

# TE PŪRONGO O TE TAU ANNUAL REPORT 2022/23



WAIROA DISTRICT COUNCIL

# NGĀ RĀRANGI TAKE

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# HE WHAKARĀPOPOTOTANGA I TĀ TĀTAU TAU

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## SUMMARY OF OUR YEAR

This section details the Council's performance during the year.  
It presents Council-only results including financial highlights. For Group results please refer to the financial statements.

## JOINT STATEMENT

### ***Tēnā tātau and welcome to the Wairoa District Council's 2022/2023 Annual Report.***

The last year can be described as a roller coaster ride for Wairoa District Council, its communities, and New Zealand as a whole. Weather events, climate change, government reforms, inflation, service delivery cost increases and moving from cyclone recovery to resilience are front of mind as some of our key challenges.

This year's local body elections were held on Saturday, October 8, 2022. Our new incoming Council consists of Craig Little as Mayor, Denise Eaglesome- Karekare as Deputy Mayor and Councillors Jeremy Harker, Benita Cairns, Melissa Kaimoana, Roslyn Thomas and Chaans Tumataroa- Clarke.

The structure adopted for the 2022-2025 triennium comprises several committees and panels with these being Strategy, Wellbeing & Economic Development Committee; Finance, Assurance & Risk Committee; Infrastructure & Regulatory Committee; Māori Standing Committee; Conduct Review Committee; Wairoa Youth Council and Chief Executive Review Panel.

Wairoa District suffered devastating effects from Cyclone Gabrielle in February 2023 with the recovery from this, expecting to take several years. As a District we cannot undertake and fund recovery on our own and have signalled to external agencies and the NZ Government that we can fund some recovery activities but will still require major external financial support. Recovery is not necessarily about rebuilding back to what we were before the weather events, but to ensure we work together on solutions towards being a more resilient district.

A major focus will need to be on repairing the extensive damage to our roading and bridge network to keep our communities well connected and accessible.

Climate change effects and weather events will, and have, impacted on our infrastructure, and affected Council's ability to deliver its levels of service.

Council aims to deliver its services in an affordable way, but we face challenges in spreading the cost over a small number of ratepayers. We continued to experience significant cost increases this year, as has every household and business in

New Zealand, being due to much higher inflation than what was planned for.

Significant cost increases have occurred, in the three waters and roading activities, due in part to legislative and compliance requirements as well as recovering from the devastating effects of Cyclone Gabrielle and previous weather-related events. More frequent and intense weather events will create increased risk and damage to Council's infrastructure and activities.

Our planning is helping us identify key risk areas, recognise impacts in asset and financial modelling and prioritise funding for recovery to resilience. We continue to monitor local and regional trends in weather, identify at risk assets, monitoring flooding, slips and erosion. At the same time, we are undertaking spatial planning to further understand our district's hazards and how to manage and mitigate them and participating in National Climate Change programmes.

This year the Government has continued to conduct a range of reforms, some of which focused on Local Government activities. These are, but not limited to, Three Waters, the Resource Management Act and Future for Local Government. The Three Waters Reform proposal signalled a significant overhaul to the way water services are delivered in New Zealand.

Taumata Arowai, the new water services regulator, was established in March 2021 as the initial stage of these reforms. The Government has now proposed to consolidate New Zealand's water service delivery into 10 new entities, with Wairoa District included in the 'Tairāwhiti - Gisborne, Hawkes Bay Entity. These reforms and the impacts on the district will become more clearer in 2023/24 as the new incoming Government confirms its direction in this area.

In early 2023 our Chief Executive initiated a staffing organisational review to ensure we have the right structure and skills in place to deliver on Council's future work programme. The work ahead of us is possibly one of the largest and most complicated Wairoa District Council has experienced in many years, due mainly to the effects of recent weather events and the desire to transition from recovery to a resilient District. There have been several senior leadership and other key staff vacancies in 2022/23 and the future leadership and key skill requirements will be covered as part of the review.

Wairoa District Council received \$4,660,000 in 2022/23, as part of the Government's Three Waters Reform Programme which supported local government to invest in the wellbeing of their communities via a range of improvement projects. This was known as the Three Waters Better Off Fund and is made up of capital and operational support funding. The approved Wairoa District projects and their total budgets are as follows with some expecting to take several years to complete.

- Wairoa Mortuary Waste System \$130,000
- Nuhaka-Opoutama Dropout Repairs \$2,420,000
- Pensioner Housing Healthy Homes Upgrades \$198,000.00
- Winter's Building (contribution) \$550,000
- Library Building (contribution) \$550,000
- Wairoa Campground Upgrades (contribution) \$176,000
- Mahia Recreational Spaces (contribution) \$66,000
- Tuai Destination Playground \$310,000
- Standing Park Netball Courts Upgrade \$260,000

Wairoa District Council previously identified the regeneration of the central business district area as a top priority for investment. The main street initiative "Te Wairoa E Whanake" was developed to stimulate economic development and regenerate the town centre of Wairoa. Redeveloping the

burnt-out building site (Gemmell's building) and purchasing the neighbouring Winter's building were key aspects of the redevelopment and both sites were purchased by Council in January 2020. The Gemmell's redevelopment is progressing well with the construction stage underway. The new community development, which will see three commercial spaces established to house a mix of retail and hospitality offerings, is expected to be completed by the end of 2023.

Council has been pleased to finally repair the Gaiety Theatre projector and to increase its life by another 1-3 years. The projector will still need to be replaced, with a new machine, to ensure that we can continue to offer regular screening of movies. At year end Council were underway to secure external funding by working with external agencies.

On behalf of Council and the management team, we wish to acknowledge the contribution of staff and contractors for the achievements outlined in this Annual Report. The Wairoa District Council continues to adapt its operations to be best placed for the uncertain social and economic environment ahead, as it works to maintain infrastructure, deliver core services and plan for Wairoa's future in an affordable and meaningful way.



*C Little*

**Craig Little**

*Te Kahika  
Mayor*

*K Tipuna*

**Kitea Tipuna**

*Te Tumu Whakarae  
Chief Executive Officer*

## EXTREME WEATHER EVENTS

In the past 18 months, the resilient community of the Wairoa District has faced an unyielding barrage of extreme weather events, leaving an indelible mark on our landscape. The devastating Cyclone Gabrielle, striking in February 2023, unleashed widespread destruction, displacing residents and leaving homes, businesses, and vital infrastructure in ruins. Following this, heavy rainfall in June 2023 led to flooding, while ferocious winds in August 2022 wreaked havoc, plunging some into darkness due to power outages and leaving a trail of damaged power lines and uprooted trees. These events, among others, starkly illustrate our district's vulnerability to nature's fury, from cyclones to droughts, wildfires, and coastal erosion.

In the immediate aftermath of Cyclone Gabrielle, our dedicated Council swiftly mobilized, joining forces with emergency services and various agencies to provide unwavering support. Together, our focus was on helping residents regain their footing, meticulously assessing extensive damage, and crafting a comprehensive recovery plan. Yet, the road to recovery stretches ahead, spanning many years before our community fully recuperates. Despite these challenges, our commitment stands firm, as we stand united with our residents and businesses. Together, we forge ahead, resolute in the task of rebuilding a Wairoa that isn't just resilient but stronger than ever before.

### **Highlighting a few of the Key financial impacts from Cyclone Gabrielle**

#### **Financial Support and Collaboration**

Amidst the challenges, external financial aid and Crown support have been crucial. Generous assistance from the government and various agencies has eased the financial burden on our residents and local businesses. Focused efforts, such as tourism advertising and wage subsidies, have lightened the load, emphasizing the power of collaboration and our commitment to a resilient recovery.

Additional funding was received from Waka Kotahi, Hawkes Bay Regional Council, National Emergency Management Agency, Red Cross and the Mayoral Relief to name a few (more detail included under note 2. Other Comprehensive Revenue on page 59).

#### **Impact on Infrastructure and cost of Repair and Rebuilding**

Cyclone Gabrielle's aftermath demands substantial investment in our infrastructure.

Roads have taken a significant hit, with ongoing repair work. As of June 2023, an estimated \$61 million is needed to complete the remaining repairs, underscoring the task's scale. Included in this are three bridges that were washed away, to be reinstated at a cost estimated to be around \$35m.

In the realm of Three Waters, progress has been made, with \$1 million in repairs completed. About 60% of the work is done, leaving \$752,000, emphasizing the ongoing financial commitment needed for essential service restoration in our community (more detail on impairments and disposals are included under Note 11 – Property, Plant and Equipment).



# TE ARONGA

## OUR DIRECTION

### Who we are and where we're headed

Our **Strategic Direction** is about who we are and where we're heading. Our mission, vision and community outcomes set this direction and guide us to deliver sustainable Levels of Service to support the wellbeing of our people and district by delivering Core Services outlined on page 17. Together they explain what drives us to do the best we can for the people we serve.

We actively monitor our service performance measures which allows us to assess progress towards these long-term aspirations and respond to challenges. Council uses this strategic reference point to ensure that its ongoing approach to funding and financial management is prudent, and delivers infrastructure and services at desired levels to the community in a financially sustainable manner.

Our mission is our main job. Our vision is what we see as the best future for our district. Our community outcomes are the big goals that drive us to support the wellbeing of our people.

<b>OUR MISSION</b>	To support the Wairoa Community through decision-making that promotes the social, economic, environmental and cultural well-being of the district now and in the future.	
<b>OUR VISION</b>	Desirable Lifestyles, Thriving Economy, Treasured Environments, Connected Communities	
<b>COMMUNITY OUTCOMES</b>	<b>Economic Wellbeing</b> <i>Strong &amp; prosperous economy</i>	<b>Environmental Wellbeing</b> <i>Protected &amp; healthy environment</i>
	<b>Social Wellbeing</b> <i>Safe, supported &amp; well-led community</i>	<b>Cultural Wellbeing</b> <i>Valued &amp; cherished community</i>

ACTIVITY GROUPS	ECONOMIC WELLBEING	SOCIAL WELLBEING	ENVIRONMENTAL WELLBEING	CULTURAL WELLBEING
	<i>Strong &amp; prosperous economy</i>	<i>Safe, supported &amp; well-led community</i>	<i>Protected &amp; healthy environment</i>	<i>Valued &amp; cherished community</i>
WATER SUPPLY	*	*	*	*
STORMWATER	*	*	*	*
WASTEWATER	*	*	*	*
WASTE MANAGEMENT	*	*	*	*
TRANSPORT	*	*	*	*
COMMUNITY FACILITIES	*	*	*	*
PLANNING & REGULATORY	*	*	*	*
LEADERSHIP & GOVERNANCE	*	*	*	*
CORPORATE FUNCTIONS	*	*	*	*

Our **four outcomes** are significant and yet simple. They emphasise Council's leadership role in supporting wellbeing and align to the wider community context and purpose of local government. Each of the outcomes aligns to a corresponding wellbeing, which provides a clearer strategic match between our community's interests and Council's wellbeing focus.

The outcomes are linked to all Council's activities and provide the high-level direction that guides the development and rollout of work plans and programmes. They are linked to Council's key activities, each of which has a management plan with a performance framework that defines **Levels of Service**.

# NGĀ HIRAHIRA O TE TAU

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## HIGHLIGHTS OF OUR YEAR



**330**  
rates rebate applications  
assisted with  
Last year: 300



**41,740**  
library visits  
Last year: 25,941



**2,950**  
Service requests issued by  
our customer service team  
Last year: 2,441



**143 TONNES**  
of waste diverted from landfill  
Last year: 126



**13.65KM**  
sealed road resurfaced  
Last year: 18



**\$17.7 MILLION**  
value of building consents  
issued  
Last year: 28.3m



**2059**  
Landings at Wairoa Airport  
Last year: 1542



**3KM**  
Wastewater pipes relined  
Last year: 3km



**12,000 M<sup>3</sup>**  
maintenance metal applied  
to roads  
Last year: 13,885m<sup>3</sup>



**99%**  
of users satisfied with  
the museum  
Last year: 91%



**123**  
building consents issued  
Last year: 138



**427 TONNES**  
of recycling processed  
Last year: 459



**3,092**  
dogs registered  
Last year: 3,246



**3 MILLION LITRES**  
drinking water produced  
per day  
Last year: 3m



## OUR FINANCES

The figures presented here are Council-only. For Group results please refer to the financial statements.

### **\$59 MILLION** COST OF RUNNING THE DISTRICT

Our total operating expenses for the year were \$59 million. This spend supports our district by providing the various infrastructural and community services outlined on page 17.

### **\$19 MILLION** BORROWING POSITION

This is an increase of \$9 million from last year and equates to \$2,274 per person in the district. We use borrowing to spread the cost of new facilities or infrastructure over multiple generations that will benefit from the projects. We believe this is the fairest way to do things.

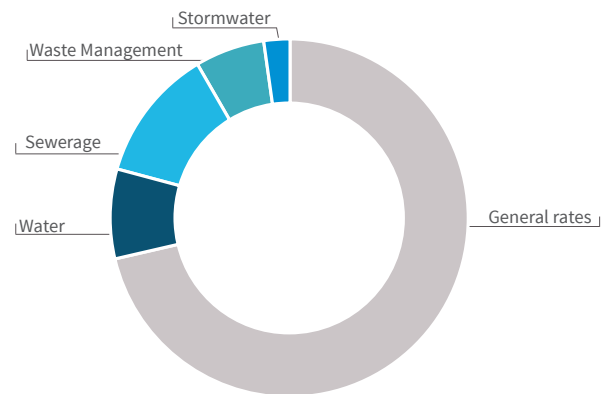
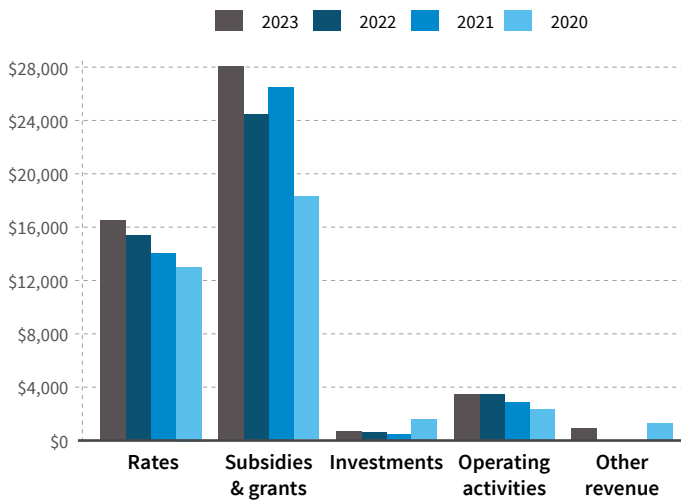
### **\$12.8 MILLION** CAPITAL SPEND

We spent \$12.8 million on new assets for the district. We completed a number of initiatives in our transport, Three Waters and leadership and governance activities, with total spend close to our planned \$12.2 million. Funding from Waka Kotahi, Crown Regional Holdings Limited (formerly known as the Provincial Growth Fund), and the Department of Internal Affairs supported several of these projects.

### **\$455 MILLION** OF ASSETS

The Council provides services to the district through a range of infrastructure networks and facilities (Council assets). These have been built up over many generations and equate to around \$55,111 net worth of value for every person in the district.

## WHERE OUR MONEY COMES FROM



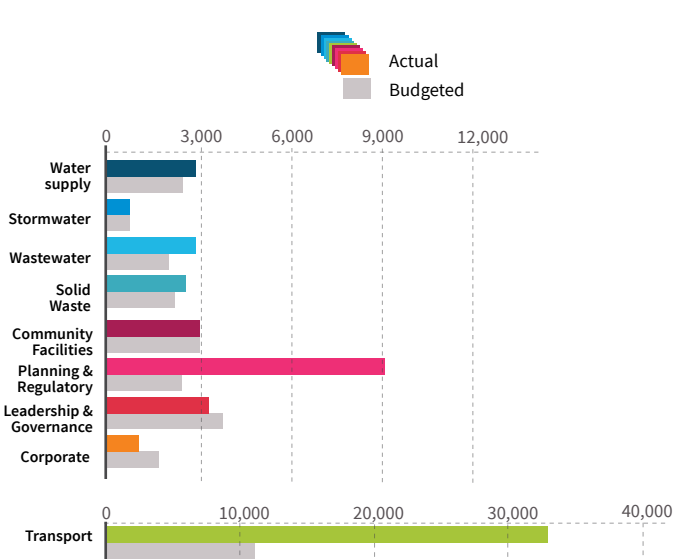
### Overall Sources of Revenue (\$000) for the Past four Years

The above graph shows how our revenue sources have changed, with subsidies and grants now our main source of funding (66% in 2023 compared to 57% in 2022). This reduces the proportion of rates revenue (27% in 2023 compared to 36% in 2022) used to fund our projects. We also receive revenue from operating activities (including user fees) and investments.

### Components of Council Rates Revenue for the Year

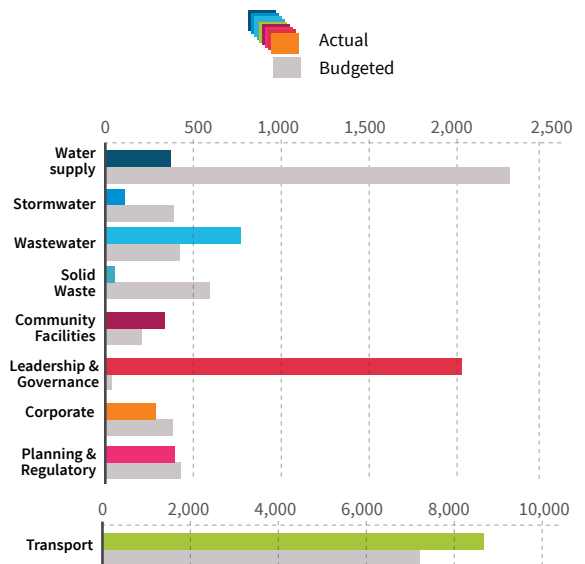
The above graph shows the allocation of Council's rates revenue for the year (based on the Long Term Plan). During 2020/21 Council conducted a rating review seeking an approach that is simple, affordable and appropriate. The new rating system addresses the issues of consistency that we saw in the previous system, but it's still about the distribution of rates, not the total amount

## WHERE OUR MONEY GOES TO



### Difference Between Actual & Budgeted Operating Expenditure (\$000)

The above graph summarises the difference between the actual and budgeted operating expenditure for each group of activities. It shows how the Council has prioritised its spending to support the operational and strategic direction that has been set during the Annual Plan process. Details of the financial performance against budget for each group of activities can be found in the Funding Impact Statements for each group (pages 97 - 105), and in the Financial Statements (pages 49 - 90).



### Difference between actual and budgeted capital expenditure (\$000)

The above graph shows capital expenditure by group of activities. We have a comprehensive renewal and upgrade programme for our assets and have completed \$12.8 million of capital expenditure during the 2022/23 year (refer to the Whole of Council Funding Impact Statement page 96).





Our elected members set the direction and priorities for the district and provide oversight of the organisation. Wairoa District Council is made up of 6 councillors and a mayor. Along with all other local authorities in New Zealand, the Council is elected every three years.

The Mayor is elected “at large,” meaning by all the district’s residents. Three Councillors are elected by voters from the Māori roll and three Councillors from the general roll. The next election is during October 2025.

### Setting the direction

Elected Members have the responsibility to set the direction and priorities for the district and provide oversight of the organisation. The Council appoints the Chief Executive Officer to deliver the programme and services needed to fulfil its direction. Under the Local Government Act 2002, certain powers are reserved for the elected Council. They include setting bylaws and rates, setting the Council’s budget through Long-Term Plan and Annual Plans, making decisions about borrowing money and buying or selling assets, setting up and giving powers to Council committees, determining how Council meetings will be run, setting an Elected Member Code of Conduct, and adopting Annual Reports. Subject to these powers, day-to-day management of Council services and operations is delegated to the Chief Executive, with Councillors monitoring progress.

### Community advocates

Elected Members are responsible for providing representation to those from the ward which elected them. This involves meeting people and organisations and advocating on their behalf or addressing any issues they may face. However, when Councillors come together to make decisions in the Council or a Council committee or subcommittee, they are required to put aside local interests and exercise their powers in the best interests of the entire district.

### Making the hard decisions

Whatever decisions the elected members make, some people will like it better than others – that is the nature of democracy. Council decisions are made in a climate where public organisations are scrutinised more than ever before, and trust in public organisations is generally declining.

Before Elected Members make any decisions, they, with advice from council staff, examine it from every angle. They think about the wellbeing and collective needs and aspirations of Wairoa District’s people as well as legal requirements and contractual obligations, how it fits with the Council’s strategic direction and policies, and whether it is a sensible use of ratepayer funding.

Elected members will often ask for information to be presented to them such as: How much will it cost? How can it be funded? Can someone else do the work if we do not? Will the benefits be significantly less or the costs significantly greater if we wait? And are there any risks involved?

Council engages with our community on many matters requiring decisions, ensuring people can have their say, contribute, and influence how their district is shaped. Altogether, Council strives to ensure our decision-making processes are fair, robust, and transparent.

### Standing committees and subcommittees

Council conducts its business at open and publicly advertised meetings. The Mayor (as required by section 41A of the Local Government Act 2002) puts in place the current structure of committees and subcommittees following the 2022 election and Council retains the power to revisit the structure if needed. The Council’s committee structure ensures that all decisions take account of the wider issues facing the district. All services are linked, so it makes good sense to consider them all together. Our decision-making structure ensures that all elected members are

aware of the full range of issues facing the district. The beginning of each meeting is set aside for members of the public to have their say on any item within the agenda.

The structure adopted for the 2022-2025 triennium comprises several committees and panels as follows: Strategy, Wellbeing & Economic Development Committee; Finance, Assurance & Risk Committee; Infrastructure & Regulatory Committee; Licencing Committee; Māori Standing Committee; Conduct Review Committee; Wairoa Youth Council and Chief Executive Review Panel. Council also has representatives on four joint committees with other Councils in the region. The Mayor is an ex-officio member of all Wairoa District Council committees.

### Elected Members meeting attendance

The meeting attendance figures relate to Council and committee meetings (excluding pre-meeting briefing sessions) of which the Councillor is a member. The meeting attendance figures provided do not include Councillors' attendance at external meetings, including for boards of Council-controlled organisations, community boards, working parties, advisory groups, and other external bodies. Such meetings can conflict with Council meeting times.

These figures relate only to the 2022-2025 triennium Mayor and Councillors since their position confirmed after the 2022 local government elections.

Current Council	Meetings held of which the Mayor and or Councillor is a member	Meetings attended	%
<b>Craig Little</b> Mayor	28	23	82%
<b>Denise Eaglesome- Karekare</b> Deputy Mayor	23	22	96%
<b>Jeremy Harker</b> Councillor	20	20	100%
<b>Benita Cairns</b> Councillor	27	19	70%
<b>Melissa Kaimoana</b> Councillor	16	16	100%
<b>Roslyn Thomas</b> Councillor	19	19	100%
<b>Chaans Tumataroa- Clarke</b> Councillor	14	14	100%

## DECLARATIONS OF INTEREST AND CODE OF CONDUCT

### Declarations of interest

At the start of the triennium, all Elected Members declared their potential, perceived and actual interests, and follow-ups occur to ensure that Elected Members keep their register up to date and comply with the provisions of the Local Authorities (Members' Interests) Act 1968, which covers financial interests, and with other requirements relating to non-pecuniary conflicts of interest. At Council and Committee meetings, members are asked to declare any interest in relation to any items or reports on the agenda. If an Elected Member declares an interest, they will not vote or speak to the item and may absent themselves from the discussions.

### Code of Conduct

A copy of the Elected Members Code of Conduct was provided as part of the induction process at the beginning of the triennium and covered the following: roles, responsibilities, relationships, behaviours, compliance, and review. The Code of Conduct provides guidance on the standards of behaviour that are expected from the Mayor and Elected Members.

The Code of Conduct also applies to Elected Members in their dealings with each other, the Chief Executive, all staff, the media, and the public.

All complaints made under the code must be made in writing and forwarded to the Chief Executive. On receipt of a complaint the Chief Executive must forward the complaint to the Mayor/Chair or, where the Mayor/Chair is a party to the complaint, an independent investigator, drawn from a pool of names or agencies agreed in advance.

Any allegation is considered in a manner that is fair to all parties involved, including ensuring that due process is respected.

### ADVISORY GROUPS

Forums and advisory groups help specific sectors of the community to have their say and guide us in our work. Our advisory groups consist of members from the community with specialist knowledge in a specific area of Council responsibility. Their role is to help their communities to understand Council processes and participate in the Council's decision-making processes, and to help the Council understand the needs of their communities and how those needs may be addressed. They are not seen as representing all views on their specialist areas or communities in Wairoa.

### Youth Council

**Chair:** Trevor Waikawa

**Members:** Mohaka Hooper, Grace Kaihe Tahuri, Jose Manuel, Aralei Rudd, Ceizar Fasso, Rongomaiwahine Te Rau o Patuwai, Te Huiariki Tuahine, Lyric Wesche

**Council representatives:** His Worship the Mayor, Councillor Roslyn Thomas, Councillor Denise Eaglesome-Karekare

The Youth Council met two times in the 2022/23 year. The selected members represent localities within the Wairoa District. Due to the effects of the cyclone, the Youth Council were unable to meet in the first quarter of 2023. Recruitment of the new Youth Council commenced in August 2023.

### Māori Standing Committee

**Chair:** Mr Henare Mita

**Committee Members:** Ms Theresa Thornton, Mrs Hereturikoka Nissen, Mrs Fiona Wairau, Ms Alex-Ann Edwards (Resigned 6 April 2023), Ms Liz Palmer, Mrs Hinenui Tipoki-Lawton, Mr Paroa Puketapu

**Council Representatives:** Mayor Craig Little, Councillor Benita Cairns, Councillor Roslyn Thomas

The Maori Standing Committee met four times in the 2022/23 year. The representatives are selected from each takiwā and serve a term of three years. The new Maori Standing Committee members were endorsed at an Ordinary Council meeting on 22 August 2023.

## OUR SENIOR LEADERSHIP TEAM

The Mayor and Councillors employ and delegate the management and delivery of Council services to the Chief Executive. The Chief Executive is the sole employee of the elected Council and is the employer of all other staff.

The Chief Executive manages Wairoa District Council under approved Annual and Long Term Plans, legislation, policies, and guidelines. The Chief Executive is responsible for the efficient and effective implementation of the Council's decisions within agreed parameters. The Chief Executive employs the Council's staff to help with these responsibilities.

The Senior Leadership Team (SLT) supports the Chief Executive to provide advice to the Council, manage the Council organisation and implement Council decisions.

The Chief Executive also provides independent and impartial advice to the elected council before decisions are made. Advice is tested among council staff and reviewed by the Senior Leadership Team to ensure all realistic options have been considered and risks have been identified and assessed before the advice is presented to the Council for consideration and decision making.

The Chief Executive ensures the Council has effective systems to monitor financial and service level performance and recommend changes where appropriate. The Chief Executive's performance is regularly monitored by the Council's Chief Executive Review Panel.

Our Chief Executive has initiated a staffing organisational review to ensure we have the right structure in place to deliver on Council's future work programme. There have been several senior leadership vacancies in 2022/23 and the future leadership requirements will be covered as part of the review.

### As at the 30 June 2023 the Senior Leadership Team and their responsibilities comprised of:

#### **Kitea Tipuna**

*Te Tumu Whakarae  
Chief Executive Officer*



Kitea was responsible for the team delivering economic development, tourism, stakeholder engagement, communications, website services, election services, governance, community development, events, Māori relationships, youth services, health and safety, strategic projects, legal compliance, official information, policy, and human resources.

Kitea also had oversight of the Planning and Regulatory Group, who are responsible for district planning and resource consents, building control, environmental health, food and liquor licensing, noise and nuisance control, compliance monitoring and enforcement, bylaws, dog and stock control, freedom camping, trade waste compliance and management.



#### **Mike Hardie**

*Te Pouwhakarae Hua Pūmau  
Acting Group Manager Community  
Assets and Services*

Mike was responsible for the team delivering roads, streets and bridges, cemeteries, sports grounds, reserves, airport control, water supply, sewerage, stormwater drainage, waste management, street lighting, traffic management, public toilets, footpaths, and property.



#### **Steve Fabish**

*Pouwhakarae Pārongo me te  
Wheako Kiritaki (Taupua)  
Interim Group Manager  
Information and Customer  
Experience*

Steve was responsible for the team delivering archives, geographic information systems, information services, library, annual and long term planning and records.



#### **Gary Borg**

*Te Pouwhakarae Pūtea me  
te Tautāwhi Rangapū Group  
Manager Finance and Corporate  
Support*

Gary is responsible for the team delivering accounting services, financial management, revenue collection, rating, risk management, financial planning and reporting, treasury functions, tax compliance.

## OUR STAFF

We work to ensure that the Council is an attractive place to work, to attract and retain skilled and qualified people. During the 2022/23 financial year, several initiatives resulted in external funding for some positions, including several cadet and jobseeker training arrangements.

We are privileged to be training young local cadets in various areas - benefiting both the community and the Council organisation.

Women make up 62 percent of our total staff numbers, and 62 percent of our full-time equivalent numbers.

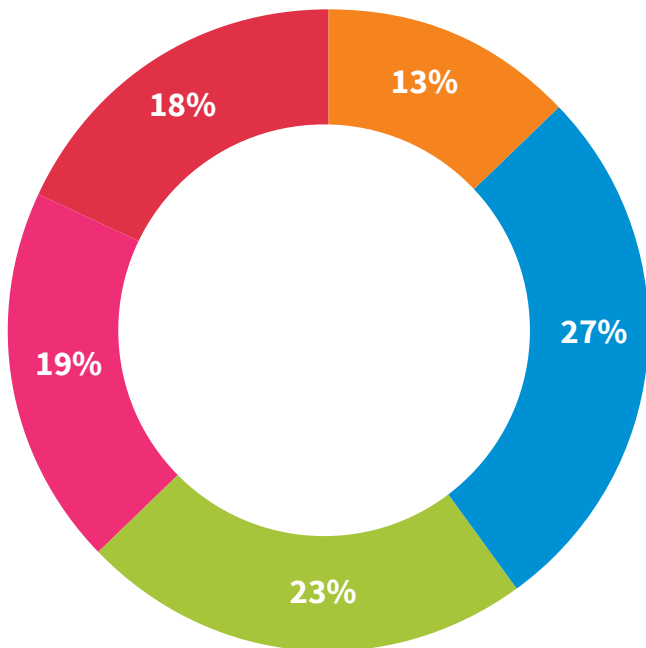
81 percent of our staff are permanent employees and 19 percent of our employees work on a part-time or casual basis.

The rich mix of people who work at the Council has a positive impact on our work culture and productivity. The graphs and tables in this section show which areas our staff work in, their gender, and type of employment as at 30 June 2023.

### BREAKDOWN OF STAFF BY ACTIVITY AREA AND CONTRACT TYPE

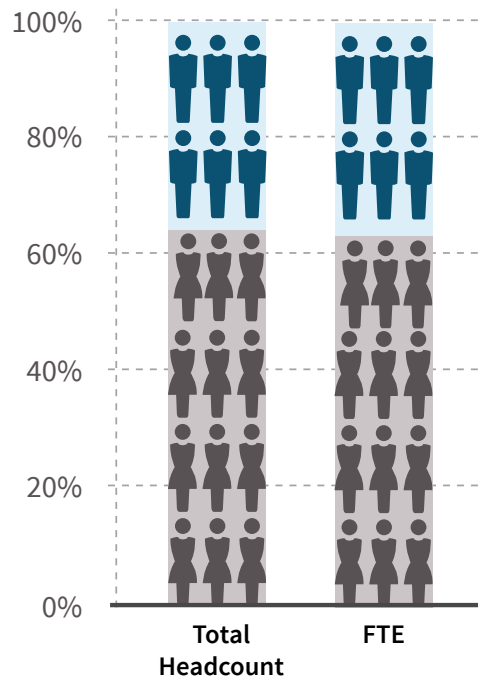
	PERMANENT		FIXED TERM		Casual	Head Count	FTE
	Full-Time	Part-time	Full-time	Part-time			
Community & Engagement	11	1	2	0	1	15	14
Community assets & services	16	1	2	1	0	20	20
Finance & Corporate Support	9	1	0	0	0	10	10
Information & Customer Experience	9	8	1	1	0	19	17
Regulatory & Compliance	11	2	1	1	2	17	14
<b>Total</b>	<b>56</b>	<b>13</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>81</b>	<b>73</b>

FTE BY ACTIVITY



- Community & Engagement
- Community Assets & Services
- Finance & Corporate Support
- Information & Customer Experience
- Regulatory & Compliance

GENDER BREAKDOWN



- Women
- Men

# NGĀ TOHU MĀTAURANGA ME NGĀ WHAKATUTUKITANGA

## STAFF AWARDED QUALIFICATIONS AND ACHIEVEMENTS

*Council is proactive in ensuring our staff continue to have the necessary skills to deliver the work programme as set by Council. As follows are some of the staff awarded qualifications and achievements for this year.*

### **Bachelor of Environment and Society, Majoring in Environmental Management- Lincoln University**

- Claire Little

### **New Zealand Certificate in Business (First Line Management) (Level 4)**

- Chase Cook

### **National Diploma in Building Control Surveying- Regulation 18 Qualification**

- Tamara Rudd

### **Commercial 2 Competency for Building Inspections**

- Jared Olsen

### **Certified Associate in Project Management - Project Management Institute**

- Suzi Hole

### **Coordinated Incident Management System Level 4 Qualification**

- Jackie TeRangi
- Teri Wathen-Smith
- George Ash
- Annalise Bramley
- Jessie Tahuri
- Nicole Maindonald
- Brioney Hunt
- Gay Waikawa
- Sarayde Tapine

### **RRANZ Response and Recovery Leadership Development Programme Tier 1. Part 2**

- Juanita Savage





# HE WHAKARĀPOPOTOTANGA I TĀ MĀTAU MAHI

## SUMMARY OF WHAT WE DO

We provide a wide range of services and activities for our community. Delivering these services and activities helps us look after the social, economic, environmental and cultural wellbeing of our people and district.



### WATER SUPPLY

We produce 3 million litres of drinking water per day from our water supply systems in Wairoa, Frasertown, Tuai, and Māhanga, maintaining a compliant and efficient service that is safe for people and the environment, all day, every day.



### STORMWATER

We provide and maintain networks of stormwater pipes, open drains, and outlets in the Wairoa township, Tuai and Māhia areas, ensuring a compliant and efficient system that is safe for people and the environment, all day, every day.



### WASTEWATER

We operate and maintain wastewater systems in the Wairoa township, Tuai, Māhia and Ōpoutama areas, ensuring a compliant and efficient wastewater service that is safe for people and the environment, all day, every day.



### WASTE MANAGEMENT

We provide waste management facilities to ensure refuse is disposed of in a controlled and compliant manner. We operate a district landfill and recycling centre in Wairoa to the public for 4 days a week, 6 hours per day to take domestic and commercial refuse. We manage domestic kerbside refuse and recycling collections, litter control and monitor five closed landfills.



