</u>
4,771,610	Salaries & Wages	5,046,035
7,146	Employer contributions to multi-employer defined benefit plans	7,415
95,785	Employer contributions to Kiwisaver	125,628
(82,032)	Increase/ (decrease) in employee benefit liabilities	60,862
<u>4,792,509</u>	Total employee benefit expenses	<u>5,239,940</u>

6. Other expenses

<u>2018/19</u>		<u>2019/20</u>
41,485	General grants	38,843
1,656,201	Contractors	1,550,943
182,456	Insurance premiums	229,113
194,850	Consultants and legal fees	168,400
(140)	Impairment of receivables (note 9)	1,386
3,950,780	Other operating expenses	3,298,391
<u>6,025,632</u>		<u>5,287,076</u>

7. Interest revenue and finance costs

<u>2018/19</u>		<u>2019/20</u>
	Interest revenue:	
170,278	Term deposits	100,609
	Interest expense:	
0	Interest - other	0
6,124	Interest on finance leases	4,935
<u>164,154</u>	Net interest revenue	<u>95,674</u>

8. Cash and cash equivalents

<u>2018/19</u>		<u>2019/20</u>
300,502	Cash at bank and in hand	1,793,541
<u>1,800,000</u>	Short term deposits with maturities of 3 months or less	<u>1,500,000</u>
<u>2,100,502</u>	Total cash and cash equivalents	<u>3,293,541</u>

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

9. Receivables

<u>2018/19</u>		<u>2019/20</u>
285,271	Rates receivable	313,253
331,870	Other receivables	262,683
531,823	Sundry debtors	436,068
<u>196,974</u>	GST receivable	<u>348,328</u>
1,345,938		1,360,332
<u>(3,221)</u>	Less provision for impairment of receivables	<u>(4,607)</u>
<u>1,342,717</u>	Current portion	<u>1,355,725</u>
1,162,140	Receivables from non-exchange transactions	1,181,185
<u>180,577</u>	Receivables from exchange transactions	<u>174,540</u>
<u>1,342,717</u>		<u>1,355,725</u>

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

<u>2018/19</u>		<u>2019/20</u>
3,361	At 1 July	3,221
<u>(140)</u>	Additional provisions made during the year	<u>1,386</u>
0	Receivables written off during the period	<u>0</u>
<u>3,221</u>	At 30 June	<u>4,607</u>

10. Inventory

<u>2018/19</u>		<u>2019/20</u>
	Inventories held for distribution (Non-Commercial):	
114,938	Water & sewerage reticulation spare parts	130,739
<u>34,496</u>	Other	<u>49,155</u>
149,434	Total inventories held for distribution (Non-commercial)	179,894
	Inventory held for sale (Commercial):	
<u>0</u>	Residential Developments – Te Ariki Place & Central Cove	<u>1,039,739</u>
0	Total inventory held for sale (Commercial)	1,039,739
<u>149,434</u>	Total	<u>1,219,632</u>

There has been no write-down of inventory during the year (2018/19 – \$nil)

No inventories are pledged as securities for liabilities (2018/19 - \$nil)

11. Other Financial Assets/Investments in CCOs

<u>2018/19</u>		<u>2019/20</u>
	Current portion	
	<i>Loans and receivables</i>	
3,000,000	Short term deposits with maturities of 4 -12 months	500,000
<u>3,000,000</u>	Total loans and receivables	<u>500,000</u>
	Non-current portion	
	<i>Investments - at cost</i>	
31,161	Investment in Civic Financial Services Limited (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 Civic Financial Services Limited are held at cost. The asset backing for these shares at 31 Dec 2019 was \$0.93 (2018 - \$1.60).

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>2018/19</u>	Short Term Deposits	<u>2019/20</u>
3,000,000	Average investment - 230 days (2018/19 261 days)	500,000
<u>3,000,000</u>		<u>500,000</u>

12. Property, plant and equipment 2020

	Cost/ revaluation 1-July-19	Accum Depn and Imp. Chgs 1-July-19	Carrying Amount 1-July-19	WIP Completion	Curr. Yr Additions	Curr. Yr Disposals (Cost)	Curr. Yr Disposals (Accum Depn)	Curr. Yr Depn	Cost/ revaluation 30-Jun-20	Accum Depn and Imp Chgs 30-Jun-20	Carrying Amount 30-Jun-20
Council operational assets											
Land	4,537,100	0	4,537,100	519,796	309,735	(566,000)	0	0	4,800,631	0	4,800,631
Buildings	8,772,198	0	8,772,198	18,800	146,510	(345,200)	0	447,810	8,592,308	(447,810)	8,144,498
Plant, machinery and vehicles	2,003,860	(1,061,795)	942,065	0	118,734	(102,397)	62,574	182,844	2,020,197	(1,182,065)	838,132
Fixtures, fittings and equipment	4,672,540	(2,731,710)	1,940,831	0	396,644	0	0	245,961	5,069,184	(2,977,671)	2,091,514
Library collections	1,647,827	(1,314,362)	333,465	0	63,989	0	0	54,819	1,711,816	(1,369,181)	342,635
Leased assets	\$90,259	(36,883)	53,375	0	0	0	0	18,052	\$90,259	(54,935)	35,323
Work in progress	538,596		538,596	(538,596)	915,398				915,398		915,398
Total operational assets	22,262,380	(5,144,750)	17,117,630	0	1,951,010	(1,013,597)	62,574	949,486	23,199,793	(6,031,662)	17,168,131
Roading network	16,928,378	(247,232)	16,681,146	0	1,004,435	(29,631)	0	883,993	17,903,182	(1,131,225)	16,771,957
Water - Other	8,139,640	0	8,139,640	0	346,664	0	0	454,636	8,486,304	(454,636)	8,031,668
Water – Treatment Plant	869,830	0	869,830	0	192,229	0	0	71,154	1,062,059	(71,154)	990,905
Sewerage - Other	7,814,380	0	7,814,380	0	308,505	0	0	361,882	8,122,885	(361,882)	7,761,003
Sewerage – Treatment Plant	3,500,270	0	3,500,270	0	53,800	(3,140)	224	146,473	3,550,930	(146,249)	3,404,681
Stormwater - Network	4,860,050	0	4,860,050	0	485,866	0	0	245,483	5,345,916	(245,483)	5,100,433
Total infrastructural assets	42,112,548	(247,232)	41,865,316	0	2,391,499	(32,771)	224	2,163,621	44,471,276	(2,410,629)	42,060,647
Council restricted assets											
Land	6,595,824	0	6,595,824	0	0	(121,300)	0	0	6,474,524	0	6,474,524
Buildings	2,326,199	0	2,326,199	0	0	0	0	113,479	2,326,199	(113,479)	2,212,720
Library - Special Collection	12,300	0	12,300	0	0	0	0	0	12,300	0	12,300
Other	88,101	(7,948)	80,153	0	0	0	0	2,650	88,101	(10,598)	77,503
Total restricted assets	9,022,424	(7,948)	9,014,476	0	0	(121,300)	0	116,129	8,901,124	(124,077)	8,777,047
Total property, plant and equipment	73,397,352	(5,399,930)	67,997,422	0	4,342,510	(1,167,668)	62,798	3,229,236	76,572,183	(8,566,368)	68,005,825

Property, plant and equipment 2019

	Cost/ revaluation 1-July-18	Accum Depn and Imp. Chgs 1-July-18	Carrying Amount 1-July-18	Cost/ revaluation 30-Jun-19	Accum Depn and Imp Chgs 30-Jun-19	Carrying Amount 30-Jun-19
Council operational assets						
Land	2,361,600	0	2,361,600	4,537,100	0	4,537,100
Buildings	9,680,654	(898,896)	8,781,758	8,772,198	0	8,772,198
Plant, machinery and vehicles	1,834,093	(871,223)	962,870	2,003,860	(1,061,795)	942,065
Fixtures, fittings and equipment	4,373,399	(2,449,082)	1,924,317	4,672,540	(2,731,710)	1,940,831
Library collections	1,581,335	(1,261,383)	319,952	1,647,827	(1,314,362)	333,465
Leased assets	\$88,915	(18,831)	70,084	\$90,259	(36,883)	53,375
Work in progress				538,596		538,596
Total operational assets	19,919,996	(5,499,415)	14,420,581	22,262,380	(5,144,750)	17,117,630
Roading network	17,191,259	(1,637,554)	15,553,705	16,928,378	(247,232)	16,681,146
Water - Other	8,350,485	(722,770)	7,627,715	8,139,640	0	8,139,640
Water – Treatment Plant	1,006,740	(136,833)	869,907	869,830	0	869,830
Sewerage - Other	8,009,957	(558,189)	7,451,768	7,814,380	0	7,814,380
Sewerage – Treatment Plant	3,623,554	(234,495)	3,389,059	3,500,270	0	3,500,270
Stormwater - Network	5,098,714	(417,184)	4,681,530	4,860,050	0	4,860,050
Total infrastructural assets	43,280,709	(3,707,025)	39,573,684	42,112,548	(247,232)	41,865,316
Council restricted assets						
Land	6,021,424	0	6,021,424	6,595,824	0	6,595,824
Buildings	1,947,100	(208,724)	1,738,376	2,326,199	0	2,326,199
Library - Special Collection	12,300	0	12,300	12,300	0	12,300
Other	88,100	(5,299)	82,801	88,101	(7,948)	80,153
Total restricted assets	8,068,924	(214,023)	7,854,901	9,022,424	(7,948)	9,014,476
Total property, plant and equipment	71,269,629	(9,420,463)	61,849,166	73,397,352	(5,399,930)	67,997,422

Core asset disclosures

Valuation

Land and Buildings

Council's operational and restricted land and buildings were last 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 \$377,747 (2019 - \$82,673) 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 \$35,323 (2019 - \$56,781).

Impairment

There were no impairment losses incurred for the year to 30 June 2020 (2019 – 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.

2020	Closing book value	Additions (constructed)	Additions (transferred)	Most recent replacement cost estimate for revalued assets (30 June 2019)
Water Supply:				
-Treatment plant	990,904	192,229	0	1,591,350
-Other assets (reticulation)	8,031,668	346,664	0	27,286,820
Sewerage:				
-Treatment plant	3,404,682	53,800	0	6,072,540
-Other assets (reticulation)	7,761,003	308,505	0	24,988,270
Stormwater drainage	5,100,433	485,866	0	18,331,380
Roads and Footpaths	16,771,961	1,004,435	0	36,502,300
2019				Replacement cost: (30 June 2019)
Water Supply:				
-Treatment plant	878,730	16,035	0	1,591,350
-Other assets (reticulation)	8,139,640	114,200	0	27,098,890
Sewerage:				
-Treatment plant	3,500,270	136,495	0	6,072,540
-Other assets (reticulation)	7,814,380	47,952	0	24,686,900
Stormwater drainage	4,860,050	279,479	0	17,485,510
Roads and Footpaths	16,681,148	832,456	0	35,999,070

13. Intangible assets

<u>2018/19</u>		<u>2019/20</u>
	Acquired computer software	
	Balance at 1 July	
394,831	Cost	416,784
(326,118)	Accumulated amortisation and impairment	(344,609)
<u>68,713</u>	Opening carrying amount	<u>72,175</u>
21,953	Additions	1,535
(18,491)	Amortisation charge	(17,784)
<u>72,175</u>	Closing carrying amount	<u>55,926</u>
	Balance at 30 June	
416,784	Cost	418,319
(344,609)	Accumulated amortisation and impairment	(362,393)
<u>72,175</u>	Closing carrying amount	<u>55,926</u>