### TRANSPORT

We provide 900kms of roads, 175 bridges, and over 340 retaining structures. We maintain more than 40kms of footpaths, 24,000m<sup>2</sup> of carparks, 3000 traffic signs and hundreds of streetlights. The network is managed in a sustainable and efficient manner that is sufficient for demand, all day, every day. We fund the airport activity to maintain an operational facility which includes a 910m runway. The airport and its facilities are maintained for light aircraft and charter operations in a sustainable and efficient manner.



### COMMUNITY FACILITIES

We provide and maintain public cemeteries at Wairoa, Nuhaka, Frasertown, Ruakituri and Morere in a reliable, accessible, safe, and efficient manner that meets the community's current and future needs. We provide sports grounds, public gardens, neighbourhood parks and playgrounds, access along riverbank and foreshore reserves, and public toilets. In these parks, we also look after the vegetation, buildings, walkways, playground equipment, fences, lighting, tables, bins, and memorials. We maintain an efficient and responsive service that ensures parks, reserves and public toilets are safe and well maintained. We provide the Wairoa Library with over 58,000 books and digital resources, reading programmes and initiatives to over 26,000 visits to the facility a year. We provide book and resource lending, information and digital services and programmes five and a half days per week. We partner in and support the provision of recreational, health, cultural and heritage activities. We support community events, initiatives and facilities including the Community Centre, Wairoa Museum and Gaiety Theatre.



## PLANNING & REGULATORY

We are required to process resource consents within timeframes and planning services to support the sustainable management of natural resources. We maintain the District Plan. We provide environmental health services to protect and improve public health in food premises, water quality, pollution, noise control, and illegal fly dumping. We ensure community safety through the registration of food premises, hairdressers, funeral directors, and camping grounds, and respond to complaints. We provide building control services to ensure that the construction of new and existing buildings is compliant with the NZ Building Code. We are required to issue building consents within statutory timeframes and monitor commercial building WOFs (Warrant of Fitness), swimming pools and dangerous and unsanitary building. We provide liquor control and licensing services, issuing liquor licences within timeframes. We provide general bylaw enforcement and maintenance and respond to complaints over freedom camping, land transport, public safety, cemeteries, and trade waste. We provide dog control services in response to complaints about dogs and manage the pound. We maintain the National Dog Register, and respond to stray, barking and nuisance dogs. We provide livestock control services for wandering animals, ensuring community safety through the removal of nuisance stock.



## LEADERSHIP & GOVERNANCE

We provide for district representation and governance, elections, community engagement, policies, annual planning, and reporting, and long term planning. We support and encourage community participation in democracy. Relationships with our Māori community remains paramount. We are committed to ensure that Māori are given every opportunity to participate in the decision-making process for Council. Comprehensive cultural advice is provided to Council and its committees, management, and staff to ensure the success of several projects across the wider district – this includes supporting the Māori Standing Committee, attending multiple hui across the district and providing positive engagement for staff to increase their knowledge in cultural capability. The Wairoa District Council pro-actively advocates, on behalf of the Māori community, the principles of the Māori Policy, the Te Reo Māori Policy and any other relevant policy or by-law. We provide district promotion, tourism services, and manage policy as it relates to our economy. We provide the Visitor Information Centre and implement the Economic Development Plan.



## CORPORATE FUNCTIONS

We provide corporate services which include customer services, finance, administration, information technology, cybersecurity, geospatial and mapping systems, business support, human resources, records, archives, project support, rates services, legal compliance, policy development, and official information. We manage and deliver these services in an efficient and responsive manner. We provide property services for the Wairoa camping ground, Wairoa i-Site, community halls, pensioner housing, corporative property, and commercial property, in an efficient and responsive manner that ensures our properties are safe and well-maintained. We hold investments that support the provision of sustainable infrastructure and services. This includes managing cash, debt, equity, and property investments. We operate treasury services that provide low-cost funding for projects, immediate funds for emergencies and day-to-day funding.



**TĀ TĀTĀU  
WHAKATUTUKITANGA  
Ā-TAIPITOPITO NEI**

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**OUR PERFORMANCE  
IN DETAIL**

## OUR PERFORMANCE IN DETAIL

Most of the work we do, our budgets and the services we provide are in the nine activity areas that represent how we work. Our key performance measures and their targets are how we track and assess the delivery of Council services.

These targets were set in our Long Term Plan 2021-31 and include both technical measures, such as our compliance with bacteriological standards for drinking water quality, and perception-based measures, such as residents satisfaction with various services.

Individual performance measures are recorded as either:

- Met
- Not met
- Not applicable

The designation "not applicable" is for those instances where we could not record the result e.g., the stormwater activity includes a measure "Compliance with Council's resource consents for discharge from its stormwater system. Due to not having a current consent the four performance measures could not be reported on.

In 2022/23 59 (58%) of our performance measures were met, however 43 of our performance measures were either not met or not able to be measured.

Over the last few years, New Zealand has dealt with ongoing cost pressures and supply chain challenges, which have significantly impacted the services we provide. This influence has been particularly noticeable due to its continuation over the past twelve months. During the assessment our performance, three recurring themes have emerged:

The significant impact of Cyclone Gabrielle had far-reaching effects on our planned activities. We experienced the loss of three bridges, extensive damage to numerous others, and the enforced closure of the landfill. Additionally, safety concerns after the cyclone led to road closures, causing major disruptions to regular Council operations during and after the cyclone.

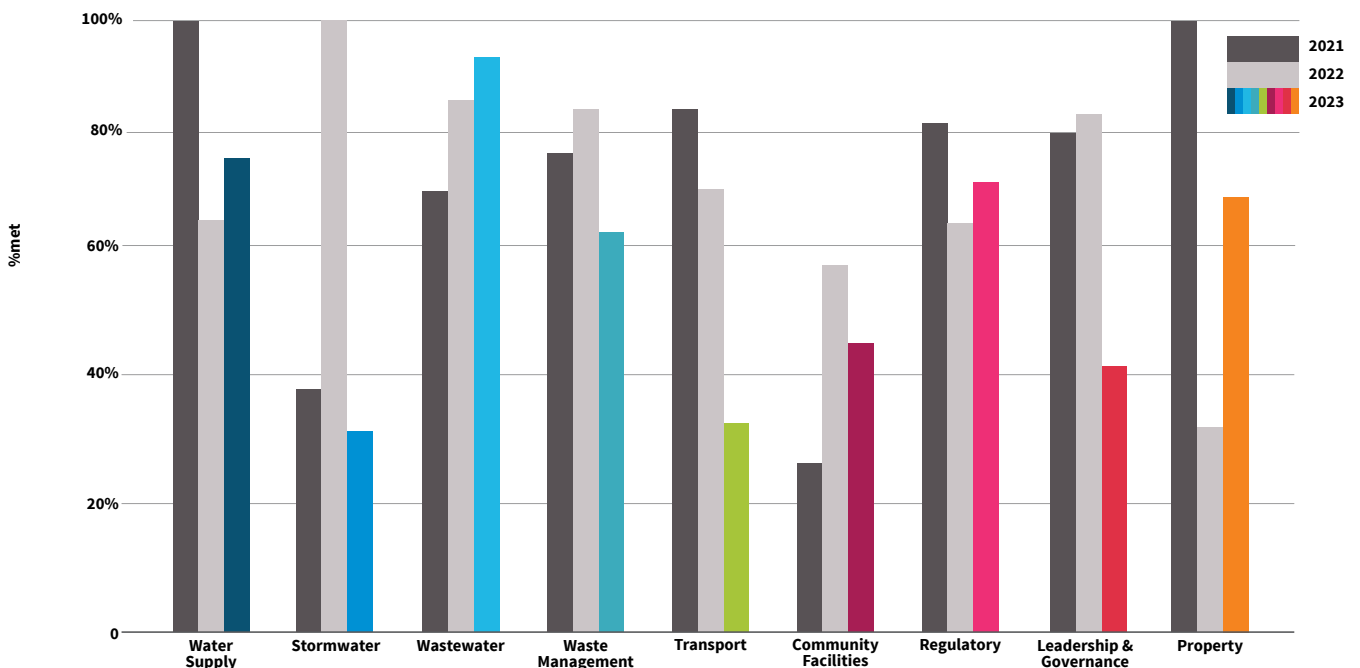
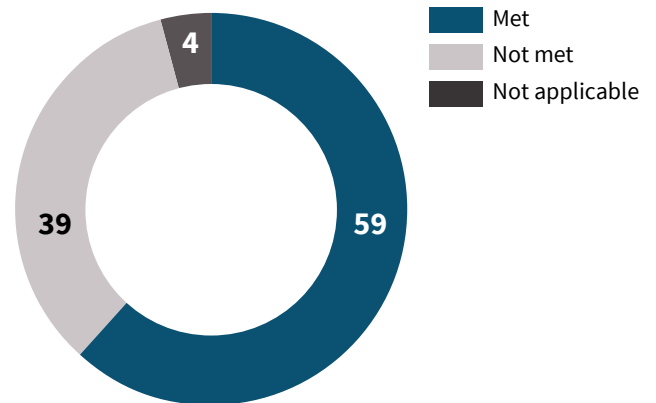
The aftermath of the cyclone also affected our Customer Service

Requests (CSR) turn around. Despite the demands of the year, not all teams were able to effectively address CSR requests. During Cyclone Gabrielle, Civil Defence took charge of receiving all CSR reports and as a result, accurately measuring response times became notably difficult.

Another recurring issue focused on customer satisfaction ratings falling short of their intended targets. We made the annual residents' opinion survey accessible to the broader public, involving a sample of general Wairoa District Council users. As part of planning for the 2024-34 Long Term Plan we are currently exploring the possibility of defining specific activity users to receive more defined feedback on their satisfaction of our services they use.

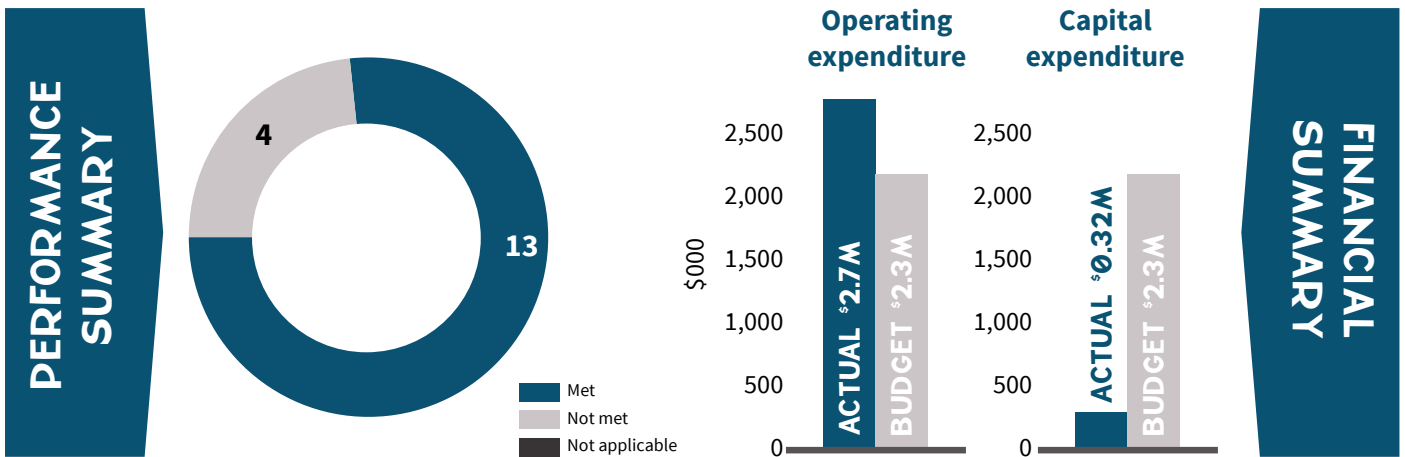
The below graph shows the percentage of measures met by activity over last 3 years and clear trends and outliers can be seen. Several performance measures are below the 2022/23 targets. This may be a reflection on the ability for Council to provide all its business-as-usual activities during and post Cyclone Gabrielle. Some of the measures are also trending downwards over the last 2 years, with Council and Senior Leadership Team committed to working on improving these over the next 12 months.

Further details of our performance measures and results are detailed for each activity area on pages 21-48.



% key performance measures met: 3 year trend

WATER SUPPLY



**3 MILLION LITRES**  
OF DRINKING WATER PRODUCED PER DAY

**THREE WATERS INFRASTRUCTURE FUNDING**  
Projects that were funded from this include:

**Staffing for Council 3 waters activity**

There have been some changes to the 3 waters activity team this year, with the resignation of the Infrastructure Operations Engineer and the employment of a compliance officer. As at the end of June 2023 the team includes the Utilities Manager, Compliance officer and an Environmental Engineer. The utilities team is responsible for the operation of wastewater plants and the 3 waters reticulation. Fulton Hogan is our current contractor and has held the three waters maintenance contract since 2017. For drinking water, the team is the Water Production Manager and the Water Treatment Plant Operator - who look after the extraction and treatment of drinking water.

**Drinking water regulations**

New drinking water regulations came into effect on the 14 November 2023 and relate to Council’s 4 registered water supplies which are the Wairoa/Frasertown, Tuai, Māhanga.

The rules are structured as ‘modules,’ with these covering general rules, source water, treatment systems and distribution systems. Additional modules are provided for some specific drinking water supply categories.

**CYCLONE GABRIELLE**

The cyclone and following rain event caused serious issues in terms of water supply and damage to the water treatment infrastructure. The flood water damaged the water intake vents and flooded the intake chamber and pumps with silt and water. Both had to be pumped out and cleaned, new pumps were ordered resulting in the water supply being restricted during this time.

Our water treatment plant operators worked around the clock, in combination with personal from the New Zealand Defence Force,

Fire and Emergency NZ and industrial electricians, to get the water system operating and back online.

While there was no damage to watermains during the cyclone we have experienced an increase in failures since the water was restored.



Picture of Wairoa water intake during Cyclone Gabrielle. This caused major issues in terms of water supply and damage to the water treatment infrastructure.

**BUDGET VS ACTUAL**

Operating expenditure was \$400,000 more than budgeted, this is mainly because of the effects of Cyclone Gabrielle and the restoration of the water treatment system and the increased costs in water treatment. Capital expenditure was \$2,000,000 under budget due to several projects being unable to be started or completed due to Cyclone Gabrielle, and an over estimate of \$1,200,000 budget costs for some larger projects associated with the 3 waters covid stimulus funding.

## WATER SUPPLY PERFORMANCE DATA

The following section outlines Council performance measures for our water supply activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-2031. This also provides information on trends that may influence

our performance, including those outside of our control. The two measures not met did not have a comparative last year and relate to slow response times. However other response time measures show improvements compared to previous years.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 97.

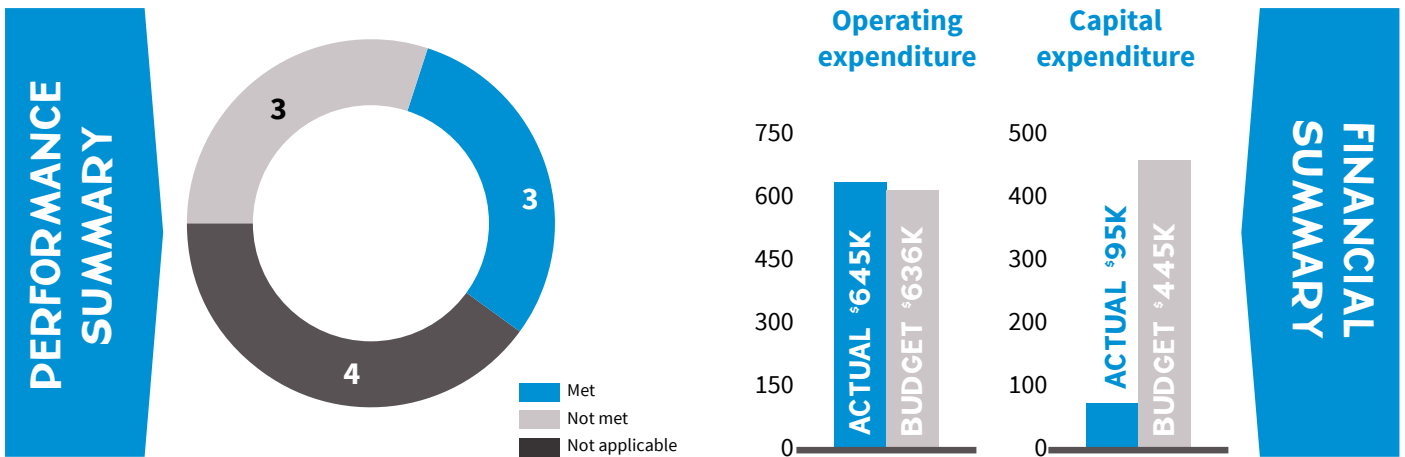
Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>Safe, high quality water supply is provided**</b>	Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria):*					
	Wairoa / Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant	☑
	Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 5 protozoal compliance criteria):*					
	Wairoa / Frasertown	Compliant	Compliant	Compliant	Compliant	
<b>To provide reliable water networks</b>	Tuai	Compliant	Compliant	Non-Compliant***	Compliant	☒
	Residents (%) satisfied with the water supply	88%	83%	76%	≥80%	☒
<b>Water pressure and flow appropriate for its intended use</b>	Number of complaints about water supply per 1,000 connections:*					
	Drinking water clarity	0	0	1	10	☑
	Drinking water taste	0	0.5	0	10	☑
	Drinking water odour	0	0	0	10	☑
	Drinking water pressure or flow	0	1.4	2	20	☑
	Continuity of supply	0	9	21	20	☒
	Responsiveness to issues	0	0	0	10	☑
	Percentage of real water loss from our networked reticulation system (calculated using minimum night flow)*	15%	17%	44%	32%	☒
<b>Water supply assets are managed prudently to ensure long term financial sustainability for current and future generations</b>	Median response time for urgent callouts*					
	Wairoa / Frasertown (attendance time)	2 hours	0.8 hours	0.2 hours	1 hour	☑
	Other areas (attendance time)	No urgent callouts	8.3 hours	0.3 hours	2 hours	☑
	Wairoa / Frasertown (resolution time)	3 hours	2.8 hours	3 hours	4 hours	☑
	Other areas (attendance time)	No urgent callouts	8.3 hours	0 hours	5 hours	☑
<b>Water supply assets are managed prudently to ensure long term financial sustainability for current and future generations</b>	Median response time for non-urgent callouts* (attendance time in days)	1.3 days	0.6 days	0.4 days	2 days	☑
	(resolution time in working days)	1.9 working days	0.7 working days	2 working days	3 working days	☑
	<b>Water resources are used efficiently and sustainably</b>	Average drinking water consumption per day per resident*	345 litres	355 litres	405.9 litres	500 litres

\*This is a mandatory measure from DIA.

\*\*The New Zealand Drinking Water Standards 2005 - Revised 2018 (DWS) were withdrawn on 14 November 2022 and replaced with the Drinking Water Quality Assurance Rules 2022 (DWQAR). WDC has reported against parts 4 and 5 of the old DWS for the whole of the 2022/23 year.

\*\*\*The Tuai water treatment plant was non-compliant with the standards primarily due to the impact of Cyclone Gabrielle on Wairoa. The plant was non-functional from 13 February 2023 to 24 February 2023 during which a 'boil water notice' was effective.

## STORMWATER



# STORMWATER

238.2M OPEN DRAINS PIPED

The Council three waters team are responsible for the stormwater networks in the Wairoa township, Mahia Beach, and Tuai Township. Maintenance of the stormwater network is a shared responsibility between the utilities, transport, and property divisions of Council.

Stormwater in the Wairoa township network is discharged into the Wairoa River via 62 discharge locations located from the Mitchell Road area to Pilots Hill.

Post cyclone, clearing of open drains, clearing outlets and replacing broken culverts was a priority to prevent further flooding occurring. The stormwater network continues to be impacted by the ongoing clean-up due to silt and other debris having been

washed into the stormwater network. We anticipate flushing of the network will be ongoing while the clean-up is still occurring.

The stormwater discharge consent renewal process has been stalled due to Cyclone Gabrielle. The challenges we have had with this process have been collecting stormwater samples from river outlets, which must be done safely and within specific timeframes.

### ACTUAL VS BUDGET

Capital expenditure was \$350,000 under budget due to a number of projects being unable to be started or completed due to Cyclone Gabrielle, availability of contractors and or key materials.



## STORMWATER PERFORMANCE DATA

The following section outlines Council performance measures for our stormwater activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-

2031. This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 98.

Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>Mitigate risk of flooding in urban areas</b>	Number of flooding events in the district*	6	2	11	≤10	☑
	For each flooding event, number of habitable floors affected (per 1,000 properties)*	1	0	0.43	≤50	☑
<b>To provide reliable stormwater networks</b>	Residents (%) satisfied with the stormwater system	88%	47%	47%	≥80%	☒
	Number of complaints about stormwater system performance (per 1,000 connections)*	28	21	36	≤50	☑
<b>Stormwater disruption during natural disaster events are minimised</b>	Median response time for emergency flooding event (attendance time in hours)*	No emergency flooding events	No emergency flooding events	No emergency flooding events during the year other than Cyclone Gabrielle. See footnote for further details**	1 hour	☒
	Median response time for urgent flooding event (attendance time in hours)*	2 hours	No emergency flooding events		2 hours	☒
<b>Effects on the natural environment are minimised</b>	Compliance with Council's resource consents for discharge from its stormwater system:*					
	Abatement notices			Council does not have a consent – but is in the process of obtaining one. It is expected that a consent will be obtained by 1 July 2025	0	☒
	Infringement notices	No consent - consent application currently underway	No consent - consent application currently underway		0	☒
	Enforcement orders				0	☒
	Convictions				0	☒

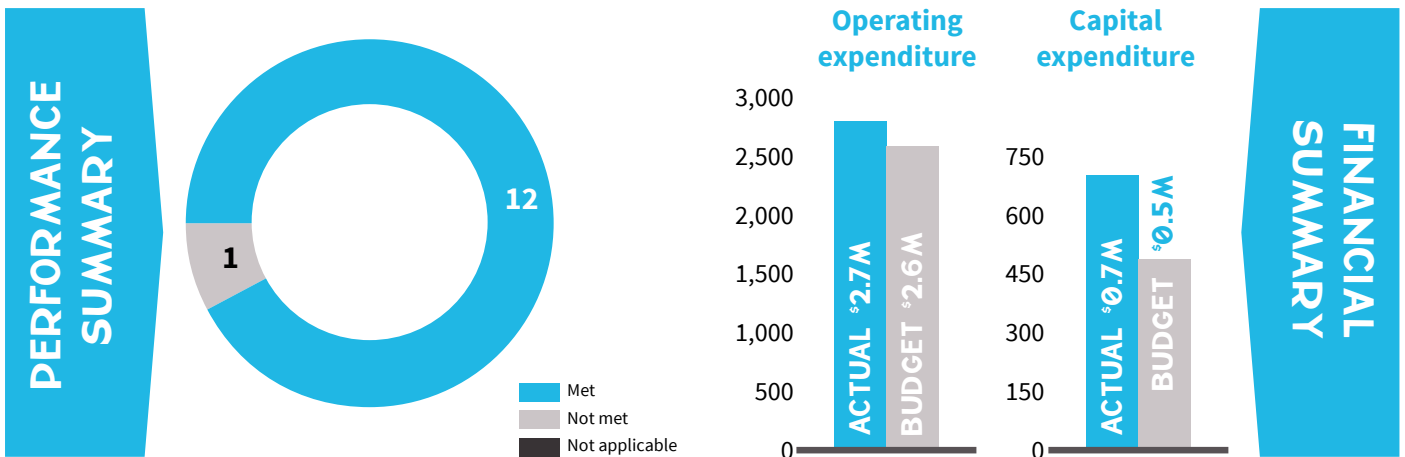
\*This is a mandatory measure from DIA.

\*\*Customer service requests (CSRs) received between February 14th and February 28th were responded to by Civil Defence (CD) during the National Emergency period.



# TE WAI PARU

## WASTEWATER



# 3KM

## WASTEWATER PIPES RELINED

### CYCLONE GABRIELLE

In the Wairoa township scheme, a large volume of silt entered the network and flushed through the entire system and wastewater ponds. Flushing of both the waste and stormwater networks has been ongoing since the cyclone and will continue into the next financial year.

Sludge surveys have been organised to understand the levels of silt contained in the Wairoa and Māhia wastewater ponds. This work was scheduled to take place in the last quarter but due to equipment failure, the survey has been postponed to August/September 2023.

Wastewater resilience investigations for all schemes are ongoing. With the imminent failure of Mt Misery and communications causing issues during weather events, we are working on a more robust solution. This includes cameras for remote areas that can have access issues, Starlink and backup power supplies where possible.

### OPOUTAMA

The Opoutama wastewater plant was initially installed for the Bluebay subdivision, with the Council eventually taking over the scheme and expanding it to include the wider Opoutama Area. There have been several challenges over the years with treatment quality and development but after recent upgrades, we are now compliant with results, except for a few parameters outside of the consent condition.

### MAHIA BEACH

Mahia wastewater is collected in on-site tanks which allow solids to settle and then wastewater is pumped up to a series of ponds for treatment and irrigating onto a Hawkes Bay Regional Council Forest. Irrigation can only occur under certain conditions such as limited rainfall and dry ground conditions. Due to the amount of rainfall, we have experienced over the year, the storage ponds are

reaching maximum levels.

Access to the Mahia treatment ponds has been hindered by the Kinikini Road closures and farm track slumping. Because of this, contractors must walk to the site to carry out maintenance and repairs as required. Due to this we have incurred higher than normal operational costs this year.

### TUAI

The Tuai wastewater network has also suffered with the amount of rain over the year. Access to Tuai has been compromised and the wastewater treatment sand beds have been at capacity. The beds have not overflowed, to land, due to the design. Contractors have worked hard to remedy this situation by raking and ploughing the sand so wastewater can trickle through the system. Council are to begin inflow investigations in the new financial year so we can be assured that no stormwater is entering the network.

### PROJECTS

The Paul Street pumping main replacement has been stalled due to the cyclone which coincided with our construction season.

Despite all challenges in delivering projects, the Opoutama Reserves planting project of expanding the disposal field to properly disperse the treated discharge, was completed. There are just over 4,500 plants within this reserve and over 50 different species that will thrive in this coastal area. A post and rail fence have been built around the area to prevent cars from driving over the establishing plants. Two storyboards about the history of the area will also be put up outside the planting area and one within.

Key parties involved in bringing this vision to light were:

- The Trustees of Ruawharo Marae
- The Opoutama Working Group
- The Community of Opoutama
- Planting volunteers

## WASTEWATER PERFORMANCE DATA

The following section outlines Council performance measures for our wastewater activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-2031.

This also provides information on trends that may influence our performance, including those outside of our control. Wastewater has seen an improving trend on most measures, however some response times require attention.

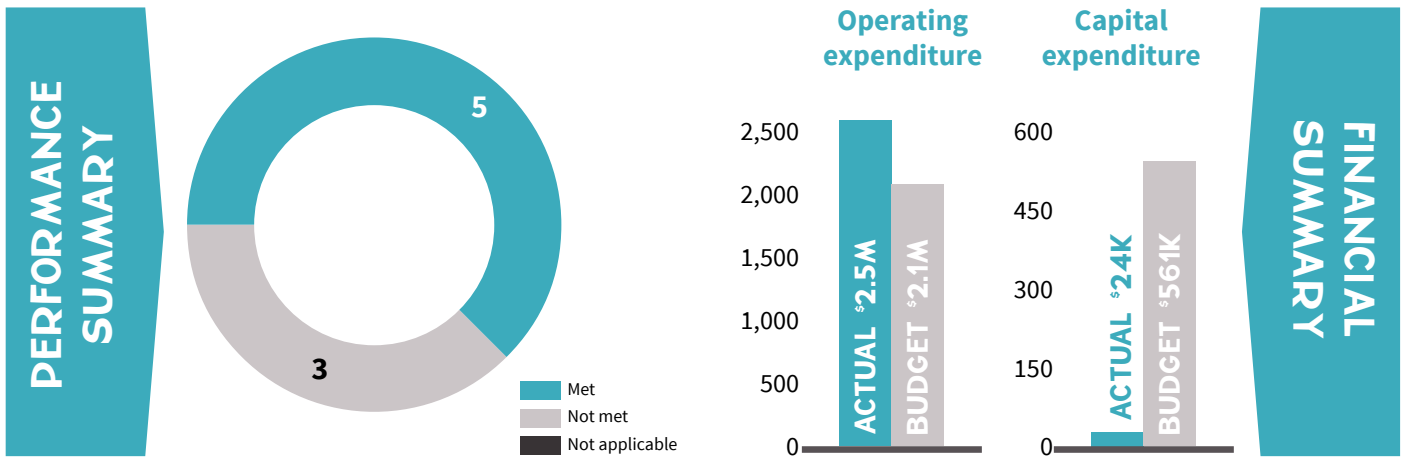
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 99.

Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>Mitigate risk of environmental and public health impacts</b>	Dry weather wastewater overflows per 1000 connections*	1	1.3	0	10	☑
	Number of complaints about wastewater per 1,000 connections:*					
<b>To provide safe and reliable wastewater service to customers</b>	Sewage odour	1	2	2	15	☑
	Sewerage system faults	3	20	1	15	☑
	Sewerage system blockages	7	4	5	15	☑
	Responses to issues with sewerage system	3	1	0	15	☑
<b>Wastewater assets are managed prudently to ensure long term financial sustainability for current and future generations</b>	Median response time for wastewater overflows:*					
	Wairoa / Frasertown (attendance time)	3 hours	1.4 hours	1 hour	1 hour	☑
	Other areas (attendance time)	4.5 hours	0.5 hours	0.5 hours	2 hours	☑
	Wairoa / Frasertown (resolution time)	3 hours	1.4 hours	2 hours	4 hours	☑
	Other areas (resolution time)	4.5 hours	28.3 hours	25 hours	5 hours	☒
<b>protection is provided to the community and environment</b>	compliance with Council's resource consents for discharge from its wastewater system:					
	Abatement notices	2	0	0	0	☑
	Infringement notices	7	1	0	0	☑
	Enforcement orders	0	0	0	0	☑
	Convictions	0	0	0	0	☑

\*This is a mandatory measure from DIA.

# TE WHAKAHAERE PARA

## WASTE MANAGEMENT



# 143 TONNES

OF WASTE DIVERTED FROM LANDFILL

### LANDFILL MANAGEMENT

The annual waste tonnage recorded over the weighbridge continues to rise as various projects get underway throughout the district. The Wairoa Landfill site received a large volume of slip and silt material from weather events - this material is generally utilised as landfill cover where appropriate.

The remaining landfill capacity at the site is now considered to be approximately 3 years if trends continue as they are. The council will be undertaking an options study in 2023/24 to assist with the decisions on the future disposal of waste in the district.

Green waste is being set aside as it arrives at the site with this material being programmed to be mulched every 7-8 weeks. Most of this material is being utilised as temporary landfill cover which aids in the control of windblown litter. Investigations are underway to identify potential options to completely divert this material from landfill, and for it to be turned into a reusable product.

The site's weighbridge has received some minor upgrades to improve the weighbridge's performance and customer experience. This includes a wireless eftpos terminal which now accepts credit card payments and a new external LED display for clear reading of customer weights.

### CYCLONE GABRIELLE SOLID WASTE MANAGEMENT

Cyclone Gabrielle hit Wairoa on February 14. This saw the Wairoa River burst its banks, flooding 10-15% of Wairoa, affecting residential housing, industrial and commercial businesses, and lifestyle properties. Consequently, the resulting solid waste volume and contents exceeded the capacity of Wairoa District Council's solid waste services normal capacity.

Council's annual landfill net tonnage is approximately 4000 tonnes of solid waste. To the end of June 2023, 2,970 tonnes of cyclone

generated general waste (excludes silt) has been received. This is over and above the standard waste volumes and includes a large volume of whiteware which has currently been set aside. Investigations are underway to find an alternative (recycling) option for this material, however, it may prove difficult and costly due to the potential contamination caused by silt.

### MAHIA RECYCLING SITE

The partially funded Mahia recycling site project continues to be delayed. The final location of this project is yet to be confirmed as Council work on progressing one of the three site options identified. There is a lengthy process to securing an acceptable site with community input and support.

The temporary recycling centre was back up and running on Kaiwaitau Rd this summer. The "peak seasonal period" was extended which saw the site open for an extra three weeks and the daily opening hours extended.



Māhia recycling site - Kaiwaitau Road

## ACTUAL VS BUDGET

Operational expenditure was \$400,000 higher than budgeted due to the extra costs associated with the cleanup response to Cyclone Gabrielle.

Capital expenditure was \$537,000 under budget due to a number of projects being unable to be started or completed due to Cyclone Gabrielle, availability of contractors and or key materials.

## WASTE MANAGEMENT PERFORMANCE DATA

The following section outlines Council performance measures for our waste management activity. It includes data for the last two reporting periods, along with current year data to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-31.

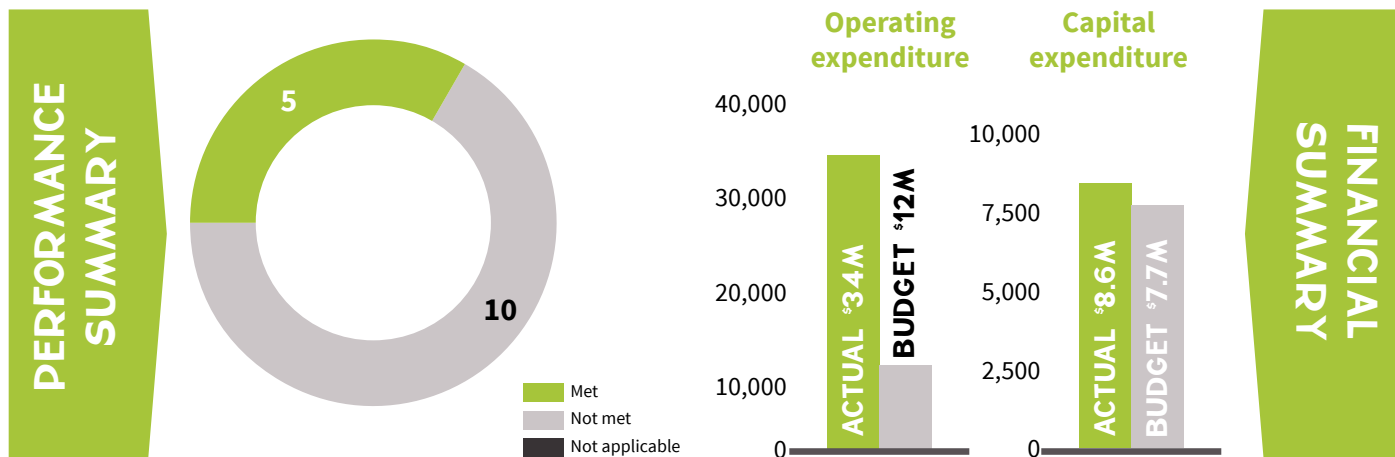
This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer page 100.

Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>Provide safe and reliable refuse and recycling kerbside collection services and rural waste services</b>	Number of times when minimum frequency of kerbside refuse and recycling service in Wairoa and Frasertown (fortnightly) is not met, per year	0	0	1	0	⊗
	Number of times when minimum frequency of collection from specified drop-off points from Māhia, Nuhaka and Mohaka (twice a month) is not met, per year	0	0	3	0	⊗
	Number of health and safety breaches by waste services contractors, per year	0	0	0	0	⊙
	Percentage of missed household refuse service requests responded to by 12 pm the next day (on validation)	92%	100%	100%	100%	⊙
<b>Provide the Wairoa Landfill for safe waste disposal</b>	Council will operate and maintain the Wairoa landfill for the disposal of domestic and commercial refuse, being open for the public at least 6 hours per day, 4 days per week	100%	100%	95%	100%	⊗
<b>Effects on the natural environment are minimised</b>	Number of non-compliance events with the resource consent conditions for the Wairoa landfill, per year	0	1	0	0	⊙
	Number of non-compliance events with the resource consent conditions for the closed landfill sites, per year	0	0	0	0	⊙
<b>Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill</b>	The amount of material diverted from landfill by the Wairoa community in tonnes (excludes green waste)	70	126	1733	>75 tonnes	⊙

# TE RANGA

## TRANSPORT



**13.6KM**

**SEALED ROAD RESURFACED**



**13,885 M<sup>3</sup>**

**MAINTENANCE METAL APPLIED TO ROADS**

### RANGA WHENUA / LAND TRANSPORT

The transport sector of Wairoa District Council Community Assets and Services Department is responsible for such assets as 875km of pavement (560km unsealed, 315km sealed, 346 retaining structures, 3,000 signs, over 30,000m<sup>2</sup> of carparks, footpaths, kerb and channel, and a large amount of guardrails/sight rails. We maintain the drains and culverts, vegetation control including roadside spraying, and any emergency events such as tree fell and slips.

We are also responsible for strategic planning and forward programming to ensure our Land Transport network is kept at an appropriate level of service.

#### Staff and Training

A great step forward for Council's Community Assets and Services Department was the employment of local student, as the new Land Transport Cadet. This will involve undertaking a Diploma in Engineering (Civil) through NZIHT. In conjunction with his studies, will be on the job training and practical experience.

Cyclone Gabrielle showed the importance and brilliance of local staff doing amazing work. Staff worked huge hours and worked over and above what is expected of them. The workload did not reduce post cyclone.

#### Emergency Works

The district has received well above average rain, since the March 2022 weather event, which has put high pressure on the land transport network. Contractors and Council staff have had to work hard to get the roads back to an appropriate level of service. Roads often needed to be revisited and cleaned up time again due to continual severe weather.

Dropouts/washouts were monitored throughout the first part of the year, to ensure they did not get any worse. Unfortunately, there were several new dropouts/washouts due to the ground saturation and continual rain.

A key highlight for the 2022/23 year has been securing emergency work funding from the March 2022 weather events. Waka Kotahi approved funds of \$27 million at a 95% financial assistance rate, to respond, clean-up, and repair the roading network.

Two major projects are the Te Reinga Bridge, which is now to be removed and replaced, and Russell Parade repair, with major damaged suffered in the March 2022 weather event.



*Ruakituri Road Dropout*

#### Cyclone Gabrielle

Cyclone Gabrielle caused widespread damage to the roading network. The infamous Te Reinga Bridge lost the previously bent pier causing huge structural damage. This damage has meant that the bridge needed to be deconstructed and a new one built. The deconstruction was completed in June 2023, and a temporary bridge is being constructed before a more permanent solution can be constructed.



Te Reinga Bridge

Three other bridges were significantly damaged (Opoiti Bridge, Te Puna Bridge & Waikare Bridge (Glenbrook)), and a number more suffered major damage.

The damage to the roads was much more significant than the March 2022 event, with several roads needing temporary repairs as well as long-term repairs.

Waka Kotahi approved \$16 million of funding, at 100% funding assistance rate, to cover the work undertaken in terms of regaining access/temporary bridges up until the end of June 2023.

## GENERAL

### Rehabs/Resurfacing

The resurfacing program and heavy metalling program continued throughout the year although was slightly delayed due to the Cyclone. The programme had to be rejigged to allow for weather and timing in the year.

### Traffic Management Coordinator

This role has been outsourced to Quality Roding and Services (Wairoa) Ltd's Traffic Management division. This was an initiative by the transport team to allow Council staff to follow better career development pathways while also recognising that the TMC role is very important and that a specialist organisation would be better at raising the level of this role/process.

### The 2024-2027 Activity Management Plan

Planning started in the early stages of this year and will be ongoing for the next 12 months, in order to have it submitted to Waka Kotahi to secure funding for the next 3 years.

### Transport Choices funding

This is an initiative directed towards activities, infrastructure and services that reduce reliance on cars and support active and shared modes of transport.

Council staff submitted an expression of interest to improve our off and on road walking/cycling around two schools and connecting key cycle networks. This expression of interest estimates the cost to be \$1.9million.

Waka Kotahi has approved this as a fully funded project, with planning, engagement and consultation for this project commencing in early 2024. This project has also been delayed due to Cyclone Gabrielle. Consultation and Engagement, procurement and construction will in the 2023/2024 financial year.

### Interim Speed Management Plan

Early engagement and consultation on an interim speed management plan started in the latter part of 2022/23, with further consultation continuing in the next financial year. This interim

speed management plan centres around schools and Marine Parade and will feed into further speed management plans.

## PAPA RERERANGI / AIRPORT

### Cyclone Gabrielle

During Cyclone Gabrielle, the sealed areas of the airport only received minimal water damage, this being the lifting of a 4m2 section of seal due to underground stormwater pipe pressure. The airstrip usage was restricted for 3 days whilst repairs were completed.

Emergency medical flights were still able to be catered for. The airport remained functional throughout the cyclone response period with a significant increase in the delivery of passengers and supplies.

### Management - Safety – Access Improvement Activity Planning

Safety focus is increasing with review of the safety plan underway, response to incidents and learnings through Civil Aviation Authority and Airports NZ. Incidents are generally bird related and mowing contractors' communication. These were addressed with training on radios for operators plus regular bird patrol. Full Airport Operations Review has been commissioned.

### Airport Usage

The Hot Rod Drags were held in November 2022 on the runway. A successful day with minimal damage reported.

Airport traffic is predominantly made up of medical transport, to and from the hospital and agricultural flights for top dressing, and spraying.

Landings at the airport were down first half of year, compared to last year, due to the impact of the inclement weather on the agricultural related flights. The last half year saw significant increase in landings following Cyclone Gabrielle.

Airport Landing Report		
	2021/2022	2022/2023
July	172	124
August	206	187
September	271	158
October	198	108
November	112	160
December	133	119
January	89	83
February	66	242
March	73	316
April	47	167
May	56	287
June	119	108

### ACTUAL VS BUDGET

Operational expenditure was \$19,000,000 higher than budgeted due to the extra costs associated with the ongoing cleanup response to Cyclone Gabrielle.

Capital expenditure was \$900,000 higher than budgeted due to the extra costs associated with the ongoing cleanup response to Cyclone Gabrielle.

## TRANSPORT PERFORMANCE DATA

The following section outlines Council performance measures for transport activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-31.

This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 101.

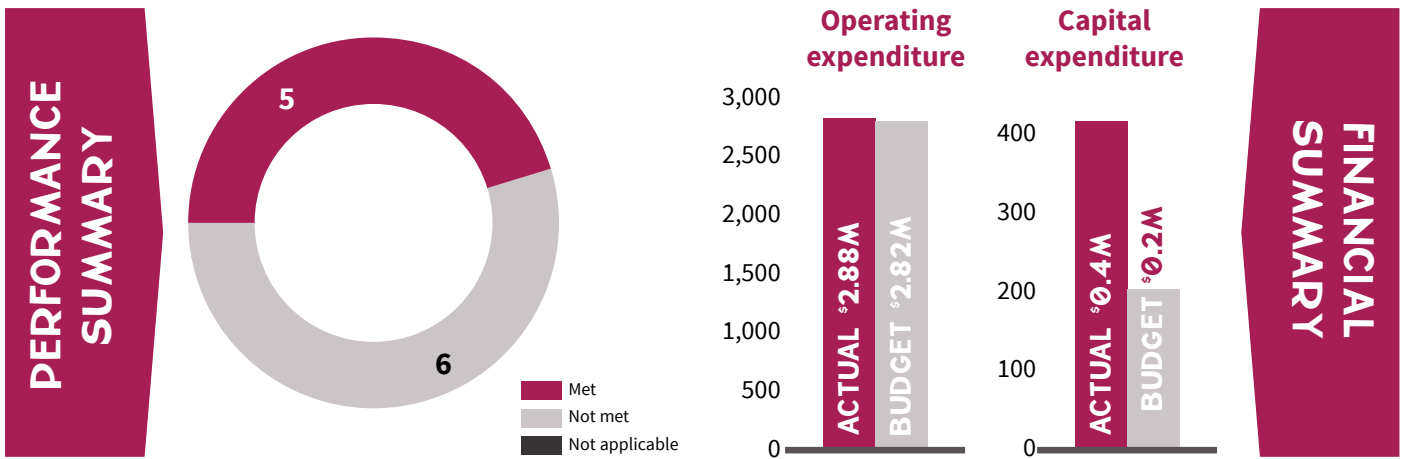
Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>The land transport network is designed and maintained to be safe</b>	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number**	8	-8	-3	Change is less than or equal to zero	☑
<b>Road users will experience a fair ride quality on a well-maintained and managed sealed road network asset</b>	Average Roughness – sealed roads which meet smooth road standards for 'fair' ride quality*	97%	96%	86%	Average NAASRA of the sealed road network <110	☑
	The average quality of ride on a sealed local road network, measured by Smooth Travel exposure**	New	93%	97%	≥90% of sealed network smoother than specified threshold	☑
	The percentage of footpaths in average condition or better (measured against WDC condition standards*	93%	86%	87%	95%	☒
	Road users consider the land transport service to be "fairly good, very good or better"	New	34%	22%	>75%	☒
<b>The land transport network is managed in a manner that assists the economic development of the district</b>	Percentage of network unavailable to Class 1	New	0.3%	2.2%	<0.1%	☒
	Percentage of network unavailable to 50 max	New	2.1%	4.3%	<15%	☑
	Number of bridges not meeting HCV Class 1 requirements	4	6	9	≤4	☒
<b>Road assets are managed prudently to ensure long term financial sustainability for current and future generations</b>	The percentage of sealed road network that is resurfaced annually (by area)**	8%	5%	4%	6%	☒
	Response to service requests:** Percentage of customer service requests responded to within 5 days	92%	90.1%	72%	>90%	☒
<b>Council quickly restores access on key routes after natural event</b>	No. of journeys impacted by unplanned events*	New	24,281	97,111	2% decrease on previous year	☒
	No. of instances where road access is lost*	New	14,926	96,226	Decreasing trend on previous year	☒
	CSR complaints related to dust	New	9	11	Decreasing trend on previous year	☒
	Percentage of programmed dust reduction initiatives completed annually	New	0%	100%	100%	☑
<b>Airport</b>	Number of times when the airport is closed (not available to be used), per year	New	0%	7	0	☒

\*This is a measure from the One Network Road Classification (ONRC) \*\*This is a mandatory measure from DIA

+This measure had a baseline set in 2022 which will be used to determine future year targets.

# NGĀ TAPUTAPU HAPORI

## COMMUNITY FACILITIES



77%

OF LIBRARY USERS SATISFIED WITH THE COLLECTION



99%

OF USERS SATISFIED WITH MUSEUM VISITS

### CEMETERIES

Cyclone Gabrielle and continual wet weather and wet soils, throughout the year, has increased the impact of wind on trees around the Cemetery reserves. Older trees have continued to topple and collapse with a number that required removal to make the cemetery site safe again.

Cemeteries data management project is continuing with the support of GIS officers, resulting in historical mapping errors being identified and corrected.

A project of relabelling blocks, beams and rows is underway and three new beams are being opened for burial plot purchases.

Cemetery statistics for the 2022/23 year are as follows:

	Ashes	Caskets
Plot Purchases	16	32
Interments	14	12

### PUBLIC TOILETS

Upgrades to Nuhaka public toilet disposal field and Opoutama public toilet septic tanks were completed this year. This has resulted in reduced blockages and contractor callouts.

Planning work is well advanced to commence the Tourism Infrastructure Funded upgrades to Oraka public toilets. This work involves modernising the existing toilet and to include a mobility access toilet, upgrading doors and fittings. The design also includes improving visitor experience by reconfiguring the toilet to have shower/foot wash, undercover seating tables, dishes sink, access path and signage.

The new public toilet at Mahanga was completed this year.



Mahanga Public toilet

### WAIROA RIVERSIDE MOTOR CAMP

The Wairoa Riverside Motor Camp was extensively damaged in February 2023, due to the flooding effects of Cyclone Gabrielle. It remains closed while site clearance and restoration of services are being completed.

The Tourism Infrastructure Funded, ablution refurbishment and utilities renewal projects are underway, unfortunately delayed for 3 months due to Cyclone Gabrielle.

To improve resilience at the site we are designing internal fitouts with components that withstand water and do not require an interior strip out to return it to service after an extreme weather event. This also includes the installation of watertight doors. The outside ground levels will be raised approximately 500mm to allow level access to the ablutions without ramps and steps. The project is scheduled to start in September 2023, a delay of 6 months. Planning and replacement of water and power to all sites



is completed with site levelling works underway. These delays and ongoing wet weather have severely impacted business continuity for the camp managers.

## PARKS AND RESERVES

The 2022/23 year was uncommonly wet with frequent high rainfall events during an 18-month record rainfall period. This has resulted in delayed mowing on reserves to reduce damage to their grass surfaces. Available vegetation spraying days have been extremely limited.

Our initial cleanup focused on Riverside Motor Camp, Destination Playground and Skate Bowl, by removing silt and reinstating these areas. This included ensuring public accessible areas were made safe, play equipment was serviced, fence panels straightened, and a robust fence was constructed along the skate bowl edge of the river. An estimated 8,500 cubic metres of silt was deposited onto Wairoa River Reserves.

## Playground Renewals and Audit

Council has reconnected with community groups developing sports and recreation facilities at Mahia and Tuai. Planning is advancing for the proposed Mahia play and sport facilities with the local groups actively seeking community support, assessing supplier options, and contacting external fund providers.

Tuai community has expressed the same desire to get the hard courts refurbished as an initial stage leading up to designing of a new playground.

A review and safety audit of Council's playgrounds was commissioned. This will assist with the updating of our activity management plan and formation of the renewal programme for the next Long Term Plan.

## Standring Park Netball Courts

Council received Government funding from the "Better-off Funding," of \$260,000, to be spent on surface upgrades of the Standring Park netball courts. The resurfacing 4 of the 12 netball courts have been completed to 80%, as part of a first stage. This work involved cleaning and filling cracks in the existing asphalt followed by an application of a base coat, topcoat and temporary line markings.

The first stage could not be fully completed due to the frequency of rain the district has received, impacting on the rate at which the surface coating can cure. The Wairoa Netball Association have been able to play on these courts for the current season, and once the weather improves in the Spring, the contractors will return to complete all 12 courts.

## LIBRARY ACTIVITIES

### Adult Reading Programme

The first adult reading programme for 2023, was "Book in your escape...lets read". A collection of 24 books were available to borrow with a maximum of two books per patron. There were eight book categories to choose from being Biography, Relationship, True Crime, Literary, Classic, Historical, Crime by Him and Crime by Her. With over 30 registered on this programme, it has been the most successful to date.

## Tween Book Club

2022 saw a new initiative trial in the library called the Tween Book Club. This was aimed at students between the ages of 9 to 12 and they had to bring a book that they had been reading to the meeting, and they could either tell the group about it or read a paragraph from it if they wished.



Staff noted quite a change in the students, with some who were minimal readers gaining confidence and by the end of the year were keen to share what they had been reading and became keen to read what others had read. Students have voiced a keenness for another Tween book Club this year. Our Tweens completed a total of 23 book reviews in term 2 of 2023.

## Summer Reading Programme

The last 3 months of 2022 saw the library promoting the Summer Reading Programme which included creations and learning about the sea. Participants were encouraged to decorate bottles with shells, string or rope, seaweed and any other objects from the sea then insert their own messages into bottles. These bottles were displayed in our glass cabinets. The Digital Hub participated in the programme with coding classes creating 3D boat anchors.

Other activities included treasure hunting and word finding by locating objects at home that matched the questionnaires. Pirate story times, movies based on pirates and a fiction writing contest based on pirates proved popular.



Every student that completed an activity had the opportunity to have a guess at our pirate coin booty treasure pot. Winners for all competitions were announced just prior to the library closing at Christmas.

The effects of Cyclone Gabrielle resulted in some services being restricted during the response phase but resumed as quickly as safe to do so. Despite this the Wairoa Library visits for 2022/23 were still high at 41,740.

## Digital Hub

Services and programmes that we offered in 2022/23 continued to be exceedingly popular with most after school sessions being full and a list of people wishing to attend if someone pulls out.

District senior citizens have again benefited from staff assisting them to gain confidence with their laptops, smartphones, and other devices.

The digital hub had a broad selection of learnings including Tinkercard, VR sessions, requests for help on smartphones and short courses on Publisher and Word.

Requests for skinny jump for households continued to be popular. Council have issued 338 Skinny Jump modems in the community to date since we partnered with them in 2021.

## ACTUAL VS BUDGET

Capital expenditure was \$200,000 higher than budgeted due to receiving additional funding for the community facilities activities from the Government's 3 waters better off funding.

## COMMUNITY FACILITIES PERFORMANCE DATA

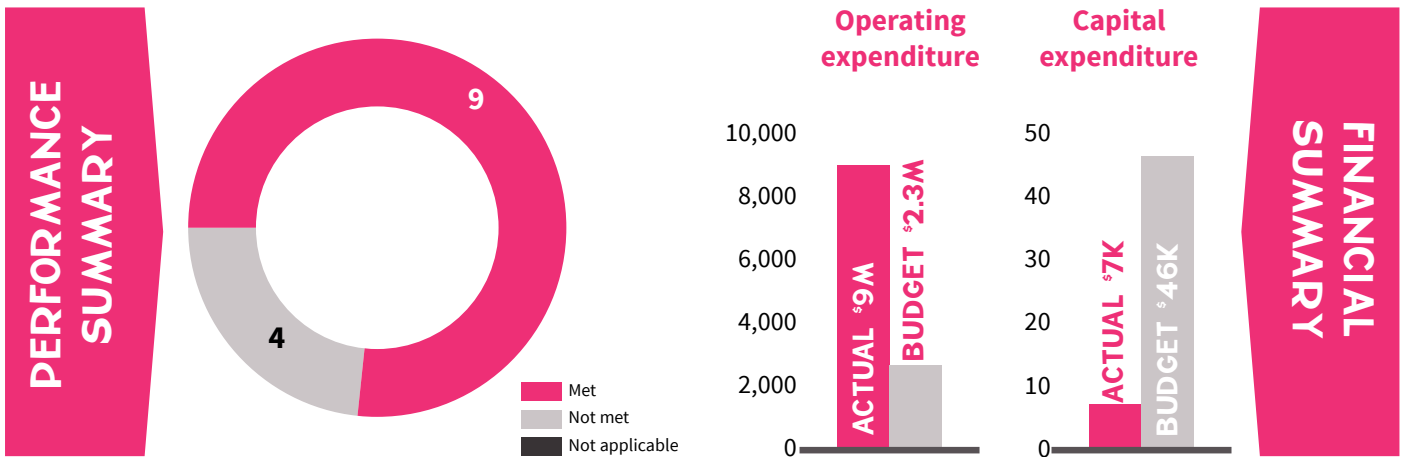
The following section outlines Council performance measures for our community facilities activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-203.

This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 102.

Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>Parks, Reserves &amp; Cemeteries</b>						
<b>Cemetery assets are well maintained</b>	Percentage of residents' overall satisfaction with cemetery maintenance	94%	97%	64%	80%	⊗
<b>Parks and reserve assets are well maintained</b>	Percentage of residents' overall satisfaction with parks and reserves maintenance	94%	83%	52%	80%	⊗
<b>Provide prompt responses for service</b>	Percentage of open space requests responded to within 24 hours	92%	80%	76%	>85%	⊗
<b>Library</b>						
<b>Library delivers positive and high quality experiences</b>	User satisfaction (%) with library services	98%	88%	93%	≥80%	⊙
	User satisfaction (%) with library collection	New	95%	77%	≥80%	⊗
<b>Library is accessible and well utilised by community</b>	Completion rate (%) of programme attendees	New	82%	91%	≥80%	⊙
	Library physical visits	New	25,941	41,740	32,000	⊙
<b>Museum and Community Centre</b>						
<b>Community Centre is accessible and well utilised by community</b>	Total visits to the Wairoa Community Centre	87,461	109,721	87,259	Visitor numbers ≥ previous year	⊙
	User satisfaction (%) Community Centre	97%	89%	75%	>80%	⊗
<b>Museum is accessible and well utilised by community</b>	Total visits to the Wairoa Museum	3,888	2,031	895	Visitor numbers ≥ previous year	⊗
	User satisfaction (%) Wairoa Museum	99%	91%	99%	>80%	⊙

PLANNING & REGULATORY



**\$17.7 MIL**

**VALUE OF BUILDING CONSENTS ISSUED**



**123**

**BUILDING CONSENTS ISSUED**

**RESOURCE PLANNING**

Wairoa has experienced a 28% decrease in the number of resource consent applications formally received over the period 1 July 2022 to 30 June 2023, compared to the previous year.

This is likely to reflect the severe impacts of the catastrophic flood event ‘Cyclone Gabrielle’ that struck the Wairoa District and Wairoa Township displacing many whānau in North Clyde on 14 February 2023.

However, the number of subdivision consent applications formally received increased by 4.5% whereas the number of land-use consent applications formally received decreased by 45 % from 1 July 2022 to 30 June 2023, compared to the previous period 1 July 2021 to 30 June 2022. This pattern reflects the general trend in recent years of increasing subdivision activity in the district.

Planning staff were involved in working in the emergency operations centre during the response phase following Cyclone Gabrielle and assisting the building compliance team with the Rapid Building Assessments. The Planning Team has continued to assist in this space during the recovery phase as part of the Wairoa Resilience Working Group, assisting with land categorisation work, Order in Councils pursuant to the Severe Weather Emergency Legislation Act 2023 and with emergency temporary accommodation alongside the Building Compliance team.

Over the past financial year planning staff were involved in vetting all building consents for planning compliance and processing resource consents (all those granted between 2022-2023 were processed in house) within statutory timeframes on top of other planning work including duty planning and monitoring. The team as part of their continued professional development and as a requirement of their New Zealand Planning Institute (NZPI) membership attended some of the NZPI courses held over the year. They have also attended Ministry for the Environment and other key seminars keeping the team up to date on the RMA (Resource

Management Act) reforms and other key legislative matters.

As part of Council’s internship programme to promote local talent, the department has had a local student working and learning during summer and semester holidays over the past few years. The student provided valuable administrative and technical support for the department and at the same time gaining vital industry skills. The student has now graduated from university and became a full-time Planner in the planning department in 2023.

The team undertakes professional development as required by their New Zealand Planning Institute membership and keep up to date on the Resource Management Act reforms and other key legislative matters.

**BUILDING CONTROL**

**Building consents**

The total number of building consent applications granted, this year, was 124 with a total value of \$17.7 million. This compares to 119 building consent applications received in the same period the year before.

A total of 310 inspections were also completed during this period. This demonstrates the strong building activity in the district is still ongoing.

**Challenges and Achievements**

Nationwide competition for skilled building consent staff has continued to increase, with Central Government agencies and private contractors offering attractive remuneration packages which local councils struggle to compete with.

A structural and attitudinal reset to the operating of the Building Consent Authority (BCA) was undertaken. Staffing levels are now considered insufficient at this stage due to the recent departure of an experienced Building Officer. Given the continued increase

in building consent applications and auditing requirements, it is particularly important that we continue to retain and upskill our current staff.

All our officers, and those requiring technical competencies, have been working on improving or maintaining their level of competency within the national BCA competency assessment system. The inspection team is embracing innovative technology and is now conducting selected inspections remotely which creates efficiencies and cost savings for clients and Council.

Increased auditing scrutiny by auditing bodies has also placed additional strain on resources and required intensive input from staff over this 6-month period. The Wairoa District Council Building Consent Authority undertook a special IANZ assessment in November 2022 and was notified that full accreditation was achieved. The BCA was congratulated by the IANZ assessment team and MBIE for the dramatic turn around.

On the 14 February, the Wairoa District was impacted with the effects of Cyclone Gabrielle which caused extensive flooding and damage to the Wairoa Township and District. Following the flood event Rapid Building Assessments (RBAs) were completed on over 400 affected buildings. This put a large strain on the resources of the BCA as all BCA staff were required to shift focus from BAU to post flood response.

Ongoing from this event, increased workloads for the BCA will continue as the town moves to recovery. Both homeowners and builders will require moisture checks to be completed on each property prior to any relining of interior walls, confirmation of silt levels under buildings and compliance with MBIE guidelines. This increased workload is expected to be ongoing for up to the next 2-3 years. The building compliance team have completed approximately 650 building assessments since the flood event.

### Meeting our required targets

Due to staff shortages, auditing pressures and flood relief efforts, 88% of consents met their performance measures for issuing building consents and 91% of code compliance certificates (CCCs) were issued within the 20-day statutory timeframe. It is worth noting that there has been a significant upswing in meeting statutory timeframes in the later period of 2022. During this period 100% of LIM applications were processed within the statutory timeframe of 10 working days.

### Improvements

The reliance on external contractors for processing and inspections has reduced dramatically with the return of the WDC (Wairoa District Council) Senior Building Inspector and the recruitment of two Junior BCOs (Building Compliance Officer). The department has instigated multiple system improvements to gain efficiencies and reduce the cost of providing building services to the Wairoa ratepayers including technology that will electronically and accurately record building consent processing, inspection, and mileage data. Initial discussion is underway regarding a cadet pathway for local rangatahi in the building department space.

## ENVIRONMENTAL HEALTH

### Food Control

The department remains on top of their verification workload. The majority of premises this year have been compliant with the requirements and issues that have been found during verifications have been fixed. There has been a noticeable increase in mobile traders and at home food registrations in the District.

Our team were active in the Cyclone Gabrielle response, providing guidance to food operators and welfare centres. As a result of the cyclone law changes have occurred to the Food Act which allows

our team to apply additional timeframes to verifications and registration expiry dates.

### Liquor Control

All premises are now compliant with the Local Alcohol Policy as all have come up for renewal since it was implemented. Random compliance checks have started to occur, which have normally been planned when events such as concerts have occurred. The Cyclone Gabrielle event brought to light a weak point in the District Licensing Committee structure when isolated and the Commissioner is unavailable. In response a report was presented to Council to stress the need to appoint a Deputy to address the issue and a Deputy has since been appointed.

### Noise Control

Over the last 12 months, staff have continued to attend to noise complaints, during working hours if available, and a Council appointed contractor attends after hours and during working hours when an Environmental Health Officer has not been available. Generally, noise complaints have been assessed objectively by the officer without the use of a noise level meter. The number of noise complaints have remained steady at an average of two complaints per week (mainly during weekends).

### Nuisance Control

Complaints regarding matters relating to Environmental Health are investigated by the Environmental Health Officers. These complaints often can become very time consuming, particularly where Council staff are approached in situations where there are disagreements between neighbours. Wairoa District Council staff work with the Regional Council's Pollution Response Team regarding environmental issues.

### Water Testing

Environmental Health Officers are involved in routine water testing of locations in the Wairoa District including Council water supplies, rural food premises, schools, and private residences. Environmental Health Officers provide advice to the community about water treatment and effective decontamination of contaminated residential water supplies. Our Environmental Health Officers and the Trade Waste Compliance Officer continue to assist the Water Treatment Plant team by testing the bore water supply at Māhanga which is an unpotable supply.

## BYLAW CONTROL

### Dog control

Over 93% of the 3,233 known dogs in the district were registered for the 2022/23 registration year. Of those registered, 40 dogs are classified as menacing dogs and 2 as dangerous dogs. Owners of dangerous and menacing dogs have appreciated being able to get their dogs desexed with the help of Fred Lewes Foundation funding, working in collaboration with Council and a local Vet.

Compliance is moving towards more owners getting their dogs desexed which helps with unwanted pregnancies, roaming and aggression in dogs.

With the new annual registration that began on 1 July there was a notable increase in the number of dogs being registered within the first month.

The SPCA has provided for heavily discounted prices for cats within the district to be neutered, to decrease unwanted breeding. The Compliance Team have provided cat cages for trapping of stray cats to residents, working in conjunction with the local vets and SPCA.

During the Cyclone Gabrielle recovery phase, the Compliance

Team contacted Carolyn Press Mckenzie Co-founder of HUHA, a charitable trust for animals in need. Carolyn was able to obtain kennels and fencing to help with animals who were affected by the cyclone. Other charities also donated pet food to help alleviate the stress on residents impacted by the cyclone.

With people in the community being displaced from their houses because of the Cyclone, our Compliance Team did find more dogs in the community that were not contained to properties. There were also dogs signed over due to their owners not being able to care for them or unable to have them at the new locations.



**Livestock control**

Our Compliance Team have had a higher rate of incidents with wandering stock during the reporting period 1 July 2022 to 30 June 2023 compared to the previous year. Police and the Animal Control Team attendance were necessary in one incident where there were over 30 cows severely injured that had to be euthanised, when a truck and trailer flipped on State Highway 2 North.



Several stock owners have had to pay penalties due to repeated failures in complying with keeping stock secured. This approach has shown to be beneficial to others in the community and locals, who have appreciated not having to encounter stock in high-risk areas. After hours callouts for stock have been greater and there has also been increased police attendance onsite.



**General bylaw enforcement**

Compliance has established electronic operations and ongoing online communication with residents. New applicants, payments and updating of owner records are communicated through emails. Inhouse systems have improved through changing to digital areas resulting in reducing unnecessary paperwork and more effective processes.

The Compliance Team operate in a diverse working environment from dog registrations to ensuring bylaws are met. Furthermore, helping to rescue animals. The photo below shows a dog that had fallen down a cliff in Fraser town. The Compliance team attended the incident with Fire Brigade Officers to retrieve the dog to be returned to her owner.



**EMERGENCY MANAGEMENT**

The Council is a member of the Hawke’s Bay Civil Defence Emergency Management Group which administers civil defence emergency functions in the Hawke’s Bay Region. The Group is administered and funded by Hawke’s Bay Regional Council (HBRC). The HBRC Long Term Plan contains information on the cost and implementation of civil defence in the district.

**Cyclone Hale**

First tropical cyclone of the 2023 season, 11 January 2023, Cyclone Hale was forecast as an active weather system that would bring heavy rain and high winds to the Wairoa District. Wairoa District Council had established an Incident Management Team to monitor the situation and be ready to activate.

Hawke’s Bay Regional Council did not expect any significant issues with the Wairoa River and were satisfied with the river mouth location and width, and did not foresee any issues, but continued to monitor the situation. The impacts of this weather system caused some road closures due to flooding, Te Reinga Bridge closed as a safety precaution due to the Hangaroa/Ruakituri River rising, and surface flooding leaving many areas in the district with sodden ground.

**Cyclone Gabrielle**

Tracking the path of Cyclone Gabrielle commenced Friday 10 February 2023. On Monday 13 February the Wairoa District Council (WDC) activated its Emergency Operations Centre (EOC) and were joined by emergency services liaisons for Police, FENZ and St Johns.

Early hours of Tuesday 14 February, the Wairoa District lost all communication networks and power. The EOC focus was situational awareness and due to no communications, this involved in-person reporting back to the EOC base. The War Memorial Hall was activated as a Civil Defence Centre (CDC) and was followed by Taihoa Marae.

Fire and Emergency NZ reported to the EOC, of evacuations in the North Clyde area and the river level rising at incredible speed. This triggered the action to declare a Local State of Emergency and unbeknown to us, a State of National Emergency had been declared 10 minutes earlier by the Minister for Emergency Manager, Kieran McAnulty.

Our roading network on State Highway 2 north and south of Wairoa was devastated. Wairoa was cut off and what food supplies, fuel and drinking water we had in reserves had to be restricted and

rationed until a plan was in place to replenish these essential supplies. Starlink units were flown in by Tātau Tātau o Te Wairoa and used to reconnect our communication network. Once reconnected with the outside world this enabled welfare support and infrastructure components requests to be sent out.

Marae and Rural Hubs stood up to support their communities. Resilience containers recently landed at different locations around the rohe, an initiative led by Te Whare Maire o Tapuae – Whanau Ora Wairoa, were invaluable and timely.

The emergency management trained surge support staff that arrived to bolster our EOC - Emergency Management Assistance Team (EMAT), NZ Defence Force, Emergency Services, Emergency Management Bay of Plenty (EMBOP), other councils i.e. Gisborne, Whakatane, Auckland, Waimate, Selwyn – this invaluable injection to respond and support our Wairoa community will never be forgotten.

The people and organisations that contributed to the overall response to the devastation Wairoa experienced is outstanding and selfless. Wairoa people did a fantastic job despite the limited resource we had. The road to recovery will be long and

Council elected members and operations staff, alongside Iwi, are committed to continue to advocate to Central Government of the funding assistance we need for our rohe to recover.

### Emergency Management Training

Several of our staff have completed training in Coordinated Incident Management Systems Level 4 (CIMS4) in November 2022. Practice scenarios also form a part of the training calendar and continue throughout the year.

The recent weather events have provided our staff with real life emergency management upskilling, to enable them to be more confident to respond to any future event.

### BUDGET VS ACTUAL

Operational expenditure exceeded the budget by \$6.8 million, mainly due to the allocation of a majority of recovery costs associated with Cyclone Gabrielle to this activity, which is not covered by NZTA. It's worth noting that, like the transport situation, this increased expenditure was offset by a rise in subsidies and grants revenue.



## PLANNING & REGULATORY PERFORMANCE DATA

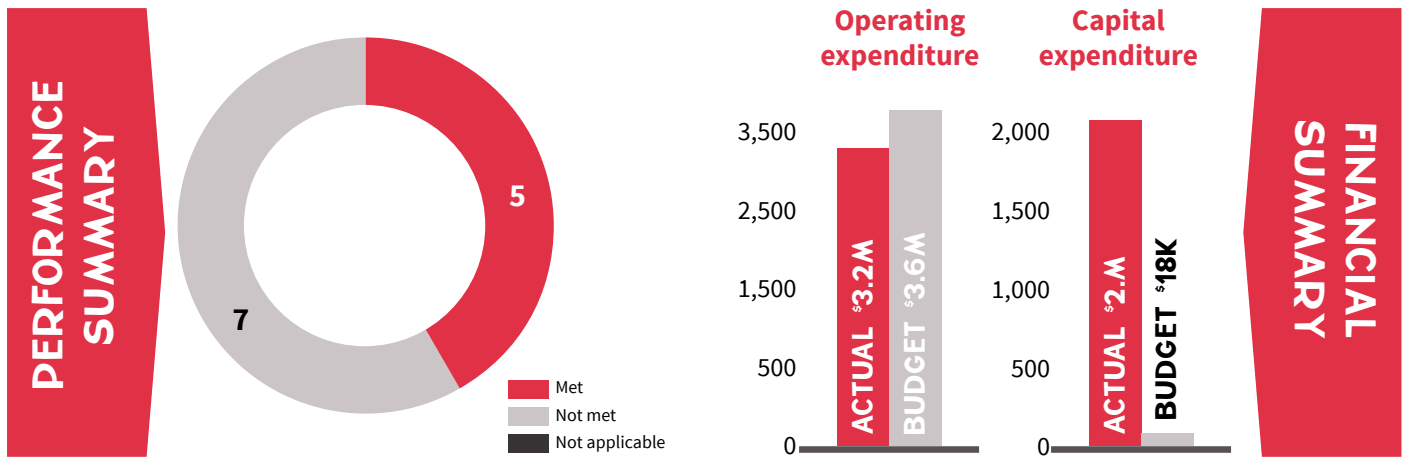
The following section outlines Council performance measures for our performance and regulatory activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan

2021-2031. This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 103.

Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>Building Control</b>						
<b>Provide an efficient, responsive and compliant building control service</b>	Building consents (%) processed within statutory time frames	97%	94%	90%	90%	✓
	Certificates of acceptance (%) processed within statutory time frames	100%	100%	100%	90%	✓
	Users (%) who rate building control service as good or very good	New	60%	64%	≥80%	✗
	Building Consent Authority (BCA) accreditation retention	New	Retained	Retained	Retain	✓
<b>Bylaw Compliance</b>						
<b>Provide an efficient, responsive and compliant dog and stock control service</b>	Known dogs (%) registered by 30 June each year	98%	97%	99%	≥75%	✓
	Annual Report about the administration of Council's policy and dog control practices adopted by 30 August	Achieved	Not achieved	Not achieved	Achieved	✗
<b>Liquor Licensing and Environmental Health</b>						
<b>Provide an efficient, responsive and compliant liquor control service</b>	Management licenses (%) processed within 30 days	100%	100%	100%	100%	✓
	Renewal and new licences (%) processed within statutory time frames	100%	100%	100%	100%	✓
<b>Provide an efficient, responsive and compliant environmental health service</b>	Non-food premises registrations required under legislation completed (%)	100%	100%	100%	100%	✓
	Noise control (unreasonable noise) complaints responded to in accordance with legislation, regulations and Council policy.	100%	100%	95%	90%	✓
	Verification reporting to be completed within 10 days of verification as per Quality Manual.	New	New	90%	90%	✓
<b>Resource Planning</b>						
<b>Provide an efficient, responsive and compliant resource planning service</b>	Resource consent % processed within statutory timeframe	95%	96%	97%	100%	✗
	Users (%) who rate resource consent service as good or very good	New	60%	47%	≥80%	✗

## LEADERSHIP & GOVERNANCE



120

OFFICIAL INFORMATION REQUESTS RECEIVED



\$20 MIL

CRHL FUNDING SECURED

### COMMUNITY REPRESENTATION

#### Elected members – Council

This year's local body elections were held on Saturday, October 8, 2022. The Wairoa District Council is made up of a Mayor, who is elected at large, and six councillors. The councillor seats are split into three Māori Ward seats and three General Ward seats.

Council's Annual Plan was adopted on 18 July and the rates set for the year commencing 1 July 2023.

To assist Council with understanding the community's views, we undertook 25 community-based meetings and online engagement for a 2 week period from 12th June to 23rd June 2023. This provided us an opportunity to receive feedback as to what matters to our community, how we can reduce costs, our proposed projects and what our key district's challenges are.

The key feedback themes we received from the community can be summarised as follows.

- Improvements to Community safety- signage/ streetlights/road drainage
- Support the development of Community Response Plans/ Civil Defence Hubs
- Regional Council responsibilities vs Wairoa District Council responsibilities
- Significant rate increases are unaffordable
- Council must continue to advocate to the government for more funding and services
- Ensure Council get the basics right first before other new significant projects
- More communication and promotion of the rates rebate scheme
- Council has done very well with the response to the recent weather events
- Concern over the loss of services – government and non-

government organisations

- Condition of some of Council's community facility buildings with more maintenance required
- Wairoa entrance and general town cleanliness
- Condition of rural roads to support the primary industries and rural communities' connectivity
- Keep rates as affordable as possible but still maintaining agreed levels of service.

This annual plan will focus on what the key priorities and costs are for the next 12 months, with the longer-term priorities and funding requirements being identified in the 2024-34 Long Term Plan.

#### Facing the challenges

Council aims is to be financially sustainable using a funding approach that is appropriate and as affordable as possible. Over the next year, it will cost Council about \$36 million to deliver its activities and about \$29 million to keep its assets in good condition.

Council aims to deliver its services in an affordable way but faces challenges in spreading the cost over a small number of ratepayers. We continue to experience significant cost increases, as has every household and business in New Zealand, due also to much higher inflation than what was planned for.

#### Funding to support Council's activities and recovery

In our 2021-31 Long Term Plan, we indicated that to achieve the community outcomes and levels of service the average rates increase for 2023/2024 would be 7.8 per cent. Since then, we have seen significant increases in operational costs and projected ongoing costs to support the rebuild and recover from weather events.

At the beginning of the annual plan engagement period, we signalled a proposed district average rates increase of 15.4 per



cent. Several days into the engagement period Council was notified that its Council Controlled Trading Organisation, Quality Roading Services Limited (QRS), planned to increase its annual dividend to Council in 2023/24 from \$250,000 to \$1,050,000.

This resulted in a substantial reduction in the proposed average district rate to 10.6 per cent.

This plan will send a signal to external agencies and the NZ Government that we can fund some recovery activities but will still require major external financial support over the next 3 to 5 years.

### Youth Council

The Wairoa District Youth Council was established in 2021. This is a committee with a view to provide Council with an independent youth voice to support the decision-making process at the Local Government level. This allows rangatahi to let the Council hear their thoughts on the impacts of Councils decisions on their own generation as the future ratepayers of Wairoa.

### MĀORI RELATIONSHIPS

Relationships with our Māori community remains paramount. We are committed to ensure that Māori are given every opportunity to participate in the decision-making process for Council.

Comprehensive cultural advice is provided to Council and its committees, management, and staff to ensure the success of several projects across the wider district – this includes supporting the Māori Standing Committee, attending multiple hui across the district and providing positive engagement for staff to increase their knowledge in cultural capability.

The Wairoa District Council pro-actively advocates, on behalf of the Māori community, the principles of the Māori Policy, the Te Reo Māori Policy and any other relevant policy or by-law.

### Cultural Capability

The Māori specialist team in each of the five Councils across Hawke's Bay (Wairoa District Council, Hastings District Council, Central Hawke's Bay District Council, Napier City Council and Hawke's Bay Regional Council) formed Te Kupenga, an inter-council network that transcends functional differences to find efficient and effective ways to mahi tahi, to share information and knowledge, to pool and leverage limited resources for economy of scale and to manaaki each other.

As a result, this group partnered with Kiwa Digital to develop a digital app called Te Kupenga – launched in 2020 and then again with added features in 2022 – concluding much merit and indeed urgency to avail this cultural capability tool, primarily for council staff and elected representation, but also readily available for public use, across Te Matau a Māui. The central and guiding ambition is for all staff and Councillors to be responsive and proactive about Treaty principles across their respective businesses and organisations, growing their staff to have absolute comfort and confidence in their engagement with the Māori community.



### Non-Rateable Māori Freehold Land

With the introduction of the new Local Government (Rating of Whenua Māori) Amendment Act 2021, the Wairoa District Council went through a robust process of identifying Māori freehold land that would qualify to be recognised as non-rateable. The challenge was that across Aotearoa there is approximately 1.4 million hectares of Māori freehold land, with much of this whenua held in multiple ownership.

The Wairoa District Council acknowledges that Māori land is taona tuku iho, a treasure endured through generations, and with that any connection, use and development of Māori freehold land is encouraged so that it can sustain whānau and strengthen the connection to their land.

### Manaaki Tangata Freedom Camping Ambassadors

The Wairoa District Council partnered with Rongomaiwahine Iwi Trust (RIT) and Te Wairoa Tapokorau Whānui to deliver an initiative known as the Freedom Camping Ambassadors, to which the name was revamped to Manaaki Tangata, which was considered a more ideal fit.

Funding for this initiative was by way of the Ministry of Business, Innovation and Employment, under the umbrella of the Wairoa District Council. Primarily, RIT were the recipients of this funding and undertook all operational matters including employing the Manaaki Tangata team, which consisted of members from Māhia and Wairoa.

Without a doubt, this remains a successful, positive, and collaborative programme. The Manaaki Tangata team worked seamlessly with all Council officers, especially with the Compliance Officers, which saw a noticeable reduction in infringement notices. Most importantly it was the interaction with the public where the real success can be measured. The Manaaki Tangata team were principally employed to proactively interact and educate visitors to the Māhia and Wairoa district. They also took the time to engage with other agencies such as Department of Conservation, Hawke's Bay Regional Council, New Zealand Police and Fire and Emergency of New Zealand.

### Ōpoutama Reserve Restoration Project

The Opoutama Reserve Restoration Project was a community-led project which aimed to restore this special piece of land from overgrown wilding pines back to Aotearoa's native trees and shrubs. A vast range of native plants were specifically chosen to be planted in this area that can thrive in the coastal environment. This project was funded by the Three Waters Stimulus Package and the Wairoa District Council also partnered with Te Wairoa Reorua 2040.

There are just over 4,500 plants within the reserve and over 50 varied species which have all been specially selected to be planted in this area. Planting coastal natives not only provides stabilisation and protection against erosion but they also provide shelter and a food source for our native fauna and the seed source for natural regeneration.

A post and rail fence has been built around the area to prevent cars from driving over the establishing plants. This will also help to protect the plants.

Small bilingual signs will be dotted throughout the area identifying the different plant types, as well as information and uses of the plants. Two entry signs will be installed which introduce the area and acknowledge the various groups involved in bringing this vision to light. Two storyboards about the history of the area will also be put up outside the planting area and one within. One of these will be the story of Tataramoa and the other Ruawhāro.

Planting day was held on 3 September 2022, where the community was invited to come and help plant some of the native plants within the area. As well as using the tree guards, woolen weed maps, fertilization tabs and compost to give the seedlings the best chance at survival. There was a great turn out of around 40 volunteers to help plant, as well as enjoying a BBQ lunch for everyone who helped. This planting day gave the community a sense of involvement and contribution to the reserve and the overall restoration of the once overgrown area.

The Wairoa District Council acknowledges the following key parties involved in bringing this vision to light:

- The Trustees of Ruawharo Marae
- Rongomaiwahine Iwi Trust
- The Ōpoutama Working Group
- The Community of Ōpoutama
- Planting volunteers

A special thank you to local Māori elder, Randy Whaanga, for sharing the Tātaramoa and Ruawharo story in Te Reo Māori and Te Wairoa Reorua for the translation into English.



## **ECONOMIC DEVELOPMENT**

### **Mayor's Taskforce for Jobs**

The Mayor's Taskforce for Jobs (MTFJ) recovery programme with Council continues to be delivered by the Wairoa Young Achievers Trust. MTFJ assisted 55 clients in finding employment, 17 in securing apprenticeships.

Council have also engaged cadets through the MTFJ programme. This initiative demonstrates the strengths of central and local government working in partnership with community. Wairoa has been selected as a pilot council for a partnership with Outward Bound. MTFJ is working with Outward Bound to assist with their Impact Lab report looking into the benefits of Outward Bound into a young person's life and employment journey.

### **Regional Economic Development Agency**

The Regional Economic Development Agency (REDA) is a partnership between business, iwi/hapū and local government in Hawkes Bay. The Matariki Governance Group (who have oversight over the regional economic development strategy) will have responsibility for board appointments for the establishment group. This group adds co-governance to the REDA model. This is a transformational step forward and a first for local government REDAs. The Hawkes Bay Business Hub in Ahuriri remains operational while the process of establishing the REDA is undertaken.

### **Flood recovery**

Flood Recovery has been the focus for the Economic Development team following the Cyclone Gabrielle floods. A local recovery plan has been devised as a framework to base recovery efforts around. Work has been done collaboratively with Hawkes Bay Regional Council and Wairoa Business Association to provide support where needed to local businesses.

### **Te Wairoa E Whanake**

Te Wairoa E Whanake is a significant economic development initiative which is largely funded through a successful CRHL Application. The project is aimed at revitalising Wairoa's town centre and includes the redevelopment of a main street building site that was gutted by fire ten years ago. The site was purchased by the Wairoa District Council and its refit is a cornerstone of the project.

The development of Wairoa's community courtyard is well into the construction stage with underground work complete and the above-ground building works underway. The courtyard will house three businesses offering a mixture of retail and hospitality services. A new build at the rear of the courtyard will allow space for two of the businesses to operate, while a third, a hospitality pod, will be located at the entrance of the courtyard. The targeted completion date for the courtyard is December 2023.

Meanwhile, the Winter's building is in the preliminary stages of design following a review of the available budget and gaining clarity around external funding opportunities. The Council's project team is currently working with the architects to finalise the design. Once this stage has been completed and a design finalised, a construction time limit and approximate completion date can be considered. These are both exciting developments for Wairoa's CBD (Central Business District) and will provide spaces that foster community connectedness and wellbeing.

### **BUDGET VS ACTUAL**

Capital expenditure was \$2,000,000 over budget due to the Te Wairoa e Whanake project. A major portion of this project's costs are funded by subsidy.

## LEADERSHIP & GOVERNANCE PERFORMANCE DATA

The following section outlines Council performance measures for our leadership and governance activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-2031. This also provides information on trends that may influence our performance, including those outside of our control.

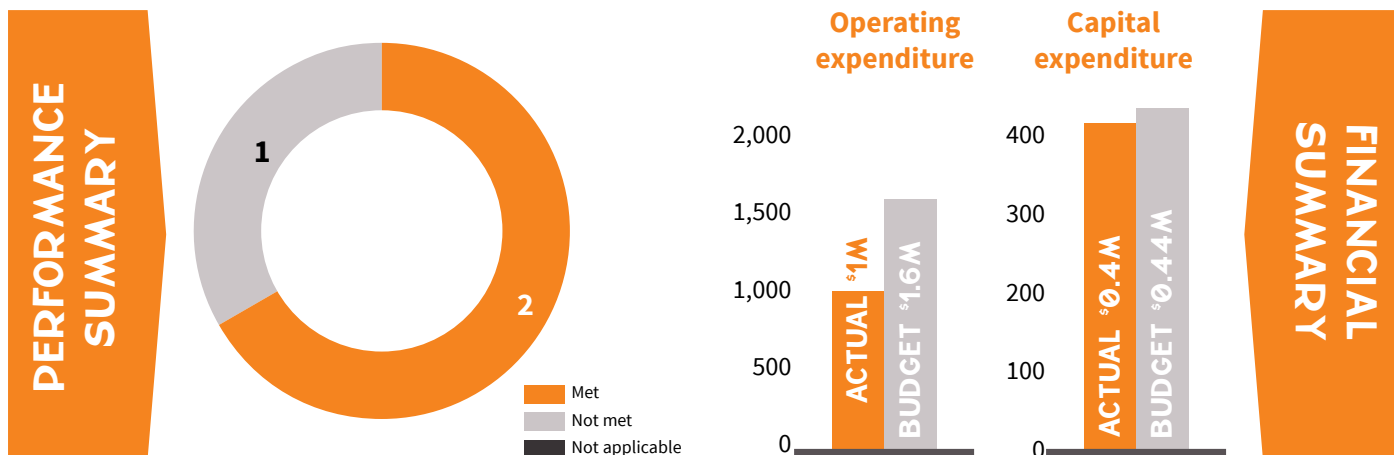
our planned levels of service in having elected members that are accessible and responsive to the community and the facilitation of democratic decision making and community engagement opportunities. These results show areas requiring improvement in including the provision of information and consultation.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 104.

The measures that were not met are determined by the results of our residents and ratepayers satisfaction survey. These relate to

Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>Elected members are accessible and responsive to community</b>	Residents (%) who know how to make contact with elected members	89%	74%	76%	≥85%	⊗
	Residents (%) satisfied with Mayor and Councillors	New	63%	48%	≥85%	⊗
<b>Council facilitates democratic decision-making, and community engagement opportunities</b>	Meeting and committee agendas (%) made available to the public within statutory time frames	100%	100%	100%	100%	⊙
	Residents (%) who believe they have adequate opportunities to have their say in Council activities	New	70%	45%	≥85%	⊗
	Residents (%) who state they are satisfied with how the Council makes decisions	New	59%	34%	≥80%	⊗
<b>Council information is accessible and service compliant</b>	Residents (%) who agree that Council information is easy to access (via website, libraries, social media, newspapers etc)	New	69%	53%	≥80%	⊗
	Official information requests (%) handled within legislative time frame	100%	100%	74%	100%	⊗
<b>Council supports and facilitates Māori participation in decision-making</b>	The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee	Achieved	Achieved	Achieved	Achieved	⊙
	The Māori Standing Committee meetings are scheduled and attended no less than bi-monthly	Achieved	Achieved	Achieved	Achieved	⊙
<b>Council supports progressive and collaborative economic development for the district</b>	Actions in the Economic Development Plan and Action Plan completed (% of actions completed)	82%	88%	88%	≥80%	⊙
<b>i-Site is accessible, well utilised by visitors and delivers positive experiences</b>	Total visits to the i-Site	New	9,170	1,911	Visitor numbers ≥ previous year	⊗
	User satisfaction (%) with i-Site	New	94%	90%	≥80%	⊙

## CORPORATE FUNCTIONS



2,950

**SERVICE REQUESTS  
ISSUED BY OUR CUSTOMER  
SERVICE TEAM**



330

**RATES REBATE  
APPLICATIONS  
ASSISTED WITH**

### PROPERTY

#### Emergency Events and Post Covid Impact on Service Delivery

The 2023 year started with Cyclone Gabrielle, which just added to the damage caused by storm events during the summer and autumn 2022. Continual record monthly wet weather has impacted on Council's property projects. The cyclone response and recovery effort moved both staff and contract resources away from many planned business activities. Facilities were also affected with Wairoa Riverside Campground significantly impacted.

Covid pandemic supply issues continued this year, resulting in several projects delayed due to awaiting delivery of supplies from offshore. Prices of products triggered cost reviews. Compounding this was the repeated round of covid strains illness, that impacted all levels of the construction workforce.

#### Pensioner Housing

A review of the management of our 32 pensioner housing units was undertaken this year, which resulted in Wairoa Property Brokers being awarded as our new property managers for these units. Council continues to hold ownership and full control of the units.

Healthy homes upgrades to all units have progressed through the year, with extractor fans being installed. 20 units have had heat pumps installed. The remainder of these will be installed by late 2023. These are being funded through the Government's "Better-off fund."

#### Pensioner Housing

The archives building has had four new air conditioning units installed, with climate recording sensors. This will provide suitable climate control for staff and records storage.

### CORPORATE & FUNDS MANAGEMENT

#### Investments

As at 30 June 2022, Council held a bond portfolio with a market value of \$831 thousand. A number of investments matured during the year, and the cash that this released has been utilised support Council's recovery work after Cyclone Gabrielle in addition to drawing down further debt.

#### Borrowing

With the unexpected increases in Council's financial obligations because of the cyclone it was necessary to increase Council's borrowing significantly. In many ways Council's prudence in the preceding years was justified because it meant there was borrowing capacity available. As a non-guarantor with the Local Government Funding Agency Council has a borrowing limit of \$20 million

The table below illustrates the Council's current debt maturity compared to the policy thresholds:

MATURITY OF BORROWINGS		0 - 2 years	3 - 5 years	5 years plus
	Minimum	15%	15%	10%
	Actual	79%	16%	5%
	Maximum	60%	60%	40%

## SUPPORT SERVICES

Support Services are the costs of operating the Council's administrative and support functions and other costs not directly attributable to any activity. These costs are allocated, except those that are attributed to a special reserve, via the overhead allocation process to the groups of activities, so that the net rated cost of support services is zero.

This group of activities includes finance, records and archives, administration and customer service, information services and GIS.

### Annual Plan 2023/2024

Council has completed the process of developing its 2023/24 Annual Plan. The Annual Plan sets the budget and rates requirements for the coming financial year and is based on year three of Council's 2021-2031 Long-Term Plan.



Meeting the needs of our community in an affordable way is a significant challenge in today's environment of recovering from the devastating effects of Cyclone Gabrielle and previous weather-related events. On top of this we are experiencing high inflation, interest rate increases, staff recruitment and retention pressures, significant project, and contract cost escalations.

To assist Council with understanding the community's views, we undertook 25 community-based meetings and online engagement for a 2-week period from 12th June to 23rd June 2023. This provided us an opportunity to receive feedback as to what matters to our community, how we can reduce costs, our proposed projects and what our key district's challenges are.

The key feedback themes we received from the community can be summarised as follows.

- Improvements to Community safety- signage/ streetlights/road drainage
- Support the development of Community Response Plans/ Civil Defence Hubs
- Regional Council responsibilities vs Wairoa District Council responsibilities
- Significant rate increases are unaffordable
- Council must continue to advocate to the government for more funding and services
- Ensure Council get the basics right first before other new significant projects
- More communication and promotion of the rates rebate scheme
- Council has done very well with the response to the recent weather events
- Concern over the loss of services – government and non-government organisations
- Condition of some of Council's community facility buildings with more maintenance required
- Wairoa entrance and general town cleanliness
- Condition of rural roads to support the primary industries and rural communities' connectivity
- Keep rates as affordable as possible but still maintaining agreed levels of service.

All staff and elected members are thanked for their involvement.

The 2023/24 Annual Plan was adopted by Council on the 18 July 2023.

## SUPPORT SERVICES

### Performance reporting

During the year we delivered monthly financial reports to the Finance Audit and Risk Committee and quarterly full performance reports to Council. By improving efficiencies, we were able to continuously develop the insightfulness of the content and shorten reporting cycles, thereby allowing more time for internal review and thus the quality of the information.

Our discipline in regular reporting ensured we were well prepared for the 2022/23 audit, with all financial and supporting documentation ready, uploaded to the auditor's portal and peer reviewed where necessary. This assisted in achieving on time adoption of the 2022/2023 Annual Report.

### Partnering

We have continued to partner with the various Council departments to offer expert advice, support, and strategic inputs to reporting, projects and planning. We have also initiated process improvements with other departments, ensuring that we use our skillsets, especially in Excel and reporting, to assist in time saving processes and robust outputs.

Both the finance and rate team, and customer services officers, offer support to ratepayers applying for rates rebates. This service is offered free of charge and ensures those on fixed income have access to the Government support available. 330 rates rebate applications were successfully processed.

### Finance team

These achievements and much more were underpinned by a highly performing collaborative finance team. A focus of the finance team has been to build resilience, ensuring key process documentation, rotation, and maintenance of best practice within our areas of responsibility. This has assisted us in meeting our internal and external targets and deadlines and will continue to be a focus of the team going forward.

## CUSTOMER SERVICES

### Training

Working in a front-line role can be challenging and our staff have a wide variety of situations to manage. Training our staff to deal with difficult customers helps support them to deliver the best customer experience in tough situations.

The team have implemented new techniques and experienced positive results. Further technical training on the use of our Cloud Calling solution has enabled more advanced use of it, enabling the extraction of call logs for efficient monitoring of phone calls.

### Cyclone Gabrielle and previous weather-related events

There was a significant increase of volume in phone calls during these wet weather events. The team worked well with the Roding and Three Water's teams to coordinate contractors to promptly respond to the damage caused by the extreme weather events.

During the Cyclone Gabrielle, they continued to be the first point of contact for affected residents requiring services and assistance.

### Records Management

An ongoing programme of work involving maintenance to address historic mis-filing issues from previous years continue. Filing indices are up to date. There are multiple boxes of files to be listed and this can be achieved once we have a full team. The Compactus are being revamped and emptied of old files. A large clean-up of the Records area has been completed.

## RECORDS AND ARCHIVES

### Arrangement and Description

Processing of the map collection has continued throughout the year and to accommodate this work an additional plan cabinet was installed in the archives. A project to process larger maps, unable to be stored in cabinets, has commenced.

During the year a project have been undertaken to arrange and described a series of town planning correspondence, created by the Wairoa County Council, dating from 1958 to 1979. Archives have received two consignments of personnel files; adding to the existing four consignments. A new consignment of Wairoa District council news clipping books were also received by the archives. This transfer has updated the holdings in this record series from 1912 to 2022.

### Cyclone Gabrielle

The aftermath of Cyclone Gabrielle was felt by the archives as the severe storm which occurred some days after the cyclone caused flooding to the lower level of the archives building. Fortunately, the water did not reach a sufficient level to affect boxes stored on lower shelving, although the bottom of the vertical plan cabinets and some material sitting on the floor were impacted. The process of drying the floor and damp material took some days to complete.

### Publicity

Work has continued to enhance the council's new archives webpages and additional images have been scanned and prepared for inclusion on to the website. Images have been attached to the record series entries listed on the website. New additions have included photographic material, documents and architectural drawings and plans.

During November 2022, the editor and owner of the Living Hawke's Bay magazine visited the archives and offered to draft an article, on myself and the archives, for the publication. After an interview, and suitable photographs taken, a six-page article was published in the Summer 2022/23 issue of the magazine.



### Reference enquiries and visitors

From the commencement of July 2022 until the end of June 2023 the archives received 54 internal enquiries, 31 external enquiries, 16 internal researchers and 18 external visiting researchers.

## INFORMATION SERVICES AND GIS

### Cyclone Gabrielle

Just like many of council's other staff, the IT/GIS Team were required to work long hours to support Wairoa CDEM Emergency Operating Centre, in the initial emergency Response phase, and then the Recovery phase of Cyclone Gabrielle. During this period, the business as usual functionality of Council's Information Services

hardware and software resources still required maintenance and administration.

### Mobile and Internet Connectivity – Cyclone Gabrielle

Wairoa township and the surrounding District lost all Internet, mobile and landline communications for several days during Cyclone Gabrielle. Lack of communications obviously created a cascade of effects across all facets of Councils operations, from utilities telemetry systems, through to administrative and general access being cut to MicroSoft Cloud Servers.

A single Starlink unit was able to be located and setup for use by the IT Team for the Wairoa Civil Defence Headquarters. This single unit provided CDEM HQ with a communications "Lifeline" to the outside world until additional units were flown in.

Two Starlink units have since been purchased by Council's IT, one of which has been permanently fixed to the Council Office roof to provide the Council and CDEM with limited internet connectivity for Councils servers and Internet calling during an emergency, or communications outage.

### Cemeteries

Auditing work on the Wairoa Cemetery data management has progressed well, with ongoing collaboration between Council's Property Team and our GIS team. Improvements to the GIS data interface has provided the Property Team with access to update the Cemeteries database and within the GIS Mapping Layers.

### BUDGET VS ACTUAL

Operational expenditure was \$600,000 lower than budgeted due to a number of operational activities not able to be undertaken due to staff needing to respond to the effects of Cyclone Gabrielle.

## CORPORATE FUNCTIONS PERFORMANCE DATA

The following section outlines Council performance measures for our corporate functions activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2021-

2031. This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 105.

Levels of Service	Performance Measure	2020/21 Actual	2021/22 Actual	2022/23 Actual	2022/23 Target	
<b>To provide Council buildings that are compliant with legislative requirements</b>	All pensioner housing units are proactively inspected six monthly	100%	0%	100%	100%	✓
<b>Provide prompt responses for service</b>	Percentage of requests responded to within 3 days (including safety defects)	Not measured	92%	93%	>80%	✓
<b>To provide Council buildings that are well maintained</b>	Percentage of defects in pensioner housing resolved within 24 hours	50%	91%	85%	100%	✗

# TE WHAKAHAERE-Ā-KAUNIHERA

## COUNCIL CONTROLLED ORGANISATION

**Quality Roading and Services (Wairoa) Limited (QRS) is a Council-controlled organisation that is 100% owned by the Wairoa District Council.**

### Council-controlled organisations

Council-controlled organisations (CCOs) can be an effective, efficient, and financially viable way for Council to deliver services and activities.

The Local Government Act 2002 defines CCOs as entities in which the Council has more than fifty per cent shareholding, or the ability to appoint more than fifty per cent of the directors.

### Reasons for owning a CCO

Council believes it is important to maintain expertise in construction, roading and maintenance in the district, balanced with an intent to reduce ratepayer costs by providing effective competition.

Not only is QRS one of the biggest employers in the district offering many employment opportunities, but it also supports several community initiatives. QRS supports many sports and is a strategic sponsor of the Wairoa A&P Show. It also donates services in kind such as site preparation, mowing and earthworks around the district to ensure community events are a success.

Surplus profits generated by QRS are provided to Council (the shareholder) by way of dividends, subvention payments and community support. company's performance will be judged. The company achieved all of these targets.

### Nature and scope of activities

QRS' specialities are roading maintenance, civil construction, and more recently traffic management and concreting. It offers a full range of civil engineering skills, experience, and equipment. Their principal activities are:

- Roading maintenance and associated construction
- Civil construction
- Traffic management
- Heavy transport
- Concrete supply

More information is available at [www.qrs.co.nz](http://www.qrs.co.nz)



### Accountability

CCOs are accountable to the Council, which determines the objectives for each CCO and monitors its performance. The Council is accountable to its ratepayers and residents for the performance of the CCOs, to the extent that they deliver community outcomes in the most cost-efficient way.

### Objectives and key performance targets

Council's objectives for QRS are:

- To ensure the company is profitable, and all financial targets are met.
- To ensure the company has a positive cash flow.
- To ensure the governance of the company is effective.

The following performance targets, as set out in the QRS's statement of Corporate Intent 2023-2026 and are the measures by which the company's performance will be judged.

	30 June 2023	30 June 2022	30 June 2023
	Actual	Actual	Target
Net profit pre-tax as a percentage of opening shareholder funds	27.3%	17.4%	6%
Net profit after tax as a percentage of revenue	5.1%	5.4%	3%
Distributions to shareholder (uninflated)	\$1,050,000	\$250,000	\$250,000
Ratio of shareholder funds to total assets	46.5%	68.4%	45%







# NGĀ TAUĀKĪ PŪTEA

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# FINANCIAL STATEMENTS

## UNDERSTANDING COUNCIL'S FINANCIAL STATEMENTS

The following descriptions have been provided to help explain what Council's Financial Statements are about. Please read these alongside the relevant statements.

For further information, please contact Council.

☎ 06 838 7309

✉ [info@wairoadc.govt.nz](mailto:info@wairoadc.govt.nz)

🌐 [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

### STATEMENT OF FINANCIAL POSITION

This is Council's Balance Sheet and shows its financial position as at the end of the 2022/23 financial year. Council's financial position is determined by subtracting the value of all its liabilities, or what it owes, from all its assets, or what it owns. Council's assets include items such as cash and property, and its liabilities include items such as creditors and loans. The result is represented as equity and describes in financial terms what the Council is 'worth'. Due to the high investment in infrastructure, like roads and water networks, the value of Council's assets are significantly more than its liabilities and so its equity is substantial.

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

This is Council's Income Statement and shows how much total revenue or income Council received in the 2022/23 financial year versus how much it spent on running costs. Council's financial performance is determined by subtracting the value of its expenses or 'what it costs to run Council' from its total income. The result is represented as a net amount and in this case, a net surplus. However, this is because the revenue includes capital subsidies from Waka Kotahi, the DIA and the CRHL. This money is spent on assets which are recorded in the balance sheet.

### STATEMENT OF CHANGES IN EQUITY

This statement shows the changes to Council's equity or 'worth'. The change is represented by the difference in equity at the start of the 2022/23 financial year versus the end. The equity at the end of the 2022/23 year is determined by adding the net surplus from Council's Statement of Comprehensive Revenue and Expense to the value of Council's equity at the beginning of the 2022/23 financial year.

Equity is divided into 3 components:

1. Ratepayer's Equity is the total of all operating surpluses and deficits since Council began
2. Special Funds represent amounts accumulated and held for specific purposes, such as township development and asset renewals. When these funds are used or topped up there are transfers between Ratepayer Equity and Special Funds.
3. The Revaluation Reserve reflects changes in the value of infrastructure and the current cost of replacing assets that were built years ago. Council's roading and Three Waters assets are revalued every 3 years or more frequently if there is indication that a revaluation is required.

### STATEMENT OF CASH FLOWS

This statement shows the flow of cash within Council's operating, investing and financing activities in the 2022/23 financial year. Council's cash at the end of the 2022/23 financial year is determined by subtracting the cash that flows out (is spent) from the cash that flows in (is received). Council's inflows of cash include rates and investment income, and its outflows of cash include payments to suppliers and loan repayments.

### BUDGET DATA

The budget data used in the following financial statements is the second year of the Long Term Plan 2021-2031, which equates to the 2023 year (LTP 2023).

# HE TAUĀKĪ TŪTOHU ME TE TAKOHANGA

## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

### REPORTING ENTITY

Wairoa District Council is a territorial local authority governed by the Local Government Act 2000.

The Council group consists of Wairoa District Council and its 100% owned subsidiary, Quality Roading and Services (Wairoa) Limited. The reporting date of the Council and its controlled entity is 30 June.

The group operates in one geographic segment (New Zealand) and in two industries, being that of local government and construction and maintenance activities (operated by the 100% owned subsidiary). Both entities included within the Group are domiciled in Wairoa, New Zealand.

The primary objective of the Council and Group is to provide goods or services for the community or social benefit rather than making a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

### COMPLIANCE

The Council and management of Wairoa District Council confirm that all statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) have been complied with. The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity\* and were authorised for issue by the Council on 31 October 2023.

### RESPONSIBILITY

The Council and management of Wairoa District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Council and management of Wairoa District Council, the Annual Report for the year ended 30 June 2023 fairly reflects the financial position, results of operations and service performance of the of Wairoa District Council and Group.



**Craig Little**

*Te Kahika  
Mayor*

31 October 2023



**Kitea Tipuna**

*Te Tumu Whakarae  
Chief Executive Officer*

31 October 2023

\*Note: A Tier 1 entity is defined as being either publicly accountable or large (e.g. expenses over \$30m). Wairoa District Council exceeds the expenses threshold.