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>2018/19</u>	Depreciation and amortisation expense (for group of activity)	<u>2019/20</u>	<u>2019/20</u>
<u>Actual</u>		<u>Budget</u>	<u>Actual</u>
21,554	Democracy	19,820	18,535
175,054	Economic and community development	172,120	200,058
29,096	Environmental services	42,360	26,624
796,067	Roading	793,380	878,275
210,336	Stormwater	210,380	245,553
447,529	Water supply	444,160	532,759
427,527	Wastewater	432,040	521,333
38,224	Solid waste	32,440	29,950
843,079	Leisure and recreation	796,120	637,852
147,265	Other activities	0	156,081
<u>3,135,731</u>	Total	<u>2,942,820</u>	<u>3,247,020</u>

15. Payables and deferred revenue

<u>2018/19</u>	Current portion: Payables and deferred revenue under exchange transactions:	<u>2019/20</u>
550,509	Trade payables	925,363
845,492	Accrued expenses	763,164
5,714	Revenue in advance	5,714
<u>1,401,715</u>	Total	<u>1,694,241</u>
	Payables and deferred revenue under non-exchange transactions:	
675,557	Rates fees and grants received in advance	842,804
39,548	Rates due to BOP Regional Council	44,060
99,252	Deposits and bonds	140,366
<u>814,357</u>	Total	<u>1,027,230</u>
<u>2,216,072</u>	Total payables and deferred revenue	<u>2,721,471</u>

	Non-current portion: Payables and deferred revenue under exchange transactions:	
<u>\$160,000</u>	Income in advance	<u>\$154,286</u>

16. Provisions

<u>2018/19</u>		<u>2019/20</u>
	Current provisions are represented by:	
10,000	Landfill aftercare provision	10,000
	Non-current provisions are represented by:	
44,207	Landfill aftercare provision	36,086
	Landfill aftercare provision	
61,997	Opening balance	54,207
(6,400)	Amount utilised	(6,894)
2,210	Discounting changes	1,879
(3,600)	Increase/(Decrease) in provision	(3,106)
<u>54,207</u>	Closing Balance	<u>46,086</u>

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 \$50,000 (2019 - \$60,000) over the remaining life of the resource consent. This liability has been discounted to a current value of \$46,086 (2019 - \$54,207) using a discount rate of 4.25% (2019 – 4.25%).

17. Employee Entitlements

<u>2018/19</u>		<u>2018/19</u>
427,913	Annual leave	491,507
44,323	Retirement gratuities	47,213
<u>133,693</u>	Accrued salaries	<u>128,073</u>
<u>605,929</u>	Total employee benefit liabilities	<u>666,793</u>
	Comprising:	
562,217	Current	619,684
<u>43,712</u>	Non-current	<u>47,109</u>
<u>605,929</u>	Total employee benefit liabilities	<u>666,793</u>

Note: No provision has been made for sick leave liability as the number of sick days taken by all employees during 2019/20 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% (2019 6%) and an inflation factor of 2.0% (2019 2.0%) were used.

18. Borrowings and other financial liabilities

<u>2018/19</u>		<u>2019/20</u>
	Current	
18,147	Finance leases	20,053
<u>18,147</u>	Total current borrowings	<u>20,053</u>
	Non-current	
39,970	Finance leases	19,917
<u>39,970</u>	Total non-current borrowings	<u>19,917</u>

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>2018/19</u>		<u>2019/20</u>
	Total minimum lease payments are payable	
23,170	Not later than one year	23,170
44,471	Later than one year and not later than five years	21,301
67,641	Total minimum lease payments	44,471
<u>(9,524)</u>	Future finance charges	<u>(4,501)</u>
<u>58,117</u>	Present value of minimum lease payments	<u>39,970</u>
	Present value of minimum lease payments are payable	
18,147	Not later than one year	20,053
39,970	Later than one year and not later than five years	19,917
<u>58,117</u>	Total	<u>39,970</u>

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.

19. Equity

<u>2018/19</u>		<u>2019/20</u>
	Accumulated Funds	
35,678,738	As at 1 July	34,741,518
	Transfers to:	
(2,164,917)	Council created reserves	(2,244,133)
	Transfers from:	
	Restricted reserves	
2,742,287	Council created reserves	3,932,135
(1,514,590)	Total Comprehensive Revenue and Expense	(764,132)
<u>34,741,518</u>	As at 30 June	<u>35,665,388</u>
	Council created reserves	
8,002,037	As at 1 July	7,424,667
	Transfers to:	
(2,742,287)	Accumulated Funds	(3,932,135)
	Transfers from:	
2,164,917	Accumulated Funds	2,244,133
<u>7,424,667</u>	As at 30 June	<u>5,736,665</u>
	Property revaluation reserves	
23,044,604	As at 1 July	29,633,911
6,589,307	Total Comprehensive Revenue and Expense	0
<u>29,633,911</u>	As at 30 June	<u>29,633,911</u>
<u>37,058,578</u>	TOTAL RESERVES	<u>35,370,576</u>
	Asset revaluation reserves consist of:	
	Operational Assets	
2,905,028	Land	2,905,028
74,548	Landscaping	74,548
2,649,065	Buildings	2,649,065
95,916	Other Equipment	95,916
<u>5,650,009</u>		<u>5,650,009</u>
	Infrastructural Assets	
8,573,165	Roading Network	8,573,165
4,779,878	Water System	4,779,878
4,178,323	Wastewater System	4,178,323
2,036,001	Stormwater Network	2,036,001
<u>19,567,367</u>		<u>19,567,367</u>
	Restricted Assets	
2,501,850	Land	2,501,850
1,914,685	Buildings	1,914,685
<u>4,416,535</u>		<u>4,416,535</u>
<u>29,633,911</u>		<u>29,633,911</u>

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

2018/19 \$	Council created Reserves Purpose of Fund	Deposits \$	Expenditure \$	2019/20 \$
	Asset Renewal Reserve (All Activities)			
	To set funds aside for the renewal of assets utilised by the following activities:			
113,130	Democracy	1,531	0	114,661
590	Building & Inspection	0	0	590
4,083	Environmental Health	(13)	0	4,070
(24,434)	Dog Control	36,228	(64,123)	(52,329)
1,864,953	Roading/Footpaths	311,463	(463,490)	1,712,926
354,202	Stormwater	49,136	0	403,338
4,377,465	Water Supply	425,230	(350,958)	4,451,737
3,696,272	Wastewater	380,408	(151,199)	3,925,481
(218,699)	Refuse Disposal	10,553	(27,993)	(236,139)
83,062	Zero Waste	5,257	0	88,319
(339,784)	Library	65,079	(128,855)	(403,560)
(143,967)	Museum	10,217	(12,408)	(146,158)
(1,034,131)	Swimming Pool	142,689	(86,580)	(978,022)
(331,103)	Rec Centre	84,016	(5,600)	(252,687)
246,492	Town Hall	49,045	(8,624)	286,913
(768)	Concert Chamber	18,429	(1,422)	16,239
(138,111)	Town Centre Toilets	7,629	(29,990)	(160,472)
371,690	Sportfields	147,850	(1,007)	518,533
(403,758)	Passive Reserves	80,757	(85,679)	(408,680)
228	Road Berms	(2)	0	226
16,815	Street Trees	2,124	0	18,939
1,252	Bedding Displays	0	0	1,252
304,966	Playgrounds	42,922	(36,431)	311,457
(14,779)	Pensioner Housing (Bert Hamilton Hall)	79	(18,413)	(33,113)
53,908	Cemetery	6,959	(2,300)	58,567
(531,344)	Residential Developments	1,856	(2,283,568)	(2,813,056)
(529,848)	Retirement Village	(10,021)		(539,869)
(225,068)	Firmin Lodge	41,993	(32,953)	(216,028)
(476,200)	District Office & Depot	107,124	(40,900)	(409,976)
402,014	Finance	52,493	(23,237)	431,270
5,777	Operations & Services	(66)	0	5,711
(160,753)	Information Centre	27,427	(1,708)	(135,034)
92,810	Plant	145,531	(74,697)	163,644
10,560	Development Feasibility Fund	288	0	10,848
(2,855)	Economic Development	(78)	0	(2,933)
7,424,667	Total	2,244,133	(3,932,135)	5,736,665
2018/19 \$	Revaluation Reserve – Purpose of Fund	Additions \$		2019/20 \$
29,633,911	Revaluation Reserve - records the amount that Council's assets have increased in value.	0	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.

2018/19		Internal Loans	2019/20		
Interest \$	Loans \$		Interest \$	Repayments \$	Loans \$
		Solid waste:			
5,163	118,488	Transfer Station Loan	4,478	(17,606)	100,882
		Leisure and Recreation:			
2,979	69,850	Swimming Pool Loan	2,730	(6,446)	63,404
17,008	416,438	Changing rooms Loan	16,538	(12,103)	404,335
35,905	879,147	Firmin Lodge Loan	34,913	(25,551)	853,596
18,623	456,609	Archives/Museum Loan	18,142	(12,408)	444,201
79,678	1,940,532	Total	76,801	(74,114)	1,866,418

22. Capital commitments and operating leases

At the 30 June 2020 there were two outstanding contracts for work still to be done totaling \$756,200 (2019 \$2,079,914.83).

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>2018/19</u>		<u>2019/20</u>
Total minimum lease payments		
5,316	Not later than one year	5,316
8,878	Later than one year and not later than five years	3,562
<u>14,194</u>	Total minimum lease payments	<u>8,878</u>

23. Contingencies

Council currently has no outstanding loan guarantees for community organisations (2019 - \$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.

Key management personnel compensation:		
<u>2018/19</u>		<u>2019/20</u>
	Councillors:	
225,182	Remuneration (including non-financial benefits)	298,148
9	Full-time equivalent members (NB number of elected members)	9
Senior management team including Chief Executive Officer		
607,255	Remuneration (including non-financial benefits)	631,064
18,218	Employer contribution to Kiwi-saver scheme – omitted from 2018/19	18,932
4	Full-time equivalents	4
850,655	Total key management personnel remuneration	948,144
13	Total full-time equivalent personnel	13

25. Remuneration

<u>2018/19</u>		<u>2019/20</u>
218,002	Chief Executive Officer	222,278
6,540	Employer contribution to Kiwi-saver scheme	6,668
	The Chief Executive Officer also received additional benefits of \$600.00 (\$600.00 2019) for telephone rental	

<u>2018/19</u>			<u>2019/20</u>
	Elected Members		
		<u>Communication Allowance</u>	<u>Salary</u>
<u>Total</u>			<u>Total</u>
70,656	Mayor - M J Campbell JP	0	89,696*
22,316	Councillor - C J Ion	1,190	28,850
17,540	Councillor - B J Julian	640	23,167
17,500	Councillor - R G K Savage	600	23,167
18,090	Councillor - W Godfery	1,190	23,167
18,090	Councillor - C J Marjoribanks	368	5,753
0	Councillor – A Rangihika	822	17,414
24,810	Councillor - F K N Tunui	1,150	32,260
18,090	Councillor – D Sparks	1,190	23,167
18,090	Councillor – S Kingi	1,190	23,167
	*includes value of vehicle		

26. Staffing Levels and Remuneration

As at 30 June 2020 there were 55 staff which received annual salaries of less than \$60,000 (2019 58 employees)

<u>2018/19</u>	Total annual remuneration (in bands)	<u>2019/20</u>
No of Staff	(Total remuneration includes non-financial benefits provided to employees)	No of Staff
58	Salary < \$60,000	55
10	Salary \$60,000 - \$79,999	11
6	Salary \$80,000 - \$99,999	10
3	Salary \$100,000 - \$159,999	5
1	Salary \$160,000 - \$239,999	1
78	Total	82
<u>2018/19</u>		<u>2019/20</u>
44	Number of staff which were full time employees (>40 hours per week)	49

21.5 Number of part time staff (ie < 40 hours per week) expressed as FTE 19.4

27. Severance Payments

During the year, there were no severance payments made to Council employees. (2019 \$30,000)

28. Events after balance date

In 2019/20 there were no significant events after balance date (2018/19 nil).

29. Financial Instruments

Financial instrument categories

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

<u>2018/19</u>		<u>2019/20</u>
	Financial Assets	
	Loans and receivables	
2,100,502	Cash and cash equivalents	3,293,541
1,145,743	Debtors and other receivables	1,007,397
<u>3,000,000</u>	Held to maturity investments of 4-12 months	<u>500,000</u>
<u>6,246,245</u>	Total loans and receivables	<u>4,800,938</u>
	Fair value through other comprehensive revenue and expense	
<u>36,252</u>	Investments in unlisted shares	<u>36,252</u>
<u>36,252</u>	Total fair value through other comprehensive revenue and expense	<u>36,252</u>
<u>6,282,497</u>	Total financial assets	<u>4,837,190</u>
	Financial Liabilities	
	Financial liabilities at amortised cost	
1,534,801	Creditors and other payables	1,872,953
<u>18,147</u>	Borrowings	<u>20,053</u>
<u>1,552,948</u>	Total financial liabilities at amortised cost	<u>1,893,006</u>
	Non-current liabilities	
<u>39,970</u>	Borrowings	<u>19,917</u>
<u>39,970</u>	Total non-current liabilities	<u>19,917</u>
<u>1,592,918</u>	Total financial liabilities	<u>1,912,923</u>

30. Explanation of major variances against budget

Explanations for major variations from KDC's estimated figures in the Annual Plan for 2019/20 are as follows:

Statement of comprehensive revenue and expense

The significant variances from the estimated figures include: reduced income for interest revenue resulting from lower rates and reduced investment, additional income for subsidy and grants resulting from increased subsidies for events and the "Pathways to Work" programme and the anticipated sales from residential sections being less than budgeted.

There was additional expenditure for personnel costs resulting from increased remuneration for elected members and the “Pathways to Work” programme, and increased depreciation resulting from the increased values of assets following the revaluation of Council assets as at 30 June 2019. There was also less spent on maintenance projects.

Descriptions of variances compared to budget are in the group Funding Impact Statements.

Statement of financial position

Cash and cash equivalents and other financial assets overall, were close to budget.

Non-current assets were higher than budget due the revaluation of these assets at the 30 June 2019.

Liabilities were higher than the budget due to more creditors and increased deferred revenue at year end.

Finally, reserves were higher than budget as a result of the valuation increase for council assets

Statement of cash flow

Subsidies and grants were higher than budget because additional grants received for events and subsidy received for the Pathways to work programme.

Receipts from fees and charges were lower than budget because of less proceeds from the sale of residential sections than anticipated

Payments to employees were higher than budget because of additional costs for the Pathways to work programme and the increased remuneration for elected members

Purchase of plant, property and equipment was less than budget because some projects were delayed (resulting from COVID-19) 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 2019</u>		<u>30 June 2020</u>
2,938	Number of rating units	2,983
\$571,721,100	Capital value of rating units	\$958,317,000
\$90,467,600	Land value of rating units	\$352,991,000

32. Insurance Disclosure

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

<u>30 June 2019</u>		<u>30 June 2020</u>
56,398,079	Total value of all Council assets covered by insurance contracts	56,786,542
147,477,492	Maximum amount to which insured assets are insured	170,888,971
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 (2019 Nil)	

33. Financial Impacts of COVID-19

The COVID-19 lockdown resulted in a significant impact on council services and the community as a whole. During this period, non-essential services and activities ceased. Council staff focused on providing essential services and keeping the community informed as much as possible.

Also, many council staff were involved in Civil Defence roles, during this period which included providing welfare assistance to those people in the community requiring it.

It is estimated that additional costs relating directly to the COVID-19 lockdown amounted to \$56,645 and Council claimed \$4,820 for food provided to those needing it.

Council has been very fortunate in that there have not been long term impacts from COVID-19 as the rate collection continues to be at the same levels as previous years. Also, while Council facilities had to close during the lockdown, there was only a minimal impact on revenue as user fees are very low.

Council is confident there will not be any long term impact on its finances as a result of COVID-19.

KAWERAU DISTRICT COUNCIL DISCLOSURE STATEMENTS FOR YEAR ENDING 30 JUNE 2020

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.

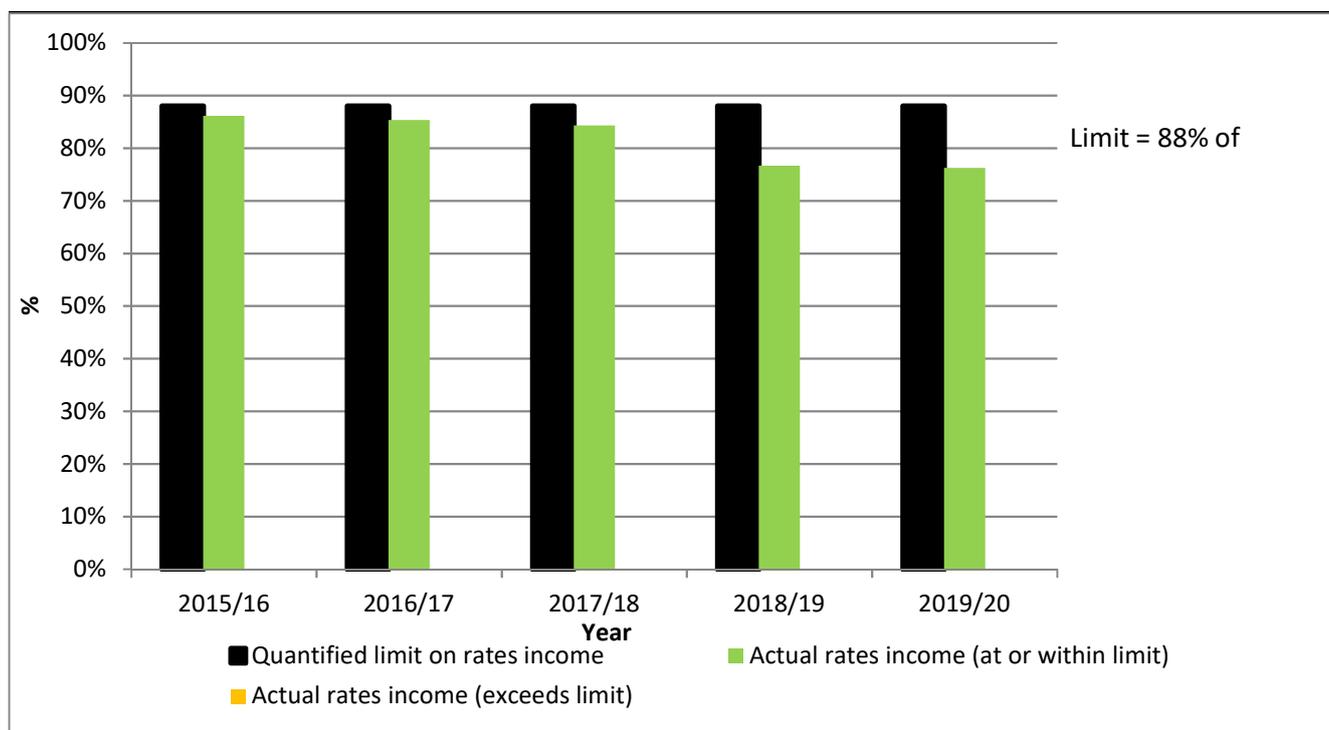
RATES AFFORDABILITY BENCHMARK

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

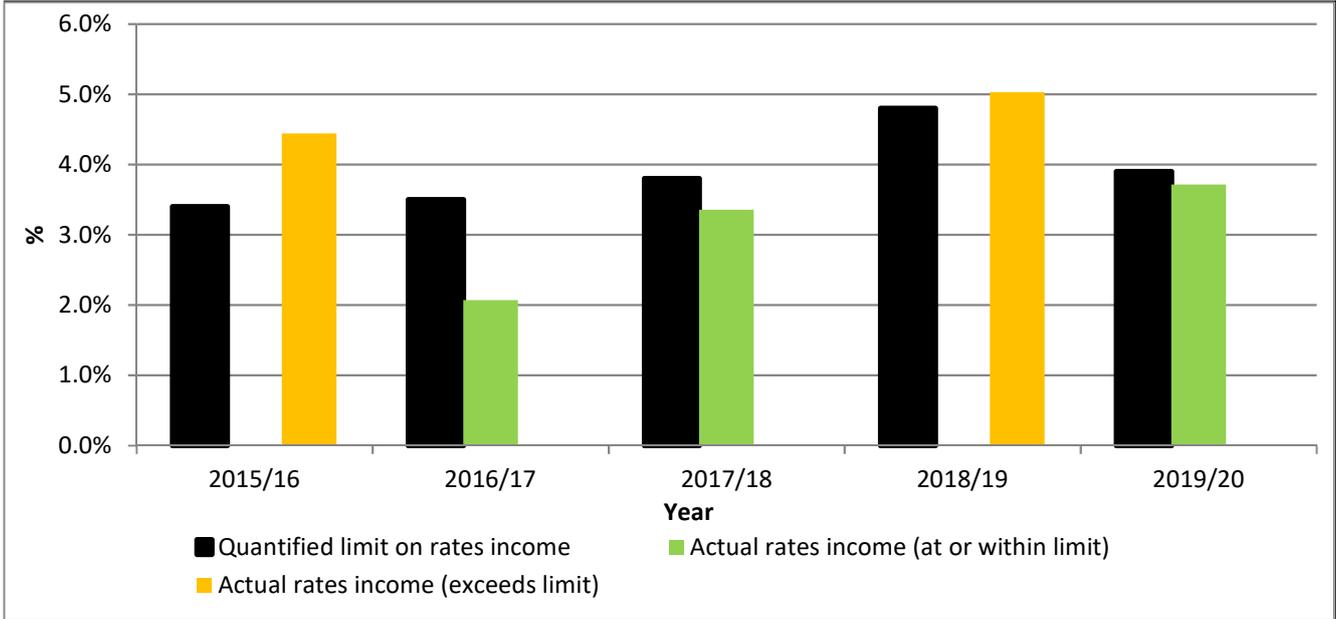
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 88% of Total Budgeted Revenue.



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.



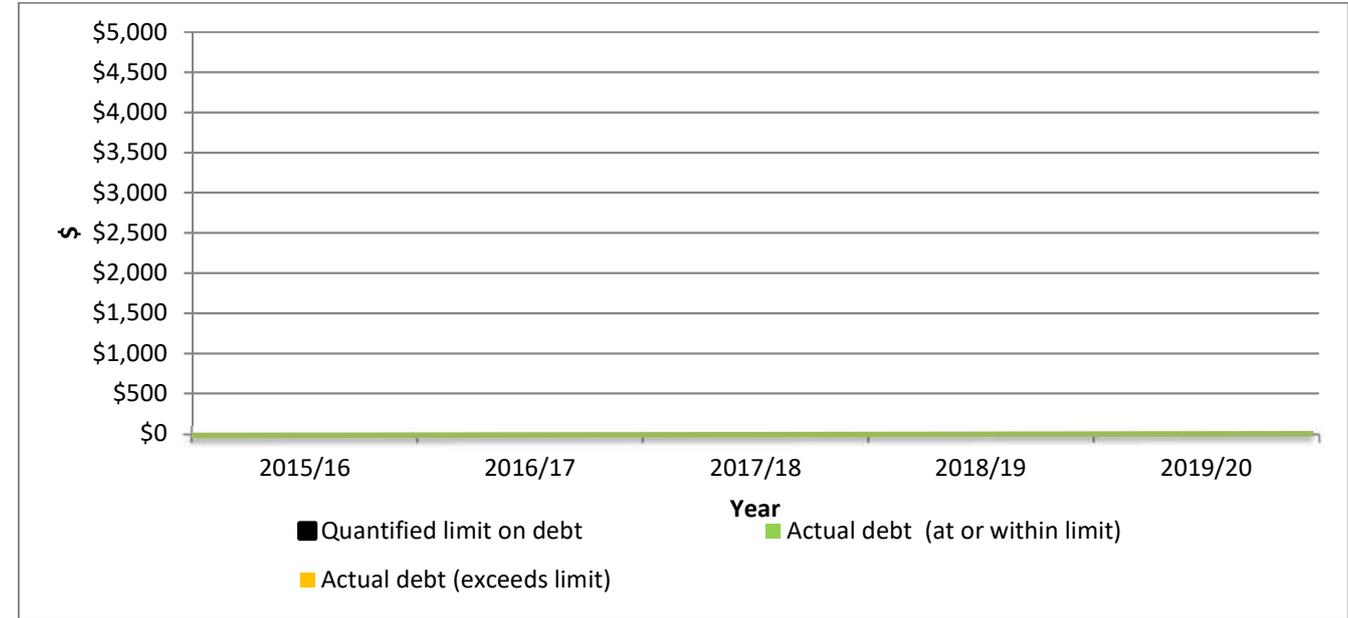
Comment:

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.