# HE TAUĀKĪ PŪTEA WHIWHI ME TE PŪTEA WHAKAHAERE

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2023

	NOTE	COUNCIL				GROUP	
		Actual 2023 \$000	AP 2023 \$000	LTP 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
<b>Revenue</b>							
Rates	2	16,530	16,871	16,726	15,649	16,530	15,649
Subsidies and grants	2	39,836	11,423	11,707	24,244	39,836	24,244
Petrol tax		77	87	87	80	77	80
Construction revenue		-	-	-	-	10,156	7,343
Fees and charges		2,516	2,247	2,296	2,495	2,428	2,463
Investment revenue	2	536	419	563	380	368	3
Miscellaneous revenue		622	-	-	21	866	21
<b>Total revenue</b>		<b>60,117</b>	<b>31,047</b>	<b>31,379</b>	<b>42,869</b>	<b>70,261</b>	<b>49,803</b>
<b>Expense</b>							
Water supply		2,713	2,307	2,333	2,404	2,713	2,404
Stormwater		645	636	629	474	645	474
Wastewater		2,734	2,640	2,451	3,111	2,734	3,111
Solid waste		2,457	2,100	2,536	2,719	2,457	2,719
Transport		33,832	12,215	12,975	15,003	33,832	15,003
Community facilities		2,877	2,826	2,404	2,537	2,877	2,537
Planning and regulatory		9,062	2,301	2,191	2,735	9,062	2,735
Leadership and governance		3,192	3,579	3,692	2,532	3,192	2,532
Corporate		1,018	1,590	1,038	1,007	1,018	1,007
QRS		-	-	-	-	8,110	6,772
<b>Total expense</b>	3	<b>58,530</b>	<b>30,194</b>	<b>30,249</b>	<b>32,522</b>	<b>66,640</b>	<b>39,294</b>
<b>Net surplus / (deficit) before taxation</b>		<b>1,587</b>	<b>853</b>	<b>1,130</b>	<b>10,347</b>	<b>3,620</b>	<b>10,509</b>
Subvention income		1,000	-	125	-	-	-
Taxation	9	-	-	-	-	-666	-388
<b>Net surplus / (deficit) for the year</b>		<b>2,587</b>	<b>853</b>	<b>1,255</b>	<b>10,347</b>	<b>2,954</b>	<b>10,121</b>
<b>Other comprehensive revenue and expense<sup>1</sup></b>							
Fair value movement – property, plant and equipment	11	142,927	20,999	20,613	9,914	142,927	9,914
Fair value movement in financial assets		-	-	-	-	-	-
<b>Total comprehensive revenue and expense for the year</b>		<b>145,514</b>	<b>21,852</b>	<b>21,868</b>	<b>20,261</b>	<b>145,881</b>	<b>20,035</b>

The notes from pages 56 to 90 form part of, and should be read in conjunction with, the financial statements

<sup>1</sup>Other comprehensive revenue or expense is non-cash in nature.

# HE TAUĀKĪ TU PŪTEA

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	NOTE	COUNCIL				GROUP	
		Actual 2023 \$000	AP 2023 \$000	LTP 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
<b>Current assets</b>							
Cash and cash equivalents	6	13,688	2,793	2,782	4,309	14,866	5,742
Inventories	7	71	88	81	74	749	777
Trade and other receivables	5	13,550	4,282	2,982	4,152	14,824	6,027
Other current assets		-	-	-	-	293	91
Financial assets at fair value	8	351	370	395	1,715	351	1,715
<b>Total current assets</b>		<b>27,660</b>	<b>7,533</b>	<b>6,240</b>	<b>10,250</b>	<b>31,083</b>	<b>14,352</b>
<b>Current liabilities</b>							
Trade and other payables	10	16,416	7,755	4,889	6,938	17,331	8,874
Borrowings	16	11,500	3,500	3,500	1,500	11,956	1,584
Taxes payable		-	-	-	-	277	30
<b>Total current liabilities</b>		<b>27,916</b>	<b>11,255</b>	<b>8,389</b>	<b>8,438</b>	<b>29,564</b>	<b>10,488</b>
Working capital		-256	-3,722	-2,149	1,812	1,519	3,864
<b>Non-current assets</b>							
Property, plant and equipment	11	455,018	326,109	331,720	305,990	462,480	309,769
Work in progress	11	6,093	12,168	9,776	9,514	6,093	9,514
Assets held for sale	11	18	23	-	18	18	18
Intangible assets	12	568	769	12	17	639	106
Biological asset - forestry	13	115	115	115	115	115	115
Investment in subsidiary	14	1,250	1,250	1,250	1,250	-	-
Investment property	15	361	1,251	-	369	361	369
Loan to subsidiary	16	1,036	-	-	-	-	-
Financial assets at fair value	8	742	21	859	1,063	742	1,063
Deferred tax	9	-	-	-	-	415	553
<b>Total non-current assets</b>		<b>465,201</b>	<b>341,706</b>	<b>343,732</b>	<b>318,336</b>	<b>470,863</b>	<b>321,507</b>
<b>Non-current liabilities</b>							
Trade and other payables	10	49	54	71	49	109	105
Landfill aftercare	18	1,378	1,366	1,317	1,121	1,378	1,121
Quarry aftercare		-	-	-	-	87	172
Borrowings	17	7,526	11,048	18,082	8,500	9,643	8,689
<b>Total non-current liabilities</b>		<b>8,953</b>	<b>12,468</b>	<b>19,470</b>	<b>9,670</b>	<b>11,217</b>	<b>10,087</b>
<b>Net assets</b>		<b>455,992</b>	<b>322,136</b>	<b>322,136</b>	<b>310,478</b>	<b>461,165</b>	<b>315,284</b>
Represented by							
<b>Equity</b>	<b>19</b>	<b>455,992</b>	<b>322,136</b>	<b>322,136</b>	<b>310,478</b>	<b>461,165</b>	<b>315,284</b>

The notes from pages 56 to 90 form part of, and should be read in conjunction with, the financial statements

# HE TAUĀKĪ MANA TAURITE

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

	NOTE	COUNCIL				GROUP	
		Actual 2023 \$000	AP 2023 \$000	LTP 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Total equity - opening balance		310,478	303,407	300,268	290,217	315,284	295,249
Net surplus (deficit) for period		2,587	1,110	1,255	10,347	2,954	10,121
Other comprehensive income		142,927	20,999	20,613	9,914	142,927	9,914
Total comprehensive income		145,514	22,109	21,868	20,261	145,881	20,035
<b>Total equity - closing balance</b>		<b>455,992</b>	<b>325,516</b>	<b>322,136</b>	<b>310,478</b>	<b>461,165</b>	<b>315,284</b>
<b>Components of equity</b>							
<b>Ratepayer's equity</b>							
Ratepayer's equity - opening balance		163,343	168,758	170,094	156,124	167,158	160,165
Net surplus/(deficit) for period		2,587	1,110	1,255	10,347	2,954	10,121
Transfers to special reserves		-3,717	5,435	1,829	-5,243	-3,717	-5,243
Transfers from special reserves		1,585	-4,062	-2,216	1,561	1,585	1,561
Transfer from revaluation reserve		-	-	-	554	-	554
<b>Ratepayer's equity - closing balance</b>		<b>163,798</b>	<b>171,241</b>	<b>170,962</b>	<b>163,343</b>	<b>167,980</b>	<b>167,158</b>
<b>Special funds</b>							
Special reserves - opening balance		22,524	19,399	14,368	18,842	22,524	18,842
Transfer to ratepayer's equity		-1,585	4,062	2,216	-1,561	-1,585	-1,561
Transfer from ratepayer's equity		3,717	-5,435	-1,829	5,243	3,717	5,243
<b>Special funds - closing balance</b>		<b>24,656</b>	<b>18,026</b>	<b>14,755</b>	<b>22,524</b>	<b>24,656</b>	<b>22,524</b>
<b>Revaluation reserves</b>							
Revaluation reserves - opening balance		124,611	115,250	115,806	115,251	125,602	116,242
Net transfer to ratepayer's equity		-	-	-	-554	-	-554
Revaluation recognised in other comprehensive revenue and expense		142,927	20,999	20,613	9,914	142,927	9,914
<b>Revaluation reserves - closing balance</b>		<b>267,538</b>	<b>136,249</b>	<b>136,419</b>	<b>124,611</b>	<b>268,529</b>	<b>125,602</b>
<b>Total equity - closing balance</b>		<b>455,992</b>	<b>325,516</b>	<b>322,136</b>	<b>310,478</b>	<b>461,165</b>	<b>315,284</b>

The notes from pages 56 to 90 form part of, and should be read in conjunction with, the financial statements

# HE TAUĀKĪ KAPEWHITI

## STATEMENT OF CASHFLOWS

for the year ended 30 June 2023

	NOTE	COUNCIL				GROUP	
		Actual 2023 \$000	AP 2023 \$000	LTP 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
<b>Cash flows from operating activities</b>							
Rates received		16,369	21,229	17,578	15,896	16,369	15,896
Other revenue		36,494	10,825	14,122	25,686	45,276	33,782
Investment income		1,536	676	685	566	1,368	3
Subvention Income		50	419	560	186	-	-
Payments to suppliers and employees		-40,924	-25,271	-25,433	-27,107	-47,596	-33,278
Taxation		-	-	-	-	-281	-279
Interest paid		-481	-371	-495	-259	-519	-274
<b>Net cash flows from operating activities</b>		<b>13,044</b>	<b>7,088</b>	<b>6,457</b>	<b>14,782</b>	<b>14,617</b>	<b>15,850</b>
<b>Cash flows from investing activities</b>							
Sale of property, plant and equipment		-	-	37	554	108	739
Sale of financial assets		1,735	-	1,739	1,026	1,735	1,026
Purchase of financial assets		-63	-	-	-75	-63	-75
Purchase of property, plant and equipment		-12,776	-	-8,791	-18,302	-17,913	-19,640
Purchase of intangibles		-551	-	-	-	-551	-26
Loans made to subsidiary		-1,036	-	-	-	-	-
<b>Net cash flows used in investing activities</b>		<b>-12,691</b>	<b>-</b>	<b>-7,015</b>	<b>-16,797</b>	<b>-16,684</b>	<b>-17,976</b>
<b>Cash flows from financing activities</b>							
Loans raised		10,526	55	3,567	3,000	18,088	3,465
Borrowings repaid		-1,500	-	-1,500	-1,000	-6,761	-1,546
Lease repayments		-	-	-	-	-136	-82
<b>Net cash flows from/(used in) financing activities</b>		<b>9,026</b>	<b>55</b>	<b>2,067</b>	<b>2,000</b>	<b>11,191</b>	<b>1,837</b>
Net increase/(decrease) in cash and cash equivalents		9,379	-2,415	1,512	-15	9,124	-289
Cash and cash equivalents at beginning of year		4,309	5,208	1,270	4,324	5,742	6,031
<b>Cash and cash equivalents at end of year</b>		<b>13,688</b>	<b>2,793</b>	<b>2,782</b>	<b>4,309</b>	<b>14,866</b>	<b>5,742</b>
<b>Made up of:</b>							
Cash		13	3	178	12	1,191	1,445
Short term deposits		13,675	2,790	2,604	4,297	13,675	4,297
<b>Cash and cash equivalents at end of year</b>		<b>13,688</b>	<b>2,793</b>	<b>2,782</b>	<b>4,309</b>	<b>14,866</b>	<b>5,742</b>

The notes from pages 56 to 90 form part of, and should be read in conjunction with, the financial statements

# HE TAUĀKĪ KAUPAPA HERE MŌ TE KAUTE ME NGĀ PITOPITO KŌRERO KI NGĀ TAUĀKĪ PŪTEA

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# 1. REPORTING ENTITY STATEMENT AND PREPARATION OF THE FINANCIAL STATEMENTS

## BASIS OF PREPARATION

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

## STATEMENT OF COMPLIANCE

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

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

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated. Where necessary, certain comparative information has been reclassified to conform to changes in presentation in the current period.

## BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Wairoa District Council (the Council) and its subsidiary QRS (collectively the Group) as at 30 June 2023.

Controlled entities are those entities over which the Council (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities. All significant inter-entity transactions, balances and unrealised gains are eliminated on consolidation. The Council has a 100% interest in QRS (2022: 100%), a company incorporated in New Zealand (refer note 14). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

## GOODS AND SERVICES TAX (GST)

All amounts in the financial statements are exclusive of GST, with the exception of receivables and payables that are stated as GST-inclusive. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

## BUDGET FIGURES

### Long Term Plan 2021-2031

The Long Term Plan for 2021-2031 was adopted by Council on 30 June 2021. The reporting period ended 30 June 2023 is the second year of this plan. The budget figures were prepared in accordance with NZ PBE FRS-42, using accounting policies consistent with those adopted by Council for the preparation of the financial statements.

The Long Term Plan budget figures included in these financial statements are for the Council as a separate entity. The budget figures do not include budget information relating to the controlled entity.

These figures do not include any additional expenditure subsequently approved by the Council outside the Long Term Plan process. The Long Term Plan figures have been prepared in accordance with GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these

financial statements. Explanation of major variances between actual results and forecasted figures is provided in note 26.

## COMPARATIVES

To ensure consistency with the current year, certain comparative information has been reclassified:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year;
- where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy (there has been no change in the 2022/23 year).

## OVERHEAD COST ALLOCATION

The Council has derived the cost of service for each significant activity, as reported within the Statements of Service Performance, in the following way:

### Direct Costs

Direct costs, which can be traced directly to a specific significant activity, are expensed directly to the relevant activity.

### Indirect Costs

Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. Indirect costs are allocated as overheads across all activities. Indirect costs are charged to activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

## CAPITAL MANAGEMENT

For the purpose of the Group's capital management, the Group's capital is its equity (or Ratepayer's Funds), including accumulated comprehensive revenue and expense and all equity reserves attributable to the Council. Equity is represented by net assets.

The Council manages its capital largely as a by-product of managing its revenue, expenses, assets, liabilities and general financial dealings. The Local Government Act 2002 requires the Council to manage its revenue, expenses, assets, liabilities and general financial dealings in a manner that promotes the current and future interests of the community. In addition, The Local Government (Financial Reporting and Prudence) Regulations 2014 set out a number of benchmarks for assessing whether the Council is managing its revenue, expenses, assets and liabilities prudently.

The primary objective of the Group's capital management is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by the Council.

Intergenerational equity requires the Council to spread the funding of the cost of its assets over the current and future generations of ratepayers, such that:

- Current ratepayers are required to meet the cost of using the assets, but not the full cost of long-term assets that will benefit ratepayers in future generations and
- Ratepayers in future generations are not required to meet the costs of deferred asset renewals and maintenance

In order to achieve this overall objective, the Council has in place asset management plans for major classes of assets, detailing renewals and programmed maintenance to ensure that future generations of ratepayers are not required to meet the costs of deferred renewals and maintenance.

An additional objective of capital management is to ensure that the expenditure needs identified in the Council's Long Term Plan and Annual Plan are met in the manner set out in these plans. The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan to meet the expenditure needs identified in those plans. The factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities are set out in the Local Government Act 2002. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan. The Council monitors actual expenditure incurred against the Long Term Plan and Annual Plan.

No changes were made in the objectives, policies or processes for managing capital during the year (2022: nil).

## **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of these financial statements requires management to make judgements, estimates and assumptions concerning the future that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

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 as follows.

### **1. Classification of property**

The Council owns a number of properties held to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property. Refer note 11 and 15.

### **2. Landfill aftercare provisions**

Note 18 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

### **3. Infrastructural asset valuation**

There are a number of assumptions and estimates used when performing depreciated replacement cost 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.
- 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 WDC 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 WDC'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 WDC's asset management activities, which give WDC further assurance over its useful life estimates. Accredited independent valuers perform Council's infrastructural asset revaluations, refer to Note 11.

## **4. Classification of costs**

Judgement is used over the classification of costs between capital and maintenance. Items are reviewed regularly to ensure the cost allocation is reasonable.

## **CHANGES IN ACCOUNTING POLICIES** **IFRS PBE 48 Service Performance Reporting**

IFRS PBE 48 requires public benefit entities (PBEs) to disclose information about their service performance. This information must be disclosed in a statement of service performance, which is presented alongside the entity's financial statements.

The statement of service performance must include the following information:

- The entity's objectives
- The entity's main service activities
- The entity's key service performance indicators
- The entity's service performance for the reporting period

PBEs must also disclose the judgements that have the most significant effect on the service performance information reported.

This information are included in the Our Performance in Detail Section. Council does not rely on significant judgments for the measurement of its performance information. All performance information is measured using objective data.

## **2. REVENUE**

Revenue comprises rates, revenue from operating activities, contracting services, investment revenue, subsidies, petrol tax and fees and charges and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions. Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

## **EXCHANGE TRANSACTIONS**

Exchange transactions are transactions where the Group receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange. Exchange revenue received by Group can be summarised into the following areas:

- **Revenue from water by meter**

Water billing revenue is recognised on an accrual basis. Unbilled usage as a result of unread meters at year end is accrued on an average usage basis.

- **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.

- **Sale of goods**

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

- **Construction contracts**

Revenue on construction contracts is recognised progressively over the period of each contract. The amount included in the statement of comprehensive revenue and expense, and the value of the contract assets or liabilities are established by assessment of the individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. When the contract income cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

- **Interest revenue**

Interest revenue is recognised on an accrual basis with movements in fair value profits and losses disclosed in the overall income statement as interest on investments.

- **Dividend Revenue**

Dividend revenue is recognised when the right to receive payment is established which is generally when QRS approves the dividend.

- **Subvention Payments**

Subvention payments is recognised when the right to receive payment is established which is generally when QRS approves the payment.

The below table shows revenue received from investments for the year:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Interest on financial assets at fair value through profit and loss	322	139	354	145
Gain / (loss) in market value and sales of bond portfolio	-14	-176	-14	-176
Cash dividends received	200	383	-	-
Rent received on other investments	19	32	19	32
Other income	9	2	9	2
<b>Total investment revenue</b>	<b>536</b>	<b>380</b>	<b>368</b>	<b>3</b>

## NON-EXCHANGE TRANSACTIONS

Non-exchange transactions arise when the Group receives value from another entity without directly giving approximately equal value in exchange. Revenue received from a non-exchange transaction cannot be deferred unless there is both a performance obligation and a return obligation attached to it. For example, where grant or subsidy funding is received without performance obligation then revenue is recognised when receivable. Where a performance obligation exists, revenue is recognised upon satisfactory completion of the performance. Revenue from non-exchange transactions received by Group can be summarised as:

- **Vested assets**

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as non-operating, or extraordinary revenue. Assets vested in

Group are recognised as revenue when control over the asset is obtained.

- **Provision of services**

Non-exchange revenue from the rendering of services consists of services in activities where the Group subsidises the activity. Such revenue 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 service to be provided, only when there are conditions attached that require the funds to be returned if performance does not occur. Where no conditions are attached revenue is recognised when receivable.

- **Rates Revenue**

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when receivable.

	Council	
	2023 \$000	2022 \$000
General rates	12,109	11,270
Water	1,373	1,327
Sewerage	2,015	1,817
Waste management	1,068	1,036
Stormwater/drainage	409	374
<b>Gross rates levied</b>	<b>16,974</b>	<b>15,824</b>
Penalties charged	285	323
Less remissions	-728	-199
Less WDC remissions*	-1	-299
<b>Rating revenue received</b>	<b>16,530</b>	<b>15,649</b>

\* This relates to remissions of rates, water and sewerage charges on properties owned by the Wairoa District Council.

## Other Income

The Council received a subvention payment in lieu of final dividend for the year ended 30 June 2023. The subvention payment involves the purchase of tax losses by QRS from the Council leading to a reduction in tax payable and therefore an ultimate greater cash benefit to the Wairoa District. No subvention was received in 2022. Refer to note 9.

## Other Comprehensive Revenue

The below table shows other comprehensive revenue received for the year:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Fair value movement – property, plant and equipment	203,219	-	203,219	-
<b>Total other comprehensive revenue</b>	<b>203,219</b>	<b>-</b>	<b>203,219</b>	<b>-</b>

Infrastructure assets were revalued as at 30 June 2023, resulting in a revaluation gain recognised in other comprehensive revenue (refer to note 11).

### GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies received are recognised as revenue when the Council obtains control of the transferred asset (cash, goods, other assets or services) and the transfer is free from conditions that require the Council to refund or return the asset if the conditions relating to the asset are not fulfilled. When grants and subsidies include a condition, a liability is recognised until the Council has satisfied the conditions when revenue is recognised.

The Council receives the majority of grants and subsidies revenue from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The right to receive the funding from Waka Kotahi arises once the work is performed therefore revenue is recognised when receivable as there are no further conditions attached to the funding.

The Government has invested in regional economic development through the CRHL. As the underlying CRHL contracts contain an obligation in substance to return the funds if conditions of the grant are not met, revenue from the CRHL is initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

The Government has invested in Three Waters upgrades through funding from the DIA. As the underlying contract contains an obligation in substance to return the funds if conditions of the grant are not met, revenue from the DIA is initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

During any year other grants may be received towards the costs of constructing assets for the benefit of the community or for passing to the community for supporting cultural and sporting activities, from government and other agencies. Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Subsidies and grants received and recognised as revenue for the year were:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Waka Kotahi roading subsidies	30,417	15,027	30,417	15,027
CRHL grants	2,322	7,222	2,322	7,222
Three Waters grant (DIA)	703	1,476	703	1,476
Mayoral Fund Cyclone Gabrielle	654	-	654	-
National Emergency Management Agency	4,735	-	4,735	-
Other grants	1,005	519	1,005	519
<b>Total subsidy and grant revenue</b>	<b>39,836</b>	<b>24,244</b>	<b>39,836</b>	<b>24,244</b>

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised as revenue (2022: nil).

Due to the impact of Cyclone Gabrielle, the Council received the following additional funding to date:

- \$16.2m from Waka Kotahi for emergency works and preventative maintenance;
- \$3m from Hawkes Bay Regional Council for silt and debris recovery;
- \$4.7m from National Emergency Management Agency for costs incurred in collecting and disposing of residential household waste, and welfare;
- \$1m from the Red Cross towards liveable homes.

## 3. EXPENDITURE

### LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rent received from an operating lease is recognised as income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

Investment property and property used for social housing are leased under operating leases. Both investment property and social housing leases are periodic agreements, with the tenant having a right to cancel with between one to two months' notice. Therefore, there are no non-cancellable leases held. No contingent rents have been collected during the year (2022: nil).

#### Group as a Lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group. Assets held under a finance lease are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Group also recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in surplus or deficit. Contingent rents shall be charged as expenses in the period in which they are incurred.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

### INSURANCE OF ASSETS

Council insures its buildings, contents, and critical plant and equipment primarily on a reinstatement basis, while motor vehicles are insured at their market value. The total material damage insurance coverage amounted to \$103.46 million in 2023 (2022: \$81.97 million).

In general, upon a major disaster the government will provide a 60% subsidy for infrastructure recovery costs. Council must demonstrate that it is able to meet the remaining 40% through insurance and other financial means. The Council is a member of the New Zealand Local Authority Protection Program Disaster Fund (LAPP Fund) established by the New Zealand Local Government Association Incorporated. The LAPP fund is a mutual pool, created by local authorities to cater for the replacement of infrastructure following catastrophic damage by natural disaster. The LAPP Fund is intended to provide coverage for the balance of the replacement cost that is not expected to be covered by the provisions of the Ministry of Civil Defence and Emergency Management (i.e. 40%) of underground infrastructure assets. Council has an asset value of \$81.3 million in declared coverage under the LAPP Fund (2022: \$67.2 million).

Council does not operate a formal self-insurance scheme or maintain a specific fund for that purpose. Various assets are however not covered by insurance. The bulk of this relates to the road network. Roads and associated assets are not covered by Council's insurance as in the event of a major disaster, support is anticipated to come from central government to reinstate the roading network.

Other assets including land, playgrounds and sports fields are also not covered by insurance or any risk sharing arrangements.

Funding of uninsured risks and amounts over and above any insurance recovery and government support would be provided from a combination of reserve funds, debt and the reprioritisation of Council's planned capital and operating expenditure.

## BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. The Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

## Items included in the calculation of net surplus

The following expenditure items are included in the calculation of the net surplus:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Depreciation - Infrastructural assets	6,251	5,056	6,251	5,056
Depreciation - Operational assets	1,289	1,213	2,517	2,287
Amortisation charge - Intangible assets	4	4	22	20
Fees to auditors:				
• EY fees for financial statements audit	159	130	256	206
• EY fees for long term plan audit	-	33	-	33
• EY fees for Debenture Trust fee	5	4	5	4
Fees to PWC for taxation advice	5	5	5	5
Interest paid - bank borrowings	481	259	519	274
Mayor and Councillor fees	375	344	375	344

Impairment of receivables (bad debts written off)	-2	50	-2	50
Impairment of receivables (provision for doubtful debts)	3,664	4,008	3,681	4,007
Impairment of property, plant and equipment	-	-	-	-
Operating lease expenses	34	34	34	34
Public ceremonies	8	4	8	4
Loss on disposal of assets	-	6	111	74
Directors' fees	-	-	112	129
Donations	-	-	119	119

## Items included in the calculation of total comprehensive revenue and expense for the year

The following items are included in the calculation of total comprehensive revenue and expense for the year:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Impairment - Roothing assets	-	-	-	-

The valuation includes an allowance for impairment or the replacement of damaged assets and therefore reflects the post-Cyclone assessment of value. The assessment of fair value recognises the impairment as calculated by WDC at the end of the financial year.

## 4. STAFF AND ELECTED MEMBERS' REMUNERATION

### CHIEF EXECUTIVE OFFICER'S REMUNERATION

The Chief Executive Officer of the Council was appointed under section 42 of the Local Government Act 2002.

Under the terms of his agreement, the Chief Executive Officer of the Council chooses how he wishes to take his remuneration package (salary only or a combination of salary and benefits).

### MAYORAL AND COUNCILLOR REMUNERATION

The following people held office as elected members of the Council's governing body, during the reporting period. The total remuneration attributed to the Mayor and Councillors during the year was \$375,405 (2022: \$344,210) and is broken down and classified as follows:

	2023 \$	2022 \$
Craig Little, <i>Mayor</i>	112,062	101,000
Denise Eaglesome-Karekare, <i>Deputy Mayor</i>	50,718	39,940
Jeremy Harker*, <i>Councillor</i>	41,833	39,940
Melissa Kaimoana, <i>Councillor</i>	41,833	39,940
Chaans Tumataroa-Clarke, <i>Councillor</i>	43,369	39,940
Roslyn Thomas, <i>Councillor</i> (from October 2022)	29,777	-
Benita Cairns, <i>Councillor</i> (from October 2022)	29,777	-
Hine Flood, <i>Deputy Mayor</i> (to October 2022)	13,575	43,510
Danika Goldsack, <i>Councillor</i> (to October 2022)	12,461	39,940
<b>Total remuneration paid to council members</b>	<b>375,405</b>	<b>344,210</b>

\*Councillor Harker is also the Chief Executive Officer of the Council subsidiary QRS.

## KEY MANAGEMENT PERSONNEL REMUNERATION

	Council	
	2023 \$	2022 \$
<b>Council members</b>		
Total remuneration	375,405	344,210
<b>CEO and senior leadership team</b>		
Kitea Tipuna - CEO	237,175	211,812
Senior leader remuneration	564,101	627,484
<b>Total remuneration paid to key management personnel</b>	<b>1,176,681</b>	<b>1,183,506</b>

As at 30 June 2023, key management personnel comprised 10 individuals: 7 elected members (2022: 7) and 4 executive leaders, comprising the Chief Executive Officer and three senior management personnel (2022: 4 executive leaders).

### Severance payments

In accordance with Schedule 10, section 33 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions or other contractual entitlement.

No severance payments were made in the 2023 year (2022: Nil).

### Employee staffing levels and remuneration

The following table identifies the number of full time employees as at the end of the reporting period and the full time equivalent (FTE) number of all other part-time, fixed term and casual employees. The table further identifies the breakdown of remuneration levels of those employees into various bands.

	Council	
	2023	2022
<b>Full-time and full-time equivalent employee numbers</b>		
Number of full time employees	62	58
Full time equivalent number of all other employees	11	12
<b>Total full-time equivalent employees</b>	<b>73</b>	<b>70</b>
<b>Remuneration bands</b>		
The number of employees receiving total annual remuneration of less than \$60,000	26	31
<i>Of the employees in this band, 19 are part-time or casual (2022: 19)</i>		

	2023	2022
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000		
\$60,000 - \$79,999	25	20
\$80,000 - \$99,999	12	14
\$100,000 - \$119,999	7	6
\$120,000 - \$239,999*	11	7
<b>Total employees</b>	<b>81</b>	<b>78</b>

\*If the number of employees for any band was 5 or less then we are legally required to combine it with the next highest band.

Total annual remuneration has been calculated to include any non-financial benefits and other payments such as the employer Kiwisaver contribution. Total annual remuneration is reported as the higher of base salary including employer superannuation contributions or total gross payments in the year.

	Council	
	2023 \$000	2022 \$000
<b>Employment expenses</b>		
Salaries and wages	6,210	5,371
Increase (decrease) in employee benefit liabilities	-22	59
<b>Total employee benefit expenses</b>	<b>6,188</b>	<b>5,430</b>

## 5. TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the original invoice amount as the effect of discounting is immaterial. Short-term receivables are recorded at the amount due, less any provision for un-collectability. The provision is calculated by applying an expected credit loss model. A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

The below table provides a summary of all receivables at year end:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Rates receivable	4,794	4,995	4,794	4,995
Trade receivables	12,580	3,105	13,856	4,961
Prepayments	124	140	143	163
GST receivable (payable)	-284	-80	-284	-80
<b>Total receivables - gross</b>	<b>17,214</b>	<b>8,160</b>	<b>18,509</b>	<b>10,039</b>
Less provision for impairment of receivables	-3,664	-4,008	-3,685	-4,012
<b>Total receivables - net</b>	<b>13,550</b>	<b>4,152</b>	<b>14,824</b>	<b>6,027</b>

Current trade, rates and sundry receivables are non-interest bearing and receipt is generally on 30 day terms, therefore the carrying value approximates their fair value. There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

The Group provides for impairment provision on trade receivables and other debtors. The impairment provision has been calculated by applying an expected credit loss model based upon an analysis of the Group's losses in previous periods, and a review of specific debtors. The Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The provision is calculated by applying an expected credit loss model.

The Council provides for impairment on rates receivables, trade receivables and other debtors. The carrying amount is reduced directly when an asset is determined to be unrecoverable. An allowance for impairment is used when there is a reasonable likelihood that a debt may be impaired. A reversal to a write-down is made when an impaired debt is subsequently determined to be recoverable.

The impairment provision for rates has been calculated by applying an expected credit loss model based upon the percentage of rates debtors expected to be impaired. The impairment is collective, and reflects the actual impairment of rates debtors over the past three years. The Council has power under the Local Government (Rating) Act 2002 to recover outstanding debts. The Council can commence legal proceedings within 4 months after due date for payment. If payment has not been received within 3 months of the Court judgement, then the Council can apply to the Registrar of the High Court to have judgement enforced by sale or lease of the rating unit for land that is not Māori freehold land.

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

	2023 Council			2022 Council		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Gross \$000
Not past due	12,535	-	12,535	2,747	-	2,747
Past due 30 - 60 days	8	-	8	90	-	90
Past due 60 - 90 days	13	-	13	18	-	18
Past due >90 days	296	189	107	250	171	79
<b>Total trade receivables</b>	<b>12,852</b>	<b>189</b>	<b>12,663</b>	<b>3,105</b>	<b>171</b>	<b>2,934</b>

	2023 Group			2022 Group		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Gross \$000
Not past due	13,012	-	13,012	4,228	-	4,228
Past due 30 - 60 days	492	-	492	220	-	220
Past due 60 - 90 days	19	-	19	69	-	69
Past due >90 days	333	167	166	444	171	273
<b>Total trade receivables</b>	<b>13,856</b>	<b>167</b>	<b>13,689</b>	<b>4,961</b>	<b>171</b>	<b>4,790</b>

The ageing profile of rates receivables as at 30 June is detailed below:

	2023 Council & Group			2022 Council & Group		
	Gross \$000	Impairment provision \$000	Net \$000	Gross \$000	Impairment provision \$000	Gross \$000
Not past due	581	150	431	74	74	-
Up to 2 years	1,591	928	663	2,250	1,292	958
2 to 5 years	1,349	1,162	187	1,195	1,030	165
Over 5 years	1,273	1,235	38	1,476	1,441	35
<b>Total rates receivables</b>	<b>4,794</b>	<b>3,475</b>	<b>1,319</b>	<b>4,995</b>	<b>3,837</b>	<b>1,158</b>

The movement in the provision for impairment of total receivables is analysed follows:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Opening balance	4,008	3,643	4,012	3,648
Addition to provision	-342	411	-325	410
Bad debts written off	2	-50	2	-50
Release of provision	-4	4	-4	4
<b>Provision for impairment of total receivables - closing balance</b>	<b>3,664</b>	<b>4,008</b>	<b>3,685</b>	<b>4,012</b>

## 6. CASH AND CASH EQUIVALENTS

Cash or cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits, and other short-term highly liquid investments, with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cash at bank and in hand	13	12	1,191	1,445
Short term deposits	13,675	4,297	13,675	4,297
<b>Total cash and cash equivalents</b>	<b>13,688</b>	<b>4,309</b>	<b>14,866</b>	<b>5,742</b>

## 7. INVENTORIES

Inventory is measured at cost upon initial recognition. Costs of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing each product to its present location and condition.

The Group's finished goods inventory includes items held for resale, such as Council rubbish bags and items sold at the Gaiety Theatre and i-SITE shop, as well as items held for distribution, such as recycle bins.

After initial recognition, inventories are valued at the lower of cost, determined on a first-in, first-out basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The carrying amount of inventories held for distribution as at 30 June is:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Metal stocks	-	-	490	600
Water treatment chemicals	61	58	61	58
Other supplies	10	16	198	119
<b>Total inventories</b>	<b>71</b>	<b>74</b>	<b>749</b>	<b>777</b>

The write-down of inventories held for distribution amounted to nil (2022: nil), while reversal of write downs amounted to nil (2022: nil.) The carrying amount of inventories pledged as security is nil (2022: nil) and for liabilities is nil (2022: nil).

## 8. FINANCIAL ASSETS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at each reporting date.

All financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case the transaction costs are recognised in the statement of comprehensive revenue and expense.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council 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 Council has transferred substantially the risks and rewards of ownership. The fair value of financial instruments traded in active markets is based on the quoted market prices at the balance sheet date. The quoted price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Financial assets at fair value through profit and loss - upon initial recognition</b>				
Shares and debentures	831	2,561	831	2,561
<b>Financial assets at fair value through OCI</b>				
LGFA borrower notes	239	194	239	194
Civic Financial Services Limited	23	23	23	23
<b>Financial assets at amortized cost</b>				
Cash and cash equivalents	13,688	4,309	14,866	5,742
Trade and other receivables (excl. GST)	13,550	4,152	14,824	6,027
<b>Total financial assets</b>	<b>27,238</b>	<b>8,461</b>	<b>29,690</b>	<b>11,769</b>

### 8.A. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

This category has two sub categories: financial assets held for trading and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Included in this category are short-term investments, which are valued at fair value.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive revenue and expense.



	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Shares and debentures	831	2,561	831	2,561
<b>Total financial assets at fair value through surplus or deficit</b>	<b>831</b>	<b>2,561</b>	<b>831</b>	<b>2,561</b>
Current	351	1,715	351	1,715
Non-current	480	846	480	846
<b>Total financial assets at fair value through surplus or deficit</b>	<b>831</b>	<b>2,561</b>	<b>831</b>	<b>2,561</b>

Council has classified its investments as financial assets at fair value through surplus or deficit. The portfolio includes investments in local authority and Government stock, registered bank bills and bonds, and corporate stocks and bonds. The reason for the classification is that the investments were acquired for the purpose of selling and trading in the near term and they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a pattern of short-term profit-taking. In addition, there is a quoted market price in an active market where fair value can be reliably measured.

Financial assets at fair value through surplus or deficit are designated as such upon initial recognition because they are managed and their performance is evaluated on a fair value basis, in accordance with the Council's investment policy. Information is provided quarterly to Council on the performance of these financial assets.