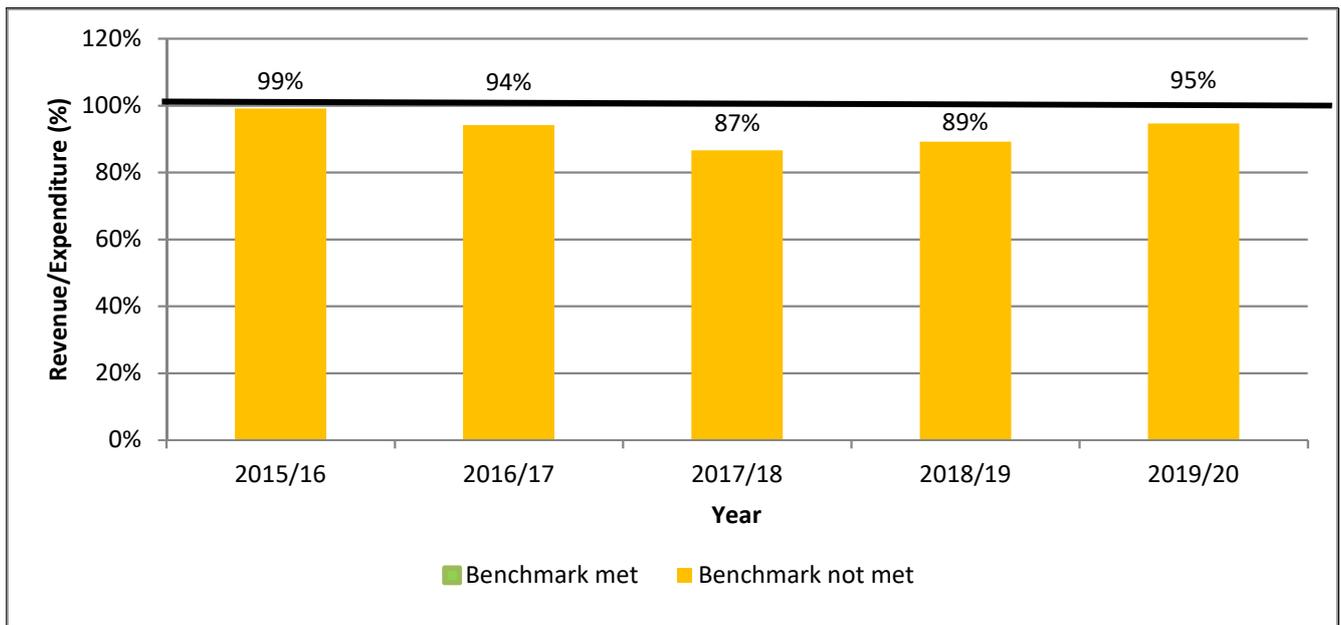


Comment:

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.

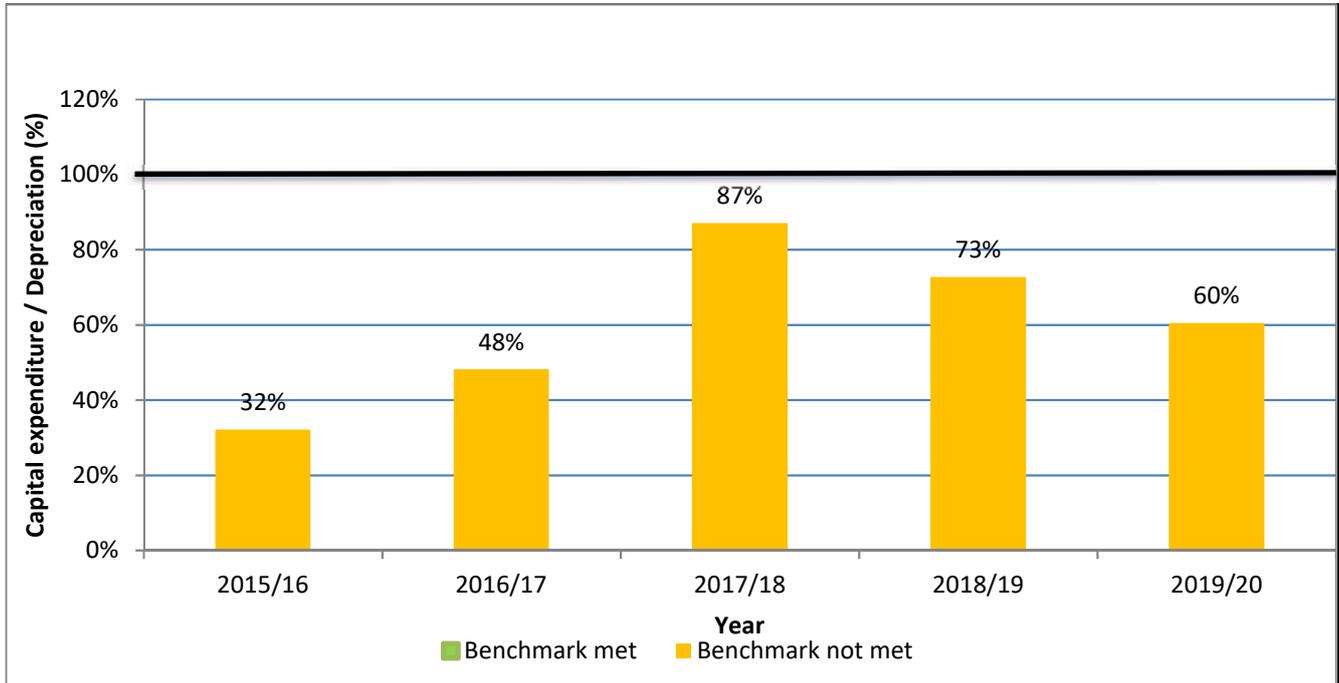
Council also does not fully fund depreciation for some buildings which will not be replaced, at least not as they are now.

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.

Also Council had anticipated there was going to be more residential land sales for 2019/20 than actually occurred.

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 years, the majority of planned renewals will start occurring over the next 5 to 20 years. In 2009/10, a new wastewater treatment plant that services the whole district was vested in Council.

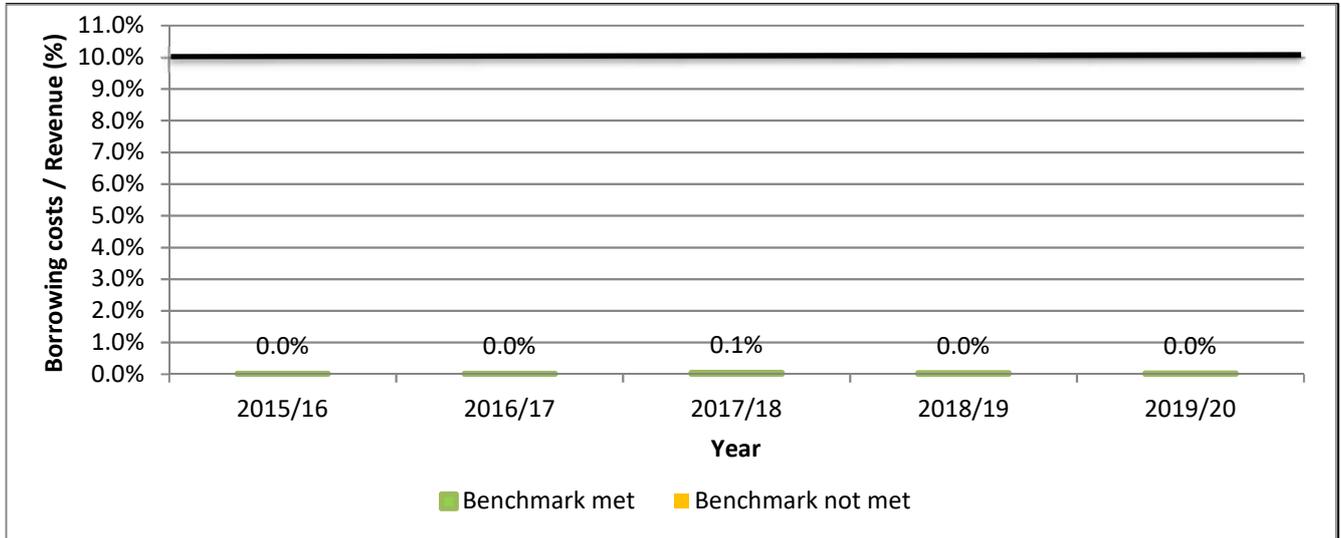
The following table broadly illustrates the age of Councils infrastructure.

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	62 years
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	53 years
3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	45 years
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	40 years
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	33 years
6	Geothermal area (Rec. Centre, Pool, Bowling Club, TAB carpark).	1962	58 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.

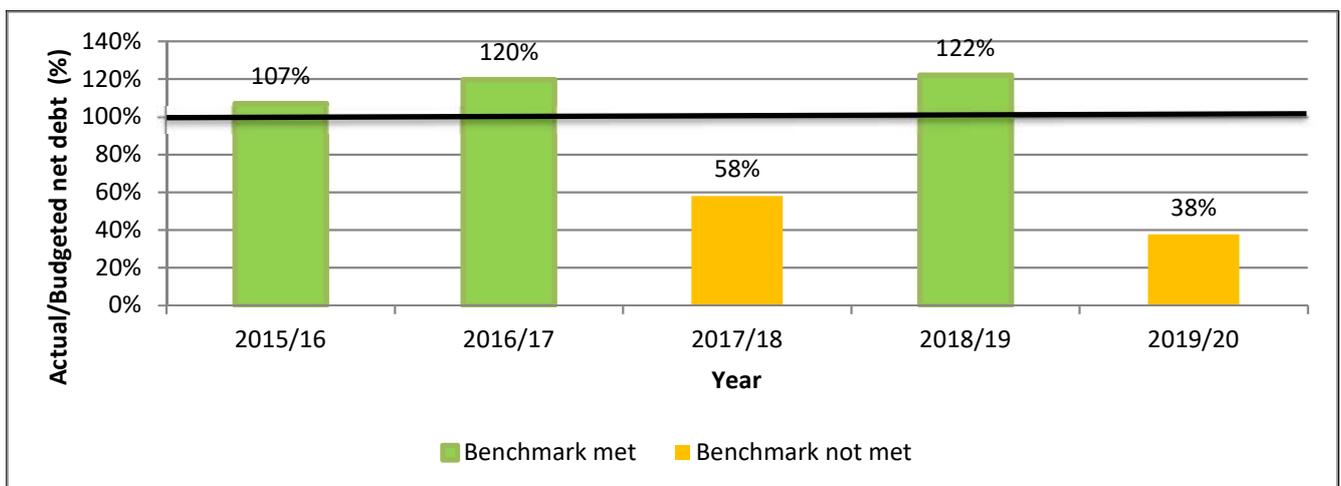


Comment:

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 less sales of residential properties, Council had less net financial assets at year end than budgeted in the Long Term Plan for 2019/20.

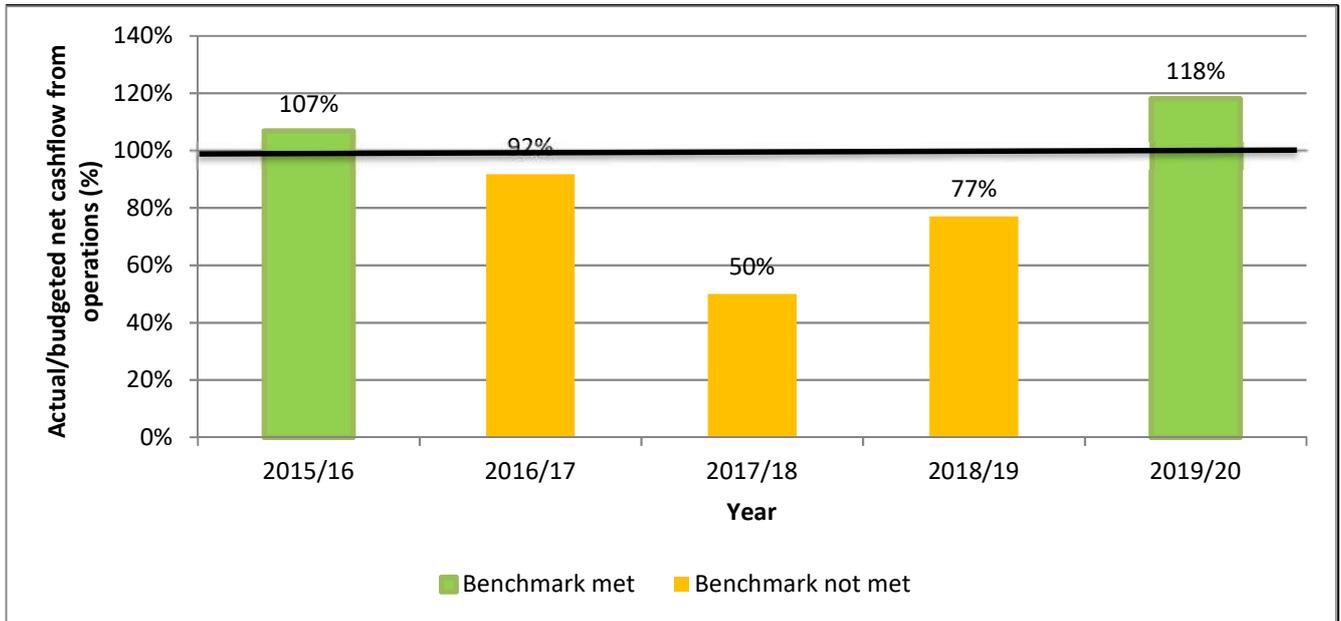


Comment:

Kawerau District Council's financial assets still exceed its financial liabilities at 30 June 2020 and therefore is still 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. For 2019/20, Council's actual net cash flow from operations was slightly higher than budget.



DISTRICT OFFICE DURING ALERT LEVEL 2

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 107 performance targets for all groups for the 2019/20 year (excluding those which were not applicable) and managed to achieve 55 (51%) of them (2018/19 76%).

The reason why some targets were not achieved was as result of the COVID-19 lockdown during which time many council services were not available.

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 2019/20 year, Council achieved 52 (49%) of its non-financial performance targets.

Activity	2019/20			2018/19 Achievement Rate
	No. of targets	End of Year Result		
Democracy	8	3	38%	60%
Economic & Community Development	9	6	67%	100%
Environmental Services	19	7	37%	72%
Roading	9	4	44%	43%
Stormwater	3	3	100%	100%
Water Supply	13	10	77%	75%
Wastewater	8	5	63%	86%
Solid Waste Management	8	5	63%	100%
Leisure and Recreation	30	12	40%	75%
TOTAL*	107	55	51%	76%

*excludes the N/A targets

There were 52 targets that were not achieved, however, 21 of these targets were as a direct result of the COVID-19 lockdown. Had these targets been achieved Council would have achieved 70% of the targets.

The following actions are being taken to address the targets that were not achieved and that were not impacted by COVID-19.

Democracy

Only 75/122 (61.5%) of the annual works programme was completed. This was mainly as a result of the COVID-19 lockdown when no capital or maintenance projects could be undertaken. Also there were 3 meetings where Council could not provide a public forum due to the lockdown.

Finally, the targets for community satisfaction with:

- Mayor and councillors
- Level of council consultation
- Way rates are spent

were not achieved. Council has in the later part of the year initiated a programme to keep the community better informed through a fortnightly council newsletter and regular updates to the website and social media

Economic and community development

The Covid-19 lockdown impacted on the delivery of events and the number of days that the I-Site was open to the public.

Also not all Toi EDA Trust meetings were attended by council staff. This resulted from a restructure of the trust and a change to whom was permitted to attend.

Environmental Services

There were eight targets that were not achieved due to the impact of COVID-19. These included:

- Dog Registrations by 30 April
- Audit of food premises
- Review of civil defence plans
- Training of civil defence staff
- Litter patrols
- Dog control patrols
- Inspections of pool fences
- Auditing of building warrant of fitness

Other targets that were not achieved were: response times for dog and noise complaints, satisfaction with the building inspection process and level of household emergency preparedness.

Roading

Council did not achieve the targeted timeframes for responding to all streetlight outages and pothole repairs. Council is working with its contactors to address these delays.

Also Council only resurfaced 0.5% of its sealed roads during the year (Target: 5.0% - 6.5%). These were mostly intersections which were resurfaced with asphaltic cement - NZTA had previously 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.

Water Supply

Council commenced chlorinating the water supply from 1 July 2018 and since then there have been incidences of discoloured water. There were subsequent complaints about the taste and “dirty water” after the continuing release of built-up manganese from the water reticulation pipes. However, the reports of discoloured water has been reducing following Council “air-scouring” and flushing pipes.

Wastewater

Council received two infringements and also did not comply with the resource consent for wastewater due to material and volumes that were received from the dairy factory. Council has since entered to an agreement with the dairy factory to ensure that the resource consent is complied with and no further infringements are received, otherwise Council will stop any further trade waste being sent to the waste water treatment plant

Leisure and Recreation

Council only achieved 40% of its targets for leisure and recreation during the year. The main reason for many targets not being achieved was due to the COVID-19 lockdown and facilities or activities not being available during this period.

Also many of the community satisfaction targets for these activities were not achieved. However, most satisfaction scores were close to the target and well above the national average for community satisfaction. Council will be reviewing the levels of satisfaction and also looking at keeping the community better informed on various Council media sources.



FLOWER BED, CORNER OF TAMARANGI AND ISLINGTON

DEMOCRACY

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELL-BEINGS

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.

Impact on Community Well-beings

The democracy activity impacts on all four well-beings (Social, Cultural, Environmental and Economic) as this activity is responsible for the provision, levels of service and overview of all council activities. Also it ensures that Council provides sustainable services which have minimal impact on the environment, that are affordable for the community and finally making sure that iwi is consulted and provided a forum that allows participation in Council's decision-making.

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 2019/20 were:

- Preparation and consultation of the 2020/21 Annual Plan – the Plan was adopted 28 July 2020
- The adoption of the 2018/19 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 2019/20, Council used the special consultative procedure and/or community consultation process when adopting the following:

- 2020-21 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



CONSULT A COUNCILLOR SESSION IN TARAWERA MALL

DEMOCRACY

PERFORMANCE

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

Levels of Service	Measures	Target 2019/20	Results 2018/19	Results 2019/20	Comment
The community has confidence in the quality of democracy and representation provided by elected members	Community satisfaction with the Mayor and councillors	>88%	N/A	Not achieved 83%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
Council encourages the community to contribute to Council decision-making and informs the community about key issues and activities	Community satisfaction with Council consultation	>69%	N/A	Not achieved 65%	Council has undertaken to provide significantly more communication and consultation with the community through social media and a fortnightly newsletter
Council informs the community about key issues and activities.	Public notification of meetings	100%	Achieved (100%)	Achieved	All meetings were publicly notified.
	Number of newsletters	At least 11 publications for year	Achieved (11 published)	Achieved	16 newsletters published
	Number of visits to Council's website	At least 45,000	Not achieved (42,300)	Achieved	There were 58,749 visits to the council website for the year to 30 June 2020.
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	Not achieved	There were 3 meetings during the COVID-19 lockdown where the public forum was not available
Financial management is prudent, effective and efficient	Community satisfaction with way rates are spent	>91%	N/A	Not achieved 89%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Percentage completion of the annual work programme	>90%	Not achieved (75.5%)	Not achieved	75 out of 122 projects (61.5%) of the annual work programme were completed for 2019/20

**KAWERAU DISTRICT COUNCIL
DEMOCRACY**

**Funding Impact Statement
for the year ended 30 June 2020**

	2019	2020	
	Long Term Plan	Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	593,150	574,850	546,247
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	3,470	3,540	3,047
Local authorities fuel tax, fines, infringements and other receipts	0	0	13,940
TOTAL OPERATING FUNDING (A)	596,620	599,290	563,234
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	366,750	391,930	424,615
Finance costs	1,470	1,550	2,707
Internal charges and overheads applied	212,490	189,480	314,233
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	580,710	582,960	741,555
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	15,910	16,330	(178,321)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
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	15,910	16,330	(178,321)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	15,910	16,330	(178,321)
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(15,910)	(16,330)	178,321
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

ECONOMIC AND COMMUNITY DEVELOPMENT

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

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.

Impact on Community Well-beings

The Economic and Community Development activity impacts mostly on the social and economic well-beings in the community.

The activity is responsible for encouraging and facilitating economic growth in the community thereby ensuring the community grows and council services remain affordable. Also the activity encourages the social development of the community through such initiatives as the youth council, events and community grants.

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 2019/20 were:

- Continuing the development of the Industrial Symbiosis and container hub project,
- Continuing the development of the Porritt Glade Lifestyle Village which included the construction of six retirement units
- Completion of the subdivisions in Bowen Street and Te Ariki Place for residential house and land packages. Six sections in the Bowen Street subdivision had been sold by year end.

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 (Except during the COVID-19 lockdown period)
- 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.



PORRITT GLADE LIFESTYLE VILLAGE



ECONOMIC AND COMMUNITY DEVELOPMENT

PERFORMANCE

Levels of Service	Measures	Target 2019/20	Results 2018/19	Results 2019/20	Comment
Council is actively involved in the Eastern Bay of Plenty Regional Development Agency	Representation at trustee meetings	90% of trustee meetings	Achieved (100%)	Not achieved	CEO attended 3/5 (60%) of trust meetings during the year
Council is actively involved in the Industrial Symbiosis project	Allocation of resources to ISK	0.5 FTE staff member allocated	Achieved	Achieved	ECD Manager manages ISK projects/programmes and CEO is standing member of ISK Steering Group.
Council encourages positive perceptions of Kawerau by supporting local events.	Frequency of events from February to December	At least 1 per month	Achieved	Not achieved	There were no events held in May & June due to COVID-19 lockdown.
Council contributes to successful events	Allocation of resources to event coordination	1 FTE staff resource allocated	Achieved	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	>80%	N/A	Achieved 85%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	User satisfaction with the information centre	>95%	N/A	Achieved 95%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
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 (364)	Not achieved	The information centre was open 308/366 days for the year (due to COVID-19).
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 in March 2020 for the year.
	Satisfaction with youth council collaboration from collaborating groups	>80% satisfaction	Achieved (90.9%)	Achieved 89%	Survey undertaken of collaborating groups which reported 8/9 satisfaction with Youth Council collaboration.