The fair value of financial assets at fair value through surplus or deficit has been determined by reference to published price quotations in an active market. The maturity dates for financial assets through surplus or deficit are detailed in the following table:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
One year or less	351	1,715	351	1,715
Weighted average interest rate	4.88%	4.46%	4.88%	4.46%
Between one and five years	480	602	480	602
Weighted average interest rate	4.05%	4.58%	4.05%	4.58%
Over five years	-	244	-	244
Weighted average interest rate	0.00%	3.40%	0.00%	3.40%
<b>Total financial assets at fair value through surplus or deficit</b>	<b>831</b>	<b>2561</b>	<b>831</b>	<b>2561</b>

The stocks and debentures are local authority stocks and commercial bonds that are actively traded. The coupon rates vary from 3.94% to 4.88% (2022: 3.90% to 4.88%) with yields from 5.51 to 6.23% (2022: 3.47% to 4.77%). Purchases and sales are accounted for at settlement date. These assets are exposed to cash flow interest rate risk.

## 8.B. FAIR VALUE THROUGH REVENUE AND EXPENSE

Equity investments in non-listed companies (previously classified as AFS financial assets or held to maturity investments) are classified and measured as Equity instruments designated at fair value through OCI. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future.

Civic Financial Services Limited (formerly Civic Assurance) is the

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
LGFA borrower notes	239	194	239	194
Civic Financial Services Limited	23	23	23	23
<b>Total financial assets at fair value through OCI</b>	<b>262</b>	<b>217</b>	<b>262</b>	<b>217</b>

trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 0.20% (2022: 0.20%) shareholding in this entity and has no present intention to sell. Due to the immaterial size and nature of the Council's investment in Civic Financial Services Limited, the Council has estimated the fair value of this investment based on net asset backing as at 30 June 2023.

## DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Group's statement of financial position) primarily when:

- The rights to receive cash flows from the asset have expired or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset by has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

## IMPAIRMENT OF FINANCIAL ASSETS

At each balance date the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in surplus or deficit.

## 9. INCOME TAX

### CURRENT INCOME TAX

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by balance date.

### DEFERRED INCOME TAX

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arose from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

At 30 June 2023, there was no recognised deferred tax liability (2022: nil) for taxes that would be payable on the unremitted earnings of the Group's controlled entity. The Group has determined that undistributed profits of its controlled entity will not be distributed in the foreseeable future. The parent does not foresee such a consent being given at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

Current and deferred tax is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is charged or credited directly to equity.

## BREAKDOWN OF TAXES AND FURTHER INFORMATION

The major components of taxation expense are:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Current tax expense</b>				
Current year income tax charge	-	-	526	224
Adjustments to current tax in prior years	-	-	-	-
<b>Total current tax expense</b>	-	-	<b>526</b>	<b>224</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	-	-	140	164
Recognition of previously unrecognised tax losses	-	-	-	-
<b>Total deferred tax expense</b>	-	-	<b>140</b>	<b>164</b>
<b>Income tax expense reported in the statement of financial performance</b>	-	-	<b>666</b>	<b>388</b>

Reconciliation of tax on the surplus / (deficit) and tax expense:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Surplus / (deficit) for the period before taxation	4,360	10,347	3,620	10,509
Less: non assessable surplus / (non qualifying deficit)	-4,360	-10,347	-4,046	-9,125
Assessable profits	-	-	2,954	1,384
Income tax based on domestic tax rate – 28% (2021: 28%)	-	-	658	388
Plus taxation effect of permanent differences	-	-	-	-
Effect of non-deductible expenses	-	-	9	0
<b>Income tax expense reported in the statement of financial performance</b>	-	-	<b>666</b>	<b>388</b>

Movement in deferred tax asset:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Opening balance	-	-	388	224
Current year charge	-	-	-140	164
Use of prior year recognised loss and other movement not recognised	-	-	-	0
<b>Closing balance</b>	-	-	<b>248</b>	<b>388</b>

The Council has taxable income from commercial operations at the Wairoa airport and the landfill (prior to Smart Environmental Limited providing Solid Waste management services for the Council). The imputation credits attached to dividends received from QRS offset the tax payable which results in a nil tax bill. These tax losses are not carried on the balance sheet as the Council does not expect to make taxable profits in the future against which these carry forward losses could be utilised.

The Council holds \$472,893 in tax losses which had accumulated over a number of years. These losses were primarily due to the “grossing-up” of excess imputation credits attached to dividends received from QRS. No subvention purchase was made in the 2023 year (2022: nil). The balance of losses held by Council at 30 June 2023 is \$472,893 (2022: \$541,558).

Deferred income tax as at 30 June relates to the following:

	Council				Group			
	Statement of financial position		Statement of financial performance		Statement of financial position		Statement of financial performance	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Deferred tax liabilities</b>								
Contract retentions	-	-	-	-	256	71	-185	57
Future amortisation	-	-	-	-	15	16	1	3
Right of use assets	-	-	-	-	103	6	-	-
<b>Gross deferred tax liabilities</b>	-	-	-	-	<b>374</b>	<b>93</b>	<b>-184</b>	<b>60</b>
<b>Deferred tax assets</b>								
Doubtful debts	-	-	-	-	6	-	6	-
Subcontractor retentions	-	-	-	-	30	2	28	-22
Provisions								
• Annual leave	-	-	-	-	110	98	12	13
• Staff gratuities	-	-	-	-	7	7	-	-7
• Sick leave	-	-	-	-	8	9	-1	2
• Time in lieu	-	-	-	-	52	35	16	6
Long service leave	-	-	-	-	17	16	1	-
Aftercare	-	-	-	-	25	48	-23	1
Lease asset depreciation	-	-	-	-	-	-	17	10
Operating lease payments	-	-	-	-	-	-	-21	-10
Lease interest	-	-	-	-	-	-	6	-
ACC premiums	-	-	-	-	-	-	-	-
Maintenance accruals	-	-	-	-	-	-	-	-3
Construction accruals	-	-	-	-	-	-	-	-
Corporate accruals	-	-	-	-	20	2	17	-152
Contract liabilities	-	-	-	-	137	146	-9	-81
Future depreciation	-	-	-	-	272	278	-5	19
Lease liability	-	-	-	-	106	6	-	-
<b>Deferred tax assets</b>	-	-	-	-	<b>789</b>	<b>646</b>	<b>44</b>	<b>-224</b>
<b>Net deferred tax assets</b>	-	-	-	-	<b>415</b>	<b>553</b>	-	-
<b>Deferred tax income (expense)</b>	-	-	-	-	-	-	<b>-140</b>	<b>-164</b>

## 10. TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables as at 30 June are:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Current</b>				
Trade payable - exchange transactions	11,501	4,921	11,247	5,999
Taxes payable	21	9	346	167
Employee benefits	810	832	1,654	1,532
Trust funds and deposits	55	81	55	81
Revenue in advance	4,029	1,095	4,029	1,095
<b>Total current</b>	<b>16,416</b>	<b>6,938</b>	<b>17,331</b>	<b>8,874</b>
<b>Non-current</b>				
Employee benefits	49	49	109	105
Trade payable - exchange transactions	-	-	-	-
<b>Total non-current</b>	<b>49</b>	<b>49</b>	<b>109</b>	<b>105</b>
<b>Total trade and other payables</b>	<b>16,465</b>	<b>6,987</b>	<b>17,440</b>	<b>8,979</b>

## EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and are normally settled on terms varying between seven days and the 20th of the month following the invoice date, therefore the carrying value approximates their fair value. Most of Council's payables are exchange transactions as they are directly with another party on an arm's length basis. Non-exchange payables are classified as either taxes (e.g. PAYE and GST) or transfers payable (e.g. Council grants).

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Exchange transactions</b>				
Trade payables and accruals	11,501	4,921	11,247	5,999
<b>Total trade payable - exchange transactions</b>	<b>11,501</b>	<b>4,921</b>	<b>11,247</b>	<b>5,999</b>

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Taxes payable</b>				
GST	-	-	325	158
PAYE	21	9	21	9
<b>Total taxes payable</b>	<b>21</b>	<b>9</b>	<b>346</b>	<b>167</b>

## PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive revenue and expense net of any reimbursement. Refer to Note 18 for further information about the recorded landfill and quarry aftercare provision.

## EMPLOYEE BENEFITS

### Short-term employee entitlements

Employee benefits which the Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

A provision for employee benefit liabilities is recognised as a liability when benefits are earned but not paid. This provision includes salaries and wages accrued up to balance date, holiday leave earned, but not yet taken at balance date, retirement and long service leave entitlements expected to be settled within 12 months)

Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

### Long-term employee entitlements

#### Retirement gratuities

The Council's retirement gratuities provision is a contractual entitlement for a reducing number of employees who, having qualified with 10 years' continuous service will, on retirement, be entitled to a payment based on years of service (up to a maximum) and current salary. This entitlement has not been offered to Council employees since 1990. Based on the age of remaining participants the provision may not be extinguished until 2030, assuming retirement at age 65.

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlement information.

The gross retirement gratuities provision as at 30 June 2023, after discounting is \$49,388 (2022: \$49,388). This figure is inflation adjusted using the Treasury-defined long-term salary discount factor of 3.01% (2022: 3.01%).

#### Superannuation

Defined contribution pension plan obligations are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Current</b>				
<b>Short-term benefits</b>				
Payroll accruals	44	55	414	327
Holiday leave	766	777	1,240	1,205
<b>Total current employee benefits</b>	<b>810</b>	<b>832</b>	<b>1,654</b>	<b>1,532</b>
<b>Non-current</b>				
<b>Long-term benefits</b>				
Retirement gratuities provision	49	49	49	49
Long service leave	-	-	60	56
<b>Total non-current employee benefits</b>	<b>49</b>	<b>49</b>	<b>109</b>	<b>105</b>
<b>Total employee benefit liabilities and provisions</b>	<b>859</b>	<b>881</b>	<b>1,763</b>	<b>1,637</b>

## TRUST FUNDS AND DEPOSITS

The trust funds are restricted cash with their purpose limited to use by the group "Safer Community Committee".

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Deposits	51	77	51	77
Trust funds	4	4	4	4
<b>Total trust fund and deposits</b>	<b>55</b>	<b>81</b>	<b>55</b>	<b>81</b>

## REVENUE IN ADVANCE

Any exchange or non-exchange trade receivable where an overpayment of the account has been recorded is reclassified as a trade payable. The carrying amount is the actual amount of overpayment and is considered to be the fair value.

Subsidy and grants: Council and the Group have received non-exchange transfer monies for specific purposes, which apply to periods beyond the current year, with conditions that would require the return of the monies if they are not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditions are fulfilled over time.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Exchange transactions</b>				
Other income in advance	62	151	62	151
<b>Taxes</b>				
Rates	637	657	637	657
<b>Transfers</b>				
Subsidies and grants	3,330	287	3,330	287
<b>Total revenue in advance</b>	<b>4,029</b>	<b>1,095</b>	<b>4,029</b>	<b>1,095</b>

## 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

- Operational assets – these include land, buildings, library books, furniture, office equipment and motor vehicles
- Restricted assets – restricted assets are parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets - infrastructure assets are the roads, bridges and fixed utility systems owned by the Council. 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 is shown at cost or valuation, less accumulated depreciation and impairment losses.

## INITIAL RECOGNITIONS AND SUBSEQUENT EXPENDITURE

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Group, and if the item's cost or fair value can be measured reliably.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Note 18 for further information about the recorded landfill and quarry aftercare provision. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

## MEASUREMENT SUBSEQUENT TO INITIAL RECOGNITION

Subsequent to initial recognition, property, plant and equipment are measured using either the cost model or the revaluation model. Roads and Three Waters assets are carried at fair value, less impairment losses and accumulated depreciation recognised after the date of the revaluation. All other asset classes are carried at depreciated historical cost.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The valuation cycle for revalued asset classes is normally three years. Revaluation is performed on a class-by-class basis. If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued.

Increases in assets carrying amounts, due to revaluation, are recorded as a revaluation surplus in other comprehensive revenue and credited to the asset revaluation reserves in equity. Decreases in asset carrying amounts decrease revaluation reserves in equity only to the extent that the class of asset has sufficient reserves to absorb the reduction. All other decreases are charged to the statement of comprehensive revenue and expense. If a revaluation increase reverses a decrease previously recognised in the statement of comprehensive revenue and expense, the increase is recognised first in the statement of comprehensive revenue and expense to reverse any previous reduction.

Operational land and buildings were valued at fair value effective from 30 June 2005. The Council has elected to use the fair value of operational land and buildings as at 30 June 2005 as deemed cost. Operational land and buildings are no longer revalued.

Restricted land and buildings were valued at fair value effective from 30 June 2005. The Council has elected to use the fair value of restricted land and buildings as at 30 June 2005 as deemed cost. Restricted land and buildings are no longer revalued.

Infrastructure assets (roads, water treatment and reticulation, sewerage treatment and reticulation and stormwater systems) are carried at fair value on a depreciated replacement cost (DRC) basis as assessed by an independent valuer. At balance date the Council assesses the carrying values of its infrastructure assets to ensure that they do not differ materially from the assets' fair value. If there is a material difference, then the off-cycle asset classes are revalued. Any additions since valuation are carried at depreciated cost.

Land under roads was valued on the basis of fair value of adjacent land as at 30 June 2005. The Council has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost.

Plant and equipment (including leased equipment under finance leases) are measured at cost, net of accumulated depreciation and impairment losses, if any.

## DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment for the Council other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

QRS uses the diminishing value basis for depreciating plant, equipment and motor vehicles, office equipment and furniture, and computer hardware.

Category	Estimated Life (Years)
Quarries	30-40
Buildings	30-40
Other improvements	10-50
Plant, equipment and vehicles	4-10
Library collection	2-10
Office equipment, furniture & fittings	5-10
Computer equipment	4-5

Sewerage	
Structures	50
Oxidation ponds	40
Pipes	80-120
Manholes	80
Pumps	10-35
Plant	10-35
Resource consents	25
Stormwater	
Reticulation piping	50-100
Culverts	50-120
Manholes/sumps	50-100
Open drains	Not depreciated
Water Supply	
Structures	50
Pumps	15-35
Reticulation piping	60-120
Meters	20
Hydrants	40
Resource consents	20-25
Reservoirs	80-100
Roads	
Top surface (seal)	14
Basecourse	100-120
Formation	Not depreciated
Bridges	20-80
Footpaths	15-40
Kerbs	50
Streetlights (poles)	50

Application of the estimated useful economic lives of assets is subject to change depending on the individual circumstances of the asset, particularly when assets are revalued and the valuers provide an annual depreciation figure.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. For revalued assets, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

## ASSETS HELD FOR SALE

As at 30 June 2023, two properties held by the Group were classified as held for sale. Prior to reclassification, the properties were recognised within the Group's property, plant and equipment as part of operational land and buildings classes. The carrying value of the properties as at 30 June 2023 was \$18,025. As the fair value of the assets less the cost to sell is not materially different to the carrying value, no impairment loss was recognised upon the reclassification of the equipment as held for sale. The sale of the equipment was expected to be completed by December 2023. The Group had two properties held for sale in 2022.

## POLICY ON REPLACEMENT OF ASSETS

The following policy was consulted on in 1999 and reconfirmed on 30th August 2006 with regards to depreciation. The Council has reviewed its assets and advises that the following assets will be depreciated but not rated for replacement.

1. Community halls
2. Housing
3. Camping ground
4. Roothing (Waka Kotahi subsidised portion of roading)
5. Community Centre
6. Loan-funded assets including the Māhia and Ōpoutama wastewater systems.

The above assets will be maintained on an ongoing basis at a level that meets the needs of the community. Where appropriate Council will cover each asset with insurance cover for fire, earthquake and natural catastrophe. The effects of this decision are that:

1. The existing assets will be available for many years to come.
2. Once an asset or part thereof reaches the point where it is considered unsafe to use then that asset will be removed, and replaced if the Council's Long Term Plan provides for this.
3. Should any asset under this policy be the subject of an insurance claim then, prior to reinstatement, Council will decide whether reinstatement of the asset should proceed or whether the service should be discontinued at the time of loss.
4. By not rating loss of service potential (depreciation) there is a reduction in rates payable by the present ratepayers.

### 2023 Depreciation not rated(Council Only)

	2023	
	Budget \$	Actual \$
Community halls	8	8
Housing	4	1
Camping ground	8	8
Roothing (Waka Kotahi subsidised portion of roading)	2,669	2,890
Community Centre	254	268
Loan-funded assets including the Māhia and Ōpoutama wastewater systems	281	717
Other assets	-	283
<b>Total depreciation not funded</b>	<b>3,224</b>	<b>4,175</b>

## IMPAIRMENT OF NON-FINANCIAL ASSETS

### Impairment of Cash Generating Assets

For non-financial cash-generating assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive revenue and expense.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

The following assets have specific characteristics for impairment testing:

#### *Intangible assets with indefinite useful life*

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use

#### **Impairment of Non-Cash Generating Assets**

For non-financial non-cash-generating assets, the Group assesses at each reporting date whether there is an indication that the carrying amount may not be recoverable. If any indication exists, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

In assessing value in use, the Group has adopted the depreciated replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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 surplus or deficit.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable service amount. A previously recognised impairment loss is

reversed only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

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 the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

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

## DERECOGNITION

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to accumulated comprehensive revenue and expense.

	Council											
	30 June 2022			Current year						30 June 2023		
	Cost / revaluation \$000	Accumulated depreciation & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated depreciation on disposals \$000	Additions \$000	Impairment charges \$000	Depreciation charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated depreciation & impairment \$000
Land	4,718	-3	4,715	-	-	-	-	-	-1	4,714	4,718	-4
Buildings	14,628	-4,372	10,256	-	-	-	45	-	-413	9,888	14,673	-4,785
Other Improvements	5,453	-2,839	2,614	-	-	-	301	-	-486	2,429	5,754	-3,325
Vehicles	921	-618	303	-	-	-	-	-	-138	165	921	-756
Furniture and office equipment	4,784	-3,614	1,170	-	-	-	139	-	-237	1,072	4,923	-3,851
Library collections	686	-563	123	-	-	-	37	-	-14	146	723	-577
<b>Total non- infrastructural assets</b>	<b>31,190</b>	<b>-12,009</b>	<b>19,181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>522</b>	<b>-</b>	<b>-1,289</b>	<b>18,414</b>	<b>31,712</b>	<b>-13,298</b>
Roading	237,106	-36,151	200,955	146,646	-	-	10,616	-19,224	-3,314	335,679	394,368	-58,689
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	30,764	-4,219	26,545	13,096	-2,556	-	1,776	-17,452	-1,189	20,220	43,080	-22,860
Water supply - treatment plant & facilities	6,637	-861	5,776	2,210	-	-	256	-	-218	8,024	9,103	-1,079
Water supply - other assets	20,254	-1,972	18,282	6,637	-	-	170	-	-608	24,481	27,061	-2,580
Sewerage - treatment plant & facilities	15,623	-1,324	14,299	7,638	-	-	2,646	-	-625	23,958	25,907	-1,949
Sewerage - other assets	8,259	-	8,259	-	-	-	-	-	-	8,259	8,259	-
Stormwater	8,098	-1,000	7,098	3,376	-	-	211	-	-297	10,388	11,685	-1,297
Parking	315	-64	251	-	-	-	-	-	-	251	315	-64
<b>Total infrastructural assets</b>	<b>332,400</b>	<b>-45,591</b>	<b>286,809</b>	<b>179,603</b>	<b>-2,556</b>	<b>-</b>	<b>15,675</b>	<b>-36,676</b>	<b>-6,251</b>	<b>436,604</b>	<b>525,122</b>	<b>-88,518</b>
<b>Total assets</b>	<b>363,590</b>	<b>-57,600</b>	<b>305,990</b>	<b>179,603</b>	<b>-2,556</b>	<b>-</b>	<b>16,197</b>	<b>-36,676</b>	<b>-7,540</b>	<b>455,018</b>	<b>556,839</b>	<b>-101,816</b>
Capital work in progress	9,514	-	9,514	-	-	-	-3,421	-	-	6,093	6,093	-
<b>Total assets including work in progress</b>	<b>373,104</b>	<b>-57,600</b>	<b>315,504</b>	<b>179,603</b>	<b>-2,556</b>	<b>-</b>	<b>12,776</b>	<b>-36,676</b>	<b>-7,540</b>	<b>461,111</b>	<b>562,927</b>	<b>-101,816</b>



	Group											
	30 June 2022			Current year						30 June 2023		
	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000	Carrying amount \$'000	Revaluation \$'000	Disposal \$'000	Accumulated depreciation on disposals \$'000	Additions \$'000	Impairment charges \$'000	Depreciation charges \$'000	Carrying amount \$'000	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000
Land	5,141	-395	4,746	-	-	-	-	-	-1	4,745	5,141	-396
Buildings	16,392	-4,873	11,519	-	-	-	3,065	-	-453	14,131	19,457	-5,326
Other Improvements	5,454	-2,839	2,615	-	-	-	301	-	-486	2,430	5,755	-3,325
Vehicles	14,300	-9,623	4,677	-	-943	815	2,768	-	-1,153	6,164	16,125	-9,961
Furniture and office equipment	5,238	-3,948	1,290	-	-9	4	195	-	-266	1,214	5,424	-4,210
Library collections	686	-562	124	-	-	-	37	-	-14	147	723	-576
<b>Total non- infrastructural assets</b>	<b>47,211</b>	<b>-22,240</b>	<b>24,971</b>	<b>-</b>	<b>-952</b>	<b>819</b>	<b>6,366</b>	<b>-</b>	<b>-2,373</b>	<b>28,831</b>	<b>52,625</b>	<b>-23,794</b>
Roading	235,096	-36,152	198,944	146,646	-	-	9,672	-19,224	-3,314	332,724	391,414	-58,690
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	30,764	-4,219	26,545	13,096	-2,556	-	1,776	-17,452	-1,189	20,220	43,080	-22,860
Water supply - treatment plant & facilities	6,637	-861	5,776	2,210	-	-	256	-	-218	8,024	9,103	-1,079
Water supply - other assets	20,254	-1,972	18,282	6,637	-	-	170	-	-608	24,481	27,061	-2,580
Sewerage - treatment plant & facilities	15,623	-1,324	14,299	7,638	-	-	2,646	-	-625	23,958	25,907	-1,949
Sewerage - other assets	8,259	-	8,259	-	-	-	-	-	-	8,259	8,259	-
Stormwater	8,098	-1,000	7,098	3,376	-	-	211	-	-297	10,388	11,685	-1,297
Parking	315	-64	251	-	-	-	-	-	-	251	315	-64
<b>Total infrastructural assets</b>	<b>330,390</b>	<b>-45,592</b>	<b>284,798</b>	<b>179,603</b>	<b>-2,556</b>	<b>-</b>	<b>14,731</b>	<b>-36,676</b>	<b>-6,251</b>	<b>433,649</b>	<b>522,168</b>	<b>-88,519</b>
<b>Total assets</b>	<b>377,601</b>	<b>-67,832</b>	<b>309,769</b>	<b>179,603</b>	<b>-3,508</b>	<b>819</b>	<b>21,097</b>	<b>-36,676</b>	<b>-8,624</b>	<b>462,480</b>	<b>574,793</b>	<b>-112,313</b>
Capital work in progress	9,514	-	9,514	-	-	-	-3,421	-	-	6,093	6,093	-
<b>Total assets including work in progress</b>	<b>387,115</b>	<b>-67,832</b>	<b>319,283</b>	<b>179,603</b>	<b>-3,508</b>	<b>819</b>	<b>17,676</b>	<b>-36,676</b>	<b>-8,624</b>	<b>468,573</b>	<b>580,886</b>	<b>-112,313</b>

	Council											
	30 June 2021			Prior Year						30 June 2022		
	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000	Carrying amount \$'000	Revaluation \$'000	Disposal \$'000	Accumulated depreciation on disposals \$'000	Additions \$'000	Impairment charges \$'000	Depreciation charges \$'000	Carrying amount \$'000	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000
Land	4,708	-2	4,706	-	-3	-	13	-	-1	4,715	4,718	-3
Buildings	14,634	-3,971	10,663	-	-29	14	23	-	-415	10,256	14,628	-4,372
Other Improvements	5,891	-2,832	3,059	-	-612	372	174	-	-379	2,614	5,453	-2,839
Vehicles	894	-517	377	-	-49	49	76	-	-150	303	921	-618
Furniture and office equipment	4,594	-3,358	1,236	-	-	-	190	-	-256	1,170	4,784	-3,614
Library collections	654	-551	103	-	-	-	32	-	-12	123	686	-563
<b>Total non- infrastructural assets</b>	<b>31,375</b>	<b>-11,231</b>	<b>20,144</b>	<b>-</b>	<b>-693</b>	<b>435</b>	<b>508</b>	<b>-</b>	<b>-1,213</b>	<b>19,181</b>	<b>31,190</b>	<b>-12,009</b>
Roading	201,860	-8,661	193,199	30,990	-391	95	4,647	-24,843	-2,742	200,955	237,106	-36,151
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	30,204	-3,205	26,999	-	-	-	560	-	-1,014	26,545	30,764	-4,219
Water supply - treatment plant & facilities	6,263	-684	5,579	364	-	-	10	-	-177	5,776	6,637	-861
Water supply - other assets	16,139	-1,539	14,600	1,363	-	-	2,752	-	-433	18,282	20,254	-1,972
Sewerage - treatment plant & facilities	10,529	-889	9,640	1,540	-	-	3,554	-	-435	14,299	15,623	-1,324
Sewerage - other assets	8,259	-	8,259	-	-	-	-	-	-	8,259	8,259	-
Stormwater	7,598	-745	6,853	500	-	-	-	-	-255	7,098	8,098	-1,000
Parking	315	-64	251	-	-	-	-	-	-	251	315	-64
<b>Total infrastructural assets</b>	<b>286,511</b>	<b>-15,787</b>	<b>270,724</b>	<b>34,757</b>	<b>-391</b>	<b>95</b>	<b>11,523</b>	<b>-24,843</b>	<b>-5,056</b>	<b>286,809</b>	<b>332,400</b>	<b>-45,591</b>
<b>Total assets</b>	<b>317,886</b>	<b>-27,018</b>	<b>290,868</b>	<b>34,757</b>	<b>-1,084</b>	<b>530</b>	<b>12,031</b>	<b>-24,843</b>	<b>-6,269</b>	<b>305,990</b>	<b>363,590</b>	<b>-57,600</b>
Capital work in progress	3,243	-	3,243	-	-	-	6,271	-	-	9,514	9,514	-
<b>Total assets including work in progress</b>	<b>321,129</b>	<b>-27,018</b>	<b>294,111</b>	<b>34,757</b>	<b>-1,084</b>	<b>530</b>	<b>18,302</b>	<b>-24,843</b>	<b>-6,269</b>	<b>315,504</b>	<b>373,104</b>	<b>-57,600</b>

	Group											
	30 June 2021			Prior Year						30 June 2022		
	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000	Carrying amount \$'000	Revaluation \$'000	Disposal \$'000	Accumulated depreciation on disposals \$'000	Additions \$'000	Impairment charges \$'000	Depreciation charges \$'000	Carrying amount \$'000	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000
Land	5,131	-394	4,737	-	-3	-	13	-	-1	4,746	5,141	-395
Buildings	15,548	-4,439	11,109	-	-29	14	873	-	-448	11,519	16,392	-4,873
Other Improvements	5,892	-2,832	3,060	-	-612	372	174	-	-379	2,615	5,454	-2,839
Vehicles	14,493	-9,676	4,817	-	-1,275	1,120	1,082	-	-1,067	4,677	14,300	-9,623
Furniture and office equipment	5,029	-3,651	1,378	-	-	-	209	-	-297	1,290	5,238	-3,948
Library collections	654	-550	104	-	-	-	32	-	-12	124	686	-562
<b>Total non- infrastructural assets</b>	<b>46,747</b>	<b>-21,542</b>	<b>25,205</b>	<b>-</b>	<b>-1,919</b>	<b>1,506</b>	<b>2,383</b>	<b>-</b>	<b>-2,204</b>	<b>24,971</b>	<b>47,211</b>	<b>-22,240</b>
Roading	200,365	-8,662	191,703	30,990	-391	95	4,132	-24,843	-2,742	198,944	235,096	-36,152
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	30,204	-3,205	26,999	-	-	-	560	-	-1,014	26,545	30,764	-4,219
Water supply - treatment plant & facilities	6,263	-684	5,579	364	-	-	10	-	-177	5,776	6,637	-861
Water supply - other assets	16,139	-1,539	14,600	1,363	-	-	2,752	-	-433	18,282	20,254	-1,972
Sewerage - treatment plant & facilities	10,529	-889	9,640	1,540	-	-	3,554	-	-435	14,299	15,623	-1,324
Sewerage - other assets	8,259	-	8,259	-	-	-	-	-	-	8,259	8,259	-
Stormwater	7,598	-745	6,853	500	-	-	-	-	-255	7,098	8,098	-1,000
Parking	315	-64	251	-	-	-	-	-	-	251	315	-64
<b>Total infrastructural assets</b>	<b>285,016</b>	<b>-15,788</b>	<b>269,228</b>	<b>34,757</b>	<b>-391</b>	<b>95</b>	<b>11,008</b>	<b>-24,843</b>	<b>-5,056</b>	<b>284,798</b>	<b>330,390</b>	<b>-45,592</b>
<b>Total assets</b>	<b>331,763</b>	<b>-37,330</b>	<b>294,433</b>	<b>34,757</b>	<b>-2,310</b>	<b>1,601</b>	<b>13,391</b>	<b>-24,843</b>	<b>-7,260</b>	<b>309,769</b>	<b>377,601</b>	<b>-67,832</b>
Capital work in progress	3,243	-	3,243	-	-	-	6,271	-	-	9,514	9,514	-
<b>Total assets including work in progress</b>	<b>335,006</b>	<b>-37,330</b>	<b>297,676</b>	<b>34,757</b>	<b>-2,310</b>	<b>1,601</b>	<b>19,662</b>	<b>-24,843</b>	<b>-7,260</b>	<b>319,283</b>	<b>387,115</b>	<b>-67,832</b>

## VALUATION: ROADING, BRIDGES AND PARKING INFRASTRUCTURAL ASSETS

Roading, bridges, and parking infrastructural assets are valued on a depreciated replacement cost basis. Replacement cost is the cost of building the existing infrastructure using present day technology but maintaining the originally designed level of service and performance. Replacement cost was calculated by multiplying asset quantities by unit cost rates factored to allow for other direct costs such as professional fees.

The following significant assumptions are used in determining the replacement cost of these assets:

- Estimating the replacement cost of the asset.
- Estimates of the useful lives for the purpose of calculating depreciation.
- Estimating any diminishment in the capacity of assets that would be required if the assets were replaced.

The revaluation for roading, bridges and parking was performed by independent valuer Rachel Wells and reviewed by Kerry Mayes, both of WSP, as at 30 June 2023. The carrying value of assets are the assessed fair value of the assets as per the conclusions of the revaluation reports. This reflects the fair value as at 30th June 2023. The revaluation includes impairments to the roading infrastructure assets totalling \$36,676,000 resulting from Cyclone Gabrielle flooding events in the Wairoa District. There are a number of assumptions and estimates used when performing depreciated replacement cost 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.
- 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 the Council 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 the Council'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 Council's asset management activities, which give the Council further assurance over its useful life estimates.

## VALUATION: WATER NETWORKS, WATER TREATMENT PLANTS AND WASTEWATER PUMP STATIONS

Water Networks, Treatment Plants, and Wastewater Pump Stations are valued using the optimised depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the optimised depreciated replacement cost method.

These include:

- Estimating the replacement cost of the asset.
- Estimates of the remaining useful life over which the asset will be depreciated.

Useful lives were determined with reference to the NZ Infrastructure Asset Valuation and Depreciation Guidelines 2006 as well as local conditions and knowledge.

The revaluation for Water Networks, Treatment Plants, and Wastewater Pump Stations was performed by independent valuer Thrainn Viggosson and reviewed by Kerry Mayes, both of WSP, as at 30 June 2023.

## 12. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit when the asset is derecognised.

## SOFTWARE ACQUISITION AND DEVELOPMENT

The Group holds several computer software packages for internal use, including purchased software and software developed in-house by the Group. Staff training costs and costs associated with maintaining computer software are recognised as expenses in surplus or deficit when incurred.

Costs incurred to configure or customise software in a cloud computing arrangement, are recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

## TRADEMARKS

A trademark is an exclusive right to use a phrase or term that has been approved on application by the New Zealand Intellectual Property Office. The Council owns three phrases: "Space Coast Aotearoa," "Space Coast New Zealand" and "Earth Base One." Acquired trademarks are capitalised on the basis of the costs incurred to acquire the specific trademark, which is considered to reflect the fair market value of the assets.

## EMISSIONS UNITS (CARBON CREDITS)

Carbon Credits, recognised as intangible assets upon acquisition by the Council, have been initially measured at fair value. Council's primary objective in acquiring carbon credits is environmental mitigation rather than utilising them as financial instruments for profit or investment purposes. Consequently, they have not been subject to subsequent revaluation in accordance with applicable accounting standards.

## AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use, and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expense. A summary of the policies applied to the Group's major classes of intangible assets is, as follows:

	Software	Trademarks	Emissions Trading Credits
Useful life	Finite: 3 years	Indefinite	Indefinite
Amortisation method	Straight line basis	Not amortised	Not amortised
Internally-generated or acquired	Some acquired and some internally-generated	Acquired	Acquired

## IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

### Trademarks

The trademarks held by the group have been registered with New Zealand Intellectual Property Office with the option to renew at the end of the period at little cost to the Group, which has allowed the Group to determine that these assets have indefinite useful lives. As trademarks are a non-cash-generating intangible asset, they were not allocated to a cash generating unit for the purpose of impairment testing.

The Group performed its annual impairment test for these trademarks in June 2023. No impairment loss has been recognised in relation to the trademarks (2022: nil).

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Software</b>				
Cost as at 1 July	795	795	1,103	1,089
Additions	3	-	3	26
Disposals	-	-	-	-12
<b>Total cost as at 30 June</b>	<b>798</b>	<b>795</b>	<b>1,106</b>	<b>1,103</b>

Accumulated amortisation and impairment 1 July	790	786	1,009	1,001
Current year amortisation charge	4	4	4	20
Disposals	-	-	18	-12
<b>Total accumulated amortisation and impairment at 30 June</b>	<b>794</b>	<b>790</b>	<b>1,031</b>	<b>1,009</b>
<b>Software carrying value 30 June</b>	<b>4</b>	<b>5</b>	<b>75</b>	<b>94</b>
<b>Trademarks</b>				
Cost as at 1 July	12	12	12	12
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Total cost as at 30 June</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
Accumulated amortisation and impairment 1 July	-	-	-	-
Current year amortisation charge	-	-	-	-
Disposals	-	-	-	-
<b>Total accumulated amortisation and impairment at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Trademarks carrying value 30 June</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Emissions Trading Credits</b>				
Cost as at 1 July	-	-	-	-
Additions	552	-	552	-
Disposals	-	-	-	-
<b>Total cost as at 30 June</b>	<b>552</b>	<b>-</b>	<b>552</b>	<b>-</b>
Accumulated amortisation and impairment 1 July	-	-	-	-
Current year amortisation charge	-	-	-	-
Disposals	-	-	-	-
<b>Total accumulated amortisation and impairment at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Emissions Trading Credits carrying value 30 June</b>	<b>552</b>	<b>-</b>	<b>552</b>	<b>-</b>
Net carrying value of intangible assets 1 July	17	21	106	100
<b>Net carrying value of intangible assets 30 June</b>	<b>568</b>	<b>17</b>	<b>639</b>	<b>106</b>

### 13. BIOLOGICAL ASSETS – FORESTRY

The Group's biological assets consist of forestry. Forestry assets are independently valued triennially at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and taking into consideration environmental, operational and market restrictions.