KAWERAU DISTRICT COUNCIL
ECONOMIC AND COMMUNITY DEVELOPMENT
Funding Impact Statement
for the year ended 30 June 2020

	2019	2020	
	Long Term	Long Term	
	Plan	Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	965,060	1,150,250	1,013,374
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	502,624
Fees and charges	453,800	432,670	165,365
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements and other receipts	370,000	650,000	447,603
TOTAL OPERATING FUNDING (A)	1,755,860	2,232,920	2,128,966
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,264,170	1,524,720	1,460,736
Finance costs	76,730	77,330	118,343
Internal charges and overheads applied	355,920	355,390	424,776
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,696,820	1,957,440	2,003,855
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	59,040	275,480	125,111
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	1,572,900	4,315,600	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	1,572,900	4,315,600	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	2,880,000	3,200,000	2,378,734
- to improve level of service	0	0	0
- to replace existing assets	20,000	20,380	27,522
Increase/(decrease) in reserves	(1,268,060)	1,370,700	(2,281,145)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,631,940	4,591,080	125,111
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(59,040)	(275,480)	(125,111)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

The anticipated sales of the retirement units had not occurred by 30 June 2020 due to delays, however, six units were sold within 3 months of the year end. 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>2018/19</u>	<u>CAPITAL RENEWALS</u>	<u>Budget</u>	<u>2019/20</u>
		<u>(LTP)</u>	
6,178	Renewals	20,380	27,522
519,796	Land, Infrastructure and Buildings (Additional demand)	3,200,000	2,378,734
525,974		3,220,380	2,402,256
FUNDED BY:			
0	Asset Disposals	3,220,380	0
525,974	Depreciation Reserve Funding	0	2,406,256
525,974		3,220,380	2,406,256

During the year the development of the land as well as infrastructure at 202 River Road was completed and the construction of six retirement units was undertaken. The site allows for 29 units to be constructed and further units will be built during 2020/21. Also the construction of the infrastructure was completed at the residential development in Bowen Street.



START AND FINISH LINE FOR KAWERAU KING OF THE MOUNTAIN EVENT

ENVIRONMENTAL SERVICES

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

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.

Impact on Community Well-beings

The environmental services activity impacts mostly on the social and environmental well-beings in the community.

The activity is responsible for both providing and monitoring the necessary measures to ensure that the environment is maintained for future generations in a sustainable manner and that is affordable for residents. Also the activity ensures that the community's social needs are met by establishing the necessary bylaws or provisions in the district plan that enable residents to live together in harmony.

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 2019/20 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
- Impounding 242 dogs during the year for various statutory breaches
- Responding to and investigating 358 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.



2020 DOG FOOD AND KENNEL GIVEAWAY

ENVIRONMENTAL SERVICES

PERFORMANCE

Building Control

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	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	Achieved 13/13 (100%)	Not achieved 8/9 (88.9%)	There was a total of 36 survey forms sent out and 9 responded. 8 scored the service as being predominantly good or excellent.*
	Satisfaction of service users – Building Consents Processes	90% satisfaction	Achieved 8/8 (100%)	Achieved 10/11 (90.9%)	There were a total of 31 survey forms sent out and 11 responded. (10 scored the service as being predominantly good or excellent) *
Kawerau buildings requiring Building Warrant of Fitness (WOF) are compliant	Number of buildings audited for Building WOF requirements	35% audited	Achieved (37.2%)	Not achieved	7/79* (8.9%) Due to COVID-19 *figure = 30/6/2019
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the district	Survey and all follow up actions undertaken	N/A	N/A	Survey discontinued
	Inspection of pool fencing for compliance	35%	Achieved (38.6%)	Not achieved	10/46 (21.7%) Inspections delayed due to COVID-19

*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 2019/20	Result 2018/19	Result 2019/20	Comments
Customers consider Council's environmental health activity to be effective	Satisfaction of service users – environmental health inspection processes	90% satisfaction	Achieved (100%)	N/A	No survey forms returned
Registered premises comply with statutory requirements	Inspection of licenced premises for compliance with the relevant standards	100% annually	Achieved (100%)	Achieved	5/5 (100%) Hairdressers premises
	Audit of food premises operating Food Control Plans	100% annually	Achieved (100%)	Not achieved	20/29 (69.0%) Audits were delayed due to COVID-19

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comments
Premises licensed under the Sale and Supply of Liquor Act 2012 comply with license conditions.	Inspection of licensed premises for compliance	100% annually	Not Achieved (93.8%)	Achieved	13/13 (100%)
Council monitors and keeps public places free of litter and general environmental health conditions	Weekday patrols	At least 480 weekday patrols	Achieved (506)	Not achieved	434 weekday patrols for year. Impacted by COVID-19
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 (82.5% within 20 minutes 93.4% within 30 minutes)	Not achieved	272/361 (75.4% within 20 minutes) 340/361 (94.2%) within 30 minutes
	Response to other Environmental Health service requests/ complaints	100% within 1 working day	Achieved (100%)	Achieved	103/103 (100%) responses within 1 working day

Dog Control and Registration

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comments
Council maintain community satisfaction levels for the dog control service	Community satisfaction with dog control services	>75%	N/A	Achieved 81%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed.
The level of dog registration is maximised	Frequency of dog patrols	At 480 weekday and 345 after hours patrols undertaken	Achieved (506 weekday & 345 after hours patrols)	Not achieved	434 weekday patrols and 263 after-hours patrols
	Annual District survey to detect unregistered dogs	All residential properties surveyed and follow up actions taken	N/A	N/A	Survey discontinued
	Number of dogs on Council's register of known dogs that are unregistered	None as at 30 April	Achieved (100%)	Not achieved	1,502/1,505 (99.8%) dogs registered at 30 April 2020 Impacted by COVID-19
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 (92.0% within 20 minutes & 99.1% within 30 minutes)	Not achieved	608/718 (84.7%) responded to within 20 minutes, 700/718 (97.5%) responded to within 30 minutes There were 18 instances where the contractor(s) exceeded the time limit.

Civil Defence

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	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 (2 plans not reviewed)	Not Achieved	There are 4 plans that have not been reviewed in the last 3 years.
	Level of household planning and preparedness for a civil defence emergency	>60%	N/A	Not achieved 49%	The NRB community survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Emergency Operating Centre (EOC) is equipped and operational within two hours of the controller activating.	Staff are identified, trained and exercised twice each year	Not achieved (Only 81.2% of staff trained and 2 exercises held)	Not achieved	81.2% of staff are identified and training undertaken (target 85%). 1 exercise held.
	Council delivers 4 public engagement initiatives to promote Community awareness, preparedness and resilience.	Initiatives delivered	Achieved (5 initiatives delivered)	Achieved	8 initiatives delivered:



CENTRAL COVE RESIDENTIAL DEVELOPMENT

KAWERAU DISTRICT COUNCIL ENVIRONMENTAL SERVICES

Funding Impact Statement for the year ended 30 June 2020

	2019 Long Term Plan	2020 Long Term Plan	2020 Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	936,930	1,064,620	1,040,843
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	189,770	194,110	210,746
Internal charges and overheads recovered	33,780	34,520	125
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,160,480	1,293,250	1,251,714
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	746,120	832,140	702,715
Finance costs	14,310	26,220	3,719
Internal charges and overheads applied	371,240	395,770	415,307
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,131,670	1,254,130	1,121,741
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	28,810	39,120	129,973
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	700,000	0	64,123
Increase/(decrease) in reserves	(671,190)	39,120	65,850
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	28,810	39,120	129,973
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(28,810)	(39,120)	(129,973)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

ROADING

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

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.

Impact on Community Well-beings

The roading activity impacts mostly on the social and economic well-beings for the community.

This activity is responsible for providing and maintaining the roading network within the community to ensure that economic activity can continue and that residents are able to maintain their social networks.

Also the roading activity is provided in a sustainable manner to ensure that it is affordable.

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 2019/20 were:

- Ongoing asset renewals including pavement reseals, carparks, kerbs and channels, and street lights.
- Accelerated renewal of footpaths to improve the safety for residents
- Constructing bunds at top of Valley Road , Hardie and Beattie Avenues to mitigate the likelihood of future flooding of properties in the surrounding area



NEW TRAFFIC CALMING MEASURE (SPEED HUMP) INSTALLED AT THE I-SITE

ROADING

PERFORMANCE

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comments
Council maintains community satisfaction for the roading activity	Community satisfaction with roading assets	>91%	N/A	Achieved 95%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
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	Achieved (0 fatalities or serious injuries)	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 (93%)	Not measured	Road roughness survey not undertaken due to COVID-19 lockdown – to be completed 2020/2021 financial year
Road maintenance	The percentage of the sealed local road network that is resurfaced.	Between 5 and 6.5% per annum	Not achieved (4.0%)	Not achieved	2,250 m ² (0.5%) of resurfacing done – mainly intersections.
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	Achieved (100% within 14 days)	Not achieved	9 potholes reported. 7/9 (77.7%) within 14 days and 8/9 (88.9%) within 28 days.
		Streetlights: 90% within 14 days and 100% within 28 days	Not achieved (75% within 14 days & 87.5% within 28 days)	Not achieved	52 Streetlight outages reported. 28 responded to within 14 days (53.8%) and 31 responded to within 28 days (59.6%).
		Footpaths: 100% within 14 days	Not achieved (93.75%)	Achieved	15 service requests were received and all were attended to within 14 days.
Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths	>76%	N/A	Achieved 81%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
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 (98.25%)	Not measured	Annual footpath survey not undertaken due to COVID-19 lockdown.

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 2020

	2019 Long Term Plan	2020 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	900,980	947,850	682,041
Targeted rates	0	0	0
Subsidies and grants for operating purposes	196,280	200,380	146,206
Fees and charges	32,000	17,000	31,668
Internal charges and overheads recovered	61,960	55,780	52,825
Local authorities fuel tax, fines, infringements and other receipts	65,500	66,940	63,004
TOTAL OPERATING FUNDING (A)	1,256,720	1,287,950	975,744
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	436,990	446,260	374,250
Finance costs	0	0	1,570
Internal charges and overheads applied	489,990	507,860	548,350
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	926,980	954,120	924,170
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	329,740	333,830	51,574
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	708,530	439,680	351,005
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
TOTAL SOURCES OF CAPITAL FUNDING (C)	708,530	439,680	351,005
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	823,000	50,000	33,097
- to replace existing assets	666,000	586,630	781,399
Increase/(decrease) in reserves	(450,730)	136,880	(411,917)
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,038,270	773,510	402,579
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(329,740)	(333,830)	(51,574)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2018/19</u>	CAPITAL RENEWALS	<u>Budget (LTP)</u>	<u>2019/20</u>
51,915	Streetlights renewals and upgrade	79,720	24,754
162,475	Kerbs & Footpaths renewals	254,990	235,721
210,599	Reseals	130,820	118,456
<u>371,752</u>	Other renewals	<u>171,100</u>	<u>435,565</u>
<u>796,741</u>	Total Infrastructural	<u>636,630</u>	<u>814,496</u>
FUNDED BY:			
307,806	Depreciation Reserve Funding	439,680	463,491
<u>488,935</u>	Subsidies and grants for capital purposes	<u>196,950</u>	<u>351,005</u>
<u>796,741</u>		<u>636,630</u>	<u>814,496</u>

The building of bunds (\$321k) to reduce the amount of stormwater was done during the year but had been budgeted in the previous year. Also \$50k had been budgeted for culvert replacement, but this work was delayed and will undertaken during 2020/21.



TOWN CENTRE DEVELOPMENT

STORMWATER

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELL-BEINGS

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

Impact on Community Well-beings

The stormwater activity impacts mostly on the social and environmental well-beings for the community.

This activity is responsible for providing and maintaining the stormwater network within the community to ensure that the risk of flooding is mitigated as much as possible and residents are kept safe.

Also the stormwater activity is provided in a sustainable manner to minimise the impact on the environment and to ensure that it is affordable for residents.

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 were stormwater bunds constructed at the top of River Road, Hardie Avenue, and Beattie Avenue during the year, which control the stormwater when there is a significant rainfall event. This will further reduce the likelihood of flooding to residential properties in the area.