Gains or losses arising on the initial recognition of biological assets at fair value less estimated sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of comprehensive revenue and expense. The costs to maintain forestry assets are included in the statement of comprehensive revenue and expense.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Balance at 1 July	115	115	115	115
Increases due to purchase	-	-	-	-
Gains / (losses) arising from changes in fair value	-	-	-	-
<b>Balance at 30 June</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>

The Council owns 29.3 hectares (2022: 29.3 hectares) of forest, mostly *Pinus radiata*, which are at varying stages of maturity. No trees have been harvested during the year (2022: nil).

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

#### Valuation Assumptions

Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Future costs and revenue are discounted from the year in which they occur to the date of the valuation by applying an appropriate discount rate. The appropriate discount rate is determined by considering the implied discount rate based on recent sales of forests.

Council's forestry holdings were valued as at 30th June 2020 by registered valuer Trevor Kitchin of Telfer Young Limited (Hawkes Bay). This reflects the fair value as at 30th June 2020. Council considers that there have been no events that would give rise to a material change in this valuation during the year.

Significant assumptions applied in this determination of fair value are:

- A pre-tax discount rate of 8.00% has been used in discounting the present value of expected cash;
- Growing and harvesting costs and revenues are based on current and actual industry based costs and revenues experienced by similar forests in the wider district;
- The valuations involve the tree crop only and not the land under the trees;
- The valuation excludes any liabilities or credits associated with NZ units under the Emissions Trading Scheme.

At 30th June 2023 the scheduled triennial valuation was due but has not been performed. This decision aligns with our accounting policy, which mandates triennial valuations. However, there were exceptional circumstances preventing the valuation for this specific year.

### Financial Risk Management Strategies

The valuer identified that the forests owned by Council are sensitive to financial risks arising from changes in timber prices. The Council is a long-term forestry investor, and does not expect timber prices to decline significantly in the foreseeable future, therefore has not taken any measures to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

### 14. INVESTMENTS IN SUBSIDIARY

The Council's investment in its subsidiary is carried at cost less any impairment charges in the Council's own "parent entity" financial statements. There are no significant restrictions on the ability of the controlled entity to transfer funds to the Council in the form of cash distributions or to repay loans or advances.

In accordance with the company's Statement of Intent, an independent valuation was conducted by Price Waterhouse Coopers in May 2019. The 'fair market value' was assessed as being between \$7.1 million and \$8.8 million. Council carries this investment at cost in its balance sheet.

Information on inter-company transactions is included in Note 21.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Quality Roding and Services (Wairoa) Limited	1,250	1,250	-	-
<b>Total investment in subsidiary</b>	<b>1,250</b>	<b>1,250</b>	<b>-</b>	<b>-</b>

### 15. INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day maintenance of an investment property.

After initial recognition, the Council measures all investment property at cost less accumulated depreciation. Depreciation is provided on a straight-line basis on all investment property for the Council other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The fair value was not determined for the year ended 30 June 2022 as no market valuation was undertaken

Category	Estimated Life (Years)
Buildings	30-40
Furniture and Fittings	5-20

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in the statement of comprehensive revenue and expense in the year of derecognition.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cost as at 1 July	401	401	401	401
Disposals	-	-	-	-
Transferred from land and building assets	-	-	-	-
<b>Total cost at 30 June</b>	<b>401</b>	<b>401</b>	<b>401</b>	<b>401</b>
Accumulated depreciation as at 1 July	-32	-26	-32	-26
Current year depreciation charge	-8	-6	-8	-6
<b>Total accumulated depreciation as at 30 June</b>	<b>-40</b>	<b>-32</b>	<b>-40</b>	<b>-32</b>
Net carrying value of investment properties 1 July	369	375	369	375
<b>Net carrying value of investment properties 30 June</b>	<b>361</b>	<b>369</b>	<b>361</b>	<b>369</b>

	Council and Group	
	2023 \$	2022 \$
Rental revenue	19	32
Direct operating expenses from investment property generating revenue	-	1

## 16. LOAN TO SUBSIDIARY

As of June 30, 2023, Council has extended a loan to its Subsidiary, in the amount of \$1.026 million. The loan features a fixed interest rate of 5.719% and is due for full repayment in April 2029. This receivable loan is classified as a non-current asset in accordance with applicable accounting standards. The accounting treatment for the loan is in accordance with applicable accounting standards, recognizing a current portion as of the reporting date, reflecting the interest income expected to accrue within the next twelve months. The remaining portion of the loan is classified as a non-current asset.

Council recognises interest income over the loan term using the effective interest rate method. As of the reporting date, there are no indications of impairment, and Council continues to accrue interest income in accordance with the agreed terms.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Quality Roding and Services (Wairoa) Limited	1,036	-	-	-
<b>Total investment in subsidiary</b>	<b>1,036</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 17. BORROWINGS

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Current</b>				
Secured loans	11,500	1,500	11,966	1,584
<b>Total current</b>	<b>11,500</b>	<b>1,500</b>	<b>11,966</b>	<b>1,584</b>
Secured Loans	7,526	8,500	9,643	8,688
<b>Total non-current</b>	<b>7,526</b>	<b>8,500</b>	<b>9,643</b>	<b>8,688</b>
<b>Total borrowings</b>	<b>19,026</b>	<b>10,000</b>	<b>21,599</b>	<b>10,273</b>

## MATURITY ANALYSIS AND EFFECTIVE INTEREST RATES

The following is a maturity analysis of the Group's borrowings. There are no early repayment options.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Less than one year	11,500	1,500	11,966	1,584
Weighted average effective interest rate	4.88%	3.04%	5.05%	3.01%
Later than one year but less than two years	3,500	3,500	5,607	3,688
Weighted average effective interest rate	3.93%	2.19%	1.16%	2.49%
Later than two years but less than five years	3,000	5,000	3,000	5,000
Weighted average effective interest rate	4.25%	2.03%	4.25%	3.45%
Later than five years	1,026	-	1,026	-
Weighted average effective interest rate	5.72%	-	5.72%	-
<b>Total borrowings</b>	<b>19,026</b>	<b>10,000</b>	<b>21,599</b>	<b>10,272</b>

## FAIR VALUE OF BORROWINGS

The fair values are based on cash flows discounted using a rate based on the weighted average borrowing rate of 4.65% Council (2022: 2.95%) and 4.41% Group (2022: 2.94%). The carrying amounts of borrowings repayable within one year approximate their fair value. The Council and the Group do not have any floating rate debt.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Carrying amounts	19,026	10,000	21,599	10,272
Fair values	18,466	10,058	18,888	10,330

## SECURITY

The Council's loans are secured over either separate or general rates of the district.

QRS has term loan facilities secured over the carrying value of the companies assets. At 30 June 2023, QRS has a loan from CAT Finance who hold a specific security interest over a 2020 Caterpillar Motor Grader.

## INTERNAL BORROWING

The Council manages its borrowings in accordance with its funding and financial policies which includes an Investment and Liability Management Policy.

The Council holds internal borrowings for the following groups of activities:

	01 July Opening balance \$'000	Borrowed (repaid) in year \$'000	30 June Closing balance \$'000
Water supply	1,640	-193	1,447
Stormwater and drainage	1,510	-197	1,313
Wastewater	5,530	150	5,680
Waste management	1,369	224	1,593
Transport	1,763	-306	1,457
Community facilities	389	-720	-331
Leadership and governance	110	770	880
Planning and regulatory	-150	-13	-163
Support services	2,905	-1,793	1,112
<b>Total internal borrowings</b>	<b>15,066</b>	<b>-2,078</b>	<b>12,988</b>

The Council uses an assumed internal interest rate of 4.65% (2022: 2.95%), consistent with its weighted average external borrowing rate, in relation to internal borrowing amounts. Interest charges for the year are:

	Interest charged	
	2023 \$	2022 \$
Water supply	76	60
Stormwater and drainage	70	47
Wastewater	257	69
Waste management	64	23
Transport	82	152
Community facilities	18	42
Leadership and governance	5	-21
Planning and regulatory	-7	-7
Support services	135	91
<b>Total internal interest charged</b>	<b>700</b>	<b>456</b>

## 18. LANDFILL AND QUARRY AFTERCARE PROVISIONS

### LANDFILL AFTERCARE PROVISION

The management of the landfill will influence the timing of recognition of some liabilities. The long term nature of the liability means that there are inherent uncertainties in estimating costs

that will be incurred. The cash outflows for landfill post-closure are expected to occur within the next 8 years. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas. Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

This note discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision. The Council has assumed that the aftercare provision for Wairoa Landfill is operative until 2060, based upon the resource consent issued by the Hawke's Bay Regional Council which will need to be extended in 2031. There is capacity available for this extension. The Council has a responsibility under the resource consent to provide for ongoing maintenance and monitoring of the landfill site.

The following key assumptions have been used in calculating the landfill rehabilitation provision:

- Estimated year of closure: 2027 (2022: 2025)
- Length of post-closure monitoring period: 33 years (2022: 35 years)
- Total expected cash outflow – undiscounted: \$1.378m (2022: \$1.327m)
- Discount rate: 4.85% (2022: 3.77%)

There are closure and post-closure responsibilities such as the following:

#### Closure responsibilities

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for monitoring and recovery of gas

#### Post-closure responsibilities

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control systems
- Ongoing site maintenance for drainage systems, final cover and vegetation

#### Landfill post closure costs

The Māhia landfill was closed and capped in 2004 and aftercare of the landfill finished in 2014. There is however ongoing monitoring of the bores with an estimated annual cost (at today's dollar values) of \$3,000 per annum.



	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Opening balance	1,306	1,197	1,306	1,197
Movement in provision	72	109	72	109
Amount utilised	-	-	-	-
<b>Landfill post closure costs – closing balance</b>	<b>1,378</b>	<b>1,306</b>	<b>1,378</b>	<b>1,306</b>
Current	-	-	-	-
Non-current	1,378	1,306	1,378	1,306
<b>Landfill post closure costs – closing balance</b>	<b>1,378</b>	<b>1,306</b>	<b>1,378</b>	<b>1,306</b>

## 19. EQUITY

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into a number of components to enable clearer identification of the specified uses of equity within the Council and the Group.

The components of equity are accumulated funds and retained earnings, revaluation reserves which include a fair value through other comprehensive revenue and expense reserve and restricted funds which comprise special fund reserves.

Special reserves are restricted by Council decision and subject to specific conditions of use. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met. The Council may alter them without references to any third party or the Courts. Transfers to or from these reserves are at the discretion of the Council.

Wairoa District Council has the following Council created special reserves:

- A disaster recovery reserve is held to fund Council's share of any costs relating to a natural disaster or unforeseen event.
- Reserves held for future asset purchases include proceeds from the sale of Council-owned infrastructure, land and buildings. These are held in the District development reserve and may be used towards the cost of purchasing or constructing new assets.
- A number of depreciation reserves are held to fund the renewal of infrastructure and other assets.
- Reserves held to meet future operational costs include administration reserves – funds carried over from one financial year to the next to match related expenditure, and retirement and restructuring reserves – to fund future retirement, redundancy, long service gratuities and costs associated with Council reorganisations.
- Reserves held for the repayment of debt as it matures.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Special reserves	24,656	22,524	24,656	22,524
Revaluation reserves	267,538	124,611	268,529	125,602
Ratepayer's equity	163,798	163,343	167,980	167,158
<b>Total equity</b>	<b>455,992</b>	<b>310,478</b>	<b>461,165</b>	<b>315,284</b>

## EQUITY MANAGEMENT

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments,

and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The primary objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long term assets that will benefit ratepayers in future generations. These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance. In order to achieve this objective the Council has asset management plans in place for major classes of assets, detailing renewal and programmed maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan and its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan. The Council monitors actual expenditure incurred against the Long Term Plan and Annual Plan. No changes were made in the equity management objectives, policies or processes for the year ended 30 June 2023.

## REVALUATION RESERVES

The revaluation reserves are used to record accumulated increases and decreases in the fair value of certain asset classes. Revaluation movements are non-cash in nature and represent the restating of the Council's assets, subject to revaluation, into current dollar values after taking into account the condition and remaining lives of the assets.

The result of any revaluation of the Group's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is transferred to the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, and with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment. Any impairment in a revalued class of asset is recognised within other comprehensive revenue and expense and the portion relating to previous revaluation gains is taken to the asset revaluation reserve.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount. While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Revaluation reserves - opening balance	124,611	115,251	125,602	116,242
Net transfer from asset revaluation reserve on disposal	-	-	-	-
Revaluation recognised in other comprehensive revenue and expense	142,927	9,914	203,219	9,914
<b>Revaluation reserves - closing balance</b>	<b>267,538</b>	<b>124,611</b>	<b>268,529</b>	<b>125,602</b>

#### RATEPAYERS EQUITY (RETAINED EARNINGS)

Retained earnings are accumulated surpluses and deficits from operations not transferred to special or restricted reserves over the life of the council.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Ratepayer's equity - opening balance	163,343	156,124	167,158	160,165
Surplus (deficit) for year	2,587	10,347	2,954	10,121
Transfers to special reserves	-3,717	-5,243	-3,717	-5,243
Transfers from special reserves	1,585	1,561	1,585	1,561
Transfers from revaluation reserves	-	554	-	554
<b>Ratepayer's equity - closing balance</b>	<b>163,798</b>	<b>163,343</b>	<b>167,980</b>	<b>167,158</b>

## SPECIAL RESERVES

	01 July 2022 Opening balance \$000	Transfer to \$000	Transfer from \$000	30 June 2023 Closing balance \$000
<b>Reserves held for emergency purposes</b>				
Disaster recovery reserve	816	33	0	849
<b>Total reserves held for emergency purposes</b>	<b>816</b>	<b>33</b>	<b>0</b>	<b>849</b>
<b>Reserves held for future asset purchases</b>				
District development fund	270	11	-	281
Asset and vehicle depreciation reserve	1,481	523	-91	1,913
Information systems renewal reserve	574	124	-51	648
Water production depreciation reserve	1,009	315	-46	1,278
Water reticulation depreciation reserve - Wairoa	3,047	623	-2	3,668
Water reticulation depreciation reserve - peri urban	136	5	-9	132
Water reticulation depreciation reserve - Tuai	60	2	-	62
Water reticulation depreciation reserve - Frasertown	52	2	-	54
Water reticulation depreciation reserve - Mahanga	15	1	-	16
Sewerage system depreciation reserve - Wairoa	1,970	621	-178	2,413
Sewerage system depreciation reserve - Tuai	336	13	-	349
Stormwater reticulation depreciation reserve - Wairoa	2,763	370	-	3,133
Stormwater reticulation depreciation reserve - Mahia	13	1	-	14
Parking area depreciation reserve	116	5	-13	108
Bridges depreciation reserve	-	-	-256	-256
Landfill/RTS depreciation reserve	923	319	-5	1,237
Airport runway depreciation reserve	-	20	-	20
Roading depreciation reserve	1,617	65	-746	936
Footpaths depreciation reserve	1,280	194	-15	1,459
Library book stocks depreciation reserve	209	24	-19	214
Pensioner housing depreciation reserve	199	47	-29	217
Parks and reserves depreciation reserve	325	176	-125	376
<b>Total reserves held for future asset purchases</b>	<b>16,395</b>	<b>3,471</b>	<b>-1,585</b>	<b>18,281</b>
<b>Reserves held for future operational costs</b>				
General purpose fund	595	24	-	619
Wairoa urban fund	292	12	-	304
Retirement and restructuring reserve	108	4	-	112
Tuai village reserve	143	6	-	149
<b>Total reserves held for future operational costs</b>	<b>1,138</b>	<b>46</b>	<b>-</b>	<b>1,184</b>
<b>Reserves held for repayment of maturing debt</b>				
Loan repayment reserve - external	2,510	100	-	2,610
Loan repayment reserve - internal	1,665	67	-	1,732
<b>Total reserves held for repayment of maturing debt</b>	<b>4,175</b>	<b>167</b>	<b>-</b>	<b>4,342</b>
<b>Total special funds reserves</b>	<b>22,524</b>	<b>3,717</b>	<b>-1,585</b>	<b>24,656</b>

## 20. RECONCILIATION OF OPERATING SURPLUS WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Net surplus/(deficit) for the period</b>	<b>205,806</b>	<b>20,261</b>	<b>206,173</b>	<b>20,035</b>
<b>Add/(deduct) non-cash items:</b>				
Depreciation	7,540	6,270	8,768	7,344
Loss on disposal of assets	2,556	6	2,667	74
Gain on sale of assets	-102	-19	-186	-177
Amortisation	4	4	22	20
Decrease (increase) in deferred taxation	-	-	140	164
Increase (decrease) in employee benefit provision	-22	59	(19)	62
Net (decrease) in bad debts provision	-344	365	(344)	365
Unrealised loss (gain) on investments	13	197	13	197
(Decrease) in landfill aftercare provision	72	-185	72	-185
Increase in quarry aftercare provision	-	-	(86)	4
Loss / (gain) revaluation	-212,345	-9,914	(212,345)	-
<b>Total non-cash items</b>	<b>12,304</b>	<b>17,044</b>	<b>14,001</b>	<b>27,963</b>
<b>Add/(deduct) movement in working capital<sup>1</sup>:</b>				
(Increase) decrease in rates receivable	201	-119	201	-119
(Increase) decrease in trade and other receivables	(9,168)	1,263	(8,398)	-1,530
Increase (decrease) in trade and other payables	9,500	-3,683	8,335	-963
Increase (decrease) in loans and other receivables	-	-	-	-
(Increase) decrease in GST receivable	204	281	204	281
Increase (decrease) in taxation payable	-	-	247	-56
(Increase) / decrease inventories	3	-4	27	188
<b>Total movement in working capital</b>	<b>747</b>	<b>-2,262</b>	<b>623</b>	<b>-2,199</b>
<b>Net cashflows from operating activities</b>	<b>13,044</b>	<b>14,782</b>	<b>14,617</b>	<b>25,764</b>

<sup>1</sup> Excluding non-cash items

## 21. TRANSACTIONS WITH RELATED PARTIES

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (Council and controlled entities) and key management personnel. Key management personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive and all members of the senior leadership team, being key advisors to the Council and Chief Executive.

There were close family members of key management personnel employed by the Council and Group. The terms and conditions of those arrangements are no more favourable than the Council and Group would have adopted if there was no relationship to the key management Personnel.

### Material related party transactions - key management personnel of Council

During the year, key management personnel, as part of normal local authority relationships, were involved in transactions with the Council such as payment of rates and purchases of rubbish bags or other Council services. These transactions were on normal commercial terms. Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillor's disclose their personal interests in a register available on the Council website.

There are no commitments from Council to key management personnel.

### Material Related Party Transactions - QRS

Council's purchase of services and sales income from QRS for the year were as follows:

	2023 \$000	2022 \$000
Revenue received by Council for services provided to QRS	88	32
Expenditure payments made by Council for services provided by QRS	25,465	12,028
Dividend received from QRS	0	383
Subvention payment from QRS	1,000	50
Current receivables and recoverables owing to the Council from QRS	3	1
Current payables owed by the Council to QRS	4,967	1,457

The receivable and payable balances are non-interest bearing and are to be settled on normal trading terms and conditions, except for \$848,885 (2022: \$237,298) of contract retentions which are payable at closure of defects liability period.

No related party transactions were forgiven or written off during the period (2022: nil).

## 22. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's and Council's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Group			
	Carrying amount		Fair value	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000

#### Financial assets

Other financial assets:

• At fair value through OCI	262	217	262	217
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#### Financial liabilities

Interest-bearing loans and borrowings:

• Fixed rate borrowings	21,599	10,273	18,888	10,330
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	Council			
	Carrying amount		Fair value	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000

#### Financial assets

Other financial assets:

• At fair value through OCI	262	217	262	217
-----------------------------	-----	-----	-----	-----

#### Financial liabilities

Interest-bearing loans and borrowings:

• Fixed rate borrowings	19,026	10,000	18,584	10,058
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Management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate borrowings are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the counterparty and the risk characteristics of the financed project.
- Fair value of the quoted shares and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of the remaining AFS financial assets is derived from quoted market prices in active markets. Due to the immaterial size and nature of the Council's investment in Civic Financial Services Limited, the Council has estimated the fair value of this investment based on net asset backing as at 30 June 2023.
- Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The carrying amounts of borrowings repayable within one year approximate their fair value.

## FAIR VALUE HIERACHY

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

### Level 1 – Quoted market price

Financial instruments with quoted prices for identical instruments in active markets.

### Level 2 – Valuation techniques using observable inputs

Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

### Level 3 – Valuation techniques with significant non-observable inputs

Financial instruments valued using models where one or more significant inputs are not observable.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as at 30 June:

	2023			2022		
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000

#### Financial assets carried at fair value

Financial assets at fair value through other comprehensive revenue and expense	831	-	-	2,561	-	-
Financial assets at fair value through OCI	-	262	-	-	217	-

#### Financial liabilities measured at amortised cost

Fixed rate borrowings	21,599	-	-	10,273	-	-
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The level 2 equity investments comprise the Group's LGFA borrower notes and investment in Civic Financial Services. There have been no transfers between Level 1 and Level 2 during the year.

## 23. FINANCIAL INSTRUMENT RISK

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As part of its normal operations, the Group is exposed to a number of risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Council's senior management oversees the management of these risks. The Council's senior management is supported by a FAR Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The FAR Committee provides assurance to the Council that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

The Group's exposure to identified credit, liquidity and market risks and the action that the Group has taken to minimise the impact of these risks is outlined below.

#### MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and AFS investments.

The sensitivity analyses in the following sections relate to the position as at 30 June 2023. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt are all constant at 30 June 2023.

The analyses exclude the impact of movements in market variables on provisions and the non-financial assets and liabilities. The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of comprehensive revenue and expense item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2023.

#### Interest Rate Risk

The interest rates on the Council's investments are disclosed in note 8 and on the Council's borrowings in note 17. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group can manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings, and a spread of maturities over several years. The Council's Investment and Liability Policy outlines the level of borrowing that is secured using fixed rate instruments. The Group's policy is to have no less than 50% of its borrowings at fixed rates of interest.

At 30 June 2023, 100% of the Group's borrowings are at a fixed rate of interest (2022: 100%). For the Council, 100% of all borrowings as at 30 June 2023 are at a fixed rate of interest (2022: 100%).

#### Interest Rate Sensitivity

The interest rate sensitivity is based on a reasonable possible

movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

At 30 June 2023 the Council and Group have no floating rate debt. Therefore a movement in interest rates has no effect on the Council or Group's interest expense.

#### Commodity Price Risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of materials for road maintenance and therefore requires a continuous supply of roading metal. This risk is mitigated by the fact that QRS mines its own metal. The risk is further mitigated by Government subsidies relating to roading which offset the costs to Council. If there is an increase in the volatility of the price of the raw materials, the Group will consider entering into various forward commodity purchase contracts in the future.

#### Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages equity price risk through diversification of the investment portfolio in accordance with the limits set out in the Council's Investment policy. Reports on the equity portfolio are reviewed on a regular basis.

At the reporting date, the listed equity securities at fair value was \$825,675(2022: \$2,542,100). A decrease of 10% on the NZX market index could have an impact of approximately \$82,567 (2022: \$254,210) on the surplus or equity/net assets attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity/net assets, and would not have an effect on surplus.

#### LIQUIDITY RISK

Liquidity risk is the risk that the Group may encounter difficulties in meeting financial liabilities as they fall due. The Group monitors and manages this risk in accordance with the Council's Investment and Liability Policy. The Group maintains sufficient funds to cover all obligations as they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and facilities, debentures, finance leases and hire purchase contracts. The Group mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within policy limits.

The Group's policy is that no more than 50% of borrowings should mature in the next 12-month period. Approximately 60% of the Group's debt will mature in less than one year at 30 June 2023 based on the carrying value of borrowings reflected in the financial statements (2022: 15%).

Expenses related to Cyclone Gabrielle have unexpectedly increased our need for operational funding, highlighting the importance of effective cash flow management, particularly given the ongoing variations in payment receipts and disbursements. Access to sources of funding is sufficiently available, and debt maturing within 12 months can be rolled over with existing lenders.

The Council remains adaptable to unforeseen events while maintaining a commitment to sound liquidity risk practices, promptly restoring liquidity risk management practices in line with established policies to ensure financial stability and continuity.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Contractual cashflows of financial liabilities</b>				
0-12 months	20,242	8,686	21,246	10,709
1-2 years	2,256	3,657	2,364	3,854
2-5 years	4,547	5,092	4,547	5,092
More than 5 years	49	49	109	105
<b>Contractual cashflows of financial liabilities</b>	<b>27,094</b>	<b>17,484</b>	<b>28,266</b>	<b>19,760</b>
<b>Represented by</b>				
Carrying amount as per the Statement of Financial Position	26,527	16,987	27,691	19,251
Future interest payable	567	497	575	509
<b>Contractual cashflows of financial liabilities</b>	<b>27,094</b>	<b>17,484</b>	<b>28,266</b>	<b>19,760</b>

## CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's maximum credit risk exposure for each class of financial instruments is as follows:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cash and cash equivalents	13,688	4,309	14,866	5,742
Trade and other receivables	14,106	4,232	15,380	6,107
<b>Total financial instruments with credit risk</b>	<b>27,794</b>	<b>8,541</b>	<b>30,246</b>	<b>11,849</b>

## Trade Receivable From Exchange Transactions

Customer credit risk in relation to trade receivables from exchange transactions is managed by the Council and the Council-controlled organisation subject to the Group's established policy, procedures and control relating to customer credit risk management.

The Group evaluates the concentration of risk with respect to trade receivables as low, the majority of the Group's receivables from non-exchange transactions arise from the Council's statutory functions. There are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Group does not hold collateral as security. The Group is not exposed to a material concentration of credit risk around rates and other receivables from non-exchange transactions as it has a large number of credit customers, mainly ratepayers, and has powers under the

Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

## Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group policy. Investments of surplus funds are made in accordance with the Council's Investment Policy. The Council's FAR Committee reviews investments as required. The Group aims to minimise the concentration of risks and therefore mitigate financial loss resulting from potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2023 is the carrying amounts as illustrated above.

## 24. CONTINGENCIES

Contingent liabilities and contingent assets are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Contingent assets are disclosed if it is probable the benefits will be realised.

## CONTINGENT ASSETS

A contingent asset is a future expected cashflow arriving out of council operations that has an inherent factor of uncertainty.

The Council entered into a 30 year targeted capital rating repayment plan for the connections of private individual's properties to a centralised wastewater network owned by the Council in the Māhia and Ōpoutama catchment areas. In terms of repayment of that cost, ratepayers were eligible to select an upfront payment, or to nominate between 3 and 30 years to repay the cost, plus interest through rates. The ordinary recovery of capital under a capital rating scheme is an instalment charged as a targeted rate, set with each year's rating resolution. In addition, an early repayment policy was adopted in 2016/17 for ratepayers to clear the remaining cost, exclusive of any future interest charges. The costs for the work commissioned by the Council on behalf of the ratepayers for these schemes were capitalised in the 2014/15 financial year.

The calculated value represents the amount owed and repayable under the scheme as at 30 June:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Balance at 1 July	856	1,041	856	1,041
Less: Charged through rates this financial year	(86)	-113	(86)	-113
Add back: Interest charged in rates	25	34	25	34
Less: Early repayment policy payments	(16)	-106	(16)	-106
<b>Balance at 30 June</b>	<b>779</b>	<b>856</b>	<b>779</b>	<b>1,041</b>

## CONTINGENT LIABILITIES

A contingent liability is a debt that may be incurred in the future, but for which there is no current actual liability owing or an event giving rise to an obligation.

There were no contingent liabilities at 30 June 2023.

## 25. COMMITMENTS

### FUTURE CONTRACTUAL COMMITMENTS

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Capital commitments</b>				
Infrastructural assets - Water system	-	5,905	-	5,905
Infrastructural assets - Roading network	-	32,036	-	10,655
Other	-	-	117	665
<b>Total capital commitments</b>	<b>-</b>	<b>37,941</b>	<b>117</b>	<b>17,225</b>
<b>Operational commitments</b>				
Maintenance and service contracts	194	6,059	194	6,059
<b>Total operational commitments</b>	<b>194</b>	<b>6,059</b>	<b>194</b>	<b>6,059</b>
<b>Total contractual commitments</b>	<b>194</b>	<b>44,000</b>	<b>311</b>	<b>23,284</b>

At balance date, QRS h had a capital commitment of \$117,392 for a grader. (2022: \$665,958) for a Hino truck and bitumen distributor).

The capital commitments above represent signed contracts in place at the end of the reporting period. The contracts will often span more than one financial year and may include capital expenditure carried forward from previous years.

### NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Council leases photocopy machines and a building in the ordinary course of its business. New leases for each were negotiated in the current year for a 5 year term. Leases are generally renewable at the end of the lease period at market rates.

The leases have the following characteristics:

- The lease does not transfer substantially all the risks and rewards incidental to ownership;
- The lease does not transfer ownership to the Council or Group at the end of the lease term;
- The leased asset is not of a specialised nature that only the lessee can use without modifications;
- The lessee cannot cancel the lease unilaterally unless the lessor is in material breach of contract, and gains and losses in the value of the equipment remain the risk of the lessor.

The amount of minimum payments for non-cancellable operating leases is recognised as an expense in Note 3. The future expenditure committed by these leases is analysed in the following table:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<b>Office equipment and vehicles</b>				
Up to one year	34	34	168	41
Later than one year and not later than five years	25	59	309	60
Later than five years	-	-	-	-
<b>Buildings</b>				
Up to one year	32	32	32	32
Later than one year and not later than five years	21	53	21	53
Later than five years	-	-	-	-
<b>Total non-cancellable operating lease commitments as lessee</b>	<b>112</b>	<b>178</b>	<b>530</b>	<b>186</b>



## 26. VARIANCES FROM THE ANNUAL PLAN

Explanations for major variances from the Council's estimated figures in the 2022/23 budget (Annual Plan 2022/2023) are as follows:

	Note	2023 variance \$'000
<b>Statement of comprehensive revenue and expense</b>		
<b>Revenue</b>		
Higher (lower) funding and grants received	(a)	28,413
Higher (lower) Miscellaneous revenue	(b)	117
<b>Expenditure</b>		
(Higher) lower Transport expenditure	(c)	-21,617
(Higher) lower Planning and regulatory expenditure	(d)	-6,761
<b>Revaluation Surplus</b>		
Higher (lower) Miscellaneous revenue	(e)	121,928
<b>Total variance in Statement of Comprehensive revenue and expenditure*</b>		<b>123,662</b>
<b>Statement of Financial Position</b>		
<b>Current Assets</b>		
Higher (Lower) Cash and cash equivalents	(f)	<b>10,895</b>
Higher (Lower) Trade and other receivables	(g)	<b>9,268</b>
<b>Current Liabilities</b>		
(Higher) Lower Trade and other payables	(h)	<b>-8,661</b>
(Higher) Lower Borrowings (Current)	(i)	<b>-8,000</b>
<b>Non-Current Assets</b>		
Higher (lower) Property, Plant and Equipment	(j)	<b>128,909</b>
<b>Equity</b>		
(Higher) Lower Movement in Equity	(k)	<b>-133,856</b>
* Actual variance, does not balance exactly to variances identified.		

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The Council's surplus was \$4.5 million higher than forecasted, and total comprehensive revenue and expense was \$160 million higher than forecasted. The net effect of the following items contributed to this variation:

- Subsidies and grants revenue exceeded the budget by \$28.4 million, mainly due to the Council's higher-than-expected road maintenance expenditure, driven by adverse weather events, including Cyclone Gabrielle. Consequently, the Council received increased reimbursements from relevant authorities, totalling \$19 million. Additionally, the Council secured \$6.2 million in funding to support the district's Cyclone Gabrielle recovery, which was not initially budgeted. Unexpected grants, such as \$295 thousand from MBIE for regional development and \$487 thousand in funding from DIA, also contributed to this revenue surplus.
- Miscellaneous revenue surpassed the budget by \$622 thousand, primarily attributed to the receipt of \$500 thousand in insurance funds related to Cyclone Gabrielle.
- Transport costs exceeded the budget by \$21.6 million, mainly due to the impact of Cyclone Gabrielle. Waka Kotahi's significant contribution towards these costs led to an increase in subsidy revenue.

- Planning and regulatory expenditure exceeded the budget by \$6.8 million, mainly due to the allocation of a majority of recovery costs associated with Cyclone Gabrielle to this activity, which is not covered by NZTA. It's worth noting that, similar to the transport situation, this increased expenditure was offset by a rise in subsidies and grants revenue.
- Overall revaluation surplus exceeded the budget by \$122 million. The increase in asset revaluations reflects rising contract rates and price indices.

## STATEMENT OF FINANCIAL POSITION

- Cash and cash equivalents are \$10.9 million higher than originally budgeted. This increase is primarily due to timing discrepancies in payments related to recovery work and the timing of funding received. Consequently, the Council had to borrow an additional \$8 million to address the escalating expenses related to Cyclone recovery and the heightened need for operational funding.
- Trade and other receivables exceeded budgeted amounts by \$9.3 million. Out of this total, \$3.7 million is attributed to the accrual of variance receivables, resulting from discrepancies in payments linked to recovery work and the timing of funding receipts. The Council has appropriately accrued these receivables in cases where we have already incurred the related expenses and has a high level of confidence in realising these funds.
- Trade and other payables exceeded budgeted amounts by \$8.7 million, primarily due to discrepancies in payments linked to recovery work and the timing of funding receipts. This increase is then offset by a similar rise in Trade and other receivables.
- The current portion of our borrowings has exceeded the budgeted amount by \$8 million. This increase is primarily a result of timing discrepancies in payments related to recovery work and the timing of funding received. Consequently, the Council needed to secure an additional \$8 million in borrowing to address the escalating expenses associated with Cyclone recovery and the heightened need for operational funding. This increase in borrowings also contributes to the rise in Cash and cash equivalents.
- Property, plant, and equipment have exceeded the budget by \$128.9 million, primarily due to revaluation.
- Equity is higher than budgeted by \$133.9 million, mainly due to revaluation and net of all other variances.

## 27. SIGNIFICANT EVENTS

### LOCAL GOVERNMENT REFORM

In the past financial year, central government has announced three tranches of local government reform. These reforms may have impacts on the Wairoa District Council responsibilities, operations and financial statements in future periods. The financial impact of the water services reform on the Council remains uncertain until the relevant water services entity's establishment date is known.

### Three Waters Reform

The Water Legislation Act and The Water Services Entities Act have been successfully passed. These critical Acts pave the way for the establishment of 10 water services entities, aligned with existing regional boundaries. Notably, they introduce a staggered timeline for the creation of these entities, with all of them scheduled to become operational between July 1, 2024, and July 1, 2026.

The significant impact of these legislative changes means that the District Council will undergo a substantial transformation. Specifically, the Council will no longer be responsible for providing three waters services or retaining ownership of the assets required for service delivery. Instead, all existing assets and liabilities

associated with three water services will be transferred to these newly established entities.