CONSTRUCTION OF STORMWATER BUNDS

STORMWATER

PERFORMANCE

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comments
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (System adequacy)	The number of flood events that occur in the district.	No more than 10	Achieved (0 flood events)	Achieved	There were no flooding events where habitable dwellings were flooded
	For each flood 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 (0 flood events)	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"> • abatement notices • Infringement notices • Enforcement orders, and • Convictions received by Council in relation to those resource consents	No notices, orders or convictions	Achieved (No notices, orders or convictions)	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 2020

	2019 Long Term Plan	2020 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	45,970	46,500	77,595
Targeted rates	0	0	0
Subsidies and grants for operating purposes	24,060	24,590	553
Fees and charges	0	0	0
Internal charges and overheads recovered	13,160	13,290	10,094
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	83,190	84,380	88,242
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	32,080	32,790	5,875
Finance costs	0	0	10
Internal charges and overheads applied	9,390	9,820	1,950
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	41,430	42,610	7,835
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	41,760	41,770	80,407
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	187,500	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
TOTAL SOURCES OF CAPITAL FUNDING (C)	187,500	187,500	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	260,000	0	0
Increase/(decrease) in reserves	(30,740)	41,770	80,407
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	229,260	41,770	80,407
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(41,760)	(41,770)	(80,407)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

<u>2018/19</u>	CAPTIAL RENEWALS	<u>Budget (LTP)</u>	<u>2019/20</u>
256,237	Pipework renewals/Detention Basin	0	0
256,237	Total Infrastructural	0	0
FUNDED BY:			
87,121	Depreciation Reserve Funding	0	0
169,116	Subsidies and grants for capital purposes	0	0
256,237		0	0



RIVER ROAD CULVERT WORK

WATER SUPPLY

ACTIVITIES IN THE GROUP AND IMPACT ON THE COMMUNITY WELL-BEINGS

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.

Impact on Community Well-beings

The water activity impacts mostly on the social, environmental and economic well-beings for the community.

This activity is responsible for providing potable water to the community in a sustainable manner to ensure that it is affordable, and meets the necessary health standards.

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 2019/20 were:

- Reinstatement of the Tarawera bores, to provide the town with an alternative water supply source
- Sealing of the reservoirs roof structure to prevent possible bacterial infection from entering water supply
- Ongoing flushing of lines where "dirty" water is reported
- Continuing programme of valve and toby replacement

WATER SUPPLY

PERFORMANCE

Levels of Service	Measures	Target 2019/20	Results 2018/19	Results 2019/20	Comments
Provision of a quality water supply	Community satisfaction with water supply	>97%	N/A	Not achieved 73%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
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 a) 99.25 b) Multiple c) None d) 2.22 e) 5.9 f) None	Not achieved	Council has 2,800 connections a) 26 complaints about dirty water (9.29 per 1,000 connections) b) No complaints about taste* c) No odour complaints d) 1 complaint about water pressure (0.36 per 1,000). e) 5 complaints concerning continuity of supply (1.79 per 1,000) f) No complaints about responses to above issues *Following the introduction of chlorine there have been ongoing complaints concerning taste, however, these are not recorded.
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 (1 instance of protozoal non compliance)	Not achieved	There was 1 instance of bacteria non-compliance. There were 2 months where there were excessive flows and 10 instances where the monitoring system was off-line

Levels of Service	Measures	Target 2019/20	Results 2018/19	Results 2019/20	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	Achieved (180 litres per connection per day)	Achieved	The analysis undertaken (August – June) found the average leakage was approximately 179 litres per connection per day
Demand management	The average consumption of drinking water per day per resident within the district.	0.6 m ³	Achieved (0.588m ³)	Achieved	The average consumption was 0.41 m ³ 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 (16 callouts and the median response time was 0.25 hours)	Achieved	There were 6 urgent call outs during the year and the median attendance time was 0.42 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 (Median resolution time was 1.57 hours)	Achieved	The median resolution time for urgent call-outs was 6.49 hours
	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 (245 callouts and the median response time was 0.27 hours)	Achieved	There were 56 non-urgent call-outs during the year and the median attendance time was 0.43 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 (Median resolution time was 0.8 hours)	Achieved	The median resolution time for non-urgent call-outs was 1.37 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 and still seeking a new consent

Levels of Service	Measures	Target 2019/20	Results 2018/19	Results 2019/20	Comments
The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns - reticulation	No more than 12	Not achieved (16)	Achieved	There were 6 unplanned shutdowns during the year
	Number of unplanned shutdowns – pump stations	None	Achieved (None)	Achieved	There were no unplanned shutdowns of pump stations during the year
	Number of water main breaks	No more than 8	Achieved (4)	Achieved	There was 2 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.



PITURESQUE VIEW OF TARAWERA RIVER AND PUTAUAKI MAUNGA

KAWERAU DISTRICT COUNCIL
WATER SUPPLY
Funding Impact Statement
for the year ended 30 June 2020

	2019 Long Term Plan	2020 Long Term Plan	2020 Actual
General rates, UAGC and rate penalties	703,980	745,040	793,812
Targeted rates	173,920	179,030	239,505
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	11,810
Internal charges and overheads recovered	145,910	142,350	119,631
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,023,810	1,066,420	1,164,758
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	306,700	333,830	410,007
Finance costs	0	0	740
Internal charges and overheads applied	293,350	308,450	315,729
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	600,050	642,280	726,476
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	423,760	424,140	438,282
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	130,000	0	0
- to replace existing assets	137,550	795,560	350,959
Increase/(decrease) in reserves	156,210	(371,420)	87,323
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	423,760	424,140	438,282
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(423,760)	(424,140)	(438,282)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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>2018/19</u>	CAPITAL RENEWALS	Budget (LTP)	2019/20
2,100	UV Tube Replacement	12,530	14,172
46,362	Pipework renewals	618,220	10,128
42,165	Toby renewals	22,440	4,002
39,607	Other renewals	142,370	322,657
130,234	Total Infrastructural	795,560	350,959
FUNDED BY:			
130,234	Depreciation Reserve Funding	795,560	350,959
130,234		795,560	350,959

The pipes that were planned for replacement were delayed and will be done in 2020/21. There was unbudgeted work carried out on the Tarawera bores (to provide additional water supply source) and upgrade required for the reservoir rooves.



WATER RESERVOIR ON MONIKA LANHAM

WASTEWATER

ACTIVITIES IN THE GROUP AND IMPACTS ON COMMUNITY WELLBEINGS

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

Impact on Community Well-beings

The wastewater activity impacts mostly on the social, environmental and cultural well-beings for the community.

This activity is responsible for providing wastewater disposal services for the community in a sustainable manner that is not culturally offensive, ensuring that it meets the necessary environmental standards and is affordable for residents.

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 2019/20 were:

- Continuous provision of service to high standard
- Renewal of pumps at pumping station
- Only 1 overflow for the year that was quickly resolved

WASTEWATER

PERFORMANCE

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	>97%	N/A	Not achieved 95%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
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 a) 0 per 1,000 b) 0 per 1,000 c) 8.5 per 1,000 d) 0 per 1,000	Achieved	Council has 2,800 connections a) No odour issues (0 per 1,000) b) No faults (0 per 1000) c) There were 12 blockages (4.3 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 (0 overflows)	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 (1 overflow attended in 0.50 hours)	Achieved	There was 1 overflow resulting from a blockage which was attended to in 0.33 hours*
	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 (1 overflow resolved in 6.50 hours)	Achieved	1 blockage causing overflow was resolved in 2.50 hours
Council provides a reliable domestic wastewater collection and disposal service	Number of disruptions to wastewater collection service	No more than 50.	Achieved (0)	Achieved	There were no disruptions to wastewater collection service during the year.

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	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.	Not achieved a) 1 b) 0 c) 0 d) 0	Not achieved	Council received 2 infringement notices due to trade waste received from the dairy factory exceeding the limits specified in the resource consent. Council informed the dairy factory that unless its waste conformed with the resource consent, Council would cease taking the trade waste. The dairy factory has since then put measures in place to rectify the problem
The wastewater treatment plant operates effectively	Compliance with wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Compliance. ¹	Achieved	Not achieved	Council did not comply with conditions of the resource consent during the year due to the volumes received from the dairy factory.

* 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

¹ BOPRC inspection reports state either compliance or non-compliance.

KAWERAU DISTRICT COUNCIL WASTEWATER

Funding Impact Statement for the year ended 30 June 2020

	2019 Long Term Plan	2020 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	863,680	869,580	976,004
Targeted rates	348,320	357,870	424,014
Subsidies and grants for operating purposes	0	0	0
Fees and charges	75,000	77,100	225,381
Internal charges and overheads recovered	134,390	143,570	103,527
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,421,390	1,448,120	1,728,926
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	541,650	553,860	588,865
Finance costs	0	0	1,070
Internal charges and overheads applied	450,470	464,730	5116,348
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	992,120	1,018,590	1,106,283
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	429,270	429,530	622,643
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	50,000	0	0
- to improve level of service	0	0	0
- to replace existing assets	199,400	48,180	151,199
Increase/(decrease) in reserves	179,870	381,350	471,444
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	429,270	429,530	622,643
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(429,270)	(429,530)	(622,643)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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>2018/19</u>	CAPITAL RENEWALS	Budget (LTP)	2019/20
56,267	Wastewater Pipework	0	0
128,180	Other renewals	48,180	151,199
184,447	Total Infrastructural	48,180	151,199
FUNDED BY:			
184,447	Depreciation Reserve Funding	48,180	151,199
184,447		48,180	151,199

The pump and controls for the pumping station required renewing.



KAWERAU WATER TEAM; RECIPIENTS OF THE 2020 NATIONAL IXOM OPERATIONS AWARD

SOLID WASTE

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

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

Impact on Community Well-beings

The solid activity impacts mostly on the social, environmental and cultural well-beings for the community.

This activity is responsible for providing solid waste disposal services for the community in a sustainable manner that is not culturally offensive, ensuring that it meets the necessary environmental standards and is affordable for residents.

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 2019/20 were:

- Refuse and recycle collections continued throughout the year without disruption (apart from during the COVID- 19 lockdown)
- There was additional revenue as a result of increased volumes, but there was also increased disposal costs
- Reduced volumes of material going to the recycling centre compared to previous year as a result of the COVID-19 lockdown measures

SOLID WASTE

PERFORMANCE

Refuse Collection and Disposal

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
Provision of cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	>90%	N/A	Achieved 97%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Community satisfaction with refuse disposal	>73%	N/A	Achieved 78%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	User satisfaction with refuse disposal	>83%	N/A	Achieved 85%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
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 (52 weeks)	Achieved	Collection occurred every week throughout the year (52 weeks).
	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 2019/20	Result 2018/19	Result 2019/20	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 (335 kg per household)	Not achieved	2,800 households and 143.3 kg per household on average (Due to COVID-19)
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	>92%	N/A	Not achieved 91%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Frequency of residual recycling collection service from residential properties.	52 weekly collections	Achieved (52 weeks)	Not achieved	41/52 weeks of collections. Due to COVID-19.



RECYCLE COLLECTION SERVICE

KAWERAU DISTRICT COUNCIL SOLID WASTE

Funding Impact Statement for the year ended 30 June 2020

	2019 Long Term Plan	2020 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	855,500	880,560	802,038
Targeted rates	409,960	421,210	436,372
Subsidies and grants for operating purposes	0	0	0
Fees and charges	348,180	355,840	554,722
Internal charges and overheads recovered	14,860	15,330	2,293
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	1,628,500	1,672,940	1,795,425
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	1,117,460	1,140,470	1,147,466
Finance costs	11,450	12,320	13,579
Internal charges and overheads applied	470,430	490,350	541,902
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,599,340	1,643,140	1,702,947
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	29,160	29,800	92,478
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	70,000	0	10,386
Increase/(decrease) in reserves	(40,840)	29,800	82,092
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	29,160	29,800	92,478
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(25,680)	(29,800)	(92,478)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

More fees were received for waste disposal, and there was a slight increase in costs because of higher volumes. During the COVID-19 lockdown, Council ceased the recycle collection, closed the transfer station and allowed residents to put both recycling and residual domestic waste into the larger bins. While this resulted in greater rubbish volumes, costs were lower.

LEISURE & RECREATION

ACTIVITIES IN THE GROUP AND IMPACT ON COMMUNITY WELLBEINGS

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.

Impact on Community Well-beings

The leisure and recreation activity impacts mostly on the social, cultural and economic well-beings for the community.

This activity group is responsible for providing leisure and recreation services for the community to meet their social and cultural needs and also promote both physical and mental health. The activities in this group are provided by Council to make them available and affordable for residents.

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 2019/20 were:

- Renewal of children and adult books at the library and upgrade of the reception area
- On-going renewals at the swimming pool
- Renewal of the lift in the recreation centre
- New canopy for the town centre public toilets to provide users with shelter from the rain
- Renewal of a number of reserve fences including boundary fences
- Upgrade of the playground at Cobham Drive



UPGRADE OF COBHAM DRIVE PLAYGROUND

LEISURE & RECREATION

PERFORMANCE

Public Library

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
The library is accessible to the public	Percentage of the population who are active members of the library	>25%	Achieved (25.2%)	Not achieved	At the end of June 2020, there were 1,744 active users of the library (24.5%)
	Number of visitors to the library per annum	>90,000	Not achieved (76,623 visitors)	Not achieved	There were 63,119 visits to the library during the year. The library was closed for most of the last quarter due to COVID.
	New items per 1,000 population added to the collection each year	500	Achieved	Not achieved	There were 409 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	>86%	N/A	Achieved 87%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	User satisfaction with the public library	>96%	N/A	Not achieved 93%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed

Museum

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
Council provides a museum service which reflects community needs	Community satisfaction with the museum	>64%	N/A	Not achieved 58%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	User satisfaction with the museum	>95%	N/A	Not achieved 82%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Number of exhibitions held	6 exhibitions held for year	Achieved (6)	Achieved	There were six exhibitions held during the year
	Number of historical articles produced	10 historical articles produced for year.	Achieved (10)	Achieved	There were 10 historical articles produced during the year
	Number of objects accessioned to the museum collection per annum	200	Not achieved (157)	Not achieved	There were only 84 objects accessioned into the museum collection which was due to the COVID-19 lockdown.

Swimming Pools

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	>93%	N/A	Not achieved 90%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	User satisfaction with the public swimming pool	>97%	N/A	Not achieved 93%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
Council provides a swimming pool complex which is accessible to the Community	Weeks open per year	Open at least 48 weeks	Achieved (48.5 weeks)	Not achieved	Pool was open 44/52 weeks for the year to date. (Pool was closed for 2 weeks for annual shut, 3.5 days due to power outages and thunderstorms and 5 week for COVID-19)
Swimming pool water meets water quality standards	Level of compliance with standards	Full compliance in 95% of tests	Achieved (97.9%)	Achieved	There was at least 97% compliance for tests

Public Halls and Facilities

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
Council provides public halls and facilities which reflects community needs	Community satisfaction with public halls	>82%	N/A	Not achieved 80%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	User satisfaction with the public halls	>94%	N/A	Not achieved 92%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Community satisfaction with public toilets	>66%	N/A	Achieved 80%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	User satisfaction with the public toilets	>83%	N/A	Achieved 95%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
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 (Town Hall was available for 48 weeks)	Not achieved	All halls were open for 46/52 weeks for the year. Halls were not available due to COVID lockdown.
Clean public toilets are provided in the central business district	Town centre public toilets are open for at least 360 days	Open at least 360 days	Achieved (365 days)	Not achieved	The town centre public toilets were open 335/366 days due to COVID lockdown

Parks and Reserves

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
Council provides parks and reserves which meets community needs	Community satisfaction with parks and reserves	>94%	N/A	Not achieved 93%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Community satisfaction with community attractiveness and beautification	>99%	N/A	Not achieved 98%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
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 (100%)	Achieved	Sports fields inspected October 2019 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 (100%)	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 (2)	Achieved	Summer and winter displays were planted
Playground equipment is safe for children to use	Monthly inspections of all playground equipment	12 inspections conducted	Not achieved (7)	Not achieved	Eleven inspections were completed (1 was not done due to COVID-19 lockdown)
	Remediation of all identified problems	All repairs completed within 2 weeks	Achieved	Achieved	Minor defects were identified from inspection and public, and all completed within 14 days.

Levels of Service	Measures	Target 2019/20	Result 2018/19	Result 2019/20	Comment
The Kawerau Cemetery meets community interment needs in the present and the medium term	Community satisfaction with the cemetery	>79%	N/A	Not achieved 76%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Visitor satisfaction with the cemetery	>97%	N/A	Achieved 97%	The NRB community satisfaction survey is done every 3 years and was carried out in Jan/Feb 2020. 205 residents were selected at random and interviewed
	Number of burial plots available	At least enough available for the next 5 years	Achieved (10 years)	Achieved	There are currently enough plots available for approximately a further 10 years



MAINTENANCE WORK AT THE MAURIE KJAR SWIMMING POOLS

KAWERAU DISTRICT COUNCIL
Leisure and Recreation
Funding Impact Statement
for the year ended 30 June 2020

	2019 Long Term Plan	2020 Long Term Plan	Actual
SOURCES OF OPERATING FUNDING			
General rates, UAGC and rate penalties	3,990,300	4,050,070	4,042,334
Targeted rates	0	0	0
Subsidies and grants for operating purposes	900	920	892
Fees and charges	65,210	66,680	74,036
Internal charges and overheads recovered	29,040	33,850	30,007
Local authorities fuel tax, fines, infringements and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	4,085,450	4,151,520	4,147,269
APPLICATIONS OF OPERATING FUNDING			
Payment to staff and suppliers	2,137,370	2,124,730	1,996,734
Finance costs	110,780	109,230	104,694
Internal charges and overheads applied	1,201,680	1,269,320	1,139,954
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,449,830	3,503,280	3,241,382
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	635,620	648,240	905,887
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and Financial contributions	0	0	0
Increase/(decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- to meet additional demand	0	0	0
- to improve level of service	53,000	0	0
- to replace existing assets	519,760	260,200	367,940
Increase/(decrease) in reserves	62,860	388,040	537,947
Increase/(decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	635,620	648,240	905,887
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(635,620)	(648,240)	(905,887)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

2018/19	CAPITAL RENEWALS	Budget (LTP)	2019/20
66,493	Library Stock Renewals	69,820	63,988
61,496	Library Building Upgrade	9,650	42,940
17,140	Other Library/Museum	3,190	21,928
84,299	Swimming Pool Upgrades / BBQ Area	61,500	68,023
114,037	Recreation Centre Upgrades	6,340	5,600
16,910	Town Hall Upgrades	22,560	8,633
1,249	Concert Chamber Upgrade	10,370	1,422
0	Public Toilets	0	29,990
28,211	Sports-fields Improvements	21,220	1,007
73,835	Passive Reserves Improvements	51,720	85,679
44,867	Playground Renewals	3,830	36,430
2,688	Cemetery	0	2,300
511,225	Total Operational	260,200	367,940
FUNDED BY:			
0	Grants for capital renewals	0	0
511,225	Depreciation Reserve Funding	260,200	367,940
511,225		260,200	367,940

There was some additional projects done during the year in response to community demand. These included:

- Canopy for town centre public toilets
- Playground upgrade at Cobham Drive

Also there were projects that were delayed as a result of the COVID-19 lockdown which will be undertaken during 2020/21.



GARDEN STAFF PLANTING A DONATED POHUTUKAWA TREE

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 2020		
	Parent 2018/19 \$000's	Parent 2019/20 \$000's
Revenue	1,360	1,405
Expense	(1,355)	(1,420)
Net (Deficit)/Surplus Year	5	(15)

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 2019/20 and associated budget formally adopted by the directors at the meeting held 30 June 2019.

The following is a report of performance against targets set in the Statement of Intent for 2019/20.

Performance Targets for 2019/20		
Targets	Measure	Progress as at 30 June 2020
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"> • Infrastructure insurance • Tender Facilitation – appointment of resource for members • Regional LIDAR capture (2020 – 25) • Standards NZ – access for all councils • Accounts Payable - Automation software • FME Server – GIS software (shared purchase) • Insurance brokerage and risk management services • Human Resources Information System – standard platform

Targets	Measure	Progress as at 30 June 2020
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>.6 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"> • Robotic Process Automation • Treasury staff meetings and economic advice • Sustainable Public Procurement • Debt Recovery Services • Inter-Council network – review, redesign and renegotiation with suppliers • Zoom Video Conference Services • Civil Defence Emergency Management Group – GIS Group • Standardisation of Insurance Valuations • Inter-LASS collaboration • Regional waste Operator Licensing & Data Collection • Skype for Business
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"> • Internal audits • Video conferencing services • GIS software and services • Print Media Copyright Agency (PMCA) • ESRI Licence Agreement • GSB (N3) Membership • Vertical Horizonz (H & S trainer contract) • Media Monitoring Services • Inter-Council Network

Targets	Measure	Progress as at 30 June 2020
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"> • Active of the “Mahi Tahī” collaboration portal, increased the number of users by 60% • Ongoing development and training of the collaboration portal • Number of projects increased by 9 over last year (23%) • Developed term of service for Collaboration portal • Development of Azure services to support the portal
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"> • Council contributions levied • Contributions received from activities producing savings. • Vendor rebates collected. • Monthly and quarterly performance reviewed. • Financial statements reported and reviewed at board meetings

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 Ngāti 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."



PHOTO TAKEN WITH STUDENTS OF THE DRIVER OPERATOR TRAINING CENTRE

MĀORI CONTRIBUTION TO DECISION-MAKING

During the 2019/20 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.



COUNCIL'S CULTURAL ADVISOR AND KAUMATUA TE HAUKAKAWA (BOYCIE) TE RIRE

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. The results of the survey commissioned in January 2020, 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 2023.

Measure (Community satisfaction with)	Very/ Fairly Satisfied 2017 %	Very/ Fairly Satisfied 2020 %
Performance of the Mayor and Councillors in the last year	87	83
The way rates are spent on services and facilities provided by Council	93	89
Consultation and Community Involvement - The way Council involves the public	63	65
Dog Control Service	69	81
Public Library	84	87
Refuse disposal (Refuse Transfer Station)	81	78
Rubbish collection	95	97
Recycling services	95	91
Community attractiveness and beautification	100	98
Museum	63	58
Quality of life in Kawerau	94	91
Kawerau is definitely or mostly a safe place to live	90	88
Kawerau as a place to live is the same or better than it was three years ago	92 (agree)	92 (agree)
Emergency management – Percentage of households which have an emergency management kit	54	49
Water supply	96	73
Parks and reserves	96	93
Swimming pool	90	90
Roads	97	95
Footpaths	85	81
Wastewater (sewage disposal)	91	95
Cemetery	71	76
Public toilets	54	80
Community spirit	85	86
Public halls	75	80

Council also undertook monthly surveys of users of its services throughout the 2019/20 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

2018/19	Customer Service Satisfaction Survey (CSSS)	2019/20
695	CSSS forms posted out	611
195	CSSS forms returned	142
28%	Response rate	23.2%
Feedback received from Customers		
123	Predominantly Excellent	87
49	Predominantly Good	33
4	Predominantly Only Fair	5
10	Predominantly Poor	12
4	Not applicable	4
5	No boxes ticked	1
Conclusion		
92.5%	% customers satisfied (Excellent/Good)*	87.6%
7.5%	% customers unsatisfied (Fair/Poor)*	12.4%

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



TREES FOR BABIES 2020 PLANTING AT MONIKA LANHAM