As at 30 June 2023, the carrying value of Council's Three Waters assets was \$75.1 million. Three Waters asset capital additions during the year were \$3.3 million and annual operating expenditure in relation to Three Waters assets was \$8.6 million.

For more information on the Three Waters Reform, please visit [www.dia.govt.nz/three-waters-reform-programme](http://www.dia.govt.nz/three-waters-reform-programme)

### **Resource Management Reform**

Over the past several years the Government has been on a journey to reform Aotearoa New Zealand's resource management system. The Natural and Built Environment Act and the Spatial Planning Act were passed into law on 23 August 2023. They will gradually phase in over about a 10-year period. Clean air and water; housing; infrastructure such as roads, hospitals and schools; renewable energy; farming; and commerce – are all impacted by these laws.

The Natural and Built Environment Act sets out how the environment will be protected and used. Natural and built environment plans will regulate the way in which a region's resources will be managed, how environmental limits and targets will be set locally, how to enable infrastructure and development, and how to resolve conflicts between outcomes.

The Spatial Planning Act mandates that each region will develop long-term spatial strategies. It is intended that this will create a more efficient planning system that anticipates future growth and increasing risks from natural hazards and climate change. It will identify where housing and infrastructure will go, earlier in the planning cycle. This will provide certainty to local and central government, as well as to developers and infrastructure providers, and enable them to better plan and fund their investments.

Implementing the new resource management system comes

at a time of change. The severe weather events in early 2023 demonstrated the reality of climate change, how widespread and costly the impacts can be, and the urgency to both reduce emissions and help communities be better prepared for the future. The events also underscored the importance of taking an integrated approach to effective resource management, climate mitigation and adaptation, and infrastructure planning to protect communities. The new legislation brings these dimensions of our wellbeing into a more future-focused framework to prepare our district for the challenges that lie ahead.

### **Local Government Reform**

Central Government has indicated a need to rethink the form, function and funding of local government in New Zealand. This is as a result of the impact of the Resource Management and Three Waters Reforms on local government responsibilities, combined with the need for a cohesive long term response to COVID-19, climate change and the opportunities that technological change present. It has been indicated that this reform will aim to incentivise and empower local government to work in partnership with central government to drive regional development, improve environmental outcomes and deliver on the wellbeing needs of communities.

This may result in new services, activities or responsibilities for Council. At this stage the outcome is uncertain and the annual report has been prepared on the basis that the delivery model will not change in the foreseeable future.

For more information on the Local Government Reform, please visit <https://www.dia.govt.nz/Future-for-Local-Government-Review>

## **28. ADOPTION OF THE ANNUAL REPORT**

Council adopted the Annual Report on 31 October 2023.

## FINANCIAL PRUDENCE BENCHMARKS

The government has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations) which has a series of measures and benchmarks, disclosed in the following pages.

Readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wairoa District Councils' results with other councils due to their size, location and provision of services.

### Annual Report disclosure statement for year ending 30 June 2023 - What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial

performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the regulations. Refer to the regulations for more information, including definitions of some of the terms used in this statement. Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2021-2031 Long Term Plan.

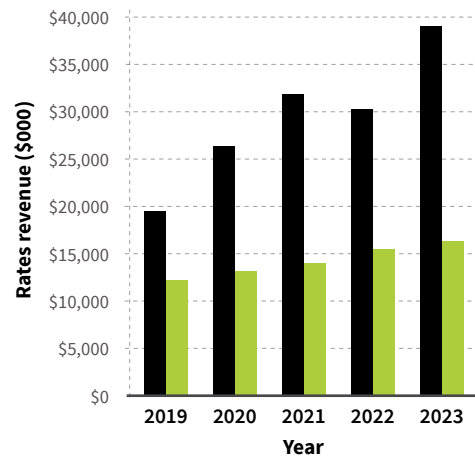
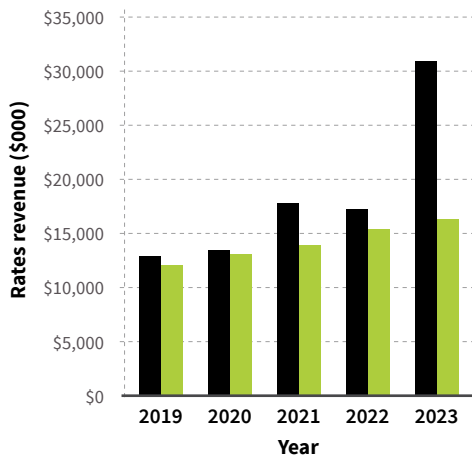
## RATES AFFORDABILITY BENCHMARK

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 graphs 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 Council has two measures for rates (income) affordability and these are set out below.



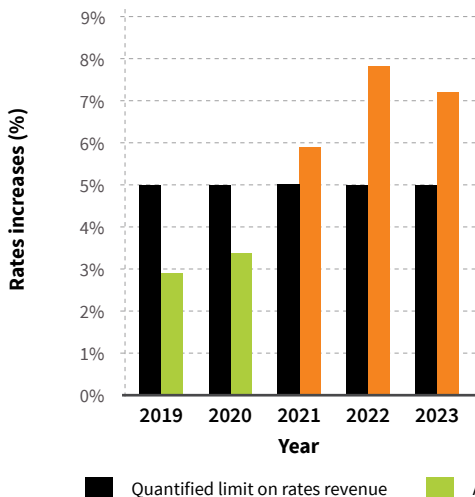
■ Quantified limit on rates revenue ■ Actual rates revenue (at or within limit) ■ Actual rates revenue (exceeds limit)

### Total Rates as a Percentage of Operating Costs

The quantified limit is that total rates (excluding capital contribution rates) will not exceed 60% of operating costs. .

### Total Rates as a Percentage of Cash Revenue

The quantified limit is that total rates (including capital contribution rates) shall not exceed 70% of total cash revenue.



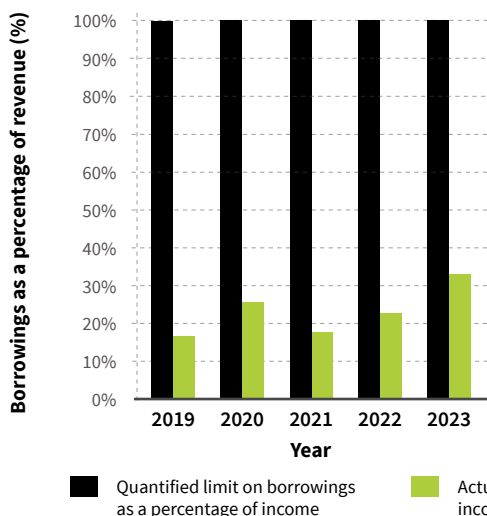
### Rates (Increases) Affordability

The graph on the left compares the Council's actual rates increase with a quantifiable limit on rates increases contained in the financial strategy included in the Council's Long Term Plan.

The quantified limit is that the maximum annual total rates increase shall not exceed 5%.

In its Annual Plan 2022/23 Council adopted a budget with a 9.1% net rates increase for the 2023 year.

## DEBT AFFORDABILITY BENCHMARK



The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit described in the Long Term Plan is debt as a percentage of income.

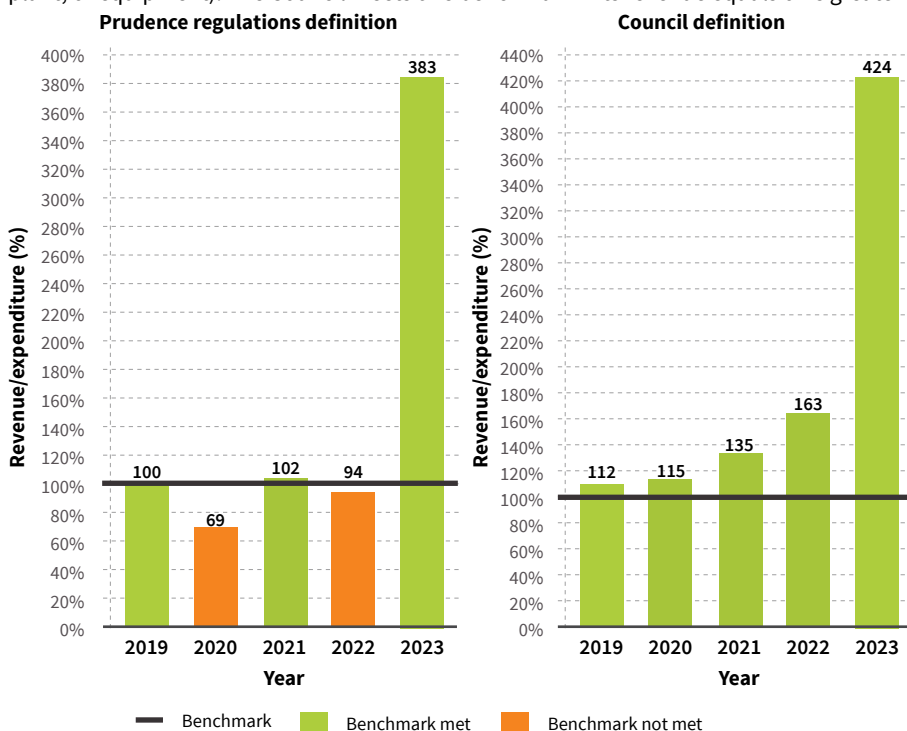
### Debt as Percentage of Income

The graph on the left compares the Council's debt with a quantified limit contained in the relevant Long Term Plan's financial strategy.

The quantified limit is that total borrowings will not exceed annual revenue.

## BALANCED BUDGET BENCHMARK

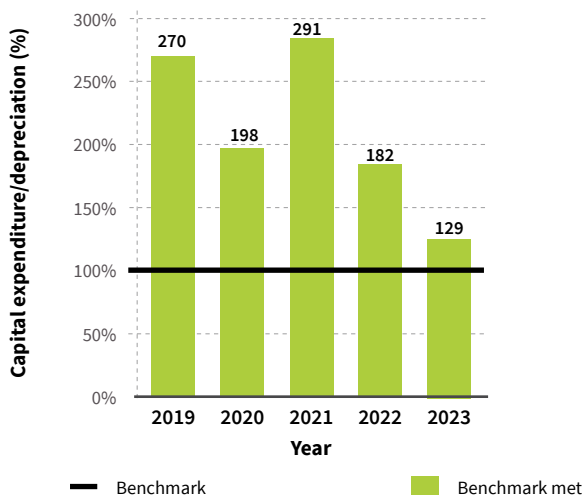
The LGA section 100(1) requires Council to have a balanced budget. This is defined in the regulations as Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments, and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



The LGA does allow the Council to budget for a deficit, if it resolves that it is financially prudent to do so. The Council acknowledges that it runs deficits from a balanced budget perspective because it does not fully rate fund depreciation. For this reason, the Council has defined its balanced budget target as the above definition modified to exclude costs and gains from asset sales and the Waka Kotahi capital subsidies (from 2021, this has been refined to capital subsidies related to renewals) from the calculation of revenue, offset by the depreciation not funded.

The "Council definition" graph shows this adjusted balanced budget calculation and demonstrates the effect of Council not rating for all depreciation charges.

## ESSENTIAL SERVICES BENCHMARK



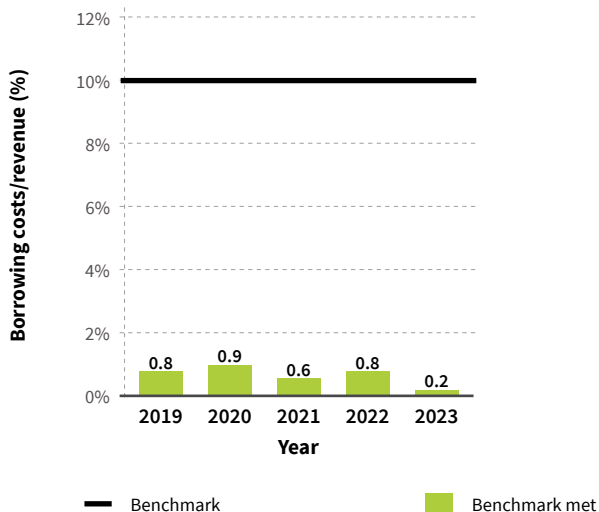
The graph on the left displays the Council's capital expenditure on network services as a proportion of expected depreciation on network services.

The council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

## DEBT SERVICING BENCHMARK

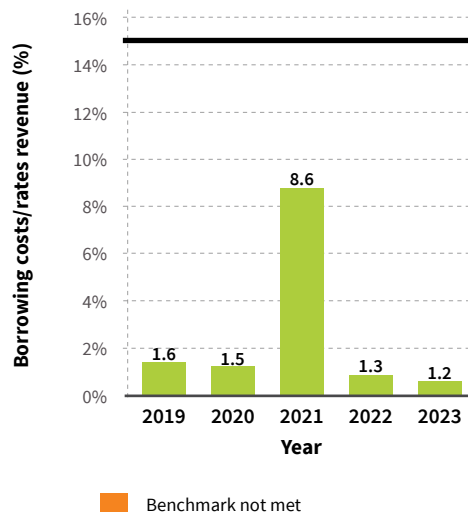
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial

instruments, and revaluations of property, plant, or equipment). The Council has two measures for debt servicing and these are set out below.



### Borrowing costs as a percentage of revenue

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

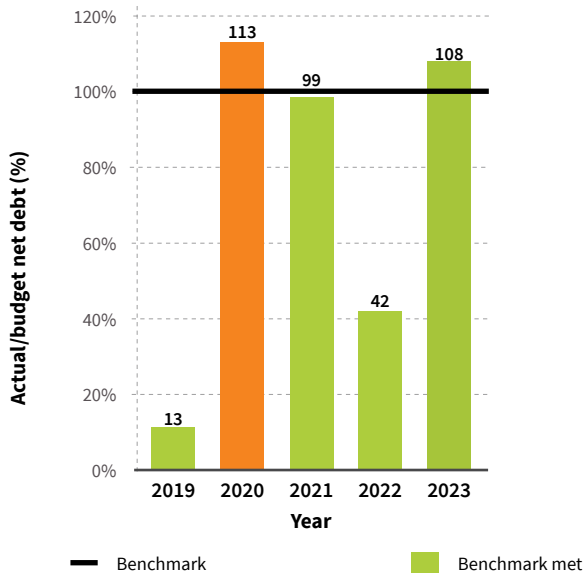


### Debt servicing as a percentage of rates revenue

The above graph displays the Council's debt servicing costs as a proportion of rates revenue with a quantified limit on debt servicing as a proportion of rates revenue contained in the financial strategy included in the Council's Long-Term Plan.

The quantified limit is that annual interest costs and loan repayments (debt servicing) shall not exceed 15% of rates revenue.

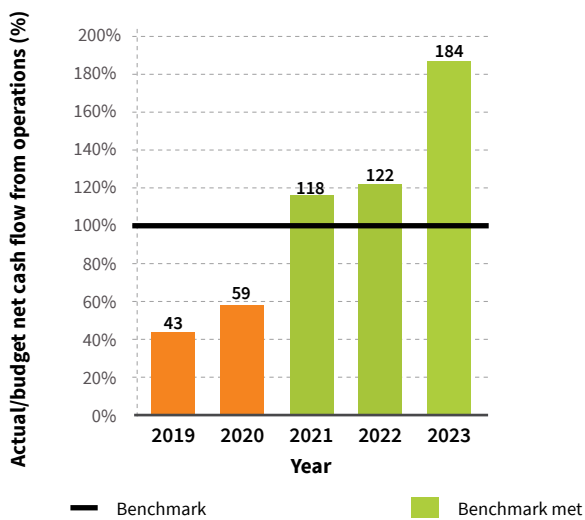
## DEBT CONTROL BENCHMARK



The graph on the left displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

## OPERATIONS CONTROL BENCHMARK



The graph on the left 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.

## FUNDING IMPACT STATEMENTS

### Annual report disclosure statement for year ending 30 June 2023

#### What is the purpose of these statements?

An annual report must include an audited funding impact statement for the financial year to which the report relates. The purpose of the Funding impact statements is to disclose the amount of funds produced from each source of funding, identify how the funds were applied and compare this information against the information included in the Long Term Plan.

One statement is prepared for the whole of Council's activities and individual statements are prepared for each strategic activity.

#### Understanding Funding Impact Statements

These statements set out Council's sources of operating and capital funding for the financial year, and how this funding is applied.

Council's sources of operating funding include items such as fees and charges, and its applications of operating funding includes items such as payments to staff and suppliers.

Council's sources of capital funding include items such as subsidies and grants for capital expenditure, and its applications of capital funding include capital expenditure to improve levels of service or replace existing assets.

The difference between the value of total capital funding and application of this funding is the amount that Council needs to fund from rating for depreciation, both in the current year and from reserves which have built up over several years. These statements do not include depreciation. This is because it is a non-cash item.

The Whole of Council Funding Impact Statement provides combined totals of all Council's sources of operating and capital sources of funding and application, and activity-level funding impact statements which separates this information into Council's key activity groups such as water supply and waste management.

The application of capital funding is summarised in an additional table on page 106 and 107.

**FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023**  
**WHOLE OF COUNCIL**

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	10,951	11,086	11,920	11,947	11,777
Targeted rates (other than a targeted rate for water supply)	4,508	4,563	4,807	4,924	4,750
Subsidies and grants for operating purposes	6,241	9,789	5,864	5,580	30,418
Fees and charges	2,436	2,495	2,377	2,247	2,513
Interest and dividends from investments	758	380	701	310	1,641
Local authorities fuel tax, fines, infringement fees, and other receipts	85	80	87	87	97
<b>Total operating funding (A)</b>	<b>24,979</b>	<b>28,393</b>	<b>25,756</b>	<b>25,095</b>	<b>51,196</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	22,132	22,900	22,618	22,580	48,097
Finance costs	1,046	658	1,323	716	166
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>23,178</b>	<b>23,558</b>	<b>23,941</b>	<b>23,296</b>	<b>48,263</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,801</b>	<b>4,835</b>	<b>1,815</b>	<b>1,799</b>	<b>2,933</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	13,649	14,455	5,843	5,843	9,924
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	3,149	-3,562	252	1,306	-1,868
Gross proceeds from sale of assets	61	19	37	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>16,859</b>	<b>10,912</b>	<b>6,132</b>	<b>7,149</b>	<b>8,056</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	715	113	599	476	146
• to improve the level of service	6,175	7,812	2,885	3,066	3,189
• to replace existing assets	13,684	10,377	6,292	8,627	9,237
Increase (decrease) in reserves	-1,914	-2,555	-1,829	-3,221	-1,583
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>18,660</b>	<b>15,747</b>	<b>7,947</b>	<b>8,948</b>	<b>10,989</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>-1,801</b>	<b>-4,835</b>	<b>-1,815</b>	<b>-1,799</b>	<b>-2,933</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>



## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023

### WATER SUPPLY

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	155	157	156	154	154
Targeted rates (other than a targeted rate for water supply)	1,397	1,414	1,407	1,374	1,390
Subsidies and grants for operating purposes	-	332	-	-	83
Fees and charges	465	318	357	324	387
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	122	-	131	101	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	14
<b>Total operating funding (A)</b>	<b>2,139</b>	<b>2,221</b>	<b>2,051</b>	<b>1,953</b>	<b>2,028</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	1,202	1,358	1,182	1,155	1,402
Finance costs	54	-	55	1	-
Internal charges and overheads applied	328	320	413	380	344
Internal interest charged	-	60	-	54	76
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,584</b>	<b>1,738</b>	<b>1,650</b>	<b>1,590</b>	<b>1,822</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>555</b>	<b>483</b>	<b>401</b>	<b>363</b>	<b>206</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	1,425	2,129	-	-	216
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-525	-579	-370	186	-193
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>900</b>	<b>1,550</b>	<b>-370</b>	<b>186</b>	<b>23</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	30	1	31	31	0
• to improve the level of service	1,410	1,128	528	73	166
• to replace existing assets	188	1,062	140	2,211	154
Increase (decrease) in reserves	-173	-158	-668	-1,766	-91
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,455</b>	<b>2,033</b>	<b>31</b>	<b>549</b>	<b>229</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>-555</b>	<b>-483</b>	<b>-401</b>	<b>-363</b>	<b>-206</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023

### STORMWATER

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	40	41	30	31	29
Targeted rates (other than a targeted rate for water supply)	364	369	267	282	264
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	4	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	66	-	70	66	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>470</b>	<b>414</b>	<b>367</b>	<b>379</b>	<b>293</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	136	118	141	165	163
Finance costs	50	-	57	-	-
Internal charges and overheads applied	133	54	161	152	115
Internal interest charged	-	47	-	43	70
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>319</b>	<b>219</b>	<b>359</b>	<b>360</b>	<b>348</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>151</b>	<b>195</b>	<b>8</b>	<b>19</b>	<b>-55</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	42	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	349	-83	-8	426	150
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>391</b>	<b>-83</b>	<b>-8</b>	<b>426</b>	<b>150</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	500	112	-	186	95
• to improve the level of service	42	-	-	-	-
• to replace existing assets	-	4	-	259	0
Increase (decrease) in reserves	-	-4	-	-	-
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>542</b>	<b>112</b>	<b>-</b>	<b>445</b>	<b>95</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>-151</b>	<b>-195</b>	<b>-8</b>	<b>-19</b>	<b>55</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023

### WASTEWATER

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	194	197	233	227	230
Targeted rates (other than a targeted rate for water supply)	1,748	1,769	2,095	2,142	2,070
Subsidies and grants for operating purposes	-	431	-	-	-
Fees and charges	-	156	-	-	35
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	26	-	33	53	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,968</b>	<b>2,553</b>	<b>2,361</b>	<b>2,422</b>	<b>2,335</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	1,293	2,069	1,334	1,555	1,519
Finance costs	154	-	200	12	-
Internal charges and overheads applied	242	518	312	283	313
Internal interest charged	-	69	-	119	257
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,689</b>	<b>2,656</b>	<b>1,846</b>	<b>1,969</b>	<b>2,089</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>279</b>	<b>-103</b>	<b>515</b>	<b>453</b>	<b>246</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	3,630	4,330	-	-	487
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,199	174	-95	-85	-197
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,829</b>	<b>4,504</b>	<b>-95</b>	<b>-85</b>	<b>290</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	100	-	259	259	50
• to improve the level of service	1,410	1,881	52	52	265
• to replace existing assets	4,703	2,562	161	161	415
Increase (decrease) in reserves	-105	-42	-52	-104	-194
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,108</b>	<b>4,401</b>	<b>420</b>	<b>368</b>	<b>536</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>-279</b>	<b>103</b>	<b>-515</b>	<b>-453</b>	<b>-246</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023

### WASTE MANAGEMENT

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	111	112	115	125	114
Targeted rates (other than a targeted rate for water supply)	999	1,011	1,038	1,126	1,026
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	673	730	711	711	745
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	18	-	16	14	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,801</b>	<b>1,853</b>	<b>1,880</b>	<b>1,976</b>	<b>1,885</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	1,578	2,238	1,605	1,721	1,849
Finance costs	57	-	83	-	-
Internal charges and overheads applied	179	150	228	208	182
Internal interest charged	-	72	-	32	64
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,814</b>	<b>2,460</b>	<b>1,916</b>	<b>1,961</b>	<b>2,095</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-13</b>	<b>-607</b>	<b>-36</b>	<b>15</b>	<b>-210</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	11	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	28	605	571	294	224
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>28</b>	<b>616</b>	<b>571</b>	<b>294</b>	<b>224</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	-	-	309	-	-
• to improve the level of service	15	87	-	309	19
• to replace existing assets	90	64	252	252	5
Increase (decrease) in reserves	-90	-142	-26	-252	-10
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>15</b>	<b>9</b>	<b>535</b>	<b>309</b>	<b>14</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>13</b>	<b>607</b>	<b>36</b>	<b>-15</b>	<b>210</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023

### TRANSPORT

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	3,774	3,821	4,211	3,776	4,161
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	5,719	8,194	5,785	5,502	23,231
Fees and charges	42	51	43	43	38
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	32	-	38	34	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>9,567</b>	<b>12,066</b>	<b>10,077</b>	<b>9,355</b>	<b>27,430</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	7,387	6,890	7,414	6,846	25,186
Finance costs	18	-	65	-	-
Internal charges and overheads applied	1,243	1,352	1,655	1,467	1,452
Internal interest charged	-	152	-	-	82
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,648</b>	<b>8,394</b>	<b>9,134</b>	<b>8,313</b>	<b>26,720</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>919</b>	<b>3,672</b>	<b>943</b>	<b>1,042</b>	<b>710</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	8,524	6,833	5,843	5,843	7,186
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	309	-3,385	98	10	-306
Gross proceeds from sale of assets	9	-	9	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>8,842</b>	<b>3,448</b>	<b>5,950</b>	<b>5,853</b>	<b>6,880</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	2,960	2,546	2,289	2,291	289
• to replace existing assets	7,595	6,425	5,365	5,364	8,281
Increase (decrease) in reserves	-794	-1,851	-761	-760	-980
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>9,761</b>	<b>7,120</b>	<b>6,893</b>	<b>6,895</b>	<b>7,590</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>-919</b>	<b>-3,672</b>	<b>-943</b>	<b>-1,042</b>	<b>-710</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023 COMMUNITY FACILITIES

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	3,031	3,068	3,104	2,709	3,067
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	73	157	25	23	110
Fees and charges	70	81	72	64	53
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	12	-	11	21	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>3,186</b>	<b>3,306</b>	<b>3,212</b>	<b>2,817</b>	<b>3,230</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	2,599	1,986	2,574	2,171	2,275
Finance costs	41	-	47	68	-
Internal charges and overheads applied	297	295	349	290	358
Internal interest charged	-	35	-	35	18
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,937</b>	<b>2,316</b>	<b>2,970</b>	<b>2,564</b>	<b>2,651</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>249</b>	<b>990</b>	<b>242</b>	<b>253</b>	<b>579</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	236	-	-	394
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	35	-1,029	-207	-191	-720
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>35</b>	<b>-793</b>	<b>-207</b>	<b>-191</b>	<b>-326</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	85	-	-	-	1
• to improve the level of service	60	302	16	41	310
• to replace existing assets	346	68	198	176	111
Increase (decrease) in reserves	-207	-173	-179	-155	-169
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>284</b>	<b>197</b>	<b>35</b>	<b>62</b>	<b>253</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>-249</b>	<b>-990</b>	<b>-242</b>	<b>-253</b>	<b>-579</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023

### PLANNING & REGULATORY

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	1,015	1,028	1,084	1,203	1,071
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	5,990
Fees and charges	754	800	775	775	790
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	7
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,769</b>	<b>1,828</b>	<b>1,859</b>	<b>1,978</b>	<b>7,858</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	1,428	1,248	1,476	1,717	8,054
Finance costs	12	32	12	-	11
Internal charges and overheads applied	639	1,393	650	522	774
Internal interest charged	-	-22	-	7	-
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,079</b>	<b>2,651</b>	<b>2,138</b>	<b>2,246</b>	<b>8,839</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-310</b>	<b>-823</b>	<b>-279</b>	<b>-268</b>	<b>-981</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	309	821	279	282	981
Gross proceeds from sale of assets	53	12	14	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>362</b>	<b>833</b>	<b>293</b>	<b>282</b>	<b>981</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	-	-	-	-	-
• to replace existing assets	243	74	46	46	7
Increase (decrease) in reserves	-191	-64	-32	-32	-7
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>52</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>310</b>	<b>823</b>	<b>279</b>	<b>268</b>	<b>981</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023

### LEADERSHIP & GOVERNANCE

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	2,613	2,645	2,749	3,645	2,716
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	53	627	54	54	744
Fees and charges	261	128	244	154	158
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>2,927</b>	<b>3,400</b>	<b>3,047</b>	<b>3,853</b>	<b>3,618</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	1,173	1,910	1,245	1,782	1,871
Finance costs	12	-	12	1	-
Internal charges and overheads applied	1,667	695	1,706	1,813	1,292
Internal interest charged	-	-15	-	11	5
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,852</b>	<b>2,590</b>	<b>2,963</b>	<b>3,607</b>	<b>3,168</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>75</b>	<b>810</b>	<b>84</b>	<b>246</b>	<b>450</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	28	916	-	-	1,571
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-75	102	-84	-246	-13
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-47</b>	<b>1,018</b>	<b>-84</b>	<b>-246</b>	<b>1,558</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	28	1,828	-	-	2,008
• to replace existing assets	-	4	18	18	-
Increase (decrease) in reserves	-	-4	-18	-18	-
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>28</b>	<b>1,828</b>	<b>-</b>	<b>-</b>	<b>2,008</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>-75</b>	<b>-810</b>	<b>-84</b>	<b>-246</b>	<b>-450</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>



## FUNDING IMPACT STATEMENT FOR 1 JULY 2022 - 30 JUNE 2023

### CORPORATE FUNCTIONS

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	17	17	238	79	235
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-
Subsidies and grants for operating purposes	397	48	-	-	260
Fees and charges	170	227	175	175	307
Internal charges and overheads recovered	4,971	5,039	5,712	5,261	5,078
Internal interest income	96	455	84	422	701
Interest and dividends from investments	758	380	701	310	1,641
Local authorities fuel tax, fines, infringement fees, and other receipts	85	80	87	87	83
<b>Total operating funding (A)</b>	<b>6,494</b>	<b>6,246</b>	<b>6,997</b>	<b>6,334</b>	<b>8,305</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	5,335	5,083	5,647	5,468	5,778
Finance costs	648	626	792	633	155
Internal charges and overheads applied	243	229	239	147	249
Internal interest charged	371	90	382	411	135
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,597</b>	<b>6,028</b>	<b>7,060</b>	<b>6,659</b>	<b>6,317</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-103</b>	<b>218</b>	<b>-63</b>	<b>-325</b>	<b>1,988</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	70
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	518	-188	68	630	-1,793
Gross proceeds from sale of assets	-	7	14	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>518</b>	<b>-181</b>	<b>82</b>	<b>630</b>	<b>-1,723</b>
<b>Application of capital funding</b>					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	250	40	-	300	133
• to replace existing assets	520	114	112	140	265
Increase (decrease) in reserves	-355	-117	-93	-135	-132
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>415</b>	<b>37</b>	<b>19</b>	<b>305</b>	<b>265</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>103</b>	<b>-218</b>	<b>63</b>	<b>325</b>	<b>-1,988</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

## CAPITAL EXPENDITURE BY ACTIVITY

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Water Supply</b>					
Capital expenditure					
• to meet additional demand	30	1	31	31	-
• to improve the level of service	1,410	1,128	528	73	166
• to replace existing assets	188	1,062	140	2,211	154
<b>Total water supply</b>	<b>1,628</b>	<b>2,191</b>	<b>699</b>	<b>2,315</b>	<b>320</b>
<b>Stormwater</b>					
Capital expenditure					
• to meet additional demand	500	112	-	186	95
• to improve the level of service	42	-	-	-	-
• to replace existing assets	-	4	-	259	0
<b>Total stormwater</b>	<b>542</b>	<b>116</b>	<b>-</b>	<b>445</b>	<b>95</b>
<b>Wastewater</b>					
Capital expenditure					
• to meet additional demand	100	-	259	259	50
• to improve the level of service	1,410	1,881	52	52	265
• to replace existing assets	4,703	2,562	161	161	415
<b>Total wastewater</b>	<b>6,213</b>	<b>4,443</b>	<b>472</b>	<b>472</b>	<b>730</b>
<b>Waste management</b>					
Capital expenditure					
• to meet additional demand	-	-	309	-	-
• to improve the level of service	15	87	-	309	19
• to replace existing assets	90	64	252	252	5
<b>Total waste management</b>	<b>105</b>	<b>151</b>	<b>561</b>	<b>561</b>	<b>24</b>
<b>Transport</b>					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	2,960	2,546	2,289	2,291	289
• to replace existing assets	7,595	6,425	5,365	5,364	8,281
<b>Total transport</b>	<b>10,555</b>	<b>8,971</b>	<b>7,654</b>	<b>7,655</b>	<b>8,570</b>
<b>Community facilities</b>					
Capital expenditure					
• to meet additional demand	85	-	-	-	1
• to improve the level of service	60	302	16	41	310
• to replace existing assets	346	68	198	176	111
<b>Total community facilities</b>	<b>491</b>	<b>370</b>	<b>214</b>	<b>217</b>	<b>422</b>

	2021/22 LTP \$000	2021/22 Actual \$000	2022/23 LTP \$000	2022/23 AP \$000	2022/23 Actual \$000
<b>Planning and regulatory</b>					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	-	-	-	-	-
• to replace existing assets	243	74	46	46	7
<b>Total planning and regulatory</b>	<b>243</b>	<b>74</b>	<b>46</b>	<b>46</b>	<b>7</b>
<b>Leadership and Governance</b>					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	28	1,828	-	-	2,008
• to replace existing assets	-	4	18	18	-
<b>Total leadership and governance</b>	<b>28</b>	<b>1,832</b>	<b>18</b>	<b>18</b>	<b>2,008</b>
<b>Corporate Functions</b>					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	250	40	-	300	133
• to replace existing assets	520	114	112	140	265
<b>Total corporate functions</b>	<b>770</b>	<b>154</b>	<b>112</b>	<b>440</b>	<b>398</b>

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF WAIROA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Wairoa District Council (the District Council) and its subsidiary (the Group). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2023. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 52 to 90:
  - present fairly, in all material respects:
    - the District Council's and Group's financial position as at 30 June 2023;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 96, 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 and long term plan;
- the statement of service provision (referred to as "Our Performance in Detail") on pages 20 to 47:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 106 to 107, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan and long term plan; and

- the funding impact statement for each group of activities on pages 97 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 91 to 94, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's Long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

### **Emphasis of matter – uncertainty over the water services reform programme**

Without modifying our opinion, we draw attention to Note 27 on pages 89 and 90, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in Note 27 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

### **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 and the Group 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 or 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 and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision (referred to as "Our Performance in Detail"), 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 and Group'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 auditor's report. However, future events or conditions may cause the District Council and the Group 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 obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Our responsibilities arise from the Public Audit Act 2001.



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### **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 19, 48 to 51, 95 and 112 to 115 but does not include the audited information and the disclosure requirements and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

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 and Group 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 (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out an assurance engagement in relation to the District Council's debenture trust deed reporting, which is compatible with independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its controlled entity.

David Borrie  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Wellington, New Zealand

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## GLOSSARY OF ABBREVIATIONS USED

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DIA	Department of Internal Affairs
FAR	Finance Audit and Risk (Committee)
LGFA	NZ Local Government Funding Agency Limited
CRHL	Crown Regional Holdings Limited
QRS	Quality Roothing and Services (Wairoa) Limited
The Council	Wairoa District Council
The Group	The consolidated entity comprising Wairoa District Council and Quality Roothing and Services (Wairoa) Limited
The Act	The Local Government Act 2002
The regulations	The Local Government (Financial Reporting and Prudence) Regulations 2014









## GETTING IN TOUCH

Your feedback plays a big role in making our district a better place to live, work and play. We are keen to hear from you, and welcome your ideas and comments.

Here's how you can get in touch:



[www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)



[@wairoadistrictcouncil](https://www.facebook.com/wairoadistrictcouncil)



